



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #456

Rural Policy Advisor Position (Governor and Commerce -- Departmentwide and Economic Development)

[LFB 2001-03 Budget Summary: Page 339, #4 and Page 178, #13]

CURRENT LAW

The Office of the Governor has base level funding of \$3,618,300 GPR and 47.75 GPR positions and \$51,000 PR and 0.30 PR position. This includes \$192,700 GPR and 4.5 GPR positions for the operation of the Executive Residence.

The Department of Commerce has base level funding of \$210.5 million with 484.6 positions. The Bureau of Business Finance in the Commerce Division of Economic Development has funding of \$354,000 GPR, \$110,800 PR and \$42,000 FED and \$47,800 SEG and 6.5 GPR, 2.0 PR, 1.0 FED and 1.0 SEG positions respectively.

GOVERNOR

Delete 1.0 GPR position from the Department of Commerce's economic development general program operations appropriation. The position to be deleted would be one primarily related to rural policy development as determined by the Secretary of Administration and the incumbent employee would be transferred to the Office of the Governor for rural policy development. The budget of the Office of the Governor would be increased by \$43,500 GPR in 2001-02 and \$41,000 GPR in 2002-03 and 1.0 GPR position to reflect the transfer.

DISCUSSION POINTS

1. Under the bill, a grants specialist position in the Department of Commerce, Bureau of Business Finance would be transferred to the Office of the Governor to serve as a rural economic

development advocate. The transfer is supported by the view that it would be difficult for a single agency to coordinate rural economic development activities. State agencies are focused on specific sectors, such as housing, business, tourism, and agriculture while rural development requires multi-sector activities. For example, the state has located new prisons and detention centers in areas where they would have the most economic benefit. However, rural officials have indicated that development is dependent upon other related issues such as housing, infrastructure, transportation and business development. It is argued that effective rural development policy requires coordinated development activities in all sectors of a rural community. Moreover, there are no organizations that provide comprehensive, coordinated delivery of economic development programs to rural communities. A position in the Governor's Office could be used to develop and coordinate comprehensive rural economic development activities through a variety of state programs. Comprehensive projects could be developed and targeted to specific areas.

2. Placing the position in the Governor's Office would give the rural initiative cabinet level status. The individual would report directly to the Governor and act on the Governor's behalf on issues of rural economic development. Specific functions of the position would include: (a) provide a clearinghouse that would inventory existing federal, state and other rural development programs; (b) provide a one-stop service to match local needs with available resources; (c) develop strategies to better coordinate and deliver programs to rural communities and work with the Legislature to develop program changes that improve effectiveness and efficiency; (d) provide a statewide forum for rural community leaders for interaction with other officials and program providers; and (e) serve as a central collection point for data, information and research relating to rural economic development and providing access to rural communities, program providers and policy makers.

3. The Department of Commerce has indicated that the position that would be transferred is a grants specialist in the Bureau of Business Finance. The Bureau of Business Finance is responsible for underwriting, evaluating projects and making funding recommendations for many of Commerce's economic development grant and loan programs. The Bureau underwrites grants and loans for the Wisconsin Development Fund (WDF), Minority Business Finance (MBF), Rural Economic Development (RED), and federal small cities Community Development Block Grant (CDBG) programs. The Bureau has 10.5 authorized positions. The position that would be transferred is responsible for underwriting grants and loans for all of the programs administered by the Bureau. If the position is transferred, existing staff would be required to absorb that position's workload. In addition, the bill would require most state agencies, including Commerce to reduce GPR state operations expenditures by approximately 5% in the biennium. Bureau staff would have to absorb the effects of that reduction as well.

4. As noted, the Governor's Office has over 43 authorized positions. According to the state agency position report for the pay period ending March 24, 2001, there was a total of three vacant positions in the Office. This could reflect the transition that has occurred as a result of the Lieutenant Governor succeeding the Governor. However, an argument could be made that the transition allows the current Governor to reorganize staff and staff functions to more fully reflect his priorities. If the Governor has a long-term policy interest in promoting rural development and also

believes that staff resources need to be committed to that activity, then existing staff could be reallocated to this function. In this regard, it should be noted that, the Legislature provided the Governor's Office with an additional 2.0 GPR unclassified positions in the 1999-01 biennial budget.

ALTERNATIVES

1. Approve the Governor's recommendation to transfer 1.0 GPR position from the Department of Commerce and provide funding of \$43,500 GPR in 2001-02 and \$41,000 GPR in 2002-03 and 1.0 GPR position to the Governor's Office for a staff person to serve as a rural economic development advocate.

2. Maintain current law.

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