

AR SCIENCE AND TECHNOLOGY AUTHORITY

Enabling Laws

Act 2092 of 2005

A.C.A. §15-3-101 - A.C.A. §15-3-208

History and Organization

The Arkansas Science & Technology Authority is comprised of a Board of Directors and its staff. The 14-member Board is appointed by the Governor to staggered four-year terms. The Board has a 12-person staff, which includes ten professional and two clerical positions. The Board has one supplemental position. The Board has three additional federally-funded positions.

The Board makes all decisions concerning the allocation of monies to projects funded under the Authority's programs, except the Technology Transfer Assistance Grants Program where the Board approves funding to the program and the President approves individual project funding. Recommendations are made to the Board by three standing committees comprised exclusively of members of the Board. The committees deal respectively with technology development, manufacturing extension, and scientific research. The Board's Executive Committee deals with administrative issues.

All staff positions are organized in the Authority's Management Services Program. Staff activities are divided into three programmatic areas that parallel the programs in the Authority's Strategic Plan. The Research and Commercialization Program supports the creation of new products and companies. The Technology and Extension Program supports transfer of technology and know-how to existing manufacturing and knowledge-based firms. The Management Services Program supports the activities of the Science & Technology Authority.

The *Assistant Director of Finance*, assisted by the *Finance Program Manager* is responsible for managing Seed Capital Investments, Technology Development, Technology Transfer Assistance Grants, and SBIR Assistance. These activities are overseen by the Board's Investment Committee. The Assistant Director and Program Manager also provide technical assistance to Arkansas Manufacturing Solutions, a state-federal partnership under the federal Manufacturing Extension Partnership and the Research and Development Tax Credit activities under the Consolidated Incentive Act. In 2002, the Assistant Director played a central role in helping to organize the first Arkansas Venture Capital Forum.

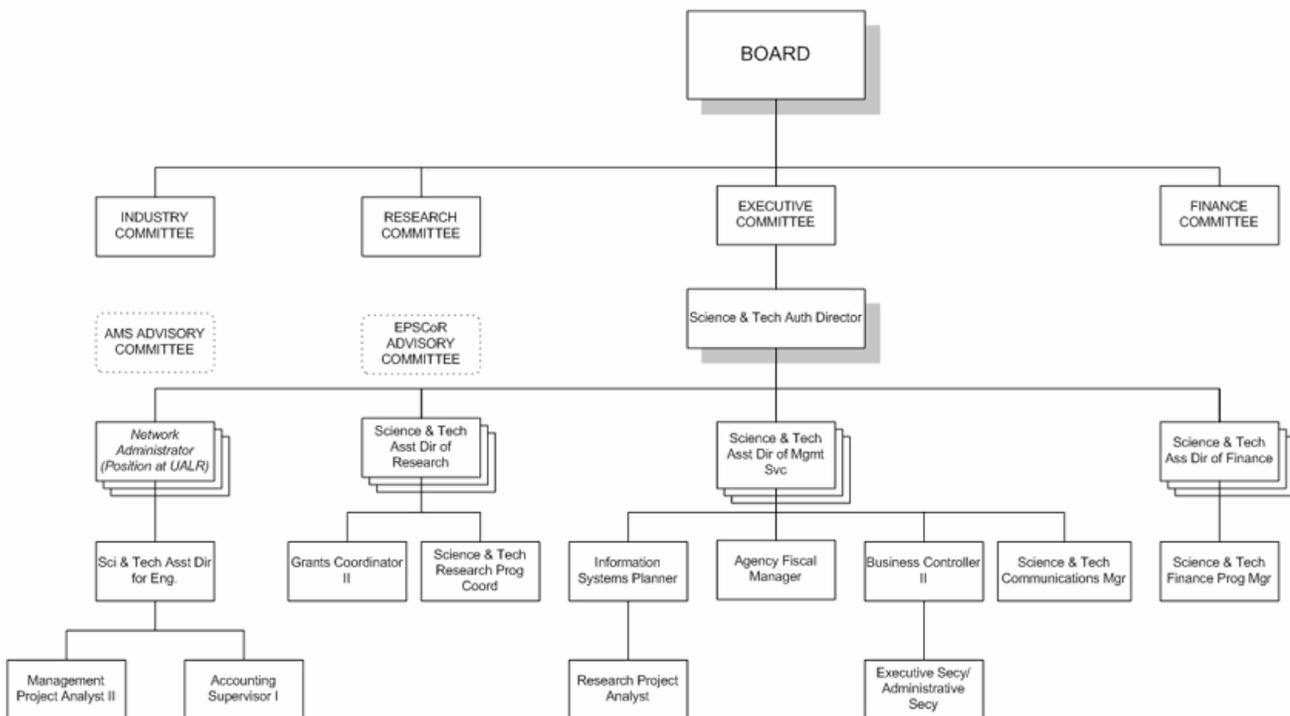
The *Assistant Director of Research* manages all research activities of the Authority, including Basic and Applied Research Grants, Centers for Applied Technology, support for the Experimental Program to Stimulate Competitive Research (EPSCoR), and the Arkansas Research Matching Fund and the Science Technology Engineering Mathematics (STEM) education initiatives. The Assistant Director of Research also monitors the Research and Development Tax Credits requested by private enterprises, which match applied research grants with cash or new equipment. The *Research Program Manager* assists the Assistant Director in these activities, and the Grants coordinator assists with the STEM

initiatives. Research activities are overseen by the Board's Research Committee.

Arkansas Manufacturing Solutions, a cooperative agreement between the National Institute of Standards and Technology and the Authority, is headed by the *Science & Technology Authority Network Administrator*, whose position is administratively at UALR, but housed at the Authority. The Network Administrator is responsible for the three federally funded positions: the *Science & Technology Authority Assistant Director for Engineering*, *Management Project Analyst* and the *Accounting Supervisor*. They are responsible for the management and administration of the Cooperative Agreement. The activities are overseen by the Board's Industry Committee.

The *Assistant Director of Management Services* is responsible for the day-to-day operations of the Authority. The *Research Project Analyst* is responsible for the Authority's database and the *Information Systems Planner* is responsible for the Authority's local area network and information technology. Fiscal activities are managed by the *Fiscal Officer*. The Business Controller is responsible for the procurement and personnel activities of the Authority as well as support of the Authority Board and Director. The Executive Secretary assists the Business controller. The *Communications Program Manager* is responsible for all external communications and public information activities for the Authority. Management services are overseen by the Board's Executive Committee.

The *Executive Director* is the chief executive officer and has overall responsibility for the Authority's programs and staff activities. The Executive Director is selected by the Board and serves at the pleasure of the Governor.



Agency Commentary

The Arkansas Science & Technology Authority's (Authority) program commentary is derived from the Authority's Board of Director's "Leadership Survey," which defined the Authority's goals and objectives for the next biennium.

The Authority's overarching goal is "to plan, promote, influence and support with high quality programs and services the commercialization of research innovations thereby helping to grow the Arkansas economy and increase per capita income."

The Authority's Board has designated five goals that contribute to the overarching goal. They are: (1) To increase research activities in Arkansas, (2) To improve STEM (Science, Technology, Engineering, and Mathematics) education at all levels, (3) To maintain and transform existing enterprises into knowledge-based companies and increase global competitiveness, (4) To develop new products and entrepreneurial firms and (5) To increase the Authority's visibility through a comprehensive communications and public relations program.

TO INCREASE RESEARCH ACTIVITIES IN ARKANSAS, the Authority plans strategic state investments in innovation, through research Matching Funds, for college and university research activities, support for the National Science Foundation's (NSF) EPSCoR program and the National Aeronautics and Space Administration's (NASA) Space Grant Consortium. The research emphasis for the next biennium will be determined by the Authority and published in an updated Research and Development Plan.

The Authority's Board of Directors ranks the research Matching Funds Program high and requests \$292,653 per year from general revenue. Last Biennium, the Authority had \$1,000,000 in an unfunded appropriation (\$350,000 of which was funded) to partially support NSF EPSCoR and NASA Space Grant Consortium. The Board requests \$1,150,000 per year from general revenue to fully match NSF EPSCoR (\$1,000,000) and the NASA Space Grant Consortium (\$150,000). Higher levels of federal research funding correlate with higher per capita incomes.

TO IMPROVE STEM EDUCATION AT ALL LEVELS, the Authority, with grant support from the Winthrop Rockefeller Foundation, will (1) continue the transition of the highly successful hands-on science teaching mini-grant and teachers-student interactive technology grant programs through Arkansas Community Foundation affiliates, (2) support the development of a web-based resource tool to facilitate access to teacher-utilized curriculum materials, and (3) empower teachers to generate enthusiasm in STEM classrooms around the State using projects that interest and engage students in STEM curriculum. These efforts result in not only increased student competence in STEM skill sets but also produce increases in STEM career choices for these students as they advance. Higher educational achievement - especially in the sciences and engineering - correlate with higher per capita incomes.

TO MAINTAIN AND TRANSFORM EXISTING ENTERPRISES INTO KNOWLEDGE-BASED COMPANIES AND INCREASE GLOBAL COMPETITIVENESS, the Authority continues its state-federal technology

partnership with the National Institute of Standards and Technology (NIST). The partnership allows the Authority, through the function of its Arkansas Manufacturing Solutions (AMS), to continue to meet the expressed needs of Arkansas manufacturers and provide them the tools to become world-class competitors.

The Authority Board of Directors requests \$257,182 per year from general revenue as state match for AMS. Higher percentages of knowledge-based and high technology workers correlate with higher per capita incomes.

TO DEVELOP NEW PRODUCTS AND ENTREPRENEURIAL FIRMS, the Authority offers three programs. Technology Transfer Assistance Grants (TTAG) support enterprises participating in the federal Small Business Innovation Research Program. The Technology Development Program supports enterprises developing new technologies. The Authority also provides start-up working capital through the Seed Capital Investment Program (SCIP).

The Authority Board of Directors requests \$325,000 per year from general revenue to support TTAG and Technology Development Programs. The Board also requests \$292,653 per year from general revenue for Seed Capital Investments. The Board requests authority to spend up to \$1.9 million per year from the Seed Capital Investment Fund (a cash fund.) Higher levels of entrepreneurship and venture capital investments correlate with higher per capita incomes.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS SCIENCE AND TECHNOLOGY AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2004

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	7	6	13	87 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	2	2	13 %
Total Minorities			2	13 %
Total Employees			15	100 %

Cash Fund Balance Description as of June 30, 2006

Fund Account	Balance	Type	Location
3380100	\$860,385	money market	One Bank

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Fund Account	Balance	Type	Location
3380100	\$95,000	Certificate of Deposit	Bank of Rogers

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Fund Account	Balance	Type	Location
3380100	\$95,000	Certificate of Deposit	Bank of Lake Village

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Fund Account	Balance	Type	Location
3380100	\$95,000	Certificate of Deposit	BanCorp South

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Fund Account	Balance	Type	Location
3380100	\$95,000	Certificate of Deposit	Commercial Bank

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Fund Account	Balance	Type	Location
3380100	\$95,000	Certificate of Deposit	Bank of Paragould

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Fund Account	Balance	Type	Location
3380100	\$95,000	Certificate of Deposit	1st State Bank Crosset

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Fund Account	Balance	Type	Location
3380100	\$95,000	Certificate of Deposit	1st State Bank Conway

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Fund Account	Balance	Type	Location
3380100	\$95,000	Certificate of Deposit	Allied Bank of Mulberry

Statutory/Other Restrictions on use:

ACA §15-3-120 through 122

Statutory Provisions for Fees, Fines, Penalties:

ACA §15-3-122 The Authority assesses a maximum late fee of 5% for late payments on loan investments. The Board of Directors reviews each new proposal and determines the appropriate late fee rate.

Revenue Receipts Cycle:

Late fees are assessed to the client as accrued. Late fees are paid when clients submit their monthly payment. Revenue generated from interest and investment income is collected monthly.

Fund Balance Utilization:

ACA §15-3-121 The Authority retains the balances to invest in appropriate technologies in a timely manner. It achieves this goal through its revolving loan fund known as the Seed Capital Investment Program.

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		

Annual Report	ACA §15-3-123	Y	Y	4	Detail operations and transactions conducted in previous fiscal year. Posted on website; printed by request only.
ARMF Biennial Report	ACA §15-3-206	Y	Y	1	Report investments from the Arkansas Research Matching Fund. Posted on website; printed by request only.

Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Executive Recommendation							
	2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
1FA Rockefeller-IMSST-Cash in Treas	330,676	0	1,324,333	1	516,473	0	895,118	1	895,118	1	872,118	1	872,118	1
1ND AR Manufacturing Ext Network	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0
678 Science & Tech-St Operations	1,954,960	12	1,640,456	12	3,138,902	12	2,998,863	12	1,673,706	12	3,002,942	12	1,677,785	12
919 AR Manufacturing Ext Network	1,389,858	3	1,749,671	3	1,748,718	3	1,859,503	3	1,859,503	3	1,888,028	3	1,888,028	3
A87 Seed Capital Investment-Cash	275,813	0	1,900,000	0	1,900,000	0	1,900,000	0	1,900,000	0	1,900,000	0	1,900,000	0
Total	4,208,489	15	6,871,642	16	7,561,275	15	7,910,666	16	6,585,509	16	7,920,270	16	6,595,113	16

Funding Sources		%		%		%		%		%		%		
Fund Balance	4000005	2,090,217	31.9	2,353,160	32.7		328,967	4.0	328,967	4.8	328,467	4.0	328,467	4.7
General Revenue	4000010	2,212,142	33.7	1,896,084	26.3		3,256,045	39.5	1,930,888	27.9	3,260,124	39.5	1,934,967	27.9
Federal Revenue	4000020	1,389,858	21.2	1,546,144	21.5		1,859,503	22.6	1,859,503	26.9	1,888,028	22.9	1,888,028	27.3
Cash Fund	4000045	869,432	13.2	1,200,140	16.7		2,794,618	33.9	2,794,618	40.4	2,771,618	33.6	2,771,618	40.1
Merit Adjustment Fund	4000055	0	0.0	1,554	0.0		0	0.0	0	0.0	0	0.0	0	0.0
Third Party Reimbursement	4000490	0	0.0	203,527	2.8		0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		6,561,649	100.0	7,200,609	100.0		8,239,133	100.0	6,913,976	100.0	8,248,237	100.0	6,923,080	100.0
Excess Appropriation/(Funding)		(2,353,160)		(328,967)			(328,467)		(328,467)		(327,967)		(327,967)	
Grand Total		4,208,489		6,871,642			7,910,666		6,585,509		7,920,270		6,595,113	

FY07 Budget for Appropriation 1FA exceeds Authorized due to a transfer from the Cash Fund Holding Account. One (1) position authorized by Supplemental Emergency Position.

FY07 Budget for Appropriation 919 exceeds Authorized due to matching rate adjustments during the 2005-2007 biennium.

Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
15	11	4	15	0	26.67%	15	15	0	15	0	0.00%	15	15	1	16	-1	0.00%

The -1 position for FY07 is due to a Supplemental Emergency Position.

Analysis of Budget Request

Appropriation: 1FA - Rockefeller-IMSST-Cash in Treas

Funding Sources: NST - Cash in Treasury

The Arkansas Science and Technology Authority with grant support from the Winthrop Rockefeller Foundation (WRF) continues the transition of the science teaching mini-grant and teachers-student interactive technology grant programs through Arkansas Community Foundation affiliates, supporting the development of a web-based application for access to teaching curriculum materials, and enabling teachers to generate enthusiasm in science, technology, engineering, and mathematics (STEM) classrooms around the State using projects which interest and engage students in STEM curriculum.

The Authority requests to continue as a Regular Position, the Emergency Supplemental Position approved during the 2005-2007 biennium for a (R168) Grants Coordinator of \$61,018 for FY08 and FY09 in Regular Salaries and related Personal Services Matching. This position is responsible for beginning a newly funded initiative "STEM Teacher Empowerment" grant and all other STEM programs. This position is responsible for day-to-day management of the program, working with the STEM advisory committee in the application review process, overseeing grant progress through random site visits to schools, competitions, and workshops, and other oversight activities as necessary. This position will also prepare an evaluation and annual report for the WRF.

The Authority also requests increases in Operating Expenses of \$47,700 and Professional Fees of \$35,000 each year of the biennium and \$431,900 for FY08 and \$408,900 in FY09 in Grants and Aid.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 1FA Rockefeller-IMSST-Cash in Treas
Funding Sources: NST - Cash in Treasury

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	0	0	47,250	47,250	0	47,250	47,250
#Positions	0	0	0	0	1	1	0	1	1
Personal Services Matching 5010003	0	14,175	0	0	13,768	13,768	0	13,768	13,768
Supplemental Emerg Positions 5010007	0	47,250	0	0	0	0	0	0	0
Operating Expenses 5020002	32,247	149,046	20,000	20,000	67,700	67,700	20,000	67,700	67,700
Conference & Travel Expenses 5050009	0	2,000	0	0	0	0	0	0	0
Professional Fees 5060010	0	35,000	0	0	35,000	35,000	0	35,000	35,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	298,429	1,076,862	496,473	299,500	731,400	731,400	299,500	708,400	708,400
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	330,676	1,324,333	516,473	319,500	895,118	895,118	319,500	872,118	872,118
Funding Sources									
Fund Balance 4000005	369,472	732,775		303,060	303,060	303,060	302,560	302,560	302,560
Cash Fund 4000045	693,979	894,618		319,000	894,618	894,618	319,000	871,618	871,618
Total Funding	1,063,451	1,627,393		622,060	1,197,678	1,197,678	621,560	1,174,178	1,174,178
Excess Appropriation/(Funding)	(732,775)	(303,060)		(302,560)	(302,560)	(302,560)	(302,060)	(302,060)	(302,060)
Grand Total	330,676	1,324,333		319,500	895,118	895,118	319,500	872,118	872,118

FY07 Budget exceeds Authorized Appropriation in Personal Services Matching, Supplemental Emergency Positions, Operating Expenses, Conference & Travel Expenses, Professional Fees, and Grants and Aid due to a transfer from the Cash Fund Holding Account. One (1) position authorized by Supplemental Emergency Position.

Change Level by Appropriation

Appropriation: 1FA-Rockefeller-IMSST-Cash in Treas

Funding Sources: NST - Cash in Treasury

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	319,500	0	319,500	100.0	319,500	0	319,500	100.0
C01	Existing Program	514,600	0	834,100	261.0	491,600	0	811,100	253.8
C06	Restored Position	61,018	1	895,118	280.1	61,018	1	872,118	272.9

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	319,500	0	319,500	100.0	319,500	0	319,500	100.0
C01	Existing Program	514,600	0	834,100	261.0	491,600	0	811,100	253.8
C06	Restored Position	61,018	1	895,118	280.1	61,018	1	872,118	272.9

Justification

C01	This priority request is for appropriation for funding the Authority will receive from the Winthrop Rockefeller Foundation for three math and science education grants. Total receipts will be \$514,600 the first year and \$491,600 the second year.
C06	The Authority is requesting to continue as a Regular Position that was an Emergency Supplemental Position approved during the 2005-07 biennium. The position handles all administrative activities related to grant supported math and science education projects. This position is also funded by the Winthrop Rockefeller Foundation.

Analysis of Budget Request

Appropriation: 1ND - AR Manufacturing Ext Network

Funding Sources: HUA - Miscellaneous Agencies Fund

The Agency's Technology and Manufacturing Extension Program plans strategic state investments in, evaluates proposals and applications for, and supports Manufacturing Extension, Technology Transfer, and Applied Research. The program's goal is to maintain and transform existing enterprises into knowledge-based companies and increase their global competitiveness. The Technology and Manufacturing Program is funded by general revenue.

Base Level is \$257,182 for each year of the 2007-2009 biennium and represents the Agency's request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1ND AR Manufacturing Ext Network
Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AR Manufacturing Ext Network 5900046	257,182	257,182	257,182	257,182	257,182	257,182	257,182	257,182	257,182
Total	257,182	257,182	257,182	257,182	257,182	257,182	257,182	257,182	257,182
Funding Sources									
General Revenue 4000010	257,182	257,182		257,182	257,182	257,182	257,182	257,182	257,182
Total Funding	257,182	257,182		257,182	257,182	257,182	257,182	257,182	257,182
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	257,182	257,182		257,182	257,182	257,182	257,182	257,182	257,182

Analysis of Budget Request

Appropriation: 678 - Science & Tech-St Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Science and Technology Authority was created to develop and promote Arkansas' technological resources and to encourage the use of advanced technology in the State's business and agricultural communities. The Authority offers a variety of programs emphasizing three areas: project financing, company financing, and technology extension/development. This appropriation is funded by general revenue.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Agency requests an appropriation increase of \$1,346,363 for FY08 and \$1,350,442 for FY09 for Operating Expenses, Technology Development, and in FY09, Capital Outlay. The increase in Operating Expenses of \$28,338 for FY08 and \$29,631 for FY09 is to cover increases in telecommunications, rent, office supplies, travel, and information technology related items, which is consistent with the Agency's Information Technology Plan. The increase in Capital Outlay of \$2,786 is for equipment replacement, which is also part of the Agency's Information Technology Plan.

The Agency requests an increase the Technology Development line item of \$1,318,025 for each year of the biennium. These increases include \$1,150,000 each year in state matching for National Science Foundation and NASA research grants to universities statewide, \$118,025 each year for Technology Transfer Assistance Grants in support of businesses participating in the federal Small Business Innovation Research Program, and \$50,000 each year for Technology Development in support of businesses developing new technologies.

The Executive Recommendation provides for Base Level and allows the increases for rent, mileage, and the information technology related items of \$21,206 in FY08 and \$25,285 in FY09.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$7,577 in FY08 and \$8,870 in FY09 for rent and mileage
- \$13,629 each year for Operating Expenses for technology related items
- \$2,786 in FY09 for Capital Outlay for equipment replacement

Appropriation Summary

Appropriation: 678 Science & Tech-St Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	478,735	547,750	548,832	547,750	547,750	547,750	547,750	547,750	547,750
#Positions	12								
Extra Help 5010001	11,419	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
#Extra Help	2								
Personal Services Matching 5010003	139,964	150,198	150,185	162,242	162,242	162,242	162,242	162,242	162,242
Operating Expenses 5020002	143,099	144,204	144,204	144,204	172,542	165,410	144,204	173,835	166,703
Conference & Travel Expenses 5050009	18,131	27,223	27,223	27,223	27,223	27,223	27,223	27,223	27,223
Professional Fees 5060010	10,757	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653
Capital Outlay 5120011	0	0	0	0	0	0	0	2,786	2,786
Technology Development 5900046	567,549	156,975	1,654,352	156,975	1,475,000	156,975	156,975	1,475,000	156,975
Seed Capital Investments 5900047	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653
Total	1,954,960	1,640,456	3,138,902	1,652,500	2,998,863	1,673,706	1,652,500	3,002,942	1,677,785
Funding Sources									
General Revenue 4000010	1,954,960	1,638,902		1,652,500	2,998,863	1,673,706	1,652,500	3,002,942	1,677,785
Merit Adjustment Fund 4000055	0	1,554		0	0	0	0	0	0
Total Funding	1,954,960	1,640,456		1,652,500	2,998,863	1,673,706	1,652,500	3,002,942	1,677,785
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,954,960	1,640,456		1,652,500	2,998,863	1,673,706	1,652,500	3,002,942	1,677,785

The FY07 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2005-07 biennium.
 In FY06 an additional \$350,000 was allocated for the Technology Development line item for basic and applied research grants.

Change Level by Appropriation

Appropriation: 678-Science & Tech-St Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	1,652,500	12	1,652,500	100.0	1,652,500	12	1,652,500	100.0
C01	Existing Program	1,332,734	0	2,985,234	180.6	1,334,027	0	2,986,527	180.7
C08	Technology	13,629	0	2,998,863	181.4	16,415	0	3,002,942	181.7

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	1,652,500	12	1,652,500	100.0	1,652,500	12	1,652,500	100.0
C01	Existing Program	7,577	0	1,660,077	100.4	8,870	0	1,661,370	100.5
C08	Technology	13,629	0	1,673,706	101.2	16,415	0	1,677,785	101.5

Justification

C01	This priority request restores programmatic funding to pre-2001 levels and increases operating expenses, which have remained at \$144,204 since 1995. Program increases include (1) \$1,150,000 each year in state matching funds essential for National Science Foundation and NASA research grants to universities statewide; (2) \$118,025 each year for Technology Transfer Assistance Grants to meet increasing business interest in applying for federally funded Small Business Innovation Research grants; and (3) \$50,000 each year for Technology Development, a crucial step in the innovation process. Increases in operating expenses are \$14,709 in the first year and \$16,002 in the second year to cover increasing costs of telecommunications, rent, office supplies, and travel. The Authority's operating expense line item budget has remained at base level since FY1995.
C08	This priority request increases funding to meet the requirements of the Authority's IT Plan including routine replacement of 10 PC's, upgrades for data security and disaster recovery, and upgraded server to accommodate growing needs for storage and public access.

Analysis of Budget Request

Appropriation: 919 - AR Manufacturing Ext Network

Funding Sources: FST - ASTA Federal Programs

The Arkansas Science and Technology Authority's Arkansas Manufacturing Extension Network program provides a statewide industry driven Manufacturing Extension Network for the delivery of technical and management assistance. The program is funded by the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) and third party reimbursements for field services and technical support from manufacturers supported under this grant.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Authority requests an increase in Conference and Travel Expenses of \$11,823 for each year of the biennium to meet new federal requirements for annual training, and an increase in Field Services of \$96,847 for FY08 and \$125,372 for FY09 to meet growing customer demand for field services and technical assistance for manufacturers who are supported by this federal grant.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 919 AR Manufacturing Ext Network
Funding Sources: FST - ASTA Federal Programs

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	122,995	136,331	137,124	136,331	136,331	136,331	136,331	136,331	136,331
#Positions	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	36,406	39,045	37,299	40,207	40,207	40,207	40,207	40,207	40,207
Operating Expenses 5020002	103,753	124,456	124,456	124,456	124,456	124,456	124,456	124,456	124,456
Conference & Travel Expenses 5050009	12,505	12,777	12,777	12,777	24,600	24,600	12,777	24,600	24,600
Professional Fees 5060010	28,735	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	232,890	389,585	389,585	389,585	389,585	389,585	389,585	389,585	389,585
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Field Services 5900046	852,574	997,477	997,477	997,477	1,094,324	1,094,324	997,477	1,122,849	1,122,849
Total	1,389,858	1,749,671	1,748,718	1,750,833	1,859,503	1,859,503	1,750,833	1,888,028	1,888,028
Funding Sources									
Federal Revenue 4000020	1,389,858	1,546,144		1,750,833	1,859,503	1,859,503	1,750,833	1,888,028	1,888,028
Third Party Reimbursement 4000490	0	203,527		0	0	0	0	0	0
Total Funding	1,389,858	1,749,671		1,750,833	1,859,503	1,859,503	1,750,833	1,888,028	1,888,028
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,389,858	1,749,671		1,750,833	1,859,503	1,859,503	1,750,833	1,888,028	1,888,028

The FY07 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2005-07 biennium.

Change Level by Appropriation

Appropriation: 919-AR Manufacturing Ext Network

Funding Sources: FST - ASTA Federal Programs

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	1,750,833	3	1,750,833	100.0	1,750,833	3	1,750,833	100.0
C01	Existing Program	108,670	0	1,859,503	106.2	137,195	0	1,888,028	107.8

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	1,750,833	3	1,750,833	100.0	1,750,833	3	1,750,833	100.0
C01	Existing Program	108,670	0	1,859,503	106.2	137,195	0	1,888,028	107.8

Justification

C01	This priority request increases funding for Arkansas Manufacturing Solutions under a grant from the National Institute of Standards and Technology (NIST), the federal partner in this state-federal partnership between NIST and the Authority. Increases include \$96,847 in the first year and \$125,372 in the second year to meet growing customer demand for field services and technical support for manufacturers who are supported under this federal grant and \$11,823 each year of the biennium to meet new federal requirements for annual training.
-----	---

Analysis of Budget Request

Appropriation: A87 - Seed Capital Investment-Cash

Funding Sources: 338 - Seed Capital Investment - Cash

The Arkansas Science and Technology Authority (ASTA) requests continuation of the Base Level appropriation of \$1,900,000 each year of the 2007-2009 biennium for the Seed Capital Investment Program. Funds are loaned to businesses, with a maximum amount of \$500,000 for any one project. As businesses repay the loans, ASTA deposits the repayments into a revolving fund. This program will be used for investments in technology-based businesses in accordance with Arkansas Code, §15-3-101 through §15-3-123.

Expenditure of appropriation is contingent upon available funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: A87 Seed Capital Investment-Cash
Funding Sources: 338 - Seed Capital Investment - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Investments 5120013	275,813	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Total	275,813	1,900,000							
Funding Sources									
Fund Balance 4000005	1,720,745	1,620,385		25,907	25,907	25,907	25,907	25,907	25,907
Cash Fund 4000045	175,453	305,522		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Total Funding	1,896,198	1,925,907		1,925,907	1,925,907	1,925,907	1,925,907	1,925,907	1,925,907
Excess Appropriation/(Funding)	(1,620,385)	(25,907)		(25,907)	(25,907)	(25,907)	(25,907)	(25,907)	(25,907)
Grand Total	275,813	1,900,000		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000