

**ARKANSAS ECONOMIC DEVELOPMENT COMMISSION (AEDC) (AGENCY 0790)**  
**FISCAL YEAR 2018**  
**AS ENACTED BY ACT 1048 OF 2017**

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

AEDC is composed of eleven functional areas: Business Development, Business Finance, Community Development, Energy, Existing Business Resource, Film, Grants Management, International Business, Rural Services, Science and Technology, and Small and Minority Business.

**TOTAL APPROPRIATION**

The total appropriation for FY2018 is \$465,990,502.

**FUNDING SOURCE**

Bond proceeds, federal revenue, general improvement funds, fund balances, general revenue, and cash Funds.

**II) CHANGE LEVEL REQUESTS**

**STATE OPERATIONS (APPROPRIATION 2SK)**

This appropriation provides for the operations of the Commission and is funded with general revenue. The appropriation totals \$16,600,840 for FY2018 which is an increase of \$3,741,551 from Base Level and includes the following changes:

**Professional Fees** - Reallocation of \$450,000 to Global Business Initiatives line item to allow for better classification of these expenditures.

**Economic Infrastructure/Regionalism Grants** - Increase of \$641,551 for grants to economic development projects and regional partnerships as savings from other areas allow.

**Capital Outlay** - Increase of \$100,000 for replacement of aging equipment and purchase of emergency backup systems as savings from other areas allow.

**\*NEW\* Office of Transformation Expenses** - Line item of \$1,000,000 for operating expenses.

**\*NEW\* Small Business Innovative Research Matching Grant** - Line item of \$2,000,000 to provide matching grants.

**COMMUNITY ASSISTANCE - FEDERAL (APPROPRIATION 2SQ)**

This appropriation is used to operate the Community Development Block Grant. Funded with federal dollars, the appropriation totals \$36,255,640 for FY2018 and includes the following changes from Base Level:

**Grants and Aid** - Increase of \$6,958,852 to restore appropriation to the FY2017 Authorized levels.

**Storm Recovery Grants** - Increase of \$2,224 to restore appropriation to the FY2017 Authorized levels.

**STATE ENERGY PLAN - FEDERAL (APPROPRIATION 2ST)**

This appropriation is used for projects that address the State's needs in energy conservation, and to expend indirect cost obligations for all federal programs administered by the Department. Funded with federal dollars, the appropriation totals \$1,223,315 for FY2018 and includes the following changes from Base Level:

**Professional Fees** - Increase of \$250,000 to restore appropriation to the FY2017 Authorized levels.

**Grants and Aid** - Increase of \$96,859 to restore appropriation to the FY2017 Authorized levels.

**NEW MARKETS PERFORMANCE PROGRAM (APPROPRIATION M70)**

This appropriation is used to allow business entities to earn credits against their state premium tax liability, based on equity investments in community development entities that are invested in low income community businesses. Funded with application fees and a refundable performance fee, the appropriation totals \$875,781 for FY2018 and includes the following change from Base Level:

**Refunds/Reimbursements** - Increase of \$675,781 to restore appropriation to the FY2017 Authorized level.

**QUICK ACTION CLOSING (APPROPRIATION H07)**

This appropriation is used to attract new businesses and economic development to the state and to retain existing businesses. Funded primarily with transfers from the General Improvement Fund, the appropriation totals \$75,000,000 for FY2018 and includes the following change from Base Level:

**Grants and Aid** - Increase of \$25,000,000 in appropriation only to make this the sole appropriation and no longer have reappropriations for unexpended balances.

**DIVISION OF SCIENCE AND TECHNOLOGY (APPROPRIATION U11)**

This appropriation is used to develop and promote technological resources and to encourage the use of advanced technology in the State's business and agricultural communities. Funded with general revenue, the appropriation totals \$8,432,526 for FY2018 and includes the following change from Base Level:

**Regular Salaries** - Increase of \$5,606,518 for the Arkansas Acceleration Fund Programs line item to restore appropriation to the FY2017 Authorized level.

**ARKANSAS MANUFACTURING EXTENSION NETWORK - CASH (APPROPRIATION U12)**

This appropriation provides a statewide industry driven network for the delivery of technical and management assistance. Funded by client service agreements and training class revenue, the appropriation totals \$1,415,952 for FY2018 and includes the following change from Base Level:

**Regular Salaries and Matching** - Decrease of (\$58,796) to reflect the reduction of one Field Engineer (N902) position.

**AR MANUFACTURING EXTENSION NETWORK - FED (APPROPRIATION U14)**

This appropriation provides a statewide industry driven network for the delivery of technical and management assistance. Funded by the U.S. Dept of Commerce's National Institute of Standards and Technology and third party reimbursements for field services and technical support from manufacturers, the appropriation totals \$814,928 for FY2018 and includes the following change from Base Level:

**Regular Salaries and Matching** - Decrease of (\$117,606) to reflect the reduction of one Field Engineer (N902) position.

**STEM EDUCATION - CASH (APPROPRIATION U17)**

This appropriation is an initiative of the Governor's Workforce Cabinet to improve science, technology, engineering and mathematics education statewide. The appropriation totals \$40,000 for FY2018 and includes the following change:

**Stem program expenses** - establishment of this line item for \$40,000 to give the agency the flexibility to cover STEM related expenses that may arise.

**RURAL SERVICES CONFERENCES CASH (APPROPRIATION U28)**

This appropriation is used for annual conference expenses and several one-day seminars for local governments. The appropriation totals \$100,000 for FY2018 and includes the following change from Base Level:

**Conference expenses** - increase of \$25,000 for the Rural Services and Small Minority Business Divisions to conduct their respective annual conferences.

**EPSCOR TRACK III (APPROPRIATION U34)**

This appropriation is a statewide multi-university collaborative research initiative addressing plant-based bio-production, solar cell efficiency and smart grid testing. Funded with federal dollars from the National Science Foundation, the appropriation totals \$20,000,000 for FY2018. Originally authorized as a Miscellaneous Federal Grant appropriation through the PEER Subcommittee of the Arkansas Legislative Council in June 2016, the \$20,000,000 is considered a change from Base Level and includes the following line item appropriations:

**Regular Salaries and Matching** - \$1,350,299 for two (2) positions.

**Operating Expenses** - \$1,050,173.

**Grants and Aid** - \$17,169,528.

**Indirect Cost Allocation** - \$30,000.

**External Evaluators** - \$400,000.

**RURAL SERVICES DIVISION - STATE OPERATIONS (APPROPRIATION T88)**

This appropriation provides a single point of contact for rural grant programs and information sharing and education opportunities through regional forums and the annual Arkansas Rural Development Conference. Funded with general revenue, the appropriation totals \$1,243,767 for FY2018 and includes the following change from Base Level:

**Grants and Aid** - Increase of \$322,872 to restore appropriation to the FY2017 Authorized levels.

**ASTA - ARKANSAS ACCELERATION FUND (APPROPRIATION U16)**

This appropriation provides for grants and incentives to accelerate the economy through technology and knowledge-based development. Funded with federal grants and incentives, the appropriation totals \$30,000,000 for FY2018 and includes the following change from Base Level:

**Grants and Aid** - increase of \$11,300,000 for grants and incentives to technology and knowledge-based entities.

**\*NEW\* INTERNET SERVICE PROVIDER GRANT PROGRAM**

This appropriation provides for costs associated with the establishment of a grant program for internet service,

telecommunications and broadband providers for the development, growth and deployment of fiber-optic-based broadband service to homes. Funded by fees generated from a reverse auction process, the appropriation totals \$25,000,000 for FY2018.

**\*NEW\* RURAL SERVICES DIVISION FISH AND WILDLIFE CONSERVATION EDUCATION PROGRAM**

This appropriation provides for fish and wildlife conservation education grants. Funded with cash, the appropriation totals \$800,000 for FY2018.

**III) ADDITIONAL POSITIONS** (Total FY2017 Authorized Positions: 121)

Total Authorized positions for FY2018: 119

Total Base Level Positions: 121

Increase/ (Decrease) from Base Level: (2)

Extra Help Positions FY2018: 9 (Base Level Extra Help: 9)

**IV) SPECIAL LANGUAGE**

**\*NEW LANGUAGE\* TRANSFER OF FUNDS:** In the event revenue is available, Executive Director of AEDC shall certify to the CFO the amount needed for transfer from AEDC's Fund Account or the Miscellaneous Agencies Fund Account, into the Arkansas Acceleration Fund to support the Arkansas Acceleration Fund Act, and the CFO shall initiate the necessary transfer documents.

**\*NEW LANGUAGE\* CARRY FORWARD - MILITARY AFFAIRS GRANT PROGRAM.** Any unexpended balance of funds allocated for the Military Affairs Grant Program which remain at the close of each state fiscal year shall be carried forward into the next fiscal year to be used for the same intent and purposes.

**INDUSTRY TRAINING PROGRAM EXPENSES:** States that funds shall be used for expenses necessary to provide industry-specific training opportunities.

**FOREIGN OFFICE OPERATIONS:** Authorizes Contractual arrangements for operation of foreign offices. Does not permit Arkansas Code 15-4-210 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.

**\*TO BE DELETED\* MULTI-USE FACILITIES:** Priority placed on use of CDBG funds for multi-use facilities with report to Legislative Council.

**\*TO BE DELETED\* PUBLIC PARTICIPATION:** Expansion of AEDC notification methods to increase participation in CDBG program

**\*LANGUAGE REVISED\* RURAL DEVELOPMENT:** Allocation of *at least* \$500,000 per fiscal year will be made to the Rural Development Set-Aside from the annual Community Development Block Grant for grants to rural communities.

**\*LANGUAGE REVISED\* GRANT REVIEW:** Arkansas Economic Development Commission (AEDC) shall review all applications for grant funds, the Division of Rural Services (DRS) of the AEDC (DRS) shall *recommend* which grant applications will be funded, and

AEDC shall disburse funds. Both AEDC and DRS - AEDC 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.

**\*LANGUAGE REVISED\* TRANSFER PROVISION - FOREIGN OFFICES:** Allows transfer of appropriation *among* foreign offices to respond to changes in the world markets. Non-severability language included.

**\*LANGUAGE REVISED\* TRANSFER PROVISION - SAVINGS TRANSFERS:** Allows appropriation transfers from "Regular Salaries" and "*Global Business Initiatives*" line items to "Maintenance and General Operation" line items in state operations appropriation. Non-severability language included.

**TRANSFER PROVISION - COMMUNITY ASSISTANCE (CDBG) - FEDERAL:** Allows appropriation transfers between line items in Community Assistance (CDBG) federal appropriation. Non-severability language included.

**FLEXIBILITY RESTRICTIONS:** Transfer 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.

**TRANSFER PROVISION - INDUSTRY TRAINING:** Allows any savings to be used for Maintenance and Operations and Industry Training line items. Non-severability language included.

**FUNDING TRANSFER:** Allows for the transfer of up to \$30,000,000 from Federal Funds to the Technology Acceleration Fund.

**ADDITIONAL PAYMENTS AUTHORIZED:** 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 of the Arkansas Economic Development Commission, Arkansas Industrial and Economic Development Foundation and the Governor.

**CARRY FORWARD - INDUSTRY TRAINING PROGRAM:** Allows AEDC to carry forward any unexpended balances that remain at the end of the fiscal year for the Industry Training Program to be carried forward to the next fiscal year and used for the same purpose.

**ASTA - SEED CAPITAL INVESTMENTS:** Monies received from the repayment of Seed Capital Investments shall be deposited in the State Treasury to the credit of the Miscellaneous Agencies Fund Account to provide additional Seed Capital Investments.

**ASTA - CARRY FORWARD - TECHNOLOGY DEVELOPMENT:** The Division of Science and Technology of the AEDC is authorized to carry forward any unexpended balance of funds for making grants under the Authority's Basic and Applied Research Grants Program which remains up to \$150,000 at the close of the fiscal year to the next fiscal year for the same purpose.

**ASTA - FUND BALANCE TRANSFER:** Available balances received by the Division of Science and Technology of the AEDC from client

services provided through the Arkansas Manufacturing Extension Network - Federal Appropriation shall be transferred to the Arkansas Manufacturing Extension Network - Cash Fund Account.

**\*LANGUAGE REVISED\* ASTA - APPROPRIATION AND FUND TRANSFERS:** *The Director of AEDC* is authorized to transfer appropriation and funds from the State Operations - Arkansas Acceleration Fund Programs line item to the Arkansas Acceleration Fund in an amount not to exceed \$3,500,000 annually.

**DRS - GENERAL IMPROVEMENT PROJECTS ADMINISTRATIVE FEE:** Rural Services Division of the AEDC is authorized to retain and utilize 1.5% of the total amount of any General Improvement Fund moneys received for projects authorized to be disbursed for the administrative costs.

**DRS - FUND TRANSFER:** Authorizes the transfer of up to 1.5% of General Improvement Fund moneys to the Miscellaneous Agencies Fund Account for administrative costs.

**PROMOTIONAL ITEMS:** States that upon request from the AEDC, the Chief Fiscal Officer of the State shall establish a special appropriation line item to be used in the acquisition of promotional items, and when AEDC wishes to transfer from its operating expenses to promotional items, the request will be processed after prior approval by the Legislative Council or Joint Budget Committee.

**DRS - ADMINISTRATIVE EXPENSES:** Unexpended balance of funds transferred into the Miscellaneous Agencies Fund Account for administration of general improvement fund projects shall remain and be made available for the same purpose during the following year.

**DRS - COUNTY FAIR GRANTS:** Rural Services Division of the AEDC shall develop rules and regulations for disbursement of the funds. The grants are to be matched 50/50 with no county receiving more than \$30,000 for the biennium.

**DRS - GRANT AWARD CRITERIA:** The Rural Services Division of the AEDC shall promulgate regulations to determine how grants are to be disbursed subject to approval of the Governor and approval of the ALC or Joint Budget Committee.

**\*NEW LANGUAGE\* FUNDING TRANSFER:** States upon notification from the Information Network of Arkansas Board of a positive vote to approve the transfer of funds, the CFO shall transfer \$1,000,000 from the Information Network of Arkansas Fund to the AEDC Fund Account to provide funds exclusively for the Office of Transformation.

Revised: April, 2017