

Director: Gilbert Jimenez

JLBC Analyst: John Malloy

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Approved
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	91.5	82.9	82.9 <sup>1/</sup>
Personal Services	2,724,100	2,493,200	2,493,200
Employee Related Expenditures	553,400	606,800	574,800
Professional and Outside Services	84,100	83,900	83,900
Travel - In State	45,500	35,000	35,000
Travel - Out of State	16,900	18,900	18,900
Other Operating Expenditures	1,317,900	706,600	595,200
Equipment	50,100	44,000	44,000
<b>OPERATING SUBTOTAL</b>	<b>4,792,000</b>	<b>3,988,400</b>	<b>3,845,000</b>
<b>SPECIAL LINE ITEMS</b>			
<b>International Development</b>			
International Trade Offices	754,300	976,000	968,200
National Law Center/Free Trade	250,000	200,000	200,000
<b>Business Assistance Center</b>			
Minority and Women Owned Business	104,600	109,900	108,800
Small Business Advocate	109,000	109,000	107,900
<b>Rural Community Assistance</b>			
Economic Development Matching Funds	90,000	104,000	104,000
Main Street	129,100	130,000	130,000
REDI Matching Grants	29,700	45,000	45,000
<b>National Marketing</b>			
Advertising and Promotion	496,900	659,200	659,200
Motion Picture Development	559,900	308,200	291,100
<b>Strategic Finance</b>			
CEDC Commission	244,300	254,400	248,200
<b>Other</b>			
Apprenticeship Services	134,600	153,000	156,000
Oil Overcharge Administration	117,000	147,500	156,400
Military Airports Land Use	32,100	0	0
Arizona Partnership for the New Economy - High Tech Clusters	31,300	207,500	0 <sup>2/</sup>
<b>AGENCY TOTAL</b>	<b>7,874,800</b>	<b>7,392,100</b>	<b>7,019,800<sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	4,287,000	3,909,100	3,568,600
<b>Other Appropriated Funds</b>			
Bond Fund	748,100	117,500	120,200
CEDC Fund	2,478,400	2,963,600	2,926,400
Oil Overcharge Fund	117,000	147,500	156,400
State Lottery Fund	244,300	254,400	248,200
SUBTOTAL - Other Appropriated Funds	3,587,800	3,483,000	3,451,200
<b>AGENCY TOTAL</b>	<b>7,874,800</b>	<b>7,392,100</b>	<b>7,019,800</b>

<sup>1/</sup> Includes 15.5 FTE Positions funded from Special Line Items in FY 2004.

<sup>2/</sup> Of the \$2,926,400 appropriated from the CEDC Fund, \$250,000 shall be utilized for implementation of cross-industry business/infrastructure development projects and related project coordination in support of regional technology councils and high technology clusters operating in Arizona. (General Appropriation Act footnote, as adjusted for statewide allocations)

<sup>3/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency

**AGENCY DESCRIPTION** — *The department promotes economic, community, and workforce development. The department's duties include: economic research and information; support statewide for business expansion and attraction; international trade offices; workforce development and job training; online assistance for new business start-ups; community planning and rural assistance for infrastructure development; film and television production promotion.*

PERFORMANCE MEASURES	FY 2002	FY 2002	FY 2003	FY 2004
	Appropriation	Actual	Appropriation	Appropriation
• Number of jobs created	15,500	8,601	15,500	15,500
• Number of workers trained	12,000	15,900	13,000	7,500
• Number of new company relocations or expansions	60	59	60	60
• Export sales (\$ in billions)	13.0	NA	13.0	13.0
• Average wage rate for new jobs created	\$17.80	\$19.00	\$17.80	\$19.00
• Administration as a % of total cost	9.2	3.0	9.2	9.2
• Customer satisfaction rating for economic development program (Scale 1-8)	6.0	NA	6.0	6.0

**Comments:** The agency did not submit information for any measure labeled as “NA.”

**Technical Adjustments** — The FY 2004 approved amounts include technical adjustments for Employee Related Expenditures, Risk Management charges, state owned rent charges, Other Fund health and dental insurance changes, Other Fund retirement changes, and Other Fund AFIS charges. *(Please see the General Provisions section at the end of this Appropriations Report for further details on these changes.)*

**Special Line Items**

**International Development**

**International Trade Offices** — The approved amount (all from the Commerce and Economic Development Fund) is unchanged from FY 2003 except for technical adjustments. 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.

**National Law Center/Free Trade** — The approved amount (all from the Commerce and Economic Development Fund) includes no change in funding from FY 2003. 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. Funding for this line item is used to match private monies for additional research projects, in addition to defraying center overhead and administrative costs

**Business Assistance Center**

**Minority and Women Owned Business** — The approved amount (all from the Commerce and Economic Development Fund) includes 2 FTE Positions and is unchanged from FY 2003 except for technical adjustments. Monies in this line item are used to promote the economic

development of minority and women-owned business enterprises.

**Small Business Advocate** — The approved amount (all from the Commerce and Economic Development Fund) includes 2 FTE Positions and is unchanged from FY 2003 except for technical adjustments. Monies in this line item are used 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 (all from the Commerce and Economic Development Fund) includes no change in funding from FY 2003. Monies in this line item are used to support community growth management efforts, including the development of general and comprehensive land use plans.

**Main Street** — The approved amount (all from the Commerce and Economic Development Fund) includes no change in funding from FY 2003. Monies in this line item provide 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 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 (all from the Commerce and Economic Development Fund) includes no change in funding from FY 2003. Monies in this line item provide funding for the Rural Economic Development Initiative (REDI) program. The REDI program offers special community project grants for technical assistance in implementing economic development programs for rural communities.

**National Marketing**

**Advertising and Promotion** — The approved amount, (all from the Commerce and Economic Development

Fund) includes no change in funding from FY 2003. Monies in this line item are used for advertising and promoting the department's various programs through magazine ads, direct mail, and special events.

**Motion Picture Development** — The approved amount (all from the General Fund) includes 3 FTE Positions and is unchanged from FY 2003 except for technical adjustments. Monies in this line item are used to attract film and television projects to locations in Arizona through advertising and promotional campaigns.

### **Strategic Finance**

**CEDC Commission** — The approved amount (all from the State Lottery Fund) includes 3.5 FTE Positions and is unchanged from FY 2003, except for technical adjustments. Monies in this line item are used for 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.

### **Other**

**Apprenticeship Services** — The approved amount (all funded from the General Fund) includes 3 FTE Positions and is unchanged from FY 2003 except for technical adjustments. Monies in this line item are used to promote the implementation of apprenticeship programs.

**Oil Overcharge Administration** — The approved amount (all from the Oil Overcharge Fund) includes 2 FTE Positions and is unchanged from FY 2003 except for technical adjustments. Monies in this line item are used to administer the oil overcharge grant and loan restitution programs.

**Military Airports Land Use** — Funding for this line item was eliminated in FY 2003. 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 includes a General Fund decrease of \$(207,500) below FY 2003 in order to eliminate General Fund support for the program. The FY 2003 appropriation from the General Fund was used to develop and encourage high tech clusters as outlined by the Arizona Partnership for the New Economy.

A footnote in the General Appropriation Act stipulates that \$250,000 from the Commerce and Economic Development Commission (CEDC) Fund be used to support regional technology councils and high technology clusters operating in Arizona in FY 2004.

**Fund Transfers** — The General Appropriation Act transfers \$2,500,000 from the Job Training Fund to the General Fund in FY 2004. This transfer is not part of the agency's appropriation and is not reflected in the table above.

**Additional Legislation:** Budget Reconciliation; Public Finances (Chapter 263) — Section 44 of this bill allows the legislature to appropriate monies from the Arizona Job Training Fund for the Department of Economic Security's JOBS Program, which provides job training for welfare clients. In FY 2004, the Legislature appropriated \$3,746,400 from the Job Training Fund for this purpose.

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