

Director: Gilbert Jimenez

JLBC Analyst: John Malloy

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	82.9	82.9	87.9 ^{1/}
Personal Services	2,233,300	2,196,300	2,235,000
Employee Related Expenditures	509,000	601,000	618,500
Professional and Outside Services	202,400	95,000	95,000
Travel - In State	35,100	47,200	47,200
Travel - Out of State	13,600	33,800	33,800
Other Operating Expenditures	278,300	540,900	540,900
Equipment	20,800	13,500	13,500
OPERATING SUBTOTAL	3,292,500	3,527,700	3,583,900
SPECIAL LINE ITEMS			
International Development			
International Trade Offices	1,181,800	1,301,800	1,306,400
National Law Center/Free Trade	200,000	200,000	200,000
Business Assistance Center			
Minority and Women Owned Business	110,000	104,500	108,000
Small Business Advocate	109,000	103,700	107,200
Rural Community Assistance			
Economic Development Matching Funds	50,800	104,000	104,000
Main Street	91,400	130,000	130,000
REDI Matching Grants	13,500	45,000	45,000
Rural Economic Development	0	0	295,400
National Marketing			
Advertising and Promotion	303,400	659,200	659,200
Motion Picture Development	298,700	291,900	296,500
Strategic Finance			
CEDC Commission	212,600	248,200	253,700
Other			
Apprenticeship Services	146,300	156,400	158,700
Oil Overcharge Administration	120,300	156,400	159,500
Arizona Partnership for the New Economy - High Tech Clusters	207,000	0	0 ^{2/}
Ch. 235 Military Airport Planning; Appropriation	0	0	4,900,000
AGENCY TOTAL	6,337,300	7,028,800	12,307,500^{3/}
FUND SOURCES			
General Fund	3,643,600	3,577,600	8,825,800
<u>Other Appropriated Funds</u>			
Bond Fund	100,100	120,200	122,700
CEDC Fund	2,260,700	2,926,400	2,945,800 ^{2/}
Oil Overcharge Fund	120,300	156,400	159,500
State Lottery Fund	212,600	248,200	253,700
SUBTOTAL - Other Appropriated Funds	2,693,700	3,451,200	3,481,700
SUBTOTAL - Appropriated Funds	6,337,300	7,028,800	12,307,500
Other Non-Appropriated Funds	9,230,900	30,240,400	17,740,400
Federal Funds	4,978,400	6,117,400	6,218,500
TOTAL - ALL SOURCES	20,546,600	43,386,600	36,266,400

^{1/} Includes 20.0 GF and 9.5 OF FTE Positions funded from Special Line Items in FY 2005.

^{2/} Of the \$2,945,800 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)

^{3/} 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 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Appropriation
• Number of jobs created	15,500	14,100	15,500	12,000
• Number of workers trained	13,000	20,650	7,500	10,000
• Number of new company relocations or expansions	60	54	60	64
• Export sales (\$ in billions)	13.0	12.6	13.0	--
• Average wage rate for new jobs created	\$17.80	\$19.50	\$19.00	\$19.50
• Administration as a % of total cost	9.2	5.8	9.2	4.3
• Customer satisfaction rating for economic development program (Scale 1-8)	6.0	7.0	6.0	6.0

Comments: The agency reports that export sales are not a true measure of performance as a number of variables beyond the agency's control contribute to this measure.

Operating Budget

The budget provides \$3,583,900 for the operating budget in FY 2005. This amount consists of \$2,835,600 from the General Fund, \$625,600 from the Commerce and Economic Development (CEDC) Fund and \$122,700 from the Bond Fund. The approved amount includes an increase for statewide salary and other adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Special Line Items

International Development

International Trade Offices

The budget provides \$1,306,400 for International Trade Offices in FY 2005. This amount includes \$339,600 from the General Fund and \$966,800 from the CEDC Fund. The approved amount includes an increase for statewide salary and other 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. The line item includes 6 FTE Positions funded by the General Fund.

National Law Center/Free Trade

The budget provides \$200,000 from the CEDC Fund for the National Law Center in FY 2005. This amount is unchanged from FY 2004.

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 budget provides \$108,000 from the CEDC Fund for Minority and Women Owned Business in FY 2005. The approved amount includes an increase for statewide salary and other adjustments.

Monies in this line item are used to promote the economic development of minority and women-owned business enterprises. The line item includes 2 FTE Positions

Small Business Advocate

The budget provides \$107,200 from the CEDC Fund for Small Business Advocate in FY 2005. The approved amount includes an increase for statewide salary and other 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. The line item includes 2 FTE Positions.

Rural Community Assistance

Economic Development Matching Funds

The budget provides \$104,000 from the CEDC Fund for Economic Development Matching Funds in FY 2005. This amount is unchanged from FY 2004.

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 budget provides \$130,000 from the CEDC Fund for Main Street in FY 2005. This amount is unchanged from FY 2004.

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 budget provides \$45,000 from the CEDC Fund for REDI Matching Grants in FY 2005. This amount is unchanged from FY 2004.

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.

Rural Economic Development

The budget provides \$295,400 from the General Fund for Rural Economic Development in FY 2005. This new line item supplements \$473,100 in the agency’s existing budget for rural programs. Monies in this line item will be utilized to assist rural Arizona communities in accessing financing mechanisms and technical assistance to better address community infrastructure needs. The line item includes 4 FTE Positions.

National Marketing

Advertising and Promotion

The budget provides \$659,200 from the CEDC Fund for Advertising and Promotion in FY 2005. This amount is unchanged from FY 2004.

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 budget provides \$296,500 from the General Fund for Motion Picture Development in FY 2005. The approved amount includes an increase for statewide salary and other adjustments.

Monies in this line item are used to attract film and television projects to locations in Arizona through advertising and promotional campaigns. The line item includes 6 FTE Positions.

Strategic Finance

CEDC Commission

The budget provides \$253,700 from the State Lottery Fund for the CEDC Commission in FY 2005. The approved amount includes an increase for statewide salary and other 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. The line item includes 3.5 FTE Positions.

Other

Apprenticeship Services

The budget provides \$158,700 from the General Fund for Apprenticeship Services in FY 2005. The approved amount includes an increase for statewide salary and other adjustments.

Monies in this line item are used to promote the implementation of apprenticeship programs. The line item includes 3 FTE Positions.

Oil Overcharge Administration

The budget provides \$159,500 from the Oil Overcharge Fund for Oil Overcharge Administration in FY 2005. The approved amount includes an increase for statewide salary and other adjustments.

Monies in this line item are used to administer the oil overcharge grant and loan restitution programs. The line item includes 2 FTE Positions.

Arizona Partnership for a New Economy – High Tech Clusters

This Special Line Item was eliminated in FY 2003. A footnote in the General Appropriation Act stipulates that \$250,000 from the appropriated portion of the CEDC Fund be used to support regional technology councils and high technology clusters operating in Arizona in FY 2005.

Ch. 235 Military Airport Planning; Appropriation

Laws 2004, Chapter 235 established the non-appropriated Military Installation Fund, to be administered by the Department of Commerce. The fund receives \$5,000,000 annually from the General Fund in FY 2005 and every year thereafter for the purpose of military installation preservation and enhancement projects. Of the \$5,000,000:

- \$4,825,000 is allocated to the Military Installation Fund. Commerce must award 80% of the monies in the fund to acquire private property, real estate, property rights and related infrastructure to preserve, support or enhance a military installation. The remaining 20% is awarded to cities, towns and counties for military installation prevention and enhancement projects.
- \$75,000 and 1 FTE Position is appropriated to the Department of Commerce in order to implement the provisions of the legislation, including administering the Military Installation Fund
- \$100,000 is appropriated to the Attorney General (AG) to pay for the department’s duties under this act, including review of plans and determination of compliance with land use plans.

[Click here to return to the Table of Contents](#)