



Legislative Fiscal Bureau

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June 2, 2011

Joint Committee on Finance

Paper #240

Small Business Innovation Research Grants Transfer (Commerce and Safety and Professional Services)

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

CURRENT LAW

The Department of Commerce administers the small business innovation research (SBIR) grants program. Commerce is required to provide \$250,000 annually for SBIR assistance grants, including: (a) \$100,000 for businesses in the early stage research and development phase preceding eligibility for grants under the federal SBIR program; (b) \$50,000 for businesses preparing for federal SBIR applications; and (c) \$100,000 for businesses that have received prior federal SBIR funding and are in the commercialization stage of development, for which federal funding is not provided. The grants are awarded through the Wisconsin Entrepreneurs' Network (WEN) with funding from Commerce. The sources of funding for the state SBIR grants include the Wisconsin Development Fund (WDF), rural economic development (RED), minority business development (MBD), and gaming economic diversification (Gaming) programs, program revenue appropriations. The federal SBIR program is administered by the Small Business Administration (SBA) and awards up to \$1.2 billion in grants to eligible businesses in a competitive process, to assist companies in developing next-generation technologies, products, and services

The WDF, RED, MBD, and Gaming programs are funded through both general purpose revenue (GPR), or tribal gaming revenues, in the case of the Gaming program, and program revenue (PR) repayments appropriations. The program revenue repayments appropriations were established to operate similar to revolving loan funds. Amounts received from loan repayments are credited to the repayments appropriations and these monies can be used to fund grants and loans. The PR repayments appropriations are continuing appropriations and, consequently, unappropriated and unexpended amounts remain in the appropriation balance, and can be used to fund future grants and loans.

The Forward Innovation Fund (FIF) was created by 2009 Wisconsin Act 28 by

consolidating the MBD program and the Community-Based Economic Development program (CBED). Under Act 28, MBD grant and loan repayments could be deposited in the MBD PR repayments appropriation [s. 20.143(1)(im)] only up to June 30, 2009, and could be used make grants and loans under the FIF. The 2010-11 base level expenditure authority for the appropriation is \$567,200 PR. As of March 31, 2011, the entire balance in the MBD program revenue repayments appropriation was encumbered.

GOVERNOR

Transfer responsibility for administering the SBIR grant program from Commerce to the Department of Safety and Professional Services (DSPS). In addition, the MBD program revenue repayments appropriation and annual expenditure authority of \$510,500 PR (adjusted to reflect reduced expenditure authority for budget efficiencies) would also be transferred to DSPS to fund the SBIR grants.

MODIFICATION

Delete the SBIR grant program, and the MBD program revenue repayments appropriation [s. 20.165(1)(ir)] and \$510,500 PR annual expenditure authority from DSPS.

Explanation: The transfer of the SBIR grant program and MBD repayments appropriation to DSPS was an error. The administration indicates that both should have been eliminated in the bill, and that the MBD repayments appropriation expenditure authority should be included under the Wisconsin Economic Development Corporation (WEDC). This modification would delete the program and appropriation [s. 20.165(1)(ir)]. However, no expenditure authority would be included under WEDC because there is no balance remaining in the MBD repayments appropriation.

Change to Bill Funding	
PR	- \$1,021,000

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