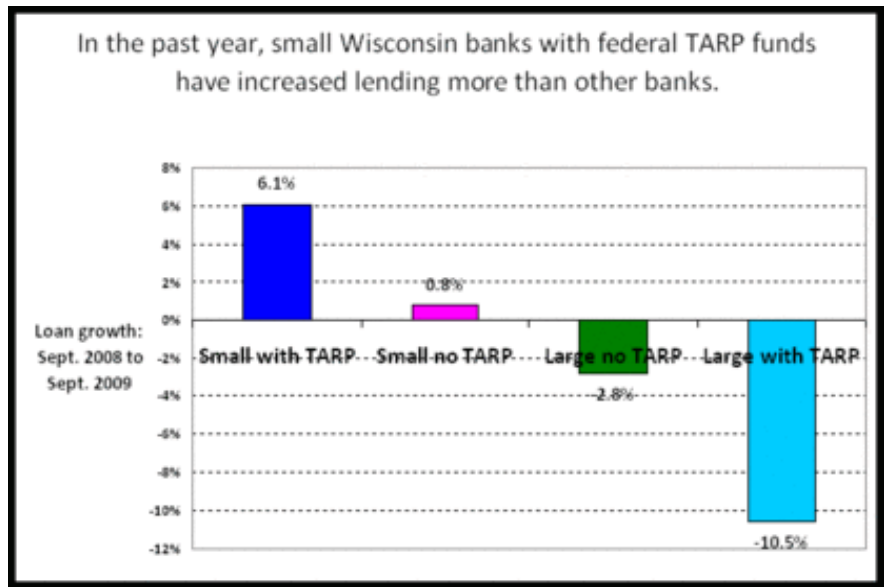


December 2009

Small Wisconsin Banks Use TARP Funds to Boost State Economy

Wisconsin's small, community banks—with a little help from the federal government—have played a valuable role in helping stabilize the state economy during this deep recession, according to a new report from the Institute for Wisconsin's Future (IWF).

While some of Wisconsin's largest banks continue to struggle for survival, its nearly three hundred community banks have increased lending while maintaining fiscal health, according to IWF's analysis of bank data. **Size Matters**, the full report is online at IWF's web site: www.wisconsinsfuture.org.



It has been two years since the recession began and one year since the federal bank assistance program—TARP (Troubled Asset Relief Program)—was enacted. Twenty Wisconsin banks received TARP assistance. While the three huge TARP recipients are still struggling (M&I Marshall & Ilsley, Associated, AnchorBank), the 17 small banks that received TARP funds have as a group been Wisconsin's strongest in terms of increased lending, stable capital, and maintenance of employment. These seventeen banks used the federal TARP funds to increase their lending, boosting small business activity around the state.

Financial giants caused the threat of global financial collapse and the worldwide recession. But small banks don't deserve to be blamed for the economic disaster. Wisconsin's smaller banks have helped the state weather the resulting storm. TARP has been an effective tool for the Wisconsin community lenders who did accept the federal money. The government funds enabled them to maintain their capital stability and continue their expanded loan activities.

The success of local TARP-assisted banks is an example of how government can help pave the way for business success. Wisconsin's prosperity is based on a partnership among government, citizens and small business. The resilience of Wisconsin's small banks and their ability to use TARP funds effectively demonstrate that proactive intervention by government is a critical tool for restoring Wisconsin's prosperity. Government efforts to direct the flow of money during this economic crisis have been a vital safety net for Wisconsin's middle class and small businesses.

Note to WMC -- Wisconsin taxes and spending are down



The Wisconsin Taxpayers Alliance documented the fact that Wisconsin's 50-state spending rank dropped to 26th. The new report examined spending and ranking trends for higher education, highways, corrections, health, and police/fire protection. Corrections had a higher national rank in 2007 compared to 1993. Fire protection dropped the most, falling from ninth in 1993 to 29th in 2007.

On the revenue side, there is a notable lack of balance. Wisconsin is 25th for corporations who provide one half percent of state revenue. However, the state ranks 10th for property tax costs and 12th for income taxes. Of the major revenue sources for Wisconsin governments, federal money is generally the least reliable, Wisconsin ranked 37th in federal dollars received in 2007. The relative lack of federal assistance is one reason Wisconsin's tax rank has traditionally been high. http://www.wistax.org/news_releases/2009/0910.html

Federal stimulus boosts manufacturing sector

Wisconsin Rapids' largest employer will use \$495,500 in recently allocated federal stimulus money to improve its [energy efficiency](#), thereby saving money and supporting local jobs, officials said. The papermaker is one of eight [companies](#) statewide to garner a collective \$14.5 million in American Recovery and Reinvestment Act grants. "With this [funding](#), we will be able to help these companies become more energy efficient so they can retain their competitive edge, reduce energy costs and carbon emissions, and create good-paying jobs to support Wisconsin families," according to Governor Jim Doyle. <http://www.wausaudailyherald.com/article/20091215/CWS03/312150092>



IWF wish list for 2010



1. A **national health care plan** that protects all Americans no matter what their age, job, income, health status or family situation.
2. Continuing **federal aid** to sustain our schools and communities while the recession drags on.
3. State **election campaigns grounded in facts** and concern for our citizens' future, not empty slogans that play on peoples' fears and frustrations.
4. **Courage** on the part of our state and local leaders to strengthen education, public safety, environmental protection and other vital systems needed for economic recovery.
5. **Cooperation** among businesses, local government, unions, advocates and citizens to fight together for state policies that serve our families now and for many years to come.

QUOTE OF THE MONTH "

Yes, Virginia, there is a Santa Claus. He exists as surely as love and generosity and devotion exist and you know that they abound and give to your life its highest beauty and joy."

Francis Church, war correspondent during the Civil War, as written in the *New York Sun* in 1897.

http://en.wikipedia.org/wiki/Yes,_Virginia,_there_is_a_Santa_Claus

