



ARIZONA DEPARTMENT
OF COMMERCE
The center for economic advancement

Tuesday, February 24, 2009

The Honorable Jorge Garcia
Senate Democratic Leader
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

The Honorable David Lujan
House Democratic Leader
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Dear Senator Garcia & Representative Lujan:

Thank you for the opportunity to outline the impacts of the Fiscal Year 2009 budget cuts to the Arizona Department of Commerce (Commerce). We appreciate the difficulty of these times for our State and are diligent in our efforts to do our part to ease the public burden whenever possible.

Prior to passage of the FY09 budget reductions, the Commerce management team was carefully reviewing and taking proactive steps to decrease our expenditures while attempting to maintain a level of vital services to the State. We continue to implement these steps as well as additional steps to ensure that we are doing all we can within the agency.

Specifically, like other state agencies, Commerce is reducing staff and services to meet the budget reductions as outlined for FY09. Since January of 2008, Commerce staff has declined by 14%. Currently, 11.84% of approximately 77 appropriated FTE's remain unfilled. Also of note, Commerce currently has 39.75 FTEs on the General Fund for a total of 113 employees.

Due to the unavailability of funds, all contracts administered through Commerce, including Science Foundation Arizona (SFAz), have been placed on hold. Other contracts have been issued stop work orders, including those for overseas foreign direct investment contracts. We are currently reviewing additional impacts of FY09 in regards to our ability to continue certain programs. For example, we have stopped accepting applications for the Job Training Program until funding becomes available again.

In an effort to pool resources and expertise, Commerce will more actively partner with local economic development organizations and local governments on economic development efforts.

Commerce will also increase its focus on obtaining federal funding, particularly grants for rural Arizona.

While metropolitan areas of the State tend to have large economic development organizations to represent them, most rural areas do not have the budgets or personnel necessary for a successful economic development operation. Commerce will continue its role of distributing business leads throughout all of Arizona, just as every state utilizes its state development agency as the primary contact for new national and global business leads.

Commerce will continue to streamline its processes and operations while continuing in its mission to better the State of Arizona during these difficult economic times. We recognize the difficulty with which each budget cut is made and appreciate the opportunity to provide additional information to all Members of the Arizona State Legislature.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kent Ennis".

Kent Ennis, CFA
Interim Commerce Director