

**Base Agency:** Department of Commerce—Dept. Wide and Economic Development (Consolidation of GPR Appropriations)

**Recommendations:**

**Paper No. 288:** Alternatives: 3 (no action needed)

*Cloyd 2*

**Comments:** The governor wants to merge the Main Street Program with another economic development appropriation within the Department. This would be really bad. Merging the program would take a step toward eliminating it. The legislature established the Main Street Program in 1987 and modeled it after a national program. The appropriation was broken out separately to give the pilot program its own identity, and it has maintained its own line ever since.

The program has enjoyed a great deal of success. Each year, Commerce selects 5 communities from the many applications for designation as a Main Street Community. Commerce helps the communities with technical, design and business assistance in the district for 5 years after being selected. So far 66 communities have been selected and the governor says its created nearly 7,000 jobs.

Juli Aulik considers this a huge priority. The program is really good for historic preservation, and of course, downtown revitalization.

Maintaining a separate appropriation will ensure that current funding levels are used for Main Street and not something else. Any other alternative will be one step closer to ending the program entirely.

**Prepared by:** Julie



## Legislative Fiscal Bureau

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May 6, 1999

Joint Committee on Finance

Paper #288

### **Consolidation of GPR Appropriations (Commerce -- Departmentwide and Economic Development)**

[LFB 1999-01 Budget Summary: Page141, #15]

#### **CURRENT LAW**

The Main Street program has base level funding of \$448,700 GPR and 4.5 GPR positions. The technology-based economic development appropriation has base level funding of \$196,800 GPR and 2.0 GPR positions.

#### **GOVERNOR**

Delete the Main Street and technology-based economic development GPR appropriations and transfer \$659,000 GPR in 1999-2000 and \$659,700 GPR in 2000-01 and 6.5 GPR positions each year to consolidate the funding and position authority in the economic and community development general program operations appropriation.

#### **DISCUSSION POINTS**

1. The economic and community development general program operations appropriation has base level funding of \$5,344,600 GPR and 60.35 GPR positions. The appropriation is the GPR funding source for administration of four divisions: Economic Development; Community Development; Marketing, Advocacy and Technology Development; and International and Export Services.

2. The Main Street program provides technical assistance to help communities plan, manage and implement programs to revitalize their downtown business areas through comprehensive economic development and historic preservation. Up to five municipalities are selected annually for the program based on review and ranking of applications. Commerce staff

provide local programs with coordinated training workshops and on-site consulting related to downtown revitalization and historic preservation. The Division of Community Development administers the Main Street program.

3. The technology-based economic development appropriation funds two engineer positions in the Manufacturing Assessment Center (MAC). The MAC assists small manufacturing businesses (businesses with 500 or fewer employees) in adopting readily available and reasonably standardized new manufacturing processes and techniques. The Center conducts assessments that help a company define a basic course of action, recommend strategies and improvements and identify resources to assist in the implementation of actions. These services are provided through the Wisconsin Manufacturing Assessment Partnership (WMEP) which includes the Department, public and private educational institutions, labor and private business. WMEP works directly with small businesses to address their needs in areas such as production techniques, technology applications and business practices. The Division of Marketing, Advocacy and Technology Development administers the MAC.

4. The Department indicates transferring the funding and positions (\$659,000 GPR in 1999-2000, \$659,700 GPR in 2000-01 and 6.5 GPR positions) to a larger appropriation (\$5,344,600 GPR and 60.35 positions) would provide more flexibility to the agency by allowing expenditures to be made within a larger appropriation for budgeted costs such as salaries, fringe benefits and supplies and services. The Department would have an increased ability to allocate funds within the appropriation to address priorities. For example, the Department could more easily upgrade positions if it were necessary to retain key employees. Consolidation of the appropriation would also give the Department increased ability to respond to funding reductions required by the Legislature or Administration.

5. Shifting funding for the Main Street and MAC activities to the economic and community development general program operations appropriation would give the Department the ability to reallocate those monies for other activities. However, maintaining separate appropriations would provide the Legislature more direct control. If the Committee wanted to ensure that currently authorized funding levels are utilized for these programs, the current separate appropriations could be maintained.

6. While costs for activities funded from the general operations appropriation can still be tracked through the accounting system, it is not possible for the Legislature to separately review or limit the costs of administration for the four Divisions because those costs are part of a larger appropriation. If the Committee wanted to increase the Legislature's ability to monitor and review expenditures, but give some flexibility to the agency, the Committee could adjust the agency's budget structure to establish separate accounts or "numerics" for each Division within the economic and community development general program operations appropriation. Commerce would still have flexibility to expend the statutory appropriation as it determined was necessary, but it would have to request approval from the State Budget Office to transfer funds between the numeric accounts that would be established under this approach. With a separate numeric for each division's appropriated amount, year-to-date and total annual expenditures would be readily ascertainable. Under this

alternative, the following amounts would be shifted within the appropriation under a separate numeric for each division: (a) Economic Development--\$2,055,200 GPR and 29.0 GPR positions in each year; (b) Community Development--\$1,201,600 GPR in 1999-00, \$1,202,300 GPR in 2000-01 and 15.9 GPR positions in each year; (c) International and Export Services--\$1,975,600 GPR and 10.0 GPR positions in each year; and (d) Marketing Advocacy and Technology Development--\$860,100 GPR and 10.0 GPR positions in each year.

**ALTERNATIVES TO BASE**

1. Approve the Governor's recommendation to delete the Main Street and Technology-Based Economic Development GPR appropriations and transfer \$659,000 GPR in 1999-00 and \$659,700 GPR in 2000-01 and 6.5 GPR positions in each year to consolidate the funding and position authority in the economic and community development general program operations appropriation.

2. Approve the Governor's recommendation. Further, establish separate appropriation numerics for each division funded by the economic and community development GPR appropriation. Shift funding within the appropriation to the numeric for each division as follows: (a) Economic Development--\$2,055,200 and 29.0 positions in each year; (b) Community Development--\$1,201,600 in 1999-00, \$1,202,300 in 2000-01 and 15.9 positions in each year; (c) International and Export Services--\$1,975,600 and 10.0 positions in each year; and (d) Marketing Advocacy and Technology Development--\$860,100 and 12.0 positions in each year.

3. Maintain current law (the two programs would remain in separate appropriations).

Prepared by: Ron Shanovich

MO# Alt. 2

BURKE	Y	<input checked="" type="radio"/> N	A
DECKER	Y	<input checked="" type="radio"/> N	A
JAUCH	Y	<input checked="" type="radio"/> N	A
MOORE	Y	<input checked="" type="radio"/> N	A
SHIBILSKI	Y	<input checked="" type="radio"/> N	A
PLACHE	Y	<input checked="" type="radio"/> N	A
COWLES	Y	<input checked="" type="radio"/> N	A
PANZER	Y	<input checked="" type="radio"/> N	A
GARD	<input checked="" type="radio"/> Y	N	A
PORTER	<input checked="" type="radio"/> Y	N	A
KAUFERT	<input checked="" type="radio"/> Y	N	A
ALBERS	<input checked="" type="radio"/> Y	N	A
DUFF	<input checked="" type="radio"/> Y	N	A
WARD	<input checked="" type="radio"/> Y	N	A
HUBER	Y	<input checked="" type="radio"/> N	A
RILEY	Y	<input checked="" type="radio"/> N	A

AYE 6 NO 10 ABS \_\_\_\_\_

COMMERCE -- DEPARTMENTWIDE AND ECONOMIC DEVELOPMENT

Wisconsin Development Fund--Grants for Main Street Program Participants

Motion:

Move to authorize Commerce to make grants from the Wisconsin Development Fund to municipalities that participate in the Main Street Program to fund activities related to participation in the program. Limit the total annual amount of grants that could be made to \$250,000. Require Commerce to promulgate rules to administer the program.

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Note:

The Main Street program provides technical assistance to help communities plan, manage and implement programs to revitalize their downtown business areas through comprehensive economic development and historic preservation. Up to five municipalities are selected annually for the program based on review and ranking of applications. Commerce staff provide local programs with coordinated training workshops and on-site consulting related to downtown revitalization and historic preservation. The Division of Community Development administers the Main Street program.

The Wisconsin Development Fund (WDF) consists of eight programs: (a) technology development grants and loans; (b) customized labor training grants and loans; (c) major economic development grants and loans; (d) Wisconsin trade project; (e) employe ownership assistance grants; (f) manufacturing assistance grants; (g) revolving loan fund capitalization grants; and (h) rapid response fund loans.

The WDF is funded through both a general purpose revenue (GPR) and program revenue appropriation. Annual base level funding for the program is \$7,503,800 GPR and \$1,500,000 PR.

This motion would create a program under the WDF that would provide grants to municipalities that participate in the Main Street program to fund program activities. A maximum of \$250,000 annually could be awarded under this program.

MO#

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
2 COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 11 NO 5 ABS 0