



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #243

Bureau of Minority Business Development Positions (Commerce; Safety and Professional Services; Department of Administration; Wisconsin Economic Development Corporation)

[LFB 2011-13 Budget Summary: Page 127, #10 (part)]

CURRENT LAW

The Department of Commerce administers the minority-owned business enterprise (MBE), woman-owned business enterprise (WBE), and disabled veteran-owned business enterprise (DVE) certification programs. Under the programs, Commerce provides eligible businesses with certification that validates their business ownership as a minority-owned, woman-owned, or disabled-veteran owned business. Minority and disabled veteran-owned businesses are eligible for a low-bid waiver as long as their bid is no higher than 5% of the lowest qualified responsible bidder. Also, at least 5% of state purchasing and contracting is targeted for certified minority-owned businesses. Commerce charges a \$50 certification fee, and \$100 for two one-year renewals of woman-owned business certifications. Fee collections are placed in a separate woman-owned business processing fees appropriation. Commerce is authorized to charge minority-owned and disabled veteran-owned businesses for certification, but does not.

The Commerce WBE certification program is administered by an economic development consultant position. The position's responsibilities include managing the application process for WBE certification, examining documents and performing due diligence on applications through interviews, site visits and field investigations, and follow-ups, maintaining statistical data, developing and preparing program reports, and maintaining the WBE webpage.

The Bureau of Minority Business Development (MBD) in the Division of Business Development in Commerce is staffed by three positions. The Bureau provides financial and technical assistance to minority businesses and administers the MBE program. Staff include two economic development positions and an administrative manager. One of the economic consultant positions is located in Milwaukee, and is certified by the National Development Council specializing in business loan packaging. This person prepares information on the availability of public and private sources of business financing, negotiates with businesses, equity investors, and lenders on financial packages that involve Commerce, provides business counseling and packaged loan applications, and processes and approves MBE certifications. A second consultant

provides business counseling and packaged loan applications, prepares documents, including contracts; designs and implements minority programs, and maintains accounts. This position is also lead consultant for the MBE program. The Bureau director manages staff and Bureau programs, develops the annual budget, monitors and allocates resources, and administers the approval of projects, contracts with businesses, and disbursing grant funds.

GOVERNOR

Transfer administration of the MBE, WBE, and DVE certification programs from Commerce to the Department of Safety and Professional Services (DSPS). The woman-owned business processing fees appropriation, with annual expenditure authority of \$31,500 PR would be renamed disabled veteran-owned, woman-owned, and minority-owned business certification fees, and transferred to DSPS [s. 20.165(1)(gr)]. The bill would also transfer the WBE economic development consultant position and three positions in the Bureau of Minority Development and annual funding of \$435,500 GPR from Commerce to DSPS [under s.20.165(1)(a)] to administer the certification programs.

MODIFICATION

Make the following changes to the bill: (a) delete \$250,900 GPR and 2.0 GPR positions annually from DSPS; (b) transfer \$184,600 GPR and 2.0 GPR positions annually from DSPS to DOA, Office of Business Development; (c) transfer the disabled veteran-owned, woman-owned, and minority-owned business certification fees appropriation to DOA; and (d) increase the Wisconsin Economic Development Corporation (WEDC) operations and programs appropriation by \$250,900 GPR annually.

Explanation: The transfer of 4.0 positions and related funding from the Commerce MBD Bureau and WBE certification programs to DSPS was an error. The administration indicates that MBE, WBE, and DVE certification programs, 2.0 economic development consultant positions and related funding (\$184,600), and the certification fees appropriation should be transferred to the Bureau of Business Development in DOA. The Administration also believes the remaining MBD bureau director and economic development consultant position would be hired, with similar job responsibilities, at WEDC. This modification would transfer the certification programs and related funding and two positions to DOA. In addition, 2.0 positions and funding of \$250,900 GPR at DSPS would be deleted, and that annual funding would be provided to WEDC, which would allow WEDC to hire the employees.

	DSPS		DOA		WEDC		Net Change	
	Change to Bill		Change to Bill		Change to Bill		Change to Bill	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- \$871,000	- 4.00	\$369,200	2.00	\$501,800	0.00	\$0	- 2.00
PR	<u>- 63,000</u>	<u>0.00</u>	<u>63,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Total	- \$934,000	- 4.00	\$432,200	2.00	\$501,800	0.00	\$0	- 2.00

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