

AR ECONOMIC DEVELOPMENT COMMISSION

Enabling Laws

Act 122 of 2010
Act 273 of 2010
A.C.A. § 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 1997, 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 §15-4-219), 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 primary focus of the Agency. Act 1602 of 2007 renamed the agency as the Arkansas Economic Development Commission.

AGENCY MISSION STATEMENT

To lead statewide economic development, create targeted strategies which produce better paying jobs, promote communities and support the training and growth of a 21st century skilled workforce

ORGANIZATIONAL STRUCTURE

The Agency consists of four primary divisions: Global Business Division; Administration and Finance, the Marketing and Communications Division, and the Arkansas Energy Office.

The Global Business Division has primary responsibility for interacting with customers, partners and interested parties external to the agency's operations. 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 following divisions reside within the Global Business Division:

- Business Development
- Community Development
- Business Retention and Expansion
- International Relations
- Film
- Small and Minority Business
- Technology Development
- Special Events

The Administration and Finance Division has responsibility for most of the support functions that assist the Global Business Division. The Administrative and Support Program provides the ancillary services necessary for the Business Development and Community Development programs to achieve their goals and objectives as well as planning, technology programs. The following divisions reside within the Administration and Finance Division:

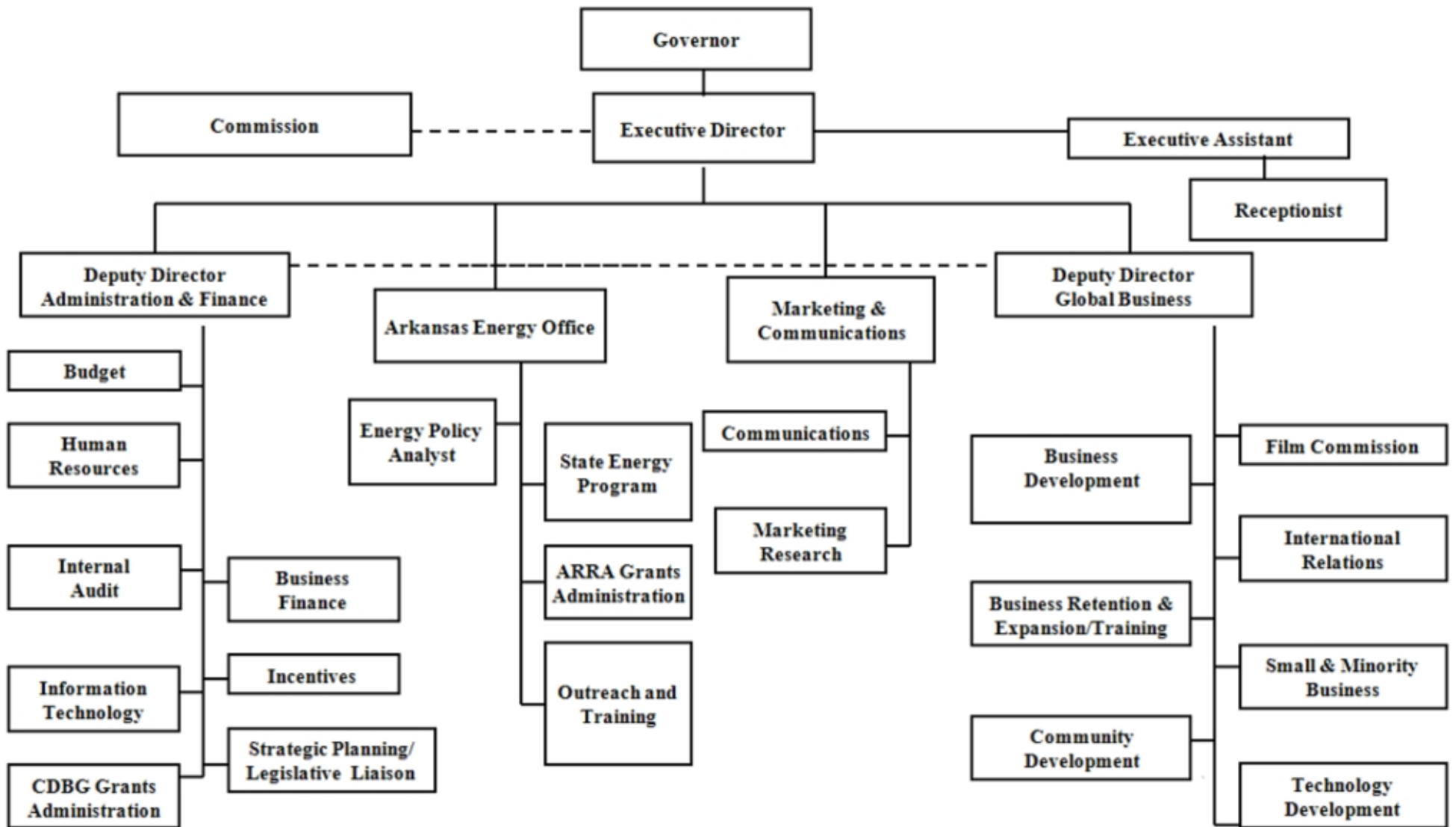
- Budget
- Human Resources
- Information Technology
- Training and Quality Management
- Strategic Planning/Legislative Liaison
- Business Finance
- Incentives
- Energy
- Grants

The Marketing and Communications Division has responsibility for all formal communications emanating from the agency. This program includes market research, marketing and communication services. The following divisions reside within the Marketing and Communications Division:

- Communications
- Marketing Research
- Website

The Arkansas Energy Office has responsibility for the development and implementation of programs and policies aimed at making energy efficiency improvements and the deployment of renewable energy technologies. The following divisions reside within the Arkansas Energy Office:

- State Energy Plan (SEP)
- Grants
- Outreach and Training
- State Buildings
- Energy Codes
- Emergency Response
- Industrial
- Renewable Energy
- Sustainability
- Energy Efficiency Arkansas



Agency Commentary

The Commission is requesting a continuation of the Base Level budget for all major programs which includes: General revenues of \$10,311,798 each year of the biennium for various program operations; Federal Grants of \$30,549,274 each year of the biennium for the Community Development Block Grant (CDBG) program funded from the Department of Housing and Urban Development (HUD) and \$833,877 each year of the biennium for the programs funded by the U.S. Department of Energy; Cash-in-Treasury of \$2,304,027 each year of the biennium to carry on the Energy Efficiency Arkansas program funded by utility assessments, and Cash-in-Bank funded operations of \$472,039 each year of the biennium for various programs. The Federal CDBG program noted includes \$30,000,000 each year for grants to carry out the mandates of the HUD CDBG program. These are not operational funds of the Commission, but are passed through directly to the grant recipients. In addition, the Base Level includes a continuation of the appropriation for the Super Projects Fund of \$200 million each year as was authorized in the 2009-11 biennium and \$30 million each year for the Technology Acceleration Program as was also authorized in the 2009-11 biennium.

In addition to Base Level, the Commission is requesting:

(1) **State Operations:** Business Development Division - \$1 million for an unfunded appropriation for grants for economic development projects within the state that can benefit from immediate, short term funding that the Commission can fund with savings in other program areas and/or salary savings. Information Technology - reclassification of one (1) position from a Grade C118, Network Support Analyst to a Grade C126, State Systems Administrator, and an unfunded appropriation of \$100,000 each year for Capital Outlay to allow purchase of equipment for emergency backup systems and replacement of aging equipment on a pre-determined schedule as savings from other programs allow. Business Finance - reclassification of two (2) positions from a Grade C122, AEDC Area/Program Representative to a Grade C127, AEDC Program Officer. Human Resources - reclassification of one (1) position from a Grade C115, Benefits Analyst to a Grade C118, Assistant Personal Manager.

(2) **Community Assistance-Federal:** Grants Division - reclassification of one (1) position from a Grade C125, AEDC Project/Regional Manager to a Grade C128, AEDC Director Grants Management to be funded by the HUD Federal CDBG grant plus the addition of six (6) positions (Grade C117, Grants Analyst) previously authorized by a miscellaneous federal grant to administer the HUD CDBG Disaster grants. Appropriation is also requested in the amount of \$90,475,898 each year for the Storm Recovery Grants, \$4,747,501 each year for Flood Recovery Grants, and \$4,632,783 each year for the American Recovery and Re-investment Act grant from HUD.

(3) **State Energy Plan - Federal:** Energy Office - \$50,470,424, including thirteen (13) positions, for the State Energy Plan, the Energy Assurance Planning (Smart Grid), the Energy Efficient Appliance Rebate Program, and the Energy Efficiency and Conservation Block Grant program, all funded by the American Recovery and Re-investment Act.

Performance Audit Findings

Selected Programs of the Consolidated Incentive Act (CIA) of 2003
Arkansas Economic Development Commission (AEDC)
(July 1, 2006 – June 30, 2008) - Issued 10-08-2009

Findings and Conclusions:

- With the passage of Act 437 of 2007, AEDC has access to audited data from DFA and project data which can be used to perform post-analysis reviews.
- The list of approved projects provided by AEDC for the audit period was incomplete. The omissions were discovered during incentive review procedures conducted at DFA and the Arkansas Science and Technology Authority (ASTA).
- AEDC does not have written policies or criteria for determining when businesses will be offered the opportunity to apply for one of the discretionary incentive programs.
- We were unable to complete our analysis of direct cash flows resulting from incentives because of insufficient data.
- Analysis of the CIA on a program basis necessitates assumptions that may not fit all projects covered by the analysis. The impact of the assumptions could be decreased and a more accurate assessment provided by requiring additional data be provided by the businesses receiving incentives.

Recommendations:

- AEDC conduct post project cost-benefit analysis in order to monitor, track, and evaluate program performance.
- AEDC, DFA, and ASTA work together to develop procedures to ensure all agencies are provided with necessary incentive information in a format that can be easily and accurately queried, compiled, and presented in a timely manner.
- Develop written policies and criteria to provide guidance and consistency in offering discretionary incentives.
- DFA and AEDC work together to determine data requirements and collection procedures to allow for an analysis of program direct cash flows.

Employment Summary

	Male	Female	Total	%
White Employees	45	39	84	84 %
Black Employees	3	10	13	13 %
Other Racial Minorities	0	3	3	3 %
Total Minorities			16	16 %
Total Employees			100	100 %

Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
1130100	\$345	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used 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 fee amounts.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

Funds are used for Small Business University seminar related expenses.

Fund Account	Balance	Type	Location
1130300	\$9,669	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for marketing purposes as defined in AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

Funds are used to pay for Commission marketing expenses.

Fund Account	Balance	Type	Location
1130400	\$8,610	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used to pay for administrative and legal costs associated with preparation of financial incentive plans as defined in AR Code 15-4-1901.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission is authorized to collect fees pertaining to financial incentive plans by AR Code 15-4-1901.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

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

Fund Account	Balance	Type	Location
1270600	\$101	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for operating expenses and grants as defined by 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:

The fund was established by multiple disbursements from the U.S. Department of Energy. Interest is earned throughout the year.

Fund Balance Utilization:

Funds are used for operating expenses and grants for qualified energy programs. CD's are purchased in various terms to allow redemption at the most effective time for payments of operating expenses and grants.

Fund Account	Balance	Type	Location
1270800	\$399,747	Checking	Regions Bank and Bank of the Ozarks, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for operating expenses and grants as defined by 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:

The fund was established by multiple disbursements from the U.S. Department of Energy. Interest is earned throughout the year.

Fund Balance Utilization:

Funds are used for operating expenses and grants for qualified energy projects. CD's are purchased in various terms to allow redemption at the most effective time for payment of operating expenses and grants.

Fund Account	Balance	Type	Location
1271200	\$32,349	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used to pay for quality management related expenses and for other industrial training expenses as defined by AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year.

Fund Balance Utilization:

Funds are used for quality management and other industrial 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 Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1MZ Super Projects	0	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
2SK State Operations	9,635,583	77	10,269,822	80	11,744,285	80	10,311,798	80	11,440,248	80	11,411,798	80	10,311,798	80	11,440,248	80	11,411,798	80
2SQ Community Assistance-Federal	28,006,748	9	130,404,800	10	30,555,312	7	30,549,274	7	130,409,765	13	130,405,456	13	30,549,274	7	130,409,765	13	130,405,456	13
2ST State Energy Plan-Federal	7,440,019	18	51,298,581	22	1,397,573	12	833,877	9	51,304,301	22	51,304,301	22	833,877	9	51,304,301	22	51,304,301	22
55L Technology Development	0	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
56N Energy Efficiency Arkansas-Cash	1,219,941	1	2,304,014	1	2,312,452	1	2,304,027	1	2,304,027	1	2,304,027	1	2,304,027	1	2,304,027	1	2,304,027	1
C32 Incentive Plans-Cash	0	0	8,620	0	11,100	0	8,620	0	8,620	0	8,620	0	8,620	0	8,620	0	8,620	0
C34 Trade & International Investment-Cash	0	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0	9,625	0
C35 Existing Business Resource Program - Cash	0	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0	30,150	0
C36 Petroleum Violation Escrow-Cash	22,166	0	404,489	0	543,000	0	404,489	0	404,489	0	404,489	0	404,489	0	404,489	0	404,489	0
NOT REQUESTED FOR THE BIENNIUM																		
C38 Small Business University-Cash	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	46,324,457	105	424,730,101	113	276,613,497	100	274,451,860	97	425,911,225	116	425,878,466	116	274,451,860	97	425,911,225	116	425,878,466	116

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,223,779	4.7	1,014,617	0.2	839,045	0.3	839,045	0.2	839,045	0.2	907,745	0.3	907,745	0.2	907,745	0.2	
General Revenue	4000010	9,635,583	20.4	10,269,822	2.4	10,311,798	3.8	10,340,248	2.4	10,311,798	2.4	10,311,798	3.7	10,340,248	2.4	10,311,798	2.4	
Federal Revenue	4000020	27,318,382	57.7	156,600,174	36.8	61,383,151	22.3	156,610,859	36.7	156,606,550	36.7	61,383,151	22.3	156,610,859	36.7	156,606,550	36.7	
Cash Fund	4000045	32,945	0.1	2,581,671	0.6	2,383,620	0.9	2,383,620	0.6	2,383,620	0.6	2,383,620	0.9	2,383,620	0.6	2,383,620	0.6	
Bond Proceeds	4000125	0	0.0	200,000,000	47.0	200,000,000	72.7	200,000,000	46.9	200,000,000	46.9	200,000,000	72.7	200,000,000	46.9	200,000,000	46.9	
Federal Funds-ARRA	4000244	8,128,385	17.2	55,103,207	12.9	0	0.0	55,103,207	12.9	55,103,207	12.9	0	0.0	55,103,207	12.9	55,103,207	12.9	
Unfunded Appropriation	4000715	0	0.0	0	0.0	0	0.0	1,100,000	0.3	1,100,000	0.3	0	0.0	1,100,000	0.3	1,100,000	0.3	
Total Funds		47,339,074	100.0	425,569,491	100.0	274,917,614	100.0	426,376,979	100.0	426,344,220	100.0	274,986,314	100.0	426,445,679	100.0	426,412,920	100.0	
Excess Appropriation/(Funding)		(1,014,617)		(839,390)		(465,754)		(465,754)		(465,754)		(534,454)		(534,454)		(534,454)		
Grand Total		46,324,457		424,730,101		274,451,860		425,911,225		425,878,466		274,451,860		425,911,225		425,878,466		

Variances in fund balances are due to unfunded appropriation in Trade & International Investment - Cash (C34), Existing Business Resource - Cash (C35), and Petroleum Violation Escrow - Cash (C36).

Budget exceeds Authorized Appropriation in Community Assistance - Federal (2SQ) and State Energy Plan - Federal (2ST) due to transfers from the Miscellaneous Federal Grant Holding Account.

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
102	92	8	100	2	9.80 %	100	110	0	110	-10	-10.00 %	100	111	2	113	-13	-11.00 %

Total Budgeted positions in FY2009-2010 include 10 ARRA of 2009 positions established through the authority of the Miscellaneous Federal Program Act.
 Total Budgeted positions in FY2010-2011 include 13 ARRA of 2009 positions established through the authority of the Miscellaneous Federal Program Act.

Analysis of Budget Request

Appropriation: 1MZ - Super Projects

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

The Super Projects Program was established by the 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 continuation of the current appropriated amount of \$200,000,000 each year.

The second of two proposals to amend the State Constitution referred by the 84th General Assembly to the people and approved by vote in the General Election on November 2, 2004, authorizes this program with funding from bond proceeds. This is now Amendment 82 to the current State Constitution which also authorizes up to 5% of general revenues to be applied toward amortization of bonded indebtedness.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1MZ - Super Projects

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Super Projects 5900046	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Funding Sources									
Bond Proceeds 4000125	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Analysis of Budget Request

Appropriation: 2SK - State Operations

Funding Sources: HOA - Department of Economic Development Fund

This is the primary operating appropriation for the Arkansas Economic Development Commission and is funded by general revenues. In addition to the Director's Office, there are four functional groups within the Agency that utilize this State Operations appropriation. They are: (1) Administration and Finance, (2) Global Business, (3) Marketing and Communications, and (4) Energy Office. Base Level is \$10,311,798 each year, with 80 positions budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum.

Changes are requested as follows:

Reclassification of 2 AEDC AREA Program Representative positions, Grade C122, to AEDC Program Officer, Grade C127, is requested; along with a Network Support Analyst, Grade C118, to State Systems Administrator, Grade C126. Also requested is the reclassification of a Benefits Analyst, Grade C115, to Assistant Personnel Manager, Grade C118. Total salary and matching costs to adjust up to entry level in the higher grades are \$28,450 each year.

Capital Outlay of \$100,000 in unfunded appropriation each year is requested for replacement of IT hardware. The Agency plans to assign funding from any savings that may be realized in other line items to support any replacement purchases.

Also requested is \$1,000,000 in unfunded appropriation each year for the Grants line item to make grants to cities and counties to support public works projects or job training efforts designed to contribute to the enhancement of the State's economy. The Agency plans to assign funding from any savings that may be realized to support grants made from this account.

The Executive Recommendation provides for the Agency Request, with position reclassifications requested by the Commission not recommended. However, the Executive Recommendation does provide for two other position reclassifications. These are an AEDC International Relations Manager, Grade N908, to an Energy Office Deputy Director, Grade N903, and an AEDC Director of Business Retention and Expansion, Grade C128, to an Administrative Services Manager, Grade C124.

Appropriation Summary

Appropriation: 2SK - State Operations

Funding Sources: HOA - Department of Economic Development Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,240,249	4,593,716	4,704,700	4,555,906	4,579,570	4,555,906	4,555,906	4,579,570	4,555,906
#Positions		77	80	80	80	80	80	80	80	80
Extra Help	5010001	0	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
#Extra Help		0	11	11	11	11	11	11	11	11
Personal Services Matching	5010003	1,102,416	1,214,594	1,303,326	1,294,380	1,299,166	1,294,380	1,294,380	1,299,166	1,294,380
Operating Expenses	5020002	1,325,650	1,641,526	1,875,003	1,641,526	1,641,526	1,641,526	1,641,526	1,641,526	1,641,526
Conference & Travel Expenses	5050009	109,545	141,486	141,486	141,486	141,486	141,486	141,486	141,486	141,486
Professional Fees	5060010	1,097,962	1,280,000	1,291,500	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	448,580	0	1,000,000	0	1,000,000	1,000,000	0	1,000,000	1,000,000
Capital Outlay	5120011	54,536	0	25,000	0	100,000	100,000	0	100,000	100,000
Far East Trade/Ind Recruitment	5900046	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Latin American Office	5900047	0	0	4,770	0	0	0	0	0	0
Industry Training Program	5900049	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
State Match for Grants	5900050	106,645	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
Total		9,635,583	10,269,822	11,744,285	10,311,798	11,440,248	11,411,798	10,311,798	11,440,248	11,411,798
Funding Sources										
General Revenue	4000010	9,635,583	10,269,822		10,311,798	10,340,248	10,311,798	10,311,798	10,340,248	10,311,798
Unfunded Appropriation	4000715	0	0		0	1,100,000	1,100,000	0	1,100,000	1,100,000
Total Funding		9,635,583	10,269,822		10,311,798	11,440,248	11,411,798	10,311,798	11,440,248	11,411,798
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		9,635,583	10,269,822		10,311,798	11,440,248	11,411,798	10,311,798	11,440,248	11,411,798

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	10,311,798	80	10,311,798	100.0	10,311,798	80	10,311,798	100.0
C05	Unfunded Appropriation	1,100,000	0	11,411,798	110.7	1,100,000	0	11,411,798	110.7
C10	Reclass	28,450	0	11,440,248	110.9	28,450	0	11,440,248	110.9

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	10,311,798	80	10,311,798	100.0	10,311,798	80	10,311,798	100.0
C05	Unfunded Appropriation	1,100,000	0	11,411,798	110.7	1,100,000	0	11,411,798	110.7
C10	Reclass	0	0	11,411,798	110.7	0	0	11,411,798	110.7

Justification

C05	A request for \$1 million in unfunded appropriation to use in the event the Commission identifies savings in other program areas to be utilized to help fund economic development projects that can benefit from immediate short term funding assistance. Also requested is unfunded Capital Outlay of \$100,000 each year to allow any savings realized in other programs to be used for purchase of emergency backup IT systems and replacement of aging IT equipment.
C10	Reclassification of two positions from AEDC Area/Program Representative, Grade C122, to AEDC Program Officer, Grade C127, is requested, along with a NetworkSupport Analyst, Grade C118, to State Systems Administrator, Grade C126. Also requested is reclassification of one position from Benefits Analyst, Grade C115, to Assistant Personnel Manager, Grade C118. The additional costs for these changes reflect the adjustment up to entry level in the higher Grades requested.

Analysis of Budget Request

Appropriation: 2SQ - Community Assistance-Federal

Funding Sources: FAK - Economic Development - Federal

This is a federally funded appropriation used to operate the Community Development Block Grant Program at the Arkansas Economic Development Commission. Funding is provided by grants from the Department of Housing and Urban Development and through repayments of previous loans. Base Level is \$30,549,274 each year, with 7 authorized positions budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salaries of unclassified positions reflect the FY11 line item maximum.

Changes are requested as follows:

Reclassification of one position from AEDC Project/Regional Manager, Grade C125, to AEDC Director Grants Management, Grade C128. The additional salary and matching costs, \$4,309 each year, reflect the adjustment up to entry level in the higher grade requested.

Continuation of \$4,632,783 in appropriation using ARRA federal funding for recovery grants associated with the Community Development Block Grant Program. Initial approval of this appropriation was by miscellaneous federal grant in November, 2009.

Continuation of 2 other programs authorized by miscellaneous federal grants in July, 2009: The Flood Recovery Grants Program in the amount of \$4,747,501 and the Storm Recovery Grants Program with 6 Grants Analyst positions and appropriation of \$90,475,898. The purpose of each of these programs is to provide assistance with economic recovery from flood and storm damage experienced in the fall and winter of 2008-2009.

The Executive Recommendation provides for the Agency Request, with the position reclassification not recommended.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	293,671	304,112	306,614	300,212	303,796	300,212	300,212	303,796	300,212
#Positions		9	10	7	7	13	13	7	13	13
Personal Services Matching	5010003	83,948	88,906	93,098	93,462	94,187	93,462	93,462	94,187	93,462
Operating Expenses	5020002	58,451	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
Conference & Travel Expenses	5050009	16,587	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	61,178	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	26,298,429	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Storm Recovery Grants	5900046	2,648	90,475,898	0	0	90,475,898	90,475,898	0	90,475,898	90,475,898
Flood Recovery Grants	5900047	0	4,747,501	0	0	4,747,501	4,747,501	0	4,747,501	4,747,501
ARRA of 2009	5900052	1,191,836	4,632,783	0	0	4,632,783	4,632,783	0	4,632,783	4,632,783
Total		28,006,748	130,404,800	30,555,312	30,549,274	130,409,765	130,405,456	30,549,274	130,409,765	130,405,456
Funding Sources										
Federal Revenue	4000020	26,814,912	125,772,017		30,549,274	125,776,982	125,772,673	30,549,274	125,776,982	125,772,673
Federal Funds-ARRA	4000244	1,191,836	4,632,783		0	4,632,783	4,632,783	0	4,632,783	4,632,783
Total Funding		28,006,748	130,404,800		30,549,274	130,409,765	130,405,456	30,549,274	130,409,765	130,405,456
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		28,006,748	130,404,800		30,549,274	130,409,765	130,405,456	30,549,274	130,409,765	130,405,456

Appropriations for Storm Recovery Grants, Flood Recovery Grants, and ARRA of 2009 were established through the authority of the Miscellaneous Federal Program Act.
 Budget Number of positions exceeds Authorized due to transfers from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	30,549,274	7	30,549,274	100.0	30,549,274	7	30,549,274	100.0
C06	Restore Position/Approp	95,223,399	6	125,772,673	411.7	95,223,399	6	125,772,673	411.7
C10	Reclass	4,309	0	125,776,982	411.7	4,309	0	125,776,982	411.7
C16	ARRA	4,632,783	0	130,409,765	426.9	4,632,783	0	130,409,765	426.9

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	30,549,274	7	30,549,274	100.0	30,549,274	7	30,549,274	100.0
C06	Restore Position/Approp	95,223,399	6	125,772,673	411.7	95,223,399	6	125,772,673	411.7
C10	Reclass	0	0	125,772,673	411.7	0	0	125,772,673	411.7
C16	ARRA	4,632,783	0	130,405,456	426.9	4,632,783	0	130,405,456	426.9

Justification

C06	This request is for continuation of two programs that are currently authorized by miscellaneous federal grants. \$4,747,501 is for the Flood Recovery Grant Program that provides assistance to 71 eligible counties affected by flooding in 2008 and 2009. \$90,475,898 is for the Storm Recovery Grant Program that also provides assistance for storm damage caused by Hurricane Ike and other weather events in the fall of 2008 and the the winter of 2009. Continuation of 6 Grants Analyst positions is also requested as part of this program. Both of these programs were originally approved in July, 2009, with grant awards that provide funding through June 30, 2012.
C10	Reclassification of one position from AEDC Project/Regional Manager, Grade C125, to AEDC Director Grants Management, Grade C128, is requested. The additional cost for this change reflects the adjustment up to entry level in the higher Grade requested.
C16	This request is for continuation of appropriation to employ ARRA funding of recovery grants associated with the Community Development Block Grant Program. Initial approval of this program was by micellaneous federal grant in November, 2009. The original grant award provides funding through June 30, 2012.

Analysis of Budget Request

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

This is one of the major federal programs administered by the Arkansas Economic Development Commission. Federal funding for the State Energy Plan is received from the U.S. Department of Energy and is directed at projects that address the State's needs in energy conservation. This appropriation is also used to expend indirect cost obligations for all federal programs administered by the Department. Base Level is \$833,877 each year, with 9 authorized positions budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Commission is requesting Base Level plus continuation of 4 miscellaneous federal grants, with 13 positions, that are supported by ARRA funds. \$50,470,424 in appropriation is designated as follows: \$38,078,751 is for assistance with the State Energy Plan, using 11 of the positions; \$9,563,900 is for the Energy Efficiency and Conservation Block Grant Program that uses the other 2 positions; \$2,377,321 is for the Energy Efficient Appliance Rebate Program; and \$450,452 is for the Smart Grid Program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	263,635	359,134	356,784	354,900	354,900	354,900	354,900	354,900	354,900
#Positions		18	22	12	9	22	22	9	22	22
Personal Services Matching	5010003	82,129	103,925	112,689	113,879	113,879	113,879	113,879	113,879	113,879
Operating Expenses	5020002	13,337	93,273	166,675	93,273	93,273	93,273	93,273	93,273	93,273
Conference & Travel Expenses	5050009	7,533	11,788	39,573	11,788	11,788	11,788	11,788	11,788	11,788
Professional Fees	5060010	136,836	108,085	204,001	108,085	108,085	108,085	108,085	108,085	108,085
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	151,952	517,851	151,952	151,952	151,952	151,952	151,952	151,952
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
ARRA of 2009	5900052	6,936,549	50,470,424	0	0	50,470,424	50,470,424	0	50,470,424	50,470,424
Total		7,440,019	51,298,581	1,397,573	833,877	51,304,301	51,304,301	833,877	51,304,301	51,304,301

Funding Sources										
Federal Revenue	4000020	503,470	828,157		833,877	833,877	833,877	833,877	833,877	833,877
Federal Funds-ARRA	4000244	6,936,549	50,470,424		0	50,470,424	50,470,424	0	50,470,424	50,470,424
Total Funding		7,440,019	51,298,581		833,877	51,304,301	51,304,301	833,877	51,304,301	51,304,301
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		7,440,019	51,298,581		833,877	51,304,301	51,304,301	833,877	51,304,301	51,304,301

The FY11 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2009-2011 Biennium.

Budget exceeds Authorized Appropriation in the ARRA of 2009 line item due to transfers from the Miscellaneous Federal Grant Holding Account.

Budget Number of positions exceeds Authorized due to transfers from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	833,877	9	833,877	100.0	833,877	9	833,877	100.0
C16	ARRA	50,470,424	13	51,304,301	6,152.5	50,470,424	13	51,304,301	6,152.5

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	833,877	9	833,877	100.0	833,877	9	833,877	100.0
C16	ARRA	50,470,424	13	51,304,301	6,152.5	50,470,424	13	51,304,301	6,152.5

Justification

C16	This request is for continuation of 4 miscellaneous federal grants, including 13 positions, that employ ARRA federal funds. \$38,078,751 is for assistance with the State Energy Plan, using 11 of the positions. \$9,563,900 is for the Energy Efficiency and Conservation Block Grant Program that uses the other 2 positions, \$2,377,321 is for the Energy Efficient Appliance Rebate Program, and \$450,452 is for the Smart Grid Program. Grant awards for these programs will extend funding respectively until April, September, February, and August of 2012.
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Analysis of Budget Request

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

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

Base Level for this program is \$30,000,000 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Technology Acceleration Prgm 5900046	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Funding Sources									
Federal Revenue 4000020	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total Funding	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000

Analysis of Budget Request

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

The Energy Efficiency Arkansas - Cash in Treasury appropriation was originally authorized by request from the Cash Fund Holding Account in January, 2008. Funding for this program is received from various energy companies operating within the State for the Quick Start Statewide Energy Efficiency Program mandated by the Public Service Commission. Base Level for this program is \$2,304,027, with one position budgeted.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payment. The Agency Request is for continuation at Base Level for the 2011-2013 Biennium.

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

Appropriation Summary

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	31,327	41,999	49,273	41,999	41,999	41,999	41,999	41,999	41,999
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	10,525	13,160	14,324	13,173	13,173	13,173	13,173	13,173	13,173
Operating Expenses	5020002	43,169	43,900	43,900	43,900	43,900	43,900	43,900	43,900	43,900
Conference & Travel Expenses	5050009	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	1,107,980	2,102,955	2,102,955	2,102,955	2,102,955	2,102,955	2,102,955	2,102,955	2,102,955
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	26,940	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		1,219,941	2,304,014	2,312,452	2,304,027	2,304,027	2,304,027	2,304,027	2,304,027	2,304,027
Funding Sources										
Fund Balance	4000005	1,757,802	563,796		836,772	836,772	836,772	907,745	907,745	907,745
Cash Fund	4000045	25,935	2,576,990		2,375,000	2,375,000	2,375,000	2,375,000	2,375,000	2,375,000
Total Funding		1,783,737	3,140,786		3,211,772	3,211,772	3,211,772	3,282,745	3,282,745	3,282,745
Excess Appropriation/(Funding)		(563,796)	(836,772)		(907,745)	(907,745)	(907,745)	(978,718)	(978,718)	(978,718)
Grand Total		1,219,941	2,304,014		2,304,027	2,304,027	2,304,027	2,304,027	2,304,027	2,304,027

Analysis of Budget Request

Appropriation: C32 - Incentive Plans-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

The Arkansas Economic Development Commission's cash appropriation for Incentive Plans provides resources with which to work with industries to develop financial incentive plans that will attract them to locate or expand in a particular area. The Department is authorized to collect a one-time fee of \$2,500 from businesses to offset administrative and legal expenses incurred in the preparation of these plans.

Base Level for this program is \$8,620 each year and is the Commission's request.

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

Appropriation Summary

Appropriation: C32 - Incentive Plans-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Incentive Plans 5900046	0	8,620	11,100	8,620	8,620	8,620	8,620	8,620	8,620
Total	0	8,620	11,100	8,620	8,620	8,620	8,620	8,620	8,620
Funding Sources									
Fund Balance 4000005	8,606	8,610		0	0	0	0	0	0
Cash Fund 4000045	4	10		8,620	8,620	8,620	8,620	8,620	8,620
Total Funding	8,610	8,620		8,620	8,620	8,620	8,620	8,620	8,620
Excess Appropriation/(Funding)	(8,610)	0		0	0	0	0	0	0
Grand Total	0	8,620		8,620	8,620	8,620	8,620	8,620	8,620

Analysis of Budget Request

Appropriation: C34 - Trade & International Investment-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

This cash appropriation is utilized by the Arkansas Economic Development Commission to disburse funds collected from participating companies for various promotional events. This appropriation is used to pay for expenses such as booth rental and display costs that are shared on a pro-rated basis among participating companies. Base Level is \$9,625 each year. No additional appropriation is being requested for the 2011-2013 Biennium.

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

Appropriation Summary

Appropriation: C34 - Trade & International Investment-Cash
Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Trade & Inter Invest Exp 5900046	0	9,625	9,625	9,625	9,625	9,625	9,625	9,625	9,625
Total	0	9,625	9,625	9,625	9,625	9,625	9,625	9,625	9,625
Funding Sources									
Fund Balance 4000005	9,618	9,669		54	54	54	0	0	0
Cash Fund 4000045	51	10		0	0	0	0	0	0
Total Funding	9,669	9,679		54	54	54	0	0	0
Excess Appropriation/(Funding)	(9,669)	(54)		9,571	9,571	9,571	9,625	9,625	9,625
Grand Total	0	9,625		9,625	9,625	9,625	9,625	9,625	9,625

Analysis of Budget Request

Appropriation: C35 - Existing Business Resource Program - Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

This is a cash appropriation used by the Arkansas Economic Development Commission to organize and conduct quality management training seminars for industry personnel. Funding for this program comes from the various participating companies and is used to cover the expenses of providing newsletters, speakers, and materials for program sessions. Base Level is \$30,150 each year. No changes are requested for the 2011-2013 Biennium.

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

Appropriation Summary

Appropriation: C35 - Existing Business Resource Program - Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Existing Business 5900046	0	30,150	30,150	30,150	30,150	30,150	30,150	30,150	30,150
Total	0	30,150	30,150	30,150	30,150	30,150	30,150	30,150	30,150
Funding Sources									
Fund Balance 4000005	32,332	32,349		2,219	2,219	2,219	0	0	0
Cash Fund 4000045	17	20		0	0	0	0	0	0
Total Funding	32,349	32,369		2,219	2,219	2,219	0	0	0
Excess Appropriation/(Funding)	(32,349)	(2,219)		27,931	27,931	27,931	30,150	30,150	30,150
Grand Total	0	30,150		30,150	30,150	30,150	30,150	30,150	30,150

Analysis of Budget Request

Appropriation: C36 - Petroleum Violation Escrow-Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

The Arkansas Economic Development Commission's Petroleum Violation Escrow cash appropriation is used to disburse the State's share of federal court-ordered settlement dollars received from oil companies. Funding is provided by interest earned on current deposits and any future oil company refunds.

Base Level is \$404,489 each year and is the Commission's request.

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

Appropriation Summary

Appropriation: C36 - Petroleum Violation Escrow-Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	22,166	404,489	543,000	404,489	404,489	404,489	404,489	404,489	404,489
Total		22,166	404,489	543,000	404,489	404,489	404,489	404,489	404,489	404,489
Funding Sources										
Fund Balance	4000005	415,076	399,848		0	0	0	0	0	0
Cash Fund	4000045	6,938	4,641		0	0	0	0	0	0
Total Funding		422,014	404,489		0	0	0	0	0	0
Excess Appropriation/(Funding)		(399,848)	0		404,489	404,489	404,489	404,489	404,489	404,489
Grand Total		22,166	404,489		404,489	404,489	404,489	404,489	404,489	404,489

Appropriation Summary

Appropriation: C38 - Small Business University-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2011-2012			2012-2013		
	2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	10,000	0	0	0	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
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	0	0	10,000	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	345	345		0	0	0	0	0	0
Total Funding	345	345		0	0	0	0	0	0
Excess Appropriation/(Funding)	(345)	(345)		0	0	0	0	0	0
Grand Total	0	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM