



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #1136

Grants Management Office (Commerce)

[LFB Summary of the Governor's Budget Reform Bill: Page 29, #5]

CURRENT LAW

The Department of Commerce is the state's primary agency for the delivery of integrated services to businesses. Commerce's purpose is to (a) foster the retention and creation of new jobs and investment opportunities in Wisconsin; (b) foster and promote economic business, export and community development; and (c) promote public health, safety and welfare through effective and efficient regulations, education and enforcement.

GOVERNOR

Provide \$26,000 GPR in 2001-02 and \$56,300 GPR in 2002-03 and 1.0 unclassified GPR grants management specialist to establish a grants management office in Commerce. The unclassified position would be appointed by the Commerce Secretary, who would also determine the salary for the position.

DISCUSSION POINTS

1. Commerce would be required to operate the grants management office for the following purposes: (a) to identify public and private sources of grants; (b) to serve as a clearinghouse for federal and state grants and privately-funded grants; (c) to offer training and assistance in pursuing grants to governmental agencies, nonprofit organizations, school boards, operators of charter schools, and governing bodies of private schools.

2. The proposed grants management office is related to the Governor's "Build Wisconsin" initiative that brings together state agencies, educational institutions, business leaders

and organized labor to develop a strategic business plan for economic growth in Wisconsin. The "Build Wisconsin" initiative is led by the Secretary of Commerce and is directed to create an economic development plan that: (a) builds on Wisconsin's current economic base; (b) expands the state's economy; (c) increases wages for workers, (d) increases business and individual productivity; (e) increases investments in the state; (f) positions Wisconsin for high-tech growth; and (g) addresses regional economic needs by helping local economic development agencies thrive and grow. Each component of the state plan has specific initiatives to be implemented. One of the initiatives is to create a single point of contact for state government to assist businesses and to address economic opportunities. The grants management office could provide a centralized location for providing information and training that would help state businesses access state and federal financial assistance programs. The office could also help the state to focus its efforts in attracting more federal grants and contracts.

3. The grants specialist position would establish a clearinghouse for information and provide training to assist businesses, governmental and nonprofit entities in obtaining federal, state and private sector financial aid. The position would develop materials for guidance in applying for financial assistance and also provide direct assistance, such as answering questions. Finally, the individual would hold training conferences for interested parties in different regions of the state. The grants specialist position would be an unclassified position for the following reasons: (a) to highlight the importance of the office and the effort to obtain additional federal contracts as part of the Build Wisconsin initiative; (b) to provide more flexibility to allow the position to be filled more quickly; and (c) to provide more responsiveness to state and local government agencies and to the Legislature.

4. It is estimated that, under current law provisions, there will be a gross general fund deficit of -\$974.5 million at the end of the biennium and, in addition, a statutory balance of \$142.8 million is required. Thus, to address the projected deficit and maintain the required statutory balance, the general fund needs to be improved by \$1,117.3 million. To address the deficit, the Governor imposed a hiring freeze on executive agency GPR positions and introduced his budget reform bill that would require most state agencies to reduce 2001 Act 16 GPR appropriations by 3.5% in 2001-02 and 5.0% in 2002-03. Under the bill, Commerce would be required to reduce GPR expenditures by \$694,600 in 2001-02 and \$992,300 GPR in 2002-03. Given this fiscal situation, it could be argued that priority should be placed on controlling state government spending and employment. From this view, provision of additional funding and a position to create a grants management office in Commerce should be postponed until the state's fiscal condition improves.

5. The Bureau of Business Development has an area development manager located in each of eight regions covering the entire state. The managers work directly with businesses on start-up and expansion plans and provide information on financial resources, environmental regulations, buildings and sites, labor availability and wage rates, utilities, taxes, and transportation. They also act as mediators in disputes between business and government. The area development managers regularly visit employers in their areas, including those considered troubled because of declining sales, declining employment or other factors. It could be argued that responsibilities of the area development managers include providing businesses with information and training related to

obtaining financial assistance from the state and federal governments. As a result, the need for additional funding and a position to provide similar services could be questioned.

6. If the function of the proposed grants management office is viewed as essential, responsibilities of other Commerce bureaus or offices could be expanded to incorporate that function. One alternative would be to require the Department's Business Development Assistance Center to perform the activities envisioned for the proposed grants management office. The Business Development Assistance Center is staffed by eight persons and provides assistance to individuals and businesses that request information on the process of obtaining state permits required for a particular business activity. The Center does not issue permits but through its toll-free hotline serves as a clearinghouse for information. Other related activities include; (a) expediting the process of permit application, review and issuance; (b) monitoring the status of applications and agreements; (c) providing advocacy services; and (d) providing mediation and dispute resolution. The small business ombudsman provides information about financing alternatives and government regulations to small businesses. The small business clean air assistance program is also administered through the Business Development Assistance Center. This program assists small businesses in conforming with the federal Clean Air Act. The Center's information clearing house responsibilities could be expanded to include providing information and training related to obtaining federal, state and private financial assistance for businesses, government entities and nonprofit organizations.

7. If the Committee decides to provide the Department with additional funding and a position to establish a grants management office, it may wish to provide a classified, rather than unclassified, grants specialist position. Generally, unclassified positions in state agencies are limited to the Secretary, Deputy Secretary, Executive Assistant and division administrators. The proposed unclassified grants management specialist position would be selected by the Secretary of Commerce. If the position was classified there would be a formal position description including defined responsibilities. A standard competitive recruitment process would be followed to fill the position. An argument could be made that requiring that the position be classified would provide more structure and guidance to the hiring process, while not detracting from the agency's ability to hire a qualified individual.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$26,000 GPR in 2001-02 and \$56,300 GPR and 1.0 unclassified GPR grants management specialist position to establish a grants management office in the Department.

2. Modify the Governor's recommendation to provide \$26,000 GPR in 2001-02 and \$56,300 GPR and 1.0 classified GPR grants management specialist position to establish a grants management office in the Department.

3. Delete the Governor's recommendation for additional resources but require the specified functions of the proposed grants management office to be performed by existing staff of

the Business Development Assessment Center.

| Alternative 3 | GPR |
|----------------------|------------|
| 2001-03 FUNDING | - \$82,300 |
| 2002-03 POSITIONS | -1.00 |

4. Delete the Governor's recommendation.

| Alternative 4 | GPR |
|----------------------|------------|
| 2001-03 FUNDING | - \$82,300 |
| 2002-03 POSITIONS | -1.00 |

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