

**ARKANSAS ECONOMIC DEVELOPMENT COMMISSION (790)
2011-13 BIENNIUM - EXECUTIVE RECOMMENDATION**

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

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

TOTAL BIENNIAL BUDGET

The total budget of the Arkansas Economic Development Commission is \$425,878,466 for each year of the biennium.

FUNDING SOURCE

The budget is funded with 47% Bond Proceeds, 37% Federal Revenues, 13% Federal ARRA Funds, 2% General Revenues, and >1% Fund Balances, and Cash Funds.

II) CHANGES/APPROPRIATIONS

State Operations Appropriation funded with general revenue for \$11,411,798 for each year and provides for the following change levels:

- a. An increase of \$100,000 of unfunded appropriation in capital outlay to replace IT hardware.
- b. An increase of \$1,000,000 in unfunded appropriation for Grants and Aid for grants to cities and counties.

Community Assistance-Federal Appropriation funded by HUD for \$130,405,456 for each year of the biennium with the following changes:

- a. A continuation of \$90,475,898 in Storm Recovery Grants.
- b. A continuation of \$4,747,501 in Flood Recovery Grants.
- c. A continuation of \$4,632,783 each year for ARRA Federal Grants for CDBG Program.

State Energy Plan-Federal Appropriation funded by Federal Funds received from the U.S. Department of Energy for \$51,304,301 for each year for the following increase:

\$50,470,424 each year for ARRA Grant Funds appropriation

III) ADDITIONAL POSITIONS

Total positions for 2009-2011: 100

Total positions for 2011-2013: 119

Increase/ (Decrease): 19

IV) SPECIAL LANGUAGE

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

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

3. Priority placed on use of CDBG funds for multi-use facilities with report to Legislative Council.
4. Expansion of ADED notification methods to increase participation in CDBG program
5. Allocation of \$500,000 per fiscal year to the CDBG Rural Development Set-Aside for grants to rural communities.
6. Grant Review. Arkansas Economic Development Commission (AEDC) shall review all applications for grant funds from the Rural Development Set-Aside, Department of Rural Services (DRS) shall decide which grant applications will be funded, and AEDC shall disburse funds. Both AEDC and DRS shall promulgate rules and regulations governing application for and disbursement of grant funds and make an annual report of the disposition of funds to the Legislative Joint Audit Committee.
7. Transfer Provision for foreign offices allows transfer of appropriation between foreign offices to respond to changes in the world markets. Non-severability language included.
8. Transfer provision allows appropriation transfers between line items in state operations appropriation. Non-severability language included.
9. Transfer provision allows appropriation transfers between line items in Community Assistance (CDBG) federal appropriation. Non-severability language included.
10. Restriction states flexibility provided to Arkansas Economic Development Commission can only be used to carry out federal CDBG program. Approval by ALC/JBC required. Non-severability language included.
11. Transfer - Industry training. Allow any savings to be used for Extra Help, Maintenance and Operations, and Industry Training line items. Non-severability language included.
12. Transfer - Industry training. Allow any savings in Extra Help line item to be used for Maintenance and Operations after prior review by Legislative Council or Joint Budget Committee. Non-severability language included.