

March 1, 2002

Dear Representative Boggess and Senator McKinley:

Thank you for your request concerning how the department would allocate funds if a lump sum appropriation were made without separate program designations. The Iowa Department of Economic Development (IDED) Board of Directors has established a guiding mission with vision, goal and principles (see attachment 1). With these in mind we have established some areas of emphasis for IDED that we believe will focus Iowa's economy on the future. I have outlined each priority area below.

**Priority – MARKETING IMAGE/BUSINESS EXPANSION AND RECRUITMENT**

To be competitive in the coming years, Iowa must establish a strong marketing image and showcase our excellent workforce, existing industry, and build high-wage, high-growth industries. I have combined these two issues because it is important to have a strong image in order to retain and attract business. Priority areas include:

- Retaining existing businesses
- Business expansion
- Recruiting new business

Three initial cluster sectors have been identified by SRI as: Advanced Manufacturing, Information Solutions/Financial Services, and Life Sciences. Though these were the clusters first identified, we continue to proactively look for opportunities in other emerging business sectors.

The "clustering" approach to development occurs when interrelated industries concentrate in a region, attracting additional supporting businesses. Over time, the synergy compounds the area into a hub of vitality. It happens because community leaders plan ahead and think regionally. They may have to ignore previous border lines, real or imagined, set aside old ideas of ownership or territorial responsibility, and look together with new eyes at how to resolve common issues and create unique methods of growth.

**Priority – ENTREPRENEURIAL DEVELOPMENT**

A region's growth may or may not be related to commercialization of academic research and development. It may spring from an entrepreneur who has an idea some may consider rather odd or from a long-time local business expanding, downsizing, and even closing. It may even come from the area's natural resources or interesting geography. The bottom line is having innovative and entrepreneurial key leaders, public and private, that can create new business opportunities and distinctiveness in the community.

Key strategies to entrepreneurial development include:

- Developing strong networks for entrepreneurs & investors
- Establishing a business climate conducive to entrepreneurs/small business
- Securing capital for entrepreneurs
- Implementing innovation

**Priority - COMMUNITY DEVELOPMENT**

A community's foundation begins with its availability of quality housing, efficient water and sewer systems, recreational and tourism opportunities, a qualified workforce, community leadership and service sharing initiatives. These items need to be addressed in order for a community to be prepared for future growth and development. The next step is infrastructure of the future - technology. We are assisting communities in their technology assessments.

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We have been successful at streamlining existing programs. This is evidenced through the combination of several programs into the Community Development Fund and in the legislation that was proposed by the department to take the specific program references out of the Strategic Investment Fund legislation. **These examples reflect steps we have already taken toward "lump-sum" budgeting with a strong recommendation to eliminate earmarks in the appropriation bill.**

I hope that you agree we have some vital programs at IDED to assist businesses and communities, (see attachment 2). I look forward to working with you to determine how to best improve the economic well being for businesses, communities, and quality of life for lowans.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Niles".

C.J. Niles  
Director

## **ATTACHMENT 1**

### **Our Mission :**

To work with businesses and communities to continually improve the economic well being and quality of life for Iowans.

### **Our Vision:**

- Encourage the development of communities and quality of life to foster economic growth.
- Assist in the development, recruitment and retention of workforce and educational resources to meet the needs of Iowa businesses.
- Provide financial resources, incentives and programs to promote the creation and retention of high-wage jobs.

### **Our Goals:**

- Develop, expand and modernize infrastructure
- Improve economic development climate
- Encourage and enhance collaboration
- Aggressively market Iowa

### **Our Principles:**

- Emphasize customer service.
- Work toward the benefit of all Iowa communities.
- Support regionalism & partnerships.
- Focus on creating high wage jobs.
- Maximize and leverage resources.

## Attachment 2

### **Program Highlights**

#### Business Development

IDED's programs such as the Community Economic Betterment Account (CEBA) funding by the Strategic Investment Fund, continue to energize business growth. So far in this decade, CEBA helped create or retain more than 7,000 jobs. Iowa companies that participated in the Export Trade Assistance Program (ETAP) recorded record export sales as a result of their participation. Enterprise zones – economically distressed areas of the state - are targeted with special tax incentives and have witnessed \$381 million in private capital investment resulting in 3,417 new jobs created.

#### CEBA Summary – FY 2001

- 33 awards went to business pledging to retain 774 jobs and to create 1,964 jobs.
- 28 (85%) awards were to existing business expanding in Iowa
- \$6.8 million of CEBA funding leveraged over \$126 million in other investments in Iowa businesses
- Average hourly wage for pledged jobs grew again to \$18.01 per hour
- 4 awards to entrepreneurs starting new businesses in Iowa
- 1 award to a business relocating to Iowa
- 17 awards, totaling approximately \$2.4 million, to businesses in communities with less than 10,000 in population.
- 16 awards, totaling approximately \$4.4 million, to businesses in communities with more than 10,000 in population.

#### Business Program Impact

The Foreign Investment and Trade Development program leveraged \$41 million in international investment in Iowa companies. The A Taste of Iowa program for restaurants, grocery stores and food distributors assisted 193 member companies through its visible logo and marketing program.

#### Other programs for business include:

- Export Trade Assistance Program supports exporting to international markets
- Entrepreneurial Venture Assistance for training funds
- Entrepreneurs with Disabilities and Business Assistance Services for Entrepreneurs
- Self Employment Loan Program for those in business after 2 years
- Targeted Small Business for small businesses owned by women or minorities
- Physical Infrastructure Assistance Program, for communities' business projects
- Advanced Research and Commercialization, to move research into business  
The Entrepreneurial Services Team, through Venture Network of Iowa assisted 12 small companies secure \$6.75 million in private investment capital.
- The Business Assistance Team helped nearly 1000 companies with regulatory and compliance issues. They include: Brownfield Redevelopment, Immigration Assistance, Recycle Iowa, Business Licensing and Environmental Regulation.
- The Value Added Ag Products and Processes Financial Assistance Program, designed to boost companies in the Life Sciences cluster, saw the most activity since inception in 1996, leveraging nearly \$80 million in agricultural commodities projects, such as using grain as a renewable fuel, and value-added meat processing.

#### Community Development

**Housing** – Through the previous Local Housing Assistance Program IDED helped communities assess and address housing needs in 54 communities. In addition, it distributed almost \$50 million for housing development and rehabilitation across the state.

- **Community Economic Preparedness Program** – 300 Iowa communities participate in ongoing education through the certification process
- **Community Development Fund** – Awarded over \$350,000 to leverage over \$500,000 in local funds in 36 projects
- **Telecommunications** – Sponsored a statewide assessment of technology capacity and of local and regional strengths and needs.
- **City Development Board** – Provides state approval on annexations and other city issues
- **Downtown Resource Center** – This newly formed team provides downtown development and revitalization assistance to communities large and small. It includes the renowned Main Street Iowa program, which added 95 businesses and 559 jobs in participant towns. Over the past fifteen years, the Main Street Iowa program has helped dozens of communities restore and revitalize their downtown business districts. During the first three years of a local Main Street program, the state of Iowa invests over \$90,000 in on-site visits, grants, training and technical assistance. The success of the program depends upon local volunteers and main street program directors. From Williams (population 427) to Sioux City (population 85,013) the Main Street program has become an invaluable tool to economic, social and physical success in Iowa communities. (number of Main Street awards?) For more information about Main Street Iowa, visit [www.mainstreetiowa.org](http://www.mainstreetiowa.org).
- **Film Office** – This industry brought in \$4.5 million in revenue to Iowa communities hosting film productions. Recent Iowa films include "Twister," "The Straight Story," and "Rain."
- **Tourism** - Iowa offers some of our nation's best network of trails, natural prairies, rivers, woodlands, sports, art, entertainment and cultural attractions. Word of Iowa's tourism attractions is spreading. For the first time ever, travelers spent \$4.2 billion in Iowa, while the industry generated 61,200 jobs.
- **Recreational Opportunities** - The exciting Vision Iowa initiative is a \$300 million fund designed to help fund innovative regional recreational, cultural, educational and entertainment attractions to boost the economy, retain young people and attract businesses and residents.