



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #101

Create Office of Business Development (DOA -- General Agency Provisions)

[LFB 2011-13 Budget Summary: Page 21, #11]

CURRENT LAW

The Division of Business Development within the Department of Commerce provides technical and financial assistance to assist businesses in planning, site selection, initial capitalization, permitting (including environmental), employee training, research and development, business expansion, and export development.

GOVERNOR

Provide \$181,700 GPR and 2.0 GPR unclassified positions annually to create an Office of Business Development attached to the Department of Administration (DOA). The Office would be at the direction of an unclassified Director. Specify that the Director and the Deputy Director would be appointed by the Governor and serve at the Governor's pleasure. Specify that the Director would be assigned to executive salary group (ESG) 3 and the Deputy Director would be assigned to ESG 2. The Office would perform the functions as determined by the DOA Secretary.

Delete the Division of Business Development as part of the deletion of the Department of Commerce and the creation of the Wisconsin Economic Development Corporation (WEDC).

DISCUSSION POINTS

1. Under the bill, the Office of Business Development (OBD) would be created within DOA. No duties are identified under the bill, but the bill does specify that the Office would perform the functions as determined by the DOA Secretary.

2. Funding for the Office would be as follows: (a) salary \$132,900 annually; and (b) fringe benefits, \$48,800 annually. No supplies and services funding would be provided. The current salary range for an ESG 2 is \$64,160 to \$99,449 annually. The current salary range for ESG 3 is \$69,294 to \$107,407 annually.

3. The DOA Secretary, at testimony before the Committee, indicated that the Office of Business Development would provide a single point of contact for businesses wanting information about relocating or forming a new business in Wisconsin, providing information about the availability of resources that are available to these businesses.

4. The Department of Administration provided the following in regards to the duties of the Office:

"The newly created Wisconsin Economic Development Corporation has been tasked with developing and administering programs and policies to incentivize private sector job growth and recommend policy and administrative changes to state government to improve service to job creators. A coordinating body is now needed, with the authority of the Governor and DOA Secretary behind it, to work across all departments and agencies in state government to implement comprehensive state policies that promote job growth.

The Office will advise the Governor and Secretary of Administration on policy changes to promote with the Legislature as well as Department policy changes that make state government easier to access for employers to create jobs.

Responsibilities of the Office include:

- Coordinate policies that promote job growth from the newly created Wisconsin Economic Development Corporation with other state agencies so that state government can assist in promotion of those policies.
- Assess entry points to state government for employers seeking to grow, locate or expand jobs so the state can consolidate entry points and simplify for employers access to services.
- Develop a communications strategy for all departments to work together in an effort to streamline information on permit applications, educate employers on required permits/applications for proposed job growth, and assess appropriate methods to follow up with employers to ensure they have completed necessary paperwork.
- Provide assessment of department rules, regulations, policies that create delays and barriers to employer growth and suggested remedies.
- Act as a liaison for the Governor and Secretary of Administration with the Legislature on economic development policies and efforts to consolidate access points for employers, reductions in permit times and centralize communications for employers to reduce staff time and resources through multiple contacts across state agencies. These policy changes will allow businesses to receive quicker response times

on inquiries and permit processes while reducing staff time dedicated to processing questions and permits.

Overall, the Office of Business development is focused on how to make state government simpler and easier for our employers to access so they can create jobs. The staff of this office will act as the central point of contact for the Governor, Secretary of Administration and the Legislature to carry out this charge."

5. The Department of Administration is statutorily responsible for administration of executive branch activities, coordinating management services and providing effective aid to agencies of the state government. The Department is charged with improving management techniques in budgeting, accounting, engineering, purchasing, records management, and fleet management.

6. Under 2011 Act 7, the WEDC Board is required to "develop and implement economic programs to provide business support and expertise and financial assistance to companies that are investing and creating jobs in Wisconsin and to support new business start-ups and business expansion and growth in Wisconsin. The Board may also develop and implement any other programs related to economic development in Wisconsin."

7. The March 21, 2011, strategic plan for WEDC indicates that the core duty of the Authority is to "serve business in Wisconsin. All performance metrics, systems, staffing, and operations are dedicated to advancing this customer group." The plan also states that the WEDC will create a world-class, high performance economic development network that will drive business creation. The Authority would also "provide a one-stop point of contact for business information and inquiry, and market Wisconsin internationally."

8. It could be argued that both WEDC and OBD are being promoted as one-stop shops for business inquiries about the availability of business creation assistance and general information. Further, the WEDC would be a more natural fit for these duties as businesses would more likely seek information from an agency whose services are dedicated to commerce activities.

9. If the Committee wishes to approve the formation of an OBD, it could consider whether DOA should be required to establish the duties of the Office through administrative rules, rather than solely allowing the DOA Secretary and the Governor to determine these duties. It could be argued that the Legislature should be involved in the business environment decisions of the state, including the right to oversee the OBD and to help determine the duties of such an Office. Therefore, the Committee may wish to require DOA to adopt administrative rules specifically identifying the scope and duties of the OBD [Alternative #2].

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$181,700 GPR and 2.0 GPR positions annually to create an Office of Business Development attached to the Department of Administration. Specify that the Director and the Deputy Director would serve at the Governor's pleasure, and would perform functions as determined by the Department of Administration

Secretary.

2. In addition to Alternative 1, specify that the duties of the Office of Business Development would be established through administrative rules.

3. Delete the Governor's recommendation for the creation of an Office of Business Development in the Department of Administration.

ALT 3	Change to Bill	
	Funding	Positions
GPR	- \$363,400	- 2.00

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