

**FY21 Budget Performance Review**

**Department of Commerce (160)**

Lead Administrator: Brent Kisling

Lead Financial Officer: Stacie Willis

**Agency Mission**

To create and deliver high impact solutions that lead to prosperous lives and communities for all Oklahomans.

**Division and Program Descriptions**

*Note: Please define any acronyms used in program descriptions.*

**43 - Community Services**

*Community Development fosters economic development by helping communities understand and implement infrastructure projects and comprehensive planning in order to maximize their resources.*

**45 - Business Services**

*This division currently includes the Aerospace Commerce Economic Services and Auto. The purpose of ACES and Auto is to create a partnership of education and training, research, and economic development in the Aerospace and Auto industries.*

**67 - Contracts for Community & Economic Development**

*Contracts for Community and Economic Development are contracts to local governments and community action agencies, which include ones that the Oklahoma Department of Commerce has been statutorily mandated to administer via annual appropriations.*

**70 - Operational Support Services**

*These services include Executive Leadership, Finance, Human Resources, Communications, Purchasing, General Counsel, and Research and Economic Analysis, which all provide the tools and support services necessary for the agency to operate. Business Group is also included in this division to provide for the creation and retention of jobs, to recruit business investment to Oklahoma, and to contribute to economic development through export trade and the attraction of foreign investment.*

**43 - Main Street**

*The Main Street Program provides specific services and training to participating towns or neighborhoods as they begin the process of revitalizing their districts. It also offers education to non-Main Street communities on the benefits of historic preservation and community commercial development.*

**88 - ISD Data Processing**

*Information technology expenditures must be budgeted as a separate line item within agency budgets. (62 O.S. § 34.43) All IT expenses should be budgeted in division 88 unless otherwise approved.*

**93 - Rural Economic Action Plan**

*This is a continuing fund, not subject to fiscal year limitations, for economic development in rural areas with populations of less than 7000. Funds have to be used for one of the following items: rural water quality, rural waste, rural sanitary sewage, rural roads, rural health services, rural fire protection, rural telecommunications, municipal energy employment projects, and other projects approved by 2/3 of the substate governing board. The Community Development Services Division annually monitors the REAP program at each COG.*

**FY'20 Budgeted Department Funding By Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
43	Community Development	784,125	3,168,166				\$3,952,291
43	Main Street Program	564,986		4,957			\$569,943
45	Business Services	1,300,000					\$1,300,000
67	Contracts and Comm. & Economic Dev.	7,467,154	36,205,628	14,000,000			\$57,672,782
70	Operational Support	7,444,393		1,205,096			\$8,649,489
88	ISD Data Processing	317,820		241,172			\$558,992
93	REAP (Rural Economic Action Plan)			13,126,817			\$13,126,817
							\$0
							\$0
<b>Total</b>		<b>\$17,878,478</b>	<b>\$39,373,794</b>	<b>\$28,578,042</b>	<b>\$0</b>	<b>\$0</b>	<b>\$85,830,314</b>

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable for each department:

**FY'19 Carryover by Funding Source**

Carryover	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
	\$0	\$0	\$0	\$0	\$0	\$0

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable:

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**What changes did the agency make between FY'19 and FY'20?**

- 1.) Are there any services no longer provided because of budget cuts? None.
- 2.) What services are provided at a higher cost to the user? N/A
- 3.) What services are still provided but with a slower response rate? The agency continually reviews processes to ensure we are operating efficiently and seeks out best value/lowest cost options when making purchases, allowing us to continue providing the same level of service to customers.
- 4.) Did the agency provide any pay raises that were not legislatively/statutorily required? Please see tab labelled FY19 Salary Changes

**FY'21 Requested Funding By Department and Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Other <sup>1</sup>	Total	% Change
43	Community Development	\$873,125	\$3,168,166	\$0	\$0	\$4,041,291	2.25%
43	Main Street Program	\$564,986	\$0	\$4,957	\$0	\$569,943	0.00%
45	Business Services	\$1,300,000	\$0	\$0	\$0	\$1,300,000	0.00%
67	Contracts and Comm. & Economic Dev.	\$7,467,154	\$36,205,628	\$14,000,000	\$0	\$57,672,782	0.00%
70	Operational Support	\$7,533,393	\$0	\$1,205,096	\$0	\$8,738,489	1.03%
88	ISD Data Processing	\$317,820	\$0	\$241,172	\$0	\$558,992	0.00%
93	REAP (Rural Economic Action Plan)	\$0	\$0	\$13,126,817	\$0	\$13,126,817	0.00%
<b>Total</b>		<b>\$18,056,478</b>	<b>\$39,373,794</b>	<b>\$28,578,042</b>	<b>\$0</b>	<b>\$86,008,314</b>	<b>0.21%</b>

1. Please describe source(s) and % of total of "Other" funding for each department:

**FY'21 Top Five Operational Appropriation Funding Requests**

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	Funding for federally disallowed costs related to OPERS and Pathfinder retirement programs.	\$89,000
Request 2:	Implementation of Project Blue Sky (State rebranding effort)	\$89,000
Request 3:		
Request 4:		
Request 5:		
<b>Top Five Request Subtotal:</b>		<b>\$178,000</b>
<b>Total Increase above FY-20 Budget (including all requests)</b>		<b>\$ 178,000</b>
Difference between Top Five requests and total requests:		\$0

**Does the agency have any costs associated with the Pathfinder retirement system and federal employees?**

Yes, we have costs associated with the Pathfinder retirement system and federal employees. See Request 1 above.

**How would the agency be affected by receiving the same appropriation for FY '21 as was received in FY '20? (Flat/ 0% change)**

Agency would be able to operate at the same level as FY '20.

**How would the agency handle a 2% appropriation reduction in FY '21?**

Agency would be able to operate at the same level as FY '20 and use carryover to cover any deficits related to one-time expenditures.

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**Is the agency seeking any fee increases for FY '21?**

	<b>Fee Increase Request (\$)</b>	<b>Statutory change required? (Yes/No)</b>
Increase 1 N/A		
Increase 2 N/A		
Increase 3 N/A		

**What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?**

<b>Description of request in order of priority</b>	<b>Appropriated Amount (\$)</b>	<b>Submitted to LRCPC? (Yes/No)</b>
Priority 1 N/A		
Priority 2 N/A		
Priority 3 N/A		

**Federal Funds**

<b>CFDA</b>	<b>Federal Program Name</b>	<b>Agency Dept. #</b>	<b>FY 20 budgeted</b>	<b>FY 19</b>	<b>FY 18</b>	<b>FY 17</b>	<b>FY 16</b>
11.307	EDA - Economic Development Admin	45	0	31,606	91,774	193,716	181,716
14.228	CDBG - Community Development Block Grant	43 & 67	15,009,076	13,369,153	10,954,133	14,307,803	13,987,790
14.231	ESG - Emergency Solutions Grant	43 & 67	1,571,873	1,696,486	1,623,671	1,563,915	1,653,575
14.269	CDBGDR - Community Development Block Grant Disas	43 & 67	105,526	3,218,654	15,771,834	34,289,155	30,454,899
81.041	SEP - State Energy Program	43 & 67	670,530	967,980	299,540	409,554	740,678
81.042	DOE - Weatherization Assistance Program	43 & 67	3,047,130	2,726,665	2,434,774	2,630,858	2,150,531
93.568	DHS - Low-Income Home Energy Assistance	43 & 67	1,490,068	1,336,868	2,255,570	2,445,804	1,543,321
93.569	CSBG - Community Services Block Grant	43 & 67	8,355,910	8,197,029	8,198,475	7,928,672	7,853,066
93.6	HS - Head Start Collaboration	43 & 67	175,000	156,812	171,321	150,424	165,406
17.278	WIOA - Dislocated Worker	43 & 67	3,034,464	0	0	0	0
17.259	WIOA - Youth Statewide	43 & 67	1,841,505	0	0	0	0
17.258	WIOA - Adult Statewide	43 & 67	4,072,712	0	0	0	0

**Federal Government Impact**

<p><b>1.) How much federal money received by the agency is tied to a mandate by the Federal Government?</b></p> <p>The majority of federal funds consist of formula money directly allocated to the State of Oklahoma. Only a small portion are grants that the Agency proactively applied for and received.</p>
<p><b>2.) Are any of those funds inadequate to pay for the federal mandate?</b></p> <p>Yes. Each of the Federal programs has an administrative percentage allowance for staff, as well as staff charges to the indirect rate. However, state appropriated funds are required to be used to supplement several of the programs since the allowable administrative percentage is not always sufficient to cover all salary and fringe costs.</p>
<p><b>3.) What would the consequences be of ending all of the federal funded programs for your agency?</b></p> <p>It would essentially eliminate the majority of Commerce's Community Development Division. There would additionally be statewide community impacts due to the elimination of funding used by local governments to improve streets and water treatment facilities and funds used by community action agencies to feed and educate low-income children and weatherize homes of low-income citizens.</p>
<p><b>4.) How will your agency be affected by federal budget cuts in the coming fiscal year?</b></p> <p>Presently, Commerce will continue to draw on "older" money so the impact will not be severe unless a Federal shutdown or cut occurs over a long period of time because most draw processes stay functional during the shutdown. At this time, significant cuts are not expected to be applicable to current awards.</p>
<p><b>5.) Has the agency requested any additional federal earmarks or increases?</b></p> <p>Not at this time.</p>

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FY'20 Budgeted FTE							
Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
43	Community Development	3		48		35	13
45	Business Services	0		4.25		2	2.25
67	Contracts for Community & Economic Dev.	0		0			
70	Operational Support	17		66.8		47.8	19
43	Main Street Program	1		5		5	
88	ISD Data Processing	0		0			
93	REAP (Rural Economic Action Plan)						
<b>Total</b>		<b>21</b>	<b>0</b>	<b>124.05</b>	<b>0</b>	<b>89.8</b>	<b>34.25</b>

Salary only. Does not include benefits.

FTE History							
Division #	Division Name	2020 Budgeted	2019	2018	2016	2011	
43	Community Development	48.0	25.0	24.0	26.0	37.0	
45	Business Services	4.25	2.5	21.0	20.0	25.0	
67	Contracts for Community & Economic Dev.	0.0	0.0	0.0	0.0	0.0	
70	Operational Support	66.8	64.55	39.0	41.0	67.0	
43	Main Street Program	5.0	5.0	5.0	5.0	4.0	
88	ISD Data Processing	0.0	0.0	0.0	0.0	0.0	
93	REAP (Rural Economic Action Plan)	0.0	0.0	0.0	0.0	0.0	
<b>Total</b>		<b>124.05</b>	<b>97.05</b>	<b>89.0</b>	<b>92.0</b>	<b>133.0</b>	

Performance Measure Review						
Prosperous people and communities throughout Oklahoma		FY 19	FY 18	FY 17	FY 16	FY 15
Program Name						
KPM #1	New Direct Jobs	8,730	12,320	4,948	4,539	7,136
KPM #2	Average Annual Wage of New Jobs	\$63,332	\$44,205	\$47,220	\$62,463	\$53,959
KPM #3	New Investment	\$2,053,568,927	\$1,000,000,000	\$2,475,000,000	\$2,413,186,000	\$2,185,397,775
KPM #4	Community Capacity Improvement Projects	590	234	207	225	108

Revolving Funds (200 Series Funds)			
Please provide fund number, fund name, description, and revenue source	FY'17-19 Avg. Revenues	FY'17-19 Avg. Expenditures	June '19 Balance
<b>OK Department of Commerce Revolving Fund - 205</b>			
Continuing fund and subject to the administrative direction of the Oklahoma Department of Commerce. <i>62.7% of revenue is reimbursement of grant expenditures previously disbursed from Fund 205. The grant was extended to March 2019.</i>	\$462,666	\$427,876	\$1,089,665
<b>Rural Economic Action Plan Revolving Fund - 225</b>			
Funds are for the purpose of economic development in rural areas with populations of less than 7,000. <i>Appropriation only</i>	\$9,730,877	\$9,997,919	\$931,016
<b>Oklahoma Main Street Fund - 250</b>			
The Main Street Fund is used for the purpose of providing specific services and training to participating towns or neighborhoods as they begin the process of revitalizing their districts and offering education on the benefits of historic preservation and community commercial development.	\$6,667	\$6,014	\$1,958
<b>Quick Action Closing Revolving Fund - 255</b>			
Funds are to be expended by the Governor for economic development and related infrastructure development in instances in which expenditure of such funds would likely be a determining factor in locating a high-impact business project or facility in Oklahoma or in retaining such a project or facility within the state. <i>Appropriation only</i>	\$3,000,940	\$833,333	\$9,327,868