

Schedule 13
Funding Request for the 2014-15 Budget Cycle

Department: Office of Economic Development and International Trade

Request Title: Minority/Women Owned Business Office

Priority Number: R-4

Dept. Approval by: K. W. Zy 10/24/13
 Date

OSPB Approval by: Greg H. [Signature] 10/25/13
 Date

- Decision Item FY 2014-15
 Base Reduction Item FY 2014-15
 Supplemental FY 2013-14
 Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	2,854,207	-	2,711,988	400,000	750,000
	FTE	19.4	-	19.4	1.8	2.0
	GF	1,956,070	-	1,801,309	400,000	750,000
	GFE	-	-	-	-	-
	CF	540,000	-	540,000	-	-
	RF	-	-	-	-	-
	FF	358,137	-	370,679	-	-
(4) Economic Development Programs, Global Business Development	Total	2,854,207	-	2,711,988	400,000	750,000
	FTE	19.4	-	19.4	1.8	2.0
	GF	1,956,070	-	1,801,309	400,000	750,000
	GFE	-	-	-	-	-
	CF	540,000	-	540,000	-	-
	RF	-	-	-	-	-
	FF	358,137	-	370,679	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Global Business Development Cash Fund

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments:

Other Information:



COLORADO

Office of Economic Development
and International Trade

Priority: R-4
Minority/Women Owned Business Office
FY 2014-15 Change Request

Cost and FTE

- This request is for \$400,000 General Fund and 1.8 FTE in FY 2014-15 for the Minority Business Office (MBO) to develop and implement an integrated Minority and Women-Owned Business (MWB) strategy for Colorado. The request will annualize to \$750,000 General Fund and 2.0 FTE in FY 2015-16.

Current Program

- Currently, the focus of the MBO is on State procurement opportunities for MWBs. Activities include holding an annual State procurement fair and providing guidance on procurement questions.

Problem or Opportunity

- MBO requires funding to implement a strategic business plan for the integration and development of Minority and Women-Owned Businesses into the economic blueprint for Colorado.
- Currently, MBO does not have a budget directly allocated to advance the work of the MBO. The salary of staff is funded through the General Business Development Fund, which has limited the impact of the MBO's initiatives.
- Investment in this office will allow economic growth through partnership with Small Business Development Centers that are geared toward MWBs, and opportunities with medium and large businesses to gain access to vendor contracts.

Consequences of Problem

- Without a direct budget, the MBO will continue to operate one-dimensionally focused only on State procurement opportunities for MWBs, thus limiting its impact.

Proposed Solution

- The proposed solution is to fund the MBO from General Fund in the amount of \$400,000 in FY 2014-15, and \$750,000 in FY 2015-16
- The goal is to integrate the MWB into the economic development ecosystem by providing access to capital, opportunity, and resources to help ensure their long-term viability and growth. This comprehensive approach to economic development will support a thriving MWB community and will also positively impact the opportunities for overall business development.
- This will be accomplished by establishing year-round training programs, statewide summits/expos, providing critical data and research and enhancing technological infrastructure to advance the opportunities for MWB's .

FY 2014-15 CHANGE REQUEST
Priority: R-4 Minority/Women Owned Business Office
Request Detail

Problem or Opportunity:

The Minority Business Office (MBO) was created by statute (Section 24-49.5-101, C.R.S.):

“Declaring that it is in the best interest of the people of Colorado to promote the interests of minority business by assisting minority business enterprises in establishing information networks with both government and the private sector, assuring a greater flow of information about minority business enterprises and the opportunities available to minority businesses, and providing economic research and information with the ultimate goal of providing the best opportunities for minority business enterprises to enter the mainstream of Colorado's economy.”

This request addresses the need for specific funding allocated to the Minority Business Office to implement a strategic business plan for the integration and development of Minority and Women-Owned Businesses (MWB) into the economic blueprint for Colorado. Without a direct budget, the impact of the MBO has been limited because it operates one-dimensionally, focused only on State procurement opportunities for MWBs. Investment in this Office will allow economic growth through partnership with Small Business Development Centers that are geared toward MWBs, and opportunities with medium and large businesses to gain access to vendor contracts. Providing MWBs access to the economic development ecosystem will help ensure their long-term viability and growth. A holistic approach to economic development that demonstrates a thriving MWB landscape will also positively influence the opportunities for overall business development in Colorado.

The MBO's strategic plan, as developed by the Office of Economic Development and International Trade (OEDIT) staff and the MBO Advisory Council, provides key performance indicators to evaluate the impact of the MBO. These key performance indicators are aligned with the Colorado Blueprint and will feed the performance plan for the MBO staff and budget requests. Services provided will be measured through the number of inquiries handled, the number of presentations and trainings delivered, the number of attendees to signature MBO programs, administering surveys of MWBs, and by highlighting success stories of MWBs. The number of net new jobs will also be tracked to establish a baseline for future metrics.

Other states have successfully utilized their Minority and Women-Owned Business Offices to advance the opportunities and access for their MWBs thus increasing the economic impact of the state. Colorado must stay competitive in this economic climate; without this funding the MBO will continue to operate with a lack of resources to fulfill its mission and desired impact.

Proposed Solution:

The proposed solution is to fund the MBO from General Fund in the amount of \$400,000 in FY 2014-15, and \$750,000 in FY 2015-16. This level of funding will provide sufficient funds to support a total of 2.0 FTE which includes 1.0 FTE to develop and implement an integrated MWB strategy for Colorado. Below

is a high level budget of anticipated costs for the first year to develop and implement a holistic MWB strategy.

Minority and Women-Owned Business Budget Request

Item	FY 2014-15	FY 2015-16	Description
Salaries & Benefits (2.0 FTE, Director & Coordinator)	\$179,271	\$185,651	See FTE schedule
Temporary Administrative Support	\$15,000		Part-time temporary employee to research and “scrub” data and enter into Salesforce tool.
Programs: Training, Forums	\$45,000	\$45,000	9-12 training seminars and MBO forums statewide, year-round
Events: Expos, Summits	\$22,500	\$22,500	2-3 one day summits/expos with procurement & diversity suppliers
Technology: Web Site, Salesforce, Webinars	\$30,000	\$5,000	Revamp website with relevant and timely info; provide monthly training webinars, business toolkits
Technology: Key Industry	\$30,000	\$10,000	Create a sophisticated platform to connect MWBs to 14 key industry networks and tools for sector opportunities
Key Industries – Mentor-Protégée Program		\$250,000	Mentor-protégée program to assist MWBs in key industry integration
Contractor – Mentor-Protégée Program		\$99,949	Contractor to implement and execute mentor-protégée program
MWB White Paper		\$60,000	Statewide analysis and survey of MWBs
Innovation integration	\$18,000	\$18,000	Connect COIN, STEM with minority businesses and workforce needs across the state
Advertising/Marketing Materials	\$14,229	\$14,500	MBO marketing collateral and mass marketing/advertising, talent outreach for minority grads aligned with business needs
Stakeholder outreach	\$2,000	\$2,000	Meetings with stakeholders across the state to measure impact of office & branding
Travel	\$15,000	\$15,000	Regional travel – Key Industries, Regional

Minority and Women-Owned Business Budget Request

Item	FY 2014-15	FY 2015-16	Description
			Development partnerships
Association Memberships and Sponsorships	\$7,000	\$7,000	Memberships with Chambers, Merchant Associations
Professional Development	\$7,000	\$7,000	Professional development for staff including training and best practices
Professional Services	\$15,000	\$8,400	Continued MBO strategic development 3-5 year plan
Total	\$400,000	\$750,000	

The training forums, expos, summits and webinars are designed to provide access and information to MWBs to capitalize on business opportunities. If these programs are not funded, the State will not take advantage of an opportunity to promote business expansion. Minority and Women-Owned Businesses represent the largest growing segment for small businesses. The marketing and stakeholder outreach will directly allow the MBO to create a brand campaign specifically for its work.

The MBO is the only statewide entity that functions to improve business and economic opportunities for Colorado's minorities and women between government, non-profit and private sector organizations. This includes the foundational work of aligning MBO's efforts with critical partners including: the Minority Chambers of Commerce, Economic Development Councils, Procurement Technical Assistance Centers, the Small Business Administration and Small Business Development Centers as they reach to expand their scope to MWBs. In addition, funding the MBO will ensure full integration into OEDIT's economic development goals. MBO could reposition its focus to include connecting MWBs to Key Industry Networks, opening markets for export and import opportunities for MWBs, and leading on the issues facing technology and bioscience with regards to workforce pools/talent. This vision laid out for the MBO is unlike any in the country. MBO will set a new standard for the integrated and holistic role that the offices play in order to bring Minority and Women-Owned Businesses into the mainstream economic infrastructure.

This funding will support the implementation of OEDIT's strategy and key performance indicators which are to build a business-friendly environment with a focus on Minority and Women-Owned Businesses and other diversity-based businesses; retain, grow, and recruit businesses that are minority and woman-owned; increase knowledge about and access to capital; market the Colorado brand by strengthening the MBO brand; and encourage innovation and use of technology to educate and strengthen MBO programs.

These goals will be measured using the OEDIT Scorecard as metrics for success:

- 1.) Increase the number of qualified MWBs served statewide through MBO programs, and measure the percentage of satisfied customers.
- 2.) Increase the number of referrals of MWBs to OEDIT partners, yielding an increase in the number of net new jobs.
- 3.) Expand and enhance the existing MBO section of the State website to provide usable and accessible business development-focused information for MWBs.
- 4.) Develop, coordinate and implement training programs to enhance the skills of MWBs.
- 5.) Develop and expand a database with relevant statistical information about MWBs seeking information from the MBO. This information will include, but is not be limited to:
 - a. Business statistics, such as categories (minorities, women);
 - b. Number of employees and annual revenue of MWBs; and
 - c. Year-over-year increases in the number of employees and annual revenue.
- 6.) Utilize technology as well as social media platforms and channels to promote events, programs, and services, thus increasing the number of customer touches through direct, mass marketing and social media, and highlighting success stories of MWBs with Marketing and Communications.

Anticipated Outcomes:

Currently the Colorado MBO does not have a budget that allows for the ability to gather, track or analyze data. Without this benchmark data there is no capacity to track quantitative information regarding the direct impact of economic activity and jobs. With the requested funding, these metrics will be built into the programs outlined above. The MBO does, however, track inquiries to its office, and even without a direct budget allocated to the MBO and minimal marketing and outreach, the MBO handles inquiries from over 1,000 small business owners. It is estimated this number would increase substantially as the Office builds its technological and programmatic infrastructure.

In FY 2014-15, MBO would focus on the development and implementation of the key infrastructure needs including technological capacity, programmatic expansion, and MBO branding and integration.

For FY 2015-16 with the infrastructure in place, MBO would begin tracking data and the impact of the programs identified above, including net new jobs, investments in MWBs, and technical skill development to increase the capacity of MWBs.

Assumptions and Calculations:

Expenditure Detail		FY 2014-15		FY 2015-16	
Personal Services:		FTE	\$	FTE	
	Monthly Salary				
MBO/MWB Director	\$6,667	0.9	73,328	1.0	80,000
PERA			7,443		8,120
AED			2,933		3,520
SAED			2,750		3,400
Medicare			1,063		1,160
STD			139		152
Health-Life-Dental			4,421		4,421
Subtotal Position 1, 1.0 FTE		0.9	\$92,077	1.0	\$100,773
	Monthly Salary				
MBO/MWB Coordinator	\$5,435	0.9	59,785	1.0	65,225
PERA			6,068		6,620
AED			2,391		2,870
SAED			2,242		2,772
Medicare			867		946
STD			114		124
Health-Life-Dental			4,421		4,421
Subtotal Position 2, 1.0 FTE		0.9	\$75,888	1.0	\$82,978
Subtotal Personal Services		1.8	\$167,965	2.0	\$183,751
Operating Expenses					
Regular FTE Operating Expenses	500	2.0	1,000	2.0	1,000
Telephone Expenses	450	2.0	900	2.0	900
PC, One-Time	1,230	2.0	2,460	2.0	
Office Furniture, One-Time	3,473	2.0	6,946	2.0	
Subtotal Operating Expenses			\$11,306		\$1,900
TOTAL REQUEST		1.8	\$179,271	2.0	\$185,651
<i>General Fund:</i>			\$179,271		\$185,651
<i>Cash funds:</i>					
<i>Reappropriated Funds:</i>					
<i>Federal Funds:</i>					