

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4007/2	Introduction Number SB-515
Description Certification of woman-owned businesses, providing an exemption from emergency rule procedures, granting rule-making authority, and making an appropriation	
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (1) (a)	
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Date 1/26/2006	

Fiscal Estimate Narratives

COMM 1/26/2006

LRB Number	05-4007/2	Introduction Number	SB-515	Estimate Type	Original
Description Certification of woman-owned businesses, providing an exemption from emergency rule procedures, granting rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a new certification for woman-owned businesses at the Department. Under the bill, the Department is required to provide guidelines for certification, establish a provision for the Department to charge a fee for certification, requires the Department to establish a database of certified businesses, and requires the Department to promulgate administrative rules for the administration of certifications.

Changing state law to include a woman-owned business certification will substantially increase the Department's certification workload. While the bill enables the Department to charge a fee for costs incurred for performing certifications, it does not provide additional administrative positions. Currently, the Department has 1.0 FTE GPR-funded position dedicated to minority certifications. This position handles all questions associated with the program, performs all site investigations, reviews submitted materials including tax returns, and recommends businesses for certification.

Currently, 1,102 minority-owned businesses are certified by the Department, and the Department certifies, on average, 1,000 (200 new, 800 re-certified), (91% of the total) minority-owned businesses per year. With an estimated 17,924 total eligible minority-owned businesses, this represents an overall certification rate of 6.1%. The total number of eligible woman-owned businesses is estimated at 111,686. If we assume the same certification rate, the Department would certify a total of 6,813 woman-owned businesses, with yearly totals of 1,240 new businesses certified and 4,960 re-certifications.

The Department estimates it takes an average of approximately 6 hours to perform a new minority-business certification, not including travel time and 3 hours to perform a re-certification. As calculated below, assuming 7,200 eligible minority and woman-owned, businesses will apply for certification per year; this would necessitate an additional 10.75 FTE positions to handle the increased workload.

- 1,240 new woman-owned business certifications * 6 hours per certification yields 7,440 hours.
- 4,960 re-certified woman-owned business certifications * 3 hours per re-certification yields 14,880 hours.
- 7,440 hours of new certifications + 14,880 hours of re-certifications yields 22,320 total hours devoted to certifying woman owned businesses per year.
- 22,320 total hours / 2080 hours per FTE per year yields almost 10.75 new FTE positions needed to handle the increased workload generated by this bill. These costs are detailed below.

In addition, the Department must create and make public a list of certified woman-owned businesses for use in state and business procurement.

In addition to the 10.75 FTE Economic Development Consultants needed to administer the requirements of this bill, it is likely that the Department will necessitate an additional 2.0 FTE Program Assistants to handle the increased workload given the significant amount of paperwork that is processed with each application for certification.

Economic Development Consultant

Salary: \$41,800
Fringe: \$17,900*
Supplies and Services: \$ 8,000
Overhead: \$ 9,100
One-time Costs: \$ 4,000**
Total: \$80,800

Annualized: \$76,800

* at 42.84% of salary

** includes workspace, computer etc.

10.75 FTE EDC's x \$80,800 = \$868,600 in the first year.

10.75 FTE EDC's x \$76,800 = \$825,600 annualized costs in the second year.

Program Assistant-Conf.

Salary: \$23,400

Fringe: \$10,000*

Supplies and Services: \$ 2,000

Overhead: \$ 5,100

One-time Costs: \$ 4,000**

Total: \$44,500

Annualized: \$40,500

* at 42.84% of salary

** includes workspace, computer etc.

2.0 FTE Program Assistants x \$44,500 = \$89,000 in the first year.

2.0 FTE Program Assistants x \$40,500 = \$81,000 annualized costs in the second year.

If these positions were funded entirely out of program revenues derived from certification fees, assuming the Department performed 6,200 woman-owned certifications per year, the Department would need to charge at least \$146 per certification to handle these personnel costs in the second year of the program. Under the bill, the Department is limited to charging \$50 per certification. The Department is not likely to be able to absorb the additional expenses generated by this bill within its current administrative allocation.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description Certification of woman-owned businesses, providing an exemption from emergency rule procedures, granting rule-making authority, and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$52,000			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$708,575	
	(FTE Position Changes)	(10.8 FTE)	
	State Operations - Other Costs	198,025	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$906,600	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS	906,600	
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS	906,600	
	SEG/SEG-S		
	TOTAL State Revenues	\$906,600	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$906,600	\$
NET CHANGE IN REVENUE		\$906,600	\$
Agency/Prepared By Authorized Signature Date			
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