

ARKANSAS ECONOMIC DEVELOPMENT COMMISSION (790)

FISCAL YEAR 2016

As Enacted by Act 985 of 2015 of the 2015 Regular Session and Act 8 of the First Extraordinary Session of 2015

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

AEDC is composed of four functional areas: BUSINESS and COMMUNITY DEVELOPMENT, RESEARCH AND PLANNING, MARKETING AND INFORMATION SERVICES, AND FINANCE.

TOTAL APPROPRIATION

The total appropriation is \$401,539,853.

FUNDING SOURCE

The budget is funded with Bond Proceeds, Federal Revenues, General Improvement Funds, General Revenues, and Federal ARRA Funds, Fund Balances, and Cash Funds.

II) CHANGE LEVEL REQUESTS

State Operations - This appropriation is funded by General Revenues. Total budget of \$22,214,061 for the following:

- **Regular Salaries:** Increase of \$43,950 for the reclassification of 22 positions.
- **Personal Services Matching:** Increase of \$10,384 also for the reclassification of 22 positions.
- **Capital Outlay:** \$100,000 in appropriation for the replacement of aging equipment and emergency backup systems.
- **Grants and Aid:** \$1,000,000 in appropriation to provide grants to cities and counties.

Community Assistance Federal - This appropriation is funded by a grant from HUD. The total budget is \$43,747,305 and provides for the following change levels:

- **Regular Salaries:** Increase of \$15,945 for the Reclassification of three positions.
- **Personal Services Matching:** Increase of \$3,780 for Reclassification.
- **Grants and Aid:** Decrease of \$2,500,000 due to a decrease in HUD funding.
- **Storm Recovery Grant Program:** Decrease of \$6,940,946 due to decreasing funding for the program as most recipients are awarded.

State Energy Plan - Federal - Total Budget is \$1,283,818. Funding comes from a grant from the U.S. Department of Energy and provides for the following increases:

- **Professional Fees:** Reallocation of \$350,000 for continuation of a previous Miscellaneous Federal Grant that was incorrectly characterized.
- **Grants and Aid:** Increase of \$350,000 for the reallocation of funds to the correct line item.

Energy Efficiency Arkansas - Cash - The total budget is \$1,406,946 and provides for the following change levels:

- **Professional Fees:** Decrease of \$470,245 for an anticipated decrease in cash revenues from utility company audits.

Weatherization Program - This appropriation provides for the operation of the Low Income Home Energy Assistance Program (LIHEAP) which is funded by a grant from the Department of Human Services and the Weatherization Assistance Program funded by a grant from the U.S. Department of Energy. The total budget is \$8,304,767 and provides for the following increase:

- **Weatherization Assistance Program:** Increase \$2,565,984 to restore appropriation to FY2015 authorized levels.

Quick Action Closing Fund - This new appropriation provides \$50,000,000 in appropriation for Quick Action Closing Funds grants and incentives to attract business to the state.

New Appropriations for Division of Science and Technology (DST) - Act 8 of the First Extraordinary Session of 2015 transferred the Arkansas Science and Technology Authority (ASTA) to AEDC. This transfer includes a total of \$39,089,271 for FY2016 spread across ten appropriations and funding 30 positions and two Extra Help positions.

New Appropriations for Rural Services Division (RSD) - Act 8 of the First Extraordinary Session of 2015 also transferred the Department of Rural Services (DRS) to AEDC. This transfer includes a total of \$1,519,992 across five appropriations and funding six positions and one Extra Help position.

III) ADDITIONAL POSITIONS (Total Authorized FY2015 Positions: 100)

Total Authorized Positions FY2016: 100

Total Base Level Positions: 100

Increase/ (Decrease) Over Base Level: 0

Extra Help Positions FY2016: 0 (Total FY2015 Authorized Extra Help: 0)

IV) SPECIAL LANGUAGE

1. Limits the expenditure of funds for Industry Training Program; states that funds shall be used for expenses necessary to assist in carrying on the Existing Worker Training Program and the equipment shall be stored at a location determined by the ADED Director when not in use.

2. Authorizes Contractual arrangements for operation of foreign offices. Does not permit Arkansas Code 15-4-211 to preclude use of standard professional services contracts for such contractual arrangements with private and/or public companies, corporations, individuals or organizations for operation of foreign offices.

3. Priority placed on use of CDBG funds for multi-use facilities with report to Legislative Council.

4. Expansion of ADED notification methods to increase participation in CDBG program

5. Allocation of \$500,000 per fiscal year to the CDBG Rural Development Set-Aside for grants to rural communities.
6. Grant Review. Arkansas Economic Development Commission (AEDC) shall review all applications for grant funds from the Rural Development Set-Aside, Department of Rural Services (DRS) shall decide which grant applications will be funded, and AEDC shall disburse funds. Both AEDC and DRS shall promulgate rules and regulations governing application for, ensure disbursement of grant funds and make an annual report of the disposition of funds to the Legislative Joint Audit Committee.
7. Transfer Provision for foreign offices allows transfer of appropriation between foreign offices to respond to changes in the world markets. Non-severability language included.
8. Transfer provision allows appropriation transfers between line items in state operations appropriation. Non-severability language included.
9. Transfer provision allows appropriation transfers between line items in Community Assistance (CDBG) federal appropriation. Non-severability language included.
10. Restriction states flexibility provided to Arkansas Economic Development Commission can only be used to carry out federal CDBG program. Approval by ALC/JBC required. Non-severability language included.
11. Transfer - Industry training. Allow any savings to be used for Maintenance and Operations and Industry Training line items. Non-severability language included.
12. Funding Transfer - Allows for the transfer of up to \$30,000,000 from Federal Funds to the Technology Acceleration Fund.
13. *NEW LANGUAGE* The Arkansas Industrial and Economic Development Foundation is authorized to make additional payments to the Director of the Arkansas Economic Development Commission, from private funding sources, upon approval.
14. *NEW LANGUAGE* \$15,534,256 is to be transferred from the Arkansas Economic Development Commission Fund Account to the Skills Development Fund at the Department of Career Education for the Office of Skills Development.
15. *NEW LANGUAGE* The Industry Training Program will have Carry Forward authority for unexpended funds for the next fiscal year.
16. *NEW LANGUAGE* The new emergency clause provides for the immediate effect of the Act's passage excluding the Carry Forward provision.
17. *NEW LANGUAGE* New special language states an amount up to \$15,534,256 may be transferred in the aforementioned transfer.

UPDATED APRIL 2015