

Division of Entrepreneurship and Economic Development Fiscal Year 2010 Budget Reductions

The Division of Entrepreneurship and Economic Development (DEED) provides funding for Wisconsin Small Business Development Centers (SBDC), Executive Education/Business Management and the Wisconsin Entrepreneurs' Network (WEN). All three of these programs support Wisconsin businesses and economic development. DEED also has system-wide responsibilities related to economic development and operates and maintains an Economic Development Portal (EDP) that details economic development programs at all University of Wisconsin campuses.

Current Budget

A summary of the pre-reduction Fiscal year 2010 funding of DEED programs follows. GPR and program income figures represent salary and supply and services budgets before any budget cuts. Federal and state grant funding includes fringe benefits but excludes indirect costs. (DEED retains approximately \$70,000 of indirect cost receipts for administrative activities.)

		(104)	(104)	(133/144)	(144)	(132)	
		Base	System	WI Dept		Program	
Program	Campus	GPR	GPR	Commerce	SBA	Income	Total
SBDC	UW-Ext	\$ 247,000	\$ -	\$ -	\$ 249,000	\$ -	\$ 496,000
SBDC	Various	774,000	-	-	1,067,000	1,701,000	3,542,000
Executive	Various	749,000	-	-	-	9,120,000	9,869,000
WEN	UW-Ext	151,000	-	850,000	-	-	1,001,000
EDP	UW-Ext	-	21,000	-	-	-	21,000
Operational Budget		\$ 1,921,000	\$ 21,000	\$ 850,000	\$ 1,316,000	\$ 10,821,000	\$ 14,929,000
Aids	UW-Ext	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ 600,000
Total Budget		\$ 1,921,000	\$ 21,000	\$ 1,450,000	\$ 1,316,000	\$ 10,821,000	\$ 15,529,000

Budget Reduction Decision Process

DEED management developed a philosophy for reductions that embodied three themes:

- Spreading the impact – When appropriate and feasible, cuts should be shared by all programs.
- Core services – The economic downturn has resulted in increased demand for small business assistance. All efforts should be made to minimize any impact on efforts to provide counseling for entrepreneurs and small businesses.
- Other budget reductions – We need to be aware that SBDCs and Executive Education/Business Management programs are forecasting decreases in program income of up to 25%. In addition, budget cuts in other programs will likely increase fees that are incurred when providing services.

This philosophy and the Budget Planning Principles outlined by the Expanded Budget Planning Committee's Report to the Chancellor were considered when discussing potential reduction. DEED then proposed draft reductions and shared them with applicable SBDC, WEN and Executive Education/Business Management contacts.

DEED then developed a plan for implementing proposed reductions to SBDC and WEN operations by reducing and delaying its planned upgrading of information technology tools used by both programs.

Division of Entrepreneurship and Economic Development Fiscal Year 2010 Budget Reductions

DEED management considered this plan as well as feedback from staff and from Executive Education/Business Management contacts before determining final amounts.

Recommendations and rationale

DEED recommends reductions as detailed in the attached 2009-10 1% Across-the-Board Reduction and Efficiency Lapse. The rationale for the proposed reductions is as follows:

- 1% Across-the-Board Reduction (\$8,467 of salary, supplies and services)
 - o Campus SBDCs (\$0) were excluded from this cut because reductions would directly impact core services.
 - o DEED (\$1,667) and UW-Milwaukee Business & Management (\$500) received their pro-rata share of cuts. It is our belief that these cuts are at levels that can be managed without significant long-term impacts on services.
 - o UW-Madison Executive Education (\$6,300) received a larger share of the cut. This is because of our belief that the size of the operation and the multiple funding sources and strategies provide long-term opportunities for the program to make adjustments that will enable them to minimize any long-term impact on core services.
- Efficiency lapse (\$81,881 of salary)
 - o Campus SBDCs (\$0) were excluded from this one-time reduction because it would directly impact core services.
 - o DEED (\$49,981) received its pro-rata share of the reduction as well as the amount allocable to campus SBDCs. DEED was allocated the largest portion of the cut because it had the ability to meet the one-time reduction by reducing and delaying DEED's efforts to reengineer its information technology presence. These efforts are intended – through the use of additional staff or consultants – to reinvent our web presence, to more fully integrate web applications, to streamline operations, and to develop the capacity for online SBDC programming. This one-time reduction will delay but not eliminate these benefits.
 - o UW-Madison Executive Education (\$27,200) and UW-Milwaukee Business & Management (\$4,700) received their pro-rata share of the reduction. It is our understanding that a good portion of these reductions can be met through existing balances.

Impact on strategic goals

The impact of cuts on UW-Madison Executive Education and UW-Milwaukee Business & Management are still being determined. The efficiency cuts will likely be funded by continuing balances while the permanent funding cuts, in conjunction with revenue reductions and other cuts, will require both campuses to streamline operations, reduce offerings or find other funding sources.

Reductions to SBDCs and WEN will not directly impact the division's core role of providing services to entrepreneurs and small businesses. The reductions will, however, delay the planned reengineering of information technology offerings that will increase accessibility of SBDC and WEN services. DEED will not abandon these reengineering efforts but will proceed more slowly and will try to maximize the use of existing staff and resources unless additional funding is obtained. The cuts could also reduce program income that will be earned through online offerings.