

Director: Margie A. Emmermann

JLBC Analyst: Brian Schmitz

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	100.5	91.5	89.9 ^{1/}
Personal Services	2,683,800	3,122,200	2,870,500
Employee Related Expenditures	507,300	702,900	729,700
Professional and Outside Services	90,500	86,800	86,800
Travel - In State	68,600	58,700	58,700
Travel - Out of State	23,800	14,500	14,500
Other Operating Expenditures	731,500	710,000	710,000
Equipment	62,100	37,600	37,600
Lump Sum Reduction	0	0	(120,500)
<i>Operating Subtotal</i>	4,167,600	4,732,700	4,387,300
International Trade Offices	788,800	976,000	976,000
Business Assistance Center			
Minority and Women Owned Business	64,800	111,000	109,900
Small Business Advocate	104,800	110,000	109,000
Rural Community Assistance			
Economic Development Matching Funds	0	104,000	104,000
Main Street	130,000	130,000	130,000
REDI Matching Grants	44,700	45,000	45,000
Rural Tourism	85,500	0	0
National Marketing			
Advertising and Promotion	595,200	659,200	659,200
Motion Picture Development	617,000	588,900	308,200
Senior Living Office	200,400	0	0
CEDC Office of Senior Living	191,400	0	0
Strategic Finance			
CEDC Commission	211,700	250,000	254,400
Mexico Projects			
National Law Center/Free Trade	250,000	250,000	250,000
Other			
High Technology Clusters	100,000	0	0
Apprenticeship Services	150,600	152,500	153,000
Clean Air Fund	1,000,000	0	0
Housing Development Fund	233,800	0	0
Oil Overcharge Administration	125,900	144,500	147,500
Special Needs Housing	75,400	77,400	0
Williams AFB Economic Development	350,000	0	0
Military Airports Land Use	0	500,000	0
Arizona Partnership for the New Economy - High Tech Clusters	0	750,000	207,500
TOTAL APPROPRIATIONS	9,487,600	9,581,200	7,841,000 ^{2/}

^{1/} Includes 18.5 FTE Positions funded from Special Line Items in FY 2003.

^{2/} General Appropriation Act (Laws 2002, Chapter 327) funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Approved
FUND SOURCES			
General Fund	6,180,800	5,717,700	4,358,000
<u>Other Appropriated Funds</u>			
Bond Fund	106,700	115,800	117,500
CEDC Fund	2,397,700	2,924,100	2,963,600
Housing Development Fund	233,800	0	0
Housing Trust Fund	231,000	429,100	0
State Lottery Fund	211,700	250,000	254,400
Oil Overcharge Fund	125,900	144,500	147,500
<i>Subtotal - Other Appropriated Funds</i>	<u>3,306,800</u>	<u>3,863,500</u>	<u>3,483,000</u>
TOTAL APPROPRIATIONS	9,487,600	9,581,200	7,841,000

AGENCY DESCRIPTION — *The department leads and promotes economic, community, and workforce development that support a more globally competitive environment statewide. The department provides: comprehensive economic research and information; training and technical assistance for community capacity building; support statewide for business expansion and attraction; international market intelligence and export counseling; workforce development and job training for Arizona businesses; online assistance for new business start-ups; community planning and rural assistance for infrastructure development; services designed to attract film and television production to the state.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Est./Actual	Estimate
• Number of jobs created	13,200/11,600	13,800/16,100	15,500/14,000	15,500
• Number of workers trained	NA	7,100	8,000/4,600	12,000/13,000
• Number of new company relocations or expansions	60/67	60/62	60/73	60
• Export sales (\$ in billions)	NA/11.6	NA/12.4	13.0/14.0	13.0
• Average wage rate for new jobs created	\$12.00/\$14.70	\$12.00/\$17.90	\$17.80/\$19.50	\$17.80
• Administration as a % of total cost	4.5/NA	4.5/NA	9.2/NA	9.2
• Customer satisfaction rating for economic development program (Scale 1-8)	NA	NA	NA	6.0

Unfunded FTE Positions — The approved amount includes a General Fund decrease of (1.6) FTE Positions below FY 2002 due to the statewide elimination of unfunded FTE Positions. For details on the methodology used to calculate the reduction, please see the *General Provisions* section at the front of the *Appropriations Report*.

International Trade Offices — Monies in this line item are used to establish business incentives and assistance procedures to retain, expand, or locate businesses and other qualified projects in the state. The program will support international trade offices in Taiwan, Mexico, Europe, and Japan, which assist Arizona businesses in exporting their products. Funding for the line item comes from the Commerce and Economic Development Commission (CEDC) Fund.

Business Assistance Center

Minority and Women Owned Business — The approved amount provides funding for 2 FTE Positions from the CEDC Fund to promote economic development of minority and women-owned business enterprises.

Small Business Advocate — The approved amount provides funding for 2 FTE Positions from the CEDC Fund to promote the creation and growth of small Arizona businesses. The office also acts as an advocate for small business interests.

Rural Community Assistance

Economic Development Matching Funds — The approved amount provides funding from the CEDC Fund to support local community growth management efforts, including the development of general and comprehensive land use plans.

Main Street — The approved amount provides funding for the historical preservation or refurbishment of downtown areas, or “main streets,” in selected rural Arizona communities. The goal of the Main Street program, which is funded from the CEDC Fund, is to attract new businesses, jobs, and private investment to rural towns by improving the physical appearance of their downtown areas.

REDI Matching Grants — The approved amount provides funding from the CEDC Fund for the Rural Economic Development Initiative (REDI) program. The REDI program offers special community project grants for technical assistance in implementing economic development programs of rural communities.

Rural Tourism — Funding for this line item was eliminated in FY 2002. Past General Fund appropriations provided for 1 FTE Position to assist rural communities in support of their tourism development efforts.

National Marketing

Advertising and Promotion — The approved amount provides funding from the CEDC Fund for advertising and promoting the department's various programs through magazine ads, direct mail, and special events.

Motion Picture Development — The approved amount includes a decrease of \$(280,700) from the General Fund in FY 2003 below FY 2002. Monies in this line item provide for 6 FTE Positions and are used to attract film and television projects to locations in Arizona through advertising and promotional campaigns.

Senior Living Office and CEDC Office of Senior Living — Funding for these line items was eliminated in FY 2002. Past CEDC Fund appropriations provided 2 FTE Positions to attract persons aged 55 or older to move to Arizona, and to recruit businesses to the state which produce goods or services targeted to this demographic segment.

Strategic Finance

CEDC Commission — The approved amount provides funding from the State Lottery Fund to cover 3.5 FTE Positions and administration expenses related to the Commerce and Economic Development Commission, which consists of 35 public and private sector members serving at the request of the Governor. The purpose of the Commission is to provide oversight for the short-term and long-term economic development initiatives in the statewide economic development strategic plan.

Mexico Projects

National Law Center for Inter-American Free Trade — The National Law Center for Inter-American Free Trade is a research and educational center which seeks to identify and eliminate mechanical and structural obstacles to the free movement of goods and services among Mexico, Canada, and the United States. Funded by the CEDC Fund, the approved amount will be used to match private monies for additional research projects, in addition to defraying center overhead and administrative costs.

Other

High Technology Clusters — Funding for this line item was eliminated in FY 2002. Past General Fund

appropriations provided monies for cluster development grants primarily related to technology projects in southern Arizona.

Apprenticeship Services — Monies in this line item are used to fund 3 FTE Positions to promote the implementation of apprenticeship programs. This line item is funded by the General Fund.

Clean Air Fund — Funding for this line item was eliminated in FY 2002. Past appropriations provided \$1,000,000 transfers from the General Fund to the Clean Air Fund related to the Farm and Home Settlement.

Housing Development Fund — Funding for this line item was eliminated in FY 2002. Past appropriations provided incentives to develop affordable housing around state prisons for prison employees.

Oil Overcharge Administration — The approved amount provides funding for 2 FTE Positions from the Oil Overcharge Fund to administer the oil overcharge grant and loan restitution programs.

Special Needs Housing — Starting in FY 2003, this line item has been eliminated from the Department of Commerce's budget. The department's housing related functions have been transferred to the Department of Housing. Past appropriations included funding for 1 FTE Position from the Housing Trust Fund for the administration of federal housing grants, which serve homeless seriously mentally ill citizens.

Williams AFB Economic Development — Funding for this line item was eliminated in FY 2002. Past appropriations included funding from the General Fund to strategically market the Williams Gateway Airport to the global aviation marketplace.

Military Airports Land Use — Starting in FY 2003, this line item has been eliminated. The FY 2002 appropriation from the General Fund was for the development of comprehensive land use plans around active military airports.

Arizona Partnership for the New Economy – High Tech Clusters — The approved amount provides a decrease of \$(542,500) from the General Fund in FY 2003 below FY 2002. Monies in this line item are used to develop and encourage high tech clusters as outlined by the Arizona Partnership for the New Economy.

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