

**Dane County Comprehensive Plan**  
**Housing and Economic Development Work Group**  
**GLOSSARY of ECONOMIC DEVELOPMENT TERMS**

**Agricultural Economic Development** – Economic development supporting the agricultural sector in order to stimulate greater production, increased sales and profits, increased employment, and/or a better distribution of goods and services. Particular efforts for agricultural economic development may include direct marketing from local producers to local consumers, farmers markets, marketing to restaurants and food retailers, community supported agriculture, or agritourism.

**Agricultural-related Business** – Feed mills, dairy supplies, poultry processing, creameries, auction yards, veterinarians, and other businesses supporting local agriculture.

**Agricultural-related Industry** – Packaging and/or processing plants and storage facilities for agricultural products, which may include functional operations or the preparation of agricultural products, processing activities, or storage of processed and/or packaged agricultural products.

**Benefit-Cost Analysis** - An analytical technique that compares the benefit generated by an activity with its costs [\[ss811\]](#)

**Budget** - A statement about the financial position of an entity--especially household, business, or government--based on estimates of anticipated revenues and expenditures. (A budget is balanced if the revenues and expenditures are equal, but if expenditures exceed revenues then there is a budget deficit.)

**Brownfield** – Abandoned, idled, or underused industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.

**Bureau of Economic Analysis** - An agency of the U.S. Federal government, specifically a branch of the U.S. Department of Commerce, that compiles and reports a wide range of economic data and measurements.

**Business cycle** - The recurring expansions and contractions of the national economy (usually measured by real gross domestic product). A complete cycle typically lasts from three to five years, but could last ten years or more and occurs in four phases -- expansion, peak, contraction, and trough.

**Capital** - One of the four basic categories of resources, or factors of production. (Examples of capital include factories, buildings, investment dollars, trucks, tools, machinery, and equipment used by businesses in their productive pursuits.)

**Capital Gains Tax** - A tax on the difference between the sales price of a "capital" asset and its original purchase price. The capital assets subject to this tax include such things real estate, stocks, and bonds.

**Central Business District (CBD)** – A business, office and residential district to provide a full range of services, and a variety of uses in a downtown atmosphere. (The major commercial downtown center of a community.)

**Chamber of Commerce** - An organization composed mainly of local businesspersons to promote, regulate, and protect their interests.

**Cluster** – Groups of companies located in a certain area and engaged in similar or related activities.

**Cluster Strategy** – An effort involving government, industry and university efforts to work collaboratively to attract research and development in geographic clusters of related growth industries with good paying jobs.

**Community Development** – A group of people in a locality engaging in efforts to improve their economic, social, cultural and/or environmental situation.

**Demographic Variables** - Characteristics of the aggregate population including age, ethnicity, income, education, gender, and race.

**Economy** - The system of production, distribution, and consumption of goods and services that a society uses to address the problem of scarcity. The essential task of an economy is to transform resources into useful goods and services (via production), then distribute or allocate these products to useful ends (via consumption).

**Economic Analysis** – A monetary comparison of costs and benefits associated with a project or endeavor that can be reasonably quantified, including all social costs and benefits. (Economic analysis takes into account the opportunity cost of labor and capital; it considers private and social costs and benefits including environmental and other intangible social effects.)

**Economic Appraisal** - The comparison of quantifiable costs and benefits accruing to society as a whole/the nation as opposed to the immediate beneficiaries.

**Economic Base** – The major employers/industry sectors that provide jobs in a given community or geographic location. (Economic base theory views basic

activity as exporting goods and services and bringing new dollars into the area while nonbasic activity recirculates dollars within an area.)

**Economic Development** – The process of creating wealth through the mobilization of human, financial, capital, physical, and natural resources to generate marketable goods and services.

**Economic Growth** - The long-term expansion of an economy's ability to produce output (e.g. increase production). (Economic growth is made possible by increasing the quantity or quality of the economy's resources - labor, capital, land, and entrepreneurship).

**Economic Policies**- Government actions designed to affect economic activity and pursue one or more economic goals. (The four common types of government policies are- fiscal, monetary, regulatory, and judicial.)

**Economic Valuation** – Attributing an economic value to environmental factors and considerations.

**Entrepreneurship** - One of the four basic categories of resources, or factors of production (the other three are labor, capital, and land). An entrepreneur is a person who organizes, operates, and assumes the risk for a business venture.

**Equity** - The net worth of a business.

**Equity Financing** – When a financing institution or person, instead of lending money, becomes a partner in a business venture by providing financing of project in return for a share of project's profits.

**Employment Rate** - The ratio of employed persons to the total civilian non-institutionalized population 16 years old or older. (Also termed the employment-population ratio, the employment rate is used as an alternative indicator of the utilization of labor resources.)

**Farming** – Commercial agricultural uses in general and especially crop, dairy, stock and poultry farming; commercial greenhouses.

**Feasibility Study** - An investigation aimed at clearly establishing the opportunity or viability of pursuing a particular project.

**Financial Analysis** - Traces the investment's monetary effects in order to assess the financial effects of the project; to determine efficiency of resource use; to assess incentives; to provide investment plan and debt repayment capacities; to assess whether the investment resources are available at the required time; and to assess any changes needed in organization and management.

**Financial Appraisal** - A comparison of monetary costs and benefits of different options over the same time period, where (1) costs include both revenue and capital, initial capital costs, cost of replacing assets, operating costs including staffing and (2) benefits include income generated and savings in costs.

**Financial Plan** - A document that outlines the objectives of a project, details required inputs and outputs, and forecasts the expenditures and revenues over the life of a project. (Also referred to as a 'business plan')

**Financing Mechanism** - The source of funding or the way in which the money is made available. (The most common mechanisms are - taxation, revenue, debt for nature/environment swaps, credit lines, and savings in a bank account.)

**Goods** - Generically refers to the physical, tangible products used to satisfy people's wants and needs.

**Greenfield** – Farmland and open areas where there has been no prior industrial or commercial activity, and therefore where the threat of contamination is much lower than in urbanized areas.

**Human Capital** - The sum total of a person's productive knowledge, experience, and training. The acquisition of human capital is what makes a person more productive through formal education as well as on-the-job experiences.

**Incentives** - An inducement to stimulate or spur activity, such as by making grants available to develop actions to address a particular topic.

**Income** - Revenue earned or received by households that can be used for consumption or saving.

**Indicator** - Data that provides a simple and reliable basis for measuring change or performance. Performance indicators are used (1) to measure progress towards short and longer term goals, (2) to indicate changes in the development of the project, and/or (3) to decide whether a project is successfully achieving its objectives.

**Industry** - A collection of firms that produce similar products sold in the same market.

**Infrastructure** - Goods and services that are regarded as essential to the functioning of a developing economy. (Infrastructure includes such things as power, transport, roads, housing, education, health and other social services.)

**Intangibles** - Costs and benefits that cannot be quantified but are nevertheless significant.

**Intangible Benefits** - the positive changes brought about by implementing a project that are not measurable. (They are part of the justification for the project, and include- standardized or rationalized systems; reduced risks; enhanced public image or staff morale.)

**Interest** - A payment by a borrower for the use of loan for a sum of money over a period of time.

**Investment Appraisal** – A lender evaluates the prospective costs and revenues generated by an investment in a capital project over its expected life. (It includes the assessment of risks and whether to commit resources.)

**Investor** – A person or organization putting money into a project.

**Land** - One of four basic categories of resources, or factors of production (the other three are labor, capital, and entrepreneurship). This category includes the natural resources used to produce goods and services, including the land itself; the minerals and nutrients in the ground; the water, wildlife, and vegetation on the surface; and the air above.

**Labor** - One of the four basic categories of resources, or factors of production (the other three are capital, land, and entrepreneurship). Labor is the services and efforts of people that are used for production.

**Labor Force** - The total number of people willing and able to exert mental and/or physical efforts in productive activities – the economy's labor supply. (In principle, this is everyone 16 years of age and over who is willing and able to work. In practice, it includes the sum of anyone over 16 years who is employed or unemployed but actively seeking a job.)

**Labor Force Participation Rate** - The proportion of the total non-institutionalized civilian population 16 years of age and over that is in the civilian labor force. The labor force participation rate is essentially the ratio of the civilian labor force to the total non-institutionalized civilian population 16 years of age and over. This ratio indicates the proportion of the available "working age" population that is willing and able to work and is either employed or actively seeking employment.

**Living Standard** - In principle, an economy's ability to produce the goods and services that consumers use to satisfy their wants and needs. In practice, it is the average real gross domestic product per person--usually given the name per capita real GDP—even though this measure insufficient to evaluate whether consumers are meeting their needs and wants.

**Livable Communities** – A set of principles based on creating and maintaining a sustainable standard of living and a high quality of life for all. (It is a

comprehensive model that recognizes the economic value of natural and human capital, which focuses on the community and region as the critical building blocks for success.)

**Low-Income Person or Household** – As determined by HUD, a person or household whose annual (gross) income falls between 30 and 50 percent of the area median household or per capita income, respectively. Household incomes are adjusted by household size.

**Main Street** – A neighborhood shopping area and business district, sometimes having a unique character that draws people from outside the area.

**Median Income** - A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups- one group having income above the median and the other group having income below the median.

**Macroeconomy** - The aggregate, or national economy is the prime focus of the study of macroeconomics.

**Macroeconomic Policy** - Government policy aimed at the aggregate economy, usually to promote the macro goals of full employment, stability, and growth. Common macroeconomic policies are fiscal and monetary.

**Market** - The organized exchange of commodities (goods, services, or resources) between buyers and sellers within a specific geographic area and during a given period of time.

**Market Analysis** - The use of the market model to examine demand, supply, prices, and exchanges.

**Manufacturing** - The transformation of inorganic or organic substances (raw materials) into new products or the assembly of component parts.

**Microeconomics** - The branch of economics that studies the parts of the economy, especially such topics as markets, prices, industries, demand, and supply.

**Microeconomic Policy** - Government policy aimed at individual parts of the economy, especially industries, markets, businesses, and households. (Common microeconomy policies are judicial and regulatory.)

**Moderate-Income Person or Household** - As determined by HUD a person or household whose annual (gross) income is greater or equal than 50 percent but less than 80 percent of the area median income, with adjustments for smaller and larger households.

**New Economy** – A knowledge and idea-based economy where the keys to wealth and job creation are the extent to which ideas, innovation, and technology are embedded in all sectors of the economy.

**New Urbanism** – Promotes the creation and restoration of diverse, walkable, compact, mixed-use communities

**Per Capita Income** - Per capita income is defined as the total personal income of an area for a calendar year divided by the total population of the area as of July 1. (It is often used as a measure of the economic well-being of an area.)

**Poverty Line** - The official U.S. poverty line is based on the government-defined income cut-off known as the “poverty threshold,” which varies depending on family size, number of children, location, and characteristics of the head of household.

**Poverty Rate** - The proportion of the population that lies beneath the official poverty line.

**Rural** – A place (usually an unincorporated town) with no more than 2,500 people.

**Services** - Activities that provide direct satisfaction of wants and needs without the production of tangible products or goods. (Examples include information, entertainment, and education.)

**Small Business Administration** – A national government entity with state offices that has a mission to maintain and strengthen the nation's economy by aiding, counseling, assisting, and protecting the interests of small businesses.

**Sustainable Development** – The capacity to meet the needs of the present without compromising the ability of future generations to meet their own needs. (Development needs are more than economic issues, they encompass the full range of social and political issues that define the overall quality of life.)

**SWOT Analysis** – (An acronym for Strengths, Weaknesses, Opportunities, and Threats) A basic analysis model that provides direction and may serve as the basis for the development of plans.

**Tax** - Any sort of payment to government. The primary reason government collects taxes is to get the revenue needed to finance public goods and pay administrative expenses.

**Tax Increment District** – A contiguous geographic area within a redevelopment area, defined and created by resolution or ordinance of the governing body of the municipality, in which TIF funds may be expended.

**Tax Increment Financing (TIF)** – A tool used by cities, incorporated villages, and other development authorities to finance certain types of development costs. The public purposes of TIF are the redevelopment of blighted areas, construction of low- and moderate – income housing, provision of employment opportunities, and improvement of the tax base. (With TIF, a city “captures” the additional property taxes generated by the development that would have gone to other taxing jurisdiction and uses the ‘tax increments’ to finance the development costs.)

**Technology** - The sum total of knowledge and information that society has acquired concerning the use of resources to produce goods and services.

**Tourism** – The business of providing services for persons traveling for pleasure, tourism contributes to the vitality of the community by providing revenue to local business. (Tourism can be measured through changes in the transient occupancy tax or restaurant sales.)

**Unemployment Rate** - The proportion of the civilian labor force 16 years or older that is actively seeking employment, but is unemployed and not engaged in the production of goods and services. The unemployment rate is estimated and reported monthly by the U.S. Department of Labor's Bureau of Labor Statistics. (It is used as a key indicator of business-cycle instability.) In practice, the official unemployment rate is simply the ratio of total unemployment to the total civilian labor force, in percentage terms.

**Union** - An organization of workers or employees who act jointly to negotiate with their employers over wages, fringe benefits, working conditions, and other facets of employment.

**University of Wisconsin Small Business Development Center** – An entity offering programs, seminars, and technical assistance to entrepreneurs and prospective entrepreneurs, which address topics from business planning to marketing and management in order to support start-up and established small businesses.

**Urban** – A place (usually an incorporated city or village) with no less than 2,500, or any part of a larger urban area.

**Urbanized Area** – A central city (or cities) and its immediate suburbs. The entire area must have a population of 50,000 or more and the suburbs must be contiguous and densely populated.

**Wisconsin Department of Commerce** - The state economic development agency offers business financing for capital assets, working capital, employee training, high-technology research and development, business incubators, product development, continuing research for federal high-technology grant

winners, community planning and business assistance, community loans to business, community public facilities improvements, community infrastructure for a business expansion, rural business expansions and start-ups, minority business expansions and start-ups, employee buy out feasibility assessments, and business investment in economically distressed areas. In addition, the agency offers technical and managerial services to small businesses and entrepreneurs, women- and minority-owned companies, technology firms seeking information, assistance, and proposal review, companies seeking to modernize their manufacturing processes, businesses seeking regulatory assistance, businesses looking to expand or needing alternative financing, minority firms seeking state-business-contract certification, current and prospective exporters, venture capitalists seeking business investments, communities wanting to promote business start-ups, expansions, relocations, and retention, communities wanting to revitalize their business districts, businesses owned by or hiring disabled persons, communities and companies for tourism advertising and marketing assistance.

**Zoning district** – Any section or sections of a jurisdiction for which regulations govern land use, density, bulk, height, and coverage of buildings and other structures are uniform.