

AR ECONOMIC DEVELOPMENT COMMISSION

Enabling Laws

Act 226 of 2016
A.C.A. § 15-4-205 through § 15-4-219
Act 8 of 2015 (1st Extraordinary Session)

History and Organization

AGENCY MISSION STATEMENT

To create economic opportunity by attracting higher paying jobs, expanding and diversifying our state and local economies, increasing incomes and investment, and generating positive growth throughout Arkansas.

ORGANIZATIONAL STRUCTURE

The Agency consists of the divisions listed below:

The **Business Development** division generates economic opportunity through strategic partnerships and is the sales representative for all business and industry seeking to locate and expand in the State. This division also has responsibility for actively recruiting new business and industry development to Arkansas as well as helping existing business in their efforts to expand and retain operations in already located within the state. The Division communicates and negotiates State incentive programs, assists in site selection for new business locations and expansion of existing business. The International portion of the division focuses on generating Foreign Direct Investment.

Our **Community Development** division works with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges. A team of regional managers provide Arkansas communities with tools that help them to excel at all facets of economic development. This includes strategic planning, product development, marketing, business retention and expansion, and business development.

The **Existing Business Resource** division works with new and existing businesses to help the company identify opportunities for improvement. The division develops an ongoing business relationship with the company which allows it to understand the immediate, as well as long term issues faced by the company. The division then identifies and utilizes any available resources and programs to help alleviate

these issues. The goal is to identify and reduce any barrier that may prevent the company from optimal operations in Arkansas.

The **Marketing and Communications** division assists the Business Development program in the generation of leads and is primarily responsible for presenting the advantages of doing business in Arkansas to site location consultants, C-suite decision makers, and others looking to start or grow their business in the state through targeted online advertising (using data/marketing intelligence to more successfully reach decision makers), also advertising in specific trade publications and using social media and events to build relationships with decision makers.

The **Film Commission** facilitates on-location film making within the state by offering production companies a complete range of pre-production services, as well providing accurate and timely information regarding local film procedures, permits, and guidelines. The Commission is also responsible for drafting and administering the states Digital Product and Motion Picture Development Incentive Program.

The **Small and Minority Business** division promotes the growth and sustainability of small and minority business enterprises by providing them with real world technical and professional assistance, certification, procurement, networking, capital and contracting opportunities while utilizing our partners in state and federal government, higher education, lending institutions and the private sector. The main goal of this division is to help small and minority business enterprises contribute to the economic growth of Arkansas.

The division of **Science and Technology** is the driving force behind the commercialization of job creating research. The primary objective of the division includes the development of the infrastructure to support the groundbreaking research conducted in Arkansas, which in turn leads the way to the successful launch of vibrant entrepreneurial and innovation companies. The division is the interface between AEDC and the five (5) Research Universities in Arkansas. Arkansas' participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR) is managed through this division.

The **Organizational Efficiencies and Human Resources** division's function is to maintain all personnel functions of the agency while also evaluating AEDC business practices, processes and staffing to guarantee efficiency of operation, mission focus, and staff development. This division leads cross-divisional strategic projects and provides troubleshooting assistance to integrate new programs, products and services.

The **Fiscal** division is responsible for maintaining the budgeting, procurement, and accounting functions of the agency in accordance with state and federal rules and regulations and in agreement with generally accepted accounting practices. The division is responsible for preparing and submitting the Consolidated Annual Financial Report (CAFR) for the agency as well as submitting other similar accounting reports to the Department of Finance and Administration (DFA).

Our **Information Technology** division serves as the communications backbone of the organization to facilitate the timely receiving, storing, processing and retrieving of data and to support the communications and transfer of information between agency users and other organizations.

The **Strategic Planning and Research** division continually assesses Arkansas's position relative to competitor states on incentives and economic development policy to insure that Arkansas is prepared to compete for jobs and investment from both existing and new companies. Another key function of this division is to provide our business developers with information on targeted companies and existing businesses that may be in an expansion mode.

The **Business Finance** division assists qualifying applicants access low-cost funding through either direct debt financing support or indirect equity financing support. Debt support programs within the division are generally limited to fixed-asset financing while equity support programs generally provide support for working capital needs, both at a cost that is much less than is otherwise available, with each type of program making the applying entity more economically viable.

The **CDBG Grants Administration** division fosters economic growth and benefit to low-to-moderate income persons by administering Community Development Block Grants (CDBG) to cities and counties for infrastructure grants and loans to industry that result in job creation and job retention; and to improve the well-being of communities through water/wastewater projects, senior citizen centers, child care centers, public health building, fire stations and equipment, community centers, and other general and innovative projects.

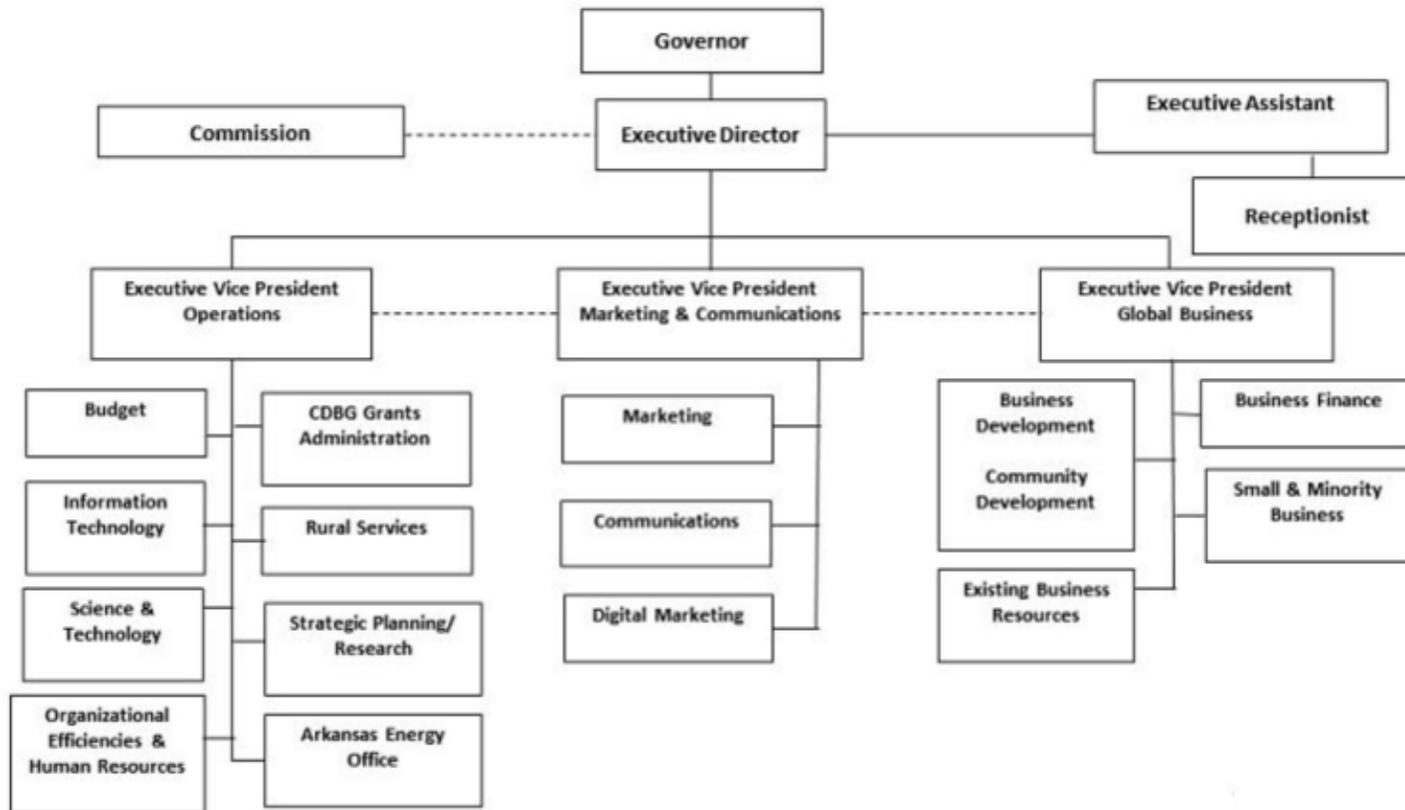
The Arkansas Energy Office, a division of AEDC, has responsibility for the development and implementation of programs and policies aimed at making energy efficiency improvements and the deployment of renewable energy technologies. The following programs are included within the Arkansas Energy Office:

- State Energy Plan
- Energy Efficiency Arkansas
- Arkansas Gaseous Fuels Program
- Clean Cities
- Weatherization Assistance Program

Manufacturing Solutions, a division of AEDC, was established in 1995. AMS is an affiliate of the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP). Manufacturing Solutions provides executive level leadership and management consultative services to Arkansas companies in the areas of Innovation, Growth Services, Operational Excellence (Lean, Toyota Kata, TWI) and Sustainability (Green & Energy). Manufacturing Solutions has business consultants and offices in Fayetteville, Jonesboro, and Little Rock. The vision of Manufacturing Solutions is to be the preferred partner and trusted advisor serving Arkansas manufacturers that pursue growth and excellence.

Our **Rural Services** (DRS) division is charged with assisting rural communities with a population of 20,000 and under. DRS assists local agencies in rural areas with information and technical services. The mission of the Arkansas Economic Development, Division of Rural

Services and the Arkansas Rural Development Commission is to enhance the quality of life in rural Arkansas. Working under the guidance of the Arkansas Rural Development Commission (ARDC), DRS strives to fulfill that mission. With a carefully chosen staff of dedicated professionals, our agency strives to assist citizens of rural Arkansas through in house grant programs, funding opportunity research, information sharing and educational opportunities through regional forums and the annual Arkansas Rural Development Conference.



Agency Commentary

AEDC's operating budget was changed substantially in FY2016 via Governor's Letter, allowing the Agency to initiate our part in Governor Hutchinson's Efficiency Initiative. Because of that, our request for the 2017-2019 only reallocates existing resources, restores appropriation to their FY2017 levels, or increases appropriation only. Those requests are as follows:

Operations: Change the title of our "Far East Trade/Ind Recruitment" line item to "Global Business Initiatives" and reallocate to that line \$450,000 for both years of the biennium from Professional Fees. AEDC has offices in China, Japan, and Germany. These offices were paid for out of Professional Fees. The reallocation allows for better classification of these expenditures. Also requested: a decrease in appropriation for our Industry Training Program, the bulk of which has been transferred to Workforce Services; restoration of Grant and Aid and Capital Outlay to FY2017 Authorized.

Quick Action Closing Fund: An increase of \$25,000,000 for both years is requested to create a single appropriation for this fund used to help recruit businesses to the state. This will allow the agency to forego requesting reappropriation in the future, simplifying that process.

Rural Services Conference Fund: An increase of \$25,000 for both years of the biennium in order to continue to host our annual Rural Services Conference and to host other AEDC Division Events, such as Small and Minority Business's "Matchmaking" event.

Stem Education - Cash: request appropriation to be decreased to \$40,000 for each year of the biennium, and for that appropriation to be moved to a Miscellaneous Character to provide the program more flexibility.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

None

None

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION - DEPARTMENT OF RURAL SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

The Arkansas Department of Rural Services' internal controls over the accounting and financial reporting application were inadequate to ensure financial records were accurate and complete. We were informed that financial records for the Agency were not available due to the malfunction of the Agency's financial application. The Agency was able to provide some records, but we were unable to determine their completeness and accuracy since the Agency had not maintained sufficient records to support daily transactions. The Agency has experienced persistent problems with its financial application and has not been able to provide the necessary data required for two audit cycles - a total of four years.

The Agency became the Arkansas Economic Development Commission (AEDC) Division of Rural Services beginning July 1, 2015.

In accordance with Arkansas Financial Management Guide R4-19-4-501, a list of cash (cash log) must be prepared in duplicate and should include cash and currency, as well as sufficient detail to allow an audit trail of an individual receipt. One copy of the cash log shall be kept in the area, and the other shall accompany the deposit. Furthermore, sound internal controls dictate daily deposits, while deposits may be made weekly if an agency receives only minimal amounts of cash and/or checks. Reconciliations between amounts collected and recorded on the cash log and AASIS should be made monthly. The following was noted in the review of Agency receipting:

- 17 receipts totaling \$5,490 and 8 receipts totaling \$1,900 in fiscal years 2014 and 2015, respectively, were not logged into the database until after being deposited, rather than when received.

Recommendations

We recommend new management work with the application developer to ensure system stability and proper data integrity controls are implemented to produce adequate financial records.

Agency Response:

The Department of Rural Services was transferred to AEDC by Act 8 of the First Extraordinary Session of 2015 and became the AEDC Division of Rural Services. For this reason, as the Executive Director of AEDC, I will be providing the management response to each reportable finding contained in the Department of Rural Services' audit for fiscal years 2014 and 2015.

The Department of Rural Services housed their database with the Department of Information Systems. When the Agency was transferred to AEDC, the database was moved to the AEDC server; during the switchover, some conference data was lost. Since that time, we have been able to re-connect the database and retrieve the lost data; however, we were unable to produce reports as back up for the hard copies of registration forms, check copies, and receipts that were provided to the audit team.

This issue has been corrected, and the AEDC Division of Rural Services continues to work with its database developer on changes that will ensure the stability of the system going forward.

We recommend the Agency keep a detailed cash log of all money received, make multiple deposits per week during peak registration fee collection period, and maintain a record of all receipts issued to individuals when payment is received in person. The Agency should also perform reconciliations between the cash log and the bank as well as AASIS.

Agency Response:

A new process for handling registration fees has been implemented which includes the AEDC Budget Division assisting with the record keeping and management of all monies received. Registration fees are now processed (entered into a cash log and deposited) within a week of receiving. A cash log is kept and signed off on by the receiver and a witness. Every transaction is recorded and copies of supporting documentation (check, receipts, etc.) are made.

One instance listed in the findings was due to a faulty database that would not let the

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- In 1 instance totaling \$500 and 35 instances totaling \$4,950 in fiscal years 2014 and 2015, respectively, the database did not contain sufficient detail to trace the money received to a deposit slip.
- In 1 instance totaling \$90 in fiscal year 2014, cash deposited in the bank was not on the cash log.
- In several instances in both fiscal years 2014 and 2015, deposits were made in excess of 7 days after funds were received.

Also, the Agency's receipt log could not be reconciled to the bank balance and AASIS by \$16,785 and \$4,070 in fiscal years 2014 and 2015, respectively.

Per the State's purchasing card (P-Card) policies, personal-type purchases of any kind, including food, flowers, and cards, are not allowed. It is also recommended that equipment, both high and low value, be purchased using the traditional purchase order method. In addition, purchases with a P-Card are only to be made by the individual to which the card is issued. Supporting documentation must be maintained, including sales slips and/or invoices. The following exceptions were noted in the review of P-Card purchases:

- Seven instances totaling \$163 in which items not for business use were purchased in fiscal years 2014 and 2015.
- Two iPad Air tablets and accessories totaling \$1,587 purchased in fiscal year 2015.
- Two instances in which supporting documentation (receipts) was not maintained or did not tie to the amount on the monthly credit card statements in fiscal year 2014.
- Two instances totaling \$165 in which purchases were made with a P-Card by someone other than the cardholder in fiscal year 2014.

According to state travel regulations, each state vehicle must contain a log in which specific information, required by the regulations, is recorded each time the vehicle is driven. In addition, Ark. Code Ann. § 19-4-907 directs state agencies to maintain these records. ALA's review indicated the Agency failed to maintain a vehicle log.

Recommendations

Division delete duplicates or voided entries. The Division is working with the database developer to correct this fault in the system.

We recommend the Agency follow the purchasing card policies and guidelines established by the Department of Finance and Administration (DFA).

Agency Response:

AEDC and the Division of Rural Services have identified the problems in the findings listed and are committed to following the purchasing card policies and guidelines established by DFA. All P-Card transactions at AEDC must be approved before purchase and reconciled by the AEDC Budget Division.

We recommend the Agency strengthen internal controls and provide additional training to appropriate personnel to ensure compliance with regulations concerning vehicle logs.

Agency Response:

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Findings

According to Ark. Code Ann. § 19-4-1108, "The original evidences of indebtedness, including documents prepared in connection with purchasing procedure, and all original contracts, invoices, statements, receipts, petty cash tickets, bank statements, cancelled checks drawn upon bank accounts, and other original supporting papers shall be retained in the permanent file of the business office of each state agency. These documents shall be kept in a safe place subject to audit and shall not be destroyed until authorization is given for their destruction by the Legislative Auditor." It was noted during our review of fiscal year 2015 expenditures that the Agency had 230 pounds of documents shredded without authorization by the Legislative Auditor.

Recommendations

When it was a standalone agency, the Division of Rural Services did maintain a vehicle log. This log was turned in at the same time the car was sent to DFA Marketing & Redistribution. The car was turned over before the audit started, so the Agency was unable to provide the mileage log. However, all vehicle information was up to date and reported to SAVA before retiring the vehicle.

The Division of Rural Services now uses AEDC fleet vehicles; vehicle logs are kept and maintained by the AEDC Budget Division.

We recommend the Agency follow Arkansas Code as well as guidelines established by DFA related to record retention.

Agency Response:

AEDC and the Division of Rural Services are committed to following Arkansas Code and guidelines for records retention, as established by DFA.

The Agency appreciates the assistance given by your office in helping AEDC continue to provide accountability for all program activities and expenditures of funds by the Agency.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION - ARKANSAS SCIENCE AND TECHNOLOGY AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Ark. Code Ann. § 25-34-102 calls for achieving the “maximum possible benefit from use of state agency-owned computers, electronics, and peripherals.” ASTA’s policy regarding the sale of surplus equipment allowed it to determine the sale price for computer and electronic equipment, in noncompliance with Ark. Code Ann. § 25-34-106, which states, “Computer and electronic equipment shall be sold at a price determined by the Department of Finance and Administration [DFA].” During fiscal year 2015, ASTA employees purchased 28 Agency-owned computer and equipment items for \$60 each, for a total of \$1,620. We were unable to verify funds were collected or deposited for the sale of one of those items. If DFA - Marketing and Distribution (M&R) had determined the sale price, then the estimated funds received would have been approximately \$14,860, a difference of \$13,240.

Additionally, according to DFA guidelines, funds generated from the sale of surplus computer and electronic equipment should be allocated as follows:

- 15% shall be deposited with M&R.

- 25% shall be deposited in the Computer and Electronic Recycling Fund, established by Act 1410 of 2001, at the Arkansas Department of Environmental Quality.

- Sales tax must be collected and remitted to DFA - Office of Accounting.

ASTA deposited the entire amount into its account and did not collect sales tax. Additionally, 7 of the 28 computer and equipment items were not removed from inventory after their sale.

Recommendations

We recommend the Agency revise and enforce its policies and procedures regarding surplus property to ensure compliance with state laws and regulations. We also recommend the Director consult with DFA to resolve the difference between the sale price for the computer and equipment items as determined by the Agency and by DFA - M&R.

Agency Response:

ASTA was transferred to the Arkansas Development Commission (AEDC) by Act 8 of the First Extraordinary Session of 2015 and became AEDC - Division of Science and Technology. For this reason, as the Executive Director of AEDC, I will be providing the management response to each reportable finding contained in ASTA’s audit for fiscal year 2015.

AEDC agrees with the finding. AEDC’s existing internal policy concerning the sale of surplus computer equipment is absolutely in compliance with Ark. Code Ann. § 25-34-101 et seq. The Agency took steps to notify all applicable agencies at the time of discovery and will continue to work with DFA-M&R to resolve any and all differences in inventory valuation.

The Agency appreciates the assistance given by your office in helping AEDC continue to provide accountability for all program activities and expenditures of funds.

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FOR THE YEAR ENDED JUNE 30, 2014

Findings

Review of Selected Federal Awards

For the Year Ended June 30, 2014

Arkansas Science and Technology Authority

Manufacturing Extension Partnership

Activities Allowed or Unallowed and Allowable Costs/Cost Principles; Period of Availability

ALA staff reviewed control procedures, in accordance with OMB Circular A-133 § 300 (b), to determine if they were designed, implemented, and operating effectively and if expenditures were necessary and reasonable, in compliance with 2 CFR § 225, Appendix A. Review of 69 invoices revealed the following:

- Six invoices, totaling \$ \$7,685, did not contain the required management approval.
- Four invoices, totaling \$163,775, representing subrecipient reimbursements lacked sufficient, appropriate evidence supporting the claim.

Arkansas Science and Technology Authority (Continued)

Manufacturing Extension Partnership (Continued)

Allowable Costs/Cost Principles - Payroll; Matching; Reporting

For salaries and wages to be charged to a federal grant, an Agency must ensure compliance with one of the requirements outlined in 2 CFR § 225, Appendix B - Selected Items of Cost.

ALA staff reviewed the Agency's monthly cost share reports representing salaries claimed to determine if controls were adequate and provided assurance that the Agency was in compliance with the requirements of 2 CFR § 225, Appendix B. The reports specifically outline the salary category, percentage of time allocated, and associated costs.

The review revealed that controls are inadequate because the Agency is allocating a percentage of salaries to meet its cost share requirement without sufficient,

Recommendations

Recommendation

ALA staff recommend the Agency review and strengthen control procedures to ensure required review and approval are appropriately documented. ALA staff also recommend the Agency strengthen control procedures to ensure sufficient, appropriate documentation is obtained from subrecipients prior to reimbursement.

Management Response: AEDC has strengthened control procedures to ensure the required review and approvals are appropriately documented. The AEDC corrective action requires AEDC to complete a purchase request form and obtain the appropriate signatures from the Senior Manager, Division Director, and Deputy Director of Global Business before a purchase can be made. Invoices will not be paid until all signatures are obtained.

AEDC has strengthened control procedures to ensure sufficient, appropriate documentation is obtained from subrecipients prior to reimbursement. AEDC requires backup documentation as evidence to support reimbursement. Salary, fringe, and all other expenses from subrecipients must be accompanied with statements from employer for salary and fringe. All other expenses are accompanied with invoices and/or receipts.

Recommendation

ALA staff recommend the Agency establish and implement control procedures to ensure sufficient, appropriate evidence is maintained supporting salaries claimed as cost share.

Management Response: AEDC will establish and implement control procedures to ensure sufficient and appropriate evidence is maintained supporting salaries claimed as cost share. AEDC is no longer using agency supporting employee's salaries as cost share. AEDC corrective action requires that AEDC properly monitor and document employees' time by conducting a time study of employees that work on multiple activities or cost objectives for AEDC.

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appropriate evidence. Time and effort reports are not being maintained, and as a result, the Agency is unable to support the percentages used for allocating salaries. Salaries claimed as cost share for fiscal year 2014 totaled \$161,006.

Arkansas Science and Technology Authority (Continued)

Manufacturing Extension Partnership (Continued)

Allowable Costs/Cost Principles

ALA staff reviewed control procedures, in accordance with OMB Circular A-133 § 300 (b), to determine if they were designed, implemented, and operating effectively to ensure compliance with the general terms and conditions of the agreement between the U.S. Department of Commerce and the Agency, which states that any new subaward agreements of \$100,000 or more require prior written approval from a National Institute of Science and Technology (NIST) Grants Officer. One subaward exceeding \$100,000 identified in the agreement did not receive approval. However, ALA staff review of reimbursements revealed the subrecipient had received reimbursements totaling \$154,312.

ALA staff contacted the NIST Grants Officer and confirmed the reimbursements to the subrecipient were unallowable because the Agency had not received prior written approval. In addition, the subrecipient reported a cost share totaling \$134,689. Because the reimbursements received were unallowable, the subrecipient's cost share cannot be utilized by the Agency to meet cost share (matching) requirements or be used in the calculation for drawing federal monies from the grant.

ALA staff recalculated the cost share reported by the Agency and determined that although the Agency included unallowable cost share totaling \$134,689, it remained in compliance with matching requirements. However, failure to adhere to the general terms and conditions of the agreement places the Agency at a higher risk of noncompliance with the cash management, matching, and reporting requirements.

Arkansas Science and Technology Authority (Continued)

Manufacturing Extension Partnership (Continued)

Cash Management

Recommendations

Recommendation

ALA staff recommend the Agency review and strengthen control procedures to ensure all subawards exceeding \$100,000 receive prior written approval before reimbursing the subrecipient. In addition, ALA staff recommend the Agency contact the federal awarding agency to determine if a refund is required.

Management Response: AEDC will review and strengthen control procedures to ensure all sub-awards exceeding \$100,000 receive prior written approval before reimbursing the subrecipient. AEDC has contacted the NIST Grants Officer about not receiving an award letter for the subrecipient. AEDC corrective action will require that AEDC get prior written approval from NIST, for all sub-awards exceeding \$100,000.

Recommendation

ALA staff recommend the Agency review the federal draw tool spreadsheet, correct formulas, and eliminate duplicated costs to ensure federal draws are based on actual program expenditures. ALA staff also recommend the Agency ensure all draws are

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ALA staff reviewed control procedures to determine if draws were supported by sufficient, appropriate evidence; were made for actual program expenditures; met the immediate cash needs of the program; and were, therefore, in compliance with 31 CFR § 205.33. The review included utilizing the federal draw tool spreadsheet that the Agency used to track expenditures.

The review revealed that the spreadsheet contained numerous errors, including inaccurate formulas and duplicated costs. In addition, the Agency was unable to provide accurate and sufficient documentation supporting the expenditures represented on the spreadsheet. As a result, federal draws were not adequately supported.

It should be noted that the Agency made only three federal cash draws during fiscal year 2014 because of a large fund balance at July 1, 2013, totaling \$738,257, comprised mainly of program income from previous years. The balance was depleted in March 2014, and federal draws were made on March 17, 2014; April 24, 2014; and June 3, 2014, for amounts totaling \$594,860, \$87,826, and \$100,000, respectively.

Arkansas Science and Technology Authority (Continued)

Manufacturing Extension Partnership (Continued)

Matching, Level of Effort, Earmarking; Reporting

Based on requirements outlined in 15 CFR § 24.20(a)(2) and (b)(1) and OMB Circular A-133 § 300(b), ALA staff reviewed Agency control procedures to determine if they were designed, implemented, and operating effectively to ensure reliable records are the basis for financial reports and if the controls allow the Agency to meet matching (cost share) requirements. The review revealed that although the Agency developed a budget tracking spreadsheet to track expenditures, ensure accurate reliable reporting, and ensure compliance with cost share requirements, the spreadsheet contained numerous errors, including inaccurate formulas and duplicated costs. As a result, the federal financial report for the quarter ended June 30, 2014, reflected an overstatement of cost share expenditures totaling \$116,450. Further review revealed that although the reported cost share was overstated, the minimum cost share expenditure (match) requirement was still met by the Agency.

Although a control was designed and implemented to provide assurance of reliable

Recommendations

based on immediate cash requirements and are as close as administratively feasible to the State's actual cash outlay.

Management Response: AEDC agrees with the finding. AEDC reviewed the draw tool spreadsheet, corrected incorrect formulas and eliminated duplicate costs. AEDC staff has contacted NIST officials and obtained more insight for proper reporting. To ensure all draws are sufficiently supported, AEDC draw funds based on immediate cash requirements such as paying salary and/or subrecipients. Balances are recorded and verified on the spreadsheet at the time of the draw.

Recommendation

ALA staff recommend the Agency review the budget tracking spreadsheet, correct formulas, and eliminate duplicated costs to ensure information reported on the federal financial quarterly reports is accurate and complete.

Management Response: AEDC agrees with the finding. AEDC reviewed the budget tracking spreadsheet, corrected incorrect formulas, and eliminated duplicate costs. AEDC corrective action plan requires the appointed staff to review monthly reports to help ensure accurate quarterly reports. Quarterly reports are reviewed, for accuracy and completeness, by the appointed staff and their immediate supervisor before it is submitted to appropriate NIST official.

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Findings

Recommendations

financial reporting and cost share requirements, it did not operate effectively, resulting in inaccurate reporting of cost share expenditures. Failure of the control could result in future noncompliance with the cost share requirement.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	37	39	76	78 %
Black Employees	3	14	17	17 %
Other Racial Minorities	1	4	5	5 %
Total Minorities			22	22 %
Total Employees			98	100 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1MZ Super Projects	0	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
2SK State Operations	8,912,292	71	12,934,147	72	26,253,076	72	12,859,289	72	13,600,840	72	13,600,840	72	12,861,935	72	13,603,486	72	13,603,486	72
2SQ Community Assistance-Federal	18,384,746	9	29,292,946	8	36,248,043	8	29,294,564	8	36,255,640	8	36,255,640	8	29,295,212	8	36,256,271	8	36,256,271	8
2ST State Energy Plan-Federal	679,454	4	875,496	5	1,283,818	5	876,456	5	1,223,315	5	1,223,315	5	877,194	5	1,224,053	5	1,224,053	5
55L Technology Development	0	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
56N Energy Efficiency Arkansas-Cash	431,756	2	1,406,567	2	1,406,946	2	1,407,003	2	1,407,003	2	1,407,003	2	1,407,003	2	1,407,003	2	1,407,003	2
F11 Clean Cities	38,275	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0
F99 Weatherization Program	4,304,390	5	5,850,052	5	8,304,767	5	5,851,010	5	5,851,010	5	5,851,010	5	5,851,133	5	5,851,133	5	5,851,133	5
H07 Quick Action Closing	0	0	50,000,000	0	50,000,000	0	50,000,000	0	75,000,000	0	75,000,000	0	50,000,000	0	75,000,000	0	75,000,000	0
M70 New Markets Performance Program	192,969	0	200,000	0	875,781	0	200,000	0	875,781	0	875,781	0	200,000	0	875,781	0	875,781	0
T88 AEDC-Rural Service Div-State Operations	764,184	2	919,120	2	1,258,003	2	920,895	2	1,243,767	2	1,243,767	2	920,895	2	1,243,767	2	1,243,767	2
T89 AEDC-Rural Services Div-Animal Rescue	0	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0
T90 AEDC-Rural Services Div-Admin Fee	1,400	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0
T93 AEDC-RS Unpaved Road Program	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0
U08 AR Manufacturing Extension Network-State	255,710	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0	257,182	0
U09 Seed Capital Investment-Cash in Treasury	0	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	1,900,000	0	1,900,000	0
U11 Science & Technology-State Operations	2,454,980	13	2,821,008	12	8,283,342	12	2,826,008	12	8,432,526	12	8,432,526	12	2,826,746	12	8,433,264	12	8,433,264	12
U12 New AMS - Cash in Treasury	418,714	0	1,470,867	9	1,455,986	9	1,474,748	9	1,474,748	9	1,415,952	8	1,474,748	9	1,474,748	9	1,415,952	8
U13 Energy Efficiency - Cash in Treasury	47,028	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0
U14 AR Manufacturing Extension Network-Fed	1,113,327	8	931,081	4	941,110	4	932,534	4	932,534	4	814,928	3	932,534	4	932,534	4	814,928	3
U16 Arkansas Acceleration Fund	1,050,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0	18,700,000	0
U17 STEM Education - Cash	5,040	0	0	0	66,021	0	0	0	40,000	0	40,000	0	0	0	40,000	0	40,000	0
U18 EPSCoR RII - Track 2 Plant Bioimaging	1,245,279	0	3,132,830	0	3,150,000	0	3,132,830	0	3,132,830	0	3,132,830	0	3,132,830	0	3,132,830	0	3,132,830	0
U20 Innovate Arkansas	0	0	0	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
U28 Rural Services Conference Cash	72,355	0	75,000	0	75,000	0	75,000	0	100,000	0	100,000	0	75,000	0	100,000	0	100,000	0
U34 EPSCoR Track III	2,123,346	2	20,000,000	2	0	0	0	2	20,000,000	2	20,000,000	2	0	2	20,000,000	2	20,000,000	2
NOT REQUESTED FOR THE BIENNIUM																		
U10 AR EPSCoR-Federal	3,265,313	1	0	0	3,994,815	2	0	0	0	0	0	0	0	0	0	0	0	0
Total	46,010,558	117	381,406,024	121	400,093,618	121	366,347,247	121	426,066,904	121	425,890,502	119	366,352,140	121	426,071,780	121	425,895,378	119

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	34,109,355	46.5	27,317,248	6.7			24,918,098	6.4	24,918,098	6.0	24,918,098	6.0	24,404,990	6.3	1,324,200	0.3
General Revenue	4000010	12,387,166	16.9	16,167,742	4.0			16,863,374	4.3	16,863,374	4.1	16,863,374	4.1	16,866,758	4.3	16,866,758	4.3

Funding Sources		%		%		%		%		%		%		%		%	
Federal Revenue	4000020	31,168,855	42.5	90,196,410	22.2	70,201,399	18.1	97,509,334	23.4	97,391,728	23.4	70,202,908	18.1	97,510,826	24.9	97,393,220	24.8
Cash Fund	4000045	694,499	0.9	2,683,612	0.7	2,481,751	0.6	2,481,751	0.6	2,481,751	0.6	2,481,751	0.6	2,481,751	0.6	2,481,751	0.6
Merit Adjustment Fund	4000055	0	0.0	48,915	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Bond Proceeds	4000125	0	0.0	200,000,000	49.2	200,000,000	51.5	200,000,000	48.1	200,000,000	48.1	200,000,000	51.5	200,000,000	51.0	200,000,000	51.0
General Improvement Fund	4000265	1,400	0.0	50,045,395	12.3	55,045,395	14.2	55,045,395	13.2	55,045,395	13.2	55,045,395	14.2	55,045,395	14.0	55,045,395	14.0
Grant/SubGrant Refunds	4000273	150,000	0.2	150,000	0.0	150,000	0.0	150,000	0.0	150,000	0.0	150,000	0.0	150,000	0.0	150,000	0.0
Inter-agency Fund Transfer	4000316	3,169,866	4.3	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Intra-agency Fund Transfer	4000317	40,468	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Revolving	4000350	192,969	0.3	200,000	0.0	200,000	0.1	200,000	0.0	200,000	0.0	200,000	0.1	200,000	0.1	200,000	0.1
Other	4000370	0	0.0	19,414,800	4.8	18,700,000	4.8	18,700,000	4.5	18,700,000	4.5	18,700,000	4.8	18,700,000	4.8	18,700,000	4.8
Transfer from General Imprv	4000540	2,100,026	2.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfers / Adjustments	4000683	(10,686,798)	(14.6)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		73,327,806	100.0	406,324,122	100.0	388,660,017	100.0	415,967,952	100.0	415,850,346	100.0	388,151,802	100.0	392,378,930	100.0	392,261,324	100.0
Excess Appropriation/(Funding)		(27,317,248)		(24,918,098)		(22,312,770)		10,098,952		10,040,156		(21,799,662)		33,692,850		33,634,054	
Grand Total		46,010,558		381,406,024		366,347,247		426,066,904		425,890,502		366,352,140		426,071,780		425,895,378	

Variances in fund balance due to unfunded appropriation in (2SK) State Operation, (F11) Clean Cities, (H07) Quick Action Closing Fund, (M70) New Markets Performance Program, (T88) AEDC- Rural Service Div-State Operations, (T89) AEDC- Rural Services Div- Animal Rescue, (U09) Seed Capital Investment-Cash in Treasury, (U11) Science & Technology-State Operations, (U12) New AMS- Cash in Treasury, (U13) Energy Efficiency- Cash in Treasury, and (U17) STEM Education-Cash.

FY17 Budget exceeds Authorized in (U12) New AMS- Cash in Treasury due to salary and matching rate adjustments during the 2015-2017 Biennium.

FY17 Budget exceeds Authorized in (U34) EPSCOR Track III due to a transfew from the Miscellaneous Federal Grant Holding Account.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
105	86	19	105	0	18.10 %	136	102	34	136	0	25.00 %	121	99	22	121	0	18.18 %

Analysis of Budget Request

Appropriation: 1MZ - Super Projects

Funding Sources: TSP - Department of Economic Development Super Projects Fund

The Super Projects Program was established by the A.C.A. §15-4-3001 et seq. to provide resources in support of industries that indicate the intention to invest in the State of Arkansas. To be classified as a Super Project requires the project's sponsor to invest at minimum four hundred million dollars (\$400,000,000) into the State and provided 400 new full time jobs.

Funding for these projects may be attained in General Obligations Bonds approved by the public or the General Assembly. Amendment 82 to the current State Constitution authorizes up to 5% of general revenues to be applied toward amortization of bonded indebtedness for large economic development projects. During the General Election of 2010, Amendment 90 was adopted that allowed for the General Assembly to issues bonds under the 82nd Amendment without voter approval.

The Super Project Program fund is to be utilized for payments on part of or all of the debt service on bonds issued or on a pay-as-you-go basis should bonds neither be approved nor issued.

The Agency is requesting Base Level of \$200,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1MZ - Super Projects

Funding Sources: TSP - Department of Economic Development Super Projects Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Super Projects	5900046	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total		0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Funding Sources										
Bond Proceeds	4000125	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding		0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Analysis of Budget Request

Appropriation: 2SK - State Operations

Funding Sources: HOA - Department of Economic Development Fund

This is the primary operating appropriation for the Arkansas Economic Development Commission and is funded by general revenues. In addition to the Director's Office, there are four functional groups within the Agency that utilize this State Operations appropriation. They are: (1) Administration and Finance, (2) Global Business, (3) Marketing and Communications, and (4) Energy Office.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$12,859,289 in FY18 and \$12,861,935 in FY19 in appropriation and general revenue funding.

The Agency's Change Level Request is \$741,551 each year of the biennium in appropriation only for the following:

- Professional Fees reallocation of \$450,000 each year to Global Business Initiatives to allow for better classification of these expenditures.
- Grants and Aid increase of \$641,551 each year for grants to economic development projects and regional partnerships as saving from other areas allow.
- Capital Outlay of \$100,000 each year of for replacement of aging equipment and purchase emergency backup systems as saving from other areas allows.

The Technology related requests are documented in the Agency's Information Technology (IT) Plan.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SK - State Operations
Funding Sources: HOA - Department of Economic Development Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	4,207,923	4,355,550	4,474,533	4,357,050	4,357,050	4,357,050	4,358,850	4,358,850	4,358,850
#Positions	71	72	72	72	72	72	72	72	72
Extra Help 5010001	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
#Extra Help	0	6	6	6	6	6	6	6	6
Personal Services Matching 5010003	1,336,535	1,342,124	1,393,733	1,365,766	1,365,766	1,365,766	1,366,612	1,366,612	1,366,612
Operating Expenses 5020002	1,453,425	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238
Conference & Travel Expenses 5050009	132,287	141,486	141,486	141,486	141,486	141,486	141,486	141,486	141,486
Professional Fees 5060010	1,260,270	2,215,000	2,215,000	2,215,000	1,765,000	1,765,000	2,215,000	1,765,000	1,765,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	56,716	358,449	1,000,000	358,449	1,000,000	1,000,000	358,449	1,000,000	1,000,000
Capital Outlay 5120011	99,158	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Global Business Initiatives 5900046	150,000	150,000	150,000	150,000	600,000	600,000	150,000	600,000	600,000
Far East Trade Ind Recruitment 5900046	0	0	0	0	0	0	0	0	0
Military Affairs Grant Program 5900047	0	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Industry Training Program 5900049	215,978	1,714,800	14,221,586	1,714,800	1,714,800	1,714,800	1,714,800	1,714,800	1,714,800
For State Matching of Federal Fu 5900050	0	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
Total	8,912,292	12,934,147	26,253,076	12,859,289	13,600,840	13,600,840	12,861,935	13,603,486	13,603,486
Funding Sources									
General Revenue 4000010	8,912,292	12,170,432		12,859,289	12,859,289	12,859,289	12,861,935	12,861,935	12,861,935
Merit Adjustment Fund 4000055	0	48,915		0	0	0	0	0	0
Other 4000370	0	714,800		0	0	0	0	0	0
Total Funding	8,912,292	12,934,147		12,859,289	12,859,289	12,859,289	12,861,935	12,861,935	12,861,935
Excess Appropriation/(Funding)	0	0		0	741,551	741,551	0	741,551	741,551
Grand Total	8,912,292	12,934,147		12,859,289	13,600,840	13,600,840	12,861,935	13,603,486	13,603,486

Change Level by Appropriation

Appropriation: 2SK - State Operations
Funding Sources: HOA - Department of Economic Development Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	12,859,289	72	12,859,289	100.0	12,861,935	72	12,861,935	100.0
C01	Existing Program	641,551	0	13,500,840	105.0	641,551	0	13,503,486	105.0
C04	Reallocation	0	0	13,500,840	105.0	0	0	13,503,486	105.0
C08	Technology	100,000	0	13,600,840	105.8	100,000	0	13,603,486	105.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	12,859,289	72	12,859,289	100.0	12,861,935	72	12,861,935	100.0
C01	Existing Program	641,551	0	13,500,840	105.0	641,551	0	13,503,486	105.0
C04	Reallocation	0	0	13,500,840	105.0	0	0	13,503,486	105.0
C08	Technology	100,000	0	13,600,840	105.8	100,000	0	13,603,486	105.8

Justification

C01	The Agency requests restoration of its Grants and Aid line item in the amount of \$641,551 for both years. This returns it to the FY17 Authorized Level.
C04	The Agency requests a change in title of the Far East Trade/Ind Recruitment line item to "Global Business Initiatives" and a reallocation of \$450,000 from Professional Fees to that line item.
C08	The Agency requests restoration of its Capital Outlay line item in the amount of \$100,000 for both years of the biennium. This appropriation is used as needed for our IT Infrastructure.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: Economic Development Commission

Program: State Operations

Act #: 226

Section(s) #: 5 & 44

Estimated Carry Forward Amount \$ 714,800.00 Funding Source: General Revenue

Accounting Information:

Business Area: 0790

Funds Center: 2SK

Fund: HOA

Functional Area: COMM

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

Any unexpected balance of funds for the Industry Training Program in AEDC Account which remains at the close of each state fiscal year shall be carried forward to the next fiscal year to be used for the same intent and purposes as set forth in law.

Actual Funding Carry Forward Amount \$ 1,442,105.00

Current status of carry forward funding:

Training projects funded by these monies are still in process.

Mike Preston

Director

08-12-2016

Date

Analysis of Budget Request

Appropriation: 2SQ - Community Assistance-Federal

Funding Sources: FAK - Economic Development - Federal

This is a federally funded appropriation used to operate the Community Development Block Grant Program at the Arkansas Economic Development Commission. Funding is provided by grants from the Department of Housing and Urban Development and through repayments of previous loans.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$29,294,564 in FY18 and \$29,295,212 in FY19.

The Agency Change Level Request totals \$6,961,076 in FY18 and \$6,961,059 in FY19 to restore appropriation to the FY17 Authorized Levels. The changes are reflected in the following line items:

- Grants and Aid of \$6,958,852 each year of the biennium.
- Storm Recovery Grant Program of \$2,224 in FY18 and \$2,207 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SQ - Community Assistance-Federal
Funding Sources: FAK - Economic Development - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	276,730	302,476	296,222	302,337	302,337	302,337	302,843	302,843	302,843
#Positions	9	8	7	8	8	8	8	8	8
Personal Services Matching 5010003	97,477	100,776	100,897	102,379	102,379	102,379	102,504	102,504	102,504
Operating Expenses 5020002	18,446	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
Conference & Travel Expenses 5050009	11,575	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees 5060010	761	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	14,975,182	20,541,148	27,500,000	20,541,148	27,500,000	27,500,000	20,541,148	27,500,000	27,500,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Storm Recovery Grants 5900046	2,935,401	7,577,236	7,579,614	7,577,390	7,579,614	7,579,614	7,577,407	7,579,614	7,579,614
Flood Recovery Grants 5900047	69,174	615,710	615,710	615,710	615,710	615,710	615,710	615,710	615,710
Total	18,384,746	29,292,946	36,248,043	29,294,564	36,255,640	36,255,640	29,295,212	36,256,271	36,256,271
Funding Sources									
Federal Revenue 4000020	18,384,746	29,292,946		29,294,564	36,255,640	36,255,640	29,295,212	36,256,271	36,256,271
Total Funding	18,384,746	29,292,946		29,294,564	36,255,640	36,255,640	29,295,212	36,256,271	36,256,271
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	18,384,746	29,292,946		29,294,564	36,255,640	36,255,640	29,295,212	36,256,271	36,256,271

FY17 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2015-2017 Biennium.

Budget Number of Positions may exceed the Authorized Number due to single salary section in appropriation act.

Change Level by Appropriation

Appropriation: 2SQ - Community Assistance-Federal
Funding Sources: FAK - Economic Development - Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	29,294,564	8	29,294,564	100.0	29,295,212	8	29,295,212	100.0
C01	Existing Program	6,961,076	0	36,255,640	123.8	6,961,059	0	36,256,271	123.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	29,294,564	8	29,294,564	100.0	29,295,212	8	29,295,212	100.0
C01	Existing Program	6,961,076	0	36,255,640	123.8	6,961,059	0	36,256,271	123.8

Justification

C01	The Agency requests to restore Grants and Aid and Storm Recovery line items to FY17 Authorized.
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Analysis of Budget Request

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

This is one of the major federal programs administered by the Arkansas Economic Development Commission. Federal funding for the State Energy Plan is received from the U.S. Department of Energy and is directed at projects that address the State's needs in energy conservation. This appropriation is also used to expend indirect cost obligations for all federal programs administered by the Department.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level is \$876,456 in FY18 and \$877,194 in FY19.

The Agency Change Level Request totals \$346,859 each year of the biennium to restore appropriation to the FY17 Authorized and is summarized as follows:

- Professional Fees of \$250,000 each year of the biennium.
- Grants and Aid of \$96,859 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	139,478	181,286	226,499	181,286	181,286	181,286	181,886	181,886	181,886
#Positions	4	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	66,936	65,971	82,221	66,931	66,931	66,931	67,069	67,069	67,069
Operating Expenses 5020002	11,570	118,273	118,273	118,273	118,273	118,273	118,273	118,273	118,273
Conference & Travel Expenses 5050009	4,004	36,788	36,788	36,788	36,788	36,788	36,788	36,788	36,788
Professional Fees 5060010	2,555	18,085	268,085	18,085	268,085	268,085	18,085	268,085	268,085
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	454,911	455,093	551,952	455,093	551,952	551,952	455,093	551,952	551,952
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	679,454	875,496	1,283,818	876,456	1,223,315	1,223,315	877,194	1,224,053	1,224,053
Funding Sources									
Federal Revenue 4000020	679,454	875,496		876,456	1,223,315	1,223,315	877,194	1,224,053	1,224,053
Total Funding	679,454	875,496		876,456	1,223,315	1,223,315	877,194	1,224,053	1,224,053
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	679,454	875,496		876,456	1,223,315	1,223,315	877,194	1,224,053	1,224,053

Change Level by Appropriation

Appropriation: 2ST - State Energy Plan-Federal
Funding Sources: FKE - Department of Energy - Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	876,456	5	876,456	100.0	877,194	5	877,194	100.0
C01	Existing Program	346,859	0	1,223,315	139.6	346,859	0	1,224,053	139.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	876,456	5	876,456	100.0	877,194	5	877,194	100.0
C01	Existing Program	346,859	0	1,223,315	139.6	346,859	0	1,224,053	139.5

Justification

C01	The Agency requests to restore Professional Fees and Grants and Aid line items to FY17 Authorized.
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Analysis of Budget Request

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

The Technology Development Program was established by Act 806 of 2009 to provide a means to deliver investment incentives to attract and retain development in the State by high technology centered businesses. Any use of this program requires a proposal made by this agency, the Arkansas Science and Technology Authority, and the Arkansas Development Finance Authority, that is approved by the Governor. Funding may be received from several sources, such as gifts, bequests, grants, emergency funds, bond proceeds, service charges, or interagency transfers, but centers on the probability of federal funding from the U.S. Department of Commerce.

The Agency is requesting Base Level of \$30,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Technology Acceleration Prgm 5900046	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Funding Sources									
Federal Revenue 4000020	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total Funding	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000

Analysis of Budget Request

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

The Energy Efficiency Arkansas - Cash in Treasury appropriation was originally authorized by request from the Cash Fund Holding Account in January, 2008. Funding for this program is received from various energy companies operating within the State for the Quick Start Statewide Energy Efficiency Program mandated by the Public Service Commission.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting Base Level of \$1,407,003 each year of the biennium.

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

Appropriation Summary

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	85,325	82,119	82,119	82,119	82,119	82,119	82,119	82,119	82,119
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	29,362	28,548	28,927	28,984	28,984	28,984	28,984	28,984	28,984
Operating Expenses	5020002	90,635	93,900	93,900	93,900	93,900	93,900	93,900	93,900	93,900
Conference & Travel Expenses	5050009	1,018	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	22,916	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	202,500	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		431,756	1,406,567	1,406,946	1,407,003	1,407,003	1,407,003	1,407,003	1,407,003	1,407,003
Funding Sources										
Fund Balance	4000005	338,847	218,608		218,608	218,608	218,608	218,608	218,608	218,608
Cash Fund	4000045	311,517	1,406,567		1,407,003	1,407,003	1,407,003	1,407,003	1,407,003	1,407,003
Total Funding		650,364	1,625,175		1,625,611	1,625,611	1,625,611	1,625,611	1,625,611	1,625,611
Excess Appropriation/(Funding)		(218,608)	(218,608)		(218,608)	(218,608)	(218,608)	(218,608)	(218,608)	(218,608)
Grand Total		431,756	1,406,567		1,407,003	1,407,003	1,407,003	1,407,003	1,407,003	1,407,003

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: F11 - Clean Cities

Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

The Arkansas Clean Cities Coalition Program - Cash In Treasury was established by a Cash Fund Holding Account request that was approved in June, 2012. This program facilitates working groups to explore issues associated with the use of alternative fuels and alternative fuel vehicles, to initiate education and training programs, to encourage vehicle manufacturers to participate in the Arkansas market, and to promote research, development, and investment in alternative fuel vehicle projects.

Funding is derived from grants administered by various pass through agencies, contracted by the nationwide Clean Cities Program by the U.S. Department of Energy.

The Agency Request is for Base Level of \$189,005 each year of the biennium.

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

Appropriation Summary

Appropriation: F11 - Clean Cities

Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,846	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Conference & Travel Expenses	5050009	3,876	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750
Professional Fees	5060010	32,553	105,255	105,255	105,255	105,255	105,255	105,255	105,255	105,255
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		38,275	189,005							
Funding Sources										
Fund Balance	4000005	67,920	82,645		7,645	7,645	7,645	0	0	0
Federal Revenue	4000020	53,000	114,005		114,005	114,005	114,005	114,005	114,005	114,005
Total Funding		120,920	196,650		121,650	121,650	121,650	114,005	114,005	114,005
Excess Appropriation/(Funding)		(82,645)	(7,645)		67,355	67,355	67,355	75,000	75,000	75,000
Grand Total		38,275	189,005		189,005	189,005	189,005	189,005	189,005	189,005

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: F99 - Weatherization Program

Funding Sources: FKE - Weatherization Program - Federal

The Weatherization Assistance Program (WAP) is funded by the U.S. Department of Energy. Low Income Home Energy Assistance Program (LAHEAP) is funded by a grant from the Department of Human Services. WAP was transferred from the Department of Human Service to the Commission by Act 1111 of 2013. Both programs administer grants to assist low income Arkansans to improve the energy efficiency of their homes.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$5,851,010 for FY18 and \$5,851,133 for FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F99 - Weatherization Program

Funding Sources: FKE - Weatherization Program - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	136,177	180,881	193,426	180,881	180,881	180,881	180,981	180,981	180,981
#Positions	5	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	56,137	65,880	69,591	66,838	66,838	66,838	66,861	66,861	66,861
Operating Expenses 5020002	18,903	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Conference & Travel Expenses 5050009	0	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750
Professional Fees 5060010	0	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Data Processing Services 5900044	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Weatherization Assistance Progr: 5900046	4,093,173	5,561,541	8,000,000	5,561,541	5,561,541	5,561,541	5,561,541	5,561,541	5,561,541
Total	4,304,390	5,850,052	8,304,767	5,851,010	5,851,010	5,851,010	5,851,133	5,851,133	5,851,133
Funding Sources									
Federal Revenue 4000020	4,304,390	5,850,052		5,851,010	5,851,010	5,851,010	5,851,133	5,851,133	5,851,133
Total Funding	4,304,390	5,850,052		5,851,010	5,851,010	5,851,010	5,851,133	5,851,133	5,851,133
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	4,304,390	5,850,052		5,851,010	5,851,010	5,851,010	5,851,133	5,851,133	5,851,133

Analysis of Budget Request

Appropriation: H07 - Quick Action Closing

Funding Sources: MQA - Quick Action Closing Fund

Established by Arkansas Code 19-5-1231 The Quick Action Closing Fund is comprised mainly of funding transferred from the General Revenue Allotment Reserve Fund. The Fund is utilized by the Arkansas Economic Development Commission, in conjunction with other incentives, to attract new businesses and economic development to the state and to retain existing businesses. This appropriation was originally established as a capital project.

Base Level is \$50,000,000 each year of the biennium.

The Agency's Change Level request is \$25,000,000 each year in appropriation only. This will be the sole appropriation for the Governor's Quick Action Closing Fund, rather than having it reappropriated each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: H07 - Quick Action Closing

Funding Sources: MQA - Quick Action Closing Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	50,000,000	50,000,000	50,000,000	75,000,000	75,000,000	50,000,000	75,000,000	75,000,000
Total		0	50,000,000	50,000,000	50,000,000	75,000,000	75,000,000	50,000,000	75,000,000	75,000,000
Funding Sources										
Fund Balance	4000005	33,702,588	23,015,790		23,015,790	23,015,790	23,015,790	23,015,790	0	0
General Improvement Fund	4000265	0	50,000,000		50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Transfers / Adjustments	4000683	(10,686,798)	0		0	0	0	0	0	0
Total Funding		23,015,790	73,015,790		73,015,790	73,015,790	73,015,790	73,015,790	50,000,000	50,000,000
Excess Appropriation/(Funding)		(23,015,790)	(23,015,790)		(23,015,790)	1,984,210	1,984,210	(23,015,790)	25,000,000	25,000,000
Grand Total		0	50,000,000		50,000,000	75,000,000	75,000,000	50,000,000	75,000,000	75,000,000

Change Level by Appropriation

Appropriation: H07 - Quick Action Closing
Funding Sources: MQA - Quick Action Closing Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	50,000,000	0	50,000,000	100.0	50,000,000	0	50,000,000	100.0
C05	Unfunded Appropriation	25,000,000	0	75,000,000	150.0	25,000,000	0	75,000,000	150.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	50,000,000	0	50,000,000	100.0	50,000,000	0	50,000,000	100.0
C05	Unfunded Appropriation	25,000,000	0	75,000,000	150.0	25,000,000	0	75,000,000	150.0

Justification

C05	Increase in appropriation only. This will serve as the sole appropriation for the Governor's Quick Action Closing Fund, rather than have it reappropriated annually.
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Analysis of Budget Request

Appropriation: M70 - New Markets Performance Program

Funding Sources: MNM - New Markets Performance Program

Arkansas Economic Development Commission administers the New Market Tax Credit program created by Act 1474 of 2013. The program allows business entities to earn credits against their state premium tax liability based on equity investments in community development entities that are invested in low income community businesses. Revenues in the fund are derived from application fees and a refundable performance fee.

Base Level is \$200,000 each year of the biennium.

The Agency's Change Level request totals \$675,781 each year for the restoration of appropriation to FY2017 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M70 - New Markets Performance Program

Funding Sources: MNM - New Markets Performance Program

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	192,969	200,000	875,781	200,000	875,781	875,781	200,000	875,781	875,781
Total	192,969	200,000	875,781	200,000	875,781	875,781	200,000	875,781	875,781
Funding Sources									
Miscellaneous Revolving 4000350	192,969	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	192,969	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Excess Appropriation/(Funding)	0	0		0	675,781	675,781	0	675,781	675,781
Grand Total	192,969	200,000		200,000	875,781	875,781	200,000	875,781	875,781

Change Level by Appropriation

Appropriation: M70 - New Markets Performance Program
Funding Sources: MNM - New Markets Performance Program

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	200,000	0	200,000	100.0	200,000	0	200,000	100.0
C05	Unfunded Appropriation	675,781	0	875,781	437.9	675,781	0	875,781	437.9

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	200,000	0	200,000	100.0	200,000	0	200,000	100.0
C05	Unfunded Appropriation	675,781	0	875,781	437.9	675,781	0	875,781	437.9

Justification

C05	Restoration of appropriation to FY2017 Authorized.
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Analysis of Budget Request

Appropriation: T88 - AEDC-Rural Service Div-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Economic Development Commission's Rural Services Division serves as a single point of contact for all organizations and individuals with a desire to enhance the quality of life for rural citizens. Working under the guidance of the Arkansas Rural Development Commission (ARDC), the Division assists citizens of rural Arkansas by providing rural grant programs and information sharing and educational opportunities through regional forums and the annual Arkansas Rural Development Conference. This appropriation provides for the operations of the division and is funded by general revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$920,895 for each year of the biennium in appropriation and general revenue funding.

The Agency's Change Level request is for appropriation only of \$322,872 each year in Grants and Aid to restore appropriation to the FY17 Authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: T88 - AEDC-Rural Service Div-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	136,134	125,410	138,249	126,312	126,312	126,312	126,312	126,312	126,312
#Positions	2	2	2	2	2	2	2	2	2
Extra Help 5010001	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
#Extra Help	0	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	50,700	38,444	41,616	39,317	39,317	39,317	39,317	39,317	39,317
Operating Expenses 5020002	20,029	72,038	72,038	72,038	72,038	72,038	72,038	72,038	72,038
Conference & Travel Expenses 5050009	3,912	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Grants and Aid 5100004	171,232	77,128	400,000	77,128	400,000	400,000	77,128	400,000	400,000
Rural Fire Protection Grants 5900046	333,989	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
County Fair Improvement Grants 5900048	48,188	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	764,184	919,120	1,258,003	920,895	1,243,767	1,243,767	920,895	1,243,767	1,243,767
Funding Sources									
General Revenue 4000010	764,184	919,120		920,895	920,895	920,895	920,895	920,895	920,895
Total Funding	764,184	919,120		920,895	920,895	920,895	920,895	920,895	920,895
Excess Appropriation/(Funding)	0	0		0	322,872	322,872	0	322,872	322,872
Grand Total	764,184	919,120		920,895	1,243,767	1,243,767	920,895	1,243,767	1,243,767

Change Level by Appropriation

Appropriation: T88 - AEDC-Rural Service Div-State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	920,895	2	920,895	100.0	920,895	2	920,895	100.0
C05	Unfunded Appropriation	322,872	0	1,243,767	135.1	322,872	0	1,243,767	135.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	920,895	2	920,895	100.0	920,895	2	920,895	100.0
C05	Unfunded Appropriation	322,872	0	1,243,767	135.1	322,872	0	1,243,767	135.1

Justification

C05	Restoration of appropriation to FY2017 Authorized.
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Analysis of Budget Request

Appropriation: T89 - AEDC-Rural Services Div-Animal Rescue

Funding Sources: TRS - Animal Rescue and Shelter Trust Fund

Act 692 of the 87th Regular Session of 2009 amended ACA 27-24-1409 to authorize the Department of Finance and Administration to issue a new special license plate with a \$25 design fee that will be remitted monthly to the Treasurer of the State for deposit into the State Treasury as special revenues for the Animal Rescue and Shelter Trust Fund. The Act further amended ACA 19-5-1136 to create the Animal Rescue and Shelter Trust Fund to be distributed as follows:

- 35% to be distributed and used by the counties for construction, maintenance or operation of registered governmentally owned animal rescue shelters;
- 35% to be distributed and used by municipalities for construction, maintenance or operation of registered governmentally owned animal rescue shelters
- 30% to be distributed to the AEDC Division of Rural Services to provide grants to a county or municipality based only on the infrastructure needs for any animal rescue or animal shelter (not limited to registered governmentally owned rescue shelters.)

The Agency Request is for Base Level of \$5,328 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: T89 - AEDC-Rural Services Div-Animal Rescue

Funding Sources: TRS - Animal Rescue and Shelter Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	5,328	5,328	5,328	5,328	5,328	5,328	5,328	5,328
Total	0	5,328	5,328	5,328	5,328	5,328	5,328	5,328	5,328
Funding Sources									
Fund Balance 4000005	0	7,353		2,025	2,025	2,025	0	0	0
Inter-agency Fund Transfer 4000316	7,353	0		0	0	0	0	0	0
Total Funding	7,353	7,353		2,025	2,025	2,025	0	0	0
Excess Appropriation/(Funding)	(7,353)	(2,025)		3,303	3,303	3,303	5,328	5,328	5,328
Grand Total	0	5,328		5,328	5,328	5,328	5,328	5,328	5,328

Analysis of Budget Request

Appropriation: T90 - AEDC-Rural Services Div-Admin Fee

Funding Sources: HUA - Miscellaneous Agencies Fund

The Administrative Fee Appropriation is used to provide maintenance and general operations support for the Agency's General Improvement Grant appropriations. This appropriation is funded by special language that authorizes the transfer of funds from the agency's various General Improvement sub funds to the Agency's Miscellaneous Agencies Fund.

The Division of Rural Services General Revenue funded Operations appropriation (Funds Center T88) is used to support the Agency's three existing Grant Programs (Community Enhancement Grants, Fire Protection Grants and County Fair Improvement Grants) with a total funded budget of approximately \$516,000. During the 87th Regular Session of 2009, the Division of Rural Services received forty-five (45) General Improvement appropriations for Grants and Aid funded by \$5.7 million in Legislative Division General Improvement Funding. During the 88th Regular Session of 2011, the division received forty-four (44) General Improvement appropriations funded by \$1.8 million.

The addition of the General Improvement Grant Appropriations increased the Agency's Funded Budget for Grants from approximately \$516,000 to over \$2.3 million. To accommodate the administrative requirements associated with this increased grant budget, this new Administrative Fee appropriation was established by Act 803 of the 87th Regular Session of 2009. The appropriation authorizes Maintenance and General Operation appropriation for the division to use to provide administrative support for the large number of General Improvement Grants administered by the Division.

Special Language authorizes the Division to retain and utilize for administrative cost purposes up to 1.5% of the total amount of any General Improvement moneies received for projects authorized for disbursement through the department by the General Assembly. Special Language further authorizes the Chief Financial Officer of the State to transfer up to 1.5% of General Improvement Funds from the various General Improvement sub funds to the Miscellaneous Agencies Fund Account to be made available and utilized solely by the Division of Rural Services for maintenance and general operation costs. Finally, Special Language authorizes the carryforward of any unexpended balances of funds that were transferred from the various General Improvement sub funds to the Miscellaneous Agencies Fund to be used for the same purpose the following fiscal year.

The Agency Request is for Base Level of \$45,395 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: T90 - AEDC-Rural Services Div-Admin Fee

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	1,400	45,395	45,395	45,395	45,395	45,395	45,395	45,395	45,395
Total	1,400	45,395	45,395	45,395	45,395	45,395	45,395	45,395	45,395
Funding Sources									
General Improvement Fund 4000265	1,400	45,395		45,395	45,395	45,395	45,395	45,395	45,395
Total Funding	1,400	45,395		45,395	45,395	45,395	45,395	45,395	45,395
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,400	45,395		45,395	45,395	45,395	45,395	45,395	45,395

Analysis of Budget Request

Appropriation: T93 - AEDC-RS Unpaved Road Program

Funding Sources: MUP- Unpaved Roads Program

The Arkansas Unpaved Roads Program is established to help provide funding for unpaved road projects throughout the state using best management practices. This appropriation is used for Grants and Aid for the AEDC- Rural Services Unpaved Road Program.

The Agency Request is for Base Level of \$250,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: T93 - AEDC-RS Unpaved Road Program

Funding Sources: MUP- Unpaved Roads Program

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total		250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Funding Sources										
Grant/SubGrant Refunds	4000273	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Inter-agency Fund Transfer	4000316	100,000	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding		250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000

Analysis of Budget Request

Appropriation: U08 - AR Manufacturing Extension Network-State

Funding Sources: HUA - Miscellaneous Agencies Fund

The Science and Technology Authority 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 Technology and Manufacturing Program is funded by General Revenue.

The Agency Request is for Base Level of \$257,182 each year of the biennium in appropriation and general revenue funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U08 - AR Manufacturing Extention Network-State

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AR Manufacturing Ext Network 5900046	255,710	257,182	257,182	257,182	257,182	257,182	257,182	257,182	257,182
Total	255,710	257,182	257,182	257,182	257,182	257,182	257,182	257,182	257,182
Funding Sources									
General Revenue 4000010	255,710	257,182		257,182	257,182	257,182	257,182	257,182	257,182
Total Funding	255,710	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	255,710	257,182		257,182	257,182	257,182	257,182	257,182	257,182

Analysis of Budget Request

Appropriation: U09 - Seed Capital Investment-Cash in Treasury

Funding Sources: NST - Cash in Treasury

This program is used for investment in technology-based businesses in accordance with Arkansas Code, §15-3-101 through §15-3-123. Funds are loaned to businesses, with a maximum amount of \$500,000 for any one project. As businesses repay the loans, AEDC deposits the repayments into a revolving fund.

The Agency Request is for Base Level of \$1,900,000 each year of the biennium.

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

Appropriation Summary

Appropriation: U09 - Seed Capital Investment-Cash in Treasury

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Investments 5120013	0	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	0	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Funding Sources									
Fund Balance 4000005	0	1,193,822		0	0	0	0	0	0
Cash Fund 4000045	0	706,178		500,000	500,000	500,000	500,000	500,000	500,000
Inter-agency Fund Transfer 4000316	1,193,822	0		0	0	0	0	0	0
Total Funding	1,193,822	1,900,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	(1,193,822)	0		1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Grand Total	0	1,900,000		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: U11 - Science & Technology-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The AEDC-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.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

Base Level is \$2,826,008 for FY18 and \$2,826,746 for FY19 in appropriation and general revenue funding.

The Agency's Change Level request is for appropriation only of \$5,606,518 each year. The request is for the Arkansas Acceleration Fund Programs line item to restore appropriation to the FY17 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U11 - Science & Technology-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	521,396	692,712	584,717	693,788	693,788	693,788	694,388	694,388	694,388
#Positions		13	12	12	12	12	12	12	12	12
Extra Help	5010001	0	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
#Extra Help		0	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	182,903	217,230	181,041	221,154	221,154	221,154	221,292	221,292	221,292
Operating Expenses	5020002	174,006	218,703	218,703	218,703	218,703	218,703	218,703	218,703	218,703
Conference & Travel Expenses	5050009	6,137	27,800	27,800	27,800	27,800	27,800	27,800	27,800	27,800
Professional Fees	5060010	16,074	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Grants and Aid	5100004	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653
Technology	5900046	156,975	156,975	156,975	156,975	156,975	156,975	156,975	156,975	156,975
Seed Capital Investments	5900047	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653	292,653
Arkansas Acceleration Fund Prog	5900048	812,183	893,482	6,500,000	893,482	6,500,000	6,500,000	893,482	6,500,000	6,500,000
Total		2,454,980	2,821,008	8,283,342	2,826,008	8,432,526	8,432,526	2,826,746	8,433,264	8,433,264
Funding Sources										
General Revenue	4000010	2,454,980	2,821,008		2,826,008	2,826,008	2,826,008	2,826,746	2,826,746	2,826,746
Total Funding		2,454,980	2,821,008		2,826,008	2,826,008	2,826,008	2,826,746	2,826,746	2,826,746
Excess Appropriation/(Funding)		0	0		0	5,606,518	5,606,518	0	5,606,518	5,606,518
Grand Total		2,454,980	2,821,008		2,826,008	8,432,526	8,432,526	2,826,746	8,433,264	8,433,264

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: U11 - Science & Technology-State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,826,008	12	2,826,008	100.0	2,826,746	12	2,826,746	100.0
C05	Unfunded Appropriation	5,606,518	0	8,432,526	298.4	5,606,518	0	8,433,264	298.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,826,008	12	2,826,008	100.0	2,826,746	12	2,826,746	100.0
C05	Unfunded Appropriation	5,606,518	0	8,432,526	298.4	5,606,518	0	8,433,264	298.3

Justification

C05	Restoration of appropriation to FY2017 Authorized amount of \$5,606,518 for the Arkansas Acceleration Fund Program.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: Economic Development Commission

Program: Science & Technology-State Operations

Act #: 226 Section(s) #: 15 & 46

Estimated Carry Forward Amount \$ 0.00 Funding Source: Miscellaneous Agencies Fund

Accounting Information:

Business Area: 0790 Funds Center: U11 Fund: HUA Functional Area: COMM

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

No Carry Forward

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward funding:

All funds were expensed during Fiscal Year 2016

Mike Preston
Director

08-12-2016
Date

Analysis of Budget Request

Appropriation: U12 - New AMS - Cash in Treasury

Funding Sources: NST - Cash in Treasury

The Science and Technology's Arkansas Manufacturing Extension Network program provides a statewide industry driven Manufacturing Extension Network for the delivery of technical and management assistance. Funding is provided by client (cash) service agreements and training class revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$1,474,748 each year of the biennium.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation, in addition to the Agency Request, reflects the reduction of one (1) Field Engineer (N902). Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: U12 - New AMS - Cash in Treasury

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	593,260	579,828	593,860	593,860	548,794	593,860	593,860	548,794
#Positions		0	9	9	9	9	8	9	9	8
Personal Services Matching	5010003	40,767	178,777	177,328	182,058	182,058	168,328	182,058	182,058	168,328
Operating Expenses	5020002	286,188	543,200	543,200	543,200	543,200	543,200	543,200	543,200	543,200
Conference & Travel Expenses	5050009	30,880	67,360	67,360	67,360	67,360	67,360	67,360	67,360	67,360
Professional Fees	5060010	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Grants and Aid	5100004	60,879	13,270	13,270	13,270	13,270	13,270	13,270	13,270	13,270
Total		418,714	1,470,867	1,455,986	1,474,748	1,474,748	1,415,952	1,474,748	1,474,748	1,415,952
Funding Sources										
Fund Balance	4000005	0	1,492,741		492,741	492,741	492,741	0	0	0
Cash Fund	4000045	318,860	470,867		474,748	474,748	474,748	474,748	474,748	474,748
Inter-agency Fund Transfer	4000316	1,592,595	0		0	0	0	0	0	0
Total Funding		1,911,455	1,963,608		967,489	967,489	967,489	474,748	474,748	474,748
Excess Appropriation/(Funding)		(1,492,741)	(492,741)		507,259	507,259	448,463	1,000,000	1,000,000	941,204
Grand Total		418,714	1,470,867		1,474,748	1,474,748	1,415,952	1,474,748	1,474,748	1,415,952

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: U12 - New AMS - Cash in Treasury
Funding Sources: NST - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,474,748	9	1,474,748	100.0	1,474,748	9	1,474,748	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,474,748	9	1,474,748	100.0	1,474,748	9	1,474,748	100.0
C13	Not Recommended	(13,730)	0	1,461,018	99.1	(13,730)	0	1,461,018	99.1
C19	Executive Changes	(45,066)	(1)	1,415,952	96.0	(45,066)	(1)	1,415,952	96.0

Justification

C19	The Executive Recommendation reflects the reduction of one (1) Field Engineer (N902) position based on the personnel evaluation.
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Analysis of Budget Request

Appropriation: U13 - Energy Efficiency - Cash in Treasury

Funding Sources: NST - Cash in Treasury

The Science and Technology Division is contracted to develop, plan, and execute the logistical details for the Energy Efficiency program workshops and/or conferences for Arkansas manufacturers. Funding is provided by a grant from the Arkansas Economic Development Commission.

The Agency Request is for Base Level of \$150,000 each year of the biennium.

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

Appropriation Summary

Appropriation: U13 - Energy Efficiency - Cash in Treasury

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	12,528	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Grants and Aid	5100004	34,500	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total		47,028	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Funding Sources										
Fund Balance	4000005	0	185,697		35,697	35,697	35,697	0	0	0
Cash Fund	4000045	3,011	0		0	0	0	0	0	0
Inter-agency Fund Transfer	4000316	229,714	0		0	0	0	0	0	0
Total Funding		232,725	185,697		35,697	35,697	35,697	0	0	0
Excess Appropriation/(Funding)		(185,697)	(35,697)		114,303	114,303	114,303	150,000	150,000	150,000
Grand Total		47,028	150,000		150,000	150,000	150,000	150,000	150,000	150,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: U14 - AR Manufacturing Extension Network-Fed

Funding Sources: FST - ASTA Federal Programs

The Science and Technology'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.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for Base Level of \$932,534 each year of the biennium.

Subsequent to Agency's initial Budget Request, the Office of Personnel Management and Agency personnel evaluated the Agency's position usage and ongoing staffing needs. The Executive Recommendation in addition to the Agency Request reflects the reduction of one (1) Field Engineer (N902).

Appropriation Summary

Appropriation: U14 - AR Manufuring Extension Network-Fed

Funding Sources: FST - ASTA Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	492,525	274,007	281,580	274,007	274,007	183,873	274,007	274,007	183,873
#Positions		8	4	4	4	4	3	4	4	3
Personal Services Matching	5010003	135,340	81,790	84,246	83,243	83,243	55,771	83,243	83,243	55,771
Operating Expenses	5020002	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284
Professional Fees	5060010	39,500	0	0	0	0	0	0	0	0
Grants and Aid	5100004	435,678	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Field Services	5900046	0	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Total		1,113,327	931,081	941,110	932,534	932,534	814,928	932,534	932,534	814,928
Funding Sources										
Federal Revenue	4000020	1,113,327	931,081		932,534	932,534	814,928	932,534	932,534	814,928
Total Funding		1,113,327	931,081		932,534	932,534	814,928	932,534	932,534	814,928
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,113,327	931,081		932,534	932,534	814,928	932,534	932,534	814,928

Change Level by Appropriation

Appropriation: U14 - AR Manufuring Extension Network-Fed
Funding Sources: FST - ASTA Federal Programs

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	932,534	4	932,534	100.0	932,534	4	932,534	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	932,534	4	932,534	100.0	932,534	4	932,534	100.0
C13	Not Recommended	(27,472)	0	905,062	97.1	(27,472)	0	905,062	97.1
C19	Executive Changes	(90,134)	(1)	814,928	87.4	(90,134)	(1)	814,928	87.4

Justification

C19	The Executive Recommendation reflects the reduction of one (1) Field Engineer (N902) position based on the personnel evaluation.
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Analysis of Budget Request

Appropriation: U16 - Arkansas Acceleration Fund

Funding Sources: MST - Arkansas Acceleration Fund

The Science & Technology Division uses this fund for support and assistance for the accelerated growth of knowledge-based and high-technology jobs in the state through funding of the state's initiatives and programs defined under §15-3-501 et seq. Among those included, are initiatives and programs authorized by the Arkansas Research Alliance, Innovate Arkansas, and Arkansas Risk Capital Matching.

The Fund shall consist of funds provided by law and grants made by any person or federal government agency.

The Agency Request is for Base Level of \$18,700,000 for the each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U16 - Arkansas Acceleration Fund

Funding Sources: MST - Arkansas Acceleration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,050,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000
Total		1,050,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000
Funding Sources										
Fund Balance	4000005	0	1,050,026		1,050,026	1,050,026	1,050,026	1,050,026	1,050,026	1,050,026
Other	4000370	0	18,700,000		18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000
Transfer from General Imprv	4000540	2,100,026	0		0	0	0	0	0	0
Total Funding		2,100,026	19,750,026		19,750,026	19,750,026	19,750,026	19,750,026	19,750,026	19,750,026
Excess Appropriation/(Funding)		(1,050,026)	(1,050,026)		(1,050,026)	(1,050,026)	(1,050,026)	(1,050,026)	(1,050,026)	(1,050,026)
Grand Total		1,050,000	18,700,000		18,700,000	18,700,000	18,700,000	18,700,000	18,700,000	18,700,000

Analysis of Budget Request

Appropriation: U17 - STEM Education - Cash

Funding Sources: NST - Cash in Treasury

The Arkansas STEM Works is an initiative of the Governor's Workforce Cabinet to improve science, technology, engineering, and mathematics education statewide.

The Agency's Change Level Request is for \$40,000 each year to establish a STEM Program Expenses line item giving the agency the flexibility to cover and STEM related expenses that may arise.

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

Appropriation Summary

Appropriation: U17 - STEM Education - Cash

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	50,701	0	0	0	0	0	0
#Positions	0								
Personal Services Matching 5010003	5,040	0	15,320	0	0	0	0	0	0
STEM Program Expenses 5900046	0	0	0	0	40,000	40,000	0	40,000	40,000
Total	5,040	0	66,021	0	40,000	40,000	0	40,000	40,000
Funding Sources									
Fund Balance 4000005	0	41,342		41,342	41,342	41,342	41,342	1,342	1,342
Inter-agency Fund Transfer 4000316	46,382	0		0	0	0	0	0	0
Total Funding	46,382	41,342		41,342	41,342	41,342	41,342	1,342	1,342
Excess Appropriation/(Funding)	(41,342)	(41,342)		(41,342)	(1,342)	(1,342)	(41,342)	38,658	38,658
Grand Total	5,040	0		0	40,000	40,000	0	40,000	40,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: U17 - STEM Education - Cash
Funding Sources: NST - Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C01	Existing Program	40,000	0	40,000	100.0	40,000	0	40,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
C01	Existing Program	40,000	0	40,000	100.0	40,000	0	40,000	100.0

Justification

C01	Appropriation of \$40,000 requested for each year of the biennium and for that appropriation to be moved to a Miscellaneous Character to provide flexibility.								
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Analysis of Budget Request

Appropriation: U18 - EPSCoR RII - Track 2 Plant Bioimaging

Funding Sources: FST- ASTA Federal Programs

The Collaborative Research on Plant (EPSCoR RII:Track-2), funded by the National Science Foundation is a cooperative agreement from the National Science Foundation to make resources accessible to a plant biology network of more than 130 researchers across the region.

The Agency Request is for Base Level of \$3,132,830 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U18 - EPSCoR RII - Track 2 Plant Bioimaging

Funding Sources: FST- ASTA Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,190	0	13,218	0	0	0	0	0	0
#Positions		0	0	0	0	0	0	0	0	0
Personal Services Matching	5010003	708	0	3,952	0	0	0	0	0	0
Operating Expenses	5020002	16,239	34,280	34,280	34,280	34,280	34,280	34,280	34,280	34,280
Conference & Travel Expenses	5050009	299	133,200	133,200	133,200	133,200	133,200	133,200	133,200	133,200
Professional Fees	5060010	11,612	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500
Grants and Aid	5100004	1,213,231	2,909,850	2,909,850	2,909,850	2,909,850	2,909,850	2,909,850	2,909,850	2,909,850
Total		1,245,279	3,132,830	3,150,000	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830
Funding Sources										
Federal Revenue	4000020	1,245,279	3,132,830		3,132,830	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830
Total Funding		1,245,279	3,132,830		3,132,830	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,245,279	3,132,830		3,132,830	3,132,830	3,132,830	3,132,830	3,132,830	3,132,830

Analysis of Budget Request

Appropriation: U20 - Innovate Arkansas

Funding Sources: MST- Arkansas Acceleration Fund

This appropriation covers personal services and operating expenses of the Arkansas Economic Development Commission-Innovate Arkansas. The fund shall be used by the Arkansas Economic Development Commission for the sole support of a contract between the commission and the entity selected to provide support and assistance for development and growth of knowledge-based and technology-based companies in the State of Arkansas.

The Agency Request is for Base Level of \$5,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U20 - Innovate Arkansas

Funding Sources: MST- Arkansas Acceleration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Innovate Arkansas Transfer 5900046	0	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total	0	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources									
General Improvement Fund 4000265	0	0		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Funding	0	0		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Base Level appropriation has been restored to FY17 Authorized Amount.

Analysis of Budget Request

Appropriation: U28 - Rural Services Conference Cash

Funding Sources: NDE- Cash in Treasury

This appropriation is used for Rural Services Conference Expenses for an annual conference and several one-day seminars for local governments. The annual conference attendance numbers range from 400-650 each year with topic of discussion including finance, community marketing strategies, infrastructure and crime. This appropriation is funded from cash.

Base Level is \$75,000 each year of the biennium.

The Agency's Change Level Request is \$25,000 each year for the Rural Services and Small Minority Business Divisions to conduct their respective annual conferences.

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

Appropriation Summary

Appropriation: U28 - Rural Services Conference Cash

Funding Sources: NDE- Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Conference Expenses 5900046	72,355	75,000	75,000	75,000	100,000	100,000	75,000	100,000	100,000
Total	72,355	75,000	75,000	75,000	100,000	100,000	75,000	100,000	100,000
Funding Sources									
Fund Balance 4000005	0	29,224		54,224	54,224	54,224	79,224	54,224	54,224
Cash Fund 4000045	61,111	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Intra-agency Fund Transfer 4000317	40,468	0		0	0	0	0	0	0
Total Funding	101,579	129,224		154,224	154,224	154,224	179,224	154,224	154,224
Excess Appropriation/(Funding)	(29,224)	(54,224)		(79,224)	(54,224)	(54,224)	(104,224)	(54,224)	(54,224)
Grand Total	72,355	75,000		75,000	100,000	100,000	75,000	100,000	100,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: U28 - Rural Services Conference Cash
Funding Sources: NDE- Cash in Treasury

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	75,000	0	75,000	100.0	75,000	0	75,000	100.0
C05	Unfunded Appropriation	25,000	0	100,000	133.3	25,000	0	100,000	133.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	75,000	0	75,000	100.0	75,000	0	75,000	100.0
C05	Unfunded Appropriation	25,000	0	100,000	133.3	25,000	0	100,000	133.3

Justification

C05	Appropriation only. Expenditures contingent upon available funding. This fund will be used by both our Rural Services and Small and Minority Business Divisions to conduct their respective annual conferences.
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Analysis of Budget Request

Appropriation: U34 - EPSCOR Track III

Funding Sources: FST- ASTA Federal

The Experimental Program to Stimulate Competitive Research (EPSCOR), funded by the National Science Foundation is a statewide multi-university collaborative research initiative addressing three research areas: 1) plant-based bioproduction, 2) solar cell efficiency, and 3) smart grid testing. This program is the next phase

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level Request totals \$20,000,000 for the restoration of the Miscellaneous Federal Grant appropriation to the level approved during the June Legislative Council meeting.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: U34 - EPSCOR Track III

Funding Sources: FST- ASTA Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	73,726	1,054,921	0	0	1,054,921	1,054,921	0	1,054,921	1,054,921
#Positions		2	2	0	2	2	2	2	2	2
Personal Services Matching	5010003	22,021	295,378	0	0	295,378	295,378	0	295,378	295,378
Operating Expenses	5020002	62,723	1,050,173	0	0	1,050,173	1,050,173	0	1,050,173	1,050,173
Conference & Travel Expenses	5050009	5,289	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,918,944	17,169,528	0	0	17,169,528	17,169,528	0	17,169,528	17,169,528
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Indirect Cost Allocation	5900046	0	30,000	0	0	30,000	30,000	0	30,000	30,000
External Evaluators	5900047	40,643	400,000	0	0	400,000	400,000	0	400,000	400,000
Total		2,123,346	20,000,000	0	0	20,000,000	20,000,000	0	20,000,000	20,000,000

Funding Sources										
Federal Revenue	4000020	2,123,346	20,000,000		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total Funding		2,123,346	20,000,000		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,123,346	20,000,000		0	20,000,000	20,000,000	0	20,000,000	20,000,000

Base Level position totals reflect positions which were authorized in FY17 in a separate appropriation that is no longer being requested, and consequently budgeted with appropriation authorized by a transfer from the Miscellaneous Federal Grant holding account.

Change Level by Appropriation

Appropriation: U34 - EPSCOR Track III
Funding Sources: FST- ASTA Federal

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	0	2	0	0.0	0	2	0	0.0
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	0	2	0	0.0	0	2	0	0.0
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

Justification

C01	Restoration of FY2017 Authorized to the level approved at ALC on June 17, 2016.
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Appropriation Summary

Appropriation: U10 - AR EPSCoR-Federal

Funding Sources: FST- ASTA Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	93,438	0	197,695	0	0	0	0	0	0
#Positions		1	0	2	0	0	0	0	0	0
Personal Services Matching	5010003	29,901	0	60,116	0	0	0	0	0	0
Operating Expenses	5020002	59,708	0	167,518	0	0	0	0	0	0
Conference & Travel Expenses	5050009	7,918	0	27,000	0	0	0	0	0	0
Professional Fees	5060010	62,013	0	74,800	0	0	0	0	0	0
Grants and Aid	5100004	3,012,335	0	3,467,686	0	0	0	0	0	0
Total		3,265,313	0	3,994,815	0	0	0	0	0	0
Funding Sources										
Federal Revenue	4000020	3,265,313	0		0	0	0	0	0	0
Total Funding		3,265,313	0		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,265,313	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2017-2019 BIENNIUM