

DEPARTMENT OF ECONOMIC DEVELOPMENT

FINANCIAL SUMMARY

	FY 2008 EXPENDITURE	FY 2009 APPROPRIATION	FY 2010 REQUEST	GOVERNOR RECOMMENDS FY 2010
Business and Community Services	\$ 71,085,184	\$ 119,035,575	\$ 154,836,549	\$ 116,875,537
Workforce Development	119,895,434	145,622,371	143,992,426	145,753,305
Division of Tourism	20,759,810	23,674,810	27,674,810	23,674,810
Film Commission	0	250,000	247,000	212,874
Affordable Housing	5,170,316	4,944,428	5,136,428	5,146,670
Utility Regulation	14,476,672	18,857,918	18,896,811	16,681,138
Administrative Services	1,827,751	3,416,123	3,416,123	3,422,266
DEPARTMENTAL TOTAL	\$ 233,215,167	\$ 315,801,225 *	\$ 354,200,147	\$ 311,766,600
General Revenue Fund	57,922,016	72,555,297	94,771,528	81,193,190
Federal Funds	136,268,982	167,647,376	164,549,734	164,755,746
Other Funds	39,024,169	75,598,552	94,878,885	65,817,664
Full-time equivalent employees	869.70	977.87	981.87	976.37

* Does not include \$145,480 in the Fiscal Year 2009 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Economic Development supplemental appropriations.

DEPARTMENT SUMMARY

Missouri's economy faltered in Fiscal Year 2009, when the national and international equity and credit markets suffered unparalleled reverses. Driven by the loss of more than 10,000 automotive and related jobs in 2008, Missouri's unemployment rate leapt to 6.7 percent in November 2008. This is the highest level in 17 years, and most experts predict a further loss of jobs in Missouri in 2009. The key to Missouri's recovery from the current economic recession is the creation of a skilled, motivated and productive workforce to help attract quality jobs at family-sustaining salaries and wages. This is the top priority for the Department of Economic Development.

The Fiscal Year 2010 budget provides a total of \$311.8 million for the Department of Economic Development, to provide job training and related services to Missourians, and to develop new or expanded business opportunities to facilitate economic growth. Core functions provided by the Department of Economic Development include:

- Designing and administering job training and re-training programs to provide prospective employers with a qualified and productive workforce, and to provide unemployed or displaced workers with needed skills and opportunities.
- Facilitating location options, expansion, retention, or start-up of businesses to help create and retain high-quality employment opportunities for Missourians.
- Administering tax credit programs designed to assist with business recruitment, workforce training, and other economic growth opportunities.
- Oversight and regulation of public utility companies to ensure Missourians receive reliable and safe services at reasonable rates.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
BUSINESS AND COMMUNITY SERVICES**

FINANCIAL SUMMARY

	FY 2008 EXPENDITURE	FY 2009 APPROPRIATION	GOVERNOR RECOMMENDS FY 2010
Missouri Economic Research and Information Center	\$ 1,588,732	\$ 2,191,723	\$ 2,213,416
Marketing	3,516,027	4,230,654	4,979,489
Sales	1,674,941	1,516,144	1,571,279
Finance	938,476	1,166,556	1,222,794
Compliance	673,062	827,740	827,942
Small Business Development Centers	485,000	500,000	250,000
Community Development Block Grant Program	24,058,325	28,000,000	28,000,000
Missouri Technology Investment	4,200,099	4,430,001	4,302,693
Jobs Retention Training Program	5,546,167	10,000,000	10,000,000
Missouri Community College New Jobs Training	4,762,743	16,000,000	16,000,000
Community Redevelopment and Assistance	6,403,568	13,239,871	18,425,928
Arts and Cultural Development	11,328,269	15,932,886	15,681,996
Life Sciences Research	5,909,775	21,000,000	13,400,000
TOTAL	\$ 71,085,184	\$ 119,035,575	\$ 116,875,537
General Revenue Fund	22,993,013	33,944,207	38,620,008
Federal Funds	28,995,521	34,805,609	34,932,471
Other Funds	19,096,650	50,285,759	43,323,058

BUSINESS AND COMMUNITY SERVICES

The Business and Community Services Division consists of the Marketing, Sales, Finance, and Compliance Teams. The division promotes Missouri as a great place to do business and helps create an environment that will stimulate family supporting jobs and new private investment. Other services include various programs aimed at investing in Missouri's communities to allow for future sustainable growth and to increase opportunities for new local and state revenues.

MISSOURI ECONOMIC RESEARCH AND INFORMATION CENTER (MERIC)

MERIC is the research division for the Missouri Department of Economic Development. This section provides innovative analyses and assistance to policymakers and the public, including studies of the state's targeted industries and economic development initiatives. Other MERIC research includes Economic Condition Reports, Economic Impact Assessments, and Labor Market Information produced in cooperation with the U.S. Department of Labor.

Fiscal Year 2010 Governor's Recommendations

- \$54,309 for pay plan, including \$4,817 general revenue.
- (\$32,616) and (one) staff core reduction from the Fiscal Year 2009 appropriation level.

MARKETING

The Marketing Team produces print and media materials to market the state. The team markets Missouri at the national and international level to increase lead opportunities and generally supports the Sales and Finance Teams.

Fiscal Year 2010 Governor's Recommendations

- \$500,000 for the Downtown Revitalization and Economic Assistance for Missouri (DREAM) Program.
- \$264,764 Economic Development Advancement Fund for additional marketing activities.
- \$74,957 Economic Development Advancement Fund and two staff to replace core reductions in other funding.
- \$15,260 for pay plan, including \$8,501 general revenue.
- (\$74,957) and (two) staff core reduction from the Fiscal Year 2009 appropriation level.
- (\$31,189) and (1.30) staff reallocated to the Finance Team, including (\$20,000) general revenue.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

SALES

The Sales Team provides individualized customer service, through regional and industry specialization, to businesses considering locating or expanding within the state. Sales Team staff work to develop export promotion opportunities for Missouri businesses to take their products and services to key world markets.

Fiscal Year 2010 Governor's Recommendations

- \$141,628 Economic Development Advancement Fund and three staff to replace core reductions in other funding.
- \$35,946 for pay plan, including \$23,303 general revenue.
- \$19,189 federal and other funds and 1.3 staff transferred from the Marketing and Finance Teams.
- (\$141,628) and (three) staff core reduction from the Fiscal Year 2009 appropriation level.

FINANCE

The Finance Team administers the tax incentive programs offered by the department.

Fiscal Year 2010 Governor's Recommendations

- \$109,421 Economic Development Advancement Fund and three staff to replace core reductions in other funding.
- \$28,238 for pay plan, including \$16,745 general revenue.
- \$36,000 reallocated from the Marketing and Compliance Teams.
- (\$109,421) and (three) staff core reduction from the Fiscal Year 2009 appropriation level.
- (\$8,000) Economic Development Advancement Fund reallocated to the Sales Team.

COMPLIANCE

The Compliance Team assures accountability for each program by assessing the operations. The team conducts file reviews, on-site monitoring, eligibility determinations, and assures necessary claw-backs are pursued. The Compliance Team works proactively with the Finance Team to assure compliance standards are met for all programs.

Fiscal Year 2010 Governor's Recommendations

- \$25,539 Economic Development Advancement Fund and one staff to replace core reduction in other funding.
- \$16,202 for pay plan, including \$3,492 general revenue.
- (\$25,539) and (one) staff core reduction from the Fiscal Year 2009 appropriation level.
- (\$16,000) reallocated to the Finance Team.

SMALL BUSINESS DEVELOPMENT CENTERS

Missouri Small Business Development Centers (SBDCs) assist small businesses through counseling, training programs, research, and other resources. Thirteen offices throughout the state assist business owners through individualized counseling, marketing strategies, small business management, financial analysis, and access to technology.

Fiscal Year 2010 Governor's Recommendations

- (\$250,000) core reduction from the Fiscal Year 2009 appropriation level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Community Development Block Grant Program provides grants to non-entitlement cities and counties for community development activities that: (1) benefit at least 51 percent low and moderate income persons, (2) eliminate slum and blight, or (3) meet urgent threats to health and safety. Typical projects include infrastructure expansion, downtown revitalization, housing rehabilitation, housing financing, Americans with Disabilities Act accessibility improvements, and community facility projects.

Fiscal Year 2010 Governor's Recommendations

Continue funding at the current level.

MISSOURI TECHNOLOGY INVESTMENT

The Missouri Technology Investment Fund supports business modernization, technology application, technology commercialization, and technology development. The following programs are supported by the Missouri Technology Investment Fund.

Missouri Manufacturing Extension Partnership – The partnership provides business and technical assistance to the state's small and medium size manufacturers. The assistance enables the manufacturers to become and remain competitive by retaining existing jobs and creating new jobs. The Missouri Manufacturing Extension Partnership is a public-private partnership including the U.S. Department of Commerce's National Institute of Standards and Technology and the University of Missouri System.

Innovation Centers – Innovation centers offer a wide range of management and technical assistance to technology-based businesses. Clients become a part of a network of state, federal, university, and private resources designed to develop and support high-growth businesses. Currently, centers are located in St. Louis, Rolla, Columbia, Cape Girardeau, and Joplin.

Missouri Technology Corporation – The corporation promotes the modernization of business through the transfer of science, technology, and quality improvement methods to the workplace and enhances the productivity and competitiveness of Missouri's businesses by providing leadership and establishing methods of technology application, commercialization, and development.

Fiscal Year 2010 Governor's Recommendations

- (\$127,308) and (one) staff core reduction from the Fiscal Year 2009 appropriation level.

JOBS RETENTION TRAINING PROGRAM

Created by Sections 178.760-178.764, RSMo, the Jobs Retention Training Program provides an incentive for the retention of existing jobs by providing education and training to workers for expanding industries by community college districts.

Fiscal Year 2010 Governor's Recommendations

Continue funding at the current level.

MISSOURI COMMUNITY COLLEGE NEW JOBS TRAINING

Created by Sections 178.892-178.896, RSMo, the Missouri Community College New Jobs Training Program provides an incentive for the creation of new jobs by providing education and training of workers for new or expanding industries by community college districts.

Fiscal Year 2010 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF ECONOMIC DEVELOPMENT

BUSINESS AND COMMUNITY SERVICES (Continued)

COMMUNITY REDEVELOPMENT AND ASSISTANCE

Community Redevelopment and Assistance consists of the Missouri Community Service Commission, Missouri Small Business Regulatory Fairness Board, Missouri Military Preparedness and Enhancement Commission, Missouri Development Finance Board, and Missouri Main Street Program. These programs promote volunteerism and community services, monitor the impact of state regulations on small business, design and implement measures to retain and protect military posts or bases in Missouri, and administer a range of financing programs through revenue bonds, notes, and tax credits.

Fiscal Year 2010 Governor's Recommendations

- \$5,190,735 for current tax increment financing projects.
- \$6,691 for pay plan, including \$1,046 general revenue.
- (\$11,369) core reduction from the Fiscal Year 2009 appropriation level.

ARTS AND CULTURAL DEVELOPMENT

Missouri Arts Council - The Missouri Arts Council provides financial assistance to non-profit organizations through grants that encourage growth, development, and appreciation of the arts in Missouri. Program assistance is provided in specific arts discipline areas including dance, electronic media arts, festivals, literature, music, theatre, visual arts, arts services, community arts, folk arts, minority arts, touring, mini-grants, and arts education. Program assistance awards provide seed money on a matching basis to not-for-profit applicants throughout Missouri.

Missouri Humanities Council - The Missouri Humanities Council is the state affiliate of the National Endowment for the Humanities. The Missouri Humanities Council's mission is to help citizens of Missouri learn about the history, literature, and the ideas that shape democracy. Programs help communities understand and celebrate a shared history and assist local institutions in developing the capacity to engage the public in lifelong learning activities. The Missouri Humanities Council also provides on-site consulting and workshops to help local museums and cultural institutions organize ideas.

Public Television and Public Radio - Funds are distributed to Missouri public television and radio stations for operating assistance pursuant to Section 143.183, RSMo.

Fiscal Year 2010 Governor's Recommendations

- \$40,315 federal funds for the Missouri Arts Council for increased programs.
- \$8,795 federal funds for pay plan.
- (\$300,000) core reduction from the Fiscal Year 2009 appropriation level.

LIFE SCIENCES RESEARCH

The mission of the Life Sciences Research Board is to enhance the capacity of the state's ability to perform research to better serve the health and welfare of Missouri residents as a center of life sciences research and development by building on the success of research institutions located in Missouri, attracting new research and development institutions, commercializing the life sciences technologies developed by such institutions, and enhancing their capacity to carry out their respective missions.

Fiscal Year 2010 Governor's Recommendations

- (\$7,600,000) Life Sciences Research Trust Fund core reduction from the Fiscal Year 2009 appropriation level.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
WORKFORCE DEVELOPMENT**

FINANCIAL SUMMARY

	FY 2008 EXPENDITURE	FY 2009 APPROPRIATION	GOVERNOR RECOMMENDS FY 2010
Workforce Development Administration	\$ 18,787,537	\$ 25,005,680	\$ 25,392,756
Workforce Programs	90,071,125	109,245,083	105,203,286
Missouri Job Development Fund Transfer	10,751,421	11,083,939	15,083,939
Women's Council	69,351	71,669	73,324
Special Employment Security Fund	216,000	216,000	0
TOTAL	\$ 119,895,434	\$ 145,622,371	\$ 145,753,305
General Revenue Fund	12,866,567	13,262,851	17,262,851
Federal Funds	106,213,375	131,207,092	128,175,454
Other Funds	815,492	1,152,428	315,000

WORKFORCE DEVELOPMENT

The Division of Workforce Development provides a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential through high-quality programs. Missouri employers also benefit from a more competitive and better-trained workforce. The Job Service (Wagner-Peyser) Program offers a network of services delivered in a customer-focused environment to help people find and retain employment. Services include provision of labor market information, career counseling, testing, and job readiness training. Services also include assisting employers in meeting their employment needs by referring qualified workers for job openings and providing information to help plan for future workforce needs. The Job Service Program is federally funded and administered by the Division of Workforce Development. These funds will benefit those Missourians who are changing careers, looking for their first job, unemployed, economically disadvantaged, school dropouts, and dislocated workers.

WORKFORCE DEVELOPMENT ADMINISTRATION

Workforce Investment Act funds, along with federal Job Service Program funds, are administered by the Division of Workforce Development. These funds are intended to benefit all Missourians by providing services to dislocated workers, those who did not complete their high school educations, and others who are economically disadvantaged.

Fiscal Year 2010 Governor's Recommendations

- \$641,921 federal funds for pay plan.
- (\$216,245) Child Support Enforcement Fund transferred to the Department of Social Services for the Parents Fair Share Program.
- (\$35,000) Guard at Home Fund core reduction from the Fiscal Year 2009 appropriation level.
- (\$3,600) federal funds transferred to the Office of Administration for parking expenses.

WORKFORCE PROGRAMS

The mission of the federal Workforce Investment Act Program is to serve Missourians by providing training and employment opportunities; establishing a flexible, coordinated, and decentralized training system; and coordinating these programs with other employment and training-related programs. The employment and training programs offered on a statewide basis include: Workforce Investment Act programs, the Trade Adjustment Assistance Program, North American Free Trade Agreement programs, Rapid Response Worker programs and the Missouri Employment and Training Program. Individuals who meet eligibility requirements for the programs may access services to make them more competitive in the workforce. Historically, the Division of Workforce Development, along with local workforce investment areas, have provided a full range of services authorized under the Workforce Investment Act which are designed to prepare individuals with barriers to employment for the workforce. Services include referral to job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation. The Missouri Training and Employment Council provides direction to the Division of Workforce Development on policies and procedures to ensure that local workforce investment area programs comply with Workforce Investment Act financial and program requirements.

Fiscal Year 2010 Governor's Recommendations

- (\$2,341,797) federal and other funds transferred to the Department of Social Services for the Parents Fair Share Program.
- (\$1,700,000) federal funds transferred to the Department of Social Services for a pilot project in St. Louis County to increase work participation rates of Temporary Assistance recipients.

DEPARTMENT OF ECONOMIC DEVELOPMENT

WORKFORCE DEVELOPMENT (Continued)

MISSOURI JOB DEVELOPMENT FUND

The Missouri Job Development Fund helps new and expanding businesses train Missouri's workforce.

Fiscal Year 2010 Governor's Recommendations

- \$4,000,000 to provide additional resources for the customized job training program.

WOMEN'S COUNCIL

Through its meetings, staff support, and other activities, the Missouri Women's Council addresses the issues of expanding women's opportunities through education and training programs. The council works to increase occupational mobility in lower- and middle-employment levels, provides access to jobs with higher skill and managerial duties, promotes small business opportunities, and provides access to non-traditional skills through apprenticeships and vocational training. The council also prepares an annual state needs assessment to identify problem geographic areas; establishes long- and short-term goal statements; inventories current federal, state, local, and private programs relating to women's economic needs; and prepares plans to address those problem areas.

Fiscal Year 2010 Governor's Recommendations

- \$1,655 federal funds for pay plan.

SPECIAL EMPLOYMENT SECURITY FUND

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law.

Fiscal Year 2010 Governor's Recommendations

- (\$216,000) Special Employment Security Fund core reduction from the Fiscal Year 2009 appropriation level. This funding will move to the capital improvements bill.

DIVISION OF TOURISM

The Division of Tourism promotes Missouri's tourist destinations and attractions with multi-media campaigns and direct marketing, a web site, vacation guides, public relations efforts, and a cooperative marketing program. The Division of Tourism currently operates seven tourism welcome centers located at key entry points near the state's borders. Since Fiscal Year 1995, the division has been funded with a portion of the growth in tax revenues on tourism-oriented goods and services.

Fiscal Year 2010 Governor's Recommendations

Continue funding at the current level.

FILM COMMISSION

The Missouri Film Commission was created in 1983 to attract film television cable and video productions to Missouri and to promote the growth of the film and video production industry within Missouri.

Fiscal Year 2010 Governor's Recommendations

- \$2,924 for pay plan.
- (\$37,050) core reduction from the Fiscal Year 2009 appropriation level.
- (\$3,000) transferred to the Office of Administration for information technology services.

DEPARTMENT OF ECONOMIC DEVELOPMENT

AFFORDABLE HOUSING

Missouri Housing Development Commission – The Missouri Housing Development Commission encourages construction of affordable rental housing through a variety of funding sources, including its own fund balances, the state's allocation of federal funds, its authority to issue tax-exempt and taxable bonds, and state and federal housing tax credits. The MHDC offers programs for qualified first-time homebuyers, as well as funds for home repairs to aid in the prevention of homelessness.

Manufactured Housing Program – Staff of the Manufactured Housing Program are responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units, prescribing and enforcing uniform construction and safety standards by conducting code inspections, addressing consumer complaints, and enforcing set-up and tie-down requirements.

Fiscal Year 2010 Governor's Recommendations

- \$192,000 Manufactured Housing Consumer Recovery Fund to implement SB 788 (2008) and provide a payer of last resort option for consumer claims.
- \$10,242 Manufactured Housing Fund for pay plan.
- 0.5 staff for the Manufactured Housing Program to provide additional support to consumers.

UTILITY REGULATION

Office of Public Counsel – The Office of Public Counsel is the state's consumer advocate involved in matters of utility ratemaking and regulation. Attorneys and technical staff analyze utility rate cases and provide testimony and cross-examination in hearings held before the Public Service Commission (PSC). The Public Counsel also has the right to appeal PSC cases through the court system.

Public Service Commission – The PSC regulates the rates, finances, safety, and quality of service of private, investor-owned telephone, gas, electric, water, and sewer utilities, and the safety of rural electric cooperatives and municipal gas systems. The commission is divided into six sections: executive, adjudication, administration, general counsel, utility operations, and utility services. Additionally, the PSC oversees the administration of the Relay Missouri service in the state. Relay Missouri provides deaf, hard-of-hearing, and speech-impaired citizens access to the telephone network and is funded through a monthly, per-line surcharge.

Fiscal Year 2010 Governor's Recommendations

- \$55,000 Public Service Commission Fund and one staff to develop and implement renewable energy mandates.
- \$330,000 for pay plan, including \$18,250 general revenue.
- (\$2,500,000) Deaf Relay Service and Equipment Distribution Program Fund core reduction from the Fiscal Year 2009 appropriation level.
- (\$61,780) Public Service Commission Fund core reduction for one-time expenditures.

ADMINISTRATIVE SERVICES

The Administrative Services Division provides direction and guidance to the department. Through policy development, legislative coordination, communications (public information) and research, the efforts of the divisions are aligned toward achieving improved performance for its customers. The division provides centralized support services, including establishment and maintenance of financial systems, personnel functions, and budget and planning. Administrative Services also provides legal assistance, facilities management, and telecommunications services for divisions within the department.

Fiscal Year 2010 Governor's Recommendations

- \$1 federal funds on an open-ended basis to maximize the state's access to and use of federal stimulus funds when they become available.
- \$65,258 for pay plan, including \$13,720 general revenue.
- (\$59,116) and (one) staff core reduction from the Fiscal Year 2009 appropriation level, including (\$32,752) general revenue.