

# Digest of Southeast Utah Small Business Investment Fund Provides Some Economic Benefits

The Office of the Legislative Auditor General was asked to review the Southeast Utah Small Business Investment Fund (SEUSBIF) program to determine:

- its level of economic benefit to the rural communities of southeastern Utah,
- the effects the program has had on participants' use of public assistance, and
- the efficiency of program administration.

The program—designed to give seed capital to low-income families wanting to start small businesses—originally operated under a Temporary Assistance to Needy Families (TANF) grant. SEUSBIF board members are now seeking \$2 million in state general funds to continue the program in Carbon, Emery, Grand, and San Juan counties and to expand the program into Duchesne, Uintah, and Daggett counties for two years. Regarding the program's past performance, we conclude:

1. SEUSBIF has provided some economic benefits to the rural communities they served, through increased business spending for materials and supplies in the local economies and through an increase in the number of jobs. To date, it appears that the economic benefits provided to these rural communities as a result of SEUSBIF exceeded the program costs. We concluded from our sample alone of 42 percent of the SEUSBIF businesses still operating that business spending in the local economies exceeded total program costs by more than \$800,000, twice the amount of total project funding. Overall benefit could be higher if all SEUSBIF businesses that are still operational were reviewed.
2. SEUSBIF may not have decreased participants' use of public assistance in the short-run, as originally asserted by its board members. In fact, \$98,000 in public assistance and \$28,000 in unemployment insurance was paid out to program participants since they began in the program.
3. The program has been administered efficiently in that administrative costs

have been kept low. Still, if the program was to be funded, some operations would be modified, which may affect administrative efficiency.

The question of whether or not the SEUSBIF program should be funded remains a legislative issue. Therefore, the intent of our report is to provide policymakers with accurate, independent information pertaining to the SEUSBIF program to aid in their decision making process. If the Legislature decides to fund the SEUSBIF program, we believe that our recommendations to the SEUSBIF board would enhance the efficiency and effectiveness of the program in the future. Further, if the Legislature does decide to fund SEUSBIF, the program should be required to seek appropriations under the Governor's Office of Economic Development (GOED).