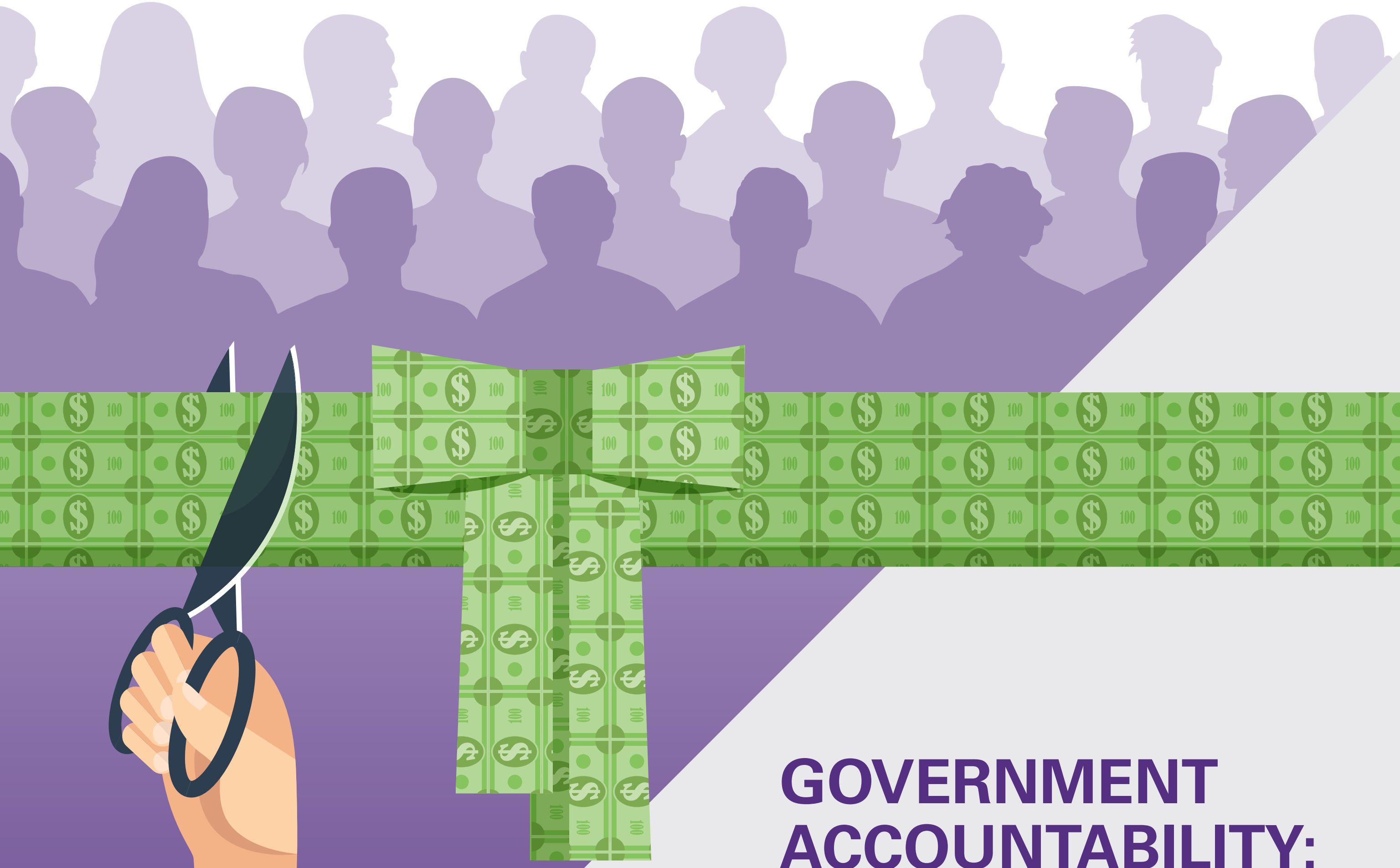

GOVERNMENT ACCOUNTABILITY:

5 Fixes for Arkansas's Quick Action Closing Fund

Jacob Bundrick, *Policy Analyst*

ARKANSAS CENTER FOR RESEARCH IN ECONOMICS
UN VERSITY OF CENTRAL ARKANSAS

About ACRE

The Arkansas Center for Research in Economics (ACRE) is an Arkansas focused research center housed in the College of Business at the University of Central Arkansas. ACRE scholars and policy analysts use research and analysis to find solutions for Arkansas's problems. Our research focuses on barriers to employment, taxes and subsidies, K–12 education, government transparency, and property rights. We educate and provide resources for students, teachers, voters, activists, legislators, and business leaders.

ACRE promotes solutions that respect the personal and economic freedoms of individuals because protecting and expanding these freedoms has a proven record of improving the lives of people around the world and here at home.

If you have questions about this, or any of our work, please contact us at **ACRE@UCA.EDU**.

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INTRODUCTION

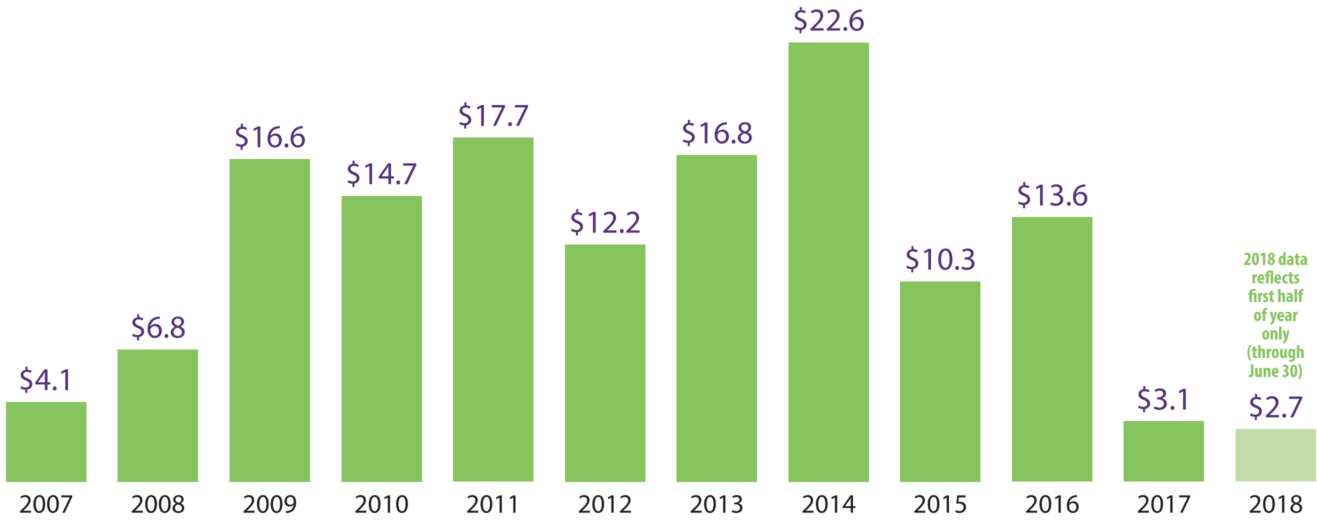
The Governor's Quick Action Closing Fund (QACF) is one of many targeted economic development incentive programs the state of Arkansas uses to try to increase economic activity. Established in 2007, the QACF allows the state to provide discretionary cash grants to businesses, local governments, and other public institutions to "compete with other states to attract new business and economic development to the state or to retain existing business in the state."[1] QACF subsidies are approved by the governor and subsequently reviewed by the legislative council,[2] a committee comprised of legislators that, in part, "provides legislative oversight of the executive branch of government."[3] The QACF's design "allows the governor to act quickly and decisively in highly competitive situations to finalize an agreement with an employer to locate its business in Arkansas."[4]

At the time of its creation, then-governor Mike Beebe endorsed the QACF as "powerful new ammunition to improve economic development in the short- and- long terms" and to "help Arkansas effectively close deals to bring in new jobs."[5] A decade later, the Arkansas Economic Development Commission (AEDC) estimates that the $185.731 million that has been appropriated to the QACF will ultimately be responsible for creating and retaining 26,684 jobs and spurring cumulative investment of $2.948 billion.[6]

However, empirical analysis does not support this optimistic view of the QACF. In a 2018 study published in the *Review of Regional Studies*, University of Central Arkansas Associate Professor of Economics Dr. Thomas Snyder and I found no statistically significant

QACF expenditures by year

in millions of June 2018 dollars



Sources: Arkansas Act 510 of 2007 annual reports; Bureau of Labor Statistics

relationship between QACF subsidies and county-level private employment and establishments.[7] In other words, we found no evidence to suggest that Arkansas officials are able to increase employment or business establishments in Arkansas's counties by providing QACF subsidies to favored businesses.

This isn't just an Arkansas problem. A 2018 study published by the Mackinac Center for Public Policy found that a similar subsidy program in Michigan known as the Michigan Business Development Program is also ineffective at stimulating job growth.[8] Moreover, two recent peer-reviewed studies by Dr. Nathan Jensen of the University of Texas at Austin found no evidence to suggest that targeted economic development incentives employed in Kansas, Maryland, or Virginia convinced firms to alter location decisions or increase hiring.[9] Even outside the United States, such incentives are found to be ineffective. Research by Drs. Raffaello Bronzini and Guido de Blasio, economists at the Bank of Italy, found no evidence to indicate that government grants led to business investment beyond what would have occurred in the absence of government intervention.[10]

It is also likely that many projects partially funded by the QACF would have taken place without the subsidies. Consider the case of Bad Boy Mowers, a lawnmower manufacturer in Independence County. In January 2016, Brian Fanney reported in the *Arkansas Democrat-Gazette* that Bad Boy Mowers received \$3.8 million in incentives from 2012 to 2014, including \$2.2 million from the QACF, for an expansion project in Batesville.[11] Yet, Mr. Fanney also reported Bad Boy Mowers' general counsel Scott Lancaster as saying that the company would have expanded in Arkansas even without government aid.[12] In other words, Arkansans could have kept their tax dollars and still reaped the economic benefits of Bad Boy Mowers' expansion.

Based on the best existing academic literature, the ideal policy prescription is to eliminate the Quick Action

IT IS ALSO LIKELY THAT MANY PROJECTS PARTIALLY FUNDED BY THE QACF WOULD HAVE TAKEN PLACE **WITHOUT THE SUBSIDIES**.

CONTINUING TO FUND THE QACF NOT ONLY REDUCES **ARKANSANS' FREEDOM OF CHOICE** TO SPEND AND **INVEST THEIR MONEY AS THEY SEE FIT**, IT ALSO FORCES THEM TO FINANCE PROJECTS THAT, ON AVERAGE, HAVE **NOT PRODUCED MEASURABLE BENEFITS** TO THE BROAD ECONOMY.

Closing Fund. Arkansas would not be alone in doing so. In recent years, the Florida legislature has refused to fund Florida's Quick Action Closing Fund despite protests from the governor.[13] And in 2013, New Jersey shuttered a similar subsidy program, the Business Incentive Employment Program, after the state was unable to provide millions of dollars' worth of grants it had promised to hundreds of companies.[14]

Rather than spending taxpayer dollars on subsidies that do not increase economic activity, Arkansas officials could use this money for other, potentially more productive purposes. For instance, the savings could be used to help pay for rate reductions on economically harmful taxes, to build and maintain highways, or to fund a rainy day fund.

At a minimum, though, Arkansas officials should increase the level of accountability to taxpayers with respect to the use of the QACF. Continuing to fund the QACF not only reduces Arkansans' freedom of choice to spend and invest their money as they see fit, it also forces them to finance projects that, on average, have not produced measurable benefits to the broad economy. Arkansans deserve (1) increased transparency into how public officials are spending QACF funds and (2) evidence-based policies that reduce the risk that taxpayer money is wasted. This policy review provides five recommendations for accomplishing that, beginning with policies to increase transparency and followed by policies to reduce tax-dollar waste. Policy recommendations are provided in order of their importance with respect to their grouping.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POLICIES TO INCREASE TRANSPARENCY

POLICY 1: **Improve Reporting Standards**

Providing adequate transparency into the QACF's operations is an important part of being accountable. Arkansans have a right to know how their money is spent, what they can expect in return, and whether those expectations are met, are surpassed, or fall short.

Arkansas Act 510 of 2007 requires the Arkansas Economic Development Commission (AEDC) to produce a report at the end of every fiscal year detailing the state's use of the QACF. These reports include the names of the companies receiving subsidies, the locations of the projects at the city level, the dates the grants are disbursed, the purposes of the grants, and the dollar value of the grants. Company repayments to the state for underperformance, which are commonly referred to as "clawbacks," are also included.

These annual reports are a good start, but much more is needed. For instance, not every company receiving QACF grants signs a job-creation agreement, but the reports make no distinction between the companies that promise to create jobs and those that do not. If companies are not expected to create jobs in return for the subsidies, Arkansans should know what they can expect in exchange for their money.

Other pertinent information is also missing. For example, the projected capital investment of each QACF project is omitted, leaving Arkansans to wonder how much companies, particularly those not promising to create jobs, are planning to invest in the local economy. Moreover, the reports do not provide projected average wage data for the full-time jobs companies promise to create—a statistic important for determining the expected benefit to the average employee of the company

ARKANSAS
A natural for business

Asa Hutchinson

Michael Preston

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July 11, 2018

Senator Bill Sample, Chair
Representative Jim Dotson, Chair
Arkansas Legislative Council
Room 315, State Capitol
Little Rock, AR 72201

Dear Senator Sample and Representative Dotson:

Attached is the annual report of the Economic Development Incentive Quick Action Closing Fund (QACF) for Fiscal Year 2018. Below are the expenditures and commitments of the Fund:

Expenditures prior to FY18	$120,636,047
FY18 expenditures	3,146,850
Committed funds	7,168,908
Projects offered but not yet accepted	35,297,000
Remaining QACF balance	21,106,322
Clawbacks/loan repayments	(1,624,001)
TOTAL	**$185,731,126**

Act 510 of 2007 stipulates that the annual report will contain the following:

1. The names and addresses of the businesses receiving money from the fund. (See Attachment)
2. The date, amount, and purpose of the disbursements of money from the fund. (See Attachment)
3. An evaluation of the effectiveness of the disbursements made from the fund.
4. Any suggestions for improving the use of the fund.

The QACF allows the Governor to act quickly and decisively in highly competitive situations to finalize an agreement with an employer to locate its business in Arkansas.

The companies proposing 85 job creation and/or retention projects that have received monies from the QACF project the creation and retention of 26,684 jobs at an average hourly wage of $20.52. The projected cumulative investment of these projects was $2.948 billion. As of June 30, 2018, these 85 projects have created and retained 21,422 jobs.

The Quick Action Closing Fund is a vital tool for our state. Continuing to fund this appropriation on an annual basis, as well as increasing its amount, will allow for greater success in bringing quality companies with quality jobs that will help increase Arkansans' per capita personal income and broaden our tax base.

Sincerely,

Michael Preston
Executive Director

MP/kn
Enclosure

Act 510 of 2007 requires AEDC to publish an annual report of QACF activity at the conclusion of each fiscal year. The reports provide the names of the companies receiving subsidies, the locations of the projects at the city level, the dates the grants are disbursed, the purposes of the grants, and the dollar value of the grants. Pictured below is the annual activity report for fiscal year 2018.

Economic Development Incentive Quick Action Fund (Governor's Quick Action Closing Fund) Information

Annual Report of Expenditures for Fiscal Period July 1, 2017 - June 30, 2018

Company Name	Location	Date	Purpose	Amount
NBMC INC	Conway	12/20/2017	Building renovation	296,058.00
NBMC INC	Conway	4/26/2018	Building renovation	9,699.01
Sub total				*305,757.01*
DBG ARKANSAS LLC	Conway	12/20/2017	Building renovation	105,077.44
DBG ARKANSAS LLC	Conway	2/14/2018	Building renovation	79,810.55
Sub total				*184,887.99*
SILGAN PLASTIC FOOD CONTAINERS CO	Fort Smith	2/20/2018	Construction	1,880,000.00
NBMC INC	Conway	3/13/2018	Building renovation	159,355.00
CENTRAL STATES MANUFACTURING INC	Lowell	3/28/2018	Infrastructure and building renovation	300,000.00
WESTERN FOODS LLC	Pine Bluff	3/28/2018	Site preparation , building renovation, and rail spur	280,000.00
VALLEY INN FILM LLC	Northwest Arkansas	5/4/2018	Film	36,850.11
Total				3,146,850.11

IF COMPANIES ARE NOT EXPECTED TO CREATE JOBS IN RETURN FOR THE SUBSIDIES, **ARKANSANS SHOULD KNOW WHAT THEY CAN EXPECT IN EXCHANGE FOR THEIR MONEY.**

and for comparing their wages to those in both the local and state economies. Similarly, median wage projections for full-time employees are missing. This figure is important because high earners, such as executives and upper management, can drive up the average wage statistic, thereby distorting the perceived benefit to the average worker. Reporting both average and median wages for full-time employees provides a clearer picture of the proposed benefit to those employed by the company receiving QACF grants.

The largest omission, though, is the absence of any information regarding each company's progress toward realizing job, investment, and wage targets. The current practice of including dollar values of repayments for underperformance is important, but it leaves several questions unanswered. For example, how short of expectations did these projects fall? How many projects went bankrupt and were unable to repay grants, as the wind turbine mainframe manufacturer Beckmann Volmer in Osceola did? Which projects that are no longer in operation did the state make only partial recoveries of grants, as the Nordex wind turbine manufacturing project in Jonesboro? Politicians may claim that protecting the proprietary hiring information of subsidized companies prevents them from being transparent with taxpayers, but being accountable to Arkansans requires that actual results of QACF projects be reported. After all, there are no hiring secrets to protect when businesses are no longer in operation. As then-gubernatorial-candidate Asa Hutchinson stated, "[T]here should be greater transparency when a company fails to meet its end of the bargain."[15]

Accordingly, the first policy recommendation for improving accountability in the QACF is to improve the program's reporting standards. Ideally, the legislature would enact the transparency measures proposed by Rep. Warwick Sabin in the 2017 regular legislative session. House Bill 2030 called for the creation of an


Hewlett Packard
Enterprise

online database that would greatly improve economic development incentive reporting standards so that (1) taxpayers are able to better understand how and where their tax dollars are spent and (2) public officials are able to make better policy decisions related to the use of targeted economic development incentives. At a minimum, though, the following data should be added to the annual reports for every QACF project:

- job-creation target and target date
- project investment target and target date
- average wage target and target date
- median wage target and target date
- realized job creation
- realized project investment
- realized average wage
- realized median wage

POLICY 2: **Make "Clawback" Formulas Public and Void of Renegotiations**

QACF grants are what economists call "up-front" incentives. As the name implies, up-front incentives are provided to businesses early in the project's lifespan, as opposed to long-term incentives, such as most job-creation tax credits, that are provided to businesses as specific targets are met later in the project's lifespan. As Dr. Timothy Bartik, an economist with the W. E. Upjohn Institute for Employment Research, points out, the danger in up-front incentives is that "the business location or expansion may fail, and the incentive funds will have been wasted."[16] Given this risk, up-front incentives are often accompanied by "clawback" agreements, which require companies to repay a portion of their incentives if targets outlined in the incentive agreement are not met. The state of Arkansas frequently attaches clawback agreements to QACF projects, which is a good start to protecting Arkansans from projects gone wrong.

However, there are at least two limitations to the protection afforded by clawback agreements. The level of protection is determined by (1) the severity of penalties for missed targets and (2) the likelihood of enforcement. More severe penalties for missed targets provide more insurance to taxpayers, but if penalties are weak or unenforced, Arkansans are the losers.

Consider the case of Hewlett-Packard (HP) in Conway. In 2008, the *Arkansas Democrat-Gazette* reported that state and local officials offered HP more than $43

THE STATE CLAWED BACK JUST **4.59 PERCENT** OF THE TAXPAYERS' MONEY FROM A COMPANY THAT CAME UP **30–40 PERCENT SHORT** OF EMPLOYMENT TARGETS.

million worth of incentives, including $10 million in QACF subsidies, to locate a customer service center in Conway.[17] In return, HP agreed to create 1,000 jobs by December 2013.[18] In January 2014, though, Jack Weatherly reported in the *Arkansas Democrat-Gazette* that HP had missed expectations, employing approximately 600 to 700 individuals at the deadline.[19] Yet, the state of Arkansas asked HP to repay just $459,000 of the $10 million QACF grant. In other words, the state clawed back just 4.59 percent of the taxpayers' money from a company that came up 30–40 percent short of employment targets.

The effectiveness of clawbacks is also dampened if public officials renegotiate repayment terms to a lesser penalty after a company has failed to deliver on its promises. Former AEDC spokesman Joe Holmes told *Arkansas Business* in August 2013 that "there's a different [clawback] formula for each year" and "we always reserve the right to maybe renegotiate an agreement."[20] Clawback terms that are regularly changed or renegotiated are a weak protector of taxpayer money.

Accountability to taxpayers requires that QACF clawback formulas be made public and after-the-fact renegotiations of clawback penalties be prohibited. By making clawback formulas public, government officials demonstrate how they are protecting Arkansans if a project is not as successful as hoped. Arkansans are then also empowered to determine whether clawback penalties are appropriate and to hold public officials accountable if they are not. By prohibiting the renegotiation of clawback penalties, Arkansans are assured that their protections will not be arbitrarily weakened.

POLICIES THAT REDUCE TAX-DOLLAR WASTE

POLICY 3: **Limit the Value of Subsidy Awards on a Per-Job Basis**

States regularly compete to land economic development projects. Naturally, this competition has led to bidding wars between states that have dramatically increased the cost of economic development projects. Recent estimates from Dr. Bartik indicate that the cost of state and local economic development incentives nationwide has more than tripled since 1990.[21] As bidding wars have ramped up, so has the risk that state officials will overpay for economic development projects. Economists call this the winner's curse.

The winner's curse occurs when the amount of tax dollars Arkansas officials provide to a given project exceeds the value of the project to Arkansas's economy.[22] For instance, the state may provide $1 million in QACF subsidies for a project that is only worth $100,000 to the economy. In this case, the state is worse off than it would have been had the state simply not recruited the company. This phenomenon is quite evident in cases where tax dollars are lost to company bankruptcies like Beckmann Volmer's.

With the known risks of incurring the winner's curse steadily growing, Arkansas officials must be even more cautious with taxpayer money. They can do this by capping the value of subsidy awards on a per-job basis. Tying the value of QACF subsidies to jobs decreases the risk that bidding wars will lead Arkansas officials into overpaying for projects because it prevents them from paying exorbitant prices merely to win the bid.

Capping incentive awards on a per-job basis is a common feature of state incentive programs. In fact, Good

Jobs First, a national policy resource center focused on corporate and government accountability in economic development, reports that "at least nineteen states impose dollars-per-job caps on at least one of their incentive programs."[23] The majority of these caps are set at $6,000 or less. Lower caps decrease the risk of overpaying for economic development projects.

On average, Arkansas has paid $6,597 for each job AEDC reported as being created or retained by the companies receiving QACF grants.[24] However, several QACF projects have greatly exceeded this average. For instance, John Magsam reported in the *Arkansas-Democrat Gazette* that Remington Arms in Lonoke received $2.5 million in QACF grants for a project expected to create 84 jobs, a subsidy of $29,762 per new job.[25] Remington Arms, though, filed for Chapter 11 bankruptcy in March 2018.[26] Furthermore, HP was provided $10 million in QACF subsidies for a project expected to create 1,000 jobs, a subsidy of $10,000 per new job.[27] Yet, the company missed employment expectations by 30–40 percent.

There is no magic number that is the "right" amount to pay for one more job in Arkansas. After all, not all jobs are created equal, and the opportunity costs to Arkansans of spending tax money this way are not always the same. But failing to cap the value of QACF subsidies on a per-job basis fails to protect taxpayers from the risk of officials greatly overpaying for projects that underdeliver.

PAYING OUT SUBSIDIES AS COMPANIES MEET **EMPLOYMENT MILESTONES** REDUCES THE RISK OF A TOTAL LOSS IN THE EVENT OF AN EARLY BANKRUPTCY.

POLICY 4: **Pay Subsidy Awards as Targets Are Achieved**

Arkansas officials attempt to protect taxpayers from QACF projects gone wrong by attaching clawback agreements. Despite these agreements, Arkansans still face the risk of losing their tax dollars when projects do not go as planned. Companies are sometimes unable repay grants, such as when they go bankrupt. Consider the case of Beckmann Volmer in Osceola.

In May 2010, the *Memphis Business Journal* reported that Beckmann Volmer, a German manufacturer of wind turbine mainframes, planned to hire 300 employees at a new $10 million plant in Osceola.[28] In return, the state offered approximately $4 million in incentives, including $1.5 million from the QACF. However, the company was bankrupt by 2014 after uncertainty in the wind industry forced primary customer Nordex to close its Jonesboro operation.[29] QACF annual reports indicate that none of the $1.5 million QACF grant was repaid.

Arkansas could mitigate this risk by changing the payout structure of QACF subsidies. As previously discussed, Arkansas currently disburses subsidy awards on the front end of projects, before employment targets are met. When projects go bankrupt quickly, as Beckmann Volmer did, recouping the money paid for employment that never materialized is difficult.[30] However, paying out subsidies as companies meet employment milestones reduces the risk of a total loss in the event of an early bankruptcy.

The One North Carolina Fund (OneNC), a North Carolina deal-closing fund similar to Arkansas's QACF, could provide a model for Arkansas. According to the Economic Development Partnership of North Carolina, "OneNC funding is dispersed in 25% increments as the


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THE FOURTH POLICY RECOMMENDATION FOR IMPROVING ACCOUNTABILITY IN THE QACF IS TO **DISBURSE SUBSIDY AWARDS IN INSTALLMENTS AFTER COMPANIES MEET MILESTONES TOWARD THEIR DEFINED TARGETS, NOT BEFORE.**

company creates new jobs. For instance, if a company commits to creating 100 jobs over three years, as soon as the company has created the first 25 jobs, it is eligible to receive 25% of the award."[31] The state also requires companies to "maintain at least 90% of the new jobs in operation at the project location, or at another approved site in North Carolina, for a period of up to two years after the grant end date."[32] Arkansas should follow this model, or a similar one, to protect taxpayers from early default. Thus, the fourth policy recommendation for improving accountability in the QACF is to disburse subsidy awards in installments *after* companies meet milestones toward their defined targets, not before.

POLICY 5: **Cap the Number of QACF Projects Allowed in Any Given Year**

Ideally, QACF grants would only be provided to the projects with the highest expected net benefits to the state. However, both empirical and anecdotal evidence suggest this has not always been the case. One way to increase the likelihood of funding more worthy projects over less-worthy projects is to cap the number of new QACF project agreements allowed in any given calendar year.

Currently, the QACF is constrained by the judgement of the governor and by the amount of funding the legislature appropriates to the program. As the legislature increases the amount of funding devoted to the program, the constraints on the QACF loosen, creating more flexibility for tax dollars to flow to less-worthy projects. Capping the number of QACF projects allowed in any given calendar year, though, means there is an increased cost to each investment decision Arkansas officials make. Put more simply, a cap encourages officials to prioritize QACF spending on projects with greater expected benefits to the economy. Consider the following hypothetical example.

Suppose three companies approach Arkansas officials about securing QACF grants. The first is a film company looking to produce a movie, the second is a textile company wanting to open a T-shirt factory, and the third is a start-up cybersecurity firm. All three are appealing to public officials. If the state can only subsidize one company, then officials are more likely to explicitly consider the benefits and costs more carefully. If subsidizing the film company means not subsidizing the textile or security firms, officials' decision making parameters must change. Ideally, the decision is made according to the costs and benefits associated with each project. Public officials must evaluate the risks, likely returns, and estimated economic impact of each project. QACF funding should then flow to the project with the highest expected net benefit to the state, given the constraints.

By capping the number of new QACF project agreements in a single calendar year, Arkansas would join other states that have taken steps to restrict the number of incentive projects undertaken. For instance, Michigan's recently enacted Good Jobs for Michigan program is limited to 15 new agreements each calendar year.[33] Although total funding for the QACF is limited by legislative appropriation, forcing officials to consider other trade-offs because of a project count cap could improve their results. The smaller the cap, the greater the trade-off, and the more incentive there is to avoid funding weaker projects.


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CONCLUSION

Rigorous analysis suggests the Quick Action Closing Fund fails to deliver broad economic growth across Arkansas. Anecdotal evidence also suggests that our state government may award QACF subsidies to companies that would have located or expanded in Arkansas without the government aid. The policy action that would benefit Arkansans the most would be to sunset the QACF program and either return the savings to taxpayers as part of comprehensive tax reform or use it to fund other, more productive activities. At a minimum, Arkansas officials should enact policies that increase the program's transparency and accountability to taxpayers. Arkansas's elected leaders can do this by including more information in their reports, by ensuring that clawback formulas are public and void of after-the-fact negotiations, by capping the value of subsidy awards on a per-job basis, by disbursing subsidy awards only as targets are achieved, and by limiting the number of new QACF project agreements allowed in any given year.

ENDNOTES

1 Arkansas Act 510 (SB440) of 2007, creating the Economic Development Incentive Quick Action Closing Fund.

2 Arkansas Code Annotated § 19-5-1231(e) (2017).

3 Official website of the Arkansas General Assembly, Arkansas Legislative Council Committee Detail. http://www.arkleg.state.ar.us/assembly/2017/2018F/pages/CommitteeDetail.aspx?committeecode=000 Retrieved 7/19/2018.

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22 Richard H. Thaler, "Anomalies: The Winner's Curse." *Journal of Economic Perspectives* 2, no. 1 (Winter 1988): 191–202.

23 Thomas Cafcas and Greg LeRoy, "Smart Skills versus Mindless Megadeal: Cost-Effective Workforce Development versus Costly 'Buffalo Hunting,' with Proven Policy Solutions." Good Jobs First, 2016.

24 Calculated as cumulative QACF disbursements divided by AEDC's job creation and retention statistics as reported in the Arkansas Act 510 annual report for fiscal year 2018. Dollar amount is adjusted for inflation using June 2018 dollars. This figure assumes that no job created or retained by a company receiving QACF funds would have been created or retained had it not been for the QACF grant.

25 John Magsam, "Gun, Ammo Jobs to Grow in State," *Arkansas Democrat-Gazette*, January 22, 2016.

26 "Gun Maker Remington Seeks Bankruptcy Protection; Firm Has Ammunitions Plant in Arkansas," *Arkansas Democrat-Gazette*, March 26, 2018.

27 Carter, "State Awaits $459K."

28 "Osceola, Ark., Tapped for $10 Million Beckmann Volmer Steel Plant," *Memphis Business Journal*, May 21, 2010.

29 Shannon Spears Harris, "County Has Prospect for Beckman Volmer Building," *Blytheville Courier News*, October 6, 2014; "County Plant Could Be Impacted by Closure of Jonesboro Factory," *Blytheville Courier News*, June 28, 2013.

30 The difficulty of recouping QACF grants depends in part on where QACF clawbacks fall in the line of creditor claims when a company goes bankrupt. Unfortunately, QACF contracts are not publicly available, leaving taxpayers unable to determine the seniority of state clawbacks relative to other creditors.

31 "One North Carolina Fund: Discretionary Grants," https://edpnc.com/incentives/one-north-carolina-fund/, accessed April 17, 2018.

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ABOUT THE AUTHOR

Jacob Bundrick, a native of northwest Arkansas, is a policy analyst with the Arkansas Center for Research in Economics at the University of Central Arkansas. His research spans public finance, financial economics, and economic development. Bundrick's research has been published in the *Review of Regional Studies*, the *Journal of Regional Analysis and Policy*, and *International Advances in Economic Research*. His articles have been featured in *Bloomberg BNA*, the *Baltimore Sun*, *Dallas Morning News*, the *Arkansas Democrat-Gazette*, *Arkansas Business*, and *Talk Business and Politics*. Bundrick earned a BBA in Economics from the University of Central Arkansas, where he received a scholarship to play football for the UCA Bears, and a MS in Applied Economics from Johns Hopkins University.

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