

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
DEPARTMENT OF COMMERCE**

**GENERAL FUND**

**FY 2010 General Fund Budget      6,512,000**

**AGENCY REDUCTION TARGET - GENERAL FUND      \$976,800**

<b>Priority</b>	<b>Issue Title<sup>1</sup></b>	<b>Reductions Amount</b>
1	Nursing Education Demonstraton Project	\$580,815
1	Military Installation	\$315,000
1	Apprenticeship	\$80,985
	<b>TOTAL PRIORITY #1</b>	<b>\$976,800</b>
2	Nursing Education Demonstraton Project	\$394,800
2	Military Installation	\$390,030
2	Apprenticeship	\$80,985
2	Layoffs	\$110,985
	<b>TOTAL PRIORITY #2</b>	<b>\$976,800</b>
3	Nursing Education Demonstraton Project	\$394,800
3	Military Installation	\$315,000
3	Layoffs	\$267,000
	<b>TOTAL PRIORITY #3</b>	<b>\$976,800</b>
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		<b>\$976,800</b>
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	<b>Issue Total</b>	<b>100%</b>

Fund Total as a Percentage of General Fund Reduction Target

<sup>1</sup> Please complete the attached Description and Impact Statement for each issue.

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
DEPARTMENT OF COMMERCE**

**ALL NON-GENERAL FUNDS**

**FY 2010 All Non-General Funds Budget (less Federal Funds) 18,794,900**

**AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$2,819,235**

<b>Fund - Priority 1</b>	<b>Reductions Amount</b>	<b>Percent Reductions</b>
Commerce and Economic Development Commission	\$787,121	27.9%
Greater Arizona Development Authority Fund	\$1,480,164	52.5%
Nursing Education Demonstration Project	\$551,915	19.6%
<b>Issue Total</b>	<b>\$2,819,200</b>	
All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target	100%	

<b>Fund - Priority 2</b>	<b>Reductions Amount</b>	<b>Percent Reductions</b>
Commerce and Economic Development Commission	\$787,121	27.9%
Greater Arizona Development Authority Fund	\$1,480,164	52.5%
Military Installation Fund	\$551,915	19.6%
<b>Issue Total</b>	<b>\$2,819,200</b>	
All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target	100%	

<b>Fund - Priority 3</b>	<b>Reductions Amount</b>	<b>Percent Reductions</b>
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Fund - Priority 1	Reductions Amount	Percent Reductions
Commerce and Economic Development Commission	\$787,121	27.9%
Greater Arizona Development Authority Fund	\$1,480,164	52.5%
Nursing Education Demonstration Fund	\$275,957	9.8%
Military Installation Fund	\$275,958	9.8%
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<b>Issue Total</b>	<b>\$2,819,200</b>	
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All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target		100%

Fund - Priority 4	Reductions Amount	Percent Reductions
Commerce and Economic Development Commission	\$787,121	27.9%
Greater Arizona Development Authority Fund	\$1,480,164	52.5%
Nursing Education Demonstration Fund	\$551,915	19.6%
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<b>Issue Total</b>	<b>\$2,819,200</b>	
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All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target		100%

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
DEPARTMENT OF COMMERCE**

**NON-GENERAL FUNDS**

**FY 2010 All Non-General Funds Budget (less Federal Funds) 18,794,900**

**AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$2,819,200**

<b>Priority</b>	<b>Issue Title<sup>1</sup></b>	<b>Reductions Amount</b>
1	Commerce Economic Development Commission Fund	\$787,121
2	Commerce Economic Development Commission Fund	\$787,121
3	Commerce Economic Development Commission Fund	\$787,121
4	Commerce Economic Development Commission Fund	\$787,121
Fund Total as a Percentage of Non-General Fund Reduction Target		28%

<sup>1</sup> Please complete the attached Description and Impact Statement for each issue.

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
DEPARTMENT OF COMMERCE**

**NON-GENERAL FUNDS**

**FY 2010 All Non-General Funds Budget (less Federal Funds) 18,794,900**

**AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$2,819,200**

<b>Priority</b>	<b>Issue Title<sup>1</sup></b>	<b>Reductions Amount</b>
1	Greater Arizona Development Authority Fund	\$1,480,164
2	Greater Arizona Development Authority Fund	\$1,480,164
3	Greater Arizona Development Authority Fund	\$1,480,164
4	Greater Arizona Development Authority Fund	\$1,480,164
Fund Total as a Percentage of Non-General Fund Reduction Target		52%

<sup>1</sup> Please complete the attached Description and Impact Statement for each issue.

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
DEPARTMENT OF COMMERCE**

**NON-GENERAL FUNDS**

**FY 2010 All Non-General Funds Budget (less Federal Funds)      18,794,900**

**AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds)      \$2,819,200**

<b>Priority</b>	<b>Issue Title<sup>1</sup></b>	<b>Reductions Amount</b>
2	Military Installation Fund	\$551,915
3	Military Installation Fund	\$275,958
<b>Fund Total as a Percentage of Non-General Fund Reduction Target</b>		<b>20%/10%</b>

<sup>1</sup> Please complete the attached Description and Impact Statement for each issue.

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
DEPARTMENT OF COMMERCE**

**NON-GENERAL FUNDS**

**FY 2010 All Non-General Funds Budget (less Federal Funds)      18,794,900**

**AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds)      \$2,819,200**

<b>Priority</b>	<b>Issue Title<sup>1</sup></b>	<b>Reductions Amount</b>
1	Nursing Education Demonstration Project	\$551,915
3	Nursing Education Demonstration Project	\$275,957
<b>Fund Total as a Percentage of Non-General Fund Reduction Target</b>		<b>20%/10%</b>

<sup>1</sup> Please complete the attached Description and Impact Statement for each issue.

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title:** General Fund - Nursing Education Demonstration Project

**Issue Priority:** 01, 02, 03

**Reduction Amounts:**

Nursing Fund: \$580,815 Priority 01

Nursing Fund: \$394,800 Priority 02 and 03

**Amount:** \$580,815 Priority 01 and \$394,800 Priority 02, 03

**Issue Description and Statement of Effects**

Reduce the Appropriation

Describe:

- The functions of the program being eliminated or reduced:  
The Higher Education Budget Reconciliation Bill established the Arizona Partnership for Nursing Education Demonstration Project. The purpose of the project is to enhance nursing education programs in Arizona, with the goal of doubling the current number of nursing graduates in the state by FY2010.
- The effects of not performing those functions:  
This is the final year of the program. Grants have been awarded through 2010.
- Possible alternative ways to fund the program:  
No alternatives at this time.
- Where in the agency is this function located:  
Innovation and Global Business Development Division
- Provide a legal citation for this function.  
Laws 2005 Chapter 330

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title:** General Fund - Military Installation Fund (MIF)

**Issue Priority:** 01, 02, 03

**Reduction Amounts:**

MIF Fund: \$315,000 Priority 01  
MIF Fund: \$390,030 Priority 02  
MIF Fund: \$315,000 Priority 03

**Amount:** \$315,000

**Issue Description and Statement of Effects**

Reduce MIF appropriation by 15% or \$315,000 for Priority 01 and 03, or \$390,030 for Priority 02.

Describe:

- The functions of the program being eliminated or reduced:  
MIF is used to acquire private land, property rights or conservation easements, near military installations and assist with implementation of local military preservation and enhancement projects.
- The effects of not performing those functions:  
Transfer of these funds could suggest to the U.S. Department of Defense and Arizona's military industry that the long-term viability and sustainability of Arizona's military installations and facilities is not a high priority. The state needs to consider some defense industry, local government stakeholders and key legislative members will oppose sweeping MIF monies.
- Possible alternative ways to fund the program:  
No alternative at this time.
- Where in the agency is this function located:  
Community Development and Finance Division
- Provide a legal citation for this function.  
ARS 41-1512.01 and 41-1512.02

October 9, 2009

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title:** General Fund - Apprenticeship

**Issue Priority:** 01, 02

**Reduction Amounts:**

Apprenticeship Fund: \$80,985

**Total:** \$80,985

**Issue Description and Statement of Effects**

Reduce Apprenticeship Operating appropriation by \$80,985.

Describe:

- The functions of the program being eliminated or reduced:  
The Department's ability to provide outreach and education, registration of programs and apprentices, provide technical assistance and monitoring of registered apprenticeship programs will be reduced. These functions cannot be eliminated in order for the state to comply with 29 CFR Part 29 (Apprenticeship Programs, Labor Standards for the Registration of Program Standards).
- The effects of not performing those functions:  
Program sponsors, including individual businesses and employer organizations, requesting technical assistance to develop a registered apprenticeship program or with their existing program will be delayed.
- Possible alternative ways to fund the program:  
No alternative at this time.
- Where in the agency is this function located:  
Innovation and Global Business Development Division
- Provide a legal citation for this function.  
ARS 41-1504 (A)(20)

October 9, 2009

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title: Layoffs**

**Issue Priority: 02, 03**

**Reduction Amounts:**

General Fund: \$110,985

General Fund: \$267,000

**Total: \$110,985 for Priority 02 or \$267,000 for Priority 03**

**Issue Description and Statement of Effects**

Reduce General Fund Expense with Layoffs

Describe:

- The functions of the program being eliminated or reduced:  
Priority 2 or 3 will require the agency to reduce additional functions within the agency that are supported by the General Fund. This will include but not be limited to rural support, planning, and community development
- The effects of not performing those functions:  
Agency interaction and support to rural Arizona will diminish. Performance and responsiveness timelines will be extended.
- Possible alternative ways to fund the program:  
No alternative at this time.
- Where in the agency is this function located:  
In various divisions within the agency, predominately Community Development & Finance, and Innovation and Global Business Development.
- Provide a legal citation for this function.  
ARS 41-1519, 9-461.06, 11-806

October 9, 2009

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title:** Non-General Funds - Commerce Economic Development  
Commission Fund (CEDC)

**Issue Priority:** 01, 02, 03, 04

**Reduction Amounts:**

SLI National Law Center:	\$22,500
SLI Arizona Trade Office in Sonora:	\$3,750
SLI International Trade Office:	\$145,020
SLI Advertising and Promotion:	\$98,880
SLI REDI:	\$19,500
Main Street:	\$15,600
CEDC Fund	\$471,121

**Total:** \$787,121

**Amount:** \$787,121

**Issue Description and Statement of Effects**

This is a 15% reduction to the following Single Line Items (SLI) under the CEDC fund. These funds are to be unencumbered and \$272,121 will be made available to meet the CEDC 15% obligation. In addition, the Director will authorize \$200,000 from the CEDC Fund to cover the remaining obligation.

**Describe SLI National Law Center**

- **The functions of the program being eliminated or reduced:**  
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.
- **The effects of not performing those functions:**  
The impact of a 15% reduction of funds will reduce the operational budget of this initiative.
- **Possible alternative ways to fund the program:**  
No alternative at this time.

- **Where in the agency is this function located:**  
This is a pass through Commerce. The pass through function is performed by Accounting in the Operations Division. Commerce has no Operating Budget or FTE associated with this pass through.
- **Provide a legal citation for this function.**  
No legal citation.

**Describe SLI Arizona Trade Office in Sonora:**

- **The functions of the program being eliminated or reduced:**  
Managed by the Arizona-Mexico Commission, the Arizona Trade Office in Sonora assists Arizona companies in search of trade opportunities in Mexico, as well as ensures that such business ventures into Mexico are effective. The office also promotes the tourism destinations of Arizona and its state universities.
- **The effects of not performing those functions:**  
The impact of a 15% reduction of funds will reduce the operational budget of this initiative.
- **Possible alternative ways to fund the program:**  
No alternative at this time.
- **Where in the agency is this function located:**  
This is a pass through Commerce. The pass through function is performed by Accounting in the Operations Division. Commerce has no Operating Budget or FTE associated with this pass through.
- **Provide a legal citation for this function.**  
ARS 41-1504

**Describe SLI International Trade Office:**

- **The functions of the program being eliminated or reduced:**  
This line item funds business incentives and assistance procedures to retain, expand, or locate businesses and other qualified projects in the state.
- **The effects of not performing those functions:**  
The contract that supports the Europe Trade Office will not be renewed and the Japan contract will be reduced.
- **Possible alternative ways to fund the program:**  
No alternative at this time.

- **Where in the agency is this function located:**  
This process is managed within the Innovation and Global Business Development Division.
- **Provide a legal citation for this function.**  
*ARS 41-1504*

**Describe SLI Advertising and Promotion:**

- **The functions of the program being eliminated or reduced:**  
The line item funds marketing programs advertising and promoting the states various economic development services through ads, direct mail, and special events.
- **The effects of not performing those function:**  
Fewer economic development initiatives will be implemented by the agency.
- **Possible alternative ways to fund the program:**  
No alternative at this time.
- **Where in the agency is this function located:**  
This process is managed within the Innovation and Global Business Development Division
- **Provide a legal citation for this function.**  
*ARS 41-1504, 1505.04*

**Describe SLI REDI:**

- **The functions of the program being eliminated or reduced:**  
This program offers special community project grants for technical assistance in implementing economic development programs for rural communities.
- **The effects of not performing those functions:**  
Fewer rural community projects will be approved and deployed.
- **Possible alternative ways to fund the program:**  
No alternative at this time.
- **Where in the agency is this function located:**

The REDI process is supported within the Community Development and Finance Division.

- Provide a legal citation for this function.  
ARS 41-1505.03

**Describe SLI Main Street:**

- **The functions of the program being eliminated or reduced:**  
This line item provides funding for the historical preservation and refurbishment of downtown areas, or “main streets,” in selected rural Arizona communities. The goal of the Main Street program is to attract new business, jobs, and private investment to rural towns by improving the physical attributes of downtown areas.
- **The effects of not performing those functions:**  
Fewer grants will be awarded to rural communities and few projects will be implemented.
- **Possible alternative ways to fund the program:**  
No alternative at this time.
- **Where in the agency is this function located:**  
This process is supported within the Community Development and Finance Division.
- **Provide a legal citation for this function.**  
ARS 41-1505.01, 1505.02

**Describe CEDC Fund:**

- **The functions of the program being eliminated or reduced:**  
The CEDC Fund provides financial assistance for the retention, expansion or location of business or other qualified projects.
- **The effects of not performing those functions:**  
Arizona will be unable to offer financial assistance for the retention, expansion or location of qualified business projects, and some companies may choose not to come to Arizona while other existing companies may choose to leave the state.
- **Possible alternative ways to fund the program:**  
No alternative at this time.

- **Where in the agency is this function located:**  
**Strategic Finance and Investment**
- **Provide a legal citation for this function.**  
**ARS 41-1505.10**

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**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title:** Non-General Fund - Greater Arizona Development Authority Fund  
(GADA)

**Issue Priority:** 01, 02, 03, 04

**Reduction Amounts:**

GADA Fund: \$1,480,164 Priority 01, 02, 03 and 04

**Total:** \$1,480,164

**Amount:** \$1,480,164

**Issue Description and Statement of Effects**

A 15% reduction of the GADA fund would be \$2.1M. Due to contracts and encumbrances the fund does not have this amount available. The projected balance available for sweep on 1/1/10 is \$1,480,164.

***Describe:***

- **The functions of the program being eliminated or reduced:**  
GADA serves as a bond guarantor and issuer, allowing local authorities to finance infrastructure improvements at lower interest rates than what they could otherwise obtain on the market. This reduction will reduce the bonding capacity activity and infrastructure improvements in Arizona for local authorities.
- **The effects of not performing those functions:**  
Local authorities will experience less support from the state regarding assistance with bonding initiatives. In addition some authorities may not be able to secure bonding support.
- **Possible alternative ways to fund the program:**  
No alternatives at this time.
- **Where in the agency is this function located:**  
This function is administered in the Community Development and Finance Division within Commerce.

**Provide a legal citation for this function. ARS 41-1554.04**

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title:** Non-General Funds – Nursing Education Demonstration Project

**Issue Priority:** 01, 03,

**Reduction Amounts:**

Nursing Fund: \$551,915 Priority 01

Nursing Fund: \$275,957 Priority 03

**Total:** \$ 551,915 for Priority 01 and \$275,957 for Priority 03

**Issue Description and Statement of Effects**

Reduce the Nursing Education Demonstration fund by 15%

**Describe:**

- **The functions of the program being eliminated or reduced:**  
The Higher Education Budget Reconciliation Bill established the Arizona Partnership for Nursing Education Demonstration Project. The purpose of the project is to enhance nursing education programs in Arizona, with the goal of doubling the current number of nursing graduates in the state by FY2010.
- **The effects of not performing those functions:**  
This is the final year of the program. Grants have been awarded through 2010.
- **Possible alternative ways to fund the program:**  
No alternative at this time.
- **Where in the agency is this function located:**  
Innovation and Global Business Development Division
- **Provide a legal citation for this function.**  
Laws 2005 Chapter 330

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title:** Non-General Funds – Military Installation Fund (MIF)

**Issue Priority:** 02, 03

**Reduction Amounts:**

MIF Fund: \$551,915 Priority 02

MIF Fund: \$275,958 Priority 03

**Total: \$551,915 for Priority 02 or \$275,958 for Priority 03**

**Issue Description and Statement of Effects**

Reduce MIF by 15%

**Describe:**

- **The functions of the program being eliminated or reduced:**  
MIF is used to acquire private land, property rights or conservation easements, near military installations and assist with implementation of local military preservation and enhancement projects.
- **The effects of not performing those functions:**  
Transfer of these funds could suggest to the U.S. Department of Defense and Arizona's military industry that the long-term viability and sustainability of Arizona's military installations and facilities is not a high priority. The state needs to consider some defense industry, local government stakeholders and key legislative members will oppose sweeping MIF monies.
- **Possible alternative ways to fund the program:**  
No alternative at this time.
- **Where in the agency is this function located:**  
Community Development and Finance Division

**Provide a legal citation for this function.**

**ARS 41-1512.01 and 41-1512.02**

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Department of Commerce**

**Issue Title:** Non-General Funds- Cancel Contracts and Layoffs

**Issue Priority:** 04

**Reduction Amounts:**

CEDC Fund: \$551,915

**Total:** \$551,915

**Issue Description and Statement of Effects**

Cancel CEDC contracts or letters of intent and initiate layoffs to fulfill the 15% reduction obligation.

**Describe:**

- **The functions of the program being eliminated or reduced:**  
The Commerce Development Fund is used to close deals with firms competing to move or grow in Arizona. Several firms have letters of intent and the agency has encumbered funds to support proposed deals. To close this gap the agency will cancel additional letters of intent. Plus additional layoffs will be required.
- **The effects of not performing those functions:**  
Firms with letters of intent may decide to delay or cancel their proposals to move and/or grow in Arizona. Other CEDC supported personnel in the agency will to be laid off. This will include staff performing Economic Development and Operations.
- **Possible alternative ways to fund the program:**  
No alternatives at this time.
- **Where in the agency is this function located:**  
Predominately within the Innovation and Global Business Development, and Operations Divisions
- **Provide a legal citation for this function.**  
ARS 41-1505.05 - 1505.12