

DEPARTMENT OF ECONOMIC DEVELOPMENT

Enabling Laws

Act 2086 of 2005

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 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 §15-4-214), 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 primary focus of the Agency.

AGENCY GOALS

The Agency's goals 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

The Energy Program

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

Business Development Program

The Business Development unit is comprised of five functional teams: Business Development, Business Finance, Small and Minority Business, and Existing Business Resources (formerly Industry Training Program), and Entrepreneurship and Knowledge-Based Business Development.

The Business Development unit recruits new businesses and industry to the State and helps develop and expand existing businesses. The unit includes international offices which promote 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, including the Bond Guaranty program.

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 Existing Business Resource 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.

The Entrepreneurship and Knowledge-Based Business Development unit is responsible for the development of programs and infrastructure targeted at high-growth knowledge-based businesses whose wages are well above the State average.

Community Development Program

The Community Development unit is comprised of two functional teams: Community Development and Grants Management.

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.

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 Planning 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

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

The Planning 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.

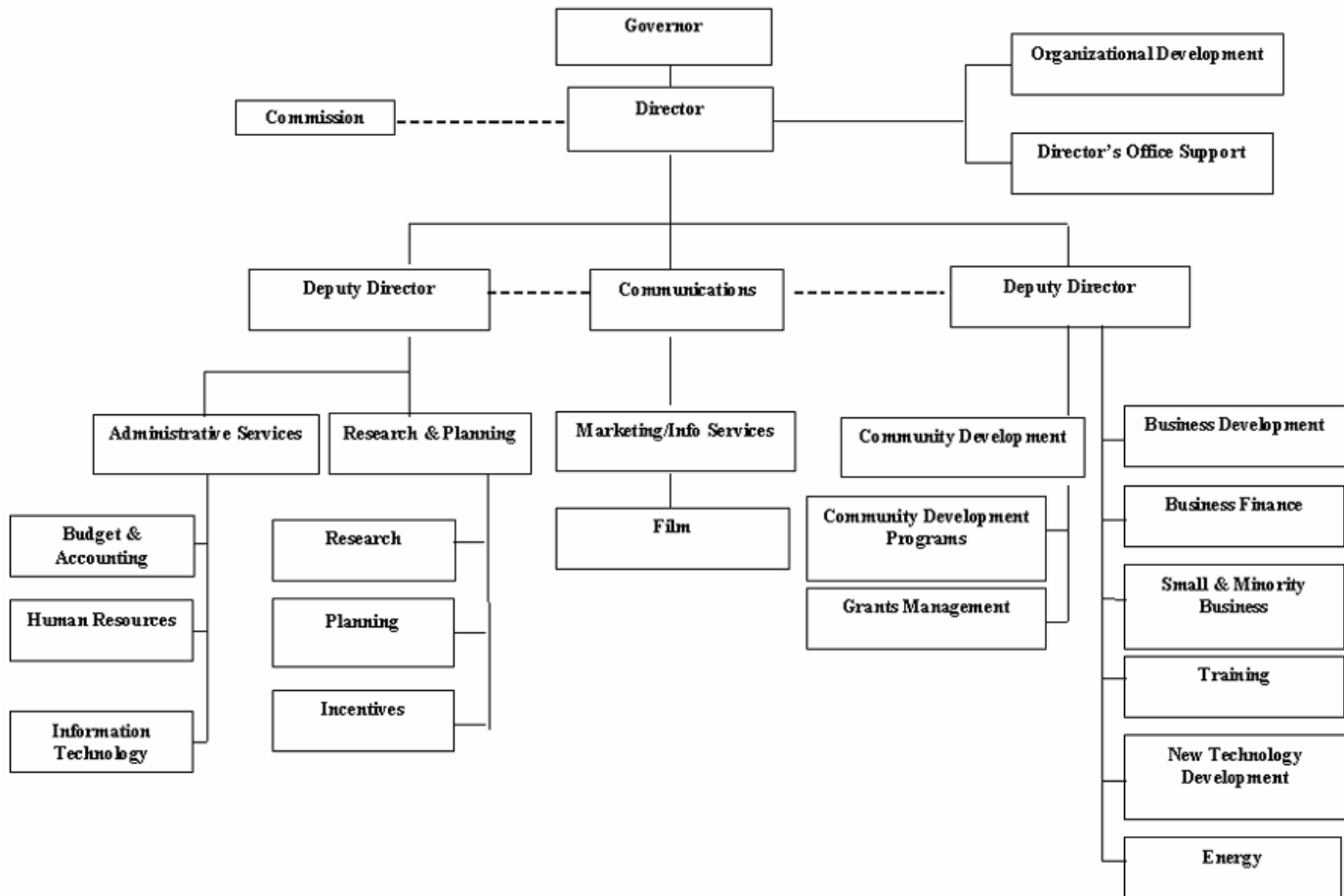
Communications Section

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.

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

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

The Department is requesting a continuation of the base level budget for all major programs which includes: General Revenues of \$9,974,147 in FY '08 and \$9,974,484 in FY '09 for various program operations; Federal Grants of \$36,964,126 in FY '08 and \$36,964,126 in FY '09 for the Community Development Block Grant (CDBG) program funded from the Dept of Housing and Urban Development (HUD) and \$1,332,452 in FY '08 and \$1,332,452 in FY '09 for the programs funded by the US Dept of Energy; Cash-in-Bank funded programs of \$673,368 in FY '08 and \$673,368 in FY '09 for various programs. The Federal CDBG program noted includes \$36,500,000 each year for grants to carry out the mandates of the HUD CDBG program. These are not operational funds of the Department, 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 in each year as was authorized in the 2005-07 biennium.

In addition to Base Level, the Department is requesting:

(1) Funding and appropriation from general revenues of \$5 million dollars in each fiscal year to provide funding for grants to cities and counties to provide financial assistance necessary to undertake public works projects and/or job training efforts which support private sector job creation opportunities, alleviate conditions which constitute a threat to public health and well being, or partially defray the costs of providing access to publicly owned industrial parks; and for expansion of the aircraft and aerospace industry; and, for port and waterway economic development projects; and for support of technology based economic development projects. This Change Level will be identified with the Business Development program in the State Operations account and is commonly known as the Economic Infrastructure program. In the past, all efforts in this area have been funded from the General Improvement Fund. That source of funding has not been reliable for the Department, and in the last few years, the availability of funds for these projects has fallen critically short of what is needed. A more stable source of funds will allow the Department to efficiently plan and execute the necessary actions to attract and retain economic development projects for the State.

Special language will be required that allows the Department to retain these funds at the end of the fiscal year in order to be able to meet project commitments and set-asides made during each fiscal year. This could be accomplished by transferring the funds to a special fund account, or by exempting these funds from the year-end reclamation process. If these funds cannot be retained, projects that are under consideration cannot be protected, and will be lost. It will also be necessary to have special language that allows the re-establishment, or carry-forward, of all unexpended appropriations in this area.

(2) Funding and appropriation from general revenues of \$1.5 million dollars in each fiscal year to provide funding for an investment in Arkansas' workforce through training incentives for companies located in Arkansas to upgrade skills of their existing workforce, or for a potential new workforce, and to build capacity within Arkansas to supply on-going training needs of Arkansas companies and to increase participation in the State's school-to-work initiatives. This program, like the program outlined in number (1) above, has been funded historically through the General Improvement Fund, and this source of funding has not been reliable in recent history. The Department has found that this program is one of the most highly sought after from the State's industries during recent times, primarily due to the need for companies to update technology and processes quickly to remain viable in the marketplace. The Change Level request for this program is reflected in the Existing Business Resource program (formerly known as the Industry Training program) request.

The Department will also need special language for the funds and appropriation obtained through this request to allow the Department to retain the unexpended funds for payment of obligations, set-asides and commitments made during the fiscal year. These funds are obligated, in most cases, long before actual expenditure, therefore, if the funds cannot be retained, the program will be totally ineffective.

(3) A request to continue the cash funded appropriation in the amount of \$10,000 in each fiscal year for the Small Business University. This program is currently authorized by cash fund letter requested in each year of the 2005-07 Biennium. The Small Business University program has been extremely successful in helping small businesses gain the expertise to be successful during the first few years of

operation by helping them create a working business plan and be successful in efforts to properly capitalize their ventures. That critical period is by far the greatest hurdle for small businesses, and once past that, there is a much greater likelihood of success in the long term, therefore, this program fills a critical need for small businesses. This program is funded totally from income of participant registration fees.

(4) A request for \$317,500 in FY08 and \$32,500 in FY09 for emergency preparedness activities for Agency Information Technology programs in accordance with instructions to "ensure that the operations which are critical to the continuity of government services are sustained with minimal impact to the public" found in the Executive Policy Statement for Preparation of 2007-2009 Agency Information Technology Plans. This request will insure that the Department has sufficient hardware and software located at an offsite location to continue its operations, with a minimal level of disruption, should the primary location be inaccessible. This request is found in the Information Technology program in the State Operations account.

(5) A request for appropriation in the amount of \$44,309 in each year of the biennium, for a new Grade 22 Energy Conservation Program Coordinator to be funded by grant funds from the US Dept of Energy to manage and coordinate the bio-energy and industrial program activities under the State Energy Plan. In recent years, there has been a dramatic rise in energy prices for all economic sectors. This has led to an unprecedented increase in interest and activity at both the State and federal levels in alternative transportation fuels, bio-energy technologies and energy efficiency in the industrial sector. The Energy Office, with primary funding from the U. S. Department of Energy, is working with other Dept. of Economic Development programs and other State and private organizations to develop and coordinate programs and projects in order to respond to these increased needs. Alternative fuels, and bio-energy in particular, are part of an economic and technological shift in which Arkansas is a major player. As such, economic development, agriculture, environmental and legislative interests are looking to the Dept of Economic Development and the Energy Office for guidance and coordination as the State tries to develop policies and programs that both respond to Arkansan's concerns and also keep Arkansas competitive. Thus far, the Energy Office has used contractors, where possible to help support this effort. However, the breadth and depth of our needs now requires staff support.

(6) A request for appropriation only (no funding), of \$105,265 in each year of the biennium, for two Grade 25 State Economic Developer III positions. The Small and Minority Business Development Unit currently operates three primary programs aimed at increasing the growth and development of new and existing small and minority businesses. They are 1) Business Counseling and Technical Support including procurement assistance, 2) Minority Business Enterprise Certification, and 3) Small Business University. Two additional programs, mentoring and inventor assistance, are being developed and will be implemented soon.

The heaviest volume of customer interaction is through the Business Counseling and Technical Support program. The unit is averaging over 1200 business contacts per year and this high demand is very difficult for us to meet at our current staffing level. The enhanced skills associated with these positions will address the demand for higher level technical support such as assistance with obtaining patents, copyrights, trademarks, etc.

For Additional Consideration: Super Projects

Although the Department is not requesting an increase in the appropriation for possible bond funding for Super Projects under Amendment 82, it is possible that before the biennium is over we would need an increased amount (above the \$200 million requested in base level) to account for projected growth in general revenues and to be able to assist one or more super projects with infrastructure needs to allow an Arkansas community to host a new Super Project employer.

The Super Project funding authorized by Amendment 82 to the Arkansas Constitution allows the General Assembly to authorize the use of general obligation bonds in providing needed infrastructure to a company that invests more than \$500 million and creates at least 500 new jobs. In 2005, the General Assembly appropriated \$200 million for the expenditure of necessary infrastructure in the event that the State has an opportunity to secure a Super Project. The Department’s request is for base level only in the coming biennium, but we feel there may be a need to adjust this figure to account for any increase in available general revenues. Before any bonds can be issued and any appropriations for a super project expended, the General Assembly must specifically authorize the issuance of the bonds and the expenditure of the proceeds of those bonds. Any bond payments made on the first super project will serve to increase the availability of potential bonded indebtedness for a second project. As state revenues grow, the Super Project appropriation should be adjusted to allow it to remain adequate to meet the maximum amount of bonded indebtedness allowed by Amendment 82. We will also need carry-forward language to allow unexpended bond proceeds to be carried over to the next fiscal year to meet contractual obligations.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2004

| Findings | Recommendations |
|----------|-----------------|
| None | None |

Employment Summary

| | Male | Female | Total | % |
|-------------------------|------|--------|-------|-------|
| White Employees | 39 | 38 | 77 | 89 % |
| Black Employees | 2 | 6 | 8 | 9 % |
| Other Racial Minorities | 0 | 2 | 2 | 2 % |
| Total Minorities | | | 10 | 11 % |
| Total Employees | | | 87 | 100 % |

Cash Fund Balance Description as of June 30, 2006

| Fund Account | Balance | Type | Location |
|--------------|---------|----------|-------------------------------|
| 1130100 | \$340 | 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 the fee

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 | \$13,792 | 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 the fee

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the year

Fund Balance Utilization:

Funds are used to pay for Department marketing expenses

| Fund Account | Balance | Type | Location |
|--------------|---------|----------|-------------------------------|
| 1130200 | \$5,948 | Checking | Regions Bank, Little Rock, AR |

Statutory/Other Restrictions on use:

These funds must be used for educational expenses of 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 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 of American students studying in Japan. Balances are held in interest bearing accounts to maximize fund availability. There are insufficient funds to support another student in Japan, therefore, the Century Tube Corporation has allowed the Department to utilize the remaining balance for other expenses of economic development efforts related to Japan.

| Fund Account | Balance | Type | Location |
|--------------|---------|----------|-------------------------------|
| 1130400 | \$8,491 | 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 by AR Code 15-4-1901

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Department of Economic Development 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 Department's administrative and legal costs associated with the preparation of financial incentive plans

| Fund Account | Balance | Type | Location |
|--------------|---------|----------|-------------------------------|
| 1270600 | \$8,476 | 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 | \$565,091 | Checking and CD's | Regions Bank, Little Rock, AR |

Statutory/Other Restrictions on use:

These funds are used 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:

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 | \$46,240 | Checking | Regions Bank, Little Rock, AR |

Statutory/Other Restrictions on use:

These funds are used to pay for quality management related expense 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 the 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 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 | | 2005-2006 | | 2006-2007 | | 2006-2007 | | 2007-2008 | | | | 2008-2009 | | | |
| | | Actual | Pos | Budget | Pos | Authorized | Pos | Agency | Pos | Executive | 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 |
| 2SK | State Operations | 6,094,958 | 50 | 6,363,593 | 53 | 7,337,246 | 57 | 11,725,238 | 53 | 6,437,888 | 53 | 11,440,725 | 53 | 6,418,225 | 53 |
| 2SM | State Matching Grants | 139,781 | 0 | 228,500 | 0 | 228,500 | 0 | 228,500 | 0 | 228,500 | 0 | 228,500 | 0 | 228,500 | 0 |
| 2SN | Industrial Coordinator Program | 752,376 | 12 | 781,648 | 12 | 838,824 | 13 | 786,079 | 12 | 786,079 | 12 | 786,079 | 12 | 786,079 | 12 |
| 2SQ | Community Assistance-Federal | 24,516,818 | 6 | 36,961,614 | 7 | 37,429,617 | 7 | 36,964,126 | 7 | 36,964,126 | 7 | 36,964,126 | 7 | 36,964,126 | 7 |
| 2SR | Motion Picture Dev Office | 91,748 | 1 | 99,311 | 1 | 98,317 | 1 | 99,690 | 1 | 99,690 | 1 | 99,690 | 1 | 99,690 | 1 |
| 2SS | Established Ind Div - State | 503,492 | 7 | 558,057 | 8 | 629,545 | 8 | 561,033 | 8 | 561,033 | 8 | 561,033 | 8 | 561,033 | 8 |
| 2ST | State Energy Plan - Federal | 912,586 | 8 | 1,329,204 | 9 | 1,691,623 | 12 | 1,376,761 | 10 | 1,376,761 | 10 | 1,376,761 | 10 | 1,376,761 | 10 |
| 2SU | Business Development - State | 223,805 | 5 | 242,145 | 4 | 239,995 | 4 | 348,956 | 6 | 243,691 | 4 | 348,956 | 6 | 243,691 | 4 |
| 2SV | Industry Training | 1,698,610 | 6 | 1,645,123 | 6 | 1,706,078 | 6 | 3,147,266 | 6 | 1,647,266 | 6 | 3,147,266 | 6 | 1,647,266 | 6 |
| C32 | Incentive Plans - Cash | 0 | 0 | 15,000 | 0 | 15,000 | 0 | 15,000 | 0 | 15,000 | 0 | 15,000 | 0 | 15,000 | 0 |
| C33 | Century Tube Scholarship-Cash | 0 | 0 | 5,980 | 0 | 5,981 | 0 | 5,980 | 0 | 5,980 | 0 | 5,980 | 0 | 5,980 | 0 |
| C34 | Trade & Int'l Investment-Cash | 0 | 0 | 13,725 | 0 | 13,725 | 0 | 13,725 | 0 | 13,725 | 0 | 13,725 | 0 | 13,725 | 0 |
| C35 | Quality Mgmt Task Force-Cash | 10,130 | 0 | 46,500 | 0 | 52,427 | 0 | 46,500 | 0 | 46,500 | 0 | 46,500 | 0 | 46,500 | 0 |
| C36 | Petroleum Violation Escrow-Cash | 193,404 | 0 | 592,163 | 0 | 684,904 | 0 | 592,163 | 0 | 592,163 | 0 | 592,163 | 0 | 592,163 | 0 |
| C38 | Small Business Univ-Cash | 0 | 0 | 10,000 | 0 | 0 | 0 | 10,000 | 0 | 10,000 | 0 | 10,000 | 0 | 10,000 | 0 |
| NOT REQUESTED FOR THE BIENNIUM | | | | | | | | | | | | | | | |
| 4GX | Biodiesel Infrastructure | 97,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 35,234,708 | 95 | 248,892,563 | 100 | 250,971,782 | 108 | 255,921,017 | 103 | 249,028,402 | 101 | 255,636,504 | 103 | 249,008,739 | 101 |

| Funding Sources | | | % | | % | | % | | % | | % | | % |
|--------------------------------|---------|------------|-------|-------------|-------|--|---|-------------|-------|-------------|-------|-------------|-------|
| Fund Balance | 4000005 | 716,535 | 2.0 | 648,212 | 0.3 | | | 3,293 | 0.0 | 3,293 | 0.0 | 0 | 0.0 |
| General Revenue | 4000010 | 9,504,770 | 26.5 | 9,917,790 | 4.0 | | | 16,791,497 | 6.6 | 9,974,147 | 4.0 | 16,506,984 | 6.5 |
| Federal Revenue | 4000020 | 25,526,404 | 71.1 | 38,290,818 | 15.4 | | | 38,340,887 | 15.0 | 38,340,887 | 15.4 | 38,340,887 | 15.4 |
| Cash Fund | 4000045 | 135,211 | 0.4 | 38,449 | 0.0 | | | 25,000 | 0.0 | 25,000 | 0.0 | 25,000 | 0.0 |
| Merit Adjustment Fund | 4000055 | 0 | 0.0 | 587 | 0.0 | | | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Bond Proceeds | 4000125 | 0 | 0.0 | 200,000,000 | 80.3 | | | 200,000,000 | 78.4 | 200,000,000 | 80.6 | 200,000,000 | 78.5 |
| Total Funds | | 35,882,920 | 100.0 | 248,895,856 | 100.0 | | | 255,160,677 | 100.0 | 248,343,327 | 100.0 | 254,872,871 | 100.0 |
| Excess Appropriation/(Funding) | | (648,212) | | (3,293) | | | | 760,340 | | 685,075 | | 763,633 | |
| Grand Total | | 35,234,708 | | 248,892,563 | | | | 255,921,017 | | 249,028,402 | | 255,636,504 | |

FY07 Budgeted exceeds authorized due to matching rate adjustments during the 2005 - 2007 biennium for 2SR and 2SU.

Agency Position Usage Report

| FY2004-2005 | | | | | | FY2005-2006 | | | | | | FY2006-2007 | | | | | |
|-------------------|----------|----------|-------|------------|------------------------|-------------------|----------|----------|-------|------------|------------------------|-------------------|----------|----------|-------|------------|------------------------|
| 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 | |
| 110 | 90 | 18 | 108 | 2 | 18.18% | 108 | 87 | 13 | 100 | 8 | 19.44% | 108 | 87 | 13 | 100 | 8 | 19.44% |

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.

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

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 | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 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 general revenue funded appropriation for the Department of Economic Development. In addition to the Director's Office, there are four functional groups within the Agency that utilize this State Operations appropriation. They are: (1) Administrative Services, (2) Community Development, (3) Business Development, and (4) Marketing/Communications Services. Base Level is \$6,407,888 for FY08 and \$6,408,225 for FY09, with 53 positions budgeted.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

Changes requested for this appropriation are Capital Outlay of \$244,100 in FY08 to obtain IT hardware to set up a remote site for emergency preparedness to sustain critical departmental operations and Operating Expenses of \$73,250 in FY08 and \$32,500 in FY09 for associated software, installation, and operating costs.

Also requested is \$5,000,000 each year to provide funding for the Economic Infrastructure Program that will 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 Executive Recommendation provides for Base Level, plus additional appropriation of \$20,000 in the first year for Capital Outlay and \$10,000 each year for Operating Expenses. General revenue funding is recommended at Base Level only. The Economic Infrastructure Program is recommended as a General Improvement project.

Appropriation Summary

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

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | 2008-2009 | | | |
|---------------------------------------|---------------------|---------------------|-------------------------|---|-------------------|------------------|------------------|-------------------|------------------|------------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | Base Level | Agency | Executive | |
| Regular Salaries 5010000 | 2,424,114 | 2,649,579 | 2,718,487 | 2,649,579 | 2,649,579 | 2,649,579 | 2,649,579 | 2,649,579 | 2,649,579 | 2,649,579 |
| #Positions | 50 | 53 | 57 | 53 | 53 | 53 | 53 | 53 | 53 | 53 |
| Extra Help 5010001 | 80 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| #Extra Help | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Personal Services Matching 5010003 | 638,951 | 714,553 | 728,176 | 758,848 | 758,848 | 758,848 | 759,185 | 759,185 | 759,185 | 759,185 |
| Operating Expenses 5020002 | 1,339,618 | 1,380,400 | 1,397,457 | 1,380,400 | 1,453,650 | 1,390,400 | 1,380,400 | 1,412,900 | 1,390,400 | 1,390,400 |
| Conference & Travel Expenses 5050009 | 68,693 | 61,811 | 18,811 | 61,811 | 61,811 | 61,811 | 61,811 | 61,811 | 61,811 | 61,811 |
| Professional Fees 5060010 | 1,250,513 | 1,247,250 | 2,214,315 | 1,247,250 | 1,247,250 | 1,247,250 | 1,247,250 | 1,247,250 | 1,247,250 | 1,247,250 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 122,989 | 0 | 0 | 0 | 244,100 | 20,000 | 0 | 0 | 0 | 0 |
| Far East Trade/Ind Recruitmnt 5900046 | 100,000 | 150,000 | 100,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Latin American Trade Dev 5900047 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Economic Infrastructure Prgm 5900048 | 0 | 0 | 0 | 0 | 5,000,000 | 0 | 0 | 5,000,000 | 0 | 0 |
| Total | 6,094,958 | 6,363,593 | 7,337,246 | 6,407,888 | 11,725,238 | 6,437,888 | 6,408,225 | 11,440,725 | 6,418,225 | 6,418,225 |
| Funding Sources | | | | | | | | | | |
| General Revenue 4000010 | 6,094,958 | 6,363,006 | | 6,407,888 | 11,725,238 | 6,407,888 | 6,408,225 | 11,440,725 | 6,408,225 | 6,408,225 |
| Merit Adjustment Fund 4000055 | 0 | 587 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 6,094,958 | 6,363,593 | | 6,407,888 | 11,725,238 | 6,407,888 | 6,408,225 | 11,440,725 | 6,408,225 | 6,408,225 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 30,000 | 0 | 0 | 10,000 | 0 |
| Grand Total | 6,094,958 | 6,363,593 | | 6,407,888 | 11,725,238 | 6,437,888 | 6,408,225 | 11,440,725 | 6,418,225 | 6,418,225 |

Actual and Budget exceed Authorized appropriation in Conference & Travel Expenses by authority of Budget Classification Transfers. Budget also exceeds Authorized appropriation in Far East Trade/Industry Recruitment due to a special language transfer from Professional Fees by authority contained in Section 28 of Act 2086 of 2005. Actual exceeds Authorized appropriation in Capital Outlay due to a Budget Classification Transfer and transfers from the Motor Vehicle Acquisition Fund.

Change Level by Appropriation

Appropriation: 2SK-State Operations

Funding Sources: HOA - Department of Economic Development Fund

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|------------------|-----------|------------------|--------------|------------------|-----------|------------------|--------------|
| BL | Base Level | 6,407,888 | 53 | 6,407,888 | 100.0 | 6,408,225 | 53 | 6,408,225 | 100.0 |
| C02 | New Program | 5,000,000 | 0 | 11,407,888 | 178.0 | 5,000,000 | 0 | 11,408,225 | 178.0 |
| C08 | Technology | 317,350 | 0 | 11,725,238 | 182.9 | 32,500 | 0 | 11,440,725 | 178.5 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|------------------|-----------|------------------|--------------|------------------|-----------|------------------|--------------|
| BL | Base Level | 6,407,888 | 53 | 6,407,888 | 100.0 | 6,408,225 | 53 | 6,408,225 | 100.0 |
| C02 | New Program | 0 | 0 | 6,407,888 | 100.0 | 0 | 0 | 6,408,225 | 100.0 |
| C08 | Technology | 30,000 | 0 | 6,437,888 | 100.4 | 10,000 | 0 | 6,418,225 | 100.1 |

Justification

| | |
|-----|--|
| C02 | Requested is \$5 million dollars each fiscal year to provide funding for grants to cities and counties to provide financial assistance necessary to undertake public works projects and/or job training efforts which support private sector job creation opportunities, alleviate conditions which constitute a threat to public health and well being, or partially defray the costs of providing access to publicly owned industrial parks; and for expansion of the aircraft and aerospace industry; and for port and waterway economic development projects; and for support of technology based economic development projects. This change level will be identified with the Business Development program in the State Operations account and is commonly known as the Economic Infrastructure program. In the past, all efforts in this area have been funded from the General Improvement Fund. That source of funding has not been reliable for the Department, and in the last few years, the availability of funds for these projects has fallen critically short of what is needed. A more stable source of funds will allow the Department to efficiently plan and execute the necessary actions to attract and retain economic development projects for the State. |
| C08 | This request is for \$317,500 in FY08 and \$32,500 in FY09 for hardware, software, installation, and operating costs of emergency preparedness equipment and activities for Agency Information Technology programs in accordance with instructions to "ensure that the operations which are critical to the continuity of government services are sustained with minimal impact to the public" found in the Executive Policy Statement for Preparation of 2007-2009 Agency Information Technology Plans. This request will insure that the Department has sufficient hardware and software located at an offsite location to continue its operations, with a minimal level of disruption, should the primary location become inaccessible. |

Analysis of Budget Request

Appropriation: 2SM - State Matching Grants

Funding Sources: HOA - Department of Economic Development Fund

This is a general revenue funded appropriation used to match federal grants received by the Arkansas Department of Economic Development. Federal monies are received from the U.S. Department of Energy and the Environmental Protection Agency, as well as the Department of Housing and Urban Development.

Base Level is \$228,500 each year and is the Department's request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SM State Matching Grants
Funding Sources: HOA - Department of Economic Development Fund

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|-----------|-----------|------------|------------|---------|-----------|------------|---------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| State Match for Grants 5900046 | 139,781 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 |
| Total | 139,781 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 |
| Funding Sources | | | | | | | | | |
| General Revenue 4000010 | 139,781 | 228,500 | | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 |
| Total Funding | 139,781 | 228,500 | | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 139,781 | 228,500 | | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 | 228,500 |

Analysis of Budget Request

Appropriation: 2SN - Industrial Coordinator Program

Funding Sources: HOA - Department of Economic Development Fund

The Department of Economic Development's Industrial Coordinator Program is funded by general revenues and provides the resources to work with new and existing industries to coordinate training of workers. Base Level is \$786,079 each year, with 12 positions budgeted.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Department is requesting Base Level only for this program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SN Industrial Coordinator Program
Funding Sources: HOA - Department of Economic Development Fund

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | | | |
|--------------------------------------|---------------------|---------------------|-------------------------|---|----------------|----------------|----------------|----------------|----------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 506,436 | 530,669 | 580,096 | 530,669 | 530,669 | 530,669 | 530,669 | 530,669 | 530,669 |
| #Positions | 12 | 12 | 13 | 12 | 12 | 12 | 12 | 12 | 12 |
| Personal Services Matching 5010003 | 152,557 | 153,429 | 158,978 | 157,860 | 157,860 | 157,860 | 157,860 | 157,860 | 157,860 |
| Operating Expenses 5020002 | 82,850 | 85,000 | 87,200 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 |
| Conference & Travel Expenses 5050009 | 10,533 | 12,550 | 12,550 | 12,550 | 12,550 | 12,550 | 12,550 | 12,550 | 12,550 |
| 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 | 752,376 | 781,648 | 838,824 | 786,079 | 786,079 | 786,079 | 786,079 | 786,079 | 786,079 |
| Funding Sources | | | | | | | | | |
| General Revenue 4000010 | 752,376 | 781,648 | | 786,079 | 786,079 | 786,079 | 786,079 | 786,079 | 786,079 |
| Total Funding | 752,376 | 781,648 | | 786,079 | 786,079 | 786,079 | 786,079 | 786,079 | 786,079 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 752,376 | 781,648 | | 786,079 | 786,079 | 786,079 | 786,079 | 786,079 | 786,079 |

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 Department of Economic Development. Base Level is \$36,964,126 each year, with 7 positions budgeted.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

Continuation of Base Level only is requested by the Department.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | | | |
|--------------------------------------|---------------------|---------------------|-------------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 201,673 | 232,123 | 233,979 | 232,123 | 232,123 | 232,123 | 232,123 | 232,123 | 232,123 |
| #Positions | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Personal Services Matching 5010003 | 62,606 | 73,891 | 70,868 | 76,403 | 76,403 | 76,403 | 76,403 | 76,403 | 76,403 |
| Operating Expenses 5020002 | 69,115 | 60,600 | 60,600 | 60,600 | 60,600 | 60,600 | 60,600 | 60,600 | 60,600 |
| Conference & Travel Expenses 5050009 | 13,963 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Professional Fees 5060010 | 50,403 | 70,000 | 52,040 | 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 | 24,119,058 | 36,500,000 | 36,987,130 | 36,500,000 | 36,500,000 | 36,500,000 | 36,500,000 | 36,500,000 | 36,500,000 |
| Capital Outlay 5120011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 24,516,818 | 36,961,614 | 37,429,617 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 |
| Funding Sources | | | | | | | | | |
| Federal Revenue 4000020 | 24,516,818 | 36,961,614 | | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 |
| Total Funding | 24,516,818 | 36,961,614 | | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 24,516,818 | 36,961,614 | | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 | 36,964,126 |

The FY07 Budgeted amount for Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2005-2007 Biennium.

FY07 Budgeted exceeds Authorized appropriation in Professional Fees due to a special language transfer from Grants and Aid by authority contained in Section 29 of Act 2086 of 2005.

FY06 Actual in Operating Expenses exceeds Authorized amount by authority of a Budget Classification Transfer.

Analysis of Budget Request

Appropriation: 2SR - Motion Picture Dev Office

Funding Sources: HOA - Department of Economic Development Fund

This general revenue funded appropriation is used for the Motion Picture Development Office of the Department of Economic Development. This program works directly with film/movie producers to promote Arkansas as an ideal location for film production. Base Level is \$99,690 each year, with one position budgeted.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary level has been held flat each year for the single incumbent. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Department's request is for Base Level only.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SR Motion Picture Dev Office
Funding Sources: HOA - Department of Economic Development Fund

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | | | |
|--------------------------------------|---------------------|---------------------|-------------------------|---|---------------|---------------|---------------|---------------|---------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 63,661 | 69,846 | 69,846 | 69,846 | 69,846 | 69,846 | 69,846 | 69,846 | 69,846 |
| #Positions | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Personal Services Matching 5010003 | 16,664 | 17,965 | 16,971 | 18,344 | 18,344 | 18,344 | 18,344 | 18,344 | 18,344 |
| Operating Expenses 5020002 | 6,423 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| Conference & Travel Expenses 5050009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Fees 5060010 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 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 | 91,748 | 99,311 | 98,317 | 99,690 | 99,690 | 99,690 | 99,690 | 99,690 | 99,690 |
| Funding Sources | | | | | | | | | |
| General Revenue 4000010 | 91,748 | 99,311 | | 99,690 | 99,690 | 99,690 | 99,690 | 99,690 | 99,690 |
| Total Funding | 91,748 | 99,311 | | 99,690 | 99,690 | 99,690 | 99,690 | 99,690 | 99,690 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 91,748 | 99,311 | | 99,690 | 99,690 | 99,690 | 99,690 | 99,690 | 99,690 |

The FY07 Budgeted amount for Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2005-2007 Biennium.

Analysis of Budget Request

Appropriation: 2SS - Established Ind Div - State

Funding Sources: HOA - Department of Economic Development Fund

This is a general revenue funded appropriation used to fund administrative activities and provide support for various federally funded programs authorized by the U.S. Department of Energy. Base Level is \$561,033 each year, with 8 positions budgeted.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Department is requesting Base Level only for this program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SS Established Ind Div - State
Funding Sources: HOA - Department of Economic Development Fund

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | 2008-2009 | | |
|--------------------------------------|---------------------|---------------------|-------------------------|---|---------------------|------------------------|-------------------------|---------------------|------------------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 Base Level | 2007-2008 Agency | 2007-2008 Executive | 2008-2009 Base Level | 2008-2009 Agency | 2008-2009 Executive |
| Regular Salaries 5010000 | 302,705 | 374,993 | 401,821 | 374,993 | 374,993 | 374,993 | 374,993 | 374,993 | 374,993 |
| #Positions | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Personal Services Matching 5010003 | 84,817 | 106,561 | 106,224 | 109,537 | 109,537 | 109,537 | 109,537 | 109,537 | 109,537 |
| Operating Expenses 5020002 | 76,246 | 41,503 | 86,500 | 41,503 | 41,503 | 41,503 | 41,503 | 41,503 | 41,503 |
| Conference & Travel Expenses 5050009 | 14,854 | 10,000 | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Professional Fees 5060010 | 24,870 | 25,000 | 35,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| 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 | 503,492 | 558,057 | 629,545 | 561,033 | 561,033 | 561,033 | 561,033 | 561,033 | 561,033 |
| Funding Sources | | | | | | | | | |
| General Revenue 4000010 | 503,492 | 558,057 | | 561,033 | 561,033 | 561,033 | 561,033 | 561,033 | 561,033 |
| Total Funding | 503,492 | 558,057 | | 561,033 | 561,033 | 561,033 | 561,033 | 561,033 | 561,033 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 503,492 | 558,057 | | 561,033 | 561,033 | 561,033 | 561,033 | 561,033 | 561,033 |

The FY07 Budgeted amount for Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2005-2007 Biennium.

The FY06 Actual amount and the FY07 Budgeted amount exceed Authorized appropriation in Conference & Travel Expenses by authority of Budget Classification Transfers.

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 Department of Economic Development. 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 \$1,332,452 each year, with 9 positions budgeted.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

In addition to Base Level, the Department is requesting a new position, Energy Conservation Program Coordinator, Grade 22, to manage and coordinate bio-energy and industrial program activities under the State Energy Plan. Salary and matching costs are \$44,309 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | | | |
|--------------------------------------|---------------------|---------------------|-------------------------|---|------------------|------------------|------------------|------------------|------------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 250,655 | 304,823 | 359,792 | 304,823 | 338,177 | 338,177 | 304,823 | 338,177 | 338,177 |
| #Positions | 8 | 9 | 12 | 9 | 10 | 10 | 9 | 10 | 10 |
| Personal Services Matching 5010003 | 95,293 | 96,281 | 113,719 | 99,529 | 110,484 | 110,484 | 99,529 | 110,484 | 110,484 |
| Operating Expenses 5020002 | 13,763 | 166,675 | 166,675 | 166,675 | 166,675 | 166,675 | 166,675 | 166,675 | 166,675 |
| Conference & Travel Expenses 5050009 | 3,789 | 39,573 | 29,573 | 39,573 | 39,573 | 39,573 | 39,573 | 39,573 | 39,573 |
| Professional Fees 5060010 | 150,994 | 204,001 | 368,685 | 204,001 | 204,001 | 204,001 | 204,001 | 204,001 | 204,001 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants and Aid 5100004 | 398,092 | 517,851 | 653,179 | 517,851 | 517,851 | 517,851 | 517,851 | 517,851 | 517,851 |
| Capital Outlay 5120011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 912,586 | 1,329,204 | 1,691,623 | 1,332,452 | 1,376,761 | 1,376,761 | 1,332,452 | 1,376,761 | 1,376,761 |
| Funding Sources | | | | | | | | | |
| Federal Revenue 4000020 | 912,586 | 1,329,204 | | 1,332,452 | 1,376,761 | 1,376,761 | 1,332,452 | 1,376,761 | 1,376,761 |
| Total Funding | 912,586 | 1,329,204 | | 1,332,452 | 1,376,761 | 1,376,761 | 1,332,452 | 1,376,761 | 1,376,761 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 912,586 | 1,329,204 | | 1,332,452 | 1,376,761 | 1,376,761 | 1,332,452 | 1,376,761 | 1,376,761 |

The FY07 Budgeted amount exceeds Authorized appropriation in Conference & Travel Expenses by authority of a Budget Classification Transfer.

Change Level by Appropriation

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

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 1,332,452 | 9 | 1,332,452 | 100.0 | 1,332,452 | 9 | 1,332,452 | 100.0 |
| C01 | Existing Program | 44,309 | 1 | 1,376,761 | 103.3 | 44,309 | 1 | 1,376,761 | 103.3 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 1,332,452 | 9 | 1,332,452 | 100.0 | 1,332,452 | 9 | 1,332,452 | 100.0 |
| C01 | Existing Program | 44,309 | 1 | 1,376,761 | 103.3 | 44,309 | 1 | 1,376,761 | 103.3 |

Justification

C01 This is a request for appropriation in the amount of \$44,309 each year for a new Grade 22, Energy Conservation Program Coordinator, to be funded by the U.S. Dept. of Energy to manage and coordinate bio-energy and industrial program activities under the State Energy Plan. In recent years, there has been a dramatic rise in energy prices for all economic sectors. This has led to an unprecedented increase in interest and activity in alternative transportation fuels, bio-energy technologies, and energy efficiency in the industrial sector. The Energy Office, with primary funding from the U.S. Department of Energy, is working within the Department and with other State and private organizations to develop and coordinate projects to respond to these increased needs. Alternative fuels, and bio-energy in particular, are part of an economic and technological shift in which Arkansas is a major player. As such, economic development, agriculture, environmental, and legislative interests are looking to the Dept. of Economic Development and the Energy Office for guidance and coordination as the State tries to develop policies and programs that both respond to Arkansas's concerns and also keep Arkansas competitive. Thus far, the Energy Office has used contractors, where possible, to help support this effort. However, the breadth and depth of our needs now require staff support.

Analysis of Budget Request

Appropriation: 2SU - Business Development - State

Funding Sources: HOA - Department of Economic Development Fund

This general revenue appropriation is used by the Department of Economic Development to encourage the establishment, development, and expansion of minority-owned businesses in the State. Base Level is \$243,691 each year, including 4 positions.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

In addition to Base Level, the Department is requesting 2 new positions, State Economic Developer III, Grade 25, without funding. If sufficient general revenue resources are not used in other programs, these positions could be funded and filled to assist in the deployment of additional programs to aid new and existing small and minority businesses.

The Executive Recommendation provides for positions, appropriation, and general revenue funding at Base Level only.

Appropriation Summary

Appropriation: 2SU Business Development - State
Funding Sources: HOA - Department of Economic Development Fund

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | | | |
|--------------------------------------|---------------------|---------------------|-------------------------|---|----------------|----------------|----------------|----------------|----------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 163,499 | 177,873 | 178,176 | 177,873 | 258,427 | 177,873 | 177,873 | 258,427 | 177,873 |
| #Positions | 5 | 4 | 4 | 4 | 6 | 4 | 4 | 6 | 4 |
| Personal Services Matching 5010003 | 47,561 | 51,272 | 48,819 | 52,818 | 77,529 | 52,818 | 52,818 | 77,529 | 52,818 |
| Operating Expenses 5020002 | 7,949 | 10,000 | 8,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Conference & Travel Expenses 5050009 | 4,796 | 3,000 | 5,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| 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 | 223,805 | 242,145 | 239,995 | 243,691 | 348,956 | 243,691 | 243,691 | 348,956 | 243,691 |
| Funding Sources | | | | | | | | | |
| General Revenue 4000010 | 223,805 | 242,145 | | 243,691 | 243,691 | 243,691 | 243,691 | 243,691 | 243,691 |
| Total Funding | 223,805 | 242,145 | | 243,691 | 243,691 | 243,691 | 243,691 | 243,691 | 243,691 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 105,265 | 0 | 0 | 105,265 | 0 |
| Grand Total | 223,805 | 242,145 | | 243,691 | 348,956 | 243,691 | 243,691 | 348,956 | 243,691 |

The FY07 Budgeted amount for Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2005-2007 Biennium.

The FY07 Budgeted amount exceeds Authorized appropriation in Operating Expenses by authority of a Budget Classification Transfer.

Change Level by Appropriation

Appropriation: 2SU-Business Development - State

Funding Sources: HOA - Department of Economic Development Fund

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 243,691 | 4 | 243,691 | 100.0 | 243,691 | 4 | 243,691 | 100.0 |
| C01 | Existing Program | 105,265 | 2 | 348,956 | 143.2 | 105,265 | 2 | 348,956 | 143.2 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 243,691 | 4 | 243,691 | 100.0 | 243,691 | 4 | 243,691 | 100.0 |
| C01 | Existing Program | 0 | 0 | 243,691 | 100.0 | 0 | 0 | 243,691 | 100.0 |

Justification

C01 This is a request for appropriation, without funding, of \$105,265 in each year of the biennium, for two Grade 25 State Economic Developer III positions. The Small and Minority Business Development Unit currently operates three primary programs aimed at increasing the growth and development of new and existing small and minority businesses. They are: 1) Business Counseling and Technical Support, including procurement assistance; 2) Minority Business Enterprise Certification; and 3) Small Business University. Two additional programs, Mentoring and Inventor Assistance, are being developed and will be implemented soon. The heaviest volume of customer interaction is through the Business Counseling and Technical Support program. The unit is averaging over 1,200 business contacts per year and this high demand is very difficult for us to meet at our current staffing level. The enhanced skills associated with these positions will address the demand for higher level technical support, such as assistance with obtaining patents, copyrights, trademarks, etc.

Analysis of Budget Request

Appropriation: 2SV - Industry Training

Funding Sources: HOA - Department of Economic Development Fund

This general revenue appropriation is used by the Department of Economic Development to provide pre-employment training and re-training necessary for eligible business and industry workers to meet the technical manpower needs of new or expanding industry in the State. Equipment purchases necessary to conduct training are also incurred in this program. Base Level is \$1,647,266 each year, with 6 positions budgeted.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

In addition to Base Level, the Department is requesting \$1,500,000 each year to provide funding for the Existing Worker Training Program, which would invest in the upgrading of Arkansas' workforce through training incentives for companies seeking to increase the skills of their existing workforce or to prepare a new workforce.

The Executive Recommendation provides for appropriation and general revenue funding at Base Level only and further recommends the Existing Worker Training Program request as a General Improvement project.

Appropriation Summary

Appropriation: 2SV Industry Training
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 | | |
|---------------------------------------|---------------------|---------------------|-------------------------|---|------------------|------------------|---|------------------|------------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 313,212 | 306,711 | 309,584 | 306,711 | 306,711 | 306,711 | 306,711 | 306,711 | 306,711 |
| #Positions | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Extra Help 5010001 | 4,800 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| #Extra Help | 1 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Personal Services Matching 5010003 | 85,728 | 85,937 | 81,974 | 88,080 | 88,080 | 88,080 | 88,080 | 88,080 | 88,080 |
| Operating Expenses 5020002 | 215,229 | 220,000 | 236,500 | 220,000 | 220,000 | 220,000 | 220,000 | 220,000 | 220,000 |
| Conference & Travel Expenses 5050009 | 19,241 | 22,475 | 7,475 | 22,475 | 22,475 | 22,475 | 22,475 | 22,475 | 22,475 |
| 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 |
| Industry Training Program 5900046 | 1,060,400 | 1,000,000 | 1,060,545 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Existing Worker Training Prgm 5900047 | 0 | 0 | 0 | 0 | 1,500,000 | 0 | 0 | 1,500,000 | 0 |
| Total | 1,698,610 | 1,645,123 | 1,706,078 | 1,647,266 | 3,147,266 | 1,647,266 | 1,647,266 | 3,147,266 | 1,647,266 |
| Funding Sources | | | | | | | | | |
| General Revenue 4000010 | 1,698,610 | 1,645,123 | | 1,647,266 | 3,147,266 | 1,647,266 | 1,647,266 | 3,147,266 | 1,647,266 |
| Total Funding | 1,698,610 | 1,645,123 | | 1,647,266 | 3,147,266 | 1,647,266 | 1,647,266 | 3,147,266 | 1,647,266 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 1,698,610 | 1,645,123 | | 1,647,266 | 3,147,266 | 1,647,266 | 1,647,266 | 3,147,266 | 1,647,266 |

The FY06 Actual amount for Regular Salaries and the FY07 Budgeted amount for Personal Services Matching exceed the Authorized amounts due to salary and matching rate adjustments during the 2005-2007 Biennium.

The FY06 Actual amount and the FY07 Budgeted amount exceed Authorized appropriation in Conference & Travel Expenses by authority of Budget Classification Transfers.

Change Level by Appropriation

Appropriation: 2SV-Industry Training

Funding Sources: HOA - Department of Economic Development Fund

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 1,647,266 | 6 | 1,647,266 | 100.0 | 1,647,266 | 6 | 1,647,266 | 100.0 |
| C02 | New Program | 1,500,000 | 0 | 3,147,266 | 191.0 | 1,500,000 | 0 | 3,147,266 | 191.0 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 1,647,266 | 6 | 1,647,266 | 100.0 | 1,647,266 | 6 | 1,647,266 | 100.0 |
| C02 | New Program | 0 | 0 | 1,647,266 | 100.0 | 0 | 0 | 1,647,266 | 100.0 |

Justification

C02 Funding and appropriation of \$1.5 million dollars in general revenues are requested for each fiscal year to provide for an investment in Arkansas' workforce through training incentives for companies located in Arkansas to upgrade skills of their existing workforce, or for a potential new workforce, and to build capacity within Arkansas to supply on-going training needs of Arkansas companies and to increase participation in the State's school-to-work initiatives. This program has been funded historically through the General Improvement Fund, a source that has not been reliable in recent history. The Department has found that this program is one of the most highly sought after by the State's industries during recent times, primarily due to the need for companies to update technology and processes quickly to remain viable in the marketplace.

Analysis of Budget Request

Appropriation: C32 - Incentive Plans - Cash

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

The Department of Economic Development'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 \$15,000 each year and is the Department'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 | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Incentive Plans 5900046 | 0 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Total | 0 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 8,462 | 8,498 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Fund 4000045 | 36 | 6,502 | | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Total Funding | 8,498 | 15,000 | | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Excess Appropriation/(Funding) | (8,498) | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 0 | 15,000 | | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |

Analysis of Budget Request

Appropriation: C33 - Century Tube Scholarship-Cash

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

This cash appropriation is used by the Department of Economic Development to administer a scholarship program in which the Century Tube Company provided funding for a ten year period to support one scholarship annually for an American student to study in Japan. Interest earned on current balances is the only income available in this program. The current balance is not sufficient to support another scholarship, so the Department has received permission from the grantor company to expend the remaining funds in support of economic development initiatives relating to the Far East.

Base Level is \$5,980 each year and is the Department's request.

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

Appropriation Summary

Appropriation: C33 Century Tube Scholarship-Cash
Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Century Tube 5900046 | 0 | 5,980 | 5,981 | 5,980 | 5,980 | 5,980 | 5,980 | 5,980 | 5,980 |
| Total | 0 | 5,980 | 5,981 | 5,980 | 5,980 | 5,980 | 5,980 | 5,980 | 5,980 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 5,927 | 5,980 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Fund 4000045 | 53 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 5,980 | 5,980 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess Appropriation/(Funding) | (5,980) | 0 | | 5,980 | 5,980 | 5,980 | 5,980 | 5,980 | 5,980 |
| Grand Total | 0 | 5,980 | | 5,980 | 5,980 | 5,980 | 5,980 | 5,980 | 5,980 |

Analysis of Budget Request

Appropriation: C34 - Trade & Int'l Investment-Cash

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

This cash appropriation is utilized by the Department of Economic Development 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 \$13,725 each year. No additional appropriation is being requested for the 2007-2009 Biennium.

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

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Trade & Inter Invest Exp 5900046 | 0 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 |
| Total | 0 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 13,745 | 13,803 | | 78 | 78 | 78 | 0 | 0 | 0 |
| Cash Fund 4000045 | 58 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 13,803 | 13,803 | | 78 | 78 | 78 | 0 | 0 | 0 |
| Excess Appropriation/(Funding) | (13,803) | (78) | | 13,647 | 13,647 | 13,647 | 13,725 | 13,725 | 13,725 |
| Grand Total | 0 | 13,725 | | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 | 13,725 |

Analysis of Budget Request

Appropriation: C35 - Quality Mgmt Task Force-Cash

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

This is a cash appropriation used by the Department of Economic Development 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 \$46,500 each year. No changes are requested for the 2007-2009 Biennium.

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

Appropriation Summary

Appropriation: C35 Quality Mgmt Task Force-Cash
Funding Sources: 127 - Department of Energy - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|---------|-----------|-----------|------------|------------|--------|-----------|------------|--------|-----------|
| | | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Q M Task Force Exp | 5900046 | 10,130 | 46,500 | 52,427 | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 |
| Total | | 10,130 | 46,500 | 52,427 | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 |
| Funding Sources | | | | | | | | | | |
| Fund Balance | 4000005 | 56,149 | 46,276 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Fund | 4000045 | 257 | 224 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | | 56,406 | 46,500 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess Appropriation/(Funding) | | (46,276) | 0 | | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 |
| Grand Total | | 10,130 | 46,500 | | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 | 46,500 |

Analysis of Budget Request

Appropriation: C36 - Petroleum Violation Escrow-Cash

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

The Department of Economic Development'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 \$592,163 each year and is the Department'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 | | | Agency Request and Executive Recommendation | | | Agency Request and Executive Recommendation | | |
|--------------------------------------|---------------------|---------------------|-------------------------|---|----------------|----------------|---|----------------|----------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses 5020002 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Conference & Travel Expenses 5050009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Fees 5060010 | 0 | 0 | 75,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants and Aid 5100004 | 193,404 | 592,163 | 609,904 | 592,163 | 592,163 | 592,163 | 592,163 | 592,163 | 592,163 |
| Capital Outlay 5120011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 193,404 | 592,163 | 684,904 | 592,163 | 592,163 | 592,163 | 592,163 | 592,163 | 592,163 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 632,252 | 573,315 | | 3,215 | 3,215 | 3,215 | 0 | 0 | 0 |
| Cash Fund 4000045 | 134,467 | 22,063 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 766,719 | 595,378 | | 3,215 | 3,215 | 3,215 | 0 | 0 | 0 |
| Excess Appropriation/(Funding) | (573,315) | (3,215) | | 588,948 | 588,948 | 588,948 | 592,163 | 592,163 | 592,163 |
| Grand Total | 193,404 | 592,163 | | 592,163 | 592,163 | 592,163 | 592,163 | 592,163 | 592,163 |

Analysis of Budget Request

Appropriation: C38 - Small Business Univ-Cash

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

The Small Business University cash fund appropriation was established by request from the Cash Fund Holding Account in FY06, and again in FY07. The Program's purpose is to assist small businesses in the development of successful working business plans. Funding is provided by participant registration fees.

The Department is requesting continuation of the current operating level of \$10,000 each year.

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

Appropriation Summary

Appropriation: C38 Small Business Univ-Cash
Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|-----------|-----------|------------|------------|--------|-----------|------------|--------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses 5020002 | 0 | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 |
| Total | 0 | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 0 | 340 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Fund 4000045 | 340 | 9,660 | | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 |
| Total Funding | 340 | 10,000 | | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 |
| Excess Appropriation/(Funding) | (340) | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 0 | 10,000 | | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 |

This appropriation was established by transfers from the Cash Fund Holding Account for FY06 and FY07. Continuation is requested for the 2007-2009 Biennium.

Change Level by Appropriation

Appropriation: C38-Small Business Univ-Cash

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

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 0 | 0 | 0 | x | 0 | 0 | 0 | x |
| C01 | Existing Program | 10,000 | 0 | 10,000 | x | 10,000 | 0 | 10,000 | x |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 0 | 0 | 0 | 100.0 | 0 | 0 | 0 | 100.0 |
| C01 | Existing Program | 10,000 | 0 | 10,000 | 100.0 | 10,000 | 0 | 10,000 | 100.0 |

Justification

C01 This request is to continue a cash funded appropriation in the amount of \$10,000 each fiscal year for the Small Business University. This program is currently authorized by transfer from the Cash Fund Holding Account requested in each year of the 2005-07 Biennium. The Small Business University Program has been extremely successful in helping small businesses gain the expertise to be successful during the first few years of operation by helping them create a working business plan and properly capitalize their ventures. That critical period is by far the greatest hurdle for small businesses, and once past that, there is a much greater likelihood of success in the long term. This program fills a critical need for small businesses and is funded totally from income of participant registration fees.

Appropriation Summary

Appropriation: 4GX Biodiesel Infrastructure
Funding Sources: FAK - Economic Development-Federal

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2005-2006 | 2006-2007 | 2006-2007 | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|-----------|-----------|------------|------------|--------|-----------|------------|--------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Grants and Aid 5100004 | 97,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 97,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Funding Sources | | | | | | | | | |
| Federal Revenue 4000020 | 97,000 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 97,000 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 97,000 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |

This appropriation not being requested for the 2007-2009 Biennium.