

AR SCIENCE AND TECHNOLOGY AUTHORITY

Enabling Laws

Act 1228 of 2007

A.C.A. §15-3-101 - §15-3-306

History and Organization

The Arkansas Science & Technology Authority (the Authority) was created by statute in 1983 with the mission to bring the benefits of science and advanced technology to the people and state of Arkansas. This mission and the overarching aim to grow the Arkansas economy and increase per capita income are addressed by statutory programs added since 1983 and strategies developed by the Authority's Board of Directors.

The Authority's goals are to: (1) increase research activities in Arkansas, (2) improve STEM education, (3) maintain and transform existing enterprises into knowledge-based companies, (4) develop new products and entrepreneurial firms, and (5) increase the Authority's visibility.

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

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

Staff activities are designed to support the goals of the Authority's Board of Directors.

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

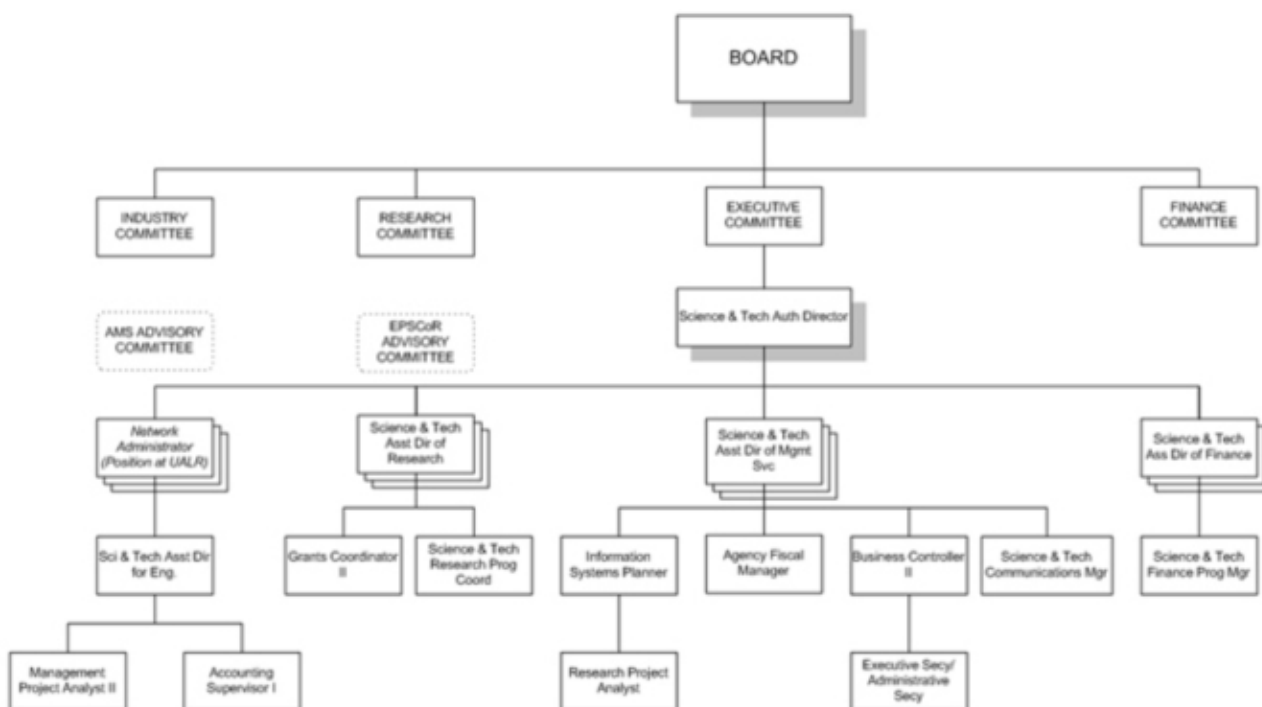
The Assistant Director of Research manages the research programs of the Authority, including Basic and Applied Research Grants, Centers for Applied Technology and the Arkansas Research Matching Fund. The Assistant Director of Research also monitors the Research and Development Tax Credits requested by private enterprises, which match applied research grants with cash or new equipment. The Research Program Manager assists the Assistant Director in these activities. EPSCoR is a project funded by a grant

from the National Science Foundation and state matching support. The EPSCoR Director assisted by the EPSCoR Assistant Director manages the grant and three Winthrop Rockefeller Foundation STEM (Science, Technology, Engineering, and Mathematics) Education grants. The Grants Coordinator II assists with the STEM grants. The research, STEM, and EPSCoR activities are overseen by the Board's Research Committee.

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

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

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



Agency Commentary

The Arkansas Science & Technology Authority's program commentary is based on the four major goals of the Authority's Board of Directors: 1. Increase Research Activities; 2. Improve STEM Education; 3. Maintain and Transform Existing Enterprises into Knowledge-Based Companies; and 4. Develop New Products and Entrepreneurial Firms.

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

The goals are generally accomplished through a combination of state, federal and private foundation funded, goal-directed, programs and projects.

The research and development focus for the next two years is spelled out in the Authority's 2008 State Research and Development Plan, which emphasizes R&D areas important to Arkansas' economy and includes: Advanced Materials and Manufacturing Systems; Agriculture, Food and Environment Sciences; Biotechnology, Bioengineering, and Life Sciences; Information Technology; and Human Resource Development.

The focus on maintaining and transforming existing enterprises into knowledge-based companies is described by Arkansas Manufacturing Solutions' strategic plan.

INCREASE RESEARCH ACTIVITIES

The Authority's goal to increase research activities will be addressed by a confluence of programs that assist early-career university researchers, provide matching funds for federally funded research awards to universities, and award R&D Tax Credits to companies that sponsor research activities in Arkansas.

The Authority is requesting the funding of its Basic Research Grants Program that has not been funded since 2001. This program provides competitive awards to new university research faculty and has led to follow-on federal funding and the formation of new high-tech companies.

These investments have real financial returns to the state. For example, experience to date shows clearly that, for each \$1 invested in new faculty research by the Authority, over \$7.00 in follow-on funds are awarded to the faculty over a five-year period by other sources and returns 44 cents to the state treasury in sales and income taxes on the awards. There are also longer-term returns in the form of new spin-off companies anchoring in Arkansas, creating knowledge-based jobs in Arkansas, and employing university graduates in state.

The Authority is requesting that its Research Matching Program funding be increased to account for the strong demand on the fund.

The Arkansas Research Matching Fund (ARMF) was established in 1999 and first funded in Fiscal Year 2000. In the nine-year history, \$7,776,250 of state matching funds has been invested to leverage \$22,760,655 in federal funds. The immediate return on investment is \$2.93 for every state dollar invested.

IMPROVE STEM EDUCATION

The Authority's goal to improve STEM Education is addressed through three Winthrop Rockefeller Foundation grants.

MAINTAIN AND TRANSFORM EXISTING ENTERPRISES INTO KNOWLEDGE-BASED COMPANIES

This goal is addressed through Arkansas Manufacturing Solutions (AMS) and the Applied Research Grant program.

These activities deliver technology and know-how to existing firms and represent critical investments in economic development that focus on making Arkansas firms world-class competitors. These activities are especially important as the changing global economy drives Arkansas toward knowledge-based production and moves low-wage, low skill production to locations with lower labor costs.

The Authority's AMS carries out its activities through formal relationships with the federal partner, the National Institute of Standards and Technology, and with six partners in the state: Arkansas State University's Delta Center for Economic Development; Southern Arkansas University Tech (SAU Tech); University of Arkansas, Fayetteville (UAF); University of Arkansas at Little Rock (UALR); Arkansas Department of Economic Development (ADED); and Arkansas Institute for Performance Excellence (AIPE).

The Authority is requesting that the state cost share for this federal sponsored program (AMS) be modestly increased to allow the program to move into more aggressive growth services for Arkansas' 4,000 plus manufacturers.

AMS worked with 272 Arkansas companies and completed 224 projects and events, which included the newly offered energy saving workshops and the first Manufacturing Matters conference. AMS continues to have a positive impact on the manufacturers it serves, helping companies create and retain over 2000 jobs and cutting costs by more than \$10 million.

The Authority is requesting new funding for the Applied Research Grant Program, a program that gives the state's enterprises access to the research capabilities of our universities through a cost sharing arrangement. The program was funded through 2001, but has not been funded since that time.

DEVELOP NEW PRODUCTS AND ENTREPRENEURIAL FIRMS

This goal is addressed through the Authority's Technology Transfer Assistance Grant Program, Technology Development Program and the Seed Capital Investment Program.

The Authority requests the restoration of funding for the Technology Transfer Assistance Grant Program (TTAG) to pre-2001 levels to meet the increasing customer demand for this cost effective program. This program is focused on attracting federal funds through assisting enterprises efforts in applying for Small Business Innovation Research grants.

The Authority requests the restoration of funding for the Technology Development Program to pre-2001 levels and to provide funding to meet the opportunities opened by Act 1232 of 2005 raising the per project costs from \$50,000 to \$100,000 and permitting the Authority to fill an early-stage funding gap in

the enterprise development process. The increased funding will allow the Authority to fund one such innovation project per year.

The Authority requests a minor increase in its Seed Capital Investment general revenue funds. The funds fill a need for "high risk" start-up capital for emerging high-tech enterprises in conjunction with Innovate Arkansas.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS SCIENCE AND TECHNOLOGY AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	5	5	10	67 %
Black Employees	1	2	3	20 %
Other Racial Minorities	0	2	2	13 %
Total Minorities			5	33 %
Total Employees			15	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. §15-3-123	Y	Y	4	Detail operations and transactions conducted in previous fiscal year. Posted on website; printed by request only.
ARMF Biennial Report	A.C.A. §15-3-206	Y	Y	1	Report investments from the Arkansas Research Matching Fund. Posted on website; printed by request only.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1FA Rockefeller-IMSST-Cash in Treasury	660,637	1	1,005,411	1	874,413	1	858,411	1	561,200	0	561,200	0	859,379	1	284,563	0	284,563	0
1ND AR Manufacturing Extention Network-St	257,182	0	257,182	0	257,182	0	257,182	0	320,000	0	257,182	0	257,182	0	320,000	0	257,182	0
34G Seed Capital Investment-Cash in Treasury	250,000	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	1,900,000	0
35K AR EPSCoR-Federal	2,229,692	2	2,993,930	2	3,000,000	2	3,061,564	2	3,061,564	2	3,061,564	2	3,065,767	2	3,065,767	2	3,065,767	2
38W Industrial Energy Efficiency	0	0	90,000	0	0	0	0	0	90,000	0	90,000	0	0	0	0	0	0	0
38X St Industrial Assessment-Federal	0	0	25,000	0	0	0	0	0	25,000	0	25,000	0	0	0	25,000	0	25,000	0
678 Science & Tech-St Operations	1,612,991	12	1,767,851	12	1,704,383	12	1,763,088	12	2,920,807	12	1,763,088	12	1,777,817	12	2,938,322	12	1,777,817	12
919 AR Manufacturing Extention Network-Fed	1,664,690	3	1,892,505	3	1,894,647	3	1,900,352	3	1,987,753	3	1,987,753	3	1,904,342	3	2,055,022	3	2,055,022	3
Total	6,675,192	18	9,931,879	18	9,630,625	18	9,740,597	18	10,866,324	17	9,645,787	17	9,764,487	18	10,588,674	17	9,365,351	17

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	2,273,275	26.3	1,980,601	19.7		119,609	1.3	119,609	1.1	119,609	1.2	268	0.0	119,341	1.1	119,341	1.3
General Revenue	4000010	1,870,173	21.6	1,961,565	19.5		2,020,270	21.1	3,240,807	29.8	2,020,270	20.9	2,034,999	22.1	3,258,322	30.5	2,034,999	21.5
Federal Revenue	4000020	3,894,382	45.0	4,446,020	44.2		4,961,916	51.9	5,049,317	46.4	5,049,317	52.3	4,970,109	54.1	5,120,789	47.9	5,120,789	54.1
Cash Fund	4000045	617,963	7.1	1,134,419	11.3		2,461,200	25.7	2,461,200	22.6	2,461,200	25.5	2,184,750	23.8	2,184,750	20.5	2,184,750	23.1
Merit Adjustment Fund	4000055	0	0.0	63,468	0.6		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Third Party Reimbursement	4000490	0	0.0	465,415	4.6		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		8,655,793	100.0	10,051,488	100.0		9,562,995	100.0	10,870,933	100.0	9,650,396	100.0	9,190,126	100.0	10,683,202	100.0	9,459,879	100.0
Excess Appropriation/(Funding)		(1,980,601)		(119,609)			177,602		(4,609)		(4,609)		574,361		(94,528)		(94,528)	
Grand Total		6,675,192		9,931,879			9,740,597		10,866,324		9,645,787		9,764,487		10,588,674		9,365,351	

Budget exceeds Authorized due to a transfer from the Cash Fund Holding Account (1FA & 38W).

Budget exceeds Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account (38X).

Budget exceeds Authorized due to salary adjustments during the 2007-2009 biennium (678).

Variances in fund balances are due to unfunded appropriation.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	Total	Total			Total				
15	16	0	16	-1	-6.67 %	18	15	3	18	0	16.67 %	18	15	3	18	0	16.67 %

Filled positions in FY07 exceed authorized number of positions due to a Supplemental Emergency Position.

Analysis of Budget Request

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

Funding Sources: NST - Cash in Treasury

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

Base Level salary for the classified positions reflects the recommendation of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Due to some current grants ending, the Authority requests a reduction of \$297,211 in FY10 and \$574,816 in FY11. The reduction eliminates a position as well as a portion of Operating Expenses and Grants & Aid.

The Authority also requests reallocating \$19,625 in FY10 from Operating Expenses to Professional Fees to meet grant terms.

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

Appropriation Summary

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

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	31,359	33,467	49,158	35,554	0	0	36,371	0	0
#Positions	1	1	1	1	0	0	1	0	0
Personal Services Matching 5010003	10,544	10,445	14,155	11,757	0	0	11,908	0	0
Operating Expenses 5020002	35,732	67,700	67,700	67,700	16,063	16,063	67,700	2,000	2,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	19,625	54,600	35,000	35,000	54,625	54,625	35,000	35,000	35,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	563,377	839,199	708,400	708,400	490,512	490,512	708,400	247,563	247,563
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	660,637	1,005,411	874,413	858,411	561,200	561,200	859,379	284,563	284,563
Funding Sources									
Fund Balance 4000005	907,339	556,902		119,341	119,341	119,341	0	119,341	119,341
Cash Fund 4000045	310,200	567,850		561,200	561,200	561,200	284,750	284,750	284,750
Total Funding	1,217,539	1,124,752		680,541	680,541	680,541	284,750	404,091	404,091
Excess Appropriation/(Funding)	(556,902)	(119,341)		177,870	(119,341)	(119,341)	574,629	(119,528)	(119,528)
Grand Total	660,637	1,005,411		858,411	561,200	561,200	859,379	284,563	284,563

FY09 Budget exceeds Authorized Appropriation in Professional Fees and Grants & Aid due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

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

Funding Sources: NST - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	858,411	1	858,411	100.0	859,379	1	859,379	100.0
C03	Discontinue Program	(297,211)	(1)	561,200	65.4	(574,816)	(1)	284,563	33.1
C04	Reallocation	0	0	561,200	65.4	0	0	284,563	33.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	858,411	1	858,411	100.0	859,379	1	859,379	100.0
C03	Discontinue Program	(297,211)	(1)	561,200	65.4	(574,816)	(1)	284,563	33.1
C04	Reallocation	0	0	561,200	65.4	0	0	284,563	33.1

Justification

C03	The Authority requests a reduction of \$297,211 in FY10 and \$574,816 in FY11. This includes a request to discontinue the authorized position for \$47,311 and \$48,279 in Regular Salaries and Personal Services Matching for FY10 and FY11; respectively. The agency also requests a reduction in Operating Expenses of \$32,012 in FY10 and \$65,700 in FY11, and Grants & Aid of \$217,888 in FY10 and \$460,837 in FY11. This request is due to some grants ending.
C04	The Authority requests a reallocation of resources in FY10 of \$19,625 from Operating Expenses to Professional Fees meet grant terms.

Analysis of Budget Request

Appropriation: 1ND - AR Manufacturing Extention Network-St

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Science and Technology Authority's Technology and Manufacturing Extension Program plans strategic state investments in, evaluates proposals and applications for, and supports Manufacturing Extension, Technology Transfer, and Applied Research. The Technology and Manufacturing Program is funded by general revenue.

Base Level is \$257,182 for each year of the 2009-2011 biennium.

The Agency requests additional appropriation and general revenue funding of \$62,818 for FY10 and FY11 to support the expanding services of the program in the areas of Growth Services and Technology Deployment. Growth Services guides new companies through an idea generation step to offer new products and services. Staff works with the company management team to select the final choices and provides consultancy services to support implementation. Technology Deployment involves creating a bridge between the idea generators and venture capitalists, entrepreneurs, and manufacturers to commercialize early stage technologies.

Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 1ND - AR Manufacturing Extention Network-St

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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
AR Manufacturing Ext Network 5900046	257,182	257,182	257,182	257,182	320,000	257,182	257,182	320,000	257,182
Total	257,182	257,182	257,182	257,182	320,000	257,182	257,182	320,000	257,182
Funding Sources									
General Revenue 4000010	257,182	257,182		257,182	320,000	257,182	257,182	320,000	257,182
Total Funding	257,182	257,182		257,182	320,000	257,182	257,182	320,000	257,182
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	257,182	257,182		257,182	320,000	257,182	257,182	320,000	257,182

Change Level by Appropriation

Appropriation: 1ND - AR Manufacturing Extention Network-St

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	257,182	0	257,182	100.0	257,182	0	257,182	100.0
C01	Existing Program	62,818	0	320,000	124.4	62,818	0	320,000	124.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	257,182	0	257,182	100.0	257,182	0	257,182	100.0
C01	Existing Program	0	0	257,182	100.0	0	0	257,182	100.0

Justification

C01	This priority request is to increase the state match for Arkansas Manufacturing Solutions, a program of the Authority that is funded through a cooperative agreement between the Authority and the U.S. Department of Commerce. The increase is to support the expanding services of AMS in the areas of Growth Services and Technology Deployment. The Authority requests \$320,000 in each year of the biennium.								
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Analysis of Budget Request

Appropriation: 34G - Seed Capital Investment-Cash in Treasury

Funding Sources: NST - Cash in Treasury

The Arkansas Science and Technology Authority (ASTA) requests continuation of the Base Level appropriation of \$1,900,000 each year of the 2009-2011 biennium for the Seed Capital Investment Program. Funds are loaned to businesses, with a maximum amount of \$500,000 for any one project. As businesses repay the loans, ASTA deposits the repayments into a revolving fund. This program will be used for investments in technology-based businesses in accordance with Arkansas Code §15-3-101 through §15-3-123.

The Agency transferred cash funds held in the bank to the State Treasury in FY09 to reduce bookkeeping related activities and to monitor financial activities more efficiently and effectively.

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

Appropriation Summary

Appropriation: 34G - Seed Capital Investment-Cash in Treasury

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Investments	5120013	250,000	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		250,000	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	1,365,936	1,333,431		0	0	0	0	0	0
Cash Fund	4000045	217,495	566,569		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Total Funding		1,583,431	1,900,000		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Excess Appropriation/(Funding)		(1,333,431)	0		0	0	0	0	0	0
Grand Total		250,000	1,900,000		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000

Appropriation 34G Cash in Treasury replaced the cash appropriation (A87) when the agency moved the funding to the State Treasury in FY09.

Analysis of Budget Request

Appropriation: 35K - AR EPSCoR-Federal

Funding Sources: FST - ASTA Federal Programs

The Experimental Program to Stimulate Competitive Research (EPSCoR), funded by the National Science Foundation is a statewide multi-university collaborative research initiative addressing two research areas: 1) plant-based bioproduction and 2) wireless nanosensors. Plant-based bioproduction is a project which targets biochemical pathways in plants - harnessing and enhancing the production power in plants. Wireless nanosensors is a project which links the potential commercial applications of inexpensive nanosensors with wireless data collection and analysis.

Base Level unclassified positions were changed to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Authority requests Base Level of \$3,061,564 for FY10 and \$3,065,767 for FY11.

Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35K - AR EPSCoR-Federal

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	62,192	100,940	100,940	153,981	153,981	153,981	157,522	157,522	157,522
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	16,061	24,432	30,502	39,025	39,025	39,025	39,687	39,687	39,687
Operating Expenses	5020002	40,492	71,183	71,183	71,183	71,183	71,183	71,183	71,183	71,183
Conference & Travel Expenses	5050009	0	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
Professional Fees	5060010	32,958	40,667	40,667	40,667	40,667	40,667	40,667	40,667	40,667
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	2,077,989	2,753,375	2,753,375	2,753,375	2,753,375	2,753,375	2,753,375	2,753,375	2,753,375
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		2,229,692	2,993,930	3,000,000	3,061,564	3,061,564	3,061,564	3,065,767	3,065,767	3,065,767
Funding Sources										
Federal Revenue	4000020	2,229,692	2,993,930		3,061,564	3,061,564	3,061,564	3,065,767	3,065,767	3,065,767
Total Funding		2,229,692	2,993,930		3,061,564	3,061,564	3,061,564	3,065,767	3,065,767	3,065,767
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,229,692	2,993,930		3,061,564	3,061,564	3,061,564	3,065,767	3,065,767	3,065,767

Analysis of Budget Request

Appropriation: 38W - Industrial Energy Efficiency

Funding Sources: NST - Cash in Treasury

This appropriation was established during the 2007-2009 biennium by a transfer from the Cash Fund Holding Account. The Agency requests continuation of this program to provide workshops and/or conferences in FY10 for Arkansas manufacturers. Arkansas Manufacturing Solutions, a program of the Authority, will act as the contractor with the Arkansas Energy Office to develop plans and execute logistical details for the Energy Efficiency Arkansas - Industrial Energy Efficiency program workshops and/or conferences.

No additional funding is anticipated; however, the Authority requests appropriation of \$90,000 for FY10 for Operating Expenses and Grants & Aid to fulfill the requirements of the program.

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

Appropriation Summary

Appropriation: 38W - Industrial Energy Efficiency

Funding Sources: NST - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	66,900	0	0	66,900	66,900	0	0	0
Conference & Travel Expenses	5050009	0	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	0	23,100	0	0	23,100	23,100	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	90,000	0	0	90,000	90,000	0	0	0
Funding Sources										
Fund Balance	4000005	0	90,268		268	268	268	268	0	0
Cash Fund	4000045	90,268	0		0	0	0	0	0	0
Total Funding		90,268	90,268		268	268	268	268	0	0
Excess Appropriation/(Funding)		(90,268)	(268)		(268)	89,732	89,732	(268)	0	0
Grand Total		0	90,000		0	90,000	90,000	0	0	0

Budget exceeds Authorized in Operating Expenses and Grants & Aid due to a transfer from the Cash Fund Holding Account. Cash funds were received at the end of FY08.

Change Level by Appropriation

Appropriation: 38W - Industrial Energy Efficiency

Funding Sources: NST - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	90,000	0	90,000	100.0	0	0	0	

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	90,000	0	90,000	100.0	0	0	0	

Justification

C01	The Authority requests continuation of this appropriation to provide industrial energy efficiency workshops for manufacturers. The agency will act as workshop coordination contractor in partnership with the Arkansas Energy Office and other partners to develop, plan, and execute logistical details for the Energy Efficiency Arkansas - Industrial Energy Efficiency program workshops. The appropriation is for \$66,900 in Operating Expenses and \$23,100 in Grants & Aid for FY10.
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Analysis of Budget Request

Appropriation: 38X - St Industrial Assessment-Federal

Funding Sources: FST - ASTA Federal Programs

This appropriation was established through the authority of the Miscellaneous Federal Grant Holding Account during the 2007-2009 biennium. The Agency requests continuation of this program which will provide several Arkansas industrial plants with extensive energy assessments and will enable these industries to identify energy and money saving opportunities. Each project includes follow up technical and implementation assistance and evaluation of actual energy savings. Funding will pass through the Arkansas Energy Office to Arkansas Manufacturing Solutions (AMS), a program of the Authority. AMS will work with the Department of Mechanical Engineering at the University of Arkansas at Fayetteville to conduct the energy analysis, plant assessments and measurement of energy savings.

No additional funding is anticipated; however, the Authority is requesting appropriation of \$25,000 each year to complete assessments and follow up assistance and evaluation.

Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 38X - St Industrial Assessment-Federal

Funding Sources: FST - ASTA Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	25,000	0	0	25,000	25,000	0	25,000	25,000
Total	0	25,000	0	0	25,000	25,000	0	25,000	25,000
Funding Sources									
Federal Revenue 4000020	0	25,000		0	0	0	0	0	0
Total Funding	0	25,000		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	25,000	25,000	0	25,000	25,000
Grand Total	0	25,000		0	25,000	25,000	0	25,000	25,000

Budget exceeds Authorized in Grants & Aid due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 38X - St Industrial Assessment-Federal

Funding Sources: FST - ASTA Federal Programs

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C06	Restore Position/Approp	25,000	0	25,000	100.0	25,000	0	25,000	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C06	Restore Position/Approp	25,000	0	25,000	100.0	25,000	0	25,000	100.0

Justification

C06	The Authority requests continuation of this Federal program to provide energy assessments and identify energy and money saving opportunities for industrial plants using steam, process heating, pumps, fans and compressed air systems. This includes follow up technical and implementation assistance and evaluation of energy savings. The appropriation is for \$25,000 in Grants & Aid for FY10 and FY11.
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Analysis of Budget Request

Appropriation: 678 - Science & Tech-St Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

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

Three Base Level unclassified positions were changed to classified positions to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendation of the Pay Plan Study and the unclassified position reflects similar adjustments in the line item salary. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Authority requests Change Levels of \$1,157,719 in FY10 and \$1,160,505 in FY11 for Grants & Aid, Technology Development, and Seed Capital Investment. The increase in Grants & Aid for the Authority's Basic Research Grant Program and the Applied Research Program to pre 2001 levels is a goal of the Authority's Board of Directors. Also requested is an increase for Research Matching to meet the increasing need to match federal research awards to the State's colleges and universities.

The Authority requests an increase in Technology Development to meet the requirements of Act 1232 of 2005 raising the per project costs to \$100,000 from \$50,000. This will allow the Authority to fund one project per year that fill a gap in the innovation process. Also requested is an increase for the Technology Transfer Assistance Grant Program (TTAG) to meet the growing customer demand for the program. This program assists enterprises in efforts in applying for federal funds through the Small Business Innovation research grants.

The Authority requests an increase in Seed Capital Investment of \$7,347 each year of the biennium for "high risk" start up capital for emerging high tech enterprises in conjunction with Innovate Arkansas.

The Authority requests an increase in Capital Outlay of \$2,786 in FY11 to upgrade its server to meet the growing needs for storage and functionality.

Executive Recommendation provides for Base Level. Requests for Grants & Aid, Technology Development, and Seed Capital Investment are recommended from the General Improvement Fund.

Appropriation Summary

Appropriation: 678 - Science & Tech-St 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	531,422	634,611	569,867	619,907	619,907	619,907	632,314	632,314	632,314
#Positions		12	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	155,440	165,447	166,723	178,174	178,174	178,174	180,496	180,496	180,496
Operating Expenses	5020002	158,864	166,703	166,703	166,703	166,703	166,703	166,703	166,703	166,703
Conference & Travel Expenses	5050009	17,416	27,223	27,223	27,223	27,223	27,223	27,223	27,223	27,223
Professional Fees	5060010	7,568	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	292,653	292,653	292,653	292,653	1,300,000	292,653	292,653	1,300,000	292,653
Capital Outlay	5120011	0	2,786	2,786	0	0	0	0	2,786	0
Technology Development	5900046	156,975	156,975	156,975	156,975	300,000	156,975	156,975	300,000	156,975
Seed Cap Invest GR	5900047	292,653	292,653	292,653	292,653	300,000	292,653	292,653	300,000	292,653
Total		1,612,991	1,767,851	1,704,383	1,763,088	2,920,807	1,763,088	1,777,817	2,938,322	1,777,817
Funding Sources										
General Revenue	4000010	1,612,991	1,704,383		1,763,088	2,920,807	1,763,088	1,777,817	2,938,322	1,777,817
Merit Adjustment Fund	4000055	0	63,468		0	0	0	0	0	0
Total Funding		1,612,991	1,767,851		1,763,088	2,920,807	1,763,088	1,777,817	2,938,322	1,777,817
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,612,991	1,767,851		1,763,088	2,920,807	1,763,088	1,777,817	2,938,322	1,777,817

FY09 Budget in Regular Salaries exceeds authorized amount due to salary adjustments during the 2007-2009 biennium.

Special language provides for carry forward of up to \$150,000 of appropriation and obligated but unexpended funds in the Technology Development line item for basic or applied research grants, the amount of carry forward into FY09 was \$0.

Change Level by Appropriation

Appropriation: 678 - Science & Tech-St Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,763,088	12	1,763,088	100.0	1,777,817	12	1,777,817	100.0
C01	Existing Program	357,719	0	2,120,807	120.3	357,719	0	2,135,536	120.1
C02	New Program	800,000	0	2,920,807	165.7	800,000	0	2,935,536	165.1
C08	Technology	0	0	2,920,807	165.7	2,786	0	2,938,322	165.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,763,088	12	1,763,088	100.0	1,777,817	12	1,777,817	100.0
C01	Existing Program	0	0	1,763,088	100.0	0	0	1,777,817	100.0
C02	New Program	0	0	1,763,088	100.0	0	0	1,777,817	100.0
C08	Technology	0	0	1,763,088	100.0	0	0	1,777,817	100.0

Justification

C01	This priority request is to restore funding for the Technology Development Program to pre 2001 levels and to provide funding to meet the requirements of Act 1232 of 2005 raising the per project costs from \$50,000 to \$100,000. The increased funding will allow the Authority to fund one project per year of these important projects that fill a gap in the innovation process. The Authority requests \$100,000 in each year of the biennium. This priority request is to restore funding for the Technology Transfer Assistance Grant Program (TTAG) to pre 2001 levels and to meet the increasing customer demand for this cost effective program. This program is focused on attracting federal funds through assisting enterprises efforts in applying for Small Business Innovation research grants. The Authority requests \$200,000 in each year of the biennium. This priority request is to increase funding for the Authority's Research Matching General Revenue funds to meet the increasing need for funds to match federal research awards to the state's colleges and universities. The Authority requests \$500,000 in each year of the biennium. This priority request is to increase funding for the Authority's Seed Capital Investment General Revenue funds. The investments fill a need for "high risk" start-up capital for emerging high-tech enterprises in conjunction with Innovate Arkansas. The Authority requests \$300,000 in each year of the biennium.
C02	This priority request is to restore funding for the Authority's Basic Research Grant Program to pre 2001 levels. Increasing Research Activities in Arkansas is a goal of the Authority's Board of Directors. The Authority requests \$600,000 in each year of the biennium. This priority request is to restore funding for the Authority's Applied Research Grant Program to pre 2001 levels. Increasing Research Activities in Arkansas is a goal of the Authority's Board of Directors. The Authority requests \$200,000 in each year of the biennium..
C08	The priority request for an equipment purchase is necessary to ensure the Authority upgrades its server to meet the ever growing needs for storage and functionality as referenced on the hardware tab of our IT Plan. The Authority requests \$2,786 in the second year of the biennium.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Science and Technology Authority

Program: Science & Tech-St Operations

Act #: 1228 of 2007 Section(s) #: 3 & 10

Estimated Carry Forward Amount \$ 0.00 Appropriation Funds

Funding Source: Miscellaneous Agencies

Accounting Information:

Business Area: 0327 Funds Center: 678 Fund: HUA Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

All funds and appropriation will be spent.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

No carry forward of appropriation/funding requested.

Dr. John W. Ahlen
President

08-13-2008
Date

Analysis of Budget Request

Appropriation: 919 - AR Manufacturing Extension Network-Fed

Funding Sources: FST - ASTA Federal Programs

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

One Base Level unclassified position was changed to classified and the current classified positions reflect the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Authority requests an increase in Operating Expenses of \$50,520 in FY10 and \$53,490 in FY11, Conference & Travel Expenses of \$6,466 in FY10 and \$7,260 in FY11, Professional Fees of \$5,000 in FY10 and \$10,000 in FY11, Grants & Aid of \$25,415 in FY10 and \$50,415 in FY11.

These increases are requested to provide support for the expanding services in the areas of Growth Services and Technology Deployment. Growth Services guides new companies through a idea generation step to offer new products or services. Staff works with the company management team to select the final choice and provides consultancy services to support implementation. Technology Deployment involves creating a bridge between the idea generators and venture capitalists, entrepreneurs, and manufacturers to commercialize early stage technologies.

Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 919 - AR Manufacturing Extention 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	127,203	141,930	141,835	146,194	146,194	146,194	149,555	149,555	149,555
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	38,101	39,085	41,322	42,668	42,668	42,668	43,297	43,297	43,297
Operating Expenses	5020002	96,760	124,456	124,456	124,456	174,976	174,976	124,456	177,946	177,946
Conference & Travel Expenses	5050009	14,345	24,600	24,600	24,600	31,066	31,066	24,600	31,860	31,860
Professional Fees	5060010	35,526	50,000	50,000	50,000	55,000	55,000	50,000	60,500	60,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	371,651	389,585	389,585	389,585	415,000	415,000	389,585	440,000	440,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Field Services	5900046	981,104	1,122,849	1,122,849	1,122,849	1,122,849	1,122,849	1,122,849	1,151,864	1,151,864
Total		1,664,690	1,892,505	1,894,647	1,900,352	1,987,753	1,987,753	1,904,342	2,055,022	2,055,022
Funding Sources										
Federal Revenue	4000020	1,664,690	1,427,090		1,900,352	1,987,753	1,987,753	1,904,342	2,055,022	2,055,022
Third Party Reimbursement	4000490	0	465,415		0	0	0	0	0	0
Total Funding		1,664,690	1,892,505		1,900,352	1,987,753	1,987,753	1,904,342	2,055,022	2,055,022
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,664,690	1,892,505		1,900,352	1,987,753	1,987,753	1,904,342	2,055,022	2,055,022

FY09 Budget in Regular Salaries exceeds authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 919 - AR Manufacturing Extention Network-Fed

Funding Sources: FST - ASTA Federal Programs

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,900,352	3	1,900,352	100.0	1,904,342	3	1,904,342	100.0
C01	Existing Program	87,401	0	1,987,753	104.6	150,680	0	2,055,022	107.9

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,900,352	3	1,900,352	100.0	1,904,342	3	1,904,342	100.0
C01	Existing Program	87,401	0	1,987,753	104.6	150,680	0	2,055,022	107.9

Justification

C01	The Authority requests an increase in Operating Expenses of \$50,520 in FY10 and \$53,490 in FY11, an increase in Conference & Travel of \$6,466 in FY10 and \$7,260 in FY11, an increase in Professional Fees of \$5,000 in FY10 and \$10,00 in FY11, and an increase in Grants & Aid of \$25,415 in FY10 and \$50,415 in FY11. This is to provide support for the expanding services in the areas of Growth Services and Technology Deployment services.
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