

ARKANSAS ECONOMIC DEVELOPMENT COMMISSION (AEDC) (AGENCY 0790)
FISCAL YEAR 2019
AS ENACTED BY ACT 230 OF 2018

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. **Act 271 of 2017, the Arkansas Energy Office was transferred by a Type 2 transfer to the Department of Environmental Quality.**

TOTAL APPROPRIATION

The total appropriation is \$457,939,973.

FUNDING SOURCE

Bond Proceeds, Federal Revenues, General Improvement Funds, General Revenues, Fund Balances, and Cash Funds.

II) CHANGE LEVEL REQUESTS (FY2019 CHANGES FROM FY2018 AUTHORIZED)

STATE OPERATIONS (APPROPRIATION 2SK)

This appropriation provides for the overall operations of the Commission and is funded with general revenue. The total appropriation is \$16,719,275 and includes a change level request for the following:

Regular Salaries and Matching - Decrease of \$181,565 due to transfer of 11 positions in the Arkansas Energy Office from AEDC to the Department of Environmental Quality.

Global Business Initiatives - Increase of \$300,000 to accommodate projected increases in foreign contracts.

STATE ENERGY PLAN - FEDERAL (APPROPRIATION 2ST)

This \$1,224,053 appropriation was removed from AEDC and transferred to the Department of Environmental Quality.

Regular Salaries and Matching - Decrease of \$248,955.

Operating Expenses - Decrease of \$118,273.

Conference and Travel - Decrease of \$36,788.

Professional Fees - Decrease of \$268,085.

Energy Conservation Grants and Aid - Decrease of \$551,952.

ENERGY EFFICIENCY ARKANSAS - CASH (APPROPRIATION 56N)

This \$1,407,003 appropriation was removed from AEDC and transferred to the Department of Environmental Quality.

Regular Salaries and Matching - Decrease of \$111,103.

Operating Expenses - Decrease of \$93,900.

Conference and Travel - Decrease of \$2,000.

Professional Fees - Decrease of \$750,000.

Energy Efficiency Arkansas Grants - Decrease of \$450,000.

CLEAN CITIES COALITION - CASH (APPROPRIATION F11)

This \$189,005 appropriation was removed from AEDC and

transferred to the Department of Environmental Quality.
Operating Expenses - Decrease of \$20,000.
Conference and Travel - Decrease of \$8,750.
Professional Fees - Decrease of \$105,255.
Grants for Alternative Fuel Projects - Decrease of \$55,000.

WEATHERIZATION ASSISTANCE PROGRAM (APPROPRIATION F99)

This \$5,851,133 appropriation was removed from AEDC and transferred to the Department of Environmental Quality.
Regular Salaries and Matching - Decrease of \$247,842.
Operating Expenses - Decrease of \$19,500.
Conference and Travel - Decrease of \$6,750.
Professional Fees - Decrease of \$13,500.
Data Processing Services - Decrease of \$2,000.
Weatherization Assistance Program - Decrease of \$5,561,541.

***NEW* MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE LOAN MOBILIZATION (APPROPRIATION)**

This \$500,000 appropriation was added for promotion and development of minority and women-owned business enterprises to compete for state contracts and sustain the economic growth of minority and women-owned business enterprises.

III) ADDITIONAL POSITIONS (Total FY2018 Authorized Positions: 119)

Total positions for 2019: 108

Total positions for 2018: 119

Increase/ (Decrease): (11)

Extra Help Positions FY2019: 9 (Total FY2018 Authorized Extra Help: 9)

IV) SPECIAL LANGUAGE

***NEW LANGUAGE* FUND TRANSFER PROVISION:** States the Chief Fiscal Officer may, as requested from time to time by the Director of AEDC, transfer a sum not to exceed \$500,000 from the Arkansas Economic Development Commission Fund Account to the Minority and Women-Owned Business Loan Mobilization Revolving Fund to provide funds for that appropriation.

***NEW LANGUAGE* CARRY-FORWARD - MINORITY AND WOMEN-OWNED BUSINESS LOAN MOBILIZATION REVOLVING FUND:** Allows AEDC to carry forward any unexpended balances that remain at the end of the fiscal year for the Minority and Women-Owned Business Enterprise Loan Mobilization appropriation to be carried forward to the next fiscal year and used for the same purpose.

***NEW LANGUAGE* TRANSFER PROVISION - STATE OPERATIONS:** Authorizes the Director of AEDC, after receiving approval from the Chief Fiscal Officer of the State and prior review by Legislative Council or the Joint Budget Committee, to transfer appropriation from any line item in the State Operations appropriation to any other line item in the State Operations appropriation.

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.

RURAL DEVELOPMENT: Allocation of \$500,000 per fiscal year to the Rural Development Set-Aside from the annual Community Development Block Grant for grants to rural communities.

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.

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

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.

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.

TRANSFER OF FUNDS: States that in the event that revenue is available for transfer to and in support of the Arkansas Acceleration Fund Act, the Executive Director of AEDC shall certify to the CFO the amount needed for transfer from either

the AEDC Fund Account or the Miscellaneous Agencies Fund Account, and the amount certified shall be transferred.

CARRY FORWARD - MILITARY AFFAIRS GRANTS PROGRAM: States any unexpended balance of funds for the Military Affairs Grant Program in the AEDC Fund Account which remain at the close of each state fiscal year shall be carried forward to be used for the same intent and purposes as set forth in law.

Revised March 19, 2018