



**PROCUREMENT TECHNICAL ASSISTANCE CENTERS:
A COST- BENEFIT ANALYSIS
1996 – 1998
EXECUTIVE SUMMARY**

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Small Business Development Division

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The Illinois Department of Commerce and Community Affairs (DCCA) commissioned the Applied Social Research Unit (ASRU) of Illinois State University to assess the benefits and costs of the Procurement Technical Assistance Centers (PTACs) for the State of Illinois in the years 1996, 1997, and 1998. The PTACs provide services including one-to-one counseling, technical and marketing assistance, and training to client companies interested in selling their products and/or services to local, State, or Federal government agencies. The PTACs are located at community colleges, universities, chambers of commerce, and business development organizations geographically distributed around the State of Illinois. There are 12 PTACs and one part-time satellite Center in Illinois. The following report summarizes costs and benefits of operating the Procurement Technical Assistance Centers.

These research findings indicate that during the study period, 1996-1998, the Procurement Technical Assistance Centers program cost-effectively met its goal of assisting Illinois companies to obtain government contracts. Direct benefits of the PTAC program include:

- Long-term increase in number and amount of contracts awarded by Federal and State agencies to Illinois businesses;
- Increased success of Illinois firms indicated by rising profits of PTAC client businesses;
- Increased Federal and State taxes paid on corporate profits;
- Significant job creation and retention by PTAC client companies;
- Increased payment of Federal and State income taxes as a result of job creation and retention; and,
- Expansion of PTAC client companies.

Indirect benefits of the PTAC program include developing of goodwill between government and business, improving efficiency of information transfer, and improving both the physical (buildings, roads, bridges, utilities) and community service (police, fire, public amenities) infrastructures of places where PTAC client companies are located.

Costs used for this analysis include grants paid from Federal and State sources to fund the PTAC program. Comparison of PTAC program costs and benefits yields the following information.

- During the study period, 1996-1998, the benefit-to-cost ratio for corporate profit tax receipts ranged from 8.8 to 14.8.
- During the same period, the benefit-to-cost ratio of Federal and State individual income tax receipts from new jobs created by the PTAC program ranged from 5.4 to 10.6.
- Overall, for every dollar invested in the PTAC program, between \$16 and \$25 was returned in the form of taxes.
- Program cost-efficiency, indicated by the cost per job created, demonstrates that the percentage of the average annual Illinois income invested in the creation of those jobs ranges from 3 to 6%. This is less than the 7% benchmark typically used for determining program effectiveness.

Analysis reveals that the PTAC program represents good government investment in business success and public prosperity.