

# DEPARTMENT OF ECONOMIC DEVELOPMENT

## Enabling Laws

Act 1123 of 2003  
AR Code § 15-4-205 through § 15-4-219

## History and Organization

The Arkansas General Assembly established the Arkansas Industrial Development Commission (AIDC) by Act 404 of 1955, as amended, for the purpose of building the Arkansas economy. The immediate task of the Commission was to unite labor, industry, and agriculture in a coordinated effort to attract new industry to the state, to expand industry, and to develop the state's natural resources. In keeping with an evolving economy, by Act 540 of 1977, the General assembly changed the name of the Commission to the Arkansas Economic Development Commission to demonstrate an expanded focus. By statutory authority (A.C.A. § 15-4-205 to §15-4-214), the Department of Economic Development (Agency) is the "official state agency" responsible for the programs established for the purpose of building and expanding Arkansas' economy. Since 1955, the emphasis, methods and strategies for this purpose have evolved with the changing global economy. The overall goal of partnering with business and industry to diversify and expand the state's economy, to stimulate job creation and retention, and to enhance the quality of life for current and future Arkansans remains the ultimate mission of the Agency.

### AGENCY GOALS

The Agency's goal as stated in the Strategic Plan, are to:

- ❖ Stimulate job creation, job retention and capital investment in the State of Arkansas
- ❖ Support and increase the development capacity of Arkansas Communities

### ORGANIZATIONAL STRUCTURE

The Agency consists of the External Division and the Internal Division. There are three major programs to accomplish the goals of the Agency: Business Development, Community Development, both of which are in the External Division, and the Administration and Support program that forms the Internal Division.

- ❖ The Business Development program generates economic opportunity through strategic partnerships. It assists existing business and industry with their needs and actively recruits new business and industry development to Arkansas.
- ❖ The Community Development program works with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges.
- ❖ The Administrative and Support Program provides the ancillary services necessary for the Business Development and Community Development programs to achieve their goals and objectives. This program includes traditional administrative support as well as research,

planning, technology, marketing and communication services.

## EXTERNAL DIVISION

### *Business Development Program*

The Business Development unit comprises of four functional teams: Business Development, Business Finance, Small and Minority Business, and Customized Training Incentives.

The Business Development unit recruits new businesses and industry to the State and helps develop and expand existing businesses. The unit includes international staff who promotes Arkansas companies' exports and global development. It also encourages the foreign direct investments to the State. In addition to local staff, there are offices in Latin America and Japan.

The Business Finance unit manages business incentives used for expanding and locating businesses.

The Small and Minority Business unit encourages the establishment, development and expansion of small and minority-owned businesses. It focuses its efforts on securing capital, identifying and monitoring state procurement opportunities from minority-owned businesses as well as provides management assistance for small and minority businesses.

The Customized Training Incentives unit works with businesses to customize training programs for new businesses and assist in upgrading the skills of the existing workforce to meet the needs of Arkansas' fast-expanding economy.

### *Community Development Program*

The Community Development unit comprises of four functional teams: Community Development, Grants Management, Film, and Energy.

The Community Development unit coordinates the Arkansas Community of Excellence (ACE) strategic planning process for communities throughout Arkansas. Local communities help support existing businesses, locate new businesses, and develop support systems that enable the quality of life of the communities.

The Grants Management unit provides financial, technical and grants administration training assistance to Arkansas cities and counties for the management of Community Development Block Grants and other grants made and administered by the agency.

The Film unit promotes Arkansas as an ideal location for film and video production.

The Energy unit promotes energy efficiency and emerging energy technologies through energy education and information programs. It also manages federal energy grants.

## INTERNAL DIVISION

### *Administration and Support Program*

The Administration and Support Program is comprised of three functional sections within two sub-programs. The three functional areas are; Research and Planning, Communications and

Administrative Services. These programs provide the ancillary services necessary for the Business Development and Community Development programs to achieve their goals and objectives.

### Administration Sub-program

#### *Director's Office*

The Director's Office provides overall direction and policy-making decisions for the Department, ensuring that Executive, Legislative and Statutory demands are met.

#### *Administrative Services Section*

The Budget unit coordinates the agency budget process and monitors all Agency fund expenditures to ensure compliance with budget and appropriation balances. Functions include purchasing, accounts payable, contract management, cash fund control and cash fund investments.

The Human Resources unit is responsible for internal department personnel, benefits administration and related administrative matters. This unit also assists the Director's Office in organizational development and training.

### Support Services Sub-program

#### *The Research and Policy Section*

The Research Services unit compiles and maintains databases to provide information for internal and external customers on community and county profiles, elected officials, chambers of commerce, new and expanded businesses, layoffs and closures. A majority of this information is also available on the Agency's web site, [1800arkansas.com](http://1800arkansas.com)

The Research unit develops, maintains and analyzes statistical data on global, national and local trends in business, industry and employment.

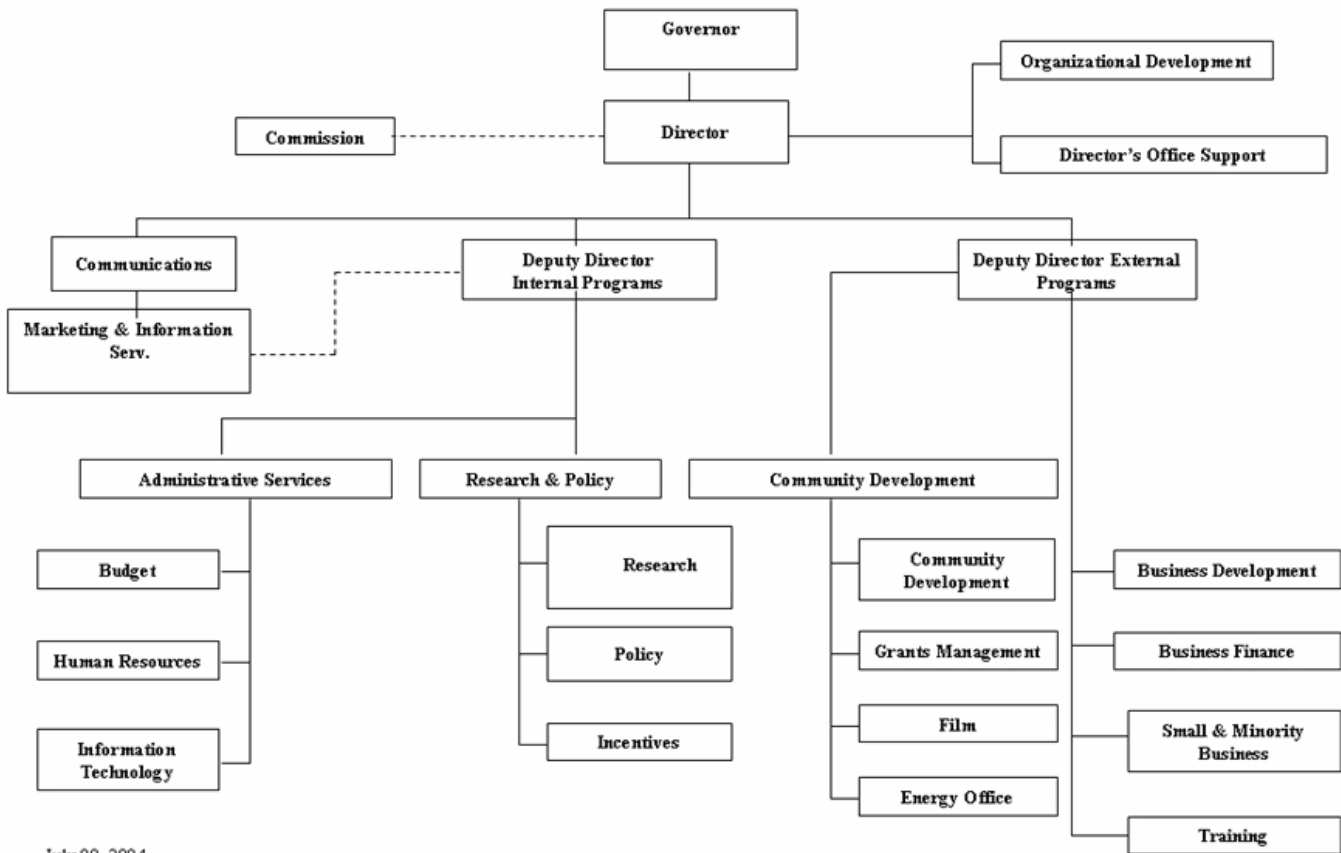
The Policy unit analyzes national, regional and local data and trends to determine viable economic development initiatives to improve the State's business climate. It proposes legislative changes to improve Arkansas' competitive advantage. It also formulates and publishes regulations for legislation administered by the Agency.

#### *Communications Section*

The Communications section promotes Arkansas and its businesses and industries through advertising, public relations, promotional materials, the Agency's website, trade shows and special events. It is responsible for the development and production of various internal and external communications including newsletters, press releases, reports and brochures. Its primary focus is to promote the state of Arkansas as a "Natural for Business." This section also promotes the efforts of the Business Development section and the Community Development section in attracting better paying employment opportunities to the State.

#### *Information Technology Unit*

The Information Technology unit manages and maintains the Agency's computer assets and provides guidance and planning on best utilization of technology in promoting economic development in the State.



## **Agency Commentary**

### *Business Development Program:*

The Business Development Team will focus more strongly on bringing “C-level” executives and site location consultants into Arkansas to familiarize them with possible sites for location and expansion of new and existing industries. The team will place an emphasis on linking the business executives and consultants with the community leaders and community developers to gain deeper knowledge of individual sites. The department will add an additional project manager to the Business Development Team to concentrate on the development of knowledge-based technology businesses, particularly those businesses that have started in our university incubators. An increase from general revenues of \$21,000 is being requested to cover the additional cost of fuel purchases for the business developers as well as a \$10,000 increase from general revenues to cover the anticipated cost of vehicle maintenance. The department has not had a budget increase for operations in over three (3) years and cannot absorb the increased cost of fuel and maintenance on the state vehicle fleet, which has an average per-vehicle mileage of more than 90,000 miles.

The Customized Training Team is also experiencing a similar need for an increase for fuel purchases and for vehicle maintenance. In this program, the request is for a \$4,000 increase from general revenues in vehicle maintenance and a \$5,000 increase from general revenues in the fuel purchase line item. The fleet for this team has a per-vehicle average mileage of more than 123,000.

The Industrial Coordinators are reimbursed for use of their personal vehicles, and therefore there is a request for a budget increase in this program as well, to reflect two concerns: (1) The team has been operating at a reduced staff size and will shortly return to full strength, adding three (3) full-time field staff; and (2) the personal reimbursement level authorized by the Chief Fiscal Officer has increased during the current fiscal year, and it is unlikely it will be reduced. For these reasons, a request for an additional \$17,200 in general revenues is made for reimbursement for use of personal vehicles in this team's field work.

*Community Development Program:*

The Community Development Team, in its ongoing work, will be intensifying assistance efforts with communities in the areas of strategic and community planning. The members of the Community Development Team will be looking at ways to strengthen the link between the community developers and the communities they work with in an effort to become more familiar with specific community needs and goals. There is a need for the team to become more of a part of the community itself to better understand their role in assisting the community with its economic development efforts. Therefore, the team will increase its direct presence within Arkansas. In order to accomplish these goals with the unanticipated increase in fuel costs and the average per-vehicle mileage for the team's state vehicles being more than 116,000, an increase from general revenues of \$4,500 for vehicle maintenance and \$4,000 for fuel purchases is included in this budget request.

The Grants Team travels extensively to review the programs carried out under CDBG grants. Due to the increase in fuel costs and the need for additional maintenance on the vehicle fleet, an increase of \$2,500 for vehicle maintenance and \$4,000 for fuel purchases is requested. This request will be funded by HUD CDBG federal funds.

The Film Team will place a heavier emphasis on identifying an available workforce that is specifically interested in the film industry throughout the various parts of the state. The team will also be increasing the number and frequency of contacts made to film producers in an effort to better market the state as an ideal location for major film production. To allow for the increased efforts of this small team, we are asking for an increase in general revenues of \$1,500 for increased fuel costs. The team uses a fairly new state vehicle for travel purposes; therefore, an increase in maintenance costs is not felt to be necessary.

*Administration and Support Services Program:*

The Director's Office is the location of the budget for all of the major overseas recruitment travel and expenses. The Department has increased its dealings with companies in the Far East, which requires continuous efforts in building long-term relationships. This includes, but is not limited to, the promotion of Arkansas at international expos such as the Aichi World Fair in Japan and other follow-up visits. The department plans to build long-term relationships where Arkansas can benefit from reversed foreign direct investment. Without an increase in general revenues of \$115,000 in this budget for foreign travel and recruitment efforts, the department will be forced to sit and look on as other states gain the advantage with these opportunities. We are also asking for an increase in general revenues of \$500 for vehicle maintenance on a state vehicle with 118,000 miles and an increase in general revenues of \$4,000 for fuel purchases due to fuel cost increases. In addition, the

Arkansas Economic Development Commission has become increasingly more active in assisting the department in setting new directions, therefore, the budget for reimbursement of commission expenses must be increased by a request for \$15,000 in general revenues.

The Research and Policy Team will provide an extensive "targeted industry" study to the Community Development and Business Development Teams in order to identify those growth industries that would be good prospects for Arkansas and will use this information to better target the department's marketing and recruitment efforts. The department believes that this will result in a more efficient use of the limited resources available to it. In addition, with the database information available to it, the Research and Policy Team will serve as the primary source of information for the Department's new concentration on knowledge-based technology business attraction. In order to be able to approach these goals in a manner which will give the greatest success rate, ADED is requesting from general revenues \$15,000 for travel-related costs to visit key targeted industries in various cities, \$50,000 for task-specific marketing and research materials, and \$35,000 for professional services contracts for data gathering and work that is outside the scope of the department's expertise.

The Marketing Team is tasked with the responsibility of increasing national and international awareness of Arkansas as a business destination, thereby creating more, better paying jobs for Arkansans. Arkansas, now more than ever, competes with other states and other countries for limited investment dollars from businesses that are expanding and locating in new sites. Our own national surveys show our number one marketing challenge is to make companies aware that Arkansas is a viable location for investment of new jobs and new dollars. A significant percentage of dollars in the current budget is used for advertising commercials and print production, and the award-winning creative concepts launched by the department during the past 12 months have heightened the awareness of Arkansas to chief executive officer-level executives around the world. We must create high-quality components in our advertising message that will match and exceed those of the states and nations that are competing with Arkansas and expand the number of positive impressions on more decision-making executives and potential customers. Therefore, we are requesting an additional \$1 million from general revenues for the ADED advertising budget. The increase will go directly to delivering our message via national and international media and allow us to impress more potential customers more often, thus increasing our ability to create more jobs in Arkansas.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT  
FOR THE YEAR ENDED JUNE 30, 2002

Findings

During the audit we noted erroneous postings to the Agency's trial balances on the Arkansas Administrative Statewide Information System (AASIS). The following entries were made into AASIS without the Agency's knowledge or approval.

- Journal entries to record receivable amounts and the related allowance for doubtful accounts at year-end were posted twice resulting in an understatement of receivables and an overstatement of expenses

Recommendations

The Agency work with the AASIS staff to train personnel to accurately record and report the operations of the Agency and to maximize the capabilities of the accounting system.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT  
 FOR THE YEAR ENDED JUNE 30, 2002

Findings	Recommendations
<p>totaling \$1,318,169 and \$2,509,349, respectively.</p> <ul style="list-style-type: none"> <li>• The beginning balance of notes receivable for the Energy Cash Fund (127) was overstated by \$2,747,790.</li> <li>• The allowance for doubtful accounts for the Energy Cash Fund (127) in the amount of \$418,366 was incorrectly posted to the Economic Development Federal Fund (FAK).</li> </ul> <p>The Arkansas Administrative Statewide Information System (AASIS) fails to provide adequate controls to ensure the reliability of financial data, and therefore, does not adequately safeguard the financial assets of the Agency. Specifically, the security configuration does not provide adequate segregation of duties in an environment with a limited number of personnel, resulting in an excessive number of conflicts regarding the restricted access to financial data and data entry.</p>	<p>The Agency work with the AASIS staff to train additional personnel in order to resolve conflicts and maximize the segregation of duties.</p>

**Employment Summary**

	Male	Female	Total	%
White Employees	39	37	76	87 %
Black Employees	2	7	9	10 %
Other Racial Minorities	0	2	2	3 %
Total Minorities			11	13 %
Total Employees			87	100 %

**Cash Fund Balance Description as of June 30, 2004**

Fund Account	Balance	Type	Location
1130100	\$0	Checking	Regions Bank, Little Rock,

**Statutory/Other Restrictions on use:**

The Department can use these funds for advertising purposes as defined by AR Code § 19-4-801

**Statutory Provisions for Fees, Fines, Penalties:**

The Arkansas Economic Development Commission has the authority to set the fee

**Revenue Receipts Cycle:**

Fees are collected and interest earned throughout the fiscal year

**Fund Balance Utilization:**

Funds are used for advertising purposes

Fund Account	Balance	Type	Location
1130200	\$5,921	Checking	Regions Bank, Little Rock,

Statutory/Other Restrictions on use:

The Department must use these funds for educational expenses for American students studying in Japan

Statutory Provisions for Fees, Fines, Penalties:

An endowment was made by the Century Tube Corporation for a scholarship fund for American students to study in Japan

Revenue Receipts Cycle:

The fund was established by an endowment of \$200,000 from the Century Tube Corporation. Interest is earned throughout the year

Fund Balance Utilization:

Funds are used to pay educational expenses for American students studying in Japan. Balances are held in interest bearing accounts to maximize fund availability

Fund Account	Balance	Type	Location
1130300	\$13,730	Checking	Regions Bank, Little Rock,

Statutory/Other Restrictions on use:

The Department can use these funds for marketing purposes as defined in AR Code § 19-4-801

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has authority to set the fee

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year

Fund Balance Utilization:

Funds are used for Department marketing expenses

Fund Account	Balance	Type	Location
1130400	\$8,453	Checking	Regions Bank, Little Rock,

Statutory/Other Restrictions on use:

AR Code § 15-4-1901 provides that these funds can be used by the Department to pay for administrative and legal costs associated with preparation of financial incentive plans

Statutory Provisions for Fees, Fines, Penalties:

AR Code § 15-4-1901 authorizes the Department to collect fees pertaining to financial incentive plans

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year



Fund Balance Utilization:

Funds are used to defray the Department's administrative and legal costs associated with the preparation of financial incentive plans

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Fund Account	Balance	Type	Location
1270600	\$8,323	Checking	Regions Bank, Little Rock,

Statutory/Other Restrictions on use:

The Department can use these funds for operating expenses and grants as defined in AR Code § 19-4-801

Statutory Provisions for Fees, Fines, Penalties:

Fees are set by the U.S. Department of Energy. Interest is earned throughout the year

Revenue Receipts Cycle:

This fund was established using several disbursements from the U.S. Department of Energy. Interest on the balance is earned throughout the year

Fund Balance Utilization:

Funds are used for operating expenses and grants. CD's are purchased in various terms to allow redemption as needed for payments of grants and expenses

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Fund Account	Balance	Type	Location
1270800	\$671,659	Checking and CD's	Regions Bank, Little Rock,

Statutory/Other Restrictions on use:

The Department can use these funds for operating expenses and grants as defined in AR Code § 19-4-801

Statutory Provisions for Fees, Fines, Penalties:

Fees are set by the U.S. Department of Energy. Interest is earned throughout the year

Revenue Receipts Cycle:

This fund was established using several disbursements from the U.S. Department of Energy. Interest on the balance is earned throughout the year

Fund Balance Utilization:

Funds are used for operating expenses and grants. CD's are purchased in various terms to allow redemption as needed for payments of grants and expenses

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Fund Account	Balance	Type	Location
1271200	\$56,086	Checking	Regions Bank, Little Rock,

Statutory/Other Restrictions on use:

The Department can use these funds for quality management task force expenses and for other industrial training expenses as defined in AR Code § 19-4-801

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has authority to set the fee

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year

Fund Balance Utilization:

Funds are used for quality management task force and other training related expenses

**Publications**

**A.C.A 25-1-204**

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
None	None	N	N	0	None

## Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
0790P01 ADED-Business Development	3,812,841	38	4,299,493	42	4,490,790	41	4,468,691	42	4,411,491	42	4,536,061	42	4,478,861	42
0790P02 ADED-Community Development	32,742,165	19	40,127,416	24	40,563,837	20	40,212,314	24	40,195,814	24	40,241,798	24	40,225,298	24
0790P03 ADED-Administration Program	4,457,821	36	4,956,783	42	5,015,207	49	6,275,036	42	6,205,036	42	6,337,623	42	6,267,623	42
1MZ Super Projects	0	0	0	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
<b>Total</b>	<b>41,012,827</b>	<b>93</b>	<b>49,383,692</b>	<b>108</b>	<b>250,069,834</b>	<b>110</b>	<b>250,956,041</b>	<b>108</b>	<b>250,812,341</b>	<b>108</b>	<b>251,115,482</b>	<b>108</b>	<b>250,971,782</b>	<b>108</b>

Funding Sources		%		%		%		%		%		%	
Fund Balance	4000005	700,339	1.7	764,172	1.5	53,632	0.0	53,632	0.0	1,878	0.0	1,878	0.0
General Revenue	4000010	8,697,831	20.8	9,356,023	18.9	11,078,127	4.4	9,768,087	3.9	11,217,205	4.5	9,907,111	4.0
Federal Revenue	4000020	32,278,446	77.3	39,071,434	79.0	39,105,877	15.6	39,105,877	15.7	39,126,240	15.6	39,126,240	15.7
Cash Fund	4000045	100,383	0.2	61,497	0.1	68,128	0.0	68,128	0.0	80,000	0.0	80,000	0.0
Merit Adjustment Fund	4000055	0	0.0	184,198	0.5	0	0.0	0	0.0	0	0.0	0	0.0
Bond Proceeds	4000125	0	0.0	0	0.0	200,000,000	80.0	200,000,000	80.4	200,000,000	79.9	200,000,000	80.3
<b>Total Funds</b>		<b>41,776,999</b>	<b>100.0</b>	<b>49,437,324</b>	<b>100.0</b>	<b>250,305,764</b>	<b>100.0</b>	<b>248,995,724</b>	<b>100.0</b>	<b>250,425,323</b>	<b>100.0</b>	<b>249,115,229</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(764,172)		(53,632)		650,277		1,816,617		690,159		1,856,553	
<b>Grand Total</b>		<b>41,012,827</b>		<b>49,383,692</b>		<b>250,956,041</b>		<b>250,812,341</b>		<b>251,115,482</b>		<b>250,971,782</b>	

The Agency Request for FY06 includes excess funding of \$1,878 and unfunded appropriation of \$652,155. For FY07, excess funding is \$726 and unfunded appropriation is \$690,885.  
 The Executive Recommendation for FY06 includes excess funding of \$1,878 and unfunded appropriation of \$1,818,495. For FY07, excess funding is \$726 and unfunded appropriation is \$1,857,279.

## **Analysis of Budget Request**

**Appropriation / Program:** 0790P01 - ADED-Business Development

**Funding Sources:** HOA-Department of Economic Development Fund, FAK-Federal,  
Other Funds

The Business Development Program works with various constituencies to generate economic opportunity through the efficient use of available resources to support the growth and retention of existing businesses, to foster capital investment, and to stimulate job creation.

The Agency's Fiscal Year 2004 Progress Report for this program identifies ten measures, of which two are key measures. Two new key measures have been proposed and adopted since the close of FY04 to increase key measures to four and the total number of measures to twelve. They are: Average salaries of new jobs proposed as a result of discretionary incentives and number of jobs announced as a result of discretionary incentives. Of the two key measures for which performance data is available, the number of site visits to existing businesses and industries resulted in 1,552 visits compared to a target of 1,500 visits and the average benefit/cost ratio for projects involving ADED incentives resulted in a \$2.06 return compared to the target of \$2.00 return for each \$1.00 invested. Four other measures missed targeted amounts: Average salaries of new jobs proposed in FY04 was \$12.40 per hour. The target was 5% above the State average of \$13.71. The number of job opportunities announced by all businesses in Arkansas seeking assistance from ADED was 3,683, with a target of 6,901. The total amount of new capital investment announced in Arkansas for businesses seeking assistance from ADED was \$742,567,025, with a target of \$834,000,000. And funding committed to Arkansas businesses was \$61,736,301, with a target of \$67,000,000.

Base Level for the Business Development Program is \$4,411,491 for FY06 and \$4,478,861 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 42 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency is requesting additions of \$57,200 each year in Operating Expenses for increasing fuel costs, mileage reimbursements, and vehicle maintenance expenses.

The Executive Recommendation provides for the Agency Request, but also includes offsetting reductions in Travel-Conference Fees and Professional Fees and Services.

## Appropriation / Program Summary

**Appropriation / Program:** 0790P01

Business Development Program

**Funding Sources:**

HOA-Department of Economic Development Fund, FAK-Federal, Other Funds

Program Description	Program Goals	
Business Development partners with various constituencies to generate economic opportunity through the efficient use of available resources to support the growth and retention of existing businesses, to foster entrepreneurship and to recruit new and higher paying jobs to Arkansas. This will include the promotion of a regional concept in the establishment of new business and industry	1	To stimulate job creation, retention and capital investment in the State of Arkansas.

Objective Code	Name	Description
00KH	Objective 1	Work with strategic partners to assist existing business and industry with their needs and to actively recruit new business and industry development.
KH00	Objective 1	Work with strategic partners to assist existing business and industry with their needs and to actively recruit new business and industry development.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	Funding committed to Arkansas businesses (includes funds from federal & state sources and tax credits).	\$67,000,000/ \$61,736,301	\$67M	\$67M
1			Outcome	Average salaries of new jobs proposed	5% above state average/\$12.40	5% above state average	5% above state average
1	X	X	Efficiency	Average cost/benefit ratio for projects involving ADED incentives	\$2.00 return for \$1.00 invested/\$2.06	\$2.00 return for \$1.00 invested	\$2.00 return for \$1.00 invested
1	X	X	Output	Number of site visits to existing businesses and industries	1,500/1,552	1,500	1,500
1			Outcome	Number of job opportunities announced by all businesses in Arkansas seeking assistance from the ADED	6,901/3,683	6,901	6,901
1			Outcome	Total amount of new capital investment announced in Arkansas for all businesses seeking assistance from the ADED	\$834,000,000/ \$742,567,025	\$834M	\$834M
1			Output	Number of trade shows and trade missions attended which facilitate promotion of Arkansas	6/6	8	8

## Appropriation / Program Summary

**Appropriation / Program:** 0790P01

Business Development Program

**Funding Sources:**

HOA-Department of Economic Development Fund, FAK-Federal, Other Funds

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Output	Number of marketing assists provided to Arkansas businesses	1,000/194,592	200,000	200,000
1			Output	Number of businesses receiving international trade assistance from the ADED	76/248	76	77
1			Output	Number of small or minority businesses receiving assistance from the ADED	500/1,169	750	750
1	X	X	Outcome	Average salaries of new jobs proposed as a result of discretionary incentives		\$14 per hour	\$14 per hour
1	X	X	Outcome	Number of jobs announced as a result of discretionary incentives		2,500	2,500

## Appropriation / Program Summary

Appropriation / Program: 0790P01 ADED-Business Development

Authorized Program Amount **4,490,790**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,618,386	1,894,785	1,971,802	1,971,802	1,971,802	2,028,611	2,028,611	2,028,611
<b>#Positions</b>		<b>38</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>
Extra Help	5010001	6,230	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>#Extra Help</b>		<b>1</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	418,586	497,733	532,714	532,714	532,714	543,275	543,275	543,275
Operating Expenses	5020002	403,327	348,978	348,978	406,178	406,178	348,978	406,178	406,178
Travel-Conference Fees	5050009	32,208	53,025	53,025	53,025	43,025	53,025	53,025	43,025
Professional Fees and Services	5060010	1,299,562	1,494,972	1,494,972	1,494,972	1,447,772	1,494,972	1,494,972	1,447,772
Capital Outlay	5120011	34,542	0	0	0	0	0	0	0
<b>Total</b>		<b>3,812,841</b>	<b>4,299,493</b>	<b>4,411,491</b>	<b>4,468,691</b>	<b>4,411,491</b>	<b>4,478,861</b>	<b>4,536,061</b>	<b>4,478,861</b>

Funding Sources									
Fund Balance	4000005	78,184	78,269	16,030	16,030	16,030	1,878	1,878	1,878
General Revenue	4000010	3,810,141	4,154,837	4,320,339	4,377,539	4,320,339	4,387,709	4,444,909	4,387,709
Federal Revenue	4000020	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cash Fund	4000045	2,785	18,913	67,000	67,000	67,000	80,000	80,000	80,000
Merit Adjustment Fund	4000055	0	53,504	0	0	0	0	0	0
<b>Total Funding</b>		<b>3,891,110</b>	<b>4,315,523</b>	<b>4,413,369</b>	<b>4,470,569</b>	<b>4,413,369</b>	<b>4,479,587</b>	<b>4,536,787</b>	<b>4,479,587</b>
Excess Appro/(Funding)		(78,269)	(16,030)	(1,878)	(1,878)	(1,878)	(726)	(726)	(726)
<b>Grand Total</b>		<b>3,812,841</b>	<b>4,299,493</b>	<b>4,411,491</b>	<b>4,468,691</b>	<b>4,411,491</b>	<b>4,478,861</b>	<b>4,536,061</b>	<b>4,478,861</b>

## Objective Summary

**Objective:** 00KH ADED-Business Development-Objective 1-Treasury

**Description:** Work with strategic partners to assist existing business and industry with their needs and to actively recruit new business and industry development.

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,618,386	1,894,785	1,971,802	1,971,802	1,971,802	2,028,611	2,028,611	2,028,611
<b>#Positions</b>		<b>38</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>
Extra Help	5010001	6,230	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>#Extra Help</b>		<b>1</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	418,586	497,733	532,714	532,714	532,714	543,275	543,275	543,275
Operating Expenses	5020002	400,627	335,253	335,253	392,453	392,453	335,253	392,453	392,453
Travel-Conference Fees	5050009	32,208	53,025	53,025	53,025	43,025	53,025	53,025	43,025
Professional Fees and Services	5060010	1,299,562	1,427,545	1,427,545	1,427,545	1,380,345	1,427,545	1,427,545	1,380,345
Capital Outlay	5120011	34,542	0	0	0	0	0	0	0
Objective Total		3,810,141	4,218,341	4,330,339	4,387,539	4,330,339	4,397,709	4,454,909	4,397,709



## **Objective Summary**

**Objective:** KH00 ADED-Business Development-Objective 1-Cash

**Description:** Work with strategic partners to assist existing business and industry with their needs and to actively recruit new business and industry development.

Commitment Item	Historical Data		Agency Request and Executive Recommendation						
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Operating Expenses 5020002	2,700	13,725	13,725	13,725	13,725	13,725	13,725	13,725	13,725
Professional Fees and Services 5060010	0	67,427	67,427	67,427	67,427	67,427	67,427	67,427	67,427
Objective Total	2,700	81,152	81,152	81,152	81,152	81,152	81,152	81,152	81,152

## **Analysis of Budget Request**

**Appropriation / Program:** 0790P02 - ADED-Community Development

**Funding Sources:** HOA-Department of Economic Development Fund, FAK-Federal, FKE-Federal, Other Funds

The Community Development Program aims to increase communities' capacity for growth and improvement through strategic planning and the development of projects that improve the local economy and quality of life for current and future generations.

The Agency's Fiscal Year 2004 Progress Report for this program identifies six measures, of which three are key measures. Each key measure was met or exceeded. One other measure, the percentage of Community Development Block Grant funds distributed to locations with a population of 5,000 or less had a result of 66%, compared to a target of 75%. The Department may seek elimination of this measure, since distribution of CDBG funds are subject to requirements in the Housing and Urban Development approved Consolidated Plan, which may not match the formula for this measure.

Base Level for the Community Development Program is \$40,195,814 for FY06 and \$40,225,298 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 24 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency is requesting additions of \$16,500 each year in Operating Expenses for increasing fuel costs and vehicle maintenance expenses for an aging fleet.

The Executive Recommendation provides for the Agency Request, but also includes offsetting reductions in Travel-Conference Fees.

## Appropriation / Program Summary

**Appropriation / Program:** 0790P02 Community Development Program

**Funding Sources:** HOA-Department of Economic Development Fund, FAK-Federal, FKE-Federal, Other Funds

Program Description	Program Goals	
The Community Development Program increases communities' capacity for action through strategic planning and the development of projects that improve the local economy and quality of life for current and future generations	1	To support and increase the development capacity of Arkansas communities.

Objective Code	Name	Description
01KH	Objective 1	Work with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges.
KH01	Objective 1	Work with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	The number of communities that demonstrate the use of a strategic planning process to evaluate needs prior to submitting a CDBG grant request	119/123	119	131
1	X	X	Outcome	The number of communities that demonstrate the use of a strategic planning process to evaluate needs prior to submitting a CDBG grant request.	6/6	6	7
1			Outcome	% of CDBG funds distributed to locations with a population of 5,000 or less	75%/66%	60%	60%
1	X	X	Outcome	% of CDBG projects distributed through need based funding formulas	70%/100%	70%	70%
1	X	X	Outcome	% of CDBG projects identified as priority needs within the consolidated plan submitted to HUD that were funded	100%/100%	100%	100%
1			Output	Number of Energy Office outreach activities completed per year, including educational seminars, demonstrations, etc	27/84	27	28

## Appropriation / Program Summary

Appropriation / Program: 0790P02 ADED-Community Development  
 Authorized Program Amount **40,563,837**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	638,104	797,096	844,830	844,830	844,830	869,647	869,647	869,647
<b>#Positions</b>		<b>19</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
Personal Services Matching	5010003	178,074	230,321	250,985	250,985	250,985	255,652	255,652	255,652
Operating Expenses	5020002	225,363	167,600	167,600	184,100	184,100	167,600	184,100	184,100
Travel-Conference Fees	5050009	30,166	51,360	51,360	51,360	34,860	51,360	51,360	34,860
Professional Fees and Services	5060010	207,542	457,646	457,646	457,646	457,646	457,646	457,646	457,646
Grants and Aid	5100004	31,459,640	38,423,393	38,423,393	38,423,393	38,423,393	38,423,393	38,423,393	38,423,393
Capital Outlay	5120011	3,276	0	0	0	0	0	0	0
<b>Total</b>		<b>32,742,165</b>	<b>40,127,416</b>	<b>40,195,814</b>	<b>40,212,314</b>	<b>40,195,814</b>	<b>40,225,298</b>	<b>40,241,798</b>	<b>40,225,298</b>

Funding Sources									
Fund Balance	4000005	616,239	679,982	37,602	37,602	37,602	0	0	0
General Revenue	4000010	605,395	701,756	747,292	763,792	747,292	760,043	776,543	760,043
Federal Revenue	4000020	32,102,920	38,734,031	38,763,618	38,763,618	38,763,618	38,780,351	38,780,351	38,780,351
Cash Fund	4000045	97,593	42,524	1,128	1,128	1,128	0	0	0
Merit Adjustment Fund	4000055	0	6,725	0	0	0	0	0	0
<b>Total Funding</b>		<b>33,422,147</b>	<b>40,165,018</b>	<b>39,549,640</b>	<b>39,566,140</b>	<b>39,549,640</b>	<b>39,540,394</b>	<b>39,556,894</b>	<b>39,540,394</b>
Excess Appro/(Funding)		(679,982)	(37,602)	646,174	646,174	646,174	684,904	684,904	684,904
<b>Grand Total</b>		<b>32,742,165</b>	<b>40,127,416</b>	<b>40,195,814</b>	<b>40,212,314</b>	<b>40,195,814</b>	<b>40,225,298</b>	<b>40,241,798</b>	<b>40,225,298</b>

## **Objective Summary**

**Objective:** 01KH ADED-Community Development-Objective 1-Treasury

**Description:** Work with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Regular Salaries 5010000	638,104	797,096	844,830	844,830	844,830	869,647	869,647	869,647
<b>#Positions</b>	<b>19</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
Personal Services Matching 5010003	178,074	230,321	250,985	250,985	250,985	255,652	255,652	255,652
Operating Expenses 5020002	224,641	167,600	167,600	184,100	184,100	167,600	184,100	184,100
Travel-Conference Fees 5050009	30,166	51,360	51,360	51,360	34,860	51,360	51,360	34,860
Professional Fees and Services 5060010	207,542	382,646	382,646	382,646	382,646	382,646	382,646	382,646
Grants and Aid 5100004	31,426,512	37,813,489	37,813,489	37,813,489	37,813,489	37,813,489	37,813,489	37,813,489
Capital Outlay 5120011	3,276	0	0	0	0	0	0	0
<b>Objective Total</b>	<b>32,708,315</b>	<b>39,442,512</b>	<b>39,510,910</b>	<b>39,527,410</b>	<b>39,510,910</b>	<b>39,540,394</b>	<b>39,556,894</b>	<b>39,540,394</b>

## **Objective Summary**

**Objective:** KH01 ADED-Community Development-Objective 1-Cash

**Description:** Work with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Operating Expenses 5020002	722	0	0	0	0	0	0	0
Professional Fees and Services 5060010	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Grants and Aid 5100004	33,128	609,904	609,904	609,904	609,904	609,904	609,904	609,904
<b>Objective Total</b>	<b>33,850</b>	<b>684,904</b>	<b>684,904</b>	<b>684,904</b>	<b>684,904</b>	<b>684,904</b>	<b>684,904</b>	<b>684,904</b>

## **Analysis of Budget Request**

**Appropriation / Program:** 0790P03 - ADED-Administration Program

**Funding Sources:** HOA-Department of Economic Development Fund, FKE-Federal, Other Funds

The Administration and Support Program provides the ancillary services necessary for the Business Development and Community Development programs to achieve their goals and objectives. This includes traditional administrative support, as well as research, planning, technology, marketing, and communication services.

The Agency's Fiscal Year 2004 Progress Report for this program indicates seven performance measures, of which three are key measures. Of these three key measures, the percentage of agency performance targets met, fell below its target of 100% with a result of 71%. General economic conditions nationwide were cited by the Agency as a major contributor to this result. The percentage of staff and budget in Central Administration compared to total agency budget was 18% compared to a target of 20%. And the number of repeated prior year audit findings was 0, compared to a target of 0. Two additional non-key measures have been added for the 2005-2009 period. These are number of days to enter year-end closing entries into AASIS required for CAFR Report and number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.

Base Level for the Administration and Support Services Program is \$5,038,696 for FY06 and \$5,101,229 for FY07. Base Level includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 42 positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Department is requesting a CLIP reclassification of an Accountant, Grade 18, to Accountant II, Grade 19. To defray increasing travel costs, additions in Operating Expenses of \$110,000 each year for meals and lodging, \$15,000 each year for Commission member travel expenses, \$15,000 each year for non-state personnel travel expenses, \$500 each year for vehicle maintenance, \$4,000 each year for fuel purchases, and \$5,000 each year for other related travel expenses are requested. Also requested in Operating Expenses is \$50,000 each year for marketing and research materials for planned target sector studies. In Professional Fees and Services the request is for an additional \$1,000,000 each year to increase the frequency and scope of advertising to attract more industry and jobs to Arkansas and \$35,000 each year to obtain the assistance of economic consulting firms to determine the proper business and industry sectors to target with marketing and recruitment efforts.

The Executive Recommendation provides for the Agency request in additional appropriation, reduces Travel-Conference Fees by \$70,000 each year, and maintains general revenue funding at Base Level.

## Appropriation / Program Summary

**Appropriation / Program:** 0790P03

Administration and Support Program

**Funding Sources:**

HOA-Department of Economic Development Fund, FKE-Federal, Other Funds

Program Description	Program Goals
The Administration and Support Program provides the ancillary services necessary for the Business Development and Community Development programs to achieve their goals and objectives. This program includes traditional administrative support as well as research, planning, technology, marketing and communication services.	1 Maximize the utilization of human and fiscal resources.

Objective Code	Name	Description
02KH	Objective 1	Provide administrative direction and support to insure that department programs meet their objectives and performance targets.
03KH	Objective 2	Provide for marketing, advertising and general operations support and overhead cost not otherwise included in the Administration and Support Program or treated as a direct cost in other programs.
KH02	Objective 1	Provide administrative direction and support to insure that department programs meet their objectives and performance targets.
KH03	Objective 2	Provide for marketing, advertising and general operations support and overhead cost not otherwise included in the Administration and Support Program or treated as a direct cost in other programs.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Percentage of agency key performance targets met	100%/71%	100%	100%
1	X	X	Efficiency	Percentage of budget in Central Administration compared to total agency budget	20%/18%	20%	20%
1			Effort	Agency information technology budget as a percentage of total agency budget	5%/0.85%	5%	5%
1			Effort	Number of legacy information systems maintained by agency staff or maintained through contractual services	0/0	0	0
1	X	X	Outcome	Number of prior year audit findings repeated in subsequent audit	0/0	0	0
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days



## Appropriation / Program Summary

**Appropriation / Program:** 0790P03

Administration and Support Program

**Funding Sources:**

HOA-Department of Economic Development Fund, FKE-Federal, Other Funds

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4
2			Effort	Advertising funds spent in support of the Business Development goals	85%/89%	90%	90%
2			Effort	Advertising funds spent in support of the Community Development goals	15%/11%	10%	10%

## Appropriation / Program Summary

Appropriation / Program: 0790P03 ADED-Administration Program

Authorized Program Amount **5,015,207**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,616,613	1,847,530	1,899,132	1,900,681	1,900,681	1,951,928	1,953,523	1,953,523
<b>#Positions</b>		<b>36</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>
Extra Help	5010001	1,590	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>#Extra Help</b>		<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	418,596	486,455	516,766	517,057	517,057	526,503	526,802	526,802
Overtime	5010006	26	0	0	0	0	0	0	0
Operating Expenses	5020002	1,216,462	1,281,379	1,281,379	1,480,879	1,480,879	1,281,379	1,480,879	1,480,879
Travel-Conference Fees	5050009	13,506	90,825	90,825	90,825	20,825	90,825	90,825	20,825
Professional Fees and Services	5060010	1,134,917	1,240,594	1,240,594	2,275,594	2,275,594	1,240,594	2,275,594	2,275,594
Capital Outlay	5120011	56,111	0	0	0	0	0	0	0
<b>Total</b>		<b>4,457,821</b>	<b>4,956,783</b>	<b>5,038,696</b>	<b>6,275,036</b>	<b>6,205,036</b>	<b>5,101,229</b>	<b>6,337,623</b>	<b>6,267,623</b>

Funding Sources									
Fund Balance	4000005	5,916	5,921	0	0	0	0	0	0
General Revenue	4000010	4,282,295	4,499,430	4,700,456	5,936,796	4,700,456	4,759,359	5,995,753	4,759,359
Federal Revenue	4000020	175,526	327,403	332,259	332,259	332,259	335,889	335,889	335,889
Cash Fund	4000045	5	60	0	0	0	0	0	0
Merit Adjustment Fund	4000055	0	123,969	0	0	0	0	0	0
<b>Total Funding</b>		<b>4,463,742</b>	<b>4,956,783</b>	<b>5,032,715</b>	<b>6,269,055</b>	<b>5,032,715</b>	<b>5,095,248</b>	<b>6,331,642</b>	<b>5,095,248</b>
Excess Appro/(Funding)		(5,921)	0	5,981	5,981	1,172,321	5,981	5,981	1,172,375
<b>Grand Total</b>		<b>4,457,821</b>	<b>4,956,783</b>	<b>5,038,696</b>	<b>6,275,036</b>	<b>6,205,036</b>	<b>5,101,229</b>	<b>6,337,623</b>	<b>6,267,623</b>

## **Objective Summary**

**Objective:** 02KH ADED-Administration Program-Objective 1-Treasury

**Description:** Provide administrative direction and support to insure that department programs meet their objectives and performance targets.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	738,546	826,948	849,282	850,831	850,831	872,083	873,678	873,678
<b>#Positions</b>	<b>14</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
Extra Help 5010001	1,590	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>#Extra Help</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	179,344	210,890	223,414	223,705	223,705	227,572	227,871	227,871
Overtime 5010006	26	0	0	0	0	0	0	0
Operating Expenses 5020002	921,945	961,286	961,286	1,095,786	1,095,786	961,286	1,095,786	1,095,786
Travel-Conference Fees 5050009	8,603	59,825	59,825	59,825	15,825	59,825	59,825	15,825
Professional Fees and Services 5060010	9,818	69,613	69,613	69,613	69,613	69,613	69,613	69,613
Capital Outlay 5120011	9,973	0	0	0	0	0	0	0
Objective Total	1,869,845	2,138,562	2,173,420	2,309,760	2,265,760	2,200,379	2,336,773	2,292,773

## **Objective Summary**

**Objective:** 03KH ADED-Administration Program-Objective 2-Treasury

**Description:** Provide for marketing, advertising and general operations support and overhead cost not otherwise included in the Administration and Support Program or treated as a direct cost in other programs.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Regular Salaries 5010000	878,067	1,020,582	1,049,850	1,049,850	1,049,850	1,079,845	1,079,845	1,079,845
<b>#Positions</b>	<b>22</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Personal Services Matching 5010003	239,252	275,565	293,352	293,352	293,352	298,931	298,931	298,931
Operating Expenses 5020002	294,517	320,093	320,093	385,093	385,093	320,093	385,093	385,093
Travel-Conference Fees 5050009	4,903	31,000	31,000	31,000	5,000	31,000	31,000	5,000
Professional Fees and Services 5060010	1,125,099	1,165,000	1,165,000	2,200,000	2,200,000	1,165,000	2,200,000	2,200,000
Capital Outlay 5120011	46,138	0	0	0	0	0	0	0
<b>Objective Total</b>	<b>2,587,976</b>	<b>2,812,240</b>	<b>2,859,295</b>	<b>3,959,295</b>	<b>3,933,295</b>	<b>2,894,869</b>	<b>3,994,869</b>	<b>3,968,869</b>

**Objective Summary**

**Objective:** KH02 ADED-Administration Program-Objective 1-Cash

**Description:** Provide administrative direction and support to insure that department programs meet their objectives and performance targets.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Professional Fees and Services 5060010	0	5,981	5,981	5,981	5,981	5,981	5,981	5,981
Objective Total	0	5,981	5,981	5,981	5,981	5,981	5,981	5,981

## **Analysis of Budget Request**

**Appropriation / Program:** 1MZ - Super Projects

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

The Super Projects appropriation was established by the 84th General Assembly to provide resources in support of industries that indicate the intention to invest in the State of Arkansas at least \$500 million and hire at least 500 employees. The Agency is requesting restoration of the current appropriated amount of \$200,000,000 each year. No current budget exists for this program, because funding had not been authorized by a vote of the people as of the time of preparation of this request.

Amendment #2, referred by the General Assembly for vote in the General Election on November 2, 2004, authorizes potential funding from bond proceeds.

The Executive Recommendation provides for the Agency Request.

**Appropriation / Program Summary**

**Appropriation / Program:** 1MZ Super Projects  
**Funding Sources:** TSP-Department of Economic Development Super Projects Fund

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Super Projects 5900046	0	0	200,000,000	0	200,000,000	200,000,000	0	200,000,000	200,000,000
Total	0	0	200,000,000	0	200,000,000	200,000,000	0	200,000,000	200,000,000
<b>Funding Sources</b>									
Bond Proceeds 4000125	0	0		0	200,000,000	200,000,000	0	200,000,000	200,000,000
Total Funding	0	0		0	200,000,000	200,000,000	0	200,000,000	200,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	200,000,000	200,000,000	0	200,000,000	200,000,000

## Change Level by Appropriation

**Appropriation / Program:** 1MZ-Super Projects

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

### Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
C01	Existing Program	200,000,000	0	200,000,000	100.0	200,000,000	0	200,000,000	100.0

### Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
C01	Existing Program	200,000,000	0	200,000,000	100.0	200,000,000	0	200,000,000	100.0

### Justification

C01	This request is for reauthorization of \$200,000,000 each year for application of bond proceeds for super projects as presented in Amendment #2 referred by the General Assembly for vote in the General Election on November 2, 2004.								
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