



PROPERTY OF *Lf*  
HOUSE OF REPRESENTATIVES  
LIBRARY

**STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL**

A PERFORMANCE AUDIT  
OF THE

**ARIZONA OFFICE OF ECONOMIC  
PLANNING AND DEVELOPMENT**

**SEPTEMBER 1980**

**A REPORT TO THE  
ARIZONA STATE LEGISLATURE**

**REPORT 80-4.1**

OFFICE OF THE AUDITOR GENERAL

A PERFORMANCE AUDIT OF THE  
ARIZONA OFFICE OF ECONOMIC  
PLANNING AND DEVELOPMENT

A REPORT TO THE  
ARIZONA STATE LEGISLATURE

REPORT 80-4.1



DOUGLAS R. NORTON, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

October 9, 1980

Members of the Arizona Legislature  
The Honorable Bruce Babbitt, Governor  
Mr. Lawrence D. Landry, Executive Director,  
Office of Economic Planning and Development

Transmitted herewith is the first of two reports of the Auditor General concerning A Performance Audit of the Office of Economic Planning and Development. This report is in response to the June 19, 1979, resolution of the Joint Legislative Budget Committee.

The blue pages present a summary of the report; a response from the Executive Director is found on the yellow pages preceding the appendices.

My staff and I will be pleased to discuss or clarify items in the report.

Respectfully submitted,

Douglas R. Norton  
Auditor General

Staff: Gerald A. Silva  
Coni Good  
Steve H. Thacker  
Randolph D. Gross  
Karen C. Holloway  
Brent L. Nelson  
Dawn R. Sinclair

Enclosure

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION AND BACKGROUND	7
FINDINGS	
FINDING I	13
Improvements are needed in the Office of Economic Planning and Development's (OEPAD's) industrial development effort.	
CONCLUSION	44
RECOMMENDATIONS	44
FINDING II	47
The quality of personnel practices within OEPAD has declined since OEPAD became exempt from the State Personnel System in 1975. This situation has resulted in less documentation of employee qualifications, increased professional staff turnover, rising incidence of special merit increases, granting of salary increases without documented evaluation criteria, absence of job descriptions and absence of a proper job classification and compensation system.	
CONCLUSION	83
RECOMMENDATIONS	84
FINDING III	85
General promotion of international trade has been the main thrust of the OEPAD International Trade Program. As a result, Arizona exporters surveyed were not aware of and have not fully used OEPAD services.	
CONCLUSION	116
RECOMMENDATIONS	116
OTHER PERTINENT INFORMATION	117
Staff Time Devoted to OEPAD Functions and Objectives - January 1980	
Motion Picture Development	
WRITTEN RESPONSE TO THE AUDITOR GENERAL'S REPORT	125

## APPENDICES

- APPENDIX I - Arizona Revised Statutes Related to OEPAD
- APPENDIX II - Summary of OEPAD Activities Regarding Industrial Development Fiscal Year 1968-69 -- Calendar Year 1979
- APPENDIX III - A Statement on Economic Development by the Arizona Economic Planning and Development Advisory Board to the Governor of Arizona
- APPENDIX IV - Survey of Cities and Towns
- APPENDIX V - Survey of Chambers of Commerce
- APPENDIX VI - Arizona Community Profile - Mesa, Arizona
- APPENDIX VII - Survey of Industrial Developers
- APPENDIX VIII - Letters from Arizona Economic Development Council Members Solicited by OEPAD Executive Director
- APPENDIX IX - Procedural Guide for Development and Handling of Industrial Client Files
- APPENDIX X - Survey Concerning Industrial Relocation/Expansion in Arizona
- APPENDIX XI - Correspondence Concerning OEPAD Executive Director's Exceptions to Industrial Developers' Survey Methodology
- APPENDIX XII - Summary of OEPAD Staff Time (in Days) by Objective for Ten Functional Areas - January 7 through February 1, 1980
- APPENDIX XIII - Attorney General Opinion Exempting OEPAD Employees from State Service
- APPENDIX XIV - Applicable State Personnel Board Rules
- APPENDIX XV - Synopsis of 20 Special Meritorious Salary Increases Granted by the Current Executive Director of OEPAD Between May 27 and December 31, 1979

- APPENDIX XVI - Letter from OEPAD Executive Director Concerning Merit Increases and Promotional Practices - April 29, 1980
- APPENDIX XVII - Examples of OEPAD Performance, Planning and Evaluation Reports
- APPENDIX XVIII - State Personnel Position Classification Specifications for Selected OEPAD Job Titles
- APPENDIX XIX - Letter from OEPAD Executive Concerning OEPAD Position Classifications - April 28, 1980
- APPENDIX XX - Letter from Assistant Director, State Personnel Division, Department of Administration Concerning the Conduct of an OEPAD Position Review - June 2, 1980
- APPENDIX XXI - Letters Solicited by OEPAD Executive Director Concerning International Trade
- APPENDIX XXII - Letter Solicited by OEPAD Executive Director from Director, Department of Commerce, Phoenix Regional Office - April 11, 1980
- APPENDIX XXIII - Associate Office Designation - Department of Commerce
- APPENDIX XXIV - Survey of Arizona Consuls
- APPENDIX XXV - Survey of Exporters
- APPENDIX XXVI - Survey of Agricultural Trade Associations
- APPENDIX XXVII - Survey of Agricultural Brokers
- APPENDIX XXVIII - Reverse Investment Survey
- APPENDIX XXIX - Survey of Western and Southeastern States' International Trade Programs
- APPENDIX XXX - Survey of Out-of-State and Local Film Producers

LIST OF TABLES

	<u>Page</u>
TABLE 1 - Actual Full-time Equivalent Employees, Source of Funds and Expenditures from Fiscal Year 1975-76 through Fiscal Year 1978-79, and Estimated Full-time Equivalent Employees, Source of Funds and Expenditures for Fiscal Years 1979-80 and 1980-81	10
TABLE 2 - Proportion of Population in Arizona's Two Urban Counties as Compared to the Balance of the State - Actual from 1969 to 1980 - Projected from 1985 to 2000	19
TABLE 3 - Changes in Private Sector Employment for the Urban Counties of Maricopa and Pima as Compared to the Balance of the State, Calendar Years 1972 Through 1979	20
TABLE 4 - Summary of Survey of Arizona Incorporated Cities, Towns and Chambers of Commerce	21
TABLE 5 - Factors Indicated by AAID Members As Among the Top Three Factors Generating Economic Growth in Arizona Historically and in the 1980s	23
TABLE 6 - Summary of the Three Factors that Have Most Inhibited, And Will Most Inhibit, Economic Growth in Arizona as Identified by AAID Members	24
TABLE 7 - Top Three Factors Industrial Developers Indicated A State Agency Could Perform to Encourage Industrial Development	25
TABLE 8 - Summary of OEPAD-Claimed Industrial Development Accomplishments per Annual Reports from Fiscal Year 1968-69 through Calendar Year 1978	27
TABLE 9 - Comparison of Companies Listed in OEPAD Annual Reports to Those Printed in Issues of <u>Directions</u> , Calendar Years 1977 and 1978	31
TABLE 10 - Comparison of Number of New Jobs Created and Cost per New Job Created As Claimed by OEPAD and the Results of the Auditor General Survey	35
TABLE 11 - Summary of OEPAD Staff Time Reports for the Period January 7, 1980 to February 1, 1980	40
TABLE 12 - Summary of Auditor General Survey Regarding New Jobs Created by Industrial Company Relocations from Out-of-State and In-State Expansions during 1977 and 1978	42

	<u>Page</u>
TABLE 13 - Comparison of Documentation in Planners' Files Regarding Qualifications	49
TABLE 14 - Number of Planners Hired at Upper Steps of Pay Grades for Whom Files Were Available	50
TABLE 15 - Comparison of the 1978 and 1979 OEPAD Professional Staff Turnover to the OEPAD Professional Staff Turnover in 1974 and to Similarly Titled Positions in State Service	51
TABLE 16 - Summary of Incidences of OEPAD Employee Files Containing Evidence of OEPAD Personnel Actions that Exceed Typical State Service Practices	56
TABLE 17 - Comparison of the Incidence of Special Meritorious Salary Increases within OEPAD to the Entire State Personnel System	58
TABLE 18 - Summary of OEPAD Usage of Written Employee Evaluations for Planners Prior to and Since Calendar Year 1975	62
TABLE 19 - Summary of PP&Es Developed by OEPAD as of May 1980	63
TABLE 20 - Summary of OEPAD Professional Staff Who Appear to Be Overpaid When Their Duties and Supervisory Responsibilities Are Compared to State Personnel Job Classifications	68
TABLE 21 - Federal, State and Private Funds or In-kind Services Available for the International Trade Program from May 1976 through August 1980	88
TABLE 22 - Responses of 17 Arizona Consuls Regarding Awareness of and Work with Various Trade Promotion Groups	97
TABLE 23 - Number of Arizona Firms OEPAD International Trade Program Claims to Assist Directly or Projected Will Assist for Fiscal Years 1977-78, 1978-79 and 1979-80, as of December 1979	99
TABLE 24 - Results of Survey of Exporters	100
TABLE 25 - Results of Auditor General Survey of Exporters of 48 Firms OEPAD Claimed to Assist Directly	101
TABLE 26 - Comparison of Survey Mailing List and Responses to OEPAD Trade Referral Card File and International Trade Directory	103



	<u>Page</u>
TABLE 27 - Survey Results of 25 Arizona Firms Substantially Foreign-Owned	108
TABLE 28 - Summary of 23 Western and Southeastern States Most Frequently Provided Services for International Trade	110
TABLE 29 - Summary of 24 Western and Southeastern States Most Frequently Provided Services by Departments of Agriculture to Promote Agricultural Exports	111
TABLE 30 - Summary of Arizona Exports of Manufactured Goods 1960-1978	115
TABLE 31 - Summary of Arizona Agricultural Exports 1964-1979	115
TABLE 32 - Summary of OEPAD Staff Time by Major Functions - January 7 through February 1, 1980	118
TABLE 33 - Factors Influencing Out-of-State Film Producers to Film in Arizona	122

## SUMMARY

The Department of Economic Planning and Development (DEPAD) was created through State law in 1968. The forerunner of DEPAD was the Arizona Development Board which was established in 1954. The 1968 legislation: 1) created DEPAD, and 2) replaced the Arizona Development Board with the advisory Economic Planning and Development Board. As a result of 1972 amendments, DEPAD was designated as the Office of Economic Planning and Development (OEPAD) within the Office of the Governor.

State law defines two divisions, Planning and Development, within OEPAD. The functions of these divisions are broadly defined in statute to include economic planning, economic research, scientific and technological planning, industrial development, advertising, publications and low-income housing development. Additional responsibilities for energy programs and manpower planning coordination were established through gubernatorial action.

OEPAD activities are funded through State General Fund appropriations and various Federal funds.

The results of our review are presented in two reports. This first report concerns the activities of:

- Industrial development,
- Personnel administration,
- International trade, and
- Motion picture development.

The second report will be issued later in 1980 and will include:

- Economic planning,
- Data and research,
- The State Clearinghouse,
- Science and technology planning,
- Planning councils,
- Joint Funding Project,
- Community planning assistance,
- Accounting functions, and
- Contracting procedures.

Our review of the Office of Economic Planning and Development revealed that: 1) encouraging industrial development appears to be a proper role for an agency in Arizona State government, 2) OEPAD's accomplishments in fulfilling that role have been grossly overstated in OEPAD-published pronouncements, and 3) OEPAD needs to redirect its industrial development efforts. (page 13)

Our review also disclosed that the quality of personnel practices within OEPAD has declined since OEPAD became exempt from the State Personnel Merit System in 1975. This situation has resulted in less documentation of employee qualifications, increased professional staff turnover, rising incidence of special merit salary increases, granting of salary increases without documented evaluation criteria, absence of job descriptions and absence of a proper job classification and compensation system. (page 47)

In addition, our review revealed general promotion of international trade has been the main thrust of the OEPAD International Trade program. As a result, Arizona exporters surveyed were not aware of and have not fully used OEPAD services. (page 85)

Finally, our review revealed that a significant proportion of out-of-State film producers, responding to a survey, utilized OEPAD motion picture development services and these services influenced their decision to film in the State. (page 122)

It is recommended that consideration be given to the following alternatives:

I. OEPAD efforts to develop industry in Arizona should be concentrated on expansion of existing firms and the formation of new local industry. OEPAD staff should study and develop appropriate service strategies to assist local interests in expanding existing or in beginning new industry. Efforts to attract out-of-State industry should be restricted to: 1) national advertising, 2) providing statistical data upon request, and 3) referring prospective investors to the private sector.

II. Restrict OEPAD industrial development efforts to a minimal level. OEPAD activities should include only those related to: 1) supplying statistical data, upon request, and 2) referring inquiries to the private sector.

It is also recommended that:

- OEPAD staff consistently record industrial development contacts as outlined in the November 29, 1979, policy statement. Such records should record explicitly industrial contacts made, inquiries answered and assistance provided by OEPAD to industrial companies.
- Future OEPAD-publicized industrial development accomplishments should include only actual industrial developments for which OEPAD had significant involvement. Such involvement should be adequately documented in OEPAD files.
- OEPAD should inform each city and town and chamber of commerce of the full array of OEPAD services.

Further, it is recommended that consideration be given to the following alternatives:

Alternative I

- 1) The Department of Administration Personnel Division should negotiate a consulting contract: a) to provide for a review of OEPAD positions, b) to establish a proper job classification system in OEPAD, and c) to train an OEPAD employee to maintain such a system. OEPAD should designate an employee to be so trained as a personnel officer.
  
- 2) OEPAD should maintain adequate documentation of employees' education and experience related to their positions.
  
- 3) OEPAD should use documented performance standards: a) to assess employees' work, and b) to adjust salary levels for employees within the job classification system established through the consulting contract.

Alternative II

Legislation should be enacted to place OEPAD employees below the Director and Assistant levels under the State personnel system.

Lastly, it is recommended that the following be considered:

1. No greater effort be devoted by the International Trade Program to general promotion than during the 1976-77 fiscal year.

2. If expansion of other efforts appears justifiable, that OEPAD staff concentrate on the following:
  - a. Reverse investment,
  - b. Increased coordination with the U.S. Department of Commerce (DOC) to include regular written exchanges of contacts lists, amendment of the associate office agreement to include additional promotion of OEPAD efforts and an evaluative examination of the timeliness of DOC trade leads,
  - c. Selection of a few markets with the most potential for Arizona to directly increase exports, implementation of marketing strategies and conduct of vigorous evaluation of efforts (included should be an evaluation of trade lead referrals), and
  - d. Maintenance of records and/or logs of persons or companies OEPAD has assisted to facilitate subsequent inquiries and evaluation of assistance.

## INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a performance audit of the Office of Economic Planning and Development (OEPAD), in accordance with Arizona Revised Statutes (A.R.S.) §41-1279, and in response to a June 19, 1979, resolution of the Joint Legislative Budget Committee,

OEPAD's forerunner, the Arizona Development Board, was created in 1954. The primary purpose of the Board was to attract tourists, new residents and new industries to Arizona and to explore and publicize Arizona's facilities and resources in order to attract new capital and industry to the State. The Board had limited funding to perform these functions.

In April 1967 the Governor appointed the Arizona Joint Economic Development Committee (AJEDC). The Governor declared by Executive Order 67-3 that the Committee was to "...produce a preliminary analysis of Arizona's specific role in the economic development process..." and to make recommendations "...for the means through which the State should conduct its activity in the field of economic development." The Committee submitted its analysis and recommendations to the Governor on December 4, 1967. AJEDC acknowledged that the Development Board was underbudgeted and understaffed and recommended the Board be reorganized as a State agency and its functions expanded. A bill based on the Committee's recommendations was passed by the Arizona Legislature in 1968, which: 1) replaced the Arizona Development Board with the Economic Planning and Development Board, and 2) created the Department of Economic Planning and Development (DEPAD) as of July 1, 1968.

Initially, the Economic Planning and Development (EPAD) Board established policy for DEPAD and selected an Executive Director with the approval of the Governor. The Board relinquished its policy-making and appointive powers and became an advisory board to the Governor on June 30, 1971.\*

\* The Office of the Auditor General issued a performance audit of the Economic Planning and Development Board on September 12, 1979, in accordance with the Sunset law, A.R.S. §§41-2351 through 41-2374.

In 1972, as a result of legislation, DEPAD was designated as the Office of Economic Planning and Development (OEPAD) within the Office of the Governor.

State law\* defines two divisions, Planning and Development, within OEPAD. Generally an administrative unit or division has also existed. The functions of the planning and development divisions are broadly defined in A.R.S. §41-501.B:

"The planning division shall, in addition to other functions assigned by the executive director, be responsible for economic planning, economic research and scientific and technological planning. The development division shall, in addition to other functions assigned by the executive director, be responsible for industrial development, advertising and publications".\*\* (Emphasis added)

Since its inception, OEPAD has had numerous reorganizations and major changes in responsibilities. Four examples are the areas of: energy, tourism, manpower coordination and low-income housing development assistance.

In January 1974 the Governor issued an Executive Order creating the Arizona State Fuel and Energy Office. The Governor attached the Fuel and Energy Office to OEPAD for administrative and technical support. In July 1979 the Fuel and Energy Office was integrated into the development division, but again was separated as a division (Energy) within OEPAD in September 1979.

During 1975, the Governor issued Executive Order 75-3 establishing the Arizona State Office of Tourism. All OEPAD tourism programs were transferred to the new office. However, OEPAD performed administrative duties for the Office of Tourism until 1978, when legislation established and statutorily recognized a separate Office of Tourism.

\* Appendix I contains the text of applicable State laws.

\*\* The 1968 version of this statute included responsibility for tourism development.



In the fall of 1976, the Governor transferred Comprehensive Employment and Training Act (CETA) manpower-planning coordination from the Department of Economic Security to OEPAD.

In the 1980 Legislative session, OEPAD was designated as responsible for providing advice, consultation, planning, training and educational assistance for development of low and moderate income housing.

OEPAD has changed dramatically from its initial 1968-1969 budget of \$550,000 to a 1980-81 fiscal year budget of nearly \$7 million, including both State and Federal funding.

Table 1 summarizes the actual and estimated expenditures for OEPAD from fiscal years 1975-76 through 1980-81.

TABLE 1

ACTUAL FULL-TIME EQUIVALENT EMPLOYEES, SOURCE OF FUNDS AND EXPENDITURES FROM FISCAL YEAR 1975-76 THROUGH FISCAL YEAR 1978-79, AND ESTIMATED FULL-TIME EQUIVALENT EMPLOYEES, SOURCE OF FUNDS AND EXPENDITURES FOR FISCAL YEARS 1979-80 AND 1980-81

	ACTUAL				ESTIMATED	
	1975-1976*	1976-1977*	1977-1978*	1978-1979**	1979-1980**	1980-1981**
Full-time equivalent positions (FTE)	<u>93</u>	<u>84.5</u>	<u>85</u>	<u>102.5</u>	<u>109</u>	<u>95.5</u>
Source of Funds:						
General Fund	\$1,059,100	\$1,106,900	\$1,371,500	\$1,478,747	\$1,716,000	\$2,353,700
Federal funds	869,900	774,400	1,597,000	2,311,100	7,273,800	4,436,500
	<u>\$1,929,000</u>	<u>\$1,881,300</u>	<u>\$2,968,500</u>	<u>\$3,789,847</u>	<u>\$8,989,800</u>	<u>\$6,790,200</u>
Expenditures:						
Personal services	\$1,056,800	\$1,180,900	\$1,270,800	\$1,683,806	\$2,082,100	\$1,961,500
Employee-related	149,300	164,100	214,400	294,524	362,400	362,900
Professional and outside services	184,900	62,600	177,400	1,104,524	5,561,400	3,613,300
Travel:						
In-State	58,200	66,300	53,500	49,024	117,700	83,800
Out-of-State	41,900	43,700	42,000	50,360	42,600	40,600
Other operating	261,600	289,400	931,100	307,181	512,800	370,600
Equipment	5,700	8,600	2,700	10,792	19,600	6,500
Media advertising	31,200	36,300	46,300	49,731	50,000	55,000
State matching funds			230,300	239,905	200,000	220,000
Energy matching funds					41,200	76,000
Governor's Voluntary Action		29,400				
Pass-through funds	139,400					
	<u>\$1,929,000</u>	<u>\$1,881,300</u>	<u>\$2,968,500</u>	<u>\$3,789,847</u>	<u>\$8,989,800</u>	<u>\$6,790,200</u>

\* Source: Executive Budget volumes for 1977-78, 1978-79 and 1979-80.

\*\* Source: 1980-81 Appropriations Report (JLBC) and 1980-81 Federal Programs (Executive Budget Office).

It should be noted that total Federal funds and staff are traditionally understated in OEPAD's budget prepared for the Executive Budget Office. For example, OEPAD estimated in its 1978-79 budget request that 1.3 million Federal dollars would be received in 1978-79, whereas actual Federal receipts for that year were \$2.3 million (a 74 percent increase). OEPAD estimated 77 full-time equivalent employees in its 1979-80 budget request, whereas the revised estimate shown in Table 1, as of December 1979, was 109 FTEs. These additional FTEs were supported by substantial increases (386 percent) in Federal monies not included in the original 1979-80 estimate.

All major OEPAD activities were examined in this audit with the exception of two areas - CETA manpower planning and energy programs. CETA activities are funded entirely by Federal CETA grants. Energy programs are also largely Federally funded. During preliminary review, no substantial problems with the CETA area were revealed. All energy programs and staff within OEPAD, other than fuel allocation activities, are relatively recent additions, thus making trend and comparative analysis difficult.

This is the first of two Auditor General reports on OEPAD and deals with the following OEPAD activities:

- Industrial development,
- Personnel administration,
- International trade, and
- Motion picture development.

The second OEPAD report will be issued later in 1980 and will include:

- Economic planning,
- Data and research,
- The State Clearinghouse,
- Science and technology planning,
- Planning councils,
- Joint Funding Project,
- Community planning assistance,
- Accounting functions, and
- Contracting procedures.

The Office of the Auditor General expresses gratitude to present and former employees of OEPAD, officials of participating State agencies, regional Councils of Governments, Arizona cities and counties and numerous survey respondents in the private sector for their cooperation, assistance and consideration during the course of our audit.

## FINDING I

### IMPROVEMENTS ARE NEEDED IN OEPAD'S INDUSTRIAL DEVELOPMENT EFFORT.

The Office of Economic Planning and Development (OEPAD) is the State agency primarily responsible for encouraging and facilitating industrial development in Arizona. Our review of OEPAD's efforts in this area revealed that: 1) encouraging and facilitating industrial development appears to be a proper role for an agency in Arizona State government, 2) OEPAD's accomplishments in fulfilling that role have been grossly overstated in OEPAD published pronouncements, and 3) OEPAD needs to redirect its industrial development efforts.

#### Encouraging and Facilitating Industrial Development Appears to be a Proper Role for an Agency in Arizona State Government

OEPAD's role in encouraging and facilitating industrial development is a long-established Arizona State governmental function and typical of development programs in other states. However, it appears that OEPAD's goal of emphasizing industrial growth in rural areas has not been achieved and that there is a diversity of opinion among Arizona cities, towns, chambers of commerce and industrial developers as to what OEPAD should and can accomplish in the area of industrial development.

#### Long-established Function

The promotion and encouragement of economic development, particularly private-sector industrial development, is a State governmental activity that predates the establishment of the Office (then Department) of Economic Planning and Development in 1968. The Arizona Development Board, OEPAD's forerunner, was similarly responsible for such activities according to Arizona Revised Statutes in effect at that time.

"The purposes and objectives of the board shall be to:

1. Attract tourists, new residents and new commercial industries to this state, and generally promote tourist, population and industry development of the state.
2. Advertise and further the development and use of the resort and recreational advantages and facilities of all areas of this state on a year round basis.
3. Explore and publicize facilities, resources and possibilities of the state in order to attract new capital and new industries to the state."

In addition, AJEDC\* in its 1967 Report of the Arizona Joint Economic Development Committee endorsed the organization of a State development agency in Arizona. The report outlined four areas for active encouragement of industrial development:

- 1) Assisting local development groups in Arizona's communities,
- 2) Encouraging expansion of existing industry,
- 3) Encouraging new "home-grown" industry, and
- 4) Extending industrial promotion efforts nationally to attract new industry from out of Arizona.

Further, A.R.S. §41-501 B.\*\*, states OEPAD is responsible for similar industrial development activities:

"The development division shall, in addition to other functions assigned by the executive director, be responsible for industrial development, advertising and publications." (Emphasis added)

\* The Arizona Joint Economic Development Committee (AJEDC) was created by Executive Order in April 1967 to "...produce a preliminary analysis of Arizona's specific role in the economic development process..." and to make recommendations "...for the means through which the State should conduct its activity in the field of economic development." The Committee submitted its recommendations to the Governor on December 4, 1967. A bill based on the Committee's recommendations was introduced in the Arizona Legislature in 1968 and was passed, creating the Department of Economic Planning and Development (DEPAD) as of July 1, 1968.

\*\* Appendix I contains a copy of current OEPAD statutes.

Lastly, a review of annual OEPAD reports published from 1969 through 1978 revealed that OEPAD has consistently claimed to be involved in industrial development-related activities throughout its existence.

OEPAD Industrial Development

Activity Is Typical of Programs

in Other States

According to the National Association of State Development Agencies (NASDA)\* in an article entitled "Character and Function of a State Development Agency," the state agency charged with the responsibility of encouraging industrial development must be able to obtain services in the following six areas in order to influence industrial development:

- 1) Consulting services,
- 2) Economic research,
- 3) Economic planning,
- 4) Development operations,
- 5) Public relations, and
- 6) Advertising.

It should be noted the NASDA article stated that all the above activities were not performed necessarily by one designated State development agency.

Further, NASDA noted that when manufacturing industries are concerned, State agencies are typically organized so as to be directly involved in:

- "1. the attraction of new enterprises...;
2. the expansion of existing enterprises;
3. the retention of existing enterprises...;
4. the startup of new enterprises evolving from technologic innovation or other potentials;
5. the rehabilitation of existing facilities and the procurement of enterprises to utilize them."

\* NASDA is a voluntary group of mostly state officials responsible for programs assisting or encouraging state economic development. Its purpose is to: 1) provide a liaison between the states and the Federal government, and 2) foster communication among the states regarding their economic development activities. As of August 1980, 40 state development agencies are NASDA members.

Examples cited by NASDA as illustrative of state agency industrial development activities included:

- Preparation of basic and special statistical and other materials by county, city, town and other special district development organizations,
- Identification of categories of potential capital investors; identification and evaluation of individual prospective investors; contacting, servicing and, if possible, locating their investments in the State,
- Working with minority groups to develop new or to expand existing enterprises, including training,
- Advising on use of such development tools as "financial packages," site identification and its development,
- Servicing the programs and operations of area development offices in chambers of commerce, business development corporations, banks, utilities, railroads and institutions,
- Assembling, preparing, printing and disseminating written material, as well as promotional movies and television tapes,
- Conducting seminars, workshops and/or participating in their presentation and preparation,
- Providing educational opportunities for staff personnel and promoting same for others in development area, and
- Encouragement of technologic innovation to generate new products and to answer demands such as those imposed by antipollution laws and regulations.

Finally, the NASDA article noted the need for: 1) personal contacts by State personnel, 2) written materials, such as pamphlets and brochures, for public relations activities, and 3) state promotional advertising. Our review of OEPAD revealed that it has engaged in the type of development activities identified in the NASDA article.\*

\* Appendix II contains a comparison of OEPAD statements regarding industrial development activities as they appeared in annual reports to the NASDA list of activities.



Goal of Attracting  
Industry to Rural Areas  
Has Not Been Achieved

Our review of OEPAD goals and objectives revealed a stated emphasis on: 1) the attraction and expansion of industry in rural areas of the State, and 2) planned development that would not result in new jobs created at the expense of the State's environment or living style. A review of Arizona's demographic trends indicates that OEPAD objectives for attracting industry to rural areas has not been achieved.

According to a 1972 statement by the Economic Planning and Development Board:\*

"...WHEREAS, The Board recognizes a great imbalance exists in Arizona's economy between the metropolitan areas and the state's rural communities and that development opportunities must be made available to all areas to bring about the diversification of industry necessary to a healthy economy for all Arizonans; and

. . . . .

"WHEREAS, the Board recognizes that any new industry or expansion of existing industry must meet the environmental standards set by existing law, as well as the requirements and environments of the communities involved, and

. . . . .

"BE IT FURTHER RESOLVED that it is the sense of the Board that no new business or industry be solicited unless that industry is willing to utilize the most technically efficient and economically feasible pollution control methods, and meets the needs and requirements of the community;

. . . . .

"BE IT FURTHER RESOLVED that the desirability of a new industry be determined by weighing the economic benefits it will bring against its risks to the environment;

\* Appendix III is the full text of this statement.

"BE IT FURTHER RESOLVED that the state's development efforts be concentrated on the areas of the state where economic needs are more severe; and the benefits to these communities will be weighed more heavily, as will risks which involve more than temporary ecological damage;

"BE IT FURTHER RESOLVED that special effort be made to encourage the location of business and industry in the less congested communities of the state to implement desirable growth of these areas which could result in halting environmental deterioration of congested areas through dispersion of the growth pattern." (Emphasis added)

According to OEPAD Goals and Objectives developed in Fall 1979:

"GOAL

"To encourage the wise development of the state's natural resources in a manner which will both contribute to economic growth and development and assure a clean and healthy natural environment.

"OBJECTIVES

"Improve the state's economic development and natural resource management policies.

"Increase the state's influence over federal resource management decisions.

"GOAL

"To enhance the well-being of the state's citizens by encouraging economic development.

"OBJECTIVES

"Stimulate economic growth in non-metropolitan Arizona. Increase the availability of jobs to Arizonans. Increase the income of Arizona citizens." (Emphasis added)

Therefore, OEPAD's industrial development program appears to emphasize rural industrial development that does not inflict substantial environmental damage. However, it should be noted that a review of demographic trends revealed that OEPAD had not had any demonstrable effect in achieving its objective of increasing rural industrial development. Table 2 contains historical and projected population data for Arizona's urban and rural areas, which indicates a proportional gain for the major urban centers in Arizona.

TABLE 2

PROPORTION OF POPULATION\* IN ARIZONA'S TWO URBAN  
COUNTIES AS COMPARED TO THE BALANCE OF THE STATE -  
ACTUAL FROM 1969 TO 1980 - PROJECTED FROM 1985 TO 2000

<u>State Population</u>	<u>Year</u>	<u>Percentage of Population in Maricopa and Pima Counties</u>	<u>Percentage of Population in Balance of State</u>
1,737,000	1969	74.3%	25.7%
	1970	74.5	25.5
	1972	74.4	25.6
	1975	74.4	25.6
	1976	74.5	25.5
	1977	74.6	25.4
2,547,000	1978	75.3	24.7
2,631,000	1979	75.1	24.9
2,701,000	1980	75.2	24.8
3,011,000	1985	75.14	24.86
3,395,000	1990	75.14	24.86
4,280,000	2000	76.21	23.79

Further, an examination of State private sector employment trends reveals a similar continued increase in urban growth. Table 3 contains a profile of private sector employment since 1972.\*\*

\* Source: Arizona Department of Economic Security Population Statistics Unit, May 5, 1980, for actual statistics and May 31, 1980, for projections.

\*\* Information prior to 1972 was based on a different set of statistical calculations and comparable data could not be obtained without massive research efforts.

TABLE 3

CHANGES IN PRIVATE SECTOR EMPLOYMENT FOR THE URBAN  
 COUNTIES OF MARICOPA AND PIMA AS COMPARED TO THE BALANCE  
 OF THE STATE, CALENDAR YEARS 1972 THROUGH 1979\*

Year	State		Maricopa and Pima Counties			Balance of State		
	Private Sector Employment (000s)	Percentage of Increase (Decrease) from Previous Year	Private Sector Employment (000s)	Percentage of State Total	Percentage of Increase (Decrease) from Previous Year	Private Sector Employment (000s)	Percentage of State Total	Percentage of Increase (Decrease) from Previous Year
1972	507.0	-	409.7	80.8%	-	97.3	19.2%	-
1973	566.8	11.8%	460.6	81.3	12.4%	106.2	18.7	9.1%
1974	584.9	3.2	473.7	81.0	2.8	111.2	19.0	4.7
1975	559.3	(4.4)	450.8	80.6	(4.8)	108.5	19.4	(2.4)
1976	581.5	4.0	469.5	80.7	4.1	112.0	19.3	3.2
1977	627.5	7.9	510.1	81.3	8.6	117.4	18.7	4.8
1978	692.3	10.3	569.3	82.2	11.6	123.0	17.8	4.8
1979	773.4	11.7	640.0	82.7	12.4	133.4	17.3	8.5

\* Source: Department of Economic Security, Labor Market Information.

As demonstrated in Table 3, private-sector employment has become increasingly urbanized since 1972.

Based on the above demographic data it appears that OEPAD's industrial development objective of attracting industries to rural areas has not been achieved.

Diversity of Opinion Regarding  
OEPAD's Proper Role in the Area  
of Industrial Development

As part of our review of OEPAD, all Arizona incorporated cities and towns, and chambers of commerce in these communities, were surveyed\* regarding: 1) their experiences in dealing with OEPAD, 2) their views on industrial development, and 3) OEPAD's proper role in the area of industrial development.\*\* Table 4 summarizes the results of those surveys.

TABLE 4

SUMMARY OF SURVEY OF ARIZONA INCORPORATED  
CITIES AND TOWNS AND THEIR CHAMBERS OF COMMERCE

<u>Statement</u>	<u>Incorporated Cities and Towns</u>	<u>Chambers of Commerce</u>
OEPAD had been active in attracting industry to their area.	34%	29%
Additional industrial promotion activity is needed in their area.	62	63
OEPAD should be responsible for performing this developmental work.	44	41
OEPAD has not denied requests for assistance.	92	90
OEPAD has been requested to provide assistance within the last five years	55	97
Community is aware of the range of industrial development services offered by OEPAD	48	41

\* A survey was also sent to all Arizona Indian tribes and counties. However, insufficient replies from the tribes were received to utilize results and less than half of the counties responded or had been sufficiently involved with OEPAD to complete the questionnaire.

\*\* Appendices IV and V contain the survey questionnaires with tabulated responses.

Based on the information in Table 4, it appears that OEPAD has been responsive to community requests for assistance but that community awareness of OEPAD is somewhat lacking, and that less than half of the respondents felt that OEPAD should be responsible for additional local industrial development. It should be noted that more than 80 percent of the above respondents were aware of the statistical Community Profiles\* prepared by OEPAD, and that a vast majority rated the Profiles as satisfactory or excellent.

Still another population surveyed by the Auditor General's Office regarding industrial development in Arizona and OEPAD was the Arizona Association of Industrial Developers (AAID).\*\*

According to the survey of AAID members, the most important factors that have and will influence industrial growth and development in Arizona may be beyond the control of OEPAD or any State development agency. Table 5 lists these factors in order of importance.

\* Community Profiles is a statistical and narrative summary of an Arizona community, including information on the economy, population, employment, taxes and other characteristics. Appendix VI contains a sample Profile.

\*\* AAID is a private organization of individuals involved in improving the business climate and soliciting new businesses to the State. All members of AAID were sent a questionnaire except OEPAD staff; and in those cases in which multiple members were from the same organization, only the senior member, or first name on list if seniority could not be determined, to avoid overrepresentation of a single firm. It should be noted that the primary project of AAID involves missions to various states in an attempt to attract out-of-state businesses to Arizona. Appendix VII contains a tabulation of results on the survey form used.

TABLE 5

FACTORS\* INDICATED BY AAID MEMBERS AS AMONG THE  
TOP THREE GENERATING ECONOMIC GROWTH IN  
ARIZONA HISTORICALLY AND IN THE 1980s

<u>Factors</u>	<u>Number of Respondents Who Ranked the Identified Factor as Among the Three Most Important</u>	
	<u>Historically</u>	<u>In the 1980s**</u>
1. Climate/desirability of life style	60	49
2. Right-to-work State	48	40
3. Within growing region of U.S.	34	30
4. Availability of trained labor	24	21
5. Political climate	16	21
6. PROMOTION OF THE STATE BY GOVERNMENTAL AGENCIES AND/OR PRIVATE DEVELOPERS	10	16
7. Tax structure of State	10	12
8. Proximity to markets	8	15
9. Others	5	9
No answer	4	7

\* Total is more than the 73 survey industrial developers who responded to the survey because the respondents were asked to identify the top three factors.

\*\* One respondent ranked four factors.

Survey respondents also were requested to indicate the three factors that have most inhibited, and will most inhibit, Arizona's industrial growth and development. Table 6 summarizes those results.

TABLE 6

SUMMARY OF THE THREE FACTORS THAT HAVE MOST INHIBITED, AND  
WILL MOST INHIBIT, ECONOMIC GROWTH IN ARIZONA  
AS IDENTIFIED BY AAD MEMBERS

<u>Factors</u>	<u>Historically*</u>
1. Limited transportation modes	30
2. Distance to markets	26
3. INSUFFICIENT PROMOTION OF STATE	22
4. Lack of trained labor	20
5. Lack of available financing	17
6. Distance from raw materials	16
7. Tax structure of State	16
8. Limited water supply	14
9. Sparse population	11
10. Growing urbanization of metropolitan areas	10
11. Limited energy supply	8
12. Political climate	7
13. Various	10
No answer	13
	<u>In the 1980s</u>
1. Limited water supply	32
2. Growing urbanization	26
3. Tax structure of State	25
4. Limited transportation modes	21
5. Lack of available financing	17
6. Limited energy supply	16
7. INSUFFICIENT PROMOTION OF STATE	15
8. Lack of trained labor	14
9. Distance to markets	12
10. Political climate	7
11. Distance from raw materials	7
12. Sparse population	4
13. Various	14
No answer	9

\* One respondent ranked four factors.



Finally, the industrial developers were asked to identify the three most important activities a State development agency should perform to encourage Arizona industrial growth and development. Table 7 lists the activities identified in order of importance.

TABLE 7  
TOP THREE FACTORS INDUSTRIAL DEVELOPERS  
INDICATED A STATE AGENCY COULD PERFORM TO  
ENCOURAGE INDUSTRIAL DEVELOPMENT

	<u>Number of Respondents Who Ranked the Identified Activity among the Three Most Important Activities</u>
1. Publicize the State and its communities in national magazines or other media.	36
2. Provide information in answer to inquiries or for use by banks, industrial developers or others regarding prospective markets, sites and labor available for development.	36
3. Coordinate contacts by prospective investors and forward requests and prospects to private sector.	32
4. Provide loan funds, industrial-aid bonding or loan guarantees for financing development by industrialists who cannot obtain or qualify for other sources of financing.	30
5. Conduct seminars and training workshops for local community officials on attracting industrial development, financing development and promoting their community.	28
6. Contact and/or assist prospective investors new to Arizona by personally showing them industrial opportunities and sites within the State.	26
7. Work with local firms to assist in expansion of their operations.	17
8. Various	9
No answer	5

A majority of the surveyed AAID members who responded to the above question said that the failure to engage in the identified activity would have either a significant or a substantial detrimental effect on Arizona's industrial development.

It should be noted that members of OEPAD's staff have worked closely with the Arizona Economic Development Council (AEDC) for 12 years. AEDC is a private-sector group of 14 members\* representing OEPAD, banks, utilities and railroads. The Council meets regularly to discuss prospective development clients, exchange information and coordinate development efforts regarding industrial prospects, on a confidential basis. AEDC supported the legislation resulting in the creation of OEPAD. Interviews\*\* with AEDC members revealed the existence of a close working relationship between OEPAD and the AEDC.\*\*\* The relationship apparently has existed since OEPAD was established in 1968.

Gross Overstatement of OEPAD

Accomplishments in the Area of  
Industrial Development

From fiscal year 1968-69 through calendar year 1978, OEPAD has claimed credit in its annual reports, either explicitly or implicitly, for 493 industrial company relocations or expansions in Arizona. Our review of these OEPAD-claimed industrial development achievements revealed that: 1) OEPAD files and documents do not substantiate those claimed achievements, and 2) OEPAD claims of industrial development have been grossly overstated.

According to OEPAD annual reports from fiscal year 1968-69 through calendar year 1978, 493 companies either relocated operations to Arizona or expanded existing Arizona operations. OEPAD explicitly claimed credit for having influenced 208 of the companies that relocated or expanded, and implicitly claimed at least some degree of credit for having influenced the remaining 285. Table 8 summarizes OEPAD's claimed industrial development accomplishments from fiscal year 1968-69 through calendar year 1978.

\* As of March 17, 1980.

\*\* During the course of our audit the Executive Director of OEPAD provided the audit staff with selected statements from AEDC members regarding the role and value of OEPAD. These statements are included in Appendix VIII.

\*\*\* It should be noted that the vast majority of development clients discussed by the AEDC are out-of-State businesses.

TABLE 8

SUMMARY OF OEPAD-CLAIMED INDUSTRIAL DEVELOPMENT  
ACCOMPLISHMENTS PER ANNUAL REPORTS FROM FISCAL YEAR  
1968-69 THROUGH CALENDAR YEAR 1978\*

<u>Period</u>	<u>Implicit Credit Claimed For Company Relocations or Expansions</u>	<u>Explicit Credit Claimed For Company Relocations or Expansions</u>	<u>Credit Claimed For New Jobs Created</u>	<u>Claimed OEPAD Cost Per New Job Created</u>
Fiscal Year				
1968-69	56**		N/A	N/A
1969-70	49		N/A	N/A
1970-71	46**		9,000	N/A
1971-72	46**		4,000	N/A
1972-73	52		5,400	N/A
1973-74	31		12,239	N/A
Calendar Year				
1975		19	4,820	N/A
1976		40***	3,562****	N/A
1977	5*****	66	5,817****	\$93.46
1978		83	8,964****	N/A
	<u>285</u>	<u>208</u>	<u>53,802</u>	

\* Annual reports were on a fiscal-year basis until 1975 when the reporting period was changed to a calendar year. Presumably this resulted in a six-month gap of reported accomplishments from July through December 1974. The 1978 Annual Report was the latest annual report available during audit field work concluded in March 1980.

\*\* In this year the OEPAD annual report acknowledged the listed relocations and expansions included efforts with and/or of other development groups.

\*\*\* In the 1976 annual report OEPAD explicitly stated its staff assisted 33 firms; however, a physical count of the table listing company names totaled 40.

\*\*\*\* Employment figures were not reported by OEPAD for all companies listed as locating/expanding.

\*\*\*\*\* In the 1977 annual report OEPAD explicitly stated its staff assisted 66 firms. However, a table listing relocations and expansions contained 71 company names.

Prior to its 1975 annual report, OEPAD did not explicitly claim credit for any of the industrial company relocations or expansions shown in Table 8.

Instead, these companies were merely listed in the OEPAD annual reports with the implication that OEPAD was somehow responsible for at least some degree of credit for a company's decision to relocate or expand. However, beginning with its 1975 annual report, OEPAD explicitly claimed credit for 208 of the 213 listed company relocations or expansions.

For example, in its 1977 and 1978 annual reports OEPAD claimed primary responsibility for 149\* company relocations or expansions creating 5,817 and 8,964 new jobs,\*\* respectively.

It should be noted that OEPAD documents claiming industrial developments were not restricted to its annual report. For example, OEPAD's budget requests for fiscal years 1978-79 through 1980-81 made the following industrial development claims which were purported by OEPAD to be based on actual performance data:

- 1976-77 OEPAD was instrumental in creating 3,700 new jobs.
- 1977-78 OEPAD created 3,700 new jobs.
- 1978-79 OEPAD contacted or assisted 200 out-of-State firms regarding relocation.

Therefore, OEPAD has specifically claimed credit for creating as many as 8,964 new jobs annually as a result of industrial development efforts during 1977 and 1978.

\* This number includes 12 companies listed in the 1977 and 1978 annual reports that are listed more than once.

\*\* New-jobs-created data was included in the OEPAD annual reports for 41 of the 71 companies listed in 1977 and 56 of the 83 companies listed in 1978 (see Table 8).

Unsubstantiated and Unsupported  
Industrial Development Claims

As part of our review of OEPAD's industrial development activities we attempted to verify OEPAD claims of industrial development achievements by examining available OEPAD contact files, interviewing past and present OEPAD employees involved in industrial development, and examining OEPAD management reports. These procedures revealed that: 1) there is a total absence of documentation within OEPAD to substantiate OEPAD's involvement, if any, with 453 of the 493 industrial companies listed in OEPAD annual reports as having relocated or expanded in Arizona from fiscal year 1968-69 to calendar year 1978, and 2) since 1977 OEPAD essentially has claimed credit for every known industrial company relocation or expansion, regardless of OEPAD's level of involvement with each identified company.

As a means to substantiate OEPAD's claimed achievements, the audit staff made an extensive search of all available OEPAD industrial company contact files. Those contact files are significant in that they, in some instances, contained information concerning one or more of the following: 1) industrial companies contacted by OEPAD, 2) assistance provided, and 3) correspondence with the company. However, OEPAD files were maintained inconsistently, with contents ranging from just newspaper clippings to correspondence and notation of contacts. The result of our search of OEPAD files was that we were able to locate only 40 contact files for all the 493 industrial companies listed in OEPAD annual reports as having relocated to Arizona or having expanded their Arizona operations from fiscal year 1968-69 to calendar year 1978. The absence of contact files for such a substantial number of the 493 listed industrial company relocations or expansions is significant in that, at best, it manifests a serious weakness in OEPAD's industrial development record-keeping procedures\* and, at worst, it evidences an intentional attempt on OEPAD's part to overstate its industrial development accomplishments.

\* It should be noted that during our audit (on November 29, 1979) OEPAD initiated a new policy designed to provide "...a system of records and files that will contain an orderly listing of information denoting the status of each and every 'client file' at any given time...". Appendix IX is a complete statement of that policy. However, a subsequent review by audit staff in March 1980 revealed that the new policy was not followed consistently.

Further, a careful examination of those 40 industrial contact files revealed that: 1) only 31 of them indicated that the company contacted by OEPAD staff actually decided to relocate to Arizona or expand their existing Arizona operations, and 2) the majority of those 31 files indicated that OEPAD's involvement with the company was minimal.

In addition, the audit staff: 1) conducted extensive interviews with past and present OEPAD industrial development staff concerning industrial companies they contacted during 1978, and 2) examined industrial development activity summary reports produced by OEPAD during 1979. These procedures produced the following results:

- Present and past OEPAD industrial development staff could recall contacting only 39 of the 83 industrial companies listed in OEPAD's annual report as having relocated to Arizona or expanded its Arizona operations during 1978.
- OEPAD did not produce industrial development activity summary reports consistently.
- Those industrial development activity summary reports that were produced were deficient in that industrial companies contacted by OEPAD staff were not consistently identified.

While interviewing OEPAD employees, the audit staff learned that a basic source for the lists of industrial company relocations and expansions shown in OEPAD annual reports and budget documents was a formally issued OEPAD newsletter called Directions. This newsletter was produced periodically to publicize various OEPAD activities and was mailed to interested persons and groups. One section of Directions was entitled "Economic Development in Arizona," and it included a listing of industrial company relocations to Arizona or expansions of existing Arizona operations. The companies shown in Directions during 1977 and 1978 and OEPAD's 1977 and 1978 annual reports were almost identical, as shown in Table 9.

TABLE 9

COMPARISON OF COMPANIES LISTED IN OEPAD ANNUAL  
REPORTS TO THOSE PRINTED IN ISSUES OF DIRECTIONS  
CALENDAR YEARS 1977 AND 1978

<u>Calendar Year</u>	<u>Number of Companies Listed in Directions</u>	<u>Number of Companies Listed in Annual Reports</u>	<u>Number of Identical Company Names in Both <u>Directions</u> and the Annual Reports</u>
1977	72	71	71
1978	<u>82</u>	<u>83</u>	<u>81</u>
Total	<u>154</u>	<u>154</u>	<u>152</u>

Based on discussions with OEPAD staff and the above comparison it is rather apparent that the industrial relocations and expansions shown in Directions were, in fact, the primary source for the companies listed in OEPAD's annual reports during 1977 and 1978. Such a conclusion is significant because the lists of companies shown in Directions were clearly identified by OEPAD as an attempt to show all industrial development within Arizona regardless of OEPAD's involvement. In fact, the following statement preceded each listing of companies in Directions and clearly indicates that OEPAD may have had very little, if any, contact with the listed companies.

"The information in this column has been put together with the assistance of various periodicals including ARIZONA BUSINESS AND INDUSTRY MAGAZINE, PHOENIX MAGAZINE, and WHAT'S NEW, and through the cooperation of economic development groups located throughout the State. While the information is intended to be as complete a listing of development activity as possible, we realize there are undoubtedly omissions. We ask that information regarding any economic developments within the state that did not involve this office be sent to OEPAD for publication in this column."  
(Emphasis added)

Thus, if: 1) OEPAD had minimal or no involvement with the listed relocated or expanded companies in Directions, and 2) the listed companies in Directions were the primary source for the listed companies in OEPAD's annual reports, then it appears that OEPAD was not, in fact, responsible for many of the industrial company relocations and expansions shown in its annual reports.

Survey of Industrial Companies

Listed in OEPAD 1977 and 1978

Annual Reports

In a further attempt to verify OEPAD's claims of industrial development achievement, the audit staff surveyed 125 of the 142 companies listed as relocated or expanded in OEPAD's 1977 and 1978 annual reports\* to ascertain: 1) if the companies listed had actually relocated or expanded, 2) if, in fact, OEPAD had any contact with or provided any assistance to the companies, 3) if so, with what results, 4) whether any other group(s) had provided assistance, 5) what assistance was useful 6) if new jobs created were in urban or rural settings, and 7) if any new jobs created resulted from an out-of-State relocation or an in-State expansion.

The results of this survey process were:

- Twenty-two percent of the 109 respondents had not, in fact, relocated to Arizona or expanded their Arizona operations.
- Less than six percent of the respondents that had relocated or expanded were assisted by OEPAD, and less than four percent of those relocated or expanded respondents believe OEPAD had a significant influence on their decision to relocate or expand.
- OEPAD claims of new jobs created in its 1977 and 1978 annual reports were at least 34 times greater than the actual number of new jobs created.
- Actual OEPAD costs per new jobs created were at least 27 times greater than those claimed by OEPAD in its 1977 annual report.

\* Twelve companies were listed more than once for these two years.



Survey Methodology

Lacking written documentation to support OEPAD claims of industrial development, the audit staff surveyed 125 of the 142 industrial companies listed in the OEPAD 1977 and 1978 annual reports as having relocated to Arizona or having expanded their Arizona operations. The audit staff was able to obtain only 125 addresses for the 142 listed companies. Addresses could not be located for 17 companies in spite of the following tasks performed by the audit staff in an attempt to obtain company addresses.

- OEPAD was requested to provide addresses, but the staff was not able to provide them and could only refer the auditors to contact files.
- An extensive search was made of OEPAD contact files. This procedure produced few addresses because of the paucity of files.
- Telephone directories, directory assistance operators and chambers of commerce for the cities in which industrial relocations or expansions supposedly occurred were consulted.
- Directories of manufacturers were researched.
- Arizona Corporation Commission files were searched.

The audit staff developed a survey form\* which was mailed to the 125 companies\*\* for which addresses were available. The Auditor General's Office received responses from 109 of the 125 companies surveyed, with the following results.

	<u>Percentage</u>
Companies actually relocated to Arizona or expanded Arizona operations	<u>78.0%</u>
Companies relocated or expanded that were assisted by OEPAD to relocate or expand	<u>5.9%</u>
Companies relocated or expanded that were significantly influenced by OEPAD to relocate or expand	<u>3.5%</u>

\* Appendix X is the survey form developed by the audit staff and includes a tabulation of the survey responses.

\*\* Two forms were returned by the U.S. mail service as not deliverable.

The percentages demonstrate that OEPAD claims of industrial development accomplishment appear to be grossly overstated. Further, the extent of overstatement is compounded by a comparison of the number of new jobs created and cost per new job created as claimed by OEPAD and the results of the Auditor General survey as shown in Table 10.

TABLE 10

COMPARISON OF NUMBER OF NEW JOBS CREATED AND COST  
PER NEW JOB CREATED AS CLAIMED BY OEPAD AND THE  
RESULTS OF THE AUDITOR GENERAL SURVEY

	OEPAD-Claimed Industrial Development Activity			Auditor General Survey Results			
	1977 Annual Report	1978 Annual Report	Combined	Firms Responding to Survey	Firms Stating OEPAD Assisted in Their Relocation/Expansion	Percentage OEPAD-Claimed New Job Created Exceeded Actual	Percentage Actual Costs Per Job Exceed OEPAD-Claimed Cost per Job
New jobs created	5,817*	8,964**	14,781*	10,446***	307****	3,403% (10,446 - 307)	-
Cost per new job created	\$43.46*****	Not Included	\$43.46	N/A	\$1,175.98	-	2,706% (\$1,175.98 - \$43.40)

\* In five instances OEPAD listed a range of new jobs created. Audit staff used the higher of the two figures listed, which amounted to a difference of 478 jobs. Further, the OEPAD annual reports do not include employment figures for all companies reported as located or expanded. Of the companies listed in the annual reports, 41 of the 71 companies in 1977 and 56 of the 83 companies in 1978 have employment figures reported, for a total of 97 of 154 companies with employment figures reported (63 percent).

\*\* Narrative of the annual report claimed 9,000.

\*\*\* Audit staff could not locate addresses or telephone numbers for 17 companies OEPAD claimed to assist that represented 1,595 jobs created. Further, 16 companies did not respond to survey mailings and telephone calls. These companies represented 2,740 of the jobs OEPAD claimed to have assisted in creating.

\*\*\*\* Firms that responded stated OEPAD's significant assistance in relocation or expansion represented only 239 of these 307 jobs. The difference of 68 jobs represents firms stating OEPAD was of some assistance, but not to a significant level.

\*\*\*\*\* OEPAD employees could not provide audit staff with the methodology used to calculate this cost per new job created. However, audit staff discovered an OEPAD memorandum dated August 15, 1977, which stated that in calendar year 1976, 33 firms located facilities in Arizona. Based on an OEPAD Economic Development budget of \$157,755 and a total of 3,630 new jobs created, the cost per new job created was \$43.46. Further, OEPAD utilized a cost per job created of \$46 for its fiscal years' 1978-79 and 1979-80 budget requests.

It should be noted that to ensure that a questionnaire was answered by an appropriate company official who was actually involved in the relocation or expansion decision, the audit staff telephoned each respondent to determine his role in the decision-making process. If the respondent did not play a significant role in the company's decision, the audit staff subsequently identified and interviewed an appropriate company official.

The survey methodology used by the audit staff basically aligns with that recommended by the Urban Institute in its publication, Jobs and Earnings for State Citizens; Monitoring the Outcome of State Economic Development and Employment and Training Programs. Some departures from recommended methodology were necessitated by the absence of adequate records at OEPAD and lack of access to current records. The Executive Director of OEPAD has taken exception to the survey methodology outlined above. Appendix XI contains relevant correspondence on the audit survey methodology.

New Direction Needed For  
OEPAD's Industrial  
Development Efforts

Industrial development within OEPAD is primarily directed toward attracting out-of-State companies to relocate in Arizona as opposed to assisting and encouraging companies already established in Arizona to expand their facilities and operations. Such a policy is not in consonance with the original legislative intent for OEPAD and is not optimally effective, according to an Auditor General survey of industrial companies and a recent study by the Joint Center for Urban Studies at the Massachusetts Institute of Technology and Harvard University.

The Original Legislative  
Intent For OEPAD Was to  
Emphasize Local Arizona  
Industry

The early legislative intent of OEPAD was to emphasize local industry expansion more than attracting companies from out-of-State.

According to a member of the Senate leadership, at the time of OEPAD's genesis, the intent of establishing a State development agency was, in part, to help guarantee the best operational climate for existing industry:

"The original legislative intent for creating OEPAD was to establish a State economic planning and development coordinator and facilitator. This agency was to perform an outreach role by coordinating information and only doing those things left undone by other public or private sector economic development groups. OEPAD was intended to help guarantee the best climate for existing industry in the State which would then, in turn, attract out-of-state industry to Arizona. This was desired because prior to the creation of OEPAD the predominate state governmental attitude was, 'We want you to locate here, but once you get here nothing else will be provided.' Industrial development efforts were intended to be aggressive in seeking ways to help others expand the economic base of the State."  
(Emphasis added)

Further, the Report of the Arizona Joint Economic Development Committee of December 1967, which formed the basis for the legislation that created OEPAD, repeatedly emphasized the preference of concentrating industrial development on in-State firms over out-of-State companies:

"Successful industrial promotion, like charity, begins at home. The state development agency has a primary obligation to assist local communities in their development effort, a secondary obligation to encourage the expansion of existing industry, and a tertiary obligation of attracting new industry.

"A major function of any state economic development agency should be that of inspiring the many local and area-wide groups toward unification of effort...

"The state agency should provide a binding agent which welds all other development groups in the state into a cohesive unit with a common purpose...

"Next in importance to assistance to local development groups is the state agency's responsibility to encourage the expansion of existing industry..."

"Various studies have indicated that from 80 to 85 percent of the economic growth of the average community derives from the creation and expansion of locally owned and operated enterprises..."

"All too frequently State and local development agencies take established industry for granted and overlook this potentially fruitful area when seeking new payrolls and tax base..."

"Akin to assisting established firms is the development agency's obligation to encourage new 'home grown' industry..."

"Only after fulfilling its obligation to local communities and existing industry is a state development agency justified in extending its industrial promotional efforts nationally..."

"Identifying Industrial Prospects again involves the process of first searching existing in-state growth potentials..." (Emphasis added)

#### OEPAD Staff Concentrates on Out-of-State Prospects

According to OEPAD staff, industrial development efforts have been concentrated on out-of-State prospects. For example, OEPAD industrial development staff estimated that 80 percent of their working time was devoted to out-of-State prospects in recent years.

In addition, at the request of the audit staff, OEPAD's industrial development staff maintained detailed time reports from January 7, 1980, to February 1, 1980\*. An examination of these time reports revealed that only 21 percent of OEPAD industrial development staff time is devoted primarily to assisting Arizona companies while 60 percent is devoted primarily to out-of-State companies. Table 11 summarizes the OEPAD staff industrial development time reports for the period January 7, 1980, to February 1, 1980.

\* Appendix XII contains detailed information regarding these time reports.

TABLE 11

SUMMARY OF OEPAD STAFF TIME REPORTS FOR THE PERIOD  
JANUARY 7, 1980 TO FEBRUARY 1, 1980\*

<u>Objectives &amp; Activities</u>	Percentage of Time Spent on Objectives and Activities		
	<u>Assigned Staff***</u>	<u>Other OEPAD Staff</u>	<u>Total</u>
Primary related to attracting out-of-State industry			
- Aid economic development by:** Identifying prospects, Providing specific State and community information, Coordinating and conducting prospect tours, and Exchanging prospect information with other economic development professionals.	60%	11%	32%
Related to assisting in-State industry			
- Develop existing firms and activities by:** Assisting local firms in expansion plans, and Developing interstate and intrastate markets.	21	0	9
Related to both attracting out-of-State and assisting in-State industry			
- Evaluate communities' abilities to attract and support new activities through descriptive analysis of productive resources and to target manufacturing and commercial activities.**			
- Assist in developing community infrastructure through administration of the EDA 304 Program and Government Information System Program (GIS).**			
- Create greater professional expertise through forums, workshops and seminars for State and local staff.**			
- Design, compile and review economic development location brochures.**	12	23	18
Professional education, staff meetings, general administration and support	7	66	41
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

\* The information in this table is based on time summaries developed by the OEPAD staff and distributed to employees. This procedure was necessitated by the absence of adequate staff time records within OEPAD.

\*\* Statements adopted by OEPAD in Fall 1979.

\*\*\* Assigned staff includes those individuals whose principal tasks are to achieve the objectives.



The Executive Director of OEPAD stated on February 4, 1980, he intends to assign approximately 50 percent of the industrial development staff to expansion or development of in-State industry:

"Historically, OEPAD gave no assistance to in-state companies wanting to expand although there are indications that more than fifty percent has been from instate expansions. No detailed study exists for Arizona, but the national study indicates over fifty percent comes from instate expansion. Now, however, OEPAD's economic development specialists will spend about 50% of their time helping Arizona companies, with particular emphasis on medium and small firms. (Two OEPAD staff) will concentrate on in-State expansion. (Three OEPAD staff) will continue to spend most of their time with out-of-State prospects. The Arizona development community wants even more than three specialists attempting to attract out-of-State industry." (Emphasis added)

It should be noted that the data in Table 11 indicates that, as of February 1980, OEPAD industrial development staff were devoting much less than 50 percent of their time to in-State companies.

#### Redirection Needed

An Auditor General survey and a recent study by the Joint Center for Urban Studies at the Massachusetts Institute of Technology and Harvard University clearly indicate that OEPAD's industrial development efforts would be more effective if the staff concentrated on in-State rather than out-of-State companies. A survey of companies that relocated in Arizona or expanded their Arizona operations during 1977 and 1978 revealed that a minimum of two-thirds of the resultant new jobs were attributable to in-State expansions while one-third were attributable to out-of-State relocations in Arizona. Table 12 summarizes the results of that survey.

TABLE 12

SUMMARY OF AUDITOR GENERAL SURVEY REGARDING NEW  
JOBS CREATED BY INDUSTRIAL COMPANY RELOCATIONS  
FROM OUT-OF-STATE AND IN-STATE EXPANSIONS  
DURING 1977 AND 1978

	Number of New Jobs Created as a Result of Relocation or Expansion	Percentage of New Jobs Created
Industrial company expanded existing Arizona operations	6,540	67%
Industrial company located a plant or office for first time in Arizona*	<u>3,213</u>	<u>33</u>
Total	<u>9,753</u>	<u>100%</u>

\* Includes relocations from other states and may include some new companies that began operations in Arizona.

The relatively high percentage of new jobs created that are attributable to in-State expansion as shown above is particularly notable in view of the fact that OEPAD has concentrated most of its industrial development efforts on out-of-State companies.

As a further demonstration of OEPAD's concentration on out-of-state companies, 98 percent of the 307 new jobs shown in Table 10 as being attributable to OEPAD industrial development efforts were the result of out-of-State relocations.

Finally, a National Conference of State Legislatures March 1979 publication entitled State Legislatures also discussed the question of whether in-State industrial expansion produces more new employment for a state than out-of-state industrial relocation does.

"Pioneering research by David L. Birch of the Joint Center for Urban Studies at the Massachusetts Institute of Technology and Harvard University, based on an analysis of Dun and Bradstreet data tracing the behavior of 3.5 million companies (about 80 percent of all firms in the United States), first for 1969-1972 and subsequently for 1974-76, produced the following results:

"• Smokestack chasing--pirating firms from out-of-state or region--produces negligible over-all employment effects. The average net shift (what a state might gain over what it might lose in a given three-year period due to firm migrations between states) was only 0.1 percent of employment change in the state.

"• The principal source of differences in growth rates among states lies in the rate of births of new enterprises and the expansion of existing ones. Expansions have the most impact, followed by births and the contractions.

"• Of the new jobs created in the economy, the majority come from the birth and expansion of independent corporations, not from branch plants, headquarters or the relocation of multiplant operations." (Emphasis added)

The NCSL article also noted that through the 1950s the steady movement of industrial firms to the South and West was an important factor. However, this factor no longer generates as much employment as in-state development and, therefore, devoting substantial resources to attracting out-of-state firms is not justified:

"There was a time in U.S. history when corporate migrations had more impact. From the Depression through the 1950's when the Northeast and Great Lakes states dominated the industrial landscape, the steady movement of firms to the South and West was an important factor in the economic growth of these regions. Today, says Birch, 'development policies aimed at attracting new firms address a very small aspect of employment change, while policies aimed at assisting firms already in the state, or firms wanting to get started there, hit at the heart of the matter.'

. . . . .

"Development officials in some Sunbelt states, too, are recognizing that they now have a large enough industrial base to shift their focus to the development of in-state industries to support those firms--a policy known as import substitution." (Emphasis added)

## CONCLUSION

Since 1968, OEPAD has been the State agency primarily responsible for industrial development and performs industrial development activities that are typical of those performed by development agencies in other states. It appears that OEPAD's goal of attracting industrial development to rural areas has not been achieved. In addition, among Arizona's cities, towns, chambers of commerce and industrial developers, there is a diversity of opinion as to what OEPAD's industrial development role can and should be. Further, OEPAD's claimed industrial development accomplishments have been grossly overstated in OEPAD's annual reports and budget requests. Finally, it appears that OEPAD's policy of emphasizing the attraction of out-of-State companies to Arizona over encouraging Arizona companies to expand their existing operations is not in consonance with the original legislative intent for OEPAD and not of optimum effectiveness.

## RECOMMENDATIONS

It is recommended that consideration be given to implementing one of the following alternatives:

- I. OEPAD efforts to develop industry in Arizona should be concentrated on expansion of existing firms and the formation of new local industry. OEPAD staff should study and develop appropriate service strategies to assist local interests in expanding existing or in beginning new industry. Efforts to attract out-of-State industry should be restricted to: 1) national advertising, 2) providing statistical data upon request, and 3) referring prospective investors to the private sector.
  
- II. Restrict OEPAD industrial development efforts to a minimal level. OEPAD activities should include only those related to: 1) supplying statistical data, upon request, and 2) referring inquiries to the private sector.

It is also recommended that consideration be given to the following:

- All OEPAD staff consistently should record industrial development contacts as outlined in the November 29, 1979, policy statement. Such records should explicitly include industrial contacts made, inquiries answered and assistance provided by OEPAD to industrial companies.
  
- Future OEPAD publicized industrial development accomplishments should reflect only actual industrial developments for which OEPAD had significant involvement. Such involvement should be adequately documented in OEPAD files.
  
- OEPAD should inform each city, town and chamber of commerce of the full array of OEPAD services.

FINDING II

THE QUALITY OF PERSONNEL PRACTICES WITHIN OEPAD HAS DECLINED SINCE OEPAD BECAME EXEMPT FROM THE STATE PERSONNEL MERIT SYSTEM IN 1975. THIS SITUATION HAS RESULTED IN LESS DOCUMENTATION OF EMPLOYEE QUALIFICATIONS, INCREASED PROFESSIONAL STAFF TURNOVER, RISING INCIDENCE OF SPECIAL MERIT INCREASES, GRANTING OF SALARY INCREASES WITHOUT DOCUMENTED EVALUATION CRITERIA, ABSENCE OF JOB DESCRIPTIONS AND ABSENCE OF A PROPER JOB CLASSIFICATION AND COMPENSATION SYSTEM.

The Department of Economic Planning and Development was created by legislative action in 1968 and, as a department of the State, its employee selection, advancement and compensation process was administered through the State personnel system from January 1, 1969, through May 1975. As a result of a 1975 Attorney General Opinion, OEPAD employees became exempt from the merit system. Since then, documentation of employee qualifications has decreased; professional staff turnover has increased; the incidence of special meritorious salary increases, beyond those which would normally be granted to State employees, has risen; salary increases have been granted without established or documented evaluation criteria; descriptions of jobs and their duties have not been developed or maintained consistently; and a proper job classification system has not been developed. This decline in the quality of personnel administration practices has persisted despite assertions by current and former Executive Directors that the OEPAD personnel system operates within the intent of the State personnel merit system.

OPEAD Personnel Administered  
Through State Personnel  
System Until 1975

In 1968, the Legislature created the Department of Economic Planning and Development (DEPAD) and authorized it to employ administrative, professional and clerical staff. The State Personnel Commission was also created in 1968 and charged with the development and administration of the State personnel system. Employees were selected, compensated and advanced within the rules and regulations of this system until May 1975.

In 1972, the Legislature amended the statutes creating DEPAD to rename the department the Office of Economic Planning and Development (OEPAD) and to make it part of the Governor's Office. However, OEPAD employee matters were still administered through the precepts of the State personnel system until a May 19, 1975, Attorney General's Opinion, Number I75-129,\* stated that OEPAD employees were exempt from the State personnel system:

"...it is hereby concluded that when DEPAD was abolished and OEPAD created, OEPAD employees assumed exempt positions in the Governor's Office, which are not subject to the State merit system."

The present and former Executive Directors of OEPAD have stated that personnel practices generally have been conducted in consonance with the State merit system. According to the current OEPAD Executive Director:

"OEPAD salaries and personnel administration conform as much as possible to the state merit system, considering the 'inherited' salary levels and the number of 'specialized professionals' in OEPAD. In my opinion, however, it would not be fair to require textbook conformance. There are also some problems of internal equity due to 'innerited' salary levels. OEPAD now actively recruits for nearly every position. Secretarial candidates are given typing tests. Interview panels are used when appropriate."

\* See Appendix XIII.

However, a comparison of OEPAD personnel practices to: 1) State personnel policies and procedures as of March 1980, and 2) personnel practices in other State agencies operating through the merit system revealed significant differences and a general deterioration in OEPAD personnel administration practices since 1975.

Documentation of OEPAD

Employee Qualifications

Decreases

An examination of existing employee files for 454 current and terminated OEPAD employees was conducted. Based on a review of the 112 planning\* staff files, documentation of staff qualifications has decreased significantly since OEPAD became exempt from the merit system.

For example, a review of available planner files revealed that the incidence of applications or resumés in the employee's file has declined significantly since 1974 as shown in Table 13.

TABLE 13

COMPARISON OF DOCUMENTATION AVAILABLE IN  
PLANNERS' FILES REGARDING QUALIFICATIONS

	<u>1968 to 1974</u>		<u>1975 to 1979</u>	
	<u>Number</u>	<u>Percentage of Total</u>	<u>Number</u>	<u>Percentage of Total</u>
Number of planning staff hired for whom files exist	39	100%	73	100%
Number with application/resumé in file	<u>33</u>	<u>85</u>	<u>42</u>	<u>58</u>
Number without application/ resumé in file	<u>6</u>	<u>15%</u>	<u>31</u>	<u>42%</u>

\* Planning staff historically represents approximately half the total OEPAD staff and more than 75 percent of the professional staff.



It should be noted that the percentage of OEPAD planning staff members who were hired at upper steps of their salary range,\* a practice generally reserved under the merit system for persons with outstanding qualifications, has more than doubled since 1975, as shown in Table 14.

TABLE 14

NUMBER OF PLANNERS HIRED AT UPPER STEPS  
OF PAY GRADES FOR WHOM FILES WERE AVAILABLE

	Time Period	
	1968 to 1974	1975 to 1979
Number of planners hired at upper steps	6	23
Number of planners hired	39	73
Percentage of planners hired at upper steps	15%	32%

Thus, only 58 percent of the 73 OEPAD planners hired since the Office became exempt from the merit system had applications or resumés in their files. In addition, 21 percent of those applicants for whom sufficient documentation exists regarding education or work experience do not appear to have been qualified for the position for which they were hired. Further, none of the files contain sufficient information to determine if employee qualifications justified hiring at an upper step. As a result, while some instances of apparent inappropriate hirings were identified, an overall determination cannot be made that OEPAD planners hired since the Office became exempt from the merit system are qualified for their positions.

\* Salary range is the minimum, intervening and maximum compensation that can be paid for a particular job grade. Grades are assigned for each job classification based on relative duties and responsibilities.

Increased Professional

Staff Turnover

As part of our audit of OEPAD, we reviewed professional staff turnover. We found that the OEPAD professional staff turnover rate in 1978 and 1979 was: 1) significantly higher than in 1974, the last full year OEPAD was under the merit system, and 2) significantly higher than for similarly titled positions in State service. These comparisons are summarized in Table 15.

TABLE 15

COMPARISON OF THE 1978 AND 1979 OEPAD PROFESSIONAL STAFF  
TURNOVER TO THE OEPAD PROFESSIONAL STAFF TURNOVER IN 1974  
AND TO SIMILARLY TITLED POSITIONS IN STATE SERVICE

	<u>Staff Turnover by Type of Professional Position</u>							
	<u>Planner Positions</u>				<u>Planners, Planning Program Managers, Administrative Service Officers and Administrative Assistants</u>			
	<u>OEPAD 1978*</u>	<u>OEPAD 1979*</u>	<u>OEPAD 1974*</u>	<u>State Service**</u>	<u>OEPAD 1978*</u>	<u>OEPAD 1979*</u>	<u>OEPAD 1974*</u>	<u>State Service**</u>
Number of positions	49	49	40	104	58	60	47	426
Number of turnovers	17	15	7	20	20	20	8	100
Percentage of turnovers	34.7%	30.6%	17.5%	19.2%	34.5%	33.3%	17.0%	23.5%

\* Turnover was calculated by counting filled positions for five payroll periods calculating the average number of filled positions, counting the number of terminations between those first and fifth payroll periods and dividing by the average number of filled positions.

\*\* The year from September 1978 through August 1979 was the only 12-month period for which State service turnover rates by position was available.

Thus, OEPAD sustained in 1978 and 1979 a professional staff turnover rate that approximately doubled the OEPAD rate in 1974 and was significantly higher than comparably titled positions in other State service.

Rising Incidence of Special  
Meritorious Increases and Other  
Salary Increases that Exceed  
State Personnel Guidelines

The State personnel merit system has developed procedures governing the initial probationary period for State employment, the frequency and conditions under which salary increases based on merit can be granted and the length of service between promotions. To determine to what degree OEPAD personnel practices were in accordance with these procedures, available employee files were examined and incidences beyond State personnel general guidelines were documented.

Based on this review, the following conditions were identified:

- The incidence of special meritorious salary increases within OEPAD increased significantly from 1975 to 1979.
- In 1979, the number of special meritorious salary increases distributed among OEPAD's 110 employees was equal to approximately one-third of the special meritorious salary increases granted to the rest of the 16,500 State employees.
- The incidence of salary increases that exceed State personnel guidelines increased significantly from 1975 to 1979.

State Personnel System

Definition of Probationary

Periods and Merit Increases

State merit system rules define a probationary period as a six-month period after an employee's original hire date or after a promotion.

According to R2-5-21\* State Personnel Board Rules and Interpretations:

- "2. The probationary period for part-time and full-time employees in the State service shall be six months. The appointing authority may request in writing from the Assistant Director authorization for a probationary period which is either shorter or longer than six months...In no case may the basic probationary period be shorter than ninety calendar days or longer than one year..." (Emphasis added)

\* Appendix XIV contains applicable State Personnel Board rules.

Rule R2-5-22, regarding promotions and transfers, states, in part:

"Vacancies in the State Service shall be filled by promotion whenever practicable and in the best interest of the Service. Promotions shall be based upon merit...Employees must have permanent status to be (promoted)...An employee may be promoted provided he meets the minimum experience requirements for the class to which he is moved...An employee may be transferred to a position in the same or a closely related series provided he meets the minimum experience requirements for the class to which he is moved...." (Emphasis added)

When he is promoted, an employee's salary may increase within limits, according to Rule R2-5-42:

"An employee who is promoted shall have his salary raised to the lowest step of the salary range for the class of his new position which will provide an increase over the salary received prior to promotion. If this is not at least equivalent to a one-step increase in the new range, he shall receive an additional step increase...." (Emphasis added)

According to the same State merit system rule, initial appointment generally is at the lowest level of the pay range established for the job:

"...Initial appointment to a position in State Service shall be made at the minimum salary of the salary range for the class unless otherwise approved by the Assistant Director...The Assistant Director may authorize the appointment of a qualified applicant at a higher step of the range based on the outstanding and unusual character of the applicant's experience, education, and ability over and above the normal minimum qualifications specified..." (Emphasis added)

Salary increases are to accrue at specific intervals, if merited:

"...A one-step increase should be awarded to an employee on Step 3 or lower when the employee meets or exceeds the standards of performance or efficiency established for the position...A maximum of fifty percent (50%) of the eligible employees on step 4 and above may be awarded a merit increase in any one fiscal year. A merit increase of either one or two steps may be awarded when an employee exceeds the standards of performance or efficiency established for the position; however, not more than 10% of the employees eligible to receive a merit increase may receive a two-step increase...Each employee...on original or promotional probationary shall be eligible for consideration by the agency for a one-step pay or merit increase...following the successful completion of the probationary period...Thereafter, an employee...at step 3 or lower shall be eligible annually for consideration by the agency for a one-step pay increase...An employee...who has obtained step 4 shall be eligible annually for a merit increase of one or two steps...Except in the case of a special meritorious increase or the case of an original or promotional probationary employee, no employee shall be granted more than one pay increase in any 12-month period..."  
(Emphasis added)

The conditions under which special meritorious increases can be granted are:

"A special increase may be granted by an agency for extraordinary meritorious service at lesser intervals than stated above...." (Emphasis added)

Lastly, an employee on original probation is not eligible for promotion, as stated in interpretations of Rule R2-5-22A:

"An employee who is serving an original probationary period is not eligible for placement in a higher level classification by either competitive or noncompetitive promotional procedures...." (Emphasis added)

Therefore, typical personnel system probationary and merit increase procedures under State merit system rules include:

- 1.\* Probationary period of six months from original hiring or promotion.
2. Promotions shall be based on merit and employees must have successfully completed original probation.
3. Promotion shall include a salary increase of not more than the equivalent of one step increase from salary level before promotion.
4. Initial appointment shall be at the minimum salary of the position.
- 5.\* Typical merit increase is one-step advancement for employees on step 3 or lower; one or two steps for 50 percent of employees on step 4 within one year, but no more than ten percent of those eligible to be granted two step increases.
- 6.\* Employees are eligible yearly for merit increases of one step after original or promotional probation. Thereafter, employees on step 3 or below are eligible for one step increases annually and those on step 4 for one or two step increases each year.
- 7.\* No employee shall be granted more than one pay increase in 12 months except for special meritorious or completion of successive probations.
8. A special meritorious increase may be granted for extra meritorious work.
9. If serving original probation, employees are not eligible for promotion.

\* An April 2, 1980, memorandum from the Assistant to the Executive Director stated these practices were also OEPAD procedures although two-step increases were not mentioned for step 4 and above employees.

Available OEPAD employee files were examined to determine the extent to which OEPAD personnel actions exceeded typical personnel system practices. The results of that examination are summarized in Table 16.

TABLE 16

SUMMARY OF INCIDENCES OF OEPAD EMPLOYEE FILES  
CONTAINING EVIDENCE OF OEPAD PERSONNEL ACTIONS  
THAT EXCEED TYPICAL STATE SERVICE PRACTICES

OEPAD Personnel Actions that Exceed Typical State Service Practices	1968 to 1974*	1975	1976	1977	1978	1979
Granted merit increase before end of original/promotional probation	5	1	-	-	3	7
Received more than one pay increase per year (after probation and excluding promotion)	4	-	-	-	1	6
Promoted prior to end of promotional probation	1	-	2	1	2	1
Promoted to improper step of new grade	-	4	-	3	2	4
Promoted before end of original probation	2	-	5	8	3	5
Received two or more step increase at lower steps (step 3 or lower)	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>5</u>
Total	<u>12</u>	<u>5</u>	<u>8</u>	<u>13</u>	<u>14</u>	<u>28</u>
Number involving professional staff	8	4	4	4	11	19 **
Number involving clerical staff	4	1	4	9	3	4 **

\* Includes 74% of 1974 employee files.

\*\* Professional and clerical staff does not total to 28 because five employees received more than one atypical personnel action.

As shown in Table 16, the incidence of OEPAD personnel actions that exceed typical State personnel system practices has increased each year since 1975.

Further, if promotions prior to the end of typical probationary periods are excluded, the remaining practices shown in Table 16 constitute special meritorious increases. Table 17 compares the incidence of special meritorious salary increases within OEPAD to the entire State personnel system for the years Statewide data was available.



TABLE 17

COMPARISON OF THE INCIDENCE OF SPECIAL MERITORIOUS SALARY INCREASES  
WITHIN OEPAD TO THE ENTIRE STATE PERSONNEL SYSTEM

Calendar Year(s)	OEPAD			State Personnel System		
	Number of Special Meritorious-type Increases	Average Number of Employees	Percentage of OEPAD Employees Receiving Special Meritorious Salary Increases	Number of Special Meritorious Increases*	Average Number of Employees	Percentage of Employees in the State Personnel System Receiving Special Meritorious Salary Increases
1968 to 1974	9	--	N/A	N/A	13,690	N/A
1975	5	99	5.0%	N/A	16,199	N/A
1976	1	122	.8	N/A	16,671	N/A
1977	4	109	3.7	10**	17,062	.1%
1978	9	114	7.9	43	16,575	.3
1979	22	109	20.2	83	16,504	.5

58

\* In addition, OEPAD submitted four meritorious salary increases to the State Personnel Division for review in 1977, two in 1978 and none in 1979. These increases are excluded from the number granted through the State Personnel system.

\*\* This number includes special meritorious increases for the last four months of 1977 only, when the Personnel Division first began to tabulate this data.

as demonstrated in Table 17, the percentage of special meritorious salary increases within OEPAD over normal salary increases has risen each year since 1976. In addition, it should be noted that while four to 20 percent of OEPAD employees received special meritorious salary increases from 1977 through 1979, only 1/10 to 1/2 of one percent of State personnel system employees received such increases. Further, OEPAD staff received the equivalent of 27 percent of the total increases granted to employees in the State personnel system in 1979. According to the current Executive Director, most of the special meritorious salary increases\* within OEPAD during 1979 were attributable to the previous Executive Director.\*\*

\* Appendix XV is a synopsis of these 20 special meritorious salary increases, together with appropriate comments.

\*\* However, a careful review of the 1979 special meritorious salary increases within OEPAD revealed that 91 percent were attributable to the current Executive Director. The allocations were made by: 1) using May 27, 1979, the date the new Executive Director was appointed, as the cutoff date, and 2) physically verifying special meritorious increase actions that occurred within a few weeks of that date by inspection of the Executive Director signature.

In an April 29, 1980, letter to the Office of the Auditor General, the current Executive Director of OEPAD defended the number of meritorious salary increases he has granted as follows:

"In response to your April 22, 1980, memo, I would like to respond to each case where you noted some exceptions to 'Normal Personnel Practices', and explain the rationale in each case. Before beginning, I must reiterate my belief in what a public personnel system should be and the key elements which it should contain. A public personnel system must have the capability to attract and retain quality employees and, at the same time, must employ a compensation system that is internally equitable. In addition, there should be in a personnel system, an adequate system of rewards to take care of employees who perform outstanding work. It is also my belief that employees who do not perform up to standard should be demoted in salary or discharged after proper feedback and counseling is given to them. Also, a public personnel system should pay individuals for their responsibilities and duties.

"When I inherited the agency, there were terrible problems of internal equity among individuals and I demoted\* several people in salary while raising others. When I reorganized and job duties and responsibilities changed, salary adjustments were needed. Several employees did leave because their salaries were either not raised or adjusted lower.\*\*

"In view of the above, I am convinced that OEPAD's personnel practices clearly follow the spirit of the personnel rules."

The remainder of the above letter is a case-by-case discussion of the special meritorious increases granted by the current Executive Director and is reproduced as Appendix XVI with employee names deleted and appropriate audit comments added.

\* According to an OEPAD memorandum dated June 28, 1979, and a review of employee files, two OEPAD employees were demoted; however, one of the demotions was later reversed and the employee was compensated for pay lost because of the demotion. Two OEPAD employees did not receive a cost of living pay increase; however, one of these employees later received salary increases in November 1979 and May 1980.

\*\* Between June 28, 1979, (the date the current Executive Director issued a memorandum announcing promotions, merit increases and demotions) and April 29, 1980, of the OEPAD employees terminated, only three employees had not received salary increases in accordance with Personnel Division guidelines.

Salary Increases Have Been  
Granted without a Significant  
Number of Documented Employee  
Evaluations

Since OEPAD became exempt from the State merit system in 1975, the number of formal written employee evaluations has substantially decreased. The preparation of employee performance evaluations at established intervals is a State merit system requirement and, as such, must be considered when personnel actions such as salary increases, demotions, promotions or dismissal are taken.

According to Rule R2-5-02, a performance system must be developed and used:

- "1. The Assistant Director shall develop a performance appraisal system in cooperation with the State agencies. All employees shall be evaluated in accordance with this system at established intervals.
- "2. Performance appraisals shall be considered in determining training needs, salary advancements, order of layoff, transfer, reemployment, and as a means for identifying employees who should be promoted, demoted, or dismissed..." (Emphasis added)

In addition, Rule R2-5-22 states the need for satisfactory appraisals when promoting:

"...all persons promoted on a noncompetitive basis must meet the minimum requirements and have satisfactory performance appraisal records..." (Emphasis added)

Finally, written employee evaluations are an integral part of pay or merit increases, as stated in Rule R2-5-42:

"Evaluation of the employee's work performance for pay or merit increase purposes shall be made by the employee's supervisor in writing in accordance with the Performance Planning and Evaluation Procedure subject to review by agency management." (Emphasis added)

According to Personnel Division Staff, the first Performance Planning and Evaluation (PP&E) System Manual was published in September 1971.\* The PP&E system in effect in February 1980 was tested in fiscal year 1973-74 and adopted on July 1, 1974. Formal performance evaluations are required for all State employees in the State Personnel System and are retained in the evaluated employee's personnel file.

A review of current and terminated OEPAD planner position files available at OEPAD revealed a significant decrease in any form of written employee appraisal since 1975. Table 18 summarizes this review.

TABLE 18

SUMMARY OF OEPAD USAGE OF WRITTEN EMPLOYEE EVALUATIONS FOR PLANNERS PRIOR TO AND SINCE CALENDAR YEAR 1975

<u>Status of Planner Files</u>	<u>1968 to 1974</u>		<u>1975 to 1979</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Planners without appropriate number of evaluations for length of OEPAD employment				
- Some, but not all	13	27%	46	45%
- None	4	8	42	41
Subtotal	<u>17**</u>	<u>35</u>	<u>88</u>	<u>86</u>
Planners with appropriate number of evaluations				
Total	<u>32</u>	<u>65</u>	<u>15</u>	<u>14</u>
	<u>49</u>	<u>100%</u>	<u>103***</u>	<u>100%</u>

\* A working draft was issued to State agencies in October 1970.

\*\* Arizona did not have a personnel system until January 1970, and the PP&E system manual was not published until September 1971, which may account for some evaluations not being prepared.

\*\*\* Does not include 23 planners with less than six months OEPAD employment.

As shown in Table 18, from 1975 to 1979 the percentage of OEPAD planning staff files without performance evaluations has increased from eight to 41 percent and the percentage of incomplete evaluation files has increased from 35 to 86 percent.

By comparison, the State Personnel Department conducted a random survey of 1,800 State service employees in December 1979 and determined that 87 percent of those surveyed had current evaluations of their work and 80 percent had written justifications for their evaluation ratings.

OEPAD has Made Progress toward  
Developing Performance Planning  
and Evaluation Forms

Since December 1979, OEPAD has made considerable progress toward developing Performance Planning and Evaluation (PP&E) forms as is shown in Table 19.

TABLE 19

SUMMARY OF PP&Es DEVELOPED  
BY OEPAD AS OF MAY 1980

<u>Date of Acceptance*</u>	<u>Number of PP&amp;Es Developed</u>	<u>Percentage of OEPAD Employees</u>
Not identified	8	7.5%
December 1979	21	19.8
January 1980	12	11.3
February 1980	54	50.9
March 1980	<u>3</u>	<u>2.8</u>
	<u>98</u>	<u>92.3%</u>

\* Refers to the date an OEPAD employee and his supervisor agreed to the PP&E and signed it.

As of March 31, 1980, PP&Es\* had been prepared for 92.3 percent of OEPAD's 106 employees.

OEPAD Has Not Established  
an Equitable System of Job  
Classification and Compensation

According to the current and former Executive Directors, OEPAD's personnel system is administered basically within the guidelines of the State personnel system. However, there is no evidence to indicate that OEPAD has the documents and trained analysts necessary to administer an equitable job classification system, a basic tenet of the State personnel system for five years. As a result, an examination of the duties and responsibilities of OEPAD employees, particularly those above entry and journeyman staff levels and below the Deputy Directors levels, revealed inequities in employee classification and compensation.

According to the State Personnel Division's Manual of Procedures for Maintaining Classifications and Compensation Plans, personnel administration in government must be planned and systematic:

"Matters of personnel administration in government must be conducted on a planned and systematic basis. The size and complexity of State services today necessitate sound personnel policies, objectives and plans, together with modern attainment of objectives. In providing a complete and comprehensive personnel management and personnel operations program, an important part of the basis for planning and action involves a systematic assembling of facts about the duties and responsibilities of individual positions. Before a program which involves uniformity of individual transactions in recruitment, promotion, transfer, and other personnel processes can be administered, it is necessary to have facts about individual positions arranged and properly organized. Chaos would result, if each individual position in a program as big as the State government had to be studied as a separate item every time a position was to be filled, a personnel procedure or rule applied, and employee's rate adjusted, etc."

\* Appendix XVII contains samples of OEPAD PP&Es.

According to Rule R2-5-41 of the State Personnel Board Rules and Regulations, a uniform classification plan is used in Arizona State service:

"The Uniform Classification Plan, as approved and adopted by the (Personnel) Board upon recommendations of the Assistant Director, shall include for each class of positions an appropriate title and a class specification."\*

The State Personnel Division's manual on classification and compensation delineates four major parts of a classification plan:

"1. A grouping of the positions into classes, each with a distinctive class title, according to the similarity of their distinguishing characteristics, such as the duties and responsibilities involved and the qualifications required of their incumbents.

"2. A definition of the nature and requirements of each class in class specifications or job descriptions.

"3. An arranging of classes in schematic order to show relationships among them.

"4. A recording of rules, regulations, procedures all respecting the positions thus classified and its incumbents."

\* According to State Personnel Board Rule 2-5-41; "Class specifications are descriptive, explanatory and not restrictive. They are designed to indicate the kinds of positions which should be allocated to the several classes as determined by their duties or responsibilities and shall not be construed as describing what the duties or responsibilities of any particular position shall be. The use of an individual expression or illustration as to duties or responsibilities shall not be regarded as excluding assignment of others not mentioned which are similar in kind or quality. The language of class specifications is not intended to be all inclusive or restrictive and is not to be construed as limiting or modifying the authority which agencies have to take from, add to, eliminate entirely, or otherwise change duties and responsibilities, to assign duties or delegate responsibilities to employees, or direct and control their work."



For performing the final step of allocating individual instances or positions to the appropriate class, Rule R2-5-41C describes the process:

"...Every position in the State Service shall be allocated by the Assistant Director, after consultation with the Agency, to the appropriate class in the Uniform Classification Plan. The allocation of a position to a class shall derive from and be determined by the duties and responsibilities of the position and shall be based on the principle that all positions shall be included in the same class if:

- "a. They are sufficiently similar in respect to duties and responsibilities that the same descriptive title may be used;
- "b. Substantially the same requirements as to training and experience, knowledge and ability are demanded of incumbents;
- "c. Substantially the same test of fitness may be used in choosing qualified appointees; and
- "d. The same schedule of compensation can be made to apply with equity..." (Emphasis added)

Regarding changes in the classification of a position, Rule R2-5-41 states:

"The Assistant Director (of Personnel) shall change the classification of an existing position when a material and permanent change in the duties and responsibilities of the position occurs." (Emphasis added)

The Office of Economic Planning and Development uses the same job title and compensation levels as are described in the Uniform Classification Plan. These titles are used in State service, as explained in Rule R2-5-41E:

"...To designate such position(s) in all budget estimates, payrolls and other official records, documents, vouchers and communications in connection with all personnel processes."

However, no evidence indicated OEPAD employees who are titled and paid according to State service pay scales are allocated to their pay class based on a trained personnel analyst review. Such a review, according to the Assistant Director for the Personnel Division, would include: 1) interviewing organization staff and related supervisors or administrators, 2) completing a Position Description Questionnaire (PDQ) that describes the nature of the work, the knowledge required to do it, its complexity, how it is carried out, what supervision is exercised by others, the degree of supervisory responsibility involved and the relative percentage of time attributable to each position-related activity, 3) conducting a "desk audit" in which the analyst observes the position-related activities, and 4) comparing the job as a whole to the various job classifications and allocating the position to an appropriate classification. The employee is then compensated at the pay grade associated with the job classification.

In order to ascertain the effects of OEPAD's not having established a proper system of job classification, audit staff made the following analysis of OEPAD job duties and compensation:

1. Conducted interviews to determine the tasks performed by professional staff,
2. Examined the written statements of responsibility listed on the PP&Es developed by OEPAD in 1979 and 1980,
3. Developed an organizational chart\* that described the staff hierarchy and scope of supervision,
4. Reviewed class specifications for professional staff in State service with the same job title as OEPAD employees,
5. Reviewed PDQs for 68 professional staff members with similar job titles as OEPAD staff employed in 12 agencies within the State personnel system,

\* The chart was reviewed with OEPAD managers, who agreed that it was accurate as of February 14, 1980.

6. Compared the class specifications and sampled PDQs with the OEPAD organizational chart, PP&E descriptions of responsibilities and interviews, and
7. Determined which OEPAD positions did not clearly align with the State service job titles and compensation levels assigned to them.

The results of the analysis showed that approximately 67 percent of OEPAD's professional staff earning between \$30,000 and \$35,000 annually and 55 percent of OEPAD's professional staff earning between \$25,000 and \$30,000 annually appear to be overpaid when their duties and supervisory responsibilities are compared to State personnel system job classifications. Table 20 summarizes the results of our analysis.

TABLE 20

SUMMARY OF OEPAD PROFESSIONAL STAFF WHO APPEAR  
TO BE OVERPAID WHEN THEIR DUTIES AND SUPERVISORY  
RESPONSIBILITIES ARE COMPARED TO STATE  
PERSONNEL SYSTEM JOB CLASSIFICATIONS

<u>Annual Salary</u>	<u>OEPAD Professional Staff Earning the Indicated Annual Salary*</u>	<u>OEPAD Professional Staff Who Appear to be Overpaid When Their Duties and Supervisory Responsibilities Are Compared to State Personnel System Job Classifications</u>	
		<u>Number</u>	<u>Percentage</u>
More than \$35,000	3		
30,000 - 35,000	6	4	67%
25,000 - 30,000	11	6	55
20,000 - 25,000	12	3	25
15,000 - 20,000	33		
Less than 15,000	8		
	<u>73</u>	<u>13</u>	

\* Based on fiscal year 1979-80 salaries.

Cases of the 13 OEPAD professional staff members who appear to be overpaid when their duties and supervisory responsibilities are compared to State personnel system job classifications\* are detailed below.

The first seven cases deal with OEPAD professional staff who were, as of March 1980, classified as Planner IIIs.

#### Summary of Classification

##### Specifications for Planner III

According to the planner series class specifications by the State personnel system, Planner III:

"Under general direction, is responsible for work of considerable difficulty in the supervision of a unit of professional planners; and performs related work as required.

"The Planner III is a supervisory classification responsible for a unit of personnel in a large diversified planning section or may serve as the planning manager in a smaller, more specialized operation." (Emphasis added)

Examples of job duties for Planner III are:

"Plans, organizes and directs the activities of professional and technical personnel engaged in the compilation, analysis and interpretation of data and the design and modification of plans; provides technical guidance to staff; determines plan or project objectives and goals; develops planning models, research design and analyses techniques; coordinates the work of staff throughout the planning stages and oversees the written and graphic presentation of findings; provides planning assistance to and stimulates interest and action among local planning groups; coordinates multi-jurisdictional planning efforts; prepares comprehensive reports; attends seminars and conferences."

\* Appendix XVIII contains complete job specifications for all cases.

### Sample Planner III

#### PDQs From Other

#### State Agencies

In a review of planning series PDQs from other State agencies, all were found to be directly involved in planning programs or services. Planner IIIs generally supervised one to four Planner IIs and Is.

#### CASE I

This position is titled Special Assistant to the Executive Director, and is classified as a Planner III at an annual salary of \$23,775\*. Responsibilities listed on a PP&E signed February 6, 1980, include: 1) staff the OEPAD Board, including meeting arrangements, agendas and Board projects, 2) coordinate the monthly newsletter, and 3) special assignments as assigned by the Executive Director. The position does not supervise staff.

#### Conclusion

Position as a special assistant to the Executive Director does not conform to class specifications requiring planning activities and supervision of three to four staff.

#### CASE II

This position is titled Federal/Congressional Liaison and classified as a Planner III at an annual salary of \$25,274\*\*. According to a PP&E dated February 19, 1980, duties include: 1) issue and policy analysis, 2) contact with Congressional delegation, 3) contact with key national organizations, 4) coordination with State agencies, 5) writing Congressional testimony, 6) general assistance to Governor's Office, and 7) staff assistance and participation on various commissions. Position is shown on OEPAD organizational chart dated February 14, 1980, as a member of the Planning Division with no supervisory responsibilities. The supervisor's signature on the PP&E dated February 20, 1980, was of a member of the Governor's Office staff, not of an OEPAD employee.

\* Annual salary became \$26,153 on July 1, 1980.

\*\* Annual salary became \$27,801 on July 1, 1980.

Conclusion

Position duties and responsibilities do not significantly conform to Planner III specifications or typical duties in other State service.

CASE III

This position is classified as a Planner III in the Energy Programs with a working title of Senior Technical Adviser at an annual salary of \$25,274\*. Responsibilities as described on an undated PP&E include: 1) technical advice, 2) design and achieve uniform reporting among State agencies for the State agency program, 3) support Energy Program Manager, 4) complete the emergency building temperature restriction program, and 5) assist in preparing the SECP\*\* plan and energy-saving reporting methodology. The position has no supervisory responsibilities.

Conclusion

Duties and responsibilities do not substantially conform to Planner III specifications or typical duties in other State service.

CASE IV

This position is a Planner III at an annual salary of \$21,034.\*\*\* Responsibilities, according to a PP&E dated January 1980, are:

1. OEPAD 208 Water Quality Contact work,
2. Government Information Services contact for water and sewer data requests,
3. Joint Funding Project contact for environmental programs,
4. Chair the State Mapping Advisory Committee to the Data Coordination Network,
5. Conduct A-95 reviews,
6. Respond to Governor's letter on environment,
7. Staff for Data Coordination Network,
8. Act as liaison on environmental issues among the Governor's Office, Department of Health Services and the Councils of Government.

\* Annual salary became \$27,801 on July 1, 1980

\*\* SECP is an abbreviation for State Energy Conservation Plan.

\*\*\* Annual salary became \$24,618 on July 1, 1980

9. Contact person for OEPAD to Governor's Commission on Arizona Environment,
10. Identify and respond to environmental issues, and
11. Perform responsibilities as program manager for environmental policy section.

The position supervises one Planner I.

#### Conclusion

Duties and scope of supervision do not substantially conform to class specifications or duties typically performed by positions in other State service.

#### CASE V

This position is classified as a Planner III in the Development Division at an annual salary of \$27,739 and was not, as of February 14, 1980, responsible for supervising staff.\* The PP&E dated February 7, 1980, contains responsibilities similar to those of two Planner IIs in the same Division. Responsibilities listed were:

1. Develop and implement economic and industrial development programs;
  - a. Define economic and industrial development process and criteria,
  - b. Define industrial prospects, suspects and other inquiries,
  - c. Define input and other requirements for industry needs,
  - d. Develop process for coordinating industry tours with local communities, and
  - e. Develop monitoring and reporting systems.
2. Coordinate and cooperate with governmental and private sector groups;
3. Develop specific research data for publications;

\* The employee holding this position was subsequently promoted to a Planner IV prior to May 7, 1980, at an annual salary of \$32,330.

4. Monitor the Industrial Development Advertising Program;
5. Prepare statistical data for industrial publications;
6. Liaison with allied and private sector for development of out-of-State prospecting trips;
7. Maintain professional education in the area of economic development; and
8. Represent OEPAD and Development Director at various functions and meetings.

Conclusion

Does not conform substantially to class specifications for Planner III.

CASE VI

This position is titled Planner III in the Research Section at an annual salary of \$27,739. No PP&E was provided, nor was the incumbent responsible for supervising any staff.

Conclusion

No written evidence to support classification as Planner III.

CASE VII

This position is classified as a Planner III in the State and Community Planning Section at an annual salary of \$21,034 with no direct staff supervision responsibilities. No PP&E was available for this position.

Conclusion

No written evidence to support classification as a Planner III.

CASES VIII-XI

These cases deal with OEPAD professional staff that were, as of March 1980, classified as Planner IVs.



Summary of Class

Specifications for

Planner IV

According to State service class specifications, a Planner IV has the following characteristics:

"Under administrative direction, is responsible for work of considerable difficulty in the management, through subordinate supervisors (presumably Planner IIIs) of a major planning section; and performs related work as required.

"The Planner IV is distinguished from the Planning Program Manager I by responsibility for a less diverse, less complex operation not requiring substantial scientific or engineering expertise." (Emphasis added)

Examples of duties for a Planner IV are:

"Plans, organizes and directs the activities of professional and technical personnel engaged in the compilation, analysis and interpretation of data and the design and modification of plans; provides technical guidance to staff; determines plan or project objectives and goals; develops planning models, research design and analyses techniques; coordinates the work of staff throughout the planning stages and oversees the written and graphic presentation of findings; provides planning assistance to and stimulates interest and action among local planning groups; coordinates multi-jurisdictional planning efforts; prepares comprehensive reports; attends seminars and conferences."

Sample Planner IV

PDQs from Other

State Agencies

A typical Planner IV in State service supervises one or more Planner IIIs or IIs or Is. The average number supervised is three to four persons.

CASE VIII

This position is classified as a Planner IV in the Research Section of the Planning Division at an annual salary of \$31,267.\* As of February 14, 1980, this position was not responsible for direct supervision of any staff. A PP&E dated January 30, 1980, describes responsibilities as:

1. Continue definition and refinement of Rio Salado organization for legislative proposal.
2. Participate in other processes related to Rio Salado concept;
3. Determine tasks necessary to complete Rio Salado plan;
4. Begin conduct of selected tasks.

This position reports to another Planner IV.

Conclusion

Duties and absence of supervisory function do not conform to Planner IV specifications.

CASE IX

This position is classified as a Planner IV at an annual salary of \$30,315\*\* as of February 15, 1980, and is responsible for motion picture development. According to a PP&E signed on February 14, 1980, the responsibilities for this position are:

1. Direct and manage motion picture development program;
2. Act as liaison for motion picture and TV industries;
3. Maintain personal working relationship with film and TV industries;
4. Provide location scouting;

\* Annual salary became \$34,394 on July 1, 1980.

\*\* Annual salary became \$33,347 on July 1, 1980.

5. Coordinate, advise and assist local communities in developing film or TV potential;
6. Meet with industry executives;
7. Prepare budget;
8. Represent State at industry exhibits;
9. Determine media advertising, program and promotion efforts; and
10. Act as public speaker.

Position supervises one Planner I and a secretary. It should be noted previous incumbent was a Planner III.

#### Conclusion

Duties and supervision do not conform to class specifications.

#### CASE X

This position is classified as a Planner IV in the Development Division with an annual salary of \$29,391.\* The position has no supervisory responsibilities. Job responsibilities listed on a PP&E dated December 1979 include:

1. Develop liaison between State Government and industry for the purpose of retention and extension of companies or employers, provide assistance, forward information to supervisors;
2. Develop printed form to formalize visits;
3. Monitor events of public attitude which may create need for Small Business Assistance Program;
4. Gather information on finance plans in Arizona;

\* Annual salary became \$32,330 on July 1, 1980.

5. Handle incoming prospect files as well as some of dormant prospect files;
6. Participate on private sector committees related to responsibilities; and
7. Refine prospect files and develop control method.

Conclusion

Duties and scope of supervision do not conform to class specifications for position and to PDQs in State agencies.

CASES XI AND XII

These cases deal with OEPAD professional staff that were, as of March 1980, classified as Planning Program Manager IIs.

Summary of Class Specifications for  
Planning Program Manager II

According to class specifications, the Planning Program Manager II in State service:

"Under administrative direction, is responsible for work of unusual difficulty in the direction, through high level subordinate supervisory personnel, of a major multi-disciplined statewide planning organization; and performs related work as required."  
(Emphasis added)

"The Planning Program Manager II is distinguished (from the I) by responsibility for a major, highly diverse and complex program having considerable statewide orientation and impact, by the level of subordinate supervisors, and the size of the planning budget."

Examples of duties are:

"Plans, organizes, directs, coordinates and evaluates activities and projects in a multi-discipline planning organization; selects, supervises and evaluates the work of a large, multi-disciplined staff including planners, economists, environmental specialists, engineers, and research analysts; develops planning policies and procedures; establishes planning methodologies and goals; administers federal funding assistance programs; reviews and evaluates local planning programs; coordinates multi-jurisdictional planning efforts; attends seminars and conferences; prepares a variety of administrative reports."

Other Planning Program

Manager II PDQs from

State Agencies

A review of all three PDQs for Planning Program Manager IIs in State service revealed the position supervises a variety of lower planner levels (average five to seven) and in total supervises six to nine persons.

CASE XI

This position is classified as the equivalent of a Planning Program Manager II at an annual salary of \$34,256.\* The job title is International Trade Director. Responsibilities based on a PP&E dated December 31, 1979, are:

1. Meet with representatives of foreign countries and businesses. Act as official host. Coordinate agendas, meals, etc., with staff;
2. Represent OEPAD at meetings; speak occasionally;
3. Give direct assistance to Arizona companies interested in exporting;
4. Work with allied agencies in developing programs for seminars;

\* Annual salary became \$38,843 on July 1, 1980.

5. Initiate new programs in conjunction with the Department of Commerce;
6. Maintain communication with other states;
7. Maintain relations with foreign embassies, consulates and trade commissions;
8. Maintain relationships among State agencies and private groups and companies;
9. Represent OEPAD at development conferences; and
10. Initiate and maintain relationships with Federal agencies.

The position requires the supervision of one Planner II and an Administrative Assistant III.

#### Conclusion

Duties and extent of supervision do not conform to class specifications and other PDQs.

#### CASE XII

This position is classified as a Planning Program Manger II, at an annual salary of \$33,201. The position requires no staff supervision. According to a PP&E signed December 31, 1979, the responsibilities are:

1. Develop information, files on economic/industrial development and business retention programs in nonmetropolitan areas. Review programs and resources available from public sector or local communities.
2. Visit incorporated and unincorporated areas and meet with local officials to assess needs. Work with local groups. Coordinate business retention seminar.
3. Develop feedback mechanism for relating retention program needs to OEPAD decision-maker.

Conclusion

Duties and absence of any supervisory responsibilities do not conform to class specifications and other PDQs.

CASE XIII

This position is classified as an Administrative Services Officer V at an annual salary of \$29,391\* and is responsible for reception, photocopying, word processing, accounting and contracts. No PP&E was provided for this position.

Class Specifications

According to State personnel class specifications, an Administrative Services Officer V is employed by one of the largest State agencies:

"Under administrative direction, is responsible for work of unusual difficulty in planning, directing and coordinating the total administrative service function for one of the largest State agencies, including personnel, budgetary, fiscal, electronic data processing, and/or other functions; and performs related work as required." (Emphasis added)

Examples of duties for an Administrative Service Officer V are:

"Directs and coordinates the total administrative service function for the largest state agencies, such as personnel, electronic data processing, budgetary, fiscal, purchasing, printing, planning, building maintenance and related services; confers with program heads, members of professional staff and officials concerning the administrative services needs and requirements of the department in regard to policies, rules and regulations; develops departmental policies and regulations concerning administrative services; directs management and other studies and surveys for the purpose of improving administrative methods and practices; writes reports."

\* Annual salary became \$32,330 on July 1, 1980.

### PDQ From Other Agencies

Only two Administrative Services Officer V positions existed for the State agencies reviewed. Their positions represented the only two such positions in State service with incumbents at the time of our review. One is a Deputy Assistant Director in Administrative Services, Department of Transportation, who is responsible for accounting, financial forecasting, budget administration, data processing, contracts administration, purchasing, warehousing and other administrative services. He also directs a legislative analysis program (budget is \$200,000,000). The other is Chief of Financial Management for the Department of Economic Security (DES), who directs DES' budget, financial accounting and time reporting systems (budget is in excess of \$100,000,000).

### Conclusion

Duties and extent of supervision do not conform to class specifications and other PDQs.

It should be noted that in four of the above 13 cases, the employees had previously held positions in OEPAD with considerably more responsibilities. Thus, the class title for their position may have been appropriate at that time.

It also should be noted that the Executive Director of OEPAD objected to the methodology employed by the Office of the Auditor General to analyze the above positions. In an April 28, 1980,\* letter the Executive Director of OEPAD stated:

"This is in reply to your letter about fourteen\*\* positions you stated you believe were over compensated, based upon your study.

\* Appendix XIX contains a copy of letter.  
\*\* Thirteen in the final report.



"In discussing your findings with the Assistant Director for Personnel, Richard Rabago, the Auditors have misunderstood the nature of the job classification system. It is totally methodologically inaccurate to simply go and read broad job descriptions and state that based upon this, people who are performing "X" functions should be paid a certain salary. This is especially true in an organization as broad and diverse as the State of Arizona. In order to even come close to the type of comparison you attempted to do, most personnel experts would mandate that you go into a very elaborate point/value system that could only be adequately performed by an expert with broad depth and background in personnel matters.

"Everyone of the positions you identified are highly skilled professionals who bring special talent, expertise and have job duties and responsibilities that go beyond "a Planner's job description." If we were to follow strict personnel rules and job descriptions, no one would make more money than the Governor because he supervises everyone. Yet, there are many people in state government that make more money than the Governor.

"There are many highly skilled professionals who make more money based on their special skills and expertise. For example, some doctors who work in the State Department of Health Services have salaries well in excess of \$60,000, not because they supervise a lot of people, but because of their specialized expertise. In many ways, OEPAD has "doctors" in energy, economics, planning, community affairs, and other areas which today are highly specialized and mandate specialized action."

Personnel Division Has

Insufficient Resources to Review

Professional Positions in OEPAD

According to discussions with the Personnel Division prior to and after the audit analysis, the Personnel Division cannot review and appropriately classify the OEPAD professional and administrative staff without affecting planned merit system classification reviews. According to the Assistant Director of Personnel in a letter dated June 2, 1980:\*

\* Appendix XX contains the full text of this letter.

"...the Personnel Division does not have the resources to conduct a review of positions in the Office of Economic Planning and Development (OEPAD) without falling behind in its review of state merit positions."

However, the Assistant Director noted that this review and/or establishment of a job classification system could be provided through a professional and outside services contract:

"An alternative that was discussed was the potential utilization of a consultant firm to conduct a review of the OEPAD positions. The type of classification system which would structure the review would be open for discussions between the legislative staff, the Personnel Division and OEPAD management.

"The consultant would be responsible for staffing the entire project with the Personnel Division monitoring the review and implementation of such a proposed study. Depending upon the firm selected to conduct the classification study, a specific position description form would be completed by both management and the employee. On-site desk audits would also be required. A substantial amount of salary data is available through government and private sources. However, a limited salary survey may have to be conducted by the consultant in order to complete the project.

"The consultant should also be required to train an OEPAD employee in the utilization of whatever classification system is selected and implemented. This employee (personnel officer) would be charged with the responsibility of maintaining the classification system.

"We believe the project could be completed for approximately \$8,000 to \$10,000."

#### CONCLUSION

The quality of personnel administration practices in OEPAD has declined since OEPAD became exempt from the State Personnel System in 1975. Characteristics of the decline in OEPAD personnel administration include a decrease in the documentation of employee qualifications, increased OEPAD staff turnover, an increase in the number of special merit salary increases, a lack of employee performance evaluations and the failure to develop a proper job classification system.

## RECOMMENDATIONS

It is recommended that consideration be given to the following alternatives:

### Alternative I

- 1) The Department of Administration Personnel Division negotiate a consulting contract: a) to provide for a review of OEPAD positions, b) to establish a proper job classification system in OEPAD, and c) train an OEPAD employee to maintain such a system. OEPAD should designate an employee to be so trained as a personnel officer.
  
- 2) OEPAD should maintain adequate documentation of employees' education and experience related to their positions.
  
- 3) OEPAD should use documented performance standards: a) to assess employees' work, and b) to adjust salary levels for employees within the job classification system established through the consulting contract.

### Alternative II

Legislation be enacted to place OEPAD employees below the Director and Assistant Director levels under the State personnel system.

### FINDING III

GENERAL PROMOTION OF INTERNATIONAL TRADE HAS BEEN THE MAIN THRUST OF THE OEPAD INTERNATIONAL TRADE PROGRAM. AS A RESULT, ARIZONA EXPORTERS SURVEYED WERE NOT AWARE OF AND HAVE NOT FULLY USED OEPAD SERVICES.

The award of a Federal Four Corners Regional Commission grant in 1976\* empowered the OEPAD International Trade Program to increase Arizona jobs and profits through increased exports by providing technical assistance to: 1) create new foreign markets for Arizona products, 2) encourage foreign investment in Arizona, 3) develop foreign business opportunities for Arizonans, and 4) initiate cooperative educational and business programs between Arizona and foreign institutions. Federal Four Corners funds have financed program operations\*\* and OEPAD has concentrated on the general promotion of export trade. Activities have included joint seminars on international trade; establishing contacts with banks, foreign embassies and other groups; hosting foreign dignitaries; and publishing general trade directories. Although OEPAD provided direct assistance to some Arizona firms, it did not maintain consistent records of exporters receiving such direct services and assistance. As a result of OEPAD's concentration on general promotional activities, exporters do not recognize that OEPAD has contributed directly to their efforts in the international trade market, nor have they used OEPAD services fully. Because of the indirect nature of most OEPAD international trade activities, the effectiveness of its promotional efforts cannot be measured.

\* International trade activities are mentioned in OEPAD annual reports as early as fiscal year 1971-72.

\*\* As of July 1, 1980, the International Trade Program had received \$126,300 in State funds.

OEPAD Promoted International  
Trade Prior to the Four Corners  
Grant

According to OEPAD annual reports, international trade development activities began in fiscal year 1971-72, at which time OEPAD development and administrative division staff worked part-time on international trade activities. Listed accomplishments that year included: 1) a conference on trade with the Soviet Union and participation in a trade mission in Russia sponsored by a private group, 2) compilation of a source book, International Trade Directory, on exporting/importing firms and services, 3) a seminar on foreign investment in Arizona (called reverse investment), and 4) technical assistance to the Arizona World Trade Association.

The next four years' annual reports listed the first Governor's Conference on exporting and export financing, assistance to a trade mission to Japan, promotion of export marketing efforts by the Department of Commerce and local groups, sponsorship of a Middle Eastern trade seminar, establishment of a trade referral system and an update of the International Trade Directory.

Four Corners Grant in 1976  
Stimulated OEPAD Export and  
Reverse Investment Activity

OEPAD received the Federally-funded technical assistance Four Corner Regional Commission grant in May 1976. At that time the goal for the program was "...to expand foreign trade between Arizona and the rest of the world."

The goals and objectives of OEPAD's international trade program as stated by OEPAD in Fall 1979 were:

"Create jobs within Arizona through increased export activities

- Expand marketing efforts for exports and imports
- Increase local awareness of marketing opportunities and identify and assist potential exporters
- Improve and expand use of information
- Encourage establishment of consulates in Arizona
- Explore 2 way trade with embassies, consulates and trade offices

"Create Arizona jobs through the establishment of foreign owned, labor intensive activities in the State

- Promote expansion of U.S. operations of foreign firms."

OEPAD commented that the program offered a "forum for public and private cooperation, aimed at the expansion of Arizona exports, the creation of export-related jobs and the balanced economic growth of the State."

The 1976-77 fiscal year grant funded the Arizona International Commerce Commission Program which included a 15-member commission on national and international commerce with members representing government and business to be directly involved in the OEPAD program.

The grant provided \$105,000 in Federal funds for matching with \$32,000 in services or funds from the private sector and \$28,200 of in-kind services from OEPAD. Originally envisioned as a three-year project, the Program has utilized Federal funds for four years. Table 21 summarizes Federal, State and private funds or in-kind services available for the international trade program from May 1976 through August 1980.

TABLE 21

FEDERAL, STATE AND PRIVATE FUNDS OR IN-KIND SERVICES  
 AVAILABLE FOR THE INTERNATIONAL TRADE PROGRAM  
 FROM MAY 1976 THROUGH AUGUST 1980\*

<u>Contract Time Period</u>	<u>Budgeted Staff</u>	<u>Source of Funds</u>			<u>Total</u>
		<u>Federal</u>	<u>State**</u>	<u>Private</u>	
May 1, 1976, to May 31, 1977	3.0 (est.)	\$105,000	\$28,200	\$ 32,000	\$165,200
June 20, 1977, to April 15, 1979***	4.0	115,000	46,000	37,500	198,500
August 1, 1979, to September 30, 1980	4.0	<u>112,000</u>	<u>25,000</u>	<u>33,000</u>	<u>170,000</u>
Total		<u>\$332,000</u>	<u>\$ 99,200</u>	<u>\$102,500</u>	<u>\$533,700</u>

\* For fiscal year 1980-81, \$126,300 in State funds and four staff members were appropriated to support international trade activity.

\*\* OEPAD in-kind match of State-funded manpower or services.

\*\*\* From date all monies were expended until contract monies were received, the staff was funded from other OEPAD accounts or granted leave.

Second-year plans called for OEPAD to furnish the program's director as its in-kind contribution and the Commission to provide its Executive Director from the private sector. Federal monies were to be used for two professional staff members and a secretary. The grant for fiscal year 1979-80 stipulated a director, two professionals and a secretary as project personnel.

Fiscal year 1976-77 operations were, according to OEPAD, concentrated on: 1) establishing cooperative agreements and relationships with the Federal Departments of Commerce, State and Agriculture, local banks, private groups and foreign governments; 2) publishing the International Trade Directory (apparently an update of an earlier work), an agricultural brochure, prospectuses on four Arizona border communities and a Japanese investment brochure; and 3) joint sponsorship of seminars with other trade groups.

Subsequent grant requests and work plans specified that reverse investment, or the following exporter groups were to be emphasized: small and medium manufacturing firms, manufacturers outside the metropolitan area, small agricultural producers, foreign investors and producers of agriculturally related products.

Direct export and reverse investment assistance activities also were specified in grants to OEPAD, including:

- Intensive export promotion/education in remote areas of Arizona for local business leaders,
- Interaction with major agricultural trade associations,
- Contacts with the U.S. offices of foreign companies,
- Provision of manufacturing trade leads to Arizona industries from OEPAD's own sources,
- Conduct of trade missions,
- Assistance to companies in initiating export programs,
- Meeting with Arizona firms to offer exporting assistance,
- Acquainting agricultural groups with Trade Opportunity Referral Service (TORS), Department of Agriculture,
- Alerting exporters to overseas marketing opportunities,
- Identifying potential exporters and assisting them with overseas ventures,
- Identifying prospective foreign investors and "selling" Arizona to them,
- Hosting foreign dignitaries and prospective buyers,
- Working with local firms to coordinate visits of buyers and government officials,
- Establishing a contact list of local firms for trade referrals,
- Direct mail and personal interaction with local exporters and foreign prospects, and
- Frequent mailings on trade opportunities to exporters throughout the State.



Categorized, these OEPAD International Trade Program activities are: 1) general promotional efforts through joint foreign trade education conferences and seminars with other trade groups, cooperative working relationships with others involved in international trade, and publication of general promotional information, 2) interaction with and provision of information to potential and active Arizona exporters, and 3) interaction with and promotion of Arizona to foreign investors.

The audit staff reviewed information and conducted interviews and/or surveys to assess results in each of these categories.

OEPAD Cooperates with Many  
International Trade Groups,  
Banks and Others

OEPAD has established contact and/or working relationships with a number of international groups in Arizona, the local Department of Commerce office, banks and related organizations. Federal grants for the International Trade Program specified that the project would be coordinated among:

- the Office of the Governor,
- OEPAD,
- the U.S. Department of Commerce, Phoenix field office,
- International departments of three major Arizona banks,
- the Arizona World Trade Organization (public groups and private firms organized to promote international trade),
- the Arizona District Export Council (local businessmen),
- Phoenix and Tucson committees on foreign relations,\* and
- State universities.

\* Two of 37 such committees related to New York Foreign Relations Committee. Some OEPAD employees are members of the Phoenix Committee. Purpose of the committees is awareness of foreign issues and affairs.

Audit staff interviews with these groups and others revealed OEPAD had been in contact, assisted or jointly sponsored activities with them. Examples include joint sponsorship of seminars on international trade (U.S. Department of Commerce), joint research survey on level of international trade in Arizona (Arizona World Trade Association), forwarding subscriber lists to publications (U.S. Department of Agriculture), publication of agribusiness directory (University of Arizona) and information exchange and/or seminars (local banks).\*

The Program Director has met with embassy officials in Washington, D.C., Los Angeles and New York and visited consuls, buyers or dignitaries from other countries. He also has attended regional and national conferences and meetings devoted to international trade.

Publications produced by the International Trade Program were sent to United States embassies overseas, selected libraries, Department of Commerce, foreign embassies in Washington, D.C. and to others requesting them. These include the International Trade Directory and Supplement, an Agribusiness Directory, and a brochure on agribusiness.

In addition, OEPAD furnished four Arizona border communities with prospectuses for distribution;\*\* and the Arizona Economic Profile, printed in Japanese, was sent to Japanese companies in the United States and distributed by JETRO\*\*\* in Japan.

Audit staff observed several other areas in which coordination or contact could have been initiated. These areas are discussed on the following pages.

\* Appendix XXI contains copies of letters from persons involved in international trade in Arizona expressing their opinions regarding the value of the five OEPAD programs. These letters were solicited by the OEPAD Executive Director.

\*\* Prospectuses were discontinued, according to OEPAD, because of excessive costs and a format containing excess general information.

\*\*\* JETRO is the Japan External Trade Organization, a private organization receiving Japanese government funding to promote trade between Japan and the rest of the world.

Department of Commerce  
and OEPAD Partnership  
Could Accomplish More  
than It Does

Nationally the Department of Commerce (DOC) organizes programs and provides services to promote international trade. Included are:

- trade centers, international merchandise marts and exhibitions in major foreign marketing centers,
- business-sponsored promotions,
- trade missions (groups of business people visiting foreign countries to promote sales of a particular industry or to establish foreign representation),
- displays of American products, sales brochures and other graphic sales materials in other countries,
- new product information in publications distributed to foreign businesses,
- facilitation of contacts between United States business and foreign buyers,
- publication of World Traders Data Reports, providing descriptive profiles of specific foreign firms,
- providing businesses with names of prospective foreign agents or distributors,
- providing mailing lists of foreign organizations for export contacts,
- publishing data on foreign markets,
- providing facilities and support services to business people at centers in 14 foreign cities, and
- publishing foreign sales leads for distribution to United States businesses.

The DOC Phoenix field office\* counsels businesses; identifies foreign markets for producers of services; and suggests agents, distributors and sources of international credit, methods of financing insurance and other export assistance. In addition, the Phoenix office conducts classes for exporters or potential exporters in trade documentation (export licenses, shippers' declarations and others) and sponsors seminars on foreign trade.

According to Department of Commerce officials, OEPAD and DOC have an outstanding partnership.\*\* Despite DOC officials' opinion, audit staff noted the following areas in which better coordination could lead to better export trade service: 1) associate office agreement, 2) development of a general promotional brochure, 3) more extensive use of DOC trade leads and coordination of OEPAD trade lead referrals, and 4) an exchange of written contacts and subscriber lists to avoid duplication of efforts.

#### Associate Office

##### Agreement

According to an agreement signed during the first year of the OEPAD grant, OEPAD is designated as an associate office of DOC.\*\*\* In exchange for free DOC publications and assistance upon request, OEPAD agreed to serve as liaison for DOC to the business community, include DOC publications in its library and files, advise businesses of DOC services, refer inquiries to DOC that OEPAD cannot satisfy, promote the DOC program, cosponsor DOC conferences and assist in minority business and employment programs.

In a review of 23 western and southeastern states' international trade activities, audit staff learned eleven state programs were Associate DOC offices, eleven were not, and one state offered no information.

\* One of 43 offices located throughout the United States.

\*\* Appendix XXII contains a letter from the local DOC office manager solicited by and addressed to OEPAD Executive Director.

\*\*\* Appendix XXIII contains a copy of this agreement.

Audit staff learned from DOC and OEPAD officials that the nature of the Arizona agreement is "one-sided" in that the OEPAD program has not been promoted as much as DOC activity. DOC staff makes about 900 visits to business firms a year to discuss DOC services. OEPAD services may not be a subject of discussion. In addition, DOC distributes export license applications, at which time OEPAD information could be distributed but is not. OEPAD has not, however, developed any general purpose brochure explaining its program that would be suitable for distribution by DOC.

#### Use of DOC

##### Trade Leads

In the 1977 grant application, OEPAD claimed DOC and Department of Agriculture trade lead information was not timely:

"...we received hundreds of printed trade leads from the Department of Commerce and the Foreign Agricultural Service. Complaints have been received from our industries that these published leads are old and of limited value. The published leads, because of the time it takes to print and distribute them, are certainly not up to date. Another problem is that the lists must be weeded out by staff to find which are pertinent to Arizona industries and then sent on, which is time consuming and creates another delay.

"The best leads are those that we can generate ourselves..."

OEPAD cited this situation as a primary reason for initiating foreign embassy contacts and cultivating its own trade leads.

The Department of Commerce publishes leads through a service called Trade Opportunity Program (TOP). Leads are obtained from U.S. embassies in other countries, computerized and then printed. According to DOC, 156 individuals or firms in Arizona as of April 1980 received printed leads through this service.

Acknowledging that timeliness of trade leads has been lacking in the past, DOC claims that listings are published more promptly. OEPAD has not reassessed the timeliness formally since 1977. OEPAD's failure to obtain and review DOC's trade leads can result in OEPAD and DOC distributing the same trade lead information to the same company.\*

Paradoxically, OEPAD promotes the use by Arizona agricultural groups of the Department of Agriculture's Export Briefs, a weekly listing of agriculture trade leads supplied by agricultural attaches.\*\* As of April 1980, 135 individuals or firms in Arizona subscribed to this listing, which is prepared in a manner similar to TOP.

#### Coordination of

#### OEPAD and DOC

#### Programs

DOC had not, as of April 11, 1980, provided OEPAD with a written list of exporter contacts for three years. The OEPAD Program Director and the Director of the DOC Phoenix Regional Office said they discuss their contacts at regular intervals to maintain an information exchange. However, both Directors travel frequently, forestalling constant communication. DOC claims 900 personal visits to business firms a year and OEPAD claimed an estimated 106 trade-lead referrals to Arizona companies in fiscal year 1977-78, 190 in fiscal year 1978-79 and a projected 300 in fiscal year 1979-80.

\* As a result of audit staff efforts, OEPAD and the Auditor General obtained a list of TOP subscribers for Arizona. The TOP subscriber list was compared to an exporter mailing list that OEPAD provided. Forty-two of the 157 TOP subscribers were also on the OEPAD list.

\*\* An agricultural attache is an officer at a U.S. Foreign Service post who promotes the export of agricultural products and who reports on agricultural production and market development in that area.

The DOC Regional Office Director indicated the likelihood of duplication was nil. However, as a result of audit staff efforts, OEPAD and the Auditor General obtained a list of DOC exporter contacts. It listed 127 of the same companies appearing on the OEPAD-supplied exporter mailing list. Further, 40 percent of the company names in OEPAD office files and 35 percent of the names in the OEPAD International Trade Directory are also listed as DOC contacts. The files and directory are primary sources for OEPAD trade referrals. In addition, of the 48 companies listed by OEPAD as receiving direct assistance, 13 (or 27 percent) were also listed as DOC contacts.

Lastly, a report prepared by OEPAD International Trade staff in 1979 noted the need to improve trade referrals coordination and to identify appropriate referrals systematically to DOC for assistance.

#### Commission Inactive

The Arizona Commission on National and International Commerce (ACNIC) has been inactive as an organizational unit since early 1978. The purpose of the Commission, and its basically private-sector membership, was to act in partnership with OEPAD in international trade development activities. When it was active, the Commission was involved in OEPAD programs such as hosting visiting dignitaries and publishing trade directories and a brochure. Individual ACNIC members have hosted dignitaries and lent other support to the OEPAD program. According to the former chairman, reactivation of the Commission depends on gubernatorial action.

#### Another Group Could Be

#### Urged into Active

#### International Trade Efforts

Audit staff attempted to survey all Arizona consuls for foreign governments who were listed in the OEPAD International Trade Directory. Seventeen of 18 consuls who could be contacted responded to the audit survey.

All but one perform their duties on an honorary (nonpaid) basis. Fifteen of the 17 consul respondents said they were involved in international trade, although ten stated their roles were passive ones, primarily as consultants. Eight of the consuls referred inquiries to agencies or trade groups of their own countries and five acted as an intermediary between principals.

All but one of the consuls indicated they worked with various groups in the United States regarding trade relations. Ten consuls were aware of the OEPAD program; however, only seven had worked with the program or staff. Table 22 summarizes information regarding the consuls' responses.

TABLE 22

RESPONSES OF 17 ARIZONA CONSULS\*  
REGARDING AWARENESS OF AND WORK WITH VARIOUS  
TRADE PROMOTION GROUPS

<u>Questions</u>	<u>Number of Affirmative Responses</u>			
	<u>OEPAD</u>	<u>Department of Commerce</u>	<u>Foreign Agriculture Service</u>	<u>Others</u>
- Are you aware of program to promote trade?	10	13	7	9
- Have you ever worked with the program or staff?	7	13	4	9

\* Appendix XXIV contains tabulated survey responses.

Eleven of the consuls said trade can be improved by efforts at the State level. Suggestions for such activity included directories of Arizona supplies and products, information for foreign investors on Arizona prices, laws, regulations and economic activity; and promoting visits to Arizona business facilities.

Although Arizona has been notably active in promotion of trade and working with existing groups in Arizona, there are opportunities for increased coordinative efforts.



Interaction with  
Prospective and  
Actual Exporters  
is Limited

International trade grant applications called for OEPAD to assist exporters and prospective exporters directly by providing intensive education, interaction with agricultural trade associations, trade leads to Arizona industries, assistance in initiating export programs, information on overseas marketing opportunities and expertise to local firms to coordinate visits by foreign buyers or government officials.

OEPAD provided performance statistics to audit staff that claimed numerous inquiries were answered, many Arizona companies were assisted and trade leads were referred or mailed to Arizona firms. However, a survey of export firms on an OEPAD list demonstrated that, although a portion of the exporting community is aware of the OEPAD program, few survey respondents used OEPAD assistance or found it helpful.

OEPAD Claims of Assistance  
to Exporters and Prospective  
Exporters since 1977

OEPAD staff claim services or assistance was or would be provided to a number of Arizona firms as shown in Table 23.

TABLE 23

NUMBER OF ARIZONA FIRMS OEPAD INTERNATIONAL  
TRADE PROGRAM CLAIMED TO ASSIST DIRECTLY  
OR PROJECTED WILL ASSIST;\* FOR FISCAL YEARS  
1977-78, 1978-79 AND 1979-80, AS OF NOVEMBER 1979

<u>Service Claimed to be Provided</u>	<u>Fiscal Year</u>		
	<u>1977-78</u>	<u>1978-79</u>	<u>(Projected) 1979-80</u>
Direct assistance to Arizona companies	-	35	50
Trade leads referred to Arizona companies	106	190	300
Number receiving mailings:			
- direct export assistance	-	25	100
- trade-lead referrals	<u>300</u>	<u>400</u>	<u>500</u>
Total	<u>406</u>	<u>650</u>	<u>950</u>

OEPAD furnished audit staff with a list of: 1) the 35 companies directly assisted in 1978-79, as shown in Table 23, and 2) other companies OEPAD staff could remember directly assisting which totaled (after eliminating duplicates) 48. In addition, OEPAD provided a list of 528 names (after eliminating duplicates) of companies in exporting.

The list appeared to be a reasonable approximation of the exporting population because the number of Arizona manufacturing firms engaged in exporting has been estimated by OEPAD at 400. A questionnaire was mailed in January 1980 to these firms to determine: 1) awareness of the OEPAD International Trade and DOC programs, 2) use of OEPAD, DOC or other trade groups' services, and 3) if OEPAD services had contributed directly to the firms' entry into international trade or to an increase in exports. Table 24 summarizes survey results.\*\*

\* Count may be duplicated; more than one service may be provided to same firm, although extent of such duplication is unknown.

\*\* Appendix XXV contains a copy of the survey questionnaire and tabulated results.

TABLE 24  
RESULTS OF SURVEY OF EXPORTERS

Questions	Active Exporter Responses		Nonactive Exporter Responses		Total Responses*		
	Yes	No	Yes	No	Yes	No	Total
	Have you heard of:						
OEPAD international Trade Program?	95	115	37	37	132	152	284
DOC program?	139	71	38	34	177	105	282
Have you used services of:							
OEPAD?	28	172	6	62	34	234	268
DOC?	95	114	13	54	108	168	276
Others?	25	-	2	-	27	-	27
If you received OEPAD services and you then entered exporting or your exports increased, were OEPAD services a direct cause for entry or increase? **	9	9	0	0	9	9	18

As demonstrated in Table 24, 95 active exporters, or 45 percent, had heard of the OEPAD program, but only 28 or 13 percent had used OEPAD services. Of those not exporting actively, 37 or 50 percent were aware of the OEPAD program; six had used OEPAD services. Of the 34 respondents who had used OEPAD services, only nine or 26 percent stated OEPAD was a direct cause for entry into or increase of exporting.

		Percentage of Mailing List
* Number of active exporters responding	210	40%
Number responded, but not active exporters	74	14
Number responded, but did not complete survey	33	6
Number did not respond to either of two mailings or followup phone calls	189	36
Number not deliverable by U.S. mail	<u>22</u>	<u>4</u>
	<u>528</u>	<u>100%</u>

\*\* Difference between number using OEPAD services (34) and number responding to these questions are those whose exports did not increase or who are no longer exporters.

By comparison, DOC programs are used by 95 (45 percent) of the active exporters and 66 percent are aware of the program. Among those respondents not actively exporting but who completed the questionnaire, 38 or 51 percent were aware of the DOC program and 13 had used its services.

It should be noted that the degree of general awareness of the OEPAD program may have been influenced, particularly among nonexporters, by the fact that OEPAD mailed a survey of its own to some Arizona companies at approximately the same time as the second mailing of Auditor General survey questionnaires.

Survey responses from the 48 firms that OEPAD staff listed as those they personally assisted: 1) were included in Table 24, and 2) are summarized separately in the following Table 25.

TABLE 25

RESULTS OF AUDITOR GENERAL SURVEY OF EXPORTERS OF 48 FIRMS OEPAD CLAIMED TO ASSIST DIRECTLY

<u>Questions</u>	<u>Active Exporter Responses</u>		<u>Nonactive Exporter Responses</u>		<u>Total Responses*</u>		
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Total</u>
Have you heard of:							
OEPAD International Trade Program?	23	6	6	1	29	7	36
DOC program?	27	2	7	0	34	2	36
Have you used services of:							
OEPAD?	13	14	3	4	16	18	34
DOC?	19	9	4	3	23	12	35
Others?	11	11	2	4	13	15	28
If you received OEPAD services and then you entered exporting or your exports increased, were OEPAD services a direct cause for entry increase?	7	7	-	-	7	7	14

\* Number of active exporters responding 29  
 Number responded, but not active exporters 7  
 Number responded but did not complete survey 3  
 Number did not respond to either of two mailings or followup phone calls 5  
 Number not deliverable by U.S. mail 4  
48

As demonstrated in Table 25, 29 of the 36 companies (81 percent) responding had heard of the OEPAD program and 16 had used its services. Only seven (19 percent) attributed an increase in or entry into exporting to OEPAD services.

It should be noted that OEPAD-provided lists did not originate from a log of phone\* trade referrals or file of direct mail referrals, so surveys may not have been specifically directed to these firms.\*\* However, OEPAD staff said primary sources for such referrals included a card file of firms compiled for this purpose and the International Trade Directory. A comparison of the summary mailing list used to these two sources revealed a substantial portion of each were represented in mailings and subsequent responses. Table 26 illustrates this comparison.

\* In January 1980, OEPAD began a log of incoming telephone calls and a file of assistance provided.

\*\* Evaluation of trade referrals and their success rate was identified as an objective in the 1979 grant application, but was not carried out.

TABLE 26

COMPARISON OF SURVEY MAILING LIST AND RESPONSES TO  
OEPAD TRADE REFERRAL CARD FILE AND INTERNATIONAL TRADE DIRECTORY

	Mailing List	Percentage of List	Card File		International Trade Directory			
			Number Surveyed	Number on File	Percentage of File	Number Surveyed	Number in Directory	Percentage of Directory
Number of surveys mailed	<u>528</u>		<u>98</u>	110	89%	<u>314</u>	395	79%
Number of responses from:								
- Active exporters	210	40%	53		48%	141		36%
- Inactive exporters	74	14	<u>14</u>		<u>13</u>	<u>43</u>		<u>11</u>
Did not complete survey, but responded	<u>33</u>	<u>6</u>						
Total responses	<u>317</u>	<u>60%</u>	<u>67</u>		<u>61%</u>	<u>184</u>		<u>47%</u>

As evidenced by the Auditor General survey, the OEPAD International Trade Program has not provided services to a significant portion of Arizona exporters and has caused directly only a limited increase in exports.

Agricultural Export Promotion

Is A Questionable Role for OEPAD

Neither OEPAD nor the Arizona DOC office provides significant assistance in the export of agricultural commodities. The Department of Agriculture, Foreign Agricultural Service, upon request, will assist growers, brokers or trade associations in establishing export trade. Based on surveys of agriculture trade associations and brokers, State-level promotion of agricultural products is a questionable role for OEPAD.

Audit staff surveyed 19\* agricultural-related trade associations listed in the OEPAD Arizona Agribusiness Directory and one to whom audit staff was referred. Thirteen of the 20 stated their activities included promotion of products. Only seven indicated they were involved in export promotion--three directly and four indirectly.

Of the four trade associations involved indirectly through agricultural brokers with export promotion, two had limited contact with OEPAD. Of the three directly involved in exports, only one had limited contact with OEPAD.

Audit staff also contacted and discussed the agricultural export market with eleven Arizona agricultural brokers,\*\* listed in the OEPAD publication or the Phoenix telephone classified directory, seven of whom were involved with export sales as agents and two as direct sellers to foreign buyers. None had worked with the OEPAD International Trade Program; two had worked with the Department of Commerce; and two had worked with the Foreign Agricultural Service.

\* Appendix XXVI contains tabulated survey results.

\*\* Appendix XXVII contains tabulated survey results. Survey included all brokers listed as such in the OEPAD Agribusiness Directory and dealing in cotton, citrus, grains and livestock. Also included were 44 percent of the cotton, grain and livestock brokers listed in the Phoenix telephone directory.

Only one of the surveyed agricultural brokers indicated that a State agency could provide assistance in exporting agricultural commodities. The brokers generally stated that assistance would not be practicable or feasible because of the nature of the commodities exchange market. Therefore, promotion of agricultural commodities on a continuing basis does not appear to be a practical OEPAD role.

Cause and Effect

Relationship Dilemma

The OEPAD International Trade Program does not appear, on the basis of evidence gathered, to contribute directly to increasing exports or causing firms to enter the export market. Whether general export promotion activities have had indirect or supportive influence in increasing exports cannot be demonstrated empirically. A recent case illustrates the dilemma of establishing a cause and effect relationship.

In March 1980, the Taiwan government trade mission visited Phoenix to sign a letter of intent to purchase goods and commodities directly and indirectly connected with Arizona manufactured and agricultural exports. The mission was the fifth since January 1978 attributed to aggressive trade development by the Taiwan government. The Phoenix visit was part of a 24-city tour to sign agreements in 23 states for approximately \$1.9 billion in purchases.

Agreements between Taiwan and Arizona producers included:

<u>Goods/Commodities</u>	<u>Supplier</u>	<u>Value</u>
1. 150,000 bales of cotton	American Cotton Shippers Association	\$49,500,000
2. Telecommunications equipment	Graphtek Company	1,700,000
3. Air-conditioned diesel buses	Motor Coach, Inc. (subsidiary of Greyhound Corp.)	<u>5,720,000</u>
Total		<u>\$56,920,000</u>



OEPAD staff arranged locally for visiting dignitaries to sign agreements and meet Arizona business people, press and government officials. On the surface it appears as if OEPAD International Trade Program was largely responsible for the Taiwanese purchases. However, the impact of the OEPAD program becomes less certain when the following items are considered.

- A national trade association coordinated cotton purchases in the United States--a total of 630,000 bales. Discussion with the trade association revealed that Arizona cotton was purchased by Taiwan because of its need for long-staple cotton. Arizona is the producer of 60-70 percent of the national supply. A letter of intent to purchase was signed in three states (Arizona, Texas and Tennessee). The same trade association coordinated a similar 500,000 bale purchase for an earlier Taiwanese mission that was not apportioned by state.
  
- The Greyhound corporate headquarters are in Phoenix; however, its motor coach subsidiary and manufacturing site is in North Dakota, which was also listed on the Taiwan government's purchasing list.
  
- A recent trip by the OEPAD Executive Director to attend a trade seminar in Taiwan was at the invitation and expense of the Taiwanese government. A similar invitation was extended to each chief executive (or his representative) in the United States.

Therefore, although OEPAD responded with services and support to the Taiwan trade mission, initiative and impetus were from elsewhere. A definite cause-effect relationship cannot be established between OEPAD activities and the Taiwanese purchases.

OEPAD Activity in Attracting  
Foreign Investment, Though  
Limited, Is Significant in  
Proportion to Effort Expended

According to two of the three Federal grant applications for international trade, the OEPAD program was to encourage foreign investments in Arizona. OEPAD claims approximately 25 percent of its efforts have been devoted to this activity.\* Claims of accomplishment in attracting foreign investment include five Arizona companies.

OEPAD staff provided auditors with lists of 36 foreign companies with substantial investment in Arizona. Twenty-five of them were selected randomly. Seventeen responded to survey questions by telephone or mail, including all but one of the companies OEPAD indicated it had assisted. Results are shown in Table 27.

\* A review of January 7 to February 1, 1980, time record keeping in Appendix XII, Table 4, reveals only four percent of OEPAD staff time devoted to foreign investment. It should be noted, however, that the Taiwan trade mission arrived in March and substantial time was devoted to preparations. Time amounts in Appendix XII may not be indicative of the year's proportion of time devoted to foreign investments in Arizona.

TABLE 27

SURVEY RESULTS OF 25 ARIZONA  
FIRMS SUBSTANTIALLY FOREIGN-OWNED\*

<u>Questions</u>	<u>Number of Responses**</u>		<u>Percentage of Total</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Owned by foreign interests?	16	1	94%	6%
Length of time in Arizona:				
- Pre 1976?	8		53	
- Since 1976?	7		47	
Expanded since locating?	9	1	90	10
Received assistance from outside of company?	4	10	29	71
Assisted by OEPAD?	3	9	25	75
Was OEPAD assistance helpful?	2		100	
Measure of OEPAD assistance:				
- Little significance?	-		-	
- Significant?	1		50	
- Major significance?	1		50	
Assistance by DOC?	4	6	40	60

As demonstrated in Table 27, OEPAD foreign (reverse) investment accomplishments appear to be approximately 40 percent (two of five companies)\*\*\* of stated claims. Although they are less than a significant influence on generally known reverse investment holdings in Arizona, the OEPAD staff has achieved moderate success in proportion to efforts expended.

\* Appendix XXVIII contains questionnaire and tabulated results.

\*\* Number of companies

- responded	17
- did not respond to survey	2
- unable to reach	6
	<u>25</u>

\*\*\* Of the three other companies, one did not respond to survey, one was no longer in business and one was merged with a foreign company in a negotiation handled by an international stockbroker firm.

General international trade promotion by OEPAD may influence direct foreign investment in Arizona; however, this cannot be determined directly. A recent instance serves as an illustration.

A May 1980 newspaper article announced the possible location in Arizona of a multicountry research institute. The institute project was initiated primarily by a Phoenix lawyer. OEPAD staff assisted in preparing a written prospectus and presenting information on the prospectus to a prospective multicountry council sponsor.

While OEPAD activities are supportive of efforts to attract the research institute, a cause and effect relationship between OEPAD efforts and the success or failure of the institute to locate in Arizona cannot be established.

#### Survey Reveals Arizona

##### International Trade

##### Program is Typical

Auditor General staff conducted a survey\* of 26 western and southeastern states in April 1980 to determine if there are similar international trade programs. All but two of 25 states responding\*\* had programs to promote international trade much like OEPAD's.

The other state programs had an average staff of 5.8 members and a \$247,000 budget as compared to Arizona's full-time equivalent staff (FTE) of four and \$126,300 in State funds for the 1980-81 fiscal year. Typically, about 73 percent of staff time is devoted to export assistance, and 27 percent of the activity relates to reverse investment. Each state generally works with the Department of Commerce, primarily exchanging information.

Table 28 summarizes the international trade activities most often engaged in by these 25 states.

\* Appendix XXIX contains survey and tabulated results.

\*\* One state did not respond.

TABLE 28

SUMMARY OF 23 WESTERN AND SOUTHEASTERN  
STATES MOST FREQUENTLY PROVIDED SERVICES  
FOR INTERNATIONAL TRADE

---

<u>Service Provided</u>	<u>Number of States*</u>
Reverse investment promotion	15
Trade leads	14
Workshops, seminars	13
Consultation for firms/individuals	13
Trade missions	11

\* Each state could and did provide more than one service. Sixteen states measured program effectiveness. The most frequently mentioned measure was an increase in exports.

Fourteen of the 23 states' international trade programs did not promote agricultural exporting, although all but five indicated agriculture was an important element of the state's economy. However, all but two of 26 western and southeastern states have departments of agriculture and 17 of these departments have agricultural export programs.

Most frequently provided services by the states' departments of agricultural export promotion programs are listed in Table 29.

TABLE 29

SUMMARY OF 24 WESTERN AND SOUTHEASTERN  
STATES MOST FREQUENTLY PROVIDED SERVICES  
BY DEPARTMENTS OF AGRICULTURE TO PROMOTE  
AGRICULTURAL EXPORTS

---

<u>Service Provided</u>	<u>Number of States*</u>
Trade shows	13
Consultation	13
Trade leads	10
Conferences, seminars	8
Use of U.S. Department of Agriculture Services	
Trade shows	9
Trade leads	9
Work with Foreign Agriculture Service	7

\* Some states provided more than one service.

It should be noted that 15 of the 24 states attempt to measure service effectiveness. The most frequently mentioned measurement was increase in agricultural exports.

Research Literature

Reports Varying Values

of International Trade

Promotion and Assistance

by States

Research literature published by the Council of State Planning Agencies (CSPA), the National Council of State Legislatures (NCSL) and the U.S. Department of Commerce are not consistent regarding the value of and direction for state international trade programs.

A CSPA publication, furnished by OEPAD staff, entitled "Economic Development: Challenge of the 80's," says recent research indicates that profitable areas for international trade may be overlooked:

"Many states have established overseas offices and embarked on recruitment missions, undertaken expensive port expansions, put together large incentive packages for foreign firms, spent millions to advertise in overseas publications and begun to publish world trade directories and newsletters on their own. But it seems likely that some states are over-emphasizing promotion and neglecting creative analysis and research that can reveal what kinds of reverse investment and export assistance will most benefit a state's economy, particularly in generating high quality jobs and filling 'gaps' that domestic firms may be unable or unwilling to fill." (Emphasis added)

The article reports that factors influencing foreign manufacturers' decisions to invest include: 1) preference for acquisition of existing plants rather than construction of new ones, 2) differences among states in wage rates, 3) quality of port facilities, and 4) subjective factors such as the welcome of visiting dignitaries.\* An ironic point made in the article was that foreign investors' decisions were minimally impacted by the number of state incentives, overseas offices and trade missions, although such factors may have diplomatic or public relations value. A Conference Board official commented that states ought to include, on their economic development staffs, experts in state and Federal laws on antitrust, environment, antidiscrimination and accounting. The article notes that few states would not benefit from assistance to small and medium firms.

The CSPA article reported that a number (unspecified) of states publish inventories of trade leads, frequently compiled with DOC and, for maximum effect, cross-reference them to lists of in-state firms. Lastly, the article suggested that states can save money in international trade programs by using data from other available sources.

\* It should be noted, however, that much of the research cited was conducted in New England states.

A November 1979 article appearing in State Legislatures, published by NCSL, entitled "Competing Abroad, the States and International Trade," declared that many states compete aggressively for exports and foreign investments. Discontent with Federal export policy, especially among the states' governors, was cited as a boost to those states' own efforts at increasing international trade.

A 1976 National Association of State Development Agencies (NASDA) survey of 37 states including Arizona,\* disclosed that common activities among their international trade programs included: 1) trade lead distribution (37 states), 2) use of DOC trade leads (29 states), 3) use of other DOC promotional aids (30 states), 4) use of Eximbank and FCIA services\*\* (29 states), 5) publication of an export directory (24 states), 6) publication of a newsletter (21 states), and 7) advisory services (22 states).

The NCSL article claimed that the role for state legislatures is determination of policy and funding for international trade programs:

"The Legislature's role revolves primarily around two considerations: trying to set forth some policy as it relates to trade development: and, of course, providing the resources - primarily funding - for state programs."

Related issues for legislatures to consider, the article continued, include: 1) tax law structure, 2) alien land ownership, 3) encouragement of free trade zones,\*\*\* 4) inventory taxes, and 5) use of state credit to finance international trade.

\* Some states are not NASDA members; others did not respond.

\*\* Eximbank (Export Import Bank of the United States) assists financing of United States exports by offering direct loans to exporters for large projects and equipment sales that usually require longer term financing. FCIA (Foreign Credit Insurance Association) administers the United States export credit insurance program.

\*\*\* A free trade zone is an area outside customs territory but subject to all state and Federal laws. The advantage of a trade zone is that goods may enter from outside the United States and not be subject to custom duty until leaving the zone for the United States.



The NCSL article pointed out that some states take a multistate approach to international trade cooperation, and that the Western Governors' Policy Office (WESTPO) was considering a study of a multistate development and trade authority.

The article concluded that increased state involvement in international trade is likely.

Still another source, a U.S. Department of Commerce paper provided to audit staff by OEPAD, entitled "State Government Conducted International Trade and Business Development Programs," concluded that, based on a study of selected states, the level of state expenditures and activity correlates with the end results of international trade. The June 1977 study reported:

"...and as our finding(s) have confirmed...there is a definite correlation between the level of individual State activity and expenditures and the end results in terms of international trade."

Among the data displayed in the DOC report regarding state expenditures and level of international trade, there is a notable exception to the correlation--the State of Arizona.

In 1972, with no reported State expenditures, Arizona ranked third in the United States, using exports as a percentage of the State's total manufactured shipments, one of the export results measurements used in the DOC study.

Export Growth  
Rate in Arizona

Although only a few years of export data is available, Arizona has continued to steadily increase its absolute dollar value of manufactured exports since 1960. In addition, the State has maintained its ranking since 1972 among the states in percentage of manufactured shipment exported, according to recent DOC data. Table 30 summarizes manufactured goods export growth.

TABLE 30

SUMMARY OF ARIZONA EXPORTS OF  
MANUFACTURED GOODS 1960-1978

<u>Year</u>	<u>Value of Manufactured Exports (Millions of Dollars)</u>	<u>Exports as a Percentage of Manufactured Shipments</u>	<u>National Rank</u>
1960	32	N/A	N/A
1966	106	N/A	N/A
1969	157	N/A	N/A
1972	266	6.2%	3
1976	639	10.3%	4*
1977	725	N/A	N/A
1978	950	N/A	N/A

Arizona manufactured exports have increased at an average 21 percent a year for more than 18 years.

Apparently agricultural exports also have increased since 1965, although data available from OEPAD and the U.S. Department of Agriculture is less reliable on this matter. Table 31 summarizes this growth.

TABLE 31

SUMMARY OF ARIZONA AGRICULTURAL EXPORTS  
1964-1979

<u>Year</u>	<u>Value of Agricultural Exports (Millions of Dollars)</u>
1964	65.0
1968	61.0
1975**	244.0
1976**	220.3
1977**	268.2
1978**	280.3
1979**	371.7

\* Ranking available as of April 1980.

\*\* Source: U.S. Department of Agriculture, May 1980.

Calculation of figures in Table 31 shows that agricultural exports increased an average of 20.4 percent a year for a 15-year period. Since the OEPAD program implementation in 1976, two years have been approximately equal to or below this level and two years have been above.

#### CONCLUSION

The OEPAD International Trade Program provides general promotional and direct services to exporters and foreign investors. The value and effectiveness of promotional activities cannot be measured. OEPAD services directly provided to exporters have been limited and, among those surveyed, have not resulted in a significant level of increase in their exports. The few attempts to attract foreign (or reverse) investment appear to be moderately successful. Export growth in Arizona has steadily increased for 18 years, although not by a noticeably greater amount since the initiation of the OEPAD program in 1976.

#### RECOMMENDATIONS

It is recommended that the following be considered:

1. No effort greater than that expended during the 1976-77 fiscal year\* be devoted by the International Trade Program to general promotion.
2. If expansion of other efforts appears justifiable, that OEPAD staff concentrate on the following:
  - a. Reverse investment,
  - b. Increased coordination with DOC to include regular written exchanges of contacts lists, amendment of the associate office agreement to include additional promotion of OEPAD efforts and an evaluative examination of the timeliness of DOC trade leads,
  - c. Selection of a few markets with the most potential for Arizona to directly increase exports, implementation of marketing strategies and conduct of vigorous evaluation of efforts (included should be an evaluation of trade lead referrals), and
  - d. Maintenance of records and/or logs of persons or companies OEPAD has assisted to facilitate subsequent inquiries and evaluation of assistance.

\* See page 88 for a description of fiscal year 1976-77 operations.

OTHER PERTINENT INFORMATION

STAFF TIME DEVOTED TO  
OEPAD FUNCTIONS AND  
OBJECTIVES - JANUARY 1980

From January 7 through February 1, 1980, OEPAD staff members recorded their work time, at the request of the audit staff, according to:

- 1) applicable objectives that had been adopted by OEPAD in Fall 1979, or
- 2) other activities.

OEPAD employees recorded their daily worktime on forms developed by OEPAD. It should be noted in considering the results that: 1) the 20 working days from January 7 through February 1 may not be typical because of seasonal variations in tasks, and 2) OEPAD staff may not have been sufficiently familiar with the forms used, the objectives as identified on the forms or the practice of habitual timekeeping to record time consistently and accurately.

Table 32 is a summary of staff resources by OEPAD Division devoted to major functions.

TABLE 32

SUMMARY OF OEPAD STAFF TIME\* BY MAJOR FUNCTIONS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

	Percentage of Time				Total
	Executive and Deputy Directors and Assistants	Assigned** Staff	Other** OEPAD Staff	Secretarial Word Center	
Administrative Division***	<u>21</u> %	<u>13</u> %	-	<u>17</u> %	<u>12</u> %
Development Division:					
Economic development	18	6	18 %	14	9
Motion picture development	4	3	-	5	3
Manpower programs	2	18	-	10	13
International trade	3	5	-	2	4
General administration****	<u>4</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Division total	<u>31</u>	<u>32</u>	<u>18</u>	<u>32</u>	<u>29</u>
Planning Division:					
Intergovernmental programs	2	9	2	-	6
Federal/Legislative liaison	-	1	3	1	1
State & community planning	10	17	3	10	13
Research	8	9	16	3	8
Environmental policy	2	3	1	-	2
General administration****	<u>4</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Division total	<u>26</u>	<u>39</u>	<u>25</u>	<u>15</u>	<u>30</u>
Energy programs	22	16	57	36	23
Unallocated administrative time	-	-	-	-	1
Leave taken (annual, sick, compensatory)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total	<u>100</u> %	<u>100</u> %	<u>100</u> %	<u>100</u> %	<u>100</u> %

\* Rounded to nearest percentage.

\*\* Assigned staff are those assigned to the Division in which the work generally would be related to the function.

\*\*\* Includes duties such as personnel and contact administration, bookkeeping, photocopying, OEPAD reception and motor pool assignments.

\*\*\*\* Includes administrative time, staff and Board meetings.

Appendix XII contains ten tables that display staff time devoted to individual OEPAD objectives within the functional areas of:

1. Economic development,
2. Motion picture development,
3. Manpower programs,
4. International trade,
5. Intergovernmental programs,
6. Federal/Legislative liaison,
7. State and community planning,
8. Research,
9. Environmental policy, and
10. Energy programs.

MOTION PICTURE

DEVELOPMENT

Development of a film industry for Arizona was established as a distinct OEPAD responsibility in fiscal year 1972 when the State Legislature provided funds for a full-time coordinator of such efforts.

According to a 1979 OEPAD goal statement, the direction for this area is:

1) to provide services to out-of-State film producers, and 2) to encourage establishment of a local film industry:

"The Motion Picture Development program is specifically geared to provide services to out-of-state production companies with the overall goal of establishing Arizona as a prime location for commercials, television, video-tape and feature length films."

OEPAD identified the means to achieve this goal as:

"Identify and promote advantages of filming in Arizona

"Identify community facilities and services available

"Increase local capacity and coordinate with state services.

"Develop in-state film industry

- Promote Arizona producers
- Inventory and (contact) new firms to identify potential
- Promote local support industry.

"Identify location sites and provide on-site assistance to producers."

The audit staff surveyed out-of-State film producers\* who had filmed in Arizona recently and local film producers\*\* regarding OEPAD services..

Twenty-eight out-of-State film producers responded to the survey (77 mailed surveys were deliverable), and all but one stated they had filmed in Arizona during 1978 and 1979. Further, 78 percent indicated contact with OEPAD staff prior to or during filming in Arizona, and 62 percent stated OEPAD either had some or a significant level of influence on their decision to film in the State. Table 33 summarizes the factors identified as influential.

\* Out-of-State producers surveyed were those listed in an OEPAD-maintained log of filming activity from January 1, 1978, to December 20, 1979, for whom addresses could be obtained from the log, film production directories and OEPAD staff. Productions included documentaries, industrial films, feature and made-for-television films, television series, and filmed commercials; excluded were still-photography sessions, not stated as a primary focus of the program.

\*\* Arizona film producers surveyed were those listed in the latest available (April 26, 1978) OEPAD handbook sent to out-of-State film prospects. The handbook lists Arizona resources for filming, including local production companies. Appendix XXX contains the tabulated results of these surveys.



TABLE 33

FACTORS INFLUENCING OUT-OF-STATE FILM  
PRODUCERS TO FILM IN ARIZONA

Percentage of Respondents  
Indicating Factor Was  
Influential\*

Factor

48%	Sunshine.
85	Unique scenery.
4	Proximity to company headquarters.
33	Assistance from governmental agencies.
19	Specific requirement for Arizona.
4	Right-to-work laws.

Percentage of  
Respondents Who Had  
Contact With OEPAD

Influence of OEPAD

38%	No influence.
29	May have had some influence; other factors also led to selection of Arizona.
33	Significant influence.
-0-	Single, significant factor.

Percentage of  
Respondents Who Indicated  
OEPAD Was Influential

Type of Assistance  
That Was Influential

69%	Providing information about film sites.
62	Tour of state for prospective sites.
69	Providing information about technical support.
38	Providing information about local talent.
31	Other.

\* Does not total to 100 percent because some companies indicated more than one factor was influential.

Slightly more than half the respondents answering the questionnaire indicated they had also received assistance from the City of Phoenix or City of Tucson motion picture staffs prior to or during filming in Arizona.

Seventy-six percent of the Arizona film production companies responding to the survey (17 of 29 deliverable) had some contact with OEPAD staff during the past two years. However, only 47 percent indicated OEPAD had provided assistance during that time. The assistance included help with locations for filming, permits to film, clearances with local governments and information about personnel and facilities in the State. In addition, 65 percent of the respondents indicated their own companies had assisted out-of-State producers filming in Arizona in the past two years.

In answer to a question regarding activities OEPAD should provide to promote the Arizona film industry, local producers suggested:

- Promote and assist in-State companies,
- Call on Arizona producers,
- Provide more information on locations and sources of services,
- Advertise the local film industry,
- Describe tax benefits to motion picture investors, and
- Encourage local suppliers to offer discounts, and promote other ways to reduce filming costs.

ARIZONA

OFFICE  
OF THE  
GOVERNOR  
BRUCE BABBITT

OFFICE OF  
**ECONOMIC PLANNING AND DEVELOPMENT**

Larry Landry, Director • (602) 255-5371 • General Offices of OEPAD • 4th Floor

September 17, 1980

Mr. Douglas R. Norton  
Auditor General  
112 N. Central Avenue, Suite 600  
Phoenix, Arizona 85004

Dear Mr. Norton:

After reviewing the preliminary draft of the performance audit for the Office of Economic Planning and Development concerning Industrial Development, Personnel, International Trade and Motion Picture Development, I still have concerns as it relates to the audit methodology and also to the fact that what may have occurred historically in OEPAD is no longer the present operating mode. Care should be taken to distinguish the present from the past. In order to completely discuss the methodology issue, my April 29th letter to you\* should be included in the packet. Also, concerning the Industrial Section (page 23), it should be stated that often in the past, OEPAD claimed credit for every new location. At the current time, an Industrial location credit is claimed by OEPAD for only those firms that we directly assist. This policy change is a significant issue and should be reflected in the report.

Currently in Industrial Development, there are four Development Services staff members assigned to work strictly with existing industry throughout Arizona. These staff members and others, when necessary, service Arizona businesses in both metropolitan and non-metropolitan counties. Historically, efforts to attract out-of-state companies to non-metropolitan areas have not been as successful as the state would like. This is due to a variety of reasons but most importantly the fact that many communities have not been ready for development. During the past year we have been fortunate in seeing many new plant openings in Kingman, Yuma, Casa Grande, Arizona City, Winslow and other communities who have worked to make their climate better for economic development. Industrial Development in the future will take a combination of both out-of-state attraction and in-state expansion, and rural economic development is a program that will have a steady but slow progress in the State's policy towards balanced growth.

\* Pertinent correspondence regarding audit methodology is contained in Appendix XI.

Mr. Douglas R. Norton  
Auditor General  
September 17, 1980  
Page Two

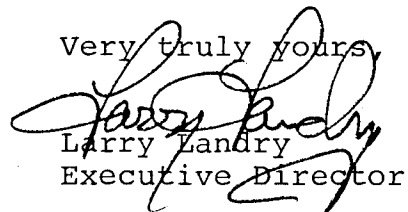
It should be noted that rarely can OEPAD, a bank, a utility, or any one concern take full credit for companies locating in Arizona. Rather, the way the Industrial Development Specialists throughout the State work is that different people serve as catalyst, liaison, information gatherers, and several people usually help in landing any given new concern. I urge you to talk personally to members of the Arizona Economic Development Council which comprise the members who work full-time in economic development.

Personnel matters were discussed in great detail with your audit staff and, as your staff should note, positions in OEPAD are competitively recruited. We have been fortunate in receiving many applications for our openings - frequently over 100. Typically, a three member interview panel is set up, and interviews are held with the top candidates. Almost without exception, I personally interview every employee before they are hired. I would welcome a qualified consultant's analysis of personnel practices. As my letter to Ms. Good mentioned, claims made by your staff as related to pay and other factors need to be evaluated by someone professional in the personnel field.

International Trade is one of the growing markets in the future of the State. There is a growing interest around the State as well as our nation to increase exports, and the State has a responsibility to continue its efforts to promote the expansion of Arizona exports. The Department of Commerce program and the OEPAD program compliment but do not duplicate each other in these areas. Arizona's program cannot compete nor serve the same function as the Department of Commerce. The ever increasing activity of International Trade Exports testifies to the need for a state role and existence. The professional international trade community would concur with my comments.

The Management staff of OEPAD is committed to continue improving our program. Most of the concerns you raised in your report took place under a different administration, and improvements and new methods were employed to make those programs effective.

Very truly yours,

  
Larry Landry  
Executive Director

LL:cw

ARIZONA REVISED STATUTES  
RELATED TO OEPAD

**§ 41-501. Office of economic planning and development; divisions; responsibilities; assistant directors**

**A.** There is in the governor's office the office of economic planning and development.

**B.** The office shall include a planning division and a development division. The planning division shall, in addition to other functions assigned by the executive director, be responsible for economic planning, economic research and scientific and technological planning. The development division shall, in addition to other functions assigned by the executive director, be responsible for industrial development, advertising and publications.

**C.** The executive director shall appoint an assistant director of the planning division and an assistant director of the development division. As amended Laws 1978, Ch. 180, § 3.

**Cross References**

Tourism business, development and planning, see § 41-2251 et seq.

**Executive Orders:**

Executive Order No. 75-3, dated March 21, 1975, provides:

"I, Raul H. Castro, Governor of the State of Arizona, do hereby create the Arizona State Office of Tourism and Order and Direct:

"1. The composition and staffing of the office will be as directed by the Governor.

"2. The purpose, function and responsibility of the office shall be to:

"A. Promote and develop a campaign of information, advertising and publicity relating to the tourism business, including the recreational, scenic and historical attractions of this state and all parts thereof, and to disseminate such information to the public through various state and national media.

"B. Stimulate and encourage all local, state, regional and federal governmental agencies and all private persons

and enterprises to participate in the promotion of tourism in Arizona.

"C. Undertake a comprehensive research program designed to establish the office as the central repository and clearinghouse for all data relating to Arizona resources as they relate to tourism.

"D. Formulate policies, plans and programs designed to promote tourism in Arizona.

"E. Provide information and advice on request by local, state and federal agencies and by private citizens and business enterprises on matters of tourism and the promotion thereof.

"F. Conduct research on its own initiative or at the request of the Governor, the Legislature, or state or local agencies on the promotion of tourism in Arizona.

"G. Assume responsibility for all tourism programs of the Office of Economic Planning and Development.

"H. Utilize any and all media of communication, publication and exhibition in dissemination of information, advertising and publication in any field of its purposes, objectives or duties.

"I. Advise with and make recommendations to the Governor and the Legislature on all matters concerning tourism.

"J. On behalf of the Governor and the state, accept grants, matching funds, gifts and other direct payments for the conduct of programs which are designed to promote and develop tourism.

"K. Expend available funds, use its facilities and provide services to promote tourism, and to provide matching contributions under federal and other programs designed to promote tourism.

"L. Make contracts and incur obligations reasonably necessary or desirable to develop and promote tourism.

Executive Order No. 75-3, dated March 21, 1975, as amended by Executive Order No. 76-1, dated February 2, 1976, provides:

"M. Make quarterly reports to the Governor on its activities, its finances and the scope of its operation.

"This Order shall become effective immediately and shall terminate upon Order of the Governor."

"3. A Tourism Advisory Council will be appointed by the Governor to advise and assist the Office of Tourism in carrying out its responsibilities.

Executive Order No. 75-6, dated May 30, 1975, provides:

"NOW, THEREFORE, I, Raul H. Castro, Governor of the State of Arizona, do hereby create the Arizona State Planning and Coordinating Committee, and order and direct:

"1. The functions and the purpose of the committee shall be:

"a. Advise and assist the Governor in the exercise of his obligations under Circular A-95 for the programming and coordination of activities involving federal assistance, and keep the legislature informed.

"b. Advise and assist the state clearinghouse in the performance of its mission.

"c. Perform for the Governor the review of state plans, as required by Circular A-95, and to make appropriate recommendations to the Governor.

"d. Provide a communications forum among state agencies designed to help them in the resolution of state-level problems.

"e. Advise the Governor on the adequacy of state-level planning for federal programs, with recommendations for improvement as may be appropriate.

"f. Advise and assist the Governor and the legislature in the planning, programming and coordination of activities involving federal revenue sharing.

"g. Develop a management system for federal programs that will assist the Governor and the legislature in the conduct of their respective state-level responsibilities. Such a system will insure that federal programs do not duplicate, overlap, compete, or impact unfavorably one on another. Additionally, the system should identify gaps or voids that can be filled by appropriate federal programs.

"h. Advise and assist the Governor in the planning, programming, and coordination of certain state-funded or assisted activities which the Governor may, from time to time, specify.

"1. Perform such other related tasks as the Governor may direct.

"2. The committee shall be composed of the chief administrator from each of the following state agencies:

Department of Administration  
Department of Corrections  
Department of Economic Security  
Department of Education  
Department of Health Services  
Department of Land  
Department of Revenue  
Department of Transportation,  
Agriculture and Horticulture Commission  
Game and Fish Commission  
Indian Affairs Commission  
Outdoor Recreation Coordinating Commission  
Water Commission  
Justice Planning Agency  
Parks Board  
Department of Mineral Resources  
Department of Public Safety  
Board of Regents  
Board of Community College Directors  
Office of the Attorney General

"3. The Governor may appoint additional members to the committee from government or non-government organizations.

"4. The executive director of the Office of Economic Planning and Development shall be the chairman of the committee.

"5. The Office of Economic Planning and Development will provide the necessary administrative staff and planning support for the committee.

"6. This order shall become effective immediately."

Executive Order No. 75-7, dated May 30, 1975, provides:

"NOW, THEREFORE, I, Raul H. Castro, Governor of the State of Arizona, do hereby order and direct:

"1. All state agencies, boards, commissions, and departments; and divisions thereof; shall submit to the state clearinghouse notice of intent to apply for all federal funds and assistance to be used in the operation of the programs of that state agency, board, commission, or department; or division thereof; or to be administered by that state agency, board, commission or department; or division thereof.

"2. All state agencies, boards, commissions, and departments; or divisions thereof, which administer federally funded programs and activities shall require that applicants for those funds shall also submit a notice of intent to the state clearinghouse prior to the award of those funds.

"3. The notices of intent shall be submitted in accordance with established procedures of the state clearinghouse.

"4. The notices of intent shall be reviewed by the Arizona State Planning and Coordinating Committee in accordance with the provisions of Executive Order 75-6 and by such other appropriate entities as are consistent with the established procedures of the state clearinghouse.

"5. The results of the reviews shall be submitted to the Governor in a manner which the Governor may prescribe in order to assist the Governor in managing the affairs of his office.

"6. No state agency, board, commission, or department; or division thereof; shall submit an application for federal funds to a federal agency prior to filing a notice of intent with the state clearinghouse.

"7. This order shall become effective immediately."

Executive Order No. 75-8, dated August 4, 1975, provides:

"NOW, THEREFORE, I, Raul H. Castro, under and by virtue of the authority vested in me as Governor of the State of Arizona by the Constitution and Statutes of the State of Arizona, do hereby order and direct:

"PART I—An Arizona Office of Volunteer Action Programs shall be established within the Office of Economic Planning and Development.

"PART II—A. The duties of the Arizona Office of Volunteer Action Programs shall include the implementation and continuance of a planned and aggressive program of stimulating volunteerism within state government by exploring and encouraging methods of more fully utilizing, where and when appropriate, traditional and non-traditional volunteers within all of the agencies of state government.

"B. In addition, the Arizona Office of Volunteer Action Programs shall assist private charitable organizations throughout the state, when requested, and in cooperation with these agencies, to strengthen their utilization of volunteer services.

"C. In addition, the Arizona Office of Volunteer Action Programs shall assist private charitable organizations throughout the state which receive ei-

ther state funds or other state aid to strengthen their utilization of volunteer services.

"PART III—This order shall become effective immediately".

Executive Order No. 77-1, dated January 17, 1977, and amending Executive Order No. 76-11, provides:

"WHEREAS, it is believed that through the cooperative, combined and unselfish efforts of both public and private interest in Arizona, the motion picture and television industry could be further developed as a major sector of Arizona's economy; and

"WHEREAS, the need for a team effort is recognized and that the efforts of all interests be channeled in a productive and an effective manner essential to success; and

"WHEREAS, it is desirable to establish an official, formal institution and procedure within the state government to accomplish these covenants;

"NOW, THEREFORE, I, Raul H. Castro, Governor of the State of Arizona, by virtue of the authority vested in me by the Constitution and by the statutes of this state, do hereby create the Arizona Governor's Motion Picture Advisory Board and order and direct:

"1. The functions and purpose of the Board shall be:

"a. Advise the Governor on suggested policy relating to the state's development, coordination, and implementation of a program for the purpose of encouraging a viable motion picture and television industry in Arizona. Such program shall embrace all phases of production of motion pictures and television activities.

"b. Assist in identifying opportunities for more activities related to this industry for the state to pursue.

"c. Recommend both long range and short term programs that will result in more economic gain for the state.

"d. Assist in educating state, local and private officials and organizations regarding the desirable benefits and rewards that can result from increased development of this industry.

"e. Review the proposed budget and allocation of state funds to be expended by this function and to make recommendations for changes where necessary.

"2. The Advisory Board members shall serve at the pleasure of the Governor, and the Board Chairman will be elected annually.

"3. The Board shall meet at the call of the Chairman and at such places within the state as he may designate. The Board shall meet not less than once each quarter. The Motion Picture Director shall serve as an ex officio member of the Advisory Board.

"4. The Board shall coordinate with the Office of Economic Planning and Development, and the Economic Planning and Development Advisory Board.

"5. The Office of Economic Planning and Development will provide such staff services for the Advisory Board as required to carry out the purposes and functions of this Order.

"6. This Order shall become effective immediately."

**§ 41-502.01. Compensation of executive director of the office of economic planning and development**

The executive director of the office of economic planning and development shall receive compensation as determined pursuant to § 38-611.

Added Laws 1968, Ch. 173, § 51. As amended Laws 1970, Ch. 204, § 152; Laws 1972, Ch. 192, § 14.

**§ 41-502. Governor's advisory economic planning and development board; executive director**

**Termination**

*The economic planning and development board shall terminate on July 1, 1980, unless continued. See §§ 41-2361 and 41-2372.*

**Cross References**

For provision of Laws 1978, Ch. 180, relating to interim guidelines for energy conservation, see Note following § 41-561.



**§ 41-503. Powers and duties**

**A.** The office of economic planning and development may:

1. Employ, determine the conditions of employment and specify the duties of administrative, secretarial and clerical assistants, and contract for the services of outside advisors, consultants and aides reasonably necessary or desirable to enable it adequately to perform its duties. The compensation of such assistants shall be as determined pursuant to § 38-611.

2. Make contracts and incur obligations reasonably necessary or desirable within the general scope of its activities and operations to enable it adequately to perform its duties.

3. Utilize any and all media of communication, publication and exhibition in the dissemination of information, advertising and publicity in any field of its purposes, objectives or duties.

4. Adopt rules and regulations it deems necessary or desirable to govern its procedures and business.

5. Contract with other agencies in furtherance of its program.

6. Use its funds, facilities and services to provide matching contributions under federal or other programs which further the objectives and programs of the office.

7. Accept grants, matching funds and direct payments from public or private agencies for the conduct of programs which are consistent with the general purposes and objectives of this article.

**B.** The office of economic planning and development shall:

1. Formulate policies, plans and programs designed to effectuate the purposes of this article.

2. Stimulate and encourage all local, state, regional and federal governmental agencies, and all private persons and enterprises which have similar and related objectives and purposes, and cooperate with such agencies, persons and enterprises and correlate its plans, programs and operations with those of such agencies, persons and enterprises.

3. Conduct research on its own initiative or at the request of the governor, the legislature or state or local agencies, pertaining to any of its objectives.

4. Provide information and advice on request by local, state and federal agencies and by private citizens and business enterprises on matters within the scope of its activities.

5. Advise with and make recommendations to the governor and the legislature on all matters concerning its objectives.

6. Make annual reports to the governor and the legislature on its activities, its finances and the scope of its operations.

7. Undertake a comprehensive research program designed to:

(a) Establish the office as the central repository and clearing house for all data relating to Arizona's economy and resources as they relate to economic planning and development.

(b) Maintain a current inventory of the resources of the state.

(c) Investigate potential opportunities for the development of industry and other commerce throughout the state. As amended Laws 1978, Ch. 180, § 4.

**Cross References**  
Buildings, energy conservation, standards advisory committee, see § 41-561.

**§ 41-504. Cooperation of state agencies**

All state agencies shall make available data pertaining to economic planning and development as requested by the office of economic planning and development.

Added Laws 1968, Ch. 207, § 3, eff. July 1, 1968. As amended Laws 1972, Ch. 192, § 16.

**Historical Note**

A.R.S. former § 41-504, which related to powers of the Arizona development board, was derived from Laws 1954, Ch. 113, § 5, and Code 1939, Supp.1954, § 4-805, and was repealed by Laws 1968, Ch. 207, § 2.

**§ 41-505. Inter-agency economic coordinating council**

A. There shall be an inter-agency economic coordinating council with the executive director of the office of economic planning and development and the director of the department of administration serving as chairman and vice-chairman respectively. The council shall be comprised of, but not limited to, representatives from the following state agencies:

Arizona atomic energy commission.  
Arizona board of regents.  
Arizona commission of Indian affairs.  
Arizona corporation commission.  
Arizona department of transportation.  
Arizona game and fish commission.  
Arizona industrial commission.  
Arizona power authority.  
Arizona state parks board.  
Arizona water commission.  
Department of economic security.  
Department of mineral resources.  
Oil and gas conservation commission.  
State board of directors for community colleges.  
State department of education.  
Department of health services.  
State land department.  
Department of revenue.

B. Representatives from the agencies prescribed by the terms of subsection A shall ordinarily be the chief administrative officer of the agency and shall be appointed by the governor.

C. The council may request the governor to appoint representatives from agencies not prescribed by the terms of subsection A.

D. The council shall meet bi-monthly or more frequently at the call of the chairman.

Added Laws 1968, Ch. 207, § 3, eff. July 1, 1968. As amended Laws 1971, Ch. 49, § 37, eff. April 13, 1971; Laws 1972, Ch. 141, § 65; Laws 1973, Ch. 158, § 293; Laws 1974, Ch. 136, § 42.

**Historical Note**

This section was amended by Laws 1973, Ch. 146, § 81, Laws 1973, Ch. 157, § 57, and Laws 1973, Ch. 158, § 293, and none of the amendments referred to any of the others.

Laws 1974, Ch. 136, § 41, effective August 9, 1974, repealed this section as amended by Laws 1973, Ch. 146, § 1 and Laws 1973, Ch. 157, § 57. Both the title and section 41 of Laws 1974, Ch. 136 re-

ferred to "section 1" of Laws 1973, Ch. 146, instead of "section 81", as the section which had amended this section.

This section was amended by Laws 1972, Ch. 87, § 107, Laws 1972, Ch. 141, § 65, and Laws 1972, Ch. 192, § 17, and none of amendments referred to any of the others.

Laws 1972, Ch. 87, § 107 was enacted upon the condition that the Arizona constitution be amended. The proposed amendment to which Laws 1972, Ch. 87 referred was rejected by the electorate.

See the Historical Note following section 41-101.

Laws 1973, Ch. 146, § 80, effective July 1, 1974. Laws 1973, Ch. 157, § 56, effective August 8, 1973, and Laws 1973, Ch. 158, § 292 repealed this section as amended by Laws 1972, Ch. 192, § 17.

Former § 41-505, derived from Laws 1954, Ch. 113, § 6, Laws 1967, Ch. 87, § 1, and Laws 1968, Ch. 89, § 72, and relating to the Arizona development fund, was repealed by Laws 1968, Ch. 207, § 2, effective July 1, 1968.

#### Library References

States ☞ 45.

C.J.S. States §§ 52, 66.

### § 41-506. Arizona scientific and technological planning and advisory council

A. There shall be an Arizona scientific and technological planning and advisory council.

B. Members shall be appointed by the governor and shall include appropriate research personnel from the state universities and research personnel from Arizona industry and scientific research institutions.

C. The council shall act in an advisory capacity to the planning division of the office of economic planning and development in formulating policies and programs to stimulate the impact of scientific research and applications of technology upon economic development.

Added Laws 1968, Ch. 207, § 3, eff. July 1, 1968. As amended Laws 1972, Ch. 192, § 18.

#### Historical Note

A.R.S. former § 41-506, which provided for annual audit and report, was repealed by Laws 1968, Ch. 207, § 2. The former section was derived from Code

1939, Supp.1952, § 4-806, Laws 1954, Ch. 113, § 7, Laws 1968, Ch. 87, § 5, and Laws 1968, Ch. 89, § 73. See, now, § 41-1279 et seq.

#### Library References

States ☞ 45.

C.J.S. States §§ 52, 66.

**ECONOMIC PLANNING AND DEVELOPMENT—POWERS;  
DUTIES; DESIGNATED STATE AGENCY**

**CHAPTER 222**

**HOUSE BILL 2329**

**An Act relating to state government; prescribing powers and duties of office of economic planning and development; providing for office of economic planning and development to provide certain housing services to qualified housing participants and political subdivisions of this state and to act as designated state public housing agency for purpose of accepting certain federal funds or other monies; prescribing certain limitations on power; prescribing certain powers and duties of the housing finance review board; amending title 41, chapter 3, article 1, Arizona Revised Statutes, by adding section 41-503.01; amending title 9, chapter 11, article 2, Arizona Revised Statutes, by adding section 9-1174.01, and providing for delayed repeal.**

*Be it enacted by the Legislature of the State of Arizona:*

Section 1. Title 41, chapter 3, article 1, Arizona Revised Statutes, is amended by adding a new section 41-503.01, to read:

**§ 41-503.01. Additional powers and duties**

**A.** The office of economic planning and development is responsible for providing to qualified housing participants and political subdivisions of this state, advisory, consultative, planning, training and educational assistance for the development of housing for low and moderate income households on a statewide basis. The services may include:

1. Assistance to secure construction and mortgage financing from public and private sector sources.

2. Assistance to acquire mortgage financing from the sale of industrial development authority and municipal mortgage revenue bond issues.

3. Assistance for the acquisition and utilization of federal housing assistance programs pertinent to enhance the economic feasibility of a proposed residential development.

4. Assistance for the compliance of a proposed residential development with applicable federal, state and local codes and ordinances.

5. Preparation and publication of planning and development guidelines for the establishment and delivery of housing assistance programs.

**B.** The office of economic planning and development is the designated state public housing agency as defined in the United States Housing Act of 1937, 42 U.S.C.A. 1401 et seq., For the purpose of accepting federal housing assistance funds and is authorized to participate in the housing assistance payments program. Federal funds accepted shall be secured only from discretionary allocations established by the United States department of housing and urban development.

**C.** The office of economic planning and development shall not itself finance, construct, own, operate, manage or rehabilitate any housing units.

Sec. 2. Title 9, chapter 11, article 2, Arizona Revised Statutes, is amended by adding section 9-1174.01, to read:

**§ 9-1174.01. Housing finance review board; allocation of federal housing assistance funds**

The housing finance review board may:

1. Allocate federal funds to political subdivisions and qualified participants through the office of economic planning and development pursuant to § 41-503.01, subsection B based on the current housing conditions and needs in this state.

2. Promulgate rules and regulations to carry out the purposes of this section.

**Sec. 3. Intent regarding termination**

Notwithstanding the provisions of this act, the legislature intends that if the provisions of title 41, chapter 20, Arizona Revised Statutes, operate to terminate an agency, any provisions regarding powers, duties, functions or personnel added or amended by this act terminate on the date of termination of the particular agency.

**Sec. 4. Delayed repeal**

This act is repealed on September 1, 1985.

Approved by the Governor, April 23, 1980.

Filed with the Secretary of State, April 23, 1980.

APPENDIX II

SUMMARY OF OEPAD ACTIVITIES  
REGARDING INDUSTRIAL DEVELOPMENT  
FISCAL YEAR 1968-69 - CALENDAR YEAR 1979

## APPENDIX II

SUMMARY OF OEPAD ACTIVITIES REGARDING INDUSTRIAL  
DEVELOPMENT FISCAL YEAR 1968-69 - CALENDAR YEAR 1979\*

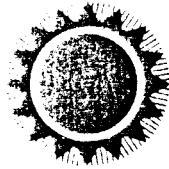
Activity	Time Period										
	Fiscal Year						Calendar Year				
	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1975	1976	1977	1978	1979
National advertising	x	x	x	x		x	x	x	x	x	x
Preparation of printed statistical and other materials	x	x	x	x	x	x	x	x	x	x	x
Preparation of video materials					x			x			
Identification and assistance to prospective investors to locate in State	x	x	x	x	x	x	x	x	x	x	x
Assistance to minority groups to develop new or expand existing industries		x	x	x	x	x	x				
Presentation of seminars, workshops and conferences	x	x	x	x	x	x					
Assistance in area development offices/efforts	x	x	x	x	x	x	x	x	x	x	x
Provision of staff education opportunities and advocating same			x				x				x
Promotion of vocational training	x	x									
Administration of special studies or grants for development		x	x				x				x

\* In the absence of adequate files of general correspondence and a consistent use and retention of monthly or quarterly management reports, the OEPAD annual reports, together with present and former employee interviews, were the only consistently available sources of information on OEPAD activities and claims of accomplishments from fiscal year 1968-69 through calendar year 1978. The 1979 activities were based on six months of management reports supplemented by OEPAD management statements on activities.



APPENDIX III

A STATEMENT  
ON ECONOMIC DEVELOPMENT BY THE ARIZONA ECONOMIC PLANNING  
AND DEVELOPMENT ADVISORY BOARD TO THE GOVERNOR OF ARIZONA



# A STATEMENT

... on Economic Development by the Arizona Economic Planning and Development Advisory Board to the Governor of Arizona.

The Arizona Economic Planning and Development Advisory Board issues this day a statement describing the consensus of the Board relative to maintaining a proper environmental-industrial balance in Arizona.

WHEREAS, unplanned growth and environmental concern were two of the factors that led to the creation of the Department of Economic Planning and Development by the Arizona Legislature in 1968; and

WHEREAS, the main mission of the Board is to advise the Governor in the coordination and implementation of an effective program of planning for orderly economic growth and development and for the preservation and improvement of all facets of Arizona's environment; and

WHEREAS, the Board recognizes that properly planned growth can maintain and improve the total environment by broadening the tax base so that governmental services such as education, health, welfare and environmental services and control can be adequately funded; and

WHEREAS, the Board recognizes a great imbalance exists in Arizona's economy between the metropolitan areas and the state's rural communities and that development opportunities must be made available to all areas to bring about the diversification of industry necessary to a healthy economy for all Arizonans; and

WHEREAS, the Board recognizes that Arizona cannot offer an attractive future to its youth unless additional jobs are made available; and without new industry payrolls and the expansion of existing industry, the state may suffer a loss of its young people and a decline of its rural communities; and

WHEREAS, the Board recognizes that any new industry or expansion of existing industry must meet the environmental standards set by existing law, as well as the requirements and environments of the communities involved; and

WHEREAS, the Board recognizes that the great natural beauty of Arizona, as well as its varied climates, clean air and unpolluted streams are in themselves a public resource of precious value; and because these environmental attributes are attractive to industry and appealing to tourists, they make an important contribution to the state's economy;

NOW, THEREFORE, BE IT RESOLVED that the Board, in carrying out its advisory responsibilities to the Governor, be concerned with the protection and enhancement of the state's environment, as well as the development of an adequate economic base;

BE IT FURTHER RESOLVED that, in recognizing the problems facing existing industries which are required to conform to certain environmental regulations, sufficient time be allowed to develop compliance methods which would be both technically and economically feasible;

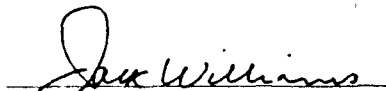
BE IT FURTHER RESOLVED that it is the sense of the Board that no new business or industry be solicited unless that industry is willing to utilize the most technically efficient and economically feasible pollution control methods, and meets the needs and requirements of the community;

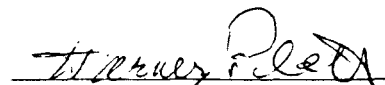
BE IT FURTHER RESOLVED that the desirability of a new industry be determined by weighing the economic benefits it will bring against its risks to the environment;

BE IT FURTHER RESOLVED that the state's development efforts be concentrated on the areas of the state where economic needs are more severe; and the benefits to these communities will be weighed more heavily, as will risks which involve more than temporary ecological damage;

BE IT FURTHER RESOLVED that special effort be made to encourage the location of business and industry in the less congested communities of the state to implement desirable growth of these areas which could result in halting environmental deterioration of congested areas through dispersion of the growth pattern;

BE IT FURTHER RESOLVED that through continuing studies, research and planning, the state's development efforts be directed to bring about growth by design, rather than by accident, in Arizona's communities, large and small: thereby enhancing the future of all its citizens.

  
JACK WILLIAMS, GOVERNOR

  
HARVEY PLATT, CHAIRMAN

  
ROBERT G. WORDEN, EXECUTIVE DIRECTOR

June 22, 1972

APPENDIX IV  
SURVEY RESULTS

74 Mailed  
54 Returned  
41 Responded  
13 Did not answer-  
Lack of dealings  
with OEPAD

OFFICE OF THE AUDITOR GENERAL

Survey of Cities and Towns  
for the Performance Audit of the  
Office of Economic Planning and Development (OEPAD)

Name of person completing survey: \_\_\_\_\_

Job Title: \_\_\_\_\_ City/Town: \_\_\_\_\_

Address: \_\_\_\_\_ Phone number: \_\_\_\_\_

\_\_\_\_\_

Questions in this area concern activities to promote Arizona as a viable location for new industry or expansion of existing industry. Included among these are promotion of the motion picture industry and trade with other countries.

In this area, a state planning and development agency may be responsible for such activities as :

- Identification of industrial prospects and provision of services to attract industry by:
  - contacting out-of-state industrial prospects
  - touring prospects around state
  - working with local area development groups (Chambers of Commerce, County development boards, banks and utilities)
  - holding receptions or conferences
- Conducting seminars and training workshops on industrial development, financing development, reverse investment, developing international trade
- Preparation and distribution of statistics and other data by city, county, town or region; publication of advertisements and brochures to promote Arizona

1. From the perspective of your city/town, has OEPAD been active in attracting industrial growth to your area? YES  14 NO  26  
Don't Know-1  
IF YOU ANSWERED NO, go to question 4  
IF YOU ANSWERED YES, what have these activities included? \_\_\_\_\_

---

2. Have these activities been useful to your city/town? YES  13 NO  0  
IF YOU ANSWERED YES, please explain \_\_\_\_\_

---

3. How would you rate OEPAD's performance in this area?  
4  Excellent  
10  Satisfactory  
0  Needs improvement  
0  Poor

4. Is there work or activity that needs to be performed in promoting industry other than what is currently done? YES  24 NO  12  
Don't Know-3  
IF YOU ANSWERED NO, go to question 6  
IF YOU ANSWERED YES, please specify \_\_\_\_\_

---

5. Should these activities be OEPAD's responsibility?  
YES  11 NO  4 DON'T KNOW  10  
IF YOU ANSWERED NO, please specify whose responsibility should it be and why? \_\_\_\_\_

---

6. Do other agencies/groups perform activities similar to those listed on p. 9? YES  19 NO  4 DON'T KNOW  16  
IF YOU ANSWERED NO OR DON'T KNOW, go to question 7  
IF YOU ANSWERED YES, please specify \_\_\_\_\_

---

Is there any resulting overlap, duplication or need for improved coordination? YES  3 NO  9 DON'T KNOW  2

7. Questions that follow concern specific efforts by OEPAD to assist your community:

A. Has OEPAD prepared a Community Profile for your community?  
 YES  29 NO  9 Don't Know - 1

IF YOU ANSWERED NO, go to question 8  
 IF YOU ANSWERED YES, how would you rate the Profiles usefulness:

- 13  1. Excellent-timely, accurate, appropriate data to promote community
- 12  2. Satisfactory
- 4  3. Needs improvement - data not timely or not accurate or not appropriate
- 0  4. Unusable - inaccurate, untimely, and inappropriate to promote community

IF YOU ANSWERED 3 or 4, please explain nature of any deficiencies \_\_\_\_\_

What is the cause for these deficiencies? \_\_\_\_\_

B. Does any other governmental unit, community group or association publish and distribute documents similar to Profiles? YES  7 NO  8 DON'T KNOW  15

IF YOU ANSWERED NO OR DON'T KNOW, go to question 8  
 IF YOU ANSWERED YES, please specify the source of the publications \_\_\_\_\_

Does this render Profiles duplicative and nonessential?  
 YES  0 NO  7

8. Concerning requests you made to OEPAD for industrial development assistance in the past five years:

What assistance did you request? What assistance did you receive?

Direct staff assistance on attracting industry .....	10 <input type="checkbox"/>	.....	9 <input type="checkbox"/>
Seminars or workshops on:			
Overall industrial development .....	5 <input type="checkbox"/>	.....	5 <input type="checkbox"/>
International trade .....	0 <input type="checkbox"/>	.....	0 <input type="checkbox"/>
Motion picture promotion .....	1 <input type="checkbox"/>	.....	1 <input type="checkbox"/>
Publication(s) to promote your community .....	14 <input type="checkbox"/>	.....	12 <input type="checkbox"/>
Other (specify) _____ .....	7 <input type="checkbox"/>	.....	7 <input type="checkbox"/>
NONE .....	18 <input type="checkbox"/>		

9. Was any request for assistance denied? YES  1 NO  37

IF YOU ANSWERED YES, what was the reason? \_\_\_\_\_

---

10. Does your community consider itself knowledgeable and aware of the range of industrial promotion services OEPAD can offer?  
YES  19 NO  21

IF YOU ANSWERED NO, why is this? \_\_\_\_\_

---

Please return the completed questionnaire in the enclosed, self-addressed envelope to:

Office of the Auditor General  
112 North Central Avenue, Suite 600  
Phoenix, AZ 85004

ATT: Ms. Coni Good

Thank you for your assistance.

OFFICE OF THE AUDITOR GENERAL

Survey of Chambers of Commerce  
for the Performance Audit of the  
Office of Economic Planning and Development (OEPAD)

SURVEY RESULTS

51 Mailed  
32 Returned  
29 Responded

3 Did not  
answer due  
to lack of  
dealings with  
OEPAD

Name of person completing survey: \_\_\_\_\_  
Title: \_\_\_\_\_ Chamber of Commerce for: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone number: \_\_\_\_\_  
\_\_\_\_\_

Questions in this area concern activities to promote Arizona as a viable location for new industry or expansion of existing industry. Included among these is promotion of the motion picture industry and trade with other countries.

In this area, a state planning and development agency may be responsible for such activities as:

- Identification of industrial prospects and provision of services to attract industry by:
  - contacting out-of-state industrial prospects
  - touring prospects around state
  - working with local area development groups  
Chamber of Commerce, County development boards, banks and utilities
  - holding receptions or conferences
- Conducting seminars and training workshops on industrial development, financing development, reverse investment, developing international trade
- Preparation and distribution of statistics and other data by city, county, town or region; publication of advertisements and brochures to promote Arizona

1. From the perspective of your Chamber of Commerce, has OEPAD been active in attracting industrial growth to your area? YES  8 NO  20 Don't Know-1

IF YOU ANSWERED NO, go to question 4  
IF YOU ANSWERED YES, what have these activities included? \_\_\_\_\_  
\_\_\_\_\_

2. Have these activities been useful to your Chamber of Commerce? YES  8 NO  0

IF YOU ANSWERED YES, please specify \_\_\_\_\_  
\_\_\_\_\_

3. How would you rate OEPAD's performance in this area?

- 3  Excellent
- 4  Satisfactory
- 2  Needs improvement
- 0  Poor

4. Is there work or activity that needs to be performed in promoting industry other than what is currently done? YES  17 NO  10  
Don't Know--1

IF YOU ANSWERED NO, go to question 6

IF YOU ANSWERED YES, please specify \_\_\_\_\_

5. Should these activities be OEPAD's responsibility?  
YES  7 NO  3 DON'T KNOW  7

IF YOU ANSWERED NO, please specify whose responsibility should it be and why? \_\_\_\_\_

6. Do other groups/agencies perform activities similar to those listed on p. 5? YES  16 NO  5 DON'T KNOW  8

IF YOU ANSWERED NO OR DON'T KNOW, go to question 7

IF YOU ANSWERED YES, please specify \_\_\_\_\_

Is there any resulting overlap, duplication or need for improved coordination? YES  11 NO  1 DON'T KNOW  4

7. Questions that follow concern specific efforts by OEPAD to assist your Chamber of Commerce:

A. Has OEPAD prepared a Community Profile for your community?  
YES  27 NO  3

IF YOU ANSWERED NO, go to question 8

IF YOU ANSWERED YES, how would you rate the Profile's usefulness:

- 16  1. Excellent - timely, accurate, appropriate data to promote community
- 7  2. Satisfactory
- 3  3. Needs improvement - data not timely not accurate or not appropriate
- 0  4. Unusable - inaccurate, untimely and inappropriate to promote community

IF YOU ANSWERED 3 or 4, please explain nature of any deficiencies \_\_\_\_\_

What is the cause for these deficiencies? \_\_\_\_\_



B. Does any other governmental unit, community group or association publish and distribute documents similar to Profiles? YES  6 NO  15 DON'T KNOW  5

IF YOU ANSWERED NO OR DON'T KNOW, go to question 8  
IF YOU ANSWERED YES, please specify the source of the publication \_\_\_\_\_

Does this render Profiles duplicative and nonessential?  
YES  0 NO  6

8. Concerning requests you made to OEPAD for assistance in the past five years:

What assistance did you request? What assistance did you receive?

Direct staff assistance on attracting industry .....	<input checked="" type="checkbox"/> 8	.....	<input checked="" type="checkbox"/> 7
Seminars or workshops on:			
Overall industrial development .....	<input checked="" type="checkbox"/> 8	.....	<input checked="" type="checkbox"/> 7
International trade .....	<input checked="" type="checkbox"/> 1	.....	<input checked="" type="checkbox"/> 1
Motion picture promotion .....	<input checked="" type="checkbox"/> 5	.....	<input checked="" type="checkbox"/> 3
Publications to promote your community .....	<input type="checkbox"/> 21	.....	<input type="checkbox"/> 20
Other (specify) _____ .....	<input type="checkbox"/> 7	.....	<input type="checkbox"/> 5
None .....	<input type="checkbox"/> 1	.....	

9. Was any request for assistance denied? YES  3 NO  26

IF YOU ANSWERED YES, what was the reason? \_\_\_\_\_

10. Does your Chamber of Commerce consider itself knowledgeable and aware of the range of services OEPAD can offer? YES  12 NO  17

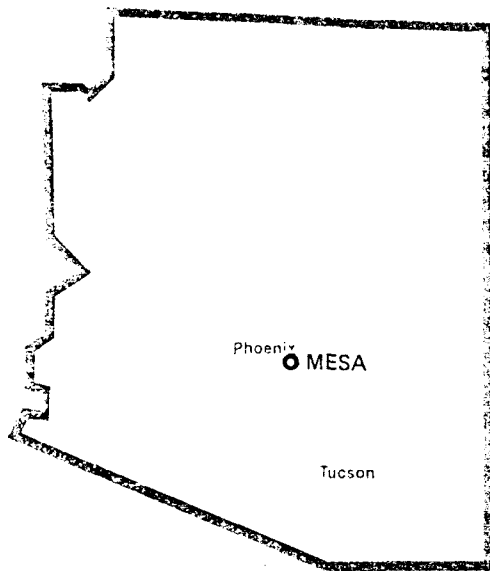
IF YOU ANSWERED NO, why is this? \_\_\_\_\_

Please return the completed questionnaire in the enclosed, self-addressed envelope to:

Office of the Auditor General  
112 North Central Avenue, Suite 600  
Phoenix, AZ 85004

ATT: Ms. Coni Good

Thank you for your assistance



# Mesa,

## Arizona Community Profile

### INTRODUCTION

Mesa (Spanish: (may-suh) table or flat tableland) is in the eastern portion of Maricopa County 16 miles from the capital city, Phoenix. It is situated on four U.S. Highways - 60, 70, 80 and 89 and Arizona Highways 87 and 93. Mesa is the third largest city in the state and is located in the area commonly called Valley of the Sun. Mesa was founded in 1878 by Mormons from Bear Lake County, Idaho and Salt Lake County, Utah. The city, at the elevation of 1,273 feet, was incorporated in 1883.

### WEATHER

Month	Average Temperature (°F)		Average Heating Degree Days	Total Precipitation (Inches)
	Daily Max.	Daily Min.		
January	64.9	35.6	429	0.84
February	69.3	38.5	306	0.60
March	73.6	42.9	199	0.77
April	83.0	49.5	63	0.34
May	92.1	56.8	8	0.14
June	100.8	64.4	0	0.09
July	104.3	74.1	0	0.82
August	101.8	72.9	0	1.20
September	98.5	65.9	0	0.76
October	88.3	54.4	19	0.53
November	75.4	42.7	171	0.50
December	<u>66.9</u>	<u>36.8</u>	<u>377</u>	<u>0.93</u>
Year	84.9	52.9	1,572	7.52

Average Total Snow, Sleet and Hail Annually: Trace

### PRINCIPAL MESA ECONOMIC ACTIVITIES

Mesa, Arizona's third largest city, has a well developed diversified economic base. It is primarily a manufacturing city with seven of Fortune Magazine's top 500 manufacturers located there. These include a wide diversity of electronics, clothing, food processing, automotive testing, propulsion equipment, and heavy machinery firms. In addition, over 100 smaller firms offer supportive roles in this manufacturing economy. Mesa is also the retail center for east Maricopa County with a regional mall and several large shopping centers as well as a well-planned central city area. Medical facilities in the City of Mesa offer complete medical service to all of eastern Maricopa County.

Mesa is central to transportation facilities covering the state and the nation, and is served by the main line of the Southern Pacific Railroad, over 25 interstate truck lines, and Sky Harbor International Airport - 20 minutes driving time by a modern freeway system. Its own Falcon Field offers aviation facilities to aviation-oriented industries as well as service to industrial and commercial development. The City of Mesa operates its own utilities, including electric, gas, water and sanitation to serve the majority of the city. Salt River Project serves the remainder.

### POPULATION

	1970	1978	1970-1978
			Annual Compounded Percentage Change
Mesa	66,130	130,000	+8.8%
Maricopa County	968,487	1,415,000	+4.8
Arizona	1,775,399	2,547,000	+4.6

The Mesa City Planning Department estimates the July, 1979 population at 152,800.

Source: Arizona Department of Economic Security  
U.S. Bureau of Census

### MARICOPA COUNTY EMPLOYMENT STRUCTURE 1978

	Percent of Total
Agriculture	1.8%
Mining	0.04
Construction	7.8
Manufacturing	16.5
Transportation, Communications & Public Utilities	4.8
Wholesale Trade	6.4
Retail Trade	19.3
Finance, Insurance & Real Estate Services	6.8
Public Administration	19.4
	17.2

### MESA LABOR FORCE DATA

	1970	1978
Civilian Labor Force Employed	23,920	37,816
Unemployed	22,977	35,883
Unemployment Rate	943	1,933
	3.9%	5.1%

### ECONOMIC INDICATORS

	1976	1977	1978
Postal Receipts	3,466,217	4,049,799	5,257,633
Building Permits	4,697	7,907	8,803
School Enrollment (ADM)	28,432	29,892	31,495
Net Assessed Valuation (\$)	170,915,430	191,361,884	220,482,666

### PROPERTY TAX RATES PER \$100 ASSESSED VALUATION

	1976	1977	1978
Unified School District	6.14	6.47	6.75
Community College	.71	.76	.84
State	1.60	1.60	1.10
County	2.70	2.67	2.30
Central Arizona Water Conservation District	.03	.03	.03
Flood Control District of Maricopa County	.20	.20	.20
City of Mesa*	-0-	-0-	-0-
Total	11.38	11.73	11.22

\*The city of Mesa does not levy an ad valorem or real estate tax.

## FINANCE

Arizona Bank:	8 offices
Continental Bank:	1 office
Copper State Bank:	1 office
First National Bank of Arizona:	8 offices
Mission Bank:	1 office
United Bank of Arizona:	6 offices
Valley National Bank:	12 offices
First Federal Savings and Loan:	4 offices
Greater Arizona Savings & Loan:	1 office
Home Federal Savings & Loan:	2 offices
Southwest Savings & Loan:	3 offices
Western Savings & Loan:	4 offices

## TRANSPORTATION

Highways:	I-10, U.S. 60, 70, 80; Arizona 87, 93, 360
Railroads:	Southern Pacific, Santa Fe
Bus:	Sun Valley Bus Lines, Safeway Suburban Stages, Phoenix Transit System (municipal); Greyhound, Continental Trailways (interstate)
Truck:	Numerous available for both intrastate and interstate
Airports:	Falcon Field (municipal), Control tower, repair & hangar space available, paved, lighted 4,300-ft. runway; Sky Harbor Int'l. Airport in Phoenix, 12 miles west, with 9 domestic and int'l. airlines.

## COMMUNICATIONS

Newspapers:	Weekly: Mesa Weekly, Today (Phoenix)
	Daily: Mesa Tribune, Arizona Republic (Phoenix), Phoenix Gazette
Radio:	18 AM and 9 FM stations
Television:	5 channels

## UTILITIES

Electric:	Municipal, Salt River Project
Natural Gas:	Municipal
Telephone:	Mountain Bell
Water:	Municipal
Sewer:	Municipal

## MEDICAL FACILITIES

Hospitals:	3 (664 beds)
Convalescent Homes:	4 (549 beds)
Physicians:	186
Dentists:	80
Osteopaths:	40
Chiropractors:	39

## GOVERNMENT SERVICES

Local Government:	Mayor, city manager, 6 councilmen
Police Department:	215 officers, 80 civilians
County Sheriff's Office:	30 deputies
Fire Department:	8 stations, chief, 140 firemen, 15 paramedics, 5 community emergency vehicles (24-hour pick-up service)

## CHURCHES

Mesa is the site of the Arizona Temple of the Church of Jesus Christ of Latter Day Saints. In addition to the Latter Day Saints (Mormon), other denominations represented are:

Baptist	Jewish
Catholic	Lutheran
Church of God	Methodist
Episcopalian	Nazarene
Jehovah's Witness	Presbyterian

## EDUCATIONAL FACILITIES

	No.	Faculty	Enrolled
Public Elementary	32	864	17,947
Public Junior High	7	394	7,306
Public High School	4	372	7,961
Community College	1	187	12,000
Special Schools	3	30	284

Mesa Community College, a state accredited two-year institution, offers courses in 35 areas and many special programs. Arizona State University, a four-year institution, is located in Tempe, 6 miles west.

## COMMUNITY FACILITIES

Museums:	2	Basketball Courts:	101
Library:	1	Racketball Courts:	40
Theaters:	2	Golf Courses:	15
Parks:	32	Pools:	9
Tennis Courts:	76 (all lighted)		

The Mesa Fine Arts Association sponsors the Sun Valley Orchestra and other cultural activities in the city, including the Tri-City Band. The Mesa Little Theatre produces top quality plays throughout the year, and the Mesa Musical Theatre puts on a musical production each summer. The Centennial Center is the site for many civic and cultural activities with its seating capacity of 1,800 while its amphitheater seats 3,800. In addition, Mesa offers an Activities Center and Art Barn where arts and crafts programs are held throughout the year.

Few persons can enjoy as many cultural opportunities as are available to Mesa residents. Because of the ideal location in the Valley of the Sun, Mesans are within easy driving distance of numerous high-level dramatic, dance and musical productions in Phoenix, as well as concerts by the Phoenix Symphony Orchestra. Arizona State University also offers many outstanding programs in music, drama and other fields which are open to the public.

## SCENIC ATTRACTIONS

Within an hour's drive are five large mountain lakes which offer power boating, sailing, water skiing and swimming. Arizona's well known national forests offer weekend recreation as well as hunting for deer, elk, javalina, bear, turkey and other game birds during season. There are many trout streams and lakes nearby, and deep sea fishing in the Gulf of Mexico, some 200 miles to the southwest. Winter sports are readily accessible in northern Arizona.

Mesa is the winter home of the Chicago Cubs and the Taiyo Whales, Yokohama, Japan, while other major teams have spring training camps in the immediate area.

## LODGING AND MEETING FACILITIES

Motels:	55
Meeting Facilities:	Numerous, largest seating 1,800

## INDUSTRIAL PROPERTIES AVAILABLE

Industrial Parks:	7 - various sizes available for light and heavy industry. Lease cost varies, and buildings and other facilities are available and/or negotiable. Contact the Mesa Chamber of Commerce.
-------------------	--

For further information, contact:

Mesa Chamber of Commerce P.O. Drawer C Mesa, Arizona 85201 (602) 969-1307	City of Mesa 55 North Center St. Mesa, Arizona 85201 (602) 834-2395
--	--

Survey of Industrial Developers  
for the Performance Audit of the  
Office of Economic Planning and Development

1. Please check the THREE most influential factors generating economic growth and development in Arizona, both historically and those you believe will be influential in the future.

Survey Results

128 Mailed

83 Returned

73 Responding to survey

10 Responded "not involved in industrial development"

What have been the three most influential factors historically?

What will be the three most influential factors in the 1980s? \*

Availability of sufficient trained labor.....	<input type="checkbox"/> 24	.....	<input type="checkbox"/> 21
Proximity to markets.....	<input type="checkbox"/> 8	.....	<input type="checkbox"/> 15
Proximity to raw materials.....	<input type="checkbox"/> 2	.....	<input type="checkbox"/> 2
Climate/desirability of life style.....	<input type="checkbox"/> 60	.....	<input type="checkbox"/> 49
Promotion of the state by government agencies and/or private developers.....	<input type="checkbox"/> 10	.....	<input type="checkbox"/> 16
"Right to work" state.....	<input type="checkbox"/> 48	.....	<input type="checkbox"/> 40
Political climate.....	<input type="checkbox"/> 16	.....	<input type="checkbox"/> 21
Arizona is within growing region of the U.S. ....	<input type="checkbox"/> 34	.....	<input type="checkbox"/> 30
Tax structure of the state.....	<input type="checkbox"/> 10	.....	<input type="checkbox"/> 12
Others: specify <u>various</u> .....	<input type="checkbox"/> 3	.....	<input type="checkbox"/> 7
specify <u>no answer</u> .....	<input type="checkbox"/> 4	.....	<input type="checkbox"/> 7
specify _____.....	<input type="checkbox"/>	.....	<input type="checkbox"/>

2. Please check the THREE most influential factors inhibiting economic growth and development in Arizona, both historically and those you believe will be inhibiting in the future.

What have been the three most inhibiting factors historically? \*

What will be the three most inhibiting factors in the 1980s?

Lack of sufficient, trained labor.....	<input type="checkbox"/> 20	.....	<input type="checkbox"/> 14
Distance to markets.....	<input type="checkbox"/> 26	.....	<input type="checkbox"/> 12
Distance from raw materials.....	<input type="checkbox"/> 16	.....	<input type="checkbox"/> 7
Lack of sufficient transportation modes..	<input type="checkbox"/> 30	.....	<input type="checkbox"/> 21
Limited water supply.....	<input type="checkbox"/> 14	.....	<input type="checkbox"/> 32
Growing "urbanization" problems of metropolitan areas.....	<input type="checkbox"/> 10	.....	<input type="checkbox"/> 26
Insufficient promotion of the state.....	<input type="checkbox"/> 22	.....	<input type="checkbox"/> 15
Limited energy supply.....	<input type="checkbox"/> 8	.....	<input type="checkbox"/> 16
Tax structure of state.....	<input type="checkbox"/> 16	.....	<input type="checkbox"/> 25
Lack of available financing.....	<input type="checkbox"/> 17	.....	<input type="checkbox"/> 17
Political climate.....	<input type="checkbox"/> 7	.....	<input type="checkbox"/> 7
Sparsely populated Western states.....	<input type="checkbox"/> 11	.....	<input type="checkbox"/> 4
Others: specify <u>various</u> .....	<input type="checkbox"/> 10	.....	<input type="checkbox"/> 14
specify <u>no answer</u> .....	<input type="checkbox"/> 13	.....	<input type="checkbox"/> 9
specify _____.....	<input type="checkbox"/>	.....	<input type="checkbox"/>

\* One respondent checked four responses.

3. Please check the relative importance of the following factors when a developer or industrialist is considering a specific Arizona community as an industrial location.

	No Ans.	Very Important	Moderate Importance	Little Importance	No Importance
Trained labor force.....	1	<input type="checkbox"/> 46	<input type="checkbox"/> 25	<input type="checkbox"/> 1	<input type="checkbox"/> 0
Proximity to markets.....	1	<input type="checkbox"/> 17	<input type="checkbox"/> 51	<input type="checkbox"/> 4	<input type="checkbox"/> 0
Proximity to raw materials.....	2	<input type="checkbox"/> 8	<input type="checkbox"/> 47	<input type="checkbox"/> 15	<input type="checkbox"/> 1
Community attitude towards industry.....	1	<input type="checkbox"/> 61	<input type="checkbox"/> 10	<input type="checkbox"/> 1	<input type="checkbox"/> 0
Local political climate.....	0	<input type="checkbox"/> 47	<input type="checkbox"/> 24	<input type="checkbox"/> 2	<input type="checkbox"/> 0
Local tax structure.....	1	<input type="checkbox"/> 44	<input type="checkbox"/> 23	<input type="checkbox"/> 5	<input type="checkbox"/> 0
Distance from metropolitan area.....	3	<input type="checkbox"/> 10	<input type="checkbox"/> 50	<input type="checkbox"/> 9	<input type="checkbox"/> 1
Promotion of the community as an industrial location.....	0	<input type="checkbox"/> 19	<input type="checkbox"/> 39	<input type="checkbox"/> 14	<input type="checkbox"/> 1
Recreational opportunities.....	0	<input type="checkbox"/> 12	<input type="checkbox"/> 44	<input type="checkbox"/> 17	<input type="checkbox"/> 0
Availability of training or educational facilities.....	1	<input type="checkbox"/> 37	<input type="checkbox"/> 32	<input type="checkbox"/> 3	<input type="checkbox"/> 0
Historic employer-employee relationships.....	1	<input type="checkbox"/> 25	<input type="checkbox"/> 37	<input type="checkbox"/> 10	<input type="checkbox"/> 0
Others: specify <u>various</u> .....		<input type="checkbox"/> 19	<input type="checkbox"/> 3	<input type="checkbox"/> 0	<input type="checkbox"/> 0
specify _____.....		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
specify _____.....		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Please check the THREE most important activities a state government agency could perform to encourage economic industrial growth and development in Arizona.

- 28  Conduct seminars and training workshops for local community officials on attracting industrial development, financing development and promoting their community.
- 36  Publize the state and its communities in national magazines or other media.
- 26  Contact and/or assist prospective investors new to Arizona by personally showing them industrial opportunities and sites within the state.
- 36  Provide information in answer to inquiries or for use by banks, industrial developers or others regarding prospective markets, sites and labor available for development.
- 30  Provide loan funds, industrial aid bonding or loan guarantees for financing development by industrialists who cannot obtain or qualify for other sources of financing.
- 32  Coordinate contacts by prospective investors and forward requests and prospects to private sector.
- 17  Work with local firms to assist in expansion of their operations.
- 9  Other: specify various

---

- 5  Other: specify No answer

---

- Other: specify \_\_\_\_\_

---

5. In your opinion, which statement most correctly expresses the importance and value of the three activities you checked in question 4.
- 0  The absence of these three activities by a state agency would have no detrimental effect on the economic growth and development of Arizona or the communities within it.
- 17  The absence of these three activities by a state agency would have some detrimental effect but not a significant level on the economic growth and development of the state.
- 37  The absence of these three activities by a state agency would have a significant detrimental effect on the economic growth and development of the state.
- 16  The absence of these three activities by a state agency would have a very substantial detrimental effect on the economic growth and development of the state.
- 3 No answer.
6. In your opinion, to obtain the greatest amount of economic growth for the effort expended, a state agency would best employ its resources in: (check only one)
- 50  Attracting new industry from out-of-state
- 13  Assisting local firms or operations to expand
- 1  Don't know
- 5 Both 1 & 2 above; 1 gone out of business
- 3 No answer.
7. How would you describe your company's extent of working involvement with the OEPAD (Office of Economic Planning and Development) industrial development staff? (check only one)
- 13  No working involvement
- 38  Infrequent working involvement
- 12  Considerable working involvement
- 7  Constant working involvement
- 3 No answer
8. How would you describe the proportion of efforts to promote and encourage industrial development in Arizona? (check only one)
- 1  Activities by OEPAD staff represent the vast majority of promotional and industrial development efforts for the state.
- 3  Activities by OEPAD staff represent the majority of promotional and industrial development efforts in the state.
- 25  Activities by OEPAD staff and private developers are approximately equal in promoting the industrial development of the state.
- 25  Activities by private developers represent the majority of promotional and industrial efforts in the state.
- 8  Activities by private developers represent the vast majority of promotional and industrial efforts in the state.
- 8  Don't know
- 3 No answer.

9. To your knowledge, does Arizona have any significant policies, guidelines or laws concerning growth and development of the state?

YES  26

NO  20

DON'T KNOW  24

3-No answer

If you marked YES, what are these guidelines? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. What is your opinion regarding the value of guidelines for growth and development of the state? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please return the completed questionnaire in the enclosed, self-addressed envelope to:

Office of the Auditor General  
112 North Central Avenue, Suite 600  
Phoenix, AZ 85004

Attn: Ms. Coni Good

Thank you for your assistance.

Name of person completing questionnaire: \_\_\_\_\_

Name of firm: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone number: \_\_\_\_\_

APPENDIX VIII

LETTERS FROM ARIZONA ECONOMIC DEVELOPMENT COUNCIL  
MEMBERS SOLICITED BY OEPAD EXECUTIVE DIRECTOR





## UNITED BANK OF ARIZONA

E. V. GUSTADAR  
Senior Vice President  
Corporate Banking  
1450 North Central

P. O. Box 2908  
Phoenix, Arizona 85062  
(602) 248-2126

March 27, 1980

Mr. Lawrence D. Landry  
Executive Director  
Office of Economic Planning & Development  
Executive Tower Room 505  
1700 West Washington  
Phoenix, AZ. 85007

Dear Larry:

In answer to your letter of March 21, 1980, please be advised that I do consider the OEPAD industrial development team to be extremely helpful in the industrial development efforts here in the State of Arizona. The statistical and informational materials which come out of the office are excellent as selling tools to industries considering new sites and relocations.

I believe that the department's personal development efforts definitely do have an effect on new business considerations. The very fact that the office is tied so closely with the Arizona government and, in particular, the Governor, lends a high degree of credibility when new companies inquire. Certainly I believe that these companies prefer absolute privacy and can obtain that type of confidential entry through OEPAD.

I feel that if OEPAD were to discontinue its current workings, new businesses investigating relocation possibilities would be very disappointed in not having this type of government agency with which to work. Elimination of the department would create a negative trade-off on the positive business political environment which we are trying to create when bringing new business and industrial development into the state. There would be, obviously, a much heavier burden on the private business development sector, but that's not really the point -- the point is that the credibility of the state is really on the line and companies relocating want to be assured that the political climate of the state is favorable.

RECEIVED

MAR 31 1980

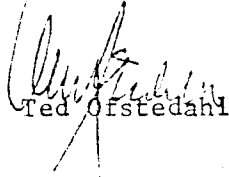
GOVERNMENT OFFICE

Mr. Lawrence D. Landry  
Page Two

March 27, 1980

I trust that there would be no serious consideration toward discontinuing OEPAD's present activities.

Sincerely,



Ted Ofstedahl

TAO:an

# Salt River Project

WATER  POWER

*Bill Voigt*

BOX 1980 PHOENIX, ARIZONA 85001

TELEPHONE 273-5900

March 25, 1980

Office of the Auditor General  
112 N. Central Avenue  
Suite 600  
Phoenix, AZ 85004

ATTENTION: Douglas R. Norton  
Auditor General

Dear Mr. Norton:

Enclosed you will find a statement that is supportive of the activities of the Governor's Office of Economic Planning and Development. The membership at the March meeting of the Arizona Economic Development Council decided that this statement was necessary because of the following.

Several members of AEDC were sent your questionnaire concerning OEPAD and still others were interviewed. Prior to our March meeting, we invited a representative of your office to attend our meeting so that we might have an interchange and communication session concerning the private sector's view of OEPAD. Unfortunately, your representative declined this invitation.

The members of AEDC representing the private sector feel very strongly and supportive toward the continuation of OEPAD. We felt that such a statement of support was necessary and pertinent at this time.

Sincerely,

*Larry Evans*

Larry Evans  
AEDC President

LE/1s  
Enclosure

CC: AEDC Members

## STATEMENT

At a regularly scheduled meeting of the Arizona Economic Development Council held on March 13, 1980, it was the unanimous consensus of all members present that the Arizona Economic Development Council is supportive of the activities of the Governor's office for Economic Planning and Development.

The Arizona Economic Development Council has worked closely with the Executive Directors and individual members of OEPAD in a spirit of mutual cooperation in order to bring diversity and strength to Arizona's economy and economic health to our citizens.

The Arizona Economic Development Council believes that an office or department like OEPAD is vital and necessary to the continued growth and economic well-being of the State of Arizona. Such a state agency is expected to be found in states which are receptive to economic growth. Firms find confidence in working with one coordinating body and when that body is a well-supported governmental unit, such as OEPAD, the firm has the "feeling" that the state is serious about bringing jobs and incomes to the area. The existence and usefulness of a state economic development agency not only implies but can nurture and intensify cooperation between the public and private sectors for the betterment of all citizens.

The Arizona Economic Development Council supports OEPAD and feels that the continuance of this operation through adequate budgeting for personnel, advertising, printing and out-of-town travel is necessary in order to compete with the agencies of other states which are in direct competition with Arizona for continued new jobs and economic health.

The Arizona Economic Development Council recommends the continuance of OEPAD as a necessary function for the State of Arizona. Business firms locate facilities in states where they are wanted. An active, efficient state economic development agency is one of the clearest signs of a cooperative environment for economic growth.

Dated this 25th day of March 1980

By Larry Evans  
Larry Evans, Chairman  
Arizona Economic  
Development Council



# Valley National Bank of Arizona

HEADQUARTERS: PHOENIX, ARIZONA

J. ROBERT WHITE  
VICE PRESIDENT  
SPL. ASST TO VICE CHAIRMAN & PRES.

March 26, 1980

P. O. BOX 71  
PHOENIX, ARIZONA 85001

Mr. Larry Landry, Executive Director  
Office Of Economic Planning and Development  
Executive Tower Room 505  
1700 West Washington  
Phoenix, Arizona 85007

Dear Larry:

I am pleased to make comment relative to performance in the Office of Economic Planning and Development.

OEPAD is a vitally important part of the industrial development team within the state of Arizona. Without the team work of specifically responsible organizations from both the public and private sectors, any efforts to enhance the state's competitiveness among other competing states in economic development would suffer and could in no way be fully effective.

Since its beginning, originally as DEPAD, this state agency has made noteworthy contributions to the state's successful experience in economic development.

Particularly within recent months, the efforts of professionals from both OEPAD and the private sector have increased the coordination of their activities in developing and executing programs as well as in specific activities in behalf of corporate site locators. This enhancement of the professional resources and efforts within the state is absolutely necessary to successfully bring economic benefits to the state and its citizens through payroll and job development. Such coordination certainly reduces redundancies and wastes and provides for the best possible approach.

There is no question that our state would suffer intolerably should it discontinue or reduce its effort as part of the necessary team play required for a coordinated effort of the private and public sectors to achieve common goals. There was a time in the history of our state when the public sector had no agency with this specific responsibility and that history shows that government, too, must be a part of the "team" - in areas other than regulation.

Sincerely,

*Bob*

er

*Bill*

# Salt River Project

WATER ◀ POWER

BOX 1980 PHOENIX, ARIZONA 85001

TELEPHONE 273-5900

March 25, 1980

RECEIVED

MAR 27 1980

GOVERNOR'S OFFICE

Mr. Larry Landry  
Office of Economic  
Planning and Development  
Executive Tower Room 505  
1700 West Washington  
Phoenix, AZ 85007

Dear Larry:

This letter is in response to your request for comments on the effectiveness of OEPAD in industrial development. The answer to your first three questions is yes.

Salt River Project has worked with the Governor's Office of Economic Planning and Development for many years. We have watched this office evolve into a highly sophisticated industrial development team. This team is an integral part of the industrial development community. OEPAD is the authoritative, one-stop contact where an industrial prospect can obtain objective information on the whole state. When a new industrial prospect is brought in, your office determines the prospect's needs and then coordinates with the local community leaders, including the private sector in the economic development field, to ensure that the prospect's needs are met.

In our opinion, any reduction in OEPAD's current activities would greatly damage the state's overall economic development. There is no other agency acting as a central contact for the entire state. The loss of OEPAD would fragment the state's economic development activities.

State agencies are traditionally thought of first by site locators and decision makers making plant investment decisions. So, the answer to your fourth question would be that a reduction or elimination of OEPAD would have a severe impact in Arizona's industrial development.

I think, in summation, my thoughts parallel the AEDC statement which I had a hand in drafting. If I personally, or if AEDC can be of further help, please do not hesitate to ask for our assistance.

Sincerely,

*Larry Evans*

Larry Evans, Supervisor  
Industrial Customer Division

RET

FIRST NATIONAL BANK OF ARIZONA

WILLIAM E. SCHULMEYER  
VICE PRESIDENT AND  
ECONOMIC AND INDUSTRIAL  
DEVELOPMENT COORDINATOR

RECEIVED

MAR 27 1980

March 26, 1980

GOVERNOR'S OFFICE

Mr. Lawrence D. Landry  
Executive Director  
Office of Economic  
Planning & Development  
Executive Tower Room 505  
1700 West Washington  
Phoenix, AZ 85007

Dear Larry:

In response to your letter of March 21, relating to the study made by the Auditor General's Office, here are my comments:

1. Yes. It is essential that the State of Arizona take a leadership role in developing its economy. OEPAD is the vehicle to accomplish these objectives in the overall process. It is a major recipient of initial leads and provides major input in this process of attracting industry to Arizona. Also, it provides feedback to the Governor and related agencies as to "pulsebeat" so that continuity in effort will develop maximum thrust in these overall efforts.
2. Yes. With its expertise it provides training and educational programs, particularly in those outlying areas in the State who do not have the professionalism to deal with economic development. OEPAD is the source of pertinent information, acts as a clearing house and keeps updated on all public and private programs that affect economic development. Also, personally, it provides me with essential demographic and economic information.
3. Yes. In the past OEPAD has beefed up its efforts in interfacing and assisting in developing constructive programs. In its leadership role it is the State's responsibility to develop a cohesive program creating new jobs that will benefit the State. OEPAD is a vehicle to give positive direction in these efforts.

Mr. Lawrence D. Landry  
March 26, 1980  
Page 2

4. With the discontinuance of this agency, the overall thrust would be destroyed. Competition is keen in the sun belt states. It is inevitable that changes will take place and it can only take place effectively with the cooperation of the public and private sectors. OEPAD is the common denominator to weld the public and private sectors into an effective team to accomplish the overall objectives of economic development.

One last comment, if OEPAD is inadequately financed to develop a strong economic program, it will become ineffective. We must remember that it takes an overall joint effort of the public and private sectors - not individually - to maintain a strong program.

If you have any further questions, I will be happy to do my best to answer them.

Sincerely,

*Bill*

WES/cs





**The Atchison, Topeka and Santa Fe Railway Company**

*A Santa Fe Industries Company*

214 First St. S.W., Albuquerque, New Mexico 87102, Telephone 505 247-0741

*Bill*

March 25, 1980

File: 2-12

RECEIVED  
MAR 27 1980

GOVERNOR'S OFFICE

Mr. Lawrence D. Landry  
Executive Director  
Office of Economic Planning  
and Development  
State of Arizona  
Executive Tower - Room 505  
1700 West Washington Street  
Phoenix, Arizona 85007

Dear Larry:

This has reference to your letter to me dated March 21 requesting comments on four questions relative OEPAD.

Following are my comments to your questions:

1. I believe the OEPAD industrial development team does very much help in the industrial development efforts of the State of Arizona. Generally, I believe the bulk of the inquiries or prospects make their initial contact with OEPAD rather than a private concern or individual.
2. I can honestly say that in my experience in industrial development OEPAD's efforts have had an impact. As an example, I can cite to you the Tucker-Cosco location in Kingman, Arizona. From what I know OEPAD did play an important part in assisting Tucker-Cosco, which resulted in a favorable decision to locate at Kingman.
3. I feel that perhaps two and three years ago OEPAD did not do the best job in coordinating with private individuals in the economic development field. This may have been nothing more than a lack of communication which may have come about as a result of the OEPAD leadership at that time. I do not mean to cast any stones but I believe the communication could have been much better. Today, I feel the communication has improved drastically and is now good. I am hearing these comments from others I associate with, so today I feel the relationship between OEPAD and the private sector is very positive.
4. If OEPAD were to discontinue its effort in industrial development, I believe the State would in effect be conveying a message to those outside the State looking

Mr. Lawrence D. Landry

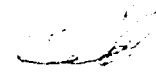
-2-

March 25, 1980

at us that the State of Arizona is generally not that interested in growth and location of industrial development. I believe we all recognize that for the economy of the State to remain sound, we need the job and tax base created as the result of industrial development or perhaps a better term is "economic development".

Larry, I hope the above comments will be of assistance to you in your efforts with the Auditor General, and if I can be of further assistance, please do not hesitate to call on me.

Very truly yours,



---

T. A. Kauffman  
Manager  
Real Estate & Industrial Development

TAK:blh

Bill V.

RECEIVED

MAR 27 1980

GOVERNOR'S OFFICE



KENNETH G. DIXON  
VICE PRESIDENT

March 26, 1980

Mr. Lawrence D. Landry  
Executive Director  
The Arizona Office of Economic  
Planning and Development  
Executive Tower Room 505  
1700 West Washington  
Phoenix, Arizona 85007

Dear Larry:

Since I became an active participant during the Auditor General's Sunset Review of the OEPAD Board, I have become increasingly concerned with the similar efforts that are being directed at OEPAD. I am listing below some of my concerns and reasons why I feel that OEPAD and particularly the development section, is necessary for continuing the balanced economic growth of Arizona which includes assistance in the creation of new jobs.

- 1) There is really only one agency within the state that has the capability and coverage to promote industrial and economic development throughout all of our counties. It has been traditional that companies seeking general information about a state will contact a centralized state agency who can provide them with the kind of economic facts and demographic data that will be of assistance in any corporate decision to move to this state or some other state. Centralizing this type of assistance within the OEPAD industrial development section is an absolute necessity in view of the competition that we as a state are facing from states such as New Mexico, California, Texas, Colorado, Utah and Nevada.
- 2) Speaking as a representative from the private sector who specializes in economic development, we in the private sector do not have ready access to information about all of our communities. Many of us only cover certain geographic areas and most likely need to call on some centralized agency to assist and provide the private sector with specialized data covering specific communities. We also rely on representatives from the industrial development section of OEPAD to set up and coordinate meetings with other department heads from various state agencies that can provide meaningful input on specific questions. Certainly through the Governor's office,

VIII-11

March 26, 1980

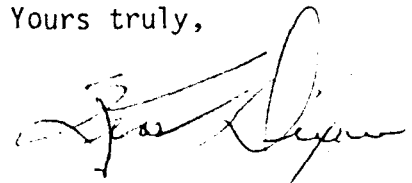
your office and the head of the development section, each member of the private sector can request assistance and get the attention of the appropriate individuals within the state Government to answer one or more questions that are posed by an out of state prospect.

- 3) Conversely, OEPAD must also rely on certain specialists within the private sector to assist them in dealing with a prospect. Specific inquiries to OEPAD arise frequently which necessitates close coordination and in many cases requires assistance from representatives of the utility field, transportation (such as railroads) and the industrial representatives from the real estate sector. In effect, it becomes a two way street in dealing with practically any industrial prospect, that OEPAD provide certain areas of expertise and assistance to the private sector and also calling upon the private sector to assist the OEPAD industrial specialist. No one within the state has 100% of the answers to all questions. A coordinated team effort is necessary and OEPAD has continued to demonstrate this cooperative effort with the private sector.
- 4) It has been of great concern to me personally that the budgeting for the industrial development section and the legislative appropriations are in most cases far behind that which is provided to similar state agencies in our neighboring states. We want to tell the Arizona story more effectively through advertising, out of state travel and provide through a printing allocation, funds for the publishing of necessary economic and demographic information that can be used in responding to a potential prospect. Included in necessary appropriations must be funds covering in-state travel. It is necessary to tie this entire package together to adequately service the prospect either by being able to make a personal visit to that prospect's home office or by being able to assist a prospect during his visit to our state for on-site inspections.

In summation, a strong viable industrial development effort within OEPAD is necessary. We do not have any other single entity within the state which can perform the type of services that are currently being performed by OEPAD. It is my personal feeling that the agency and in particular the industrial development section must be continued.

If I can provide additional information or be of assistance to you and your staff, please give me a call.

Yours truly,



APPENDIX IX

PROCEDURAL GUIDE  
FOR  
DEVELOPMENT AND HANDLING OF INDUSTRIAL CLIENT FILES

PROCEDURAL GUIDE  
FOR  
Development and Handling of Industrial Client Files  
Economic Development Section  
of  
Development Division, OEPAD

PREFACE ----- "Quality in Judgement" exercised by the Industrial Specialist,  
is the key to the integrity of industrial prospect records.

----- "Confidentiality" is an absolute must.

----- "Routine and Regularity" are essential in serving your clientele.

----- The mark of a good Industrial Developer is providing service  
and convenience through reliable organized information.

PURPOSE: The purpose is to develop a system of records and files that will  
contain an orderly listing of information denoting the status of  
each and every "client file" at any given time. A created method  
of control to insure follow-up is practiced routinely, thereby  
making suring each "client file" is provided appropriate atten-  
tion, especially when the lead Industrial Developer needs to  
be changed for any reason.

PROCEDURE: Judgement by the lead Industrial Developer will be the prevailing  
rule throughout the procedures for handling "client files"; there-  
fore, the constant need for exercising professional evaluation  
at all times is required.

MAINTENANCE: All "client files" shall be the responsibility of the respective  
lead Industrial Developer. Client files shall be letter size with  
a folding clasp on the right side to fasten all written communica-  
tions. A control sheet shall be raised (in nearly all cases) and  
fastened to the left side of the client's folder. In the event  
a firm has more than one subsidiary or division, a folder for  
each shall be provided. It is the intent that a folder for the  
parent company be maintained in the Inactive Section for reference  
and mailing purposes.

It is understood for confidential purposes that ONLY the Industrial  
Developers and their staff shall have access to any of the client  
files.

MAINTENANCE: Once each month (first day of each month, usually) all files  
(Continued) shall be reviewed by the Industrial Developer in charge of files, presently, Clint Johnson. Mr. Johnson shall prepare a listing of active and inactive sections of the files showing last date of contact by an Industrial Developer. At the same time, he shall prepare necessary reports for AEDC with a summary of client locations or expansions in Arizona for the calendar year.

#### DEFINITIONS AND RELATED HANDLING

The following listing of terms will explain somewhat more concisely the intent of how judgement should be applied in maintaining a fixed procedure.

- I.D.: I.D. means Industrial Development Specialist, usually identified by the I.D.'s initials such as CJ for Clint Johnson. The I.D.'s initials should be placed on the file label and control sheet of the "client file" when the "I.D." is the lead. Normally, the I.D. who receives the first contact from a client becomes the "Lead I.D.", or when a client is assigned, or when an I.D. has worked with the client previously, or should a client request a specific I.D.
- INQUIRY: An inquiry refers to any type of communication received or in reply to ads. This would be filed in General Correspondence file folder under the appropriate letter in the "Active" section of the file cabinet. A control sheet should be raised if a letter is not received or prepared to serve as a record of response. In the event of multiple inquires, a single control sheet may be used for the entire listing (or copy of) the reply letters.
- SUSPECT: When this term is used, it will mean the person and/or client firm has not given enough evidence of real interest or background. At any rate, a file should be raised with a control sheet and placed in "Inactive" section of the file cabinet (located in the third drawer of file cabinet).
- PROSPECT: A prospect is that person and/or entity who has demonstrated sufficient interest or made repeated communications (or contact) plus given adequate background. All "Active" prospects (clients) may be automatically reported to AEDC at their next meeting. A control sheet and file is raised, if not already in "Inactive" section, then placed in the "Active" file section of the file cabinet (the upper two drawer of the cabinet).
- CONSULTANT: Consultants are those professional services' firms who do location surveys. "Client files" that have a consultant as their lead, Have a "Green Line Label" at the top of their file, and files in the front part of the third file drawer. Certain types of communications relating to Arizona (such as an updated Economic Profile) should be sent from time to time.

DEFINITIONS AND RELATED HANDLING (Continued)

- CONTROL SHEET: The control sheet gives a general overview of the "client". This sheet may be raised at time of inquiry or suspect classification and certainly at time of "Active" status. This sheet shall be fastened to the inside of the front cover of the respective file folder for easy removal for updating and reporting to AEDC.
- INACTIVE: The "Inactive" files occupy the third drawer of the file cabinet, and mean:
1. Suspect file is being qualified to become on prospect status;
  2. That a prospect file has been removed from "Active" status pending additional developments involving 1 to 3 years;
  3. A file that represents a company that has several subsidiaries or divisions, any of which may have future plans for expansion or relocation, and should receive interim communications.
- ACTIVE: Active means a prospect file is placed in the "Active" section of the filing system. The active section is located in the top two drawers of the file cabinet. At this time, the AEDC code (Client/Lead Organization/I.D./Date formulated) shall be established and written in space provided on the control sheet.
- MORGUE: The "Morgue" files occupy the fourth (or bottom) drawer of the file cabinet. These have been judged beyond possibility of locating or developing in Arizona during the next four years.
- LOCATED: The "Located" files occupy the back part of the fourth (or bottom) drawer of the file cabinet. These files denote that the "client" (or firm) has located, expanded or "started-up" in Arizona only. The date of locating should be marked on the label of the file when placed in the "Located" file section.

CJ:raj  
11/29/79



APPENDIX X

SURVEY CONCERNING  
INDUSTRIAL RELOCATION/  
EXPANSION IN ARIZONA

Survey Questionnaire Concerning  
Industrial Relocation/Expansion in Arizona  
for the Performance Audit of the  
Office of Economic Planning and Development (OEPAD)

Company name: \_\_\_\_\_

Address: \_\_\_\_\_ Phone # \_\_\_\_\_

Person Completing Form: \_\_\_\_\_ Position: \_\_\_\_\_

1. Did your company locate a new plant or office in Arizona or expand an existing facility in Arizona during 1977 or 1978? YES  85 NO  24 (If NO, do not answer remaining questions; return questionnaire to the address on the last page.)
2. Which of the following describes the relocation or expansion made by your company in Arizona in 1977 or 1978?\* (Check only one)

	Jobs Provided
A. Located a plant or office for the first time in Arizona.....	<input type="checkbox"/> 31 3213
B. Company headquarters were in Arizona and	
1. Expanded an existing facility on the same site.....	<input type="checkbox"/> 10 274
2. Built another plant or office on a new site within the state.....	<input type="checkbox"/> 25 1475
C. Company headquarters were not in Arizona, but a plant or office already existed in Arizona and	
1. Expanded an existing facility on the same site.....	<input type="checkbox"/> 11 4342
2. Built another plant or office on a new site within the state.....	<input type="checkbox"/> 10 449
3. To date, the relocation or expansion has created how many new jobs in Arizona?(see above)  
(Note: If this move was an instate move or expansion resulting in fewer positions at the original plant or office, please subtract that number from the total number of jobs at the new site.)
4. Check those factors which influenced your decision to relocate/expand in Arizona:
  - 29  Climate
  - 20  Living style
  - 32  Markets for product in close proximity
  - 40  Past success with industry in Arizona
  - 7  Assistance from industrial promoters
  - 14  Other: already in Arizona
  - (please specify)
  - 7  Manufacturing or other facilities nearby
  - 7  Various other
5. Did the industrial development staff of the Arizona Office of Economic Planning and Development (OEPAD) assist you in any way in making the decision or in preparing to move or expand? YES  5 NO  80 (If NO, go to question 11)
6. Please describe assistance (including types of data) obtained from OEPAD:

---



---



---



---



---



---

\* Two companies both expanded present site and built a new site also.

7. What help from OEPAD was most valuable? \_\_\_\_\_
- 
8. Regarding your decision to move or expand (check one only):
- 0  OEPAD had no influence on our decision to move to Arizona or to expand within Arizona.
  - 2  OEPAD may have had some influence in the decision to select Arizona, but other factors would have led us to select Arizona anyway.
  - 3  OEPAD had significant influence on our decision to move to or expand within Arizona.
  - 0  OEPAD was the single, significant factor in our decision to move to or expand within Arizona.
9. Were the "Community Profiles" (a one-two page summary of information regarding Arizona communities, prepared by OEPAD) useful in your selection of a new site? (Check one only)
- 0  Not applicable - we expanded on the site of an existing facility
  - 1  YES
  - 3  NO
  - 1  Can't remember whether "Community Profiles" were provided and/or useful.
10. Did OEPAD encourage you to consider locating the new plant/office in an area other than the Phoenix and Tucson metropolitan areas? (Check one only)
- 2  Not applicable - we expanded on the site of an existing facility.
  - 2  YES
  - 1  NO
11. Did other industrial development promoters/agencies assist you in the decision to relocate or expand? YES  24 NO  61 (If no, go to question 13)
12. What other Arizona industrial development promoters/agencies assisted you in the decision to move or expand?

<u>Institution/Agency</u>	<u>Briefly Describe Assistance</u>
<input checked="" type="checkbox"/> 16	Chamber of Commerce <u>or local economic development group</u>
<input checked="" type="checkbox"/> 11	Bank _____
<input checked="" type="checkbox"/> 4	Utility company or railroad _____
<input checked="" type="checkbox"/> 12	Private developer or real estate company _____
<input checked="" type="checkbox"/> 4	University _____
<input checked="" type="checkbox"/> 1	Other <u>Department of Economic Security - help with obtaining employees.</u>

13. Check those kinds of information most needed in decisions to relocate or expand:

- 31  Population information (age, income, etc.)
- 42  Governmental information (tax structure, incentives, etc.)
- 42  Plant/office site availability information
- 50  Labor availability and characteristics
- 15  Comparative information among communities
- 6  Other Market information & product need
- 7 Infrastructure
- 1 Industrial surveys
- 1 Where government employees live

14. In your opinion, what are the most important activities a state agency like OEPAD can do to promote industrial development within Arizona? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please return completed questionnaire in enclosed, self-addressed envelope to:

Office of the Auditor General  
112 North Central, Suite 600  
Phoenix, AZ 85004

Attn: Ms. Coni Good

Thank you for your assistance.

SURVEY RESULTS

142 Companies listed in OEPAD  
'77 & '78 annual reports  
(excluding duplicates)

125 Address obtained  
109 Responded  
2 Undeliverable

APPENDIX XI

CORRESPONDENCE CONCERNING OEPAD  
EXECUTIVE DIRECTOR'S EXCEPTIONS TO  
INDUSTRIAL DEVELOPERS' SURVEY METHODOLOGY

ARIZONA

OFFICE  
OF THE  
GOVERNOR  
BRUCE BABBITTOFFICE OF  
**ECONOMIC PLANNING AND DEVELOPMENT**

Larry Landry, Director • (602) 255-5371 • General Offices of OEPAD • 4th Floor

## MEMORANDUM

RECEIVED

MAY 27 1980

GOVERNOR'S OFFICE

TO: Larry Landry

THROUGH: Bob Hathaway *PH* *Ving*

FROM: *JJ* Judie Scalise

SUBJECT: Auditor's Survey

DATE: March 25, 1980

The survey administered by the auditors to determine the effectiveness and success of OEPAD's industrial development team appears to have been modeled after the one in a 1977 publication, Jobs and Earnings for State Citizens: Monitoring the Outcomes of State Economic Development and Employment and Training Programs.

According to this publication in order to estimate the State's influence on a firm's location decision, the survey or questionnaire should have been administered shortly after a firm's decision to locate in the State and not years later. Two other concerns that should have been resolved to insure the validity of the survey are:

1. Identification of an "appropriate respondent." This individual should have been sufficiently involved in the location decision in order to provide a knowledgeable response. (Liaison person between the firm and the State would be ideal.)
2. To insure the questionnaire's validity a pretest should have been performed prior to its use.

Staff concludes that as a monitoring or evaluation tool, this questionnaire should not be used with any degree of confidence.

JS:raj

OFFICE OF THE  
AUDITOR GENERAL

April 22, 1980

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
1700 West Washington  
Executive Tower Room 505  
Phoenix, AZ 85007

Dear Larry,

Thank you for sharing your views with us on our OEPAD performance audit on April 2, 1980. Here are my comments on the subjects discussed.

SURVEY TO DETERMINE THE  
EFFECTIVENESS AND SUCCESS  
OF OEPAD'S INDUSTRIAL  
DEVELOPMENT TEAM

According to a memo prepared by a Judie Scalise of your staff (a Planner I who was hired by OEPAD in October 1979):

"The survey administered by the auditors to determine the effectiveness and success of OEPAD's industrial development team appears to have been modeled after the one in a 1977 publication, Jobs and Earnings for State Citizens: Monitoring the Outcomes of State Economic Development and Employment and Training Programs.

"According to this publication in order to estimate the State's influence on a firm's location decision, the survey or questionnaire should have been administered shortly after a firm's decision to locate in the State and not years later. Two other concerns that should have been resolved to insure the validity of the survey are:

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Two

"1. Identification of an 'appropriate respondent.' This individual should have been sufficiently involved in the location decision in order to provide a knowledgeable response. (Liaison person between the firm and the State would be ideal)

"2. To insure the questionnaire's validity a pretest should have been performed prior to its use.

"Staff concludes that as a monitoring or evaluation tool, this questionnaire should not be used with any degree of confidence."

In my opinion to conclude that our questionnaire should not be used with any degree of confidence because of an alleged failure to adhere to the letter of a recommended (not mandated) survey methodology is a gross overstatement and a classic nonsequitur. Further, such a conclusion is apparently based on faulty or incomplete information regarding our survey methods and completely ignores the procedures followed by my staff to ensure the validity of our survey results. These procedures go far beyond even those recommended in the cited text and more than compensate for any perceived departures from the recommended methodology.

I will deal with your staff's concerns regarding our methodology below.

Survey Timeliness

The basis of your staff's criticism regarding the timeliness of our survey appears to be pages 47 and 50 of the Urban Institute publication which states:

"However, the most appropriate timing of these questions seems to be after the firm's decision, because at that time the firm would have an opinion of the entire state promotional effort.

. . . . .

"The questionnaire in Appendix B should be administered shortly after a firm's decision to locate in the state has been announced. For a firm which was not assisted until after its location decision...the questionnaire should be administered shortly after start-up."



Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Three

First, it is important to note that the term "shortly" is not specifically defined in the Urban Institute publication. In fact, the only specific reference in the text to a time frame is on page xvii which states:

"...some important results of economic development will not necessarily appear within one year, the normal time frame for program monitoring." (Emphasis added)

Even if one accepts the "within a year" criterion as meaning "shortly," our survey methodology approximated that criterion in that: 1) most of the firms surveyed had made the decision to relocate only 12 to 24 months prior to receiving our survey, and 2) all of the firms surveyed had made the decision to relocate less than 36 months prior to receiving our survey. Thus, your staff's assertion that our survey was administered "years later" clearly overstates the case.

Second, all of the firms that responded on their survey that OEPAD had not been of any assistance to them were subsequently contacted by telephone by members of my staff to: 1) make absolutely certain that an appropriate person in the firm had answered the survey (see Identification of an Appropriate Respondent), and 2) ascertain how the decision to relocate was made. Not a single respondent indicated that the elapsed time between the decision to relocate and the receiving of the survey impaired their ability to answer the survey questions.

Third, the Urban Institute publication clearly states that when trying to measure the impact of a firm's relocation in terms of new jobs created (which was one of the attributes our survey was intended to measure), it is preferable not to survey a firm at the time the decision to relocate is made. For example, on page 40 it states:

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Four

"Most states compile data on new employment due to the decisions of industrial firms to locate or expand their operations within the state. These data usually consist of estimates made by the firms prior to the start of operations. These estimated levels of employment, however, often are not reached, due to changes in a firm's plans as the start of operations approaches. If a state intends to use employment projections as outcome measures, such data should be treated as mere estimates and should be compared with actual employment levels once full plant operations is reached. For the sake of accuracy it is preferable to utilize actual employment and earnings data for outcome measures." (Emphasis Added)

On pages 43 and 45 it states:

"...This (gathering data after announcement of expansion) may result in inaccuracies because economic conditions and other factors may cause the firm to alter the scale of production from what it originally anticipated...the initial information on employment and income provided by new firms is likely to provide an incorrect picture of what actually happens.

"...While delaying compilation of these data until after start-up provides the most accurate basis for measuring impact of new firms assisted by the state, these data may not be available for several years after the initial contacts with the firms, thus considerably reducing the data's usefulness..."

Further on page xii:

"...Therefore, it is recommended that outcome measures be based on actual employment and payroll data after the new operations begin, even though this will delay the availability of the data..." (Emphasis added)

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Five

Finally, my staff made every effort to use the most current information available regarding firms that were reportedly assisted by OEPAD to relocate or expand. It should be noted that my staff could not survey firms assisted by OEPAD during the early part of 1979 because of a pervasive absence of adequate files or management reports regarding firms assisted by OEPAD. Further, my staff was constrained from surveying firms contacted by OEPAD during the latter part of 1979 by members of your staff who expressed concern that surveying any of the active firms might constitute a violation of the confidential relationship between that firm and OEPAD and ultimately jeopardize the firm's decision to relocate or expand.

#### Identification of Appropriate Respondent

Your staff member's inclusion of this item as one of her concerns presupposes that the respondents to our surveys were not appropriate respondents. That supposition is wrong.

On page 52 of the Urban Institute publication it states:

"...It is important to ensure that the respondent was sufficiently involved in the decision to provide a knowledgeable response. Thomas's approach seems useful here: request that 'the person who acted as liaison between (the) firm and the (state development organization)' complete the questionnaire. The problem of locating a knowledgeable respondent may be lessened somewhat if the questionnaire is mailed by the state directly to the firm's liaison person with whom state representatives dealt." (Emphasis added)

Also, on page B-1 (Appendix B) it states:

"...It is preferable that the person who acted as liaison between your firm and (the state Industrial Development Office) complete this questionnaire..."

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Six

A veritable dearth of files within OEPAD regarding firms reportedly assisted by OEPAD during 1977 and 1978 precluded my staff from specifically documenting from OEPAD records the person who acted as the liaison between the firm and OEPAD if, in fact, such a person existed. However, through extensive investigative work my staff was able to locate the addresses for 125 of the 143 firms reportedly assisted by OEPAD during 1977 and 1978 (which OEPAD could not provide) and directed our surveys to the Division or Operational Manager. Further, my staff subsequently telephoned all survey respondents who indicated on their surveys that OEPAD did not assist their firms to relocate to determine if each respondent was sufficiently involved in the firm's decision to relocate or expand to qualify as an "appropriate respondent." Based upon this extensive follow-up work and the respondents' relative positions in the firms surveyed, I am completely satisfied as to the appropriateness of our survey respondents.

Incidentally, the text describes contacting the person who acted as the liaison as "seems useful" and "preferable." Thus, it is certainly not essential that the liaison person complete the survey, and the characterization of such a procedure as "ideal" is not substantiated by the text.

#### Survey Pretest

Your staff member's inference that our survey questions were not pretested and therefore invalid, also indicates a lack of knowledge regarding our survey methodology. The basis of your staff member's contention appears to be the following excerpts from the Urban Institute publication.

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Seven

"...The questionnaire (Appendix B) has not been tested, and the procedures involved in its administration require development and testing before it can be used with confidence in a monitoring system." (page 52)

"This questionnaire (Appendix B) is illustrative and has not been tested. It can be used as the starting point in the development of an actual questionnaire which should be pretested with a small sample of firms prior to full use." (page B-1)

"...each survey raises questions of respondents' recall and honesty, and other issues which affect the gathering of accurate and valid data. Testing is desirable to assure reasonably accurate procedures are used and to determine cost, staffing requirements and other issues related to feasibility." (page xvii)

While your staff member is correct about the desirability of pretesting survey questions, she was apparently unaware that all of our survey questions were pretested in that:

- Some of the survey questions were adopted from a North Carolina survey instrument that had been pretested;
- The remaining questions were adopted from survey instruments previously administered by the Office of the Auditor General. Some of these survey questions have been administered as many as 12 times without any respondent difficulty regarding the questions;
- Approximately half of the firms surveyed responded to our initial mailing of surveys. This group and their responses in effect represented a pretest. Again, none of the respondents indicated any difficulty with the survey instrument or any of the questions;

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Eight

- The firms that did not respond to our initial mailing were subsequently contacted by telephone by my staff in order to obtain their responses to our survey. On page 52 of the Urban Institute publication it states that "...particularly telephone interviews should be considered as alternatives (to the questionnaire in Appendix B)..."
- The text does not indicate that questionnaires administered via telephone interviews need be pretested. Further, it should be noted that at no time during these telephone interviews when two-way communication existed between my staff and the surveyed firms, did a respondent express problems with the survey instrument or any of the questions.

Finally, since October 1978, the Performance Audit Division of the Office of the Auditor General has prepared and administered more than 15 survey instruments designed to measure program effectiveness. Based upon that level of experience, I feel I am justified in stating that my staff has developed a sufficient expertise in preparing and administering survey instruments.

#### Conclusion

I think it's most unfortunate that the staff person you assigned to "evaluate" our survey methodology did not even bother to ask my staff what we did to ensure the validity of our survey results. I am confident that if such a reasonable approach had been taken this entire episode, which has cost my staff precious time and effort and only served to impede the whole OEPAD audit, could have been avoided.

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Nine

OEPAD-SOLICITED LETTERS

FROM THE AEDC

Regarding the letters you solicited from the members of the Arizona Economic Development Council (AEDC), I find it somewhat ironic that you characterized our survey methodology as "shoddy" (from our April 1, 1980, telephone conversation) but failed to perceive the rather obvious bias that your methodology generated.

I believe the following cautions and admonishments in the Urban Institute publication certainly apply to the questionnaire you prepared, administered and analyzed.

"The questions in Appendix B (regarding quality of services provided) should not be administered by those in the agency whose work is in effect being assessed because this might result in biased (favorable) responses..." (page 47)

"The respondent may provide favorable feedback out of a desire to maintain good relations with the state. One precaution that might be taken is to indicate clearly in the cover letter that the survey is part of an independent evaluation. Added assurance might be provided if an office which is organizationally separate from the industrial development department conducted the survey...with a cover letter stating that individual responses would not be revealed to the department involved." (page 52) (Emphasis added)

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Ten

Further, it seems to me that since OEPAD is a member of the AEDC the desire to maintain a good working relationship with a fellow Council member could certainly bias other members' responses.

Please understand that your sharing the AEDC responses with us is very much appreciated, and I can assure you that they will be noted in our report. However, I would be remiss to completely ignore the high probability of bias in those responses. Therefore, I feel it would be irresponsible to note the AEDC letters in our report without appropriate caveats.

NONATTENDANCE OF AUDIT

STAFF AT AEDC MEETING

As you pointed out at our April 2, 1980, meeting, members of my audit staff declined an invitation to attend an AEDC meeting to solicit members' views on industrial development in Arizona and on OEPAD. The reason my staff did not attend an AEDC meeting was that member views given in such an open forum could easily be biased because:

- OEPAD is a member of AEDC and the presence of OEPAD staff might influence other member responses.
- Member responses could not be given anonymously because of the presence of other AEDC members. Thus, some members might be constrained from speaking freely and/or candidly.



Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Eleven

For your information, I feel that the views of AEDC members regarding OEPAD are well known to my staff because: 1) my staff conducted interviews with six AEDC members, 2) four members of AEDC were mailed our developers survey, 3) AEDC provided my staff with a Summary And Recommendations of their retreat on June 6, 7 and 8, 1979, in Sedona, Arizona, 4) AEDC provided my staff with a statement regarding their views on the value of OEPAD, and 5) you provided my staff with the above-mentioned letters you solicited from AEDC members.

REQUEST FOR THE NAMES OF  
INDIVIDUALS SURVEYED AT  
CHAMBERS OF COMMERCE AND  
INDUSTRIAL DEVELOPMENT  
GROUPS

In a March 20, 1980, letter to Ms. Coni Good you requested a list of the names of individuals from Chambers of Commerce, industrial development groups and any others in related areas who were sent questionnaires. The groups we surveyed were:

1. All incorporated cities and towns were sent surveys as were their related Chambers of Commerce,
2. Selected members of the Arizona Association of Industrial Developers, and
3. Individuals in the financial, education and business sectors.

Mr. Larry Landry, Executive Director  
Office of Economic Planning and Development  
April 22, 1980  
Page Twelve

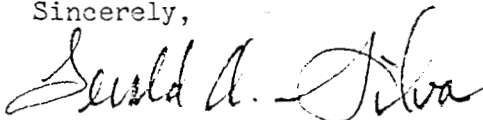
Regrettably, I cannot give you more specific information regarding our surveyed population because:

1. We guaranteed the surveyed population anonymity; to provide you with specific names would violate that guarantee, and
2. Several of the surveyed respondents expressed concern that they would be subjected to reprisals from OEPAD if their survey responses were known.

Therefore, in order to fulfill our commitment of confidentiality and anonymity to our surveyed respondents your request for any names must be denied.

Hopefully, this letter will help explain my position on some of the points of difference between your organization and mine. Should you wish to discuss these matters further, please let me know.

Sincerely,



Gerald A. Silva, Manager  
Performance Audit Division

GAS/js

cc: Senator John C. Pritzlaff,  
Chairman, Joint Legislative Budget Committee

Representative Thomas N. Goodwin,  
Vice Chairman, Joint Legislative Budget Committee

Representative Tony West,  
Chairman, Auditor General Steering Committee and  
Joint Legislative Budget Committee

APPENDIX XII

SUMMARY OF OEPAD STAFF TIME (IN DAYS)  
BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
JANUARY 7 THROUGH FEBRUARY 1, 1980

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
JANUARY 7 THROUGH FEBRUARY 1, 1980

TABLE 1 - Economic Development

The Economic Development Program of OEPAD is concerned with the implementation of local and State economic development plans that result in the creation of new jobs throughout the State. Specific activities are related to identifying and aiding economic development prospects and assisting in the development of community infrastructure.\*\*

Objectives & Activities	Assigned Staff***	Other OEPAD Staff	Total	Percent of Total
Aid economic development				
Identify prospects	49	11	60	32 %
Provide specific State and community information				
Coordinate and conduct prospect tours				
Exchange prospect information with other economic development professionals				
Develop existing firms and activities				
Assist local firms in expansion plans	17	0	17	9
Develop interstate and intrastate markets				
Evaluate communities' abilities to attract and support new activities through descriptive analysis of productive resources and to target manufacturing and commercial activities	7	1	8	4
Assist in developing community infrastructure through administration of the EDA 304 program and Government Information System Program (GIS)	0	21	21	11
Create greater professional expertise through forums, workshops and seminars for State and local staff	2	1	3	2
Design, compile and review economic development location brochures	1	1	2	1
Staff meetings and general administration	6	5	11	6
	<u>82</u>	<u>40</u>	<u>122</u>	65
Executive and Deputy Directors and assistants			20	11
Secretarial; word center			<u>44</u>	<u>24</u>
Total			<u>186</u>	<u>100 %</u>

\* Rounded to nearest day.

\*\* Statements adopted by OEPAD in Fall 1979.

\*\*\* Assigned staff includes those individuals whose principal tasks are to achieve the objectives.

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
 BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

TABLE 2 - Motion Picture Development

The Motion Picture Development Program is specifically geared to provide services to out-of-State production companies with the overall goal of establishing Arizona as a prime location for producing commercials, television, videotape and feature length films.

<u>Objectives &amp; Activities</u>	<u>Assigned Staff</u>	<u>Other OEPAD Staff</u>	<u>Total</u>	<u>Percent of Total</u>
Identify and promote advantages of filming in Arizona	7	0	7	12 %
Identify community facilities and services available	1	0	1	2
Develop local capacity and coordinate with State services	6	0	6	10
Develop in-State film industry				
Promote Arizona producers				
Inventory and contract new firms to identify potential				
Promote local support industry	7	0	7	12
Identify location sites and provide on-site assistance to producers	13	0	13	22
General administration	<u>6</u>	<u>0</u>	<u>6</u>	<u>10</u>
	<u>40</u>	<u>0</u>	40	68
Executive and Deputy Directors and assistants			4	7
Secretarial; word center			<u>15</u>	<u>25</u>
Total			<u>59</u>	<u>100 %</u>

\* Rounded to nearest day.

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
 BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

Table 3 - Manpower Policy and Coordination

The overall goal of the Manpower Policy and Coordination Office is to coordinate, monitor and improve the manpower delivery system in Arizona. The office administers CETA-funded training and research programs that are generally beyond the scope of local sponsors; staffs the State Employment and Training Council; encourages coordination and linkages between prime sponsors and educational agencies; and conducts the Governor's manpower coordination and special services plan in the State.

Objectives	Assigned Staff	Other OEPAD Staff	Total	Percent of Total
Utilize the Governor's CETA and Youth Grants as the funding source to contract for services which promote this goal	135	0	135	52 %
Utilize the State Employment and Training Council (SETC) as the mechanism for coordinating, monitoring and improving the manpower delivery system in the State	90	0	90	35
Executive and Deputy Directors and assistants	225	0	225	87
Secretarial; word center			2	less than 1%
			33	13
Total			260	100 %

\* Rounded to nearest day.

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
 BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

TABLE 4 - International Trade

The International Trade Program has provided a forum for public and private cooperation aimed at the expansion of Arizona exports, the creation of export-related jobs and the balanced economic growth of the State.

Objectives & Activities	Assigned Staff	Other OEPAD Staff	Total	Percent of Total
Create jobs within Arizona through increased export activities	54	0	54	74 %
Expand marketing efforts for exports and imports.				
Increase local awareness of marketing opportunities and identify and assist potential exporters.				
Improve and expand use of information.				
Encourage establishment of consulates in Arizona.				
Explore 2-way trade with embassies, consulates and trade offices.				
Create Arizona jobs through the establishment of foreign-owned, labor-intensive activities in the State.	3	0	3	4
Promote expansion of U.S. operations of foreign firms.	5	0	5	7
Staff meetings, general administration and creating professional expertise	62	0	62	85
Executive and Deputy Directors and assistants			3	4
Secretarial; word center			8	11
Total			73	100 %

\* Rounded to nearest day.

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
 BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

TABLE 5 - Intergovernmental Programs

The primary emphasis of intergovernmental programs is the establishment of techniques for the adequate review and coordination of State, local and Federal grant programs.

<u>Objectives &amp; Activities</u>	<u>Assigned Staff</u>	<u>Other OEPAD Staff</u>	<u>Total</u>	<u>Percent of Total</u>
Administer the State A-95 Clearinghouse review of Federal grant proposals and State plans	63	0	63	53 %
Administer the Joint Funding Project, which includes the planning programs of the Councils of Governments and selected State agencies	23	3	26	22
Maintain the Government Information System (GIS), a computer-assisted search for available Federal grant funds	1	1	2	2
Energy extension service**	4	0	4	3
General administration and staff meetings	<u>22</u>	<u>0</u>	<u>22</u>	<u>18</u>
	<u>113</u>	<u>4</u>	117	98
Executive and Deputy Directors and assistants			2	2
Secretarial; word center			<u>1</u>	less than 1%
Total			<u>120</u>	<u>100 %</u>

\* Rounded to nearest day.

\*\* Not included in Fall 1979 list of goals and objectives.



SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
 BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

TABLE 6 - Federal/Congressional Liaison

The liaison program maintains close working relations with major national organizations, Federal agencies and our Congressional delegation in order to better anticipate and coordinate State positions on proposed national policies.

9-IIIX

<u>Objectives &amp; Activities</u>	<u>Assigned Staff</u>	<u>Other OEPAD Staff</u>	<u>Total</u>	<u>Percent of Total</u>
Assist Governor's staff in maintaining a system of contacts, research and briefings on issues associated with major national organizations such as the National Governors Association (NGA), Advisory Council on Intergovernmental Relations (ACIR) and Western Governors Conference	3	5	8	38 %
Provide pertinent information to State agency directors on major proposed Federal legislation and regulations. Act as a coordinator among State agencies when appropriate to provide a State position or in response to an information request	3	1	4	0
Coordinate State agencies**	2	0	2	10
Prepare Federal/Congressional materials**	2	0	2	10
General administration	<u>3</u>	<u>0</u>	<u>3</u>	<u>14</u>
	<u>13</u>	<u>6</u>	19	90
Executive and Deputy Directors and assistants			0	0
Secretarial; word center			<u>2</u>	<u>10</u>
Total			<u>21</u>	<u>100 %</u>

\* Rounded to nearest day.

\*\* Not included in Fall 1979 list of goals and objectives.

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
 BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

Table 7 - State and Community Planning

The State and Community Planning Program prepares policy plans for the economic development of the State. These policies serve as the framework within which State and Federal grant programs which affect State and community growth and development are implemented.

Objectives & Activities	Assigned Staff	Other OEPAD Staff	Total	Percent of Total
Develop a State balanced-growth strategy	51	0	51	19 %
Prepare State economic development process and policies plan which will include:				
Overall State development goals and strategies				
Criteria for targeting State and Federal resources to areas of greatest need or potential				
Development of incentives for private sector investment in rural areas				
Development of a project-selection process to identify the most desirable and fundable projects drawn from State and local development plans				
Provide assistance to communities, counties and Indian tribes in defining and implementing locally identified development goals and objectives and growth management approaches	108	4	112	41
On request from specific communities, prepare land-use inventories, economic base analyses, base maps, technical manuals, comprehensive plans and community revitalization strategies.	0	0	0	0
Prepare specific adjustment strategies for communities severely affected by the copper mine slow-down.	0	0	0	0
Assist local Overall Economic Development Plan committees by providing basic economic data and reviewing plans for compliance to Economic Development Administration guidelines.	0	0	0	0
Through the GIS system, provide a grantsmanship service to Councils of Government and local governments seeking Federal or private foundation funds.	0	0	0	0
Arrange for the cooperation of State and Federal agencies when the solution to local problems requires a "package" approach.	22	1	23	9
State Data Coordination Network**	1	1	2	less than 1%
Governor/Legislature liaison**	3	0	3	1
National Science Foundation grant**	1	0	1	less than 1%
General administration and staff and other meetings	35	0	35	13
	221	6	227	84
Executive and Deputy Directors and assistants			10	4
Secretarial; word center			33	12
Total			270	100 %

\* Rounded to nearest day.  
 \*\* Not included in Fall 1979 list of goals and objectives.

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
 BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

Table 3 - Research

This section conducts basic research on the Arizona economy with the goal of guiding planning and development activities into those areas of greatest potential quality growth.

Objectives & Activities	Assigned Staff	Other OEPAD Staff	Total	Percent of Total
The research program performs economic analyses of specific issues, assists other OEPAD programs in the development, collection and analysis of State and community data, and staffs special projects	15	5	20	12 %
Prepare annual economic report	1	0	1	less than 1%
Contribute to the development of the Governor's tax program	22	0	22	14
Develop a computer based community data file, including community profiles	40	31	71	44
Prepare special issue and impact analyses on proposed policies or developments	12	0	12	7
Maintain a reference library which includes standard statistical data series	1	0	1	less than 1%
Provide data on request**	1	0	1	less than 1%
Transportation Task Force**	18	0	18	11
Staff meetings and general administration	110	36	146	90
Executive and Deputy Directors and assistants			8	5
Secretarial; word center			8	5
Total			162	100 %

\* Rounded to nearest day.

\*\* Not included in Fall 1979 list of goals and objectives.

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
 BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
 JANUARY 7 THROUGH FEBRUARY 1, 1980

Table 9 - Environmental Policy

This program assists State agencies with environmental programs to effectively use their statutory authorities to meet long-range State needs. Coordination responsibilities include a search for compatible or duplicate efforts among agencies, inconsistencies in policy or program administration, opportunities for enhancement through regional or Federal programs, and interagency policy integration.

<u>Objectives &amp; Activities</u>	<u>Assigned Staff</u>	<u>Other OEPAD Staff</u>	<u>Total</u>	<u>Percent of Total</u>
Analyze major environmental issues in order to prepare and maintain a current environment action agenda for the Governor and a timetable for necessary decisions	15	2	17	43 %
Monitor and evaluate the impacts on the Arizona economy of State and Federal environmental law and regulations	18	0	18	45
Assist the development division in supplying basic environmental regulation information to industrial prospects.	0	0	0	0
Staff meetings and general administration	<u>2</u>	<u>0</u>	<u>2</u>	<u>5</u>
Executive and Deputy Directors and assistants	<u>35</u>	<u>2</u>	<u>37</u>	<u>93</u>
Secretarial; word center			<u>1</u>	<u>2</u>
<b>Total</b>			<u><u>40</u></u>	<u><u>100 %</u></u>

\* Rounded to nearest day.

SUMMARY OF OEPAD STAFF TIME (IN DAYS)\*  
BY OBJECTIVE FOR TEN FUNCTIONAL AREAS  
JANUARY 7 THROUGH FEBRUARY 1, 1980

TABLE 1) - Energy Programs

The goal of the Energy Programs Office is the implementation of the State's energy policy which seeks to provide sufficient energy for future growth, compatible with economic, environmental and social needs. Particular emphasis is placed on conservation and supply management.

<u>Objectives &amp; Activities</u>	<u>Assigned Staff</u>	<u>Other OEPAD Staff</u>	<u>Total</u>	<u>Percent of Total</u>
<b>I. Policy and Conservation Programs</b>				
The primary objectives of the Policy and Conservation Programs are to promote energy conservation and to achieve a significant reduction in the State's energy consumption. Efforts are directed through the following programs:				
<b>Residential Conservation</b>				
Develop energy-efficient building standards for new construction.				
Develop effective residential energy conservation measures that are tailored to Arizona climate.				
Provide special home weatherization assistance to low-income persons.	18	72	90	20 %
<b>Commercial/Industrial Conservation</b>				
Develop methods to measure and reduce energy consumption in commercial buildings and business.				
Authorize grants to reduce consumption in schools, hospitals and public buildings.				
Support compliance with Federally mandated emergency temperature restrictions in Arizona buildings.				
Develop energy-efficient procurement policies and building conservation measures for State agencies.	48	27	75	16
<b>Transportation Conservation</b>				
Develop car/van pooling for major urban areas.				
Assist in transit planning for metropolitan areas.				
Assist in transit development in nonurban areas.	0	0	0	0
<b>Public Information and Education</b>				
Provide a continuing public education effort to increase awareness of energy conservation measures and available technical assistance.				
Expand and coordinate energy education curriculum in public schools.				
Support and coordinate energy information networking efforts in Arizona.	38	7	45	10
<b>II. Supply Programs</b>				
The Supply Programs aim to analyze Arizona's future energy needs and to ensure effective management of energy supplies.				
<b>Fuel Allocation</b>				
Administer State Set-Aside Program to reduce spot fuel shortages and resultant hardships for end-users of petroleum products.				
Monitor Federal energy regulations relating to petroleum allocation and pricing.	63	0	63	13
<b>Supply Projects</b>				
Compile and publish Arizona energy source and consumption data for use in forecasting and managing future supply needs.				
Develop communication among petroleum suppliers, transporters and retailers in order to anticipate and manage petroleum supply problems.	13	2	15	3
Transportation Conservation**	19	6	25	5
Emergency Buildings Temperature Restrictions**	0	6	6	1
Staff and other meetings and general administration***	<u>73</u>	<u>4</u>	<u>77</u>	<u>16</u>
	<u>272</u>	<u>124</u>	396	84
Executive and Deputy Directors and assistants			23	5
Secretarial; word center			<u>52</u>	<u>11</u>
			<u>471</u>	<u>100 %</u>
Total			<u>471</u>	<u>100 %</u>

\* Rounded to nearest day.

\*\* Not included on Fall 1979 list of goals and objectives.

APPENDIX XIII

ATTORNEY GENERAL OPINION EXEMPTING OEPAD  
EMPLOYEES FROM STATE SERVICE



OFFICE OF THE  
**Attorney General**  
STATE CAPITOL  
Phoenix, Arizona 85007

APPENDIX XIII

BRUCE E. DABBITT  
ATTORNEY GENERAL

May 19, 1975

Raymond S. Long, Director  
Department of Administration  
State Capitol  
Phoenix, Arizona 85007

Dear Mr. Long:

By letter of April 30, 1975, you posed the following question:

Are the employees of the Office of Economic Planning and Development state service employees under the merit system?

Additionally, you have raised the same question as it relates to employees of the Fuel and Energy Office.

The Department of Economic Planning and Development was created by the Legislature in 1968 (Laws 1968; Ch. 207, §3). As an independent department of the State, DEPAD was authorized to employ an administrative, secretarial and clerical staff.

The State Personnel Commission was created by Laws 1968, c200, and was charged with the development and administration of the state merit system. DEPAD employees came under the merit system on January 1, 1969.

In Laws 1972, Ch. 192, the Legislature abolished DEPAD and created "in the Governor's Office the Office of Economic Planning and Development" (Laws 1972, Ch. 192, § 12). The abolition of DEPAD and creation of OEPAD was effective "at such time as the Governor by executive order declares that the office of Economic Planning and Development shall become operative, but in no event later than July 1, 1973. Laws 1972, Ch. 192, § 31, subsec. C.

May 19, 1975

Page Two

All offices and positions of employment in state government are subject to the merit system except those positions exempted by law. A.R.S. §§ 41-762 and 41-771(12). There is no doubt that DEPAD employees were subject to the merit system.

Under OEPAD there is an exemption created by law which affects the employees' merit system status. A.R.S. § 41-771(2) provides as follows:

The provisions of this article and article 6 (merit system status) do not apply to:

\* \* \*

2. State officers and members of boards and commissions appointed by the legislature or the governor, the employees of the governor's office, the employees of the Arizona Legislative Council and employees of the Supreme Court and the Court of Appeals.

The Legislature in abolishing DEPAD and creating OEPAD as a function of the Governor's Office, transferred to employees from merit system to exempt status.

It has long been recognized that the creation of officers, the delegation and regulation of the powers and duties of officers and prescribing the manner of their appointment are legislative functions which are limited only by the Constitution. In discussing the federal Civil Service Act the Court in Butler v. White, 83 F. 578 (Cir.Ct. W.Va.), the Court stated:

Under our system of government, congress, by law, is vested with the power alone to remedy existing evils; but it is the duty of the executive, when congress by an act applies a remedy, to see that the act is faithfully enforced. When congress undertakes to apply a remedy to an evil by repealing an existing law, or by amending the law, or by the passage of an act which has for its object an improvement of the civil service of the country, can it be said that congress has exceeded



its power? I think not. If the time should ever come in the history of this government when congress cannot regulate the administration of the civil service of the country, in my judgment it will be an untoward event, which will strike at the very foundation of the existence of the government.

It is well established that government employment is a privilege, not a property right. Burke v. Perk, 470 F.2d 163 (6th Cir. 1972); Beinbaum v. Trussell, 371 F.2d 672 (2d Cir. 1966); Sessions v. Connecticut, 293 F.Supp. 834 (D.Conn, 1968).

Further, it has been held "repeatedly and consistently" that government employment is not property and that in particular, it is not a contract. Orr v. Trinter, 444 F.2d 128 (6th Cir. 1971), cert. denied, 408 U.S. 943 (1972); Bailey v. Richardson, 182 F.2d 46 (D.C. 1960), aff'd by an equally divided court, 341 U.S. 918 (1951); Kirker v. Moore, 308 F.Supp. 615 (S.D. W.Va. 1970).

That government employment is not a constitutional or property right has been recognized by Arizona courts. Hatfield v. Ariz. Highway Patrol Merit Sys. Coun., 97 Ariz. 24, 396 P.2d 256 (1964) Dixon v. Osman, \_\_\_ Ariz.App. \_\_\_, 528 P.2d 181 (1974). See also Board of Regents v. Roth, 408 U.S. 564, 577, 92 S.Ct. 2701, 33 L.Ed.2d 548, 561 (1972), and Perry v. Sinderman, 408 U.S. 593, 92 S.Ct. 2694, 33 L.Ed.2d 570 (1972).

While we recognized that once a position is established under a merit system, it can only be abolished in good faith, there is no justification for extending that argument to preclude the Legislature from eliminating merit system coverage under a legislative reorganization of state government. To conclude otherwise would strike at the foundation of the existence of state government; the elected legislative representatives of the state electorate would lose control of their own creation, namely, governmental organization. Therefore it is hereby concluded that when DEPAD was abolished and OEPAD created, OEPAD employees assumed exempt positions in the Governor's Office, which are not subject to the state merit system.

With reference to your second inquiry, the Arizona State Fuel and Energy Office was created by Gubernatorial Executive Order

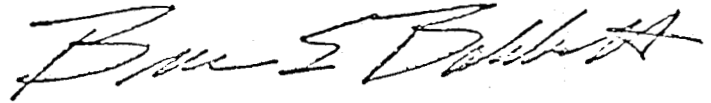
Raymond S. Long, Director

May 19, 1975

Page Four

No. 74-1 dated January 8, 1974. The employees of the office are employees of the Governor's Office and are exempt from the merit system under A.R.S. § 41-771(2).

Very truly yours,

A handwritten signature in cursive script, appearing to read "Bruce E. Babbitt".

BRUCE E. BABBITT  
The Attorney General

BEB:PCG:mp

STATE PERSONNEL BOARD RULES**R2-5-02. Scope of responsibility**

A. Purpose: The purpose of these Rules is to implement and give effect to the intent and requirements of the Act which establishes for the State a system of personnel administration based on merit principles and scientific methods governing the recruitment, examination, appointment, promotion, transfer, layoff, removal, discipline, development and welfare of its civil employees and other incidents of State employment.

B. Rules:

1. These Rules shall apply to all classified positions in the State Service.
2. Amendments to the Rules may be made by the Board from time to time in accordance with the administrative procedures act.

C. Exceptions: In addition to the "exempt" or uncovered positions provided in A.R.S. § 41-771, the following temporary or part-time positions shall be excluded from the Act and these Rules.

1. Technical experts, consultants, or professionals employed on a fee basis and not engaged in the performance of administrative duties for the appointing authority.
2. Such other temporary or seasonal positions mutually determined by the Board and the appointing authority to be exempt.

D. Certification of payrolls: The Assistant Director, in cooperation with disbursing authorities, shall provide for such audit and certification of personnel service payments as is necessary to insure that all persons in the State Service, for whom claim for payment of salaries or compensation is made, are holding positions as provided by law and these Rules. The Assistant Director may withhold certification from a payroll or any specific item or items thereon for failure to comply with the Act or these Rules.

E. Assistant Director's duties:

1. To serve as the administrative head of the Personnel Division of the Arizona State Department of Administration; to program, direct, and supervise all of its administrative and technical activities.
2. To attend all meetings of the Board and provide for the recording of the minutes of its proceedings and be the official custodian of all its records, and keep the members of the Board informed of all important matters occurring in administration of the personnel program.
3. To establish and maintain a roster of all classified employees of the State, and local jurisdictions serviced by the Division, in which there shall be set forth as to each position and employee, the class title, position number, grade, salary, sex, ethnic background, and any other necessary data as required by law.
4. To appoint, under the provisions of the Act and these Rules, such employees of the Division, and such experts and special assistants as may be necessary to carry out effectively the provisions of the Act and Rules subject to budget limitations and any laws pertaining thereto.
5. To formulate and prescribe procedures and forms consistent with these Rules and to publish them with reasonable instructions and guides in the form of a Personnel Manual.
6. To develop, in cooperation with appointing authorities and others, training, educational, and staff development programs on an equal opportunity basis for employees in agencies covered by these Rules.
7. To announce, recruit, examine and otherwise provide staffing services to the agencies as provided for in these Rules.
8. To make and publish annual reports regarding the work of the Division, and such special reports as may be requested by the Board or other appropriate authorities.

9. To prepare and submit, subject to review and approval by the Board, budget requests covering the estimated costs for the Board's program.

10. To permit transfers of employees on a non-competitive basis when a function is being transferred to the State Service from other personnel jurisdictions or non-State Service agencies when recommended by the Appointing Authority and approved by the Assistant Director. Such transferred employees shall serve a minimum 90-day probationary period.

11. To make an adjustment to the status of an applicant or employee with respect to the Rules when his review determines that such an adjustment may rectify a manifest error.

12. To perform other acts and functions consistent with the Act and these Rules necessary or desirable to carry out their purpose and provide personnel administration for the State Service.

F. Performance appraisal:

1. The Assistant Director shall develop a performance appraisal system in cooperation with the State agencies. All employees shall be evaluated in accordance with this system at established intervals.

2. Performance appraisals shall be considered in determining training needs, salary advancements, order of layoff, transfer, reemployment, and as a means for identifying employees who should be promoted, demoted, or dismissed.

G. Programs for employee development:

1. The Assistant Director shall cooperate with agency heads in developing and promoting programs for employee training, safety, morale, work motivation, health, retirement counseling, and welfare.

2. The Assistant Director shall assist agencies in determining needs for employee development.

3. The Assistant Director shall develop and conduct interdepartmental programs; shall assist with planning and conducting employee development programs for individual departments; and shall assist agencies in evaluating training.

4. The Assistant Director shall provide advice and counsel on employee development as requested by the agencies.

5. The Assistant Director shall establish working relations with educational institutions regarding employee development and continuing education programs for both present and potential State employees.

6. The Assistant Director shall keep records on training equipment, facilities, budgets, and training personnel in State Service.

H. Employment of the handicapped: The Assistant Director shall establish a placement program for the handicapped. He may, with the approval of the Board, establish special procedures that may vary the examination, certification, and selection procedures for the established placement program for the handicapped.

I. Problem-solving procedure or procedure for settling grievances:

1. The Assistant Director shall establish a grievance procedure in cooperation with the State agencies through which employees may obtain consideration of grievances or problems in matters over which the appointing power has complete or partial jurisdiction and for which redress is not provided elsewhere in these Rules. The purpose of the grievance procedure is to afford employees a written and systematic means of obtaining further consideration of grievances after every reasonable effort has failed to resolve them through informal discussions initiated with their immediate supervisor.

2. The grievance procedure of each State agency shall conform to the established procedure.

3. The employee may appeal to the Assistant Director from a decision of the agency head in a particular grievance matter. The Assistant Director may refer to the Board any such appeal which he is unable to resolve.

J. Prohibition of discrimination in employment: No agency shall, because of political or religious opinions or affiliations or because of race, national origin, age, sex or physical disability of any person, except where specific age, sex, or physical requirements constitute a bona fide occupational qualification necessary to proper and efficient administration, refuse to appoint or promote him, or suspend, demote, or discharge him from a position in the State Service, or discriminate against him in compensation or in terms, conditions, and privileges of employment.

K. Prohibition of reprisals for exercise of rights: An agency shall take no disciplinary or punitive action against an employee, nor impede or interfere with the exercise by the employee of his right of review, appeal, or of any other employee right under the Act or these Rules.

L. Records and reports:

1. Personnel action forms: The Assistant Director shall prescribe personnel action forms which agencies shall use to report personnel actions and status changes as he may require. The Assistant Director shall inform the agencies which personnel actions and status changes must be reported to him.

2. Agency personnel records: The Assistant Director shall prescribe necessary information and the general format for agency personnel records.

M. Service of notice: Unless otherwise provided by law or these Rules, whenever any notice, paper or document is to be given to or served upon any person or agency by the Board or the Assistant Director, such notice, paper, or document may be personally served or it may be served by mailing it to the last known residence or business address of the addressee. Service is complete upon mailing.

N. Delegation of responsibilities to State Service agencies: Where the Assistant Director has agreed in writing with a State Service agency to delegate certain responsibilities covered in the Board Rules to increase the efficiency of the service, the Appointing Authority has the responsibility of applying all Board Rules to the delegated actions and for conducting them in the same manner as would the Division staff. The Division staff will provide an audit system to assure compliance with procedures, Board Rules and Regulations.

O. Severability: If any provision of these Rules, or the application thereof to any person or circumstances, is held invalid, the remainder of the Rules, or the application of such provisions to other persons or circumstances, shall not be affected thereby.

P. Conflict with Federal requirements: The provisions of A.R.S. § 41-784 shall be applicable to these Rules, and any provision of these Rules which conflicts or is inconsistent with Federal rules, regulations or standards governing the grant of Federal funds to an agency shall not be applicable to such agency.

#### Historical Note

Former Rule 2; Amended eff. Feb. 20, 1975 (Supp. 75-1). Amended eff. Oct. 12, 1977 (Supp. 77-5).

## **R2-5-21. Probationary period**

### **A. Nature, duration, and purpose:**

1. The probationary period shall be utilized for the most effective adjustment of a new employee whether on original probation or reinstatement or reemployment status and for the elimination of any employee whose performance does not in the judgment of the appointing authority meet the required standard of performance. It also is valuable in promotions to allow the appointing authority an opportunity to evaluate the employee in the new assignment. It is also used to evaluate further an employee who has been transferred or demoted when such transfer or demotion results in probationary status.

2. The probationary period for part-time and full-time employees in the State Service shall be six months. The appointing authority may request in writing from the Assistant Director authorization for a probationary period which is either shorter or longer than six months for any class of positions in his agency. In no case may the basic probationary period be shorter than ninety calendar days or longer than one year. The Assistant Director may extend the probationary period of a probationary employee for good reason upon request by the appointing authority. The probationary period shall be extended for any corresponding period for which a probationary employee is on leave without pay for more than eighty consecutive working hours.

3. State service immediately prior to a probationary appointment to the same classification may be credited toward completion of the required probationary period, with the approval of the Assistant Director, provided that such service was achieved under the same program of orientation, training and evaluation applied to probationary employees.

4. An employee who has been detailed to special duty may have his detail service applied to his probationary period if he subsequently is promoted to the position to which he had been detailed if recommended by the appointing authority and approved by the Assistant Director.

### **B. Conditions preliminary to permanent status:**

1. The appointing authority shall evaluate a probationary employee and submit a report to the Assistant Director on a form prescribed by him at least fifteen days prior to the expiration of the employee's probationary period unless the appointing authority supplies to the Assistant Director, in writing, justification for a period of time less than 15 days. If forms or justification are not submitted 15 days prior to the expiration of the employee's probationary period, the probationary period of the employee will automatically be extended for 30 calendar days.

If no action has been taken by the appointing authority by the end of the extended 30 day period, the employee shall be awarded permanent status.

In the event the probationary period is extended due to a manifest error by the appointing authority and the employee is recommended for permanent status, based on his job performance during the original probationary period, the employee's merit increase will be made retroactive to his original merit increase eligibility date and he shall retain the original eligibility date.

2. If the appointing authority determines at any time during the probationary period that the services of a probationary employee are unsatisfactory, the employee may be separated upon written notice by the appointing authority. The appointing authority shall prepare a personnel action that terminates the employee.

The appointing authority shall supply the employee with a copy of the personnel action.

C. Restoration to register of separated probationary employee: After a probationary employee has been separated, his name may be restored by the Assistant Director to the register for the same or other classes for which he had eligibility previously upon a determination that such action is in the best interest of the State Service, but the Assistant Director shall not again certify such eligible from the list for a vacancy in the same class to the agency from which he was separated unless requested by the agency. When an employee has been promoted but fails to successfully complete the probationary period, he will revert to a position of his former class. If there is no vacancy in a position of the former class, he shall be placed in another suitable position. However, if no other suitable position is available, the rules of layoff shall apply.

**Historical Note**

Former Rule 8; Amended eff. Feb. 20, 1975 (Supp. 75-1). Amended eff. Oct. 12, 1977 (Supp. 77-5).

**R2-5-22. Promotion, transfer, and demotion**

**A. Promotion:**

1. Vacancies in the State Service shall be filled by promotion whenever practicable and in the best interest of the Service. Promotions shall be based upon merit and shall be made in accordance with the procedures established in these Rules. A promotion may be made from within the appointing agency or from another agency within the State Service. Employees must have permanent status to be promoted.

2. Promotions may be made on either a competitive or non-competitive basis. The Assistant Director will issue procedures in the manual for making non-competitive promotions. All promotions shall be competitive unless the Assistant Director determines that the best interests of the State would be served by non-competitive promotion. Except as provided in Paragraph 3 below, all persons promoted on a non-competitive basis must meet the minimum requirements and have satisfactory performance appraisal records.

3. An employee may be promoted provided he meets the minimum experience requirements for the class to which he is moved. Recommendations for substitution of related experience, education, or other qualifications for the specific minimum experience requirements for the class may be approved by the Assistant Director. Such promotions shall be recommended with justification by the employee's immediate supervisor, shall be endorsed by the agency head, and shall require the approval of the Assistant Director, who may require that the employee pass a qualifying examination. Requirements for certification, registration or licensure are not waived by this Rule.

4. An employee who is promoted shall be required to serve a probationary period as provided in these Rules.

5. Employees with permanent status may be appointed to non-elective exempt positions with the State, in which case the employee will be granted a leave of absence without pay in accordance with R2-5-51.

**B. Transfer:**

1. A transfer of an employee may be made between positions within the appointing agency or from a position in another State Service agency to a position with the same pay grade. The appointing authority may require that an employee who transfers to a different class serve a probationary period in accordance with R2-5-21. In any transfer between agencies the appointing authority may require that an employee serve a probationary period.

2. An employee may be transferred to a position in the same or a closely related series provided he meets the minimum experience requirements for the class to which he is moved.

3. No employee appointed to a position through selective certification shall be transferred from that position during the probationary period without the prior approval of the Assistant Director.

4. In the event that, by legislative action or otherwise, part or all of the functions of one agency are transferred to another agency, the affected employees of the transferring agency shall be accepted as transfers by the receiving agency at the same pay grade unless the receiving agency has no need for the particular position or positions. In the latter event, the Rule concerning layoffs will apply.

**C. Demotion:**

1. Until an employee who has been promoted to a position or class has successfully completed the prescribed probationary period and obtained permanent status in such new position or class, he may be returned or demoted to his former or like position or class and he shall have no right to appeal such demotion. The current employing agency shall assume demotion responsibilities following a transfer or promotion.

2. An employee with permanent status may be demoted for cause or as otherwise provided by these Rules after the employee and the Assistant Director have been furnished by the appointing authority with specific reasons for such demotion in writing. The employee will be on probation in the new classification. The appointing authority shall include in the written statement to the employee a notice of his right to appeal in writing to the Board. The appeal must be filed within thirty calendar days from the effective date of the action.

3. If, for personal or other reasons, an employee requests in writing that he be assigned to a position of a lower class, the appointing authority may make such a demotion. In such cases, the appointing authority will give the employee written notice of the demotion. A voluntarily demoted employee may be placed on probation if requested by the appointing authority. In such cases the demotion and



acceptance of probation will be deemed to have been voluntary and there shall be no right of appeal of the demotion or action taken as a result of failure to successfully complete probation in the new position.

4. An employee may be demoted to a position in the same or a closely related series provided he meets the minimum experience requirements for the class to which he is moved.

5. When an employee not having permanent status is to be demoted, he must be qualified for appointment to the class of position to which he is being demoted in the same manner as an original appointment.

D. Detail to special duty: When the services of an employee with permanent status are needed temporarily for more than thirty working days in a position within the State Service other than the position to which he is regularly assigned, upon prior approval of the Assistant Director he may be detailed to that position for a period up to one year. Such detail may be extended upon the approval of the agency head and the Assistant Director. Detail to special duty may be applied toward probationary requirements if recommended by the appointing authority and approved by the Assistant Director.

#### Historical Note

Former Rule 9.

#### R2-5-41. Uniform Classification Plan

##### A. Uniform Classification Plan:

1. Definition: The Uniform Classification Plan, as approved and adopted by the Board upon recommendation of the Assistant Director, shall include for each class of positions an appropriate title and a class specification.

2. Changes in Plan: From time to time as necessary, the Board may establish new classes and divide, combine, alter or abolish existing classes. The Board will consult with agencies and the Assistant Director prior to taking such action. Where any such action is taken, the Assistant Director shall determine in each instance whether the positions affected are to reallocate to another class or classes after taking into consideration the duties and responsibilities, qualifications, performance standards, and other related criteria before and after the change.

##### B. Interpretation of class specifications:

1. Nature and interpretation of class specifications: Class specifications are descriptive and explanatory and are not restrictive. They are designed to indicate the kinds of positions which should be allocated to the several classes as determined by their duties or responsibilities and shall not be construed as describing what the duties or responsibilities of any particular position shall be. The use of an individual expression or illustration as to duties or responsibilities shall not be regarded as excluding assignment of others not mentioned which are similar in kind or quality. The language of class specifications is not intended to be all inclusive or restrictive and is not to be construed as limiting or modifying the authority which agencies have to take from, add to, eliminate entirely, or otherwise change duties and responsibilities, to assign duties or delegate responsibility to employees, or direct and control their work. Material and permanent or indefinite changes in the duties and responsibilities of a position must be reported to the Board.

2. Minimum qualifications: Minimum qualifications are comprehensive statements of the minimum background, as to education, experience, and other qualifications which will be required in all cases as evidence of an appointee's ability to perform the work properly. In addition, although not expressed in the class specification, all persons applying for or holding any position in the State Service shall be required to possess qualifications of good character, temperate habits, sound health and physical ability to perform successfully the duties of the position. The foregoing general qualifications shall be deemed to be part of the minimum qualifications of each class specification and need not be specifically set forth therein.

C. Classification administration:

1. Allocation factors: Every position in the State Service shall be allocated by the Assistant Director, after consultation with the Agency, to the appropriate class in the Uniform Classification Plan. The allocation of a position to a class shall derive from and be determined by the duties and responsibilities of the position and shall be based on the principle that all positions shall be included in the same class if:

- a. they are sufficiently similar in respect to duties and responsibilities that the same descriptive title may be used;
- b. substantially the same requirements as to training and experience, knowledge and ability are demanded of incumbents;
- c. substantially the same test of fitness may be used in choosing qualified appointees; and
- d. the same schedule of compensation can be made to apply with equity.

2. Allocation of new positions: The Assistant Director shall allocate each new position to a class upon receipt of the prescribed form from the agency containing statement of duties, responsibilities, requirements of the position, and organization-related materials. The Assistant Director may study the unit, division, or agency to the extent necessary to determine the proper allocation.

3. Reallocation of existing positions: The Assistant Director shall change the classification of an existing position when a material and permanent change in the duties and responsibilities of the position occurs. In all cases of reallocation of a filled position, the employee in the position at the time of reallocation shall be entitled to continue to serve therein. If such employee should have permanent status and the position is reallocated, he may retain his permanent status or serve a probationary status in accordance with Rule R2-5-21, at the discretion of the appointing authority and with the prior approval of the Assistant Director. If such employee be a probationary or provisional employee, he shall be entitled to continue to serve therein in the same status he held before the position was reallocated. In all cases the employee shall be required to pass any examination which may be required if there is a material difference in the qualifications.

4. Review of allocations: Any appointing authority or any employee affected by the allocation or reallocation of a position to a class by the Assistant Director may obtain a review of such action upon filing with the Assistant Director a written request for a review thereof on such forms as the Assistant Director may prescribe.

D. Classification controls: A position shall have been allocated to a specific class before final administrative action can be taken by an appointing authority on appointment, transfer, promotion, demotion or change in compensation rate, or payment of salary with respect to the position.

**E. Title of position:**

1. Use of titles: The class title of a position shall be used to designate such position in all budget estimates, payrolls, and other official records, documents, vouchers, and communications in connection with all personnel processes.

2. Use of working titles: For purposes of internal administration or for any other purposes not involving the personnel processes, abbreviations or code symbols may be used in lieu of the class titles.

**F. Official copy of class specifications:**

1. Official class specifications: The Assistant Director shall maintain a master set of all approved class specifications. Such specifications shall constitute the official class specifications in the Uniform Classification Plan. The copies of the specification for each class shall indicate the date of adoption or the last revision of the specifications for such class.

2. Issuance of specifications: The Assistant Director shall provide each agency with a set of the class specifications appropriate to that agency. Such class specifications in the agency offices, as well as the master set in the Division offices, shall be open for inspection by the employees or the public under reasonable conditions during business hours.

**Historical Note**

Former Rule 12; Amended eff. Feb. 20, 1975 (Supp. 75-1).

**R2-5-42. Salary Plans**

**A. General provisions for Salary Plans:**

1. Salary Plans: The Uniform Salary Plan as approved by the Board for the State Service shall provide salary grades and ranges for most classes, with the salaries consistent with functions outlined in the classification plan. The Personnel Board may approve special salary plans and pay practices for certain classes of employees as it deems appropriate. Unless otherwise indicated in this Rule, the standard pay practices shall apply uniformly to all salary plans. Such salary ranges shall include minimum, intervening, and maximum rates of pay for each class. Each class in the Uniform Classification Plan shall be assigned to a salary grade in an approved salary plan.

2. Grading factors: In establishing such salary grades and ranges, consideration shall be given to the relative levels of duties and responsibilities of the various classes of positions, rates paid for comparable positions elsewhere and other relevant factors.

3. Changes and adjustments to Salary Plans: The Assistant Director shall prepare and submit to the Board at least annually, in cooperation with the Finance Division, proposed adjustments to the approved salary plans based on comparable rates of pay for comparable work in the State generally, and other economic factors. The Board will consider the Assistant Director's proposed adjustments, and may make changes in the drafts submitted by the Assistant Director. The Board shall, at the public meeting at which objections and protests are heard, or at a later public meeting, adopt such changes and adjustments to the approved salary plans as the Board deems necessary to maintain a competitive position with respect to the labor market.

4. Submission of Plans: The Assistant Director shall submit to the Joint

Legislative Budget Committee and the Legislature the salary plans as adjusted by the Board on or before December 1 of each year.

5. Effect of Plans: Except as otherwise established by the Legislature and subject to availability of funds, each employee in the State Service shall be paid at the appropriate rate set forth in an approved salary plan for the class in which he is employed.

**B. Entrance salary:**

1. Appointments: Initial appointment to a position in State Service shall be made at the minimum salary of the salary range for the class unless otherwise approved by the Assistant Director.

2. Special entrance rates:

a. If the Assistant Director determines that it is not possible to recruit qualified employees at the established entrance salary in a specific area or Statewide, he may, after consulting with the appointing authorities and the Finance Division, initiate recruitment for a class of position at a higher step of the range, provided that all other employees in the same class in the same agency in the same locality are adjusted in salary at least to the same step.

b. The Assistant Director may authorize the appointment of a qualified applicant at a higher step of the range based on the outstanding and unusual character of the applicant's experience, education, and ability over and above the normal minimum qualifications specified for the class, and provided that all other employees possessing similar qualifications in the same class in the same agency in the same locality are adjusted in salary to the same step.

3. Shift differentials: Appointing authorities may request authorization to pay a shift differential for employees who work on night shifts. The appointing authority should submit substantial evidence of the circumstances to justify the shift differential to the Assistant Director. Where such evidence justifies, the Assistant Director may approve a shift differential based on steps or percent not to exceed two steps of the range for each class of position concerned.

4. Unusual work schedules: When an employing agency finds it impossible or impracticable to establish a normal work week for a class or group of positions due to the unpredictable nature or the extent of the work to be required, the Board may authorize an hourly rate of pay for time worked by employees in such positions commensurate with the appropriate grade and rate of pay on the approved Salary Plan.

**C. Reentrance to State Service:** Appointments of former State Service employees from a reinstatement list or a reemployment register shall be made at a salary (dollar amount) determined as follows:

1. The same or lower salary that was paid to the employee at the time of separation provided such salary is within the grade and at a step on the Uniform Salary Plan in effect for the class at the time of reentry; or

2. If, due to adjustment to the Salary Plan, a former employee's salary falls below step one of the grade in which he previously held permanent status, he may be appointed to the present grade of the class at step one.

**D. Salary adjustments:**

1. Change in salary range: Whenever a change or adjustment to an approved salary plan is approved by the Board, agencies shall adjust the salaries of the employees affected thereby to the comparable step in the new range, subject to availability of funds, and provided that the agency shall afford equitable treatment to all its employees affected by the approved changes. Salaries adjusted pursuant to this Section shall not be decreased, nor shall an adjustment hereunder affect the employee's merit increase eligibility date.

2. Promotions:

a. An employee who is promoted shall have his salary raised to the lowest step of the salary range for the class of his new position which will provide an increase over the salary received prior to promotion. If this is not at least equivalent to a one-step increase in the new range, he shall receive an additional step increase, except under the provisions of Subparagraph b. below.

b. An employee who is promoted may accept any salary step in the new range if he is promoting to a classification which allows future potential for advancement beyond the class in which he was employed prior to promotion when fiscal constraints prohibit the granting of a normal promotional salary increase in the new position. Such step may not exceed the step that would be provided under Subparagraph a. above.

3. Demotion: An employee who is demoted shall have his salary reduced to any rate in the range for the lower class which will be the same or lower, except as provided in Paragraphs 5. and 8. below.

4. Transfer: An employee who is voluntarily transferred to a position in the same class or to another class in the same salary grade shall, subject to availability of funds, be paid the same salary that he received prior to transfer.

5. Reallocation: An employee who is advanced to a higher pay grade through reallocation of his position shall have his salary raised to the lowest step of the range for the class to which he is reallocated which will provide a salary greater than the salary received prior to the reallocation. An employee who is reduced to a lower pay grade by reallocation of his position shall have his salary fixed on step at the lowest step in the new pay grade which would not reduce his present rate of pay. An employee whose salary is on a step above the top step of the new pay grade shall remain at his previous rate of pay.

6. Detail to special duty: An employee who is approved for detail to special duty in the State Service as provided by these Rules may have his salary raised to any rate for the class of the new position provided, however, that no such increase shall exceed that which would result from a promotion to the new class.

7. Return from special duty detail: An employee who returns to his original position and class after completion of a special duty assignment shall have his salary reduced to the salary step received prior to the special assignment, plus any merit increase or other salary increase for which he may have been approved during his special duty assignment.

8. Uncompleted promotional probationary period: An employee who does not complete his probationary period upon promotion and is returned to his original position or another position in the same grade as his original position shall have his salary reduced to the salary step received prior to the promotion. He also may receive any salary advancement for which he might have been approved had he remained in his original position.

9. Administrative adjustments: When the Assistant Director, after appropriate review, determines that a salary adjustment may resolve a manifest error or clear inequity he may approve such an adjustment which may be applied retroactively if sufficient funds are available. Such adjustments shall not be applicable to the regrading of classes. Requests for such adjustment must be initiated by an agency head.

10. Overtime:

a. An employee who is required to work in excess of the normal work week or work period established for the position shall be compensated for such excess time at a rate of either:

i. Not to exceed one and one-half times the regular rate at which such person is employed;

ii. One hour of compensatory time off for each hour worked in lieu of cash payment.

b. Each agency shall select a method for compensating specific groups of eligible employees for overtime work. In the event a specific group of employees has been designated to receive cash payment for overtime worked and funds are not available to make such payment, the agency may compensate those employees with one hour of compensatory time off for each hour worked in lieu of cash payment.

c. The provisions of this Rule shall apply to all State employees except:

i. All elected positions in State government;

ii. Employees serving in an appointed position pursuant to A.R.S. § 38-211;

iii. Positions exempt from the authority of the Personnel Board under the provisions of A.R.S. § 41-771;

iv. Employees in positions which do not customarily receive overtime pay in private nongovernmental employment as determined by the Personnel Board.

v. All positions for which the compensation is fixed in contemplation that the employee will be required to work overtime on occasion.

E. Salary advancements:

1. Pay increases: A one step increase should be awarded to an employee on step 3 or lower when the employee meets or exceeds the standards of performance or efficiency established for the position. Such increases shall correspond with the steps provided in the appropriate salary plan and may not be granted more often than provided in these Rules. Employees in original probationary status may participate only in increases resulting from adjustment to the approved salary plans except as approved by the Assistant Director.

2. Merit increases: A maximum of fifty percent (50%) of the eligible employees on step 4 and above may be awarded a merit increase in any one fiscal year. A merit increase of either one or two steps may be awarded when an employee exceeds the standards of performance or efficiency established for the position; however, not more than 10% of the employees eligible to receive a merit increase may receive a two step increase.

3. Evaluation of the employee's work performance for pay or merit increase purposes shall be made by the employee's supervisor in writing in accordance with the Performance Planning and Evaluation Procedure subject to review by agency management.

4. Eligibility for salary advancements:

a. Each employee in the Uniform Salary Plan on original or promotional probation shall be eligible for consideration by the agency for a one step pay or merit increase at the beginning of the first pay period following the successful completion of the probationary period. If the last day of the probationary period is the first day of a pay period, the employee may receive the end of probation pay increase effective that day. Thereafter, an employee in the Uniform Salary Plan at step 3 or lower shall be eligible annually for consideration by the agency for a one step pay increase to be effective on the first day of the pay period in which his eligibility date falls, provided the employee's service has been continuous. In the event the employee's service has not been continuous, he shall be eligible in accordance with Paragraph 6. below.

b. An employee in the Uniform Salary Plan who has attained step four shall be eligible annually for consideration by the agency for a merit increase of one or two steps to be effective on the first day of the pay period in which his eligibility date falls, providing the employee's service has been continuous. In the event the employee's service has not been continuous, he shall be eligible in accordance with Paragraph 6. below.

c. Employees classified in the Physicians Salary Plan shall be eligible for consideration by the agency for a one step salary increase at the beginning of the

first pay period following the successful completion of the probationary period. Thereafter, an employee shall annually be eligible for consideration by the agency for a one step salary increase to be effective on the first day of the pay period in which his eligibility date falls, provided the employee's service has been continuous.

d. An employee who becomes eligible for a merit increase during detail to special duty may have his detail salary adjusted when considering his merit increase if it is recommended by the appointing authority.

e. Seasonal, temporary and limited appointment employees shall be eligible for consideration by the agency for a one step merit increase at the beginning of the first pay period after the successful completion of service equivalent to six months of full-time employment. Thereafter, such employees shall be eligible for and given consideration by the agency for a one step merit increase at equivalent periods of service in conformance with the merit increase eligibility rules.

f. For each agency initially implementing the Uniform Salary Plan for its employees, the agency may consider a one step merit increase for each of its employees who were initially allocated to the first step of the salary range for the class upon the expiration of six months or more of continuous service following such initial implementation. Such an increase, if granted, will establish a new merit increase eligibility date for the employee.

g. An employee who has not received a pay or merit increase on his increase eligibility date may be given the increase at the beginning of any pay period thereafter provided his salary is not advanced above the maximum step of the grade. An employee receiving a delayed salary advancement due to a manifest error, clear inequity, or lack of funds shall retain his earlier increase eligibility date as though there had been no delay.

h. Except in the case of a special meritorious increase as provided in Paragraph 5. below, or the case of an original or promotional probationary employee as provided in Paragraph 4.a. above, no employee shall be granted more than one pay or merit increase in any 12 month period.

5. Special meritorious increase: A special increase may be granted by an agency for extraordinary meritorious service at lesser intervals than stated above for any employee, subject to approval of the Assistant Director, provided the salary is not advanced above the maximum step of the grade.

6. Increase eligibility dates:

a. The first increase eligibility date shall be established on the first day of the first pay period following successful completion of the employee's probationary period.

b. A new increase eligibility date shall be established on the the first day of the pay period following successful completion of a promotional probationary period.

c. A veteran who returns to the State Service from long-term military leave in accordance with these Rules, shall have a new increase eligibility date established at time of return. In establishing such date, the appointing authority may credit the veteran with any prior service accrued after his last increase up to his departure for the military service.

d. An employee who does not complete a promotional probationary period shall have his increase eligibility date restored to that which he had prior to receiving the promotion.

e. Absence of an employee on leave without pay for more than eighty consecutive working hours shall result in extension of his increase eligibility date by

an equivalent amount of time except as otherwise provided in these Rules or required by law.

- f. The employee's increase eligibility date shall not change when:
  - i. The employee's salary changes as a result of an adjustment in one of the approved salary plans;
  - ii. The employee receives a salary adjustment as a result of the approval by the Assistant Director of a change due to a special entrance rate for a new employee in the same class;
  - iii. The employee transfers from one position to another in the same grade;
  - iv. The employee is demoted except as provided in Paragraph R2-5-42.E.6.d.; or his position is reallocated.
  - v. The employee is detailed to special duty as provided in these Rules;
  - vi. The employee has received a special meritorious increase.

#### Historical Note

Former Rule 13; Amended eff. Feb. 20, 1975 (Supp. 75-1). Amended eff. Oct. 13, 1977 (Supp. 77-5). Correction, Historical Note, Supp. 77-5, should read amended eff. Oct. 12, 1977 (Supp. 78-3). Amended as an emergency eff. July 27, 1978, pursuant to A.R.S. § 41-1003, valid for only ninety days (Supp. 78-4). Amended as an emergency eff. Sept. 5, 1978, pursuant to A.R.S. § 41-1003, valid for only ninety days (Supp. 78-5). Amended eff. Jan. 24 and Feb. 8, 1979 (Supp. 79-1). Amended eff. Mar. 12, 1979 (Supp. 79-2). Amended eff. June 26, 1979 (Supp. 79-3).



APPENDIX XV

SYNOPSIS OF 20 SPECIAL MERITORIOUS SALARY INCREASES  
GRANTED BY THE CURRENT EXECUTIVE DIRECTOR OF OEPAD  
BETWEEN MAY 27 AND DECEMBER 31, 1979

SYNOPSIS OF 20 SPECIAL MERITORIOUS SALARY INCREASES  
 GRANTED BY THE CURRENT EXECUTIVE DIRECTOR OF OEPAD  
 BETWEEN MAY 27 AND DECEMBER 31, 1979

Employee	Effective Date of Increase	Type of Personnel Action		Salary Increase		Comments
		Merit Increase	Promotion	From	To	
No. 1	5/27/79	x		\$29,477	\$31,322	Employee received two merit increases prior to eligibility date. Executive Director stated justification for these actions as "...salary was adjusted as a result of new duties and for internal equity sake." However, this position was and is a statutorily-created Division Director. Adjustments made the salary equal to the other Division Director hired January 1, 1979.
	7/01/79	x		31,322	35,312	
No. 2	5/27/79		x	\$19,843	\$24,546	Employee was not promoted to lowest step in new grade that represented a one-step increase. Executive Director stated the employee "...received new duties and was compensated at a rate to allow comparable equity." However, previous and subsequent employees with similar responsibilities were compensated at substantial different salaries. Employee was later reassigned. See Case I in the text regarding a comparison of the employee's job duties to State service requirements that reveals significant variance.
No. 3	5/27/79		x	\$26,105	\$31,322	Employee was not promoted to lowest step in grade that provides a one-step increase. Executive Director states this "...action (was) previously initiated by the prior Executive Director." However, a review of the personnel action form disclosed the present Executive Director's signature ratified the action.
No. 4	6/10/79	x		\$ 9,432	\$10,410	Employee received two merit increases during six-month promotional probation. Executive Director stated "...new duties and was promoted..." as justification.
No. 5	7/01/79	x		\$25,366	\$26,888	Employee received merit increase before the end of original probation (two weeks after hire). As justification, the Executive Director stated "...original salary was recorded inaccurately." However, an internal memorandum from the Executive Director, dated June 28, 1979, stated the employee "...should be at \$25,000 for 32 hours a week..."(effective July 1, 1979). Employee was not promoted to lowest step in new grade that provides one-step increase. Executive Director stated "...when she assumed directorship of a major division, she was compensated properly."
	12/79*		x	\$26,888	\$31,246	

\* Exact date unavailable.

Employee	Effective Date of Increase	Type of Personnel Action		Salary Increase		Comments
		Merit Increase	Promotion	From	To	
No. 6	7/03/79	x		\$11,482	\$12,036	Employee received merit increase without completing original probation. Executive Director stated employee "...was promoted and, consequently, was compensated properly."
No. 7	7/08/79	x		\$11,438	\$12,036	Employee received merit increase before the end of original probation. Executive Director stated "...performance on the Set-Aside Office was outstanding. Consequently, he received new duties and, hence, a promotion." It should be noted that employee was subsequently terminated on June 22, 1980.
No. 8	7/16/79		x	\$18,765	\$22,380	Employee was not promoted to lowest step that provides one-step increase. Executive Director stated the employee "...received a promotion in job responsibilities; salary adjustment was due to internal equity." It should be noted that the employee was hired on September 18, 1978, at upper steps as a Public Information Officer II (grade 17); ten months later was promoted to Administrative Services Officer I (grade 19); one week later was promoted to Planner III (grade 21) at a pay scale that did not represent lowest step with one-step increase.
No. 9	7/16/79	x		\$22,380	\$23,775	Employee received more than one merit increase in 12 months. Executive Director stated the employee "...has new responsibilities and duties, and was compensated for them." It should be noted that this employee received an additional merit increase as of January 20, 1980.
No. 10	8/05/79	x		\$17,752	\$18,765	Employee received a merit increase prior to completion of promotional probation. Executive Director stated the employee "...did excellent work and was compensated for her promotion." It should be noted that the employee was on administrative leave from August 17, 1979, to August 31, 1979, and retired on November 5, 1979, with zero balance for sick and annual leave.
No. 11	8/05/79	x		\$17,752	\$18,765	Employee received merit increase before the end of probation. Executive Director stated employee "...received new duties and hence, was given extra compensation for them."
No. 12	8/19/79	x		\$ 8,901	\$ 9,352	Employee received a merit increase before the end of probation. Executive Director stated the employee's performance "...was outstanding. She filled a vacancy that was created and, consequently, was compensated."

XV-3

Employee	Effective Date of Increase	Type of Personnel Action		Salary Increase		Comments
		Merit Increase	Promotion	From	To	
No. 13	9/02/79	x		\$15,139	\$16,892	Employee received a two-step increase in lower steps. Executive Director stated the employee "...was promoted and received new responsibilities." It should be noted employee received an additional merit increase on February 3, 1980.
No. 14	9/16/79	x		\$17,752	\$19,814	Employee received a two-step increase while on lower steps and a merit increase before the end of original probation. Executive Director stated "...original grade was recorded inaccurately as a 19-I and adjustment reflected his proper classification of 19-III." It should be noted that if the Executive Director's statement is correct, the employee was hired at upper steps which would require substantial justification under merit system rules.
No. 15	12/01/79	x		\$15,139	\$16,892	Employee received two-step increase on lower steps, and employee received more than one merit increase in 12 months. Executive Director stated that the employee "...received the extra increases due to the fact that because of legislative action she has had to assume more and more professional staff responsibilities far above and beyond her current range in salary." It should be noted that the legislative action was the elimination of a Planner II position in the same section. Further, it should be noted that this employee was rehired* by OEPAD on January 8, 1978 as a Typist III (grade 9); two weeks later a step increase was granted; three months later was promoted to Administrative Assistant I (grade 13); six months later was promoted to Planner I (grade 20).
	12/23/79	x		\$16,892	\$17,822	
No. 16	1/06/80	x		\$15,139	\$16,000	Employee received merit increase before end of original probation. Executive Director stated employee "...did outstanding work for which she received a promotion." It should be noted an additional merit was granted on February 17, 1980, that was retroactive to January 6, 1980. An OEPAD memorandum dated February 8, 1980, notes that employee should have received a two-step increase (while on lower steps) when made permanent.
No. 17	1/06/80	x		\$22,380	\$23,775	Employee received more than one merit increase in 12 months. Executive Director stated the employee "...received new duties and responsibilities and now has the total community affairs operation." It should be noted that the employee's PP&E dated February 14, 1980, states he is a section manager. Employee has been a Planner III since February 4, 1979; usual assignment for State service Planner IIIs is a first-line supervisor of planning staff.

\* Employee had previously worked at OEPAD from 1968 to 1975 as a Clerk Steno and an Administrative Assistant; and was unemployed from 1975 to January 1978.

APPENDIX XVI

LETTER FROM OEPAD EXECUTIVE DIRECTOR CONCERNING  
MERIT INCREASES AND PROMOTIONAL PRACTICES  
APRIL 29, 1980

ARIZONA

OFFICE  
OF THE  
GOVERNOR  
BRUCE BABBITTOFFICE OF  
**ECONOMIC PLANNING AND DEVELOPMENT**

General Offices of OEPAD • 4th Floor

April 29, 1980

Ms. Coni R. Good  
Auditor General's Office  
112 N. Central Avenue, Suite 600  
Phoenix, Arizona 85004

Dear Ms. Good:

In response to your April 22, 1980 memo, I would like to respond to each case where you noted some exceptions to "Normal Personnel Practices", and explain the rationale in each case. Before beginning, I must reiterate my belief in what a public personnel system should be and the key elements which it should contain. A public personnel system must have the capability to attract and retain quality employees and, at the same time, must employ a compensation system that is internally equitable. In addition, there should be in a personnel system, an adequate system of rewards to take care of employees who perform outstanding work. It is also my belief that employees who do not perform up to standard should be demoted in salary or discharged after proper feedback and counseling is given to them. Also, a public personnel system should pay individuals for their responsibilities and duties.

When I inherited the agency, there were terrible problems of internal equity among individuals and I demoted several people in salary while raising others. When I reorganized and job duties and responsibilities changed, salary adjustments were needed. Several employees did leave because their salaries were either not raised or adjusted lower.

In view of the above, I am convinced that OEPAD's personnel practices clearly follow the spirit of the personnel rules.

The following is a point-by-point discussion of the items listed in your April 22 memo where the personnel actions took place after May 27, 1979.

                    received a promotion in job responsibilities; salary adjustment was due to internal equity.

Ms. Coni R. Good  
Auditor General's Office  
April 29, 1980  
Page Two

was promoted based upon new duties. Her performance was so outstanding, it was not felt necessary to wait until the end of the promotional probation.

received new duties and responsibilities and now has the total community affairs operation.

received the extra increases due to the fact that because of legislative action she has had to assume more and more professional staff responsibilities far above and beyond her current range in salary.

was promoted and received new responsibilities.

performance was outstanding, and he was promoted to head the Set-Aside Office and, consequently, received extra compensation for this new job.

has been promoted and now supervises the whole section as a program manager and has been compensated because of this.

was in an action previously initiated by the prior Executive Director.

received new responsibilities including development of the economic profile.

performance was outstanding. Consequently, she was promoted slightly early.

performance on the Set-Aside Office was outstanding. Consequently, he received new duties and, hence, a promotion.

, new duties and was promoted.

performance was outstanding. She filled a vacancy that was created and, consequently, was compensated.

received new duties and, hence, was given extra compensation for these.

original grade was recorded inaccurately as a 19-I and the adjustment reflected his proper classification of 19-III.

Ms. Coni R. Good  
Auditor General's Office  
April 29, 1980  
Page Three

original salary was recorded inaccurately, and when she assumed directorship of a major division, she was compensated properly.

did excellent work and was compensated for her promotion.

salary was adjusted as a result of new duties and responsibilities and for internal equity sake.

received new duties and was compensated at a rate to allow internal equity.

did outstanding work for which she received a promotion.

was promoted and, consequently, was compensated properly.

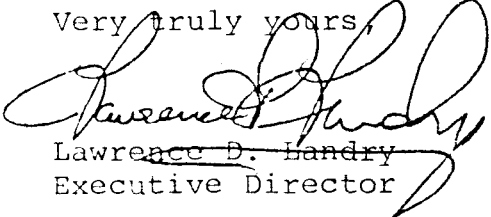
has received new responsibilities and duties and consequently has been compensated for them.

has new responsibilities and duties, and was compensated for them.

If an employee is doing an outstanding job and is promoted because of this excellent work, then my deputy directors have the latitude to reward such employees. On the other hand, if employees are not performing they can be let go. It should also be noted that there is a personnel rule that does allow for two-step or special merit increases for outstanding performance. Current state practices encourage supervisors to use this rule when outstanding performance occurs.

Nineteen hundred seventy-nine was a year of turmoil for OEPAD with hirings, firings, promotions and reorganization. Nineteen eighty will be a more stable year.

Very truly yours,

  
Lawrence D. Landry  
Executive Director

LDL:cw



APPENDIX XVII

EXAMPLES OF OEPAD  
PERFORMANCE, PLANNING AND EVALUATION REPORTS

PERFORMANCE PLANNING AND EVALUATION REPORT

NAME (LAST) \_\_\_\_\_ (FIRST) \_\_\_\_\_ (INITIAL) \_\_\_\_\_

CLASS TITLE Typist II GRADE 7 STEP 1

AGENCY QEPAD DIVISION Energy

PERIOD From: 11-13-79 To: 6-13-80

NUMBER OF MONTHS Under Present Evaluator \_\_\_\_\_

RECOMMENDATIONS: Permanent Status: Yes  No  Not Applicable

Merits Increase  Does Not Merit Increase

Not Applicable

RESPONSIBILITIES	STANDARDS FOR RESULTS EXPECTED	EVALUATION OF RESULTS ACHIEVED			
		1	2	3	4
Typing	prompt, accurate, neatly finished materials from copy provided or oral instructions				
Telephone	answer promptly, transfer to requested party with courtesy, take messages as appropriate, provide as much assistance with knowledge of subject matter as possible				
Filing	Set up and maintain files for the EBTR Program to be left accurately and current				
Switch Board Relief	Provide relief during lunch hours and during absence of receptionist as needed				
Receptionist duties	Provide relief to receptionist as needed greeting visitors, providing switchboard or other misc duties on temp basis				

(CONTINUE ON REVERSE AS NECESSARY)

PLANNING: \_\_\_\_\_

EMPLOYEE: \_\_\_\_\_ SIGNATURE \_\_\_\_\_ DATE: \_\_\_\_\_

SUPERVISOR: \_\_\_\_\_ SIGNATURE \_\_\_\_\_ DATE: \_\_\_\_\_

AGENCY HEAD/DESIGNATED OFFICIAL: \_\_\_\_\_ APPROVE  DISAPPROVE  OTHER

1st Line Supv: \_\_\_\_\_ RECOMMENDS INCREASE  DISAGREES AND REQUESTS REVIEW  DOES NOT RECOMMEND INCREASE

Employee: \_\_\_\_\_ ACCEPTS  DISAGREES

2nd Line Supv: \_\_\_\_\_ RECOMMENDS INCREASE  DOES NOT RECOMMEND INCREASE

AGENCY HEAD/DESIGNATED OFFICIAL: \_\_\_\_\_ APPROVE  DISAPPROVE  OTHER

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

PLANNING

EVALUATION OF RESULTS ACHIEVED

RESPONSIBILITIES

STANDARDS FOR RESULTS EXPECTED

COMMENTS

Rating  
1 2 3 4

Misc. Duties

From time to time there will be other related duties requested such as copying or delivering packets of information to another area but will be considered as a segment of the job description.

(continue on SF 702-A as necessary)

(continue on SF 702-A as necessary)

EMPLOYEE SUMMARY COMMENTS

SUPERVISOR COMMENTS

REVIEWER COMMENTS

FROM: Oct 1, '79 TO: Oct '80

NUMBER OF MONTHS:  
Under Present Evaluator  
RECOMMENDATIONS:  
Permanent Status: Yes \_\_\_ No \_\_\_  
Not Applicable  
Merits Increase \_\_\_  
Does Not Merit Increase \_\_\_  
Not Applicable \_\_\_

OVER-ALL PERFORMANCE EVALUATION  
1 Unsatisfactory  
2 Needs Improvement  
3 Achieved Results Expected  
4 Exceeded Results Expected

EVALUATION OF RESULTS ACHIEVED  
COMMENTS

Rating (on above) 1 2 3 4

NAME (LAST) (FIRST) (INITIAL)  
CLASSIFIER  
GRADE 17 STEP 1  
DIVISION Planning

AGENCY OEPAD  
TYPE OF EVALUATION: Regular Probationary Other (Specify)  
PLANNING

STANDARDS FOR RESULTS EXPECTED  
Provide assistance when requested

Valley Leadership -  
Government Day  
1. Create a Rio Salado Game Package.  
2. Provide further assistance when requested by Larry or Valley Leadership.

State Transportation Task Force  
1. Assist as requested in the staffing effort.

PLANNING: (CONTINUE ON REVERSE AS NECESSARY)  
EVALUATION:  
EMPLOYEE: SIGNATURE DATE  
SUPERVISOR: SIGNATURE DATE 3/26/80  
AGENCY HEAD/DESIGNATED OFFICIAL: Approves \_\_\_ Disapproves \_\_\_ Other \_\_\_  
SF 702 Rev. 3/78



PERFORMANCE PLANNING AND EVALUATION REPORT

NAME (LAST) _____ (FIRST) _____ (INITIAL) _____ CLASS TITLE _____ GRADE _____ STEP _____ AGENCY _____ OEPAD _____ DIVISION _____ Development TYPE OF EVALUATION: <input type="checkbox"/> Regular <input type="checkbox"/> Probationary <input type="checkbox"/> Other (specify) _____	PERIOD From: _____ To: _____ OVER-ALL PERFORMANCE EVALUATION <input type="checkbox"/> 1 Unsatisfactory <input type="checkbox"/> 2 Needs Improvement <input type="checkbox"/> 3 Achieved Results Expected <input type="checkbox"/> 4 Exceeded Results Expected	NUMBER OF MONTHS: Under Present Evaluator _____ RECOMMENDATIONS: Permanent Status: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable Merits Increase <input type="checkbox"/> Does Not Merit Increase <input type="checkbox"/> Not Applicable <input type="checkbox"/>
RESPONSIBILITIES In accordance with policies set by the Executive Director: 1. Supervise the Economic Development Section of the office which includes the Industrial Analysis, Business Retention and expansion in both the metro and non-metro areas of Arizona. 2. Supervise the Manpower Program which administers the Governor's CETA Grant, Youth Grant and the Offender Planning Grant. 3. Supervise the State Motion Picture Assistance Program.	STANDARDS FOR RESULTS EXPECTED Develop a close working relationship with allies including Chambers of Commerce, banks, railroads, utilities, developers, and others in the industrial development and promotional field. This effort includes a vigorous business retention program in both metro and non metro areas. Provide coordination of programs in compliance with Federal regulations to provide training assistance to industries in order to achieve maximum leverage of funds. Develop the maximum potential for assisting all types of filming activities. This includes close	EVALUATION OF RESULTS ACHIEVED Rating (1=not at all, 2=poor, 3=good, 4=excellent)
COMMENTS		

(CONTINUE ON REVERSE AS NECESSARY)

EVALUATION:

1st Line Supv:  Recommends Increase  Does Not Recommend Increase

Employee:  Accepts  Disagrees  Disagrees and Requests Review

2nd Line Supv:  Recommends Increase  Does Not Recommend Increase

AGENCY HEAD / DESIGNATED OFFICIAL:  Approves  Disapproves  Other

PLANNING:

EMPLOYEE: \_\_\_\_\_ SIGNATURE \_\_\_\_\_  
 DATE: 2-15-80

SUPERVISOR: \_\_\_\_\_ SIGNATURE \_\_\_\_\_  
 DATE: 2/19/80



APPENDIX XVIII

STATE PERSONNEL POSITION  
CLASSIFICATION SPECIFICATIONS  
FOR SELECTED OEPAD JOB TITLES



Class Code: 76320

Professional Fiscal, Statistical and Related Group  
Statistics, Statistical Research and Economics Series

CLASS TITLE: Planner I

## CHARACTERISTICS OF THE CLASS:

Under general supervision, is responsible for work of average difficulty in the collection, analysis and presentation of data and the formulation, modification, and implementation of plans in a variety of disciplines including, transportation, law enforcement, criminal justice, natural resources management, land use, outdoor recreation, manpower, health, civil defense and community shelter planning; and performs related work as required.

The Planner I is distinguished from the Planner II by the greater degree of supervision received, performance of less complex, less technical work and the narrower scope and impact of the assignment. The Administrative Assistant I or Research and Statistical Analyst I is typically utilized when underfilling this classification.

## EXAMPLES OF DUTIES:

Collects, analyzes, interprets and presents a variety of data related to planning projects; prepares or participates in the preparation of short range, long range and contingency plans; modifies existing planning or programming based on anticipated changes in economic, demographic or other phenomena; coordinates planning efforts with state, regional and local planning groups; participates in the review, preparation and approval of grant requests; participates in development of community profiles and economic development plans; advises local and regional planning agencies on various aspects and requirements of federal planning assistance programs and grants; prepares a variety of reports and project summaries.

## KNOWLEDGE, ABILITIES AND SKILLS:

Good knowledge of the principles and practices utilized in research and planning; good knowledge of local planning resources; good knowledge of government organization and procedures.

Ability to collect, analyze and interpret data; ability to develop effective plans; ability to maintain effective relationships with those contacted in the course of work.

Skill in oral and written communication.

## MINIMUM QUALIFICATIONS:

One year of professional experience appropriate to the area of assignment in which a significant portion involved the gathering, analysis and presentation of data and the development of project or program plans; or Master's degree from an accredited college or university with a major in planning, resources management, economic development or related.

Revised August 9, 1976

Professional Fiscal, Statistical and Related Group  
Statistics, Statistical Research and Economics Series

CLASS TITLE: Planner II

CHARACTERISTICS OF THE CLASS:

Under direction, is responsible for work of considerable difficulty in the collection, analysis and presentation of data and the formulation, modification and implementation of plans and programming in a variety of disciplines including transportation, law enforcement, criminal justice, natural resources management, land use, outdoor recreation, manpower, health, civil defense and community shelter planning; and performs related work as required.

The Planner II is distinguished from the Planner I by the independent performance of technical planning work having broad impact and scope. The Planner II possesses high level planning skills and comprehensive program knowledge. It is further distinguished from the Planner III which serves as a first line supervisor in a large planning operation or as a planning manager in a smaller, less diverse program.

EXAMPLES OF DUTIES:

Analyzes planning needs and scope of the problem; collects, analyzes, interprets and presents a variety of data related to planning projects; prepares a variety of short range, long range and/or contingency plans; modifies existing planning or programming based on anticipated changes in economic, demographic or other phenomena; coordinates comprehensive planning efforts with state, regional and local planning groups; reviews and approves financial grant requests; provides technical assistance to planning bodies and others as required; develops community profiles and economic development plans; prepares a variety of technical reports and project summaries; attends seminars and conferences.

KNOWLEDGE, ABILITIES AND SKILLS:

Considerable knowledge of the principles and practices utilized in research and planning; considerable knowledge of local planning resources; good knowledge of government organization and procedures.

Ability to collect, analyze and interpret data; ability to develop effective plans; ability to maintain effective relationships with those contacted in the course of work.

Skill in oral and written communication.

MINIMUM QUALIFICATIONS:

Two years of professional planning experience appropriate to the area of assignment.

Professional Fiscal, Statistical and Related Group  
Statistics, Statistical Research and Economics Series

CLASS TITLE: Planner III

CHARACTERISTICS OF THE CLASS:

Under general direction, is responsible for work of considerable difficulty in the supervision of a unit of professional planners; and performs related work as required.

The Planner III is a supervisory classification responsible for a unit of personnel in a large diversified planning section or may serve as the planning manager in a smaller, more specialized operation. The Planner III is distinguished from the IV which is responsible for the management, through subordinate supervisors, of a major planning section.

EXAMPLES OF DUTIES:

Plans, organizes and directs the activities of professional and technical personnel engaged in the compilation, analysis and interpretation of data and the design and modification of plans; provides technical guidance to staff; determines plan or project objectives and goals; develops planning models, research design and analyzes techniques; coordinates the work of staff throughout the planning stages and oversees the written and graphic presentation of findings; provides planning assistance to and stimulates interest and action among local planning groups; coordinates multi-jurisdictional planning efforts; prepares comprehensive reports; attends seminars and conferences.

KNOWLEDGE, ABILITIES AND SKILLS:

Considerable knowledge of the principles and practices utilized in research and planning; considerable knowledge of local planning resources; considerable knowledge of government organization and procedures.

Ability to plan, supervise and evaluate the work of a staff of planners; ability to maintain effective working relationships with those contacted in the course of work.

Skill in oral and written communication.

MINIMUM QUALIFICATIONS:

Three years of professional planning experience appropriate to the area of assignment which included some experience in the supervision of planning personnel.

Professional Fiscal, Statistical and Related Group  
Statistics, Statistical Research and Economics Series

CLASS TITLE: Planner IV

CHARACTERISTICS OF THE CLASS:

Under administrative direction, is responsible for work of considerable difficulty in the management, through subordinate supervisors, of a major planning section; and performs related work as required.

The Planner IV is distinguished from the Planning Program Manager I by responsibility for a less diverse, less complex operation not requiring substantial scientific or engineering expertise.

EXAMPLES OF DUTIES:

Plans, organizes and directs the activities of professional and technical personnel engaged in the compilation, analysis and interpretation of data and the design and modification of plans; provides technical guidance to staff; determines plan or project objectives and goals; develops planning models, research design and analyses techniques; coordinates the work of staff throughout the planning stages and oversees the written and graphic presentation of findings; provides planning assistance to and stimulates interest and action among local planning groups; coordinates multi-jurisdictional planning efforts; prepares comprehensive reports; attends seminars and conferences.

KNOWLEDGE, ABILITIES AND SKILLS:

Considerable knowledge of the principles and practices utilized in research and planning; considerable knowledge of local planning resources; considerable knowledge of government organization and procedures.

Ability to plan, supervise and evaluate the work of a staff of planners; ability to maintain effective working relationships with those contacted in the course of work.

Skill in oral and written communication.

MINIMUM QUALIFICATIONS:

Two years of experience in the supervision of professional planning personnel.

Revised August 9, 1976

Professional Fiscal, Statistical and Related Group  
Statistics, Statistical Research and Economics Series

CLASS TITLE: Planning Program Manager I

CHARACTERISTICS OF THE CLASS:

Under administrative direction is responsible for work of unusual difficulty, in the management, through subordinate supervisory personnel, of a multi-discipline regional or state-wide planning organization; and performs related work as required.

The Planning Program Manager I is responsible for a diverse and complex program, often having a scientific or engineering orientation. The Planning Program Manager I is distinguished from the II by the size and complexity of the organization, the level of subordinate supervisors, the scope and impact of the operation, and the size of the planning budget.

EXAMPLES OF DUTIES:

Plans, organizes, directs, coordinates and evaluates activities and projects in multi-discipline planning organization; selects, supervises and evaluates the work of a large, multi-disciplined staff including planners, economists, environmental specialists, engineers, and research analysts; develops planning policies and procedures; establishes planning methodologies and goals; administers federal funding assistance programs, reviews and evaluates local planning programs; coordinates multi-jurisdictional planning efforts; attends seminars and conferences; prepares a variety of administrative reports.

KNOWLEDGE, ABILITIES AND SKILLS:

Considerable knowledge of planning administration practices and procedures; considerable knowledge of government organization, public finance and economics.

Ability to direct and manage a large, multi-disciplined staff; ability to maintain effective working relationships with those contacted in the course of work.

Skill in oral and written communication.

MINIMUM QUALIFICATIONS:

Three years of experience appropriate to the area of assignment in the supervision of professional planning personnel including responsibility for planning program direction.

Revised October 20, 1976

Professional Fiscal, Statistical and Related Group  
Statistics, Statistical Research and Economics Series

CLASS TITLE: Planning Program Manager II

CHARACTERISTICS OF THE CLASS:

Under administrative direction, is responsible for work of unusual difficulty, in the direction, through high level subordinate supervisory personnel, of a major, multi-disciplined state-wide planning organization; and performs related work as required.

The Planning Program Manager II is distinguished by responsibility for a major, highly diverse and complex program having considerable state-wide orientation and impact, by the level of subordinate supervisors, and the size of the planning budget.

EXAMPLES OF DUTIES:

Plans, organizes, directs, coordinates and evaluates activities and projects in a multi-discipline planning organization; selects, supervises and evaluates the work of a large, multi-disciplined staff including planners, economists, environmental specialists, engineers, and research analysts; develops planning policies and procedures; establishes planning methodologies and goals; administers federal funding assistance programs; reviews and evaluates local planning programs; coordinates multi-jurisdictional planning efforts; attends seminars and conferences; prepares a variety of administrative reports.

KNOWLEDGE, ABILITIES AND SKILLS:

Considerable knowledge of planning administration practices and procedures; considerable knowledge of government organization, public finance and economics.

Ability to direct and manage a large, multi-disciplined staff; ability to maintain effective working relationships with those contacted in the course of work.

Skill in oral and written communication.

MINIMUM QUALIFICATIONS:

Four years of experience appropriate to the area of assignment in the supervision of professional planning personnel including responsibility for planning program direction.

CLASS TITLE: Administrative Services Officer I

CHARACTERISTICS OF THE CLASS:

Under direction, in an organization with complex fiscal and business management functions, is responsible for work of average difficulty, assisting a department head by directing centralized administrative services including budgetary, accounting, purchasing, payroll or related services; an incumbent will normally supervise a relatively small staff of sub-professional and other employees; and performs related work as required.

EXAMPLES OF DUTIES:

Directs and participates in a variety of administrative and business management functions involving the making of administrative decisions; assists agency head in formulating and implementing policies and procedures relative to fiscal services and other general business activities; prepares or directs the preparation of the budget and maintains fiscal control; consults with unit supervisors on administrative problems and procedures and assists in developing and instituting improvements; directs accounting and bookkeeping operations and the preparation of financial statements and statistical reports; directs purchasing and stores function; makes special studies and reports; may be responsible for building and grounds maintenance and repair function.

KNOWLEDGE, ABILITIES AND SKILLS:

Good knowledge of the principles and practices of administration with special reference to organization, fiscal management and budgetary control; good knowledge of office management and supervision.

Ability to direct an administrative services program for an organization; ability to do difficult analytic work; ability to supervise others; ability to write and speak with clarity and effectiveness.

MINIMUM QUALIFICATIONS:

Two years of responsible administrative experience equivalent to or above the Administrative Assistant III level in such fields as personnel, budget analysis, purchasing, accounting, data processing or related administrative services work; a Master's degree in business or public administration from an accredited college or university may substitute for one year of the required experience.

Rev. November 10, 1976

Management Group  
Administrative Management Series

CLASS TITLE: Administrative Services Officer II

CHARACTERISTICS OF THE CLASS:

Under direction, is responsible for work of considerable difficulty in directing centralized administrative services including budgetary, accounting, purchasing, payroll and/or other staff functions; depending upon the complexity of administrative services, an incumbent may have control of such functions for a small though moderate sized department or institution or may assist in directing administrative services of a large organization; and performs related work as required.

EXAMPLES OF DUTIES:

Directs or assists in directing fiscal activities such as state and federal accounting, payroll, purchasing, budget preparation and control, personnel and other record keeping, capital improvement programming, preparation of statistical, financial and other reports; may direct housekeeping, building and grounds maintenance, dietary, laundry, clothing, printing and other service functions; studies practices, policies and procedures and makes recommendations for improvement; supervises and evaluates a professional and other staff.

KNOWLEDGE, ABILITIES AND SKILLS:

Considerable knowledge of the principles and practices of administration with special reference to organization, fiscal management, budgetary control and general administrative services; good knowledge of planning, control and supervision.

Ability to direct a comprehensive administrative services program for an organization; ability to do complex analytic and managerial work; supervisory ability; ability to speak and write effectively.

MINIMUM QUALIFICATIONS:

Three years of responsible administrative experience equivalent to or above the Administrative Assistant III level in such fields as personnel, budget analysis, purchasing, accounting, data processing or related administrative services work; a Master's degree in business or public administration from an accredited college or university may substitute for one year of the required experience.

Revised November 10, 1976



Management Group  
Administrative Management Series

CLASS TITLE: Administrative Services Officer III

CHARACTERISTICS OF THE CLASS:

Under general direction, is responsible for work of considerable difficulty assisting in the planning, organizing and directing of centralized administrative or related staff services, including business and fiscal management functions for one of the larger state organizations; and performs related work as required.

EXAMPLES OF DUTIES:

Assists in the planning, organizing and supervision of departmental or large division fiscal and business services, or a related staff function; prepares and administers budget, directs purchasing activities; supervises and participates in difficult managerial studies; establishes priorities and goals; enforces policies and procedures.

KNOWLEDGE, ABILITIES AND SKILLS:

Considerable knowledge of administration with special reference to planning, organizing and directing comprehensive administrative services including fiscal management, budgetary preparation and control, organization, general business administrative services and supervision.

Ability to direct a comprehensive administrative services program; ability to do complex analytic and managerial work; ability to successfully initiate and maintain complex and difficult relations with employees and the public; supervisory ability; ability in verbal and written communication.

MINIMUM QUALIFICATIONS:

Three years of managerial experience in one or more of the functions related to the duties of this class; a Master's degree in business or public administration from an accredited college or university may substitute for one year of the required experience.

Revised April 22, 1975

Management Group  
Administrative Management Series

CLASS TITLE: Administrative Services Officer IV

Under administrative direction, is responsible for work of considerable difficulty in the largest state agencies having complex and extensive business operations, planning, organizing, and directing, through subordinate program managers, several major centralized financial and business management functions such as personnel, accounting, budgeting, purchasing or data processing; or directs the operation, through subordinate program managers, of the Arizona Highways Magazine; or serves as the special assistant to the Department of Transportation Director, responsible for a variety of high level administrative assignments including the development of programs, directives and policies affecting the entire agency; and performs related work as required.

EXAMPLES OF DUTIES:

Plans, organizes and directs the functions of a major division within a large state agency; develops and implements policies and procedures and data processing applications to administrative functions; directs the work of professional accounting, auditing and purchasing personnel as well as staff engaged in property accounting, warehousing, federal aid administration and adjustment and claims; plans and directs the editorial, production, circulation, distribution and administrative functions in the Arizona Highways Magazine; develops marketing programs for the magazine and its related by-products; serves as the Department of Transportation Director's special assistant and representative to the agency's assistant directors, Governor's office, Transportation Board and the Legislature, coordinating the department's legislative program, speaking before public groups on a variety of transportation subjects; and prepares administrative reports.

KNOWLEDGE, ABILITIES AND SKILLS:

Considerable knowledge of the principles and practices of effective administration with particular attention to planning, organizing and directing comprehensive administrative services; considerable knowledge of the processes and functions of magazine production.

Ability to effectively direct large, centralized administrative services; ability to resolve complex problems in the area of assignment and to establish and maintain effective relationships with those contacted in the course of work.

MINIMUM QUALIFICATIONS:

Four years of managerial experience in one or more of the functions related to the duties of this class; a Master's degree in business or public administration from an accredited college or university may substitute for one year of the required experience.

Revised April 22, 1975

CLASS TITLE: Administrative Services Officer V

CHARACTERISTICS OF THE CLASS:

Under administrative direction, is responsible for work of unusual difficulty in planning, directing and coordinating the total administrative service function for one of the largest state agencies, including personnel, budgetary, fiscal, electronic data processing, and/or other functions; and performs related work as required.

EXAMPLES OF DUTIES:

Directs and coordinates the total administrative service function for the largest state agencies, such as personnel, electronic data processing, budgetary, fiscal, purchasing, printing, planning, building maintenance and related services; confers with program heads, members of professional staff and officials concerning the administrative services needs and requirements of the department in regard to policies, rules and regulations; develops departmental policies and regulations concerning administrative services; directs management and other studies and surveys for the purpose of improving administrative methods and practices; writes reports.

KNOWLEDGE, ABILITIES AND SKILLS:

Comprehensive knowledge of administration with special reference to planning, organizing and directing a comprehensive administrative services program, including personnel, budgetary, fiscal, electronic data processing, purchasing, organization, printing, planning and building maintenance and related functions; good knowledge of supervision.

Ability to develop and install highly complex and large scale administrative procedures and operations and to evaluate their efficiency and effectiveness; ability to exercise effective administrative and technical supervision over professional staff; analytical ability; judgement; ability to initiate and maintain important personal contacts; ability to speak and write effectively.

MINIMUM QUALIFICATIONS:

Five years of managerial experience in one or more of the functions related to the duties of this class; a Master's degree in business or public administration from an accredited college or university may substitute for one year of the required experience.

Revised April 22, 1975

APPENDIX XIX

LETTER FROM OEPAD EXECUTIVE DIRECTOR  
CONCERNING OEPAD POSITION CLASSIFICATIONS  
APRIL 28, 1980

ARIZONA

OFFICE  
OF THE  
GOVERNOR  
BRUCE BABBITTOFFICE OF  
**ECONOMIC PLANNING AND DEVELOPMENT**

General Offices of OEPAD • 4th Floor

April 28, 1980

Ms. Coni Good  
Auditor General's Office  
112 North Central, Suite 600  
Phoenix, Arizona 85004

Dear Ms. Good:

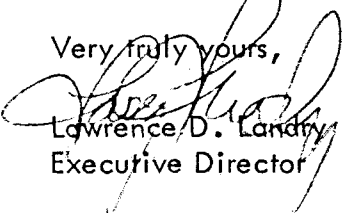
This is in reply to your letter about fourteen positions you stated you believe were over compensated, based upon your study.

In discussing your findings with the Assistant Director for Personnel, Richard Rabago, the Auditors have misunderstood the nature of the job classification system. It is totally methodologically inaccurate to simply go and read broad job descriptions and state that based upon this, people who are performing "X" functions should be paid a certain salary. This is especially true in an organization as broad and diverse as the State of Arizona. In order to even come close to the type of comparison you attempted to do, most personnel experts would mandate that you go into a very elaborate point/value system that could only be adequately performed by an expert with broad depth and background in personnel matters.

Everyone of the positions you identified are highly skilled professionals who bring special talent, expertise and have job duties and responsibilities that go beyond "a Planner's job description." If we were to follow strict personnel rules and job descriptions, no one would make more money than the Governor because he supervises everyone. Yet, there are many people in state government that make more money than the Governor.

There are many highly skilled professionals who make more money based on their special skills and expertise. For example, some doctors who work in the State Department of Health Services have salaries well in excess of \$60,000, not because they supervise a lot of people, but because of their specialized expertise. In many ways, OEPAD has "doctors" in energy, economics, planning, community affairs, and other areas which today are highly specialized and mandate specialized action.

Very truly yours,

  
Lawrence D. Landry  
Executive Director

LDL:t

APPENDIX XX

LETTER FROM ASSISTANT DIRECTOR, STATE PERSONNEL  
DIVISION, DEPARTMENT OF ADMINISTRATION  
CONCERNING THE CONDUCT OF AN OEPAD  
POSITION REVIEW - JUNE 2, 1980



# DEPARTMENT OF ADMINISTRATION PERSONNEL DIVISION

APPENDIX XX

STATE OF ARIZONA

1831 WEST JEFFERSON  
PHOENIX, ARIZONA 85007

BRUCE BABBITT, GOVERNOR  
ROBERT C. DICKESON, DIRECTOR  
RICHARD RABAGO,  
ASSISTANT DIRECTOR

June 2, 1980

Ms. Coni R. Good, Supervisor  
Performance Audit Staff  
Auditor General's Office  
112 North Central, Suite 600  
Phoenix, Arizona 85004

Dear Ms. Good:

As per our discussions on May 19, I stated that the Personnel Division does not have the resources to conduct a review of positions in the Office of Economic Planning and Development (OEPAD) without falling behind in its review of state merit positions. An alternative that was discussed was the potential utilization of a consultant firm to conduct a review of the OEPAD positions. The type of classification system which would structure the review would be open for discussions between the legislative staff, the Personnel Division and OEPAD management.

The consultant would be responsible for staffing the entire project with the Personnel Division monitoring the review and implementation of such a proposed study. Depending upon the firm selected to conduct the classification study, a specific position description form would be completed by both management and the employee. On-site desk audits would also be required. A substantial amount of salary data is available through government and private sources. However, a limited salary survey may have to be conducted by the consultant in order to complete the project.

The consultant should also be required to train an OEPAD employee in the utilization of whatever classification system is selected and implemented. This employee (personnel officer) would be charged with the responsibility of maintaining the classification system.

We believe the project could be completed for approximately \$8,000 to \$10,000.



AN EQUAL OPPORTUNITY EMPLOYER

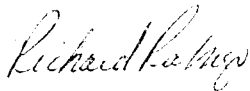
Ms. Coni R. Good  
Auditor General's Office  
June 2, 1980, Page -2-

As you requested, we have listed below some of the major firms who do this type of work.

Firms

Deloitte Haskins & Sells  
Arthur Andersen & Company  
Ernst & Whinney  
Peat Marwick & Mitchell  
Touche Ross & Co.  
Price Waterhouse & Co.  
Arthur Young & Co.  
Human Resource Consultants, Inc.  
Hay Associates

Sincerely,



Richard Rabago



APPENDIX XXI

LETTERS SOLICITED BY OEPAD EXECUTIVE DIRECTOR  
CONCERNING INTERNATIONAL TRADE

## PAPAGO-TUCSON FOREIGN TRADE ZONE CORPORATION

San Xavier Community Center  
Route 11, Box 640-A  
Tucson, Arizona 85706

March 25, 1980

RECEIVED

MAR 27 1980

GOVERNOR'S OFFICE

Lawrence D. Landry  
Executive Director  
Office of Economic Planning and Development  
Executive Tower Room 505  
1700 W. Washington  
Phoenix, Arizona 85007

REF: Letter dated March 21, 1980

Dear Larry:

In response to your letter, referenced above, please allow me to reply as follows:

- (1) Does OEPAD International Trade team help in International Trade efforts in the state?

Response: There is no question that OEPAD International Trade Team is most effective within the state by providing statistical information, leads, prospects, and being an information center so that inquiries can be distributed in a prompt and efficient manner to the interest groups as well as coordinating International Seminars and Trade missions.

- (2) Does OEPAD's efforts in International Trade have any impact in your experience in International Trade?

Response: Credibility is most important in attracting the international community to Arizona. It is vital that an agency representing the Governor and Legislature is interested and responsive to the international inquiries, both politically and provide guidance and direction to the special inquiries made from abroad.

- (3) Does OEPAD coordinate with private individuals in the International Trade field?

Response: The OEPAD International Team is most responsive to the private sector. They attend meetings, seminars as well as represent the Governor and his economic policies by being present when Foreign Dignitaries are visiting our State. This team is able to provide these officials with up to date economic trends and policy on state, local and federal levels, this information is vital. OEPAD provides both

domestic or foreign firms with a position of objectivity. The client is not subject to a particular bank, realty firm etc. They can recommend and provide direction and guidance in re-searching a particular clients needs or desires.

- (4) In your opinion, what would occur in the International Trade climate if OEPAD were to discontinue its current workings or reduce them in any significant manner?

Response: With the growing national trend to increase exports and international trade; with the establishment of two Foreign Trade Zones, one in Tucson and one being considered for Nogales, Arizona. The International office must be expanded to meet the real needs and opportunities which are becoming more prevalent within the State. To think of closing or decreasing the present staff within the International Department is pure foolishness. That kind of thinking would only show me that we are more behind the times then I thought. Arizona is in a perfect position to expand its International Trade. It helps tourism and domestic firms by helping to expand the markets for local firms and encourage new investment into the state economy etc.

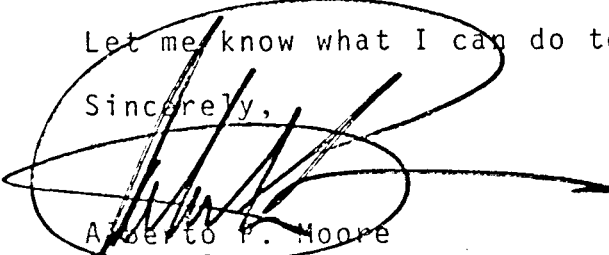
Larry, I could go on and on, please do not hesitate in calling me for any further assistance on this matter. I'll be very happy to speak to the Legislature at your direction if you believe it is necessary.

My only recommendation is:

1. Expand this office and its budget.
2. Create a board of directors or commission specifically engaged in generating and developing International Trade. We in Arizona can provide the International community with the staging area for products entering Latin America (as well as products from Mexico going to Canada). These are very important markets to develop. We should become specialists in this area.

Let me know what I can do to Help.

Sincerely,



Alberto P. Moore  
General Manager

APM/gc

Phoenix Metropolitan Chamber of Commerce

Chamber of Commerce Building

34 West Monroe Street • Phoenix, Arizona 85003 • 254-5521

Office of the  
Executive Vice President

March 27, 1980

Mr. Lawrence D. Landry  
Executive Director  
Arizona Office of Economic  
Planning and Development  
1700 West Washington  
Phoenix, Arizona 85007

Dear Larry:

This is in response to your letter of March 21, 1980,  
regarding the working relationship between the Chamber  
and the International Trade team at OEPAD.

It is our experience that the International Trade team  
has been very responsive and very involved in the  
International Trade efforts in which we have had a con-  
nection. I feel that Bill Kane coordinates his efforts  
very well with the other individual and organizational  
interests involved in International Trade, and that if  
the International Trade team of OEPAD were disbanded  
there would be a drastic reduction in the level of co-  
operation in this field.

In summary, it would be our feeling that the International  
Trade team is a valuable component of the International  
Trade promotion effort in Arizona.

Best regards,

  
Jim Haynes  
Executive Vice President

JH:rj

# AMERICAN GRADUATE SCHOOL OF INTERNATIONAL MANAGEMENT

THUNDERBIRD CAMPUS



GLENDALE, ARIZONA 85306

WILLIAM VORIS  
President

March 27, 1980

Mr. Lawrence D. Landry  
Executive Director  
Office of Economic Planning and Development  
Executive Tower Room 505  
1700 West Washington  
Phoenix, Arizona 85007

Dear Larry:

I'm responding to your letter of March 21 concerning the activities of the Office of Economic Planning and Development. I am happy to make some comments about this department.

The OEPAD International Trade Team has been very helpful in international trade efforts in the State of Arizona. I have been very pleased with the cooperation of this group with the activities of the American Graduate School of International Management, with the United States Department of Commerce office and with the business firms in the State. They have cooperated with us in several educational and training programs.

They definitely have had an impact in my personal experience and the experience of the school in International Trade. They've helped us get speakers to talk to our students and, as I said before, we have worked jointly with them to set up programs in Arizona to encourage international trade.

They have coordinated very effectively with private individuals in the international trade field. Their officers have attended meetings all around the State, around the nation, and around the world.

I think it would be a tragedy if OEPAD would discontinue its current working or reduce any of their workings in a significant manner. They have done an excellent job in my view and if their activities were to be discontinued it would be a great loss. The American Graduate School of International Management has been helped extensively by the OEPAD Team and we would hate to see them do less than what they're already doing.

Sincerely yours,

  
William Voris

RECEIVED

MAR 27 1980

hk  
GOVERNMENT OFFICE

XXI-4

(602) 978-7200



AIRESEARCH MANUFACTURING COMPANY OF ARIZONA

A DIVISION OF THE GARRETT CORPORATION

111 SOUTH 134TH STREET • P.O. BOX 5217 • PHOENIX, ARIZONA 85010

TELEPHONE (602) 267-3011

March 28, 1980

Lawrence D. Landry  
Executive Director  
Arizona Office of  
Economic Planning and Development  
Executive Tower Room 505  
1700 West Washington  
Phoenix, AZ. 85007

Dear Larry:

This is in response to your request that we comment regarding the Arizona Office of Economic Planning and Development, International Trade activity.

Of all OEPAD activities the International Trade team has been most directly of help and assistance to AiResearch on numerous occasions. Through Bill Kane, International Development Director of OEPAD, we have been advised of many occasions of key foreign officials scheduled to visit our State. With his cooperation we have been able to reach some of these key officials during some of these visits. While it would be impossible to place an exact dollar value on these contacts they have unquestionably given us an important assist in the continued expansion of our export trade, now approximately 30 percent of our annual shipments.

Very sincerely,

J. Morton Newell  
Manager-Public Relations

hp

RECEIVED

MAR 31 1980

GOVERNOR'S OFFICE

XXI-5



# THE UNIVERSITY OF ARIZONA

TUCSON, ARIZONA 85721

COLLEGE OF AGRICULTURE

DEPARTMENT OF AGRICULTURAL ECONOMICS

AGRICULTURE BUILDING # 36

March 27, 1980

Mr. Lawrence D. Landry  
Executive Director  
Office of Economic Planning  
and Development  
Executive Tower, Room 505  
1700 West Washington  
Phoenix, Arizona 85007

Dear Mr. Landry:

I shall try to answer your letter of March 21 as best I can. First of all, as you probably know, I have worked very closely with Bill Kane and Rosa Gomez (now resigned) over the past two or three years with respect to certain activity in that office. We put together a program on international trade and agriculture in the spring of 1978 which I thought was quite successful even though the attendance was relatively limited. Second, we published the Arizona Directory of Agribusiness for which, of course, it impacted on our foreign trade activity. This was done jointly, and with a few exceptions it was well received by the Agribusiness industry. Then, this year, we have again constructed a program of which I am sure you are well aware, relating to the impact of international trade on Arizona's agriculture and related topics. I worked closely with Bill Kane in suggesting program personalities and others who might attend. So, as an introductory summation I have been closely involved with the activity.

You must realize that while I have worked relatively closely with the office, I have not, due to the nature of my University and other involvements, appraised or assessed the success of the international trade effort from an agency standpoint. Hence, in answer to question #1 of your letter, I cannot honestly give a factual answer. I would speculate, however, that OEPAD has helped international trade efforts in the state. Its existence lends creditability to our interests in foreign trade and, of course, its existence means that people can go to the agency and get help.

The answer to question #2 is yes from a state standpoint. I do not, however, depend on OEPAD for my own information relative to research and personal contact since my own involvement has spanned 30 years and I have my own international "network" so to speak. This includes the Foreign Agricultural Service and other foreign-work agencies in this country, as well as many agencies abroad, such as the Food and Agriculture Organization, GATT, UNCTAD in Geneva, OECD in Paris, and a variety of other organizations as well as individuals.

RECEIVED

MAR 31 1980

GOVERNOR'S OFFICE

XXI-6

Mr. Lawrence D. Landry  
March 27, 1980  
Page 2

Again, I cannot answer question #3 factually, but I would certainly surmise that Bill Kane does coordinate the best he can with private individuals in the international trade field. As I have already indicated, he certainly has coordinated quite well with me here at the University of Arizona.

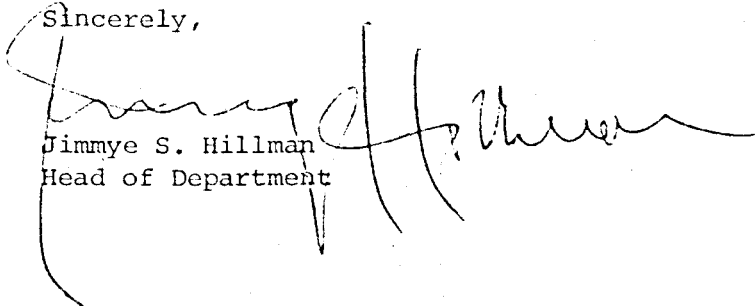
In answer to question #4, in my opinion - and as an economist - every question of this nature depends on budget and alternative possibilities. For example, I honestly couldn't tell you what would occur if you were to eliminate the University of Arizona! Except, in this case, the City of Tucson might be worse off by some \$200 million dollars in direct impact. Seriously, in the case of OEPAD and international trade work, the most serious impact would be for those of us who know that the office exists and know that we can go there for contacts. It would mean that we would have to look somewhere else; that is, for contacts that relate to the State of Arizona. If we want to depend on the Department of Commerce (USDC) to cover this base of work for us, then I suppose that would be possible. For example, Don Fry of the Department of Commerce office has always done a good job, and I have had good relations with him over the years. From an administrative standpoint (I understand this because I am a Department Head and am responsible for a budget), I suppose that you, as Executive Director of OEPAD, will have to determine the values received from the international trade work as opposed to other ways in which you could spend the money. This is the type of decision I suppose we will all increasingly have to make.

In sum, my relationship with your office through the international trade section has always been good - as well as my other contacts with OEPAD personnel. You are an action agency whereas I am predominately a research and teaching agency; hence, I cannot truly assess the fact with respect to your action programs.

Finally, as to what would happen if the international trade program were cancelled, this is one which I would not care to speculate about, but, personally, I would like to see some attention remain in the State of Arizona with respect to the question of international trade. Naturally, of course, I am predominately concerned with the agricultural sector, but my work is spread across-the-board to include many other areas as well.

If I can be of further help in the matter, please call or write.

Sincerely,

  
Jimmye S. Hillman  
Head of Department

JSH:hg



*Richard King*

March 27, 1980

Mr. Lawrence D. Landry  
Executive Director  
OEPAD  
Executive Tower Rm. 505  
1700 W. Washington  
Phoenix, Arizona 85007

Dear Mr. Landry:

In reference to your letter of March 21, we would like to comment on the questions you posed.

The Nogales Foreign Trade Zone has been an ongoing community project in our area for the last three years. During that time, a great deal of support and assistance has come from the International Department of OEPAD. This assistance has helped lead to a successful public hearing for our project, and approval from the Department of Commerce is practically guaranteed. We believe this project will help spur exporting both to Mexico and other countries. It will create jobs in Nogales, and will compliment the Border Industrialization Program. Therefore, our community can say with certainty that OEPAD has impacted on international trade.

During the last 3 years, I have worked as director of the City-County economic development team in our area. If OEPAD were to reduce its role in international trade, I wonder where cities and counties will go for leadership, technical assistance, and help? If anything I think the international department should be expanded to include staff who can advise interested businesses on the particulars of border businesses (twin plant) and help relocate them to border locations.

RECEIVED

MAR 31 1980

GOVERNMENT OFFICE



**NOGALES FREE ZONE**

Nogales, Arizona, U.S.A.

Page Two (2)  
Mr. Lawrence D. Landry  
March 27, 1980

The presence of international trade is going to become increasingly important if Arizona is going to continue to expand its economy. I believe it is part of the state's function and service to the community's to help support and encourage international trade.

Sincere regards,  
NOGALES FOREIGN TRADE ZONE, INC.



Daphne Overstreet  
NFTZ Project Coordinator

DO/ms

APPENDIX XXII

LETTER SOLICITED BY OEPAD EXECUTIVE DIRECTOR FROM  
DIRECTOR, DEPARTMENT OF COMMERCE  
PHOENIX REGIONAL OFFICE - APRIL 11, 1980

**UNITED STATES DEPARTMENT OF COMMERCE  
International Trade Administration**District Office  
2950 Valley Bank Center  
Phoenix, Arizona 85073

April 11, 1980

Mr. Larry Landry  
Executive Director  
Arizona Office of Economic Planning  
and Development  
Executive Tower, Room 505  
1700 West Washington  
Phoenix, AZ 85007

Dear Larry:

We congratulate you and your staff on the outstanding cooperation and assistance you have provided to our Phoenix District Office and the international traders of our state for many years. Our working relationships with OEPAD are highly valued and they include our joint efforts to develop and expand the export trade of our state.

Your office has been the prime Associate Office of our Department in Arizona since 1963 and we have worked most successfully together on many domestic and international business projects and programs. We expect OEPAD to be our #1 partner in Arizona in developing our state's future export markets. In my opinion, our current working relationships constitute one of the best partnerships between state and federal government agencies in the nation.

As you and I are aware, in the challenging world of export development, the resources of our two offices are quite modest. Therefore, we must maintain a high priority to continue to work closely as mutual multipliers to insure that the international Arizona business community is effectively served by our two organizations.

Although we are now working closely together I do not believe our two organizations duplicate each other's programs or services. Since we are responsible for various leadership roles in developing Arizona's international trade we do complement and supplement each other's programs in every way possible.

OEPAD has traditionally taken a leadership role in developing Arizona's agricultural exports, reverse investment and state international protocol programs. I trust you will continue to concentrate your efforts in these areas. Our office has specific prime responsibilities and well-known programs and services for developing, promoting and documenting the export sales of the manufacturers in our state. Therefore, as you and I know, our two organizations often contact the same companies or organizations to:



(1) promote or develop our own agency's programs or services, or (2) refer the client to the other organization if the client can utilize their services and programs.

We will welcome any opportunity to work with you and your staff in expanding Arizona's exports. The 1980's should be substantial years of growth for the exporters of our state. I'm confident our two agencies working together as one team can play a vital leadership role in achieving this highly needed economic growth for our state and nation.

Sincerely,



Donald W. Fry, Director  
Phoenix District Office

DWF:bw

cc: Randolph Gross, Office of the Auditor General

APPENDIX XXIII

ASSOCIATE OFFICE DESIGNATION -  
DEPARTMENT OF COMMERCE



### ASSOCIATE OFFICE DESIGNATION

In order to meet the changing needs of the business public and the increasingly important social concerns of business, the Associate Office Program of the U.S. Department of Commerce has enlisted the energies, resources and goodwill of local chambers of commerce, state chambers of commerce, state and local organizations, world trade clubs, port authorities, educational institutions, trade associations and other business organizations throughout the 50 states, Puerto Rico and the Virgin Islands.

Through this voluntary relationship, Associate Offices help the Department achieve one of its major objectives: making its services and information readily available to the local business community.

Concurrently, Associate Offices serve as a first-hand source of information about emerging business trends and related developments in the community.

In this Program of mutually advantageous exchanges of information, the \_\_\_\_\_ is hereby designated as an Associate Office of the Department of Commerce to serve the business community in the general trading area of \_\_\_\_\_.

Pursuant to this designation, the Department of Commerce agrees to provide this Office without charge:

1. Selected Departmental publications, statistical data, and reports as the Department may deem to be of value to business in the particular area served, and
2. Through the nearest DIBA District Office of the Department, such appropriate assistance as the Associate Office may request to give prompt service to manufactures, wholesalers, the service trades, financial institutions, and trade publishers and associations, on such foreign and domestic trade problems as come within the purview of the statutory responsibilities of the Department of Commerce.

Pursuant to this designation, and in consideration thereof, this Office agrees to:

1. Serve as liaison between the appropriate DIBA District Office and businessmen of the area, alerting the Department of Commerce to local business requirements, activities, interests and problems so that the Department may more fully meet the needs of the business community.
2. Include Commerce publications in their library to service business inquiries and provide such files, book-cases, and other office facilities as may be necessary to handle properly the reference material furnished.
3. Inform the business community of the trade programs and services available from the Department, and assist in obtaining these services either directly or with the help of the nearest DIBA District Office of the Department.
4. Refer to the DIBA District Office covering the area, any inquiries coming within the general scope of the Department's functions and responsibilities which cannot be satisfactorily and fully answered by the Associate Office itself.
5. Promote the Department's export expansion program, which increases employment and profit, and contributes to the Nation's balance of payments.
6. Assist the Department in minority business and employment programs and in co-sponsoring conferences on topics important to economic health and stability.
7. Make all Commerce services available to the business public and to serve all inquirers without regard to race, creed, color, national origin, or industrial, trade or political affiliations and regardless of whether the business public or inquirers are members of the cooperating organization.

This agreement may be terminated by either party upon written notice to the other of the desire to withdraw from the arrangement.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_

U.S. Department of Commerce  
Domestic and International Business Administration

By \_\_\_\_\_ By \_\_\_\_\_  
Director, Office of Field Operations

Office Of Economic Planning And Development  
International Trade  
Consular Corps Survey

Number of Consuls  
identified for survey 18

NAME \_\_\_\_\_ COUNTRY REPRESENTED \_\_\_\_\_ Number of responses 17  
PHONE# \_\_\_\_\_

1. What is the nature of your consulate activities?

All but one are honorary (not paid). Duties include certification of documents, issuing pass ports and visas, helping visitors and aliens from the represented nation with all problems, meeting with and assisting dignataries from the represented nation, encouraging tourism and providing information to interested parties.

2. Are you involved in promotion of export/import trade to/from your country and the U.S. ?

YES 15 NO 2

If yes, in what way?

Ten of the fifteen noted that their role is passive, primarily that of consultant, and they do not actively seek out businessmen interested in international trades. They disseminate information but do not make referrals. Eight of these ten refer inquiries. Five of the fifteen function as contact with principals.

3. Have you ever heard of:

A. O.E.P.A.D.?	(Staff Name)	YES 10	NO 5
B. Foreign Agricultural Service, U.S. Dept. of Agriculture?		YES 7	NO 8
C. Department of Commerce?	(Staff Name)	YES 13	NO 2
D. Others? Who?	Arizona World Trade Assoc. Chamber of Commerce	YES 9	NO 0

4. Have you ever worked with:

A. O.E.P.A.D.?		YES 7	NO 3
B. Foreign Agricultural Service?		YES 4	NO 3
C. Department of Commerce?		YES 13	NO 0
D. Other? Whom?	Arizona World Trade Assoc. Chamber of Commerce	YES 9	NO 0



- 5.\* If you have worked with these groups, what type of assistance/work was done? Was it adequate?

Of the seven who had worked with OEPAD, four had attended seminars and received information of a general nature; one had used the agency for trade referrals; and one had worked with OEPAD in helping visiting dignitaries.

Of the consuls working with the Foreign Agricultural Service (FAS), two had attended seminars, one had sent information from FAS to the represented country.

Of the thirteen consuls who had worked with the Department of Commerce (DOC), eight obtained general information through seminars. Four have used DOC for referrals. Two work with DOC on general promotion, one provides DOC with information on investments in his country.

Of the nine who have worked with other groups, six worked with the Arizona World Trade Association; two with agencies established to promote their country; one with a Chamber of Commerce and one with product association.

6. Does potential exist to promote international trade with your country at the state level?

YES 11 NO 3

7. If yes, what assistance, if any, would be needed? Could a state economic development department provide this assistance?

Four consuls would like to see directories or other listings of suppliers and available products. Specific information on prices, laws, regulations and tax structure applicable to foreign businessmen and current economic activity was also mentioned. Other activities noted were meeting U.S. businessmen, viewing industry, and viewing trade shows. Two consuls noted they were not aware of what was currently available.

\* Comments may not tally with number of consuls, since some did not respond.

Survey Questionnaire of Arizona  
Exporters for the Performance Audit of  
the Office of Economic Planning  
and Development (OEPAD)

SURVEY RESULTS  
See Page 2.

Company name: \_\_\_\_\_

Address: \_\_\_\_\_ Phone # \_\_\_\_\_

Kind of exports: \_\_\_\_\_ Approximate  
Export Volume (\$/yr) \$1,175,708,000\*

Person completing form: \_\_\_\_\_ Position \_\_\_\_\_

1. Have you heard of the international trade program of the Arizona Office of Economic Planning and Development (OEPAD)? YES  132 NO  152
2. Have you heard of the international trade program of the U.S. Department of Commerce district office in Arizona? YES  177 NO  105
3. Have you ever received any exporting assistance from:
 

	YES	NO
a. OEPAD International Trade Program .....	<input type="checkbox"/> 34	<input type="checkbox"/> 234
b. Department of Commerce International Trade Program .....	<input type="checkbox"/> 108	<input type="checkbox"/> 168
c. Other groups: (specify group _____)	<input type="checkbox"/> 27	<input type="checkbox"/>

If you answered NO for all choices, go to question 10.

4. Please indicate the types of exporting assistance you have received:

	OEPAD	Dept. of Commerce	Other Groups
a. Forums, conferences, seminars on foreign trade.....	<input type="checkbox"/> 20	<input type="checkbox"/> 69	<input type="checkbox"/>
b. Product exhibitions in US trade shows or international fairs.....	<input type="checkbox"/> 1	<input type="checkbox"/> 29	<input type="checkbox"/>
c. Catalog or new product information given to foreign firms.....	<input type="checkbox"/> 6	<input type="checkbox"/> 40	<input type="checkbox"/>
d. Overseas trade mission.....	<input type="checkbox"/> 2	<input type="checkbox"/> 23	<input type="checkbox"/>
e. Met in Arizona with foreign buyer hosted by this agency.....	<input type="checkbox"/> 13	<input type="checkbox"/> 21	<input type="checkbox"/>
f. Specific trade referrals.....	<input type="checkbox"/> 12	<input type="checkbox"/> 44	<input type="checkbox"/>
g. Information on foreign markets, firms or distributors (other than specific trade referrals).....	<input type="checkbox"/> 12	<input type="checkbox"/> 61	<input type="checkbox"/>
h. Other foreign trade information.....	<input type="checkbox"/> 11	<input type="checkbox"/> 37	<input type="checkbox"/>
i. Direct business counseling on foreign trade.....	<input type="checkbox"/> 8	<input type="checkbox"/> 28	<input type="checkbox"/>
j. Other (specify)			
from OEPAD: _____			
from Dept. of Commerce: _____			
from other groups: _____			

\* Total using low range of export dollar amounts reported by active exporters.

IF YOU DID NOT RECEIVE ANY ASSISTANCE FROM OEPAD'S STAFF, GO TO QUESTION 10.

5. Did your company export before receiving assistance from OEPAD's international trade staff? YES  23 NO  8 (If NO, go to question 8)
6. After receiving assistance from OEPAD, did your exports increase? YES  9 NO  17 (If NO, go to question 10)
7. Was the OEPAD assistance a direct cause for an increase in your exports? YES  8 (If YES, go to question 9) NO  (If NO, go to question 10) 5
8. Was the assistance you received from OEPAD a direct cause for you to begin exporting? YES  1 NO  4 (If NO, go to question 10)
9. What assistance from OEPAD was the most beneficial? \_\_\_\_\_  
\_\_\_\_\_
10. What activity do you believe the State can and should provide to help businesses in the export market? \_\_\_\_\_  
\_\_\_\_\_

Should such activity be OEPAD's responsibility? YES  NO  DON'T KNOW   
If NO, whose responsibility should it be and why? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please return this questionnaire in the enclosed self-addressed envelope to:

Office of the Auditor General  
112 North Central Avenue, Suite 600  
Phoenix, AZ 85004

ATT: Ms. Coni Good

Thank you for your assistance.

SURVEY RESULTS

No. Mailed	528*
No. Responding who are active exporters	210
No. Responding, not exporters	107**
No. Not Deliverable	22
No. Not Responding	189

\* Replies were received from 19 respondents whose names did not correlate exactly to the OEPAD list. It is known or assumed these represented name changes, subsidiaries, parent companies or subsequent ownerships.

\*\* Thirty-three did not complete survey, 74 did.

APPENDIX XXVI

SURVEY OF  
AGRICULTURAL TRADE ASSOCIATIONS

## OFFICE OF THE AUDITOR GENERAL

SURVEY RESULTS

Office of Economic Planning and Development  
International Trade

Number Contacted  
21

Survey of Arizona Agricultural Trade Associations

Association Name \_\_\_\_\_ Contact/Position \_\_\_\_\_

Phone Number \_\_\_\_\_

1. Is your association involved in promoting Arizona Agricultural Products?

YES 13 NO 8

2. Are you involved in international trade promotion? Exporting?

YES 8 NO 4

If yes, what do you do?

Three are directly involved in exporting while five are indirectly involved (sell to someone who exports).

3. If you did export, or wished to expand exports, who would you contact for help?

Two respondents would contact brokers; three would contact other national trade associations; six state it was not applicable to them; one stated shippers wanted to work with local buyers and one did not respond.

4. Have you ever heard of or worked with:

A. O.E.P.A.D. (Staff Name)?	YES 6	NO 6	N/A 1
B. Foreign Agricultural Service (FAS)?	YES 6	NO 6	N/A 1
C. Department of Commerce (Staff Name)?	YES 0	NO 12	N/A 1

If so, what help did you receive? Was it adequate?

OEPAD - Three worked with OEPAD on seminars; three met with Taiwan group; one received a trade lead.

FAS - Four participated in trade mission; one had obtained/provided information; one participated in the Export Incentive Program; one participated in trade shows and with agricultural attaches; one had FAS arrange meetings with buyers in foreign countries.

5. Does the potential exist for exportation or increased exportation of the products you represent?

YES 5, One noted only if "market is cheap enough".

NO 2

YES AND NO 2, Depending on product.

No Answer 1

Not Applicable 1

6. What help do you need/ require to be able to export or promote exporting?

DON'T KNOW 1

Grower associations are not involved; brokers are 1

Would be handled by the national trade association 2

Would use national trade association and FAS 1

"Chance to talk to buyers" 2

"Can't think of anything" 3

"Cut Mexico 'red tape'" 1

No response 1

Not applicable 1

Office of Economic Planning and Development  
International Trade  
Survey of Agricultural Brokers

SURVEY RESULTS	
Identified for survey	16
Responded	11
Unable to Contact	2
Out of Business	3

NAME \_\_\_\_\_

POSITION \_\_\_\_\_

COMPANY \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

1. Is your brokerage involved in export sales of Arizona commodities?  
If no, go to 4.

YES 7 NO 4

However, only two of the seven answering "yes" are directly involved in exporting; others are indirectly involved as agents selling to exporters.

2. If yes to number 1., explain the process for export sales?  
(What happens? Who's involved?)

Broker acts as an agent between the growers and the seller, although some products are sold on an international market; Brokers may also sell directly to consuming entity.

3. Have you ever heard or worked with the following in promotion of export sales?

A. OEPAD (Staff Name)?	YES 0 NO 6 No Answer 1
B. Foreign Agricultural Service, (FAS)?	YES 2 NO 4 " " 1
C. Department of Commerce (DOC), (Staff Name)?	YES 2 NO 4 " " 1
D. Others? (Who?) "Contacts gained through experience"	YES 5 NO 1 " " 1

If so, what help did you receive? Was it adequate?

Use publications of FAS and DOC.

4. Does the potential exist to export or expand the export of your commodities?

YES 1 NO 6

If yes, what help do you need?

Greater financing capacity; Those answering "no" indicated a limited market with demand from the market well set.

5. In you opinion, do you believe a state economic development agency could provide the assistance you need?

YES 1 NO 4 NO ANSWER 1 MAYBE 1

5. (continued)

If no, why not?

Nature of the commodities market; other agency would be of most help; One that answered "yes" said any information would be helpful.



## OFFICE OF THE AUDITOR GENERAL

Office of Economic Planning and Development  
International Trade  
Reverse Investment Survey

		<u>SURVEY RESULTS</u>	
NAME: _____	Co. Name _____	Number of firms identified for survey	25
Job Title: _____	Address _____	Number of Firms contacted	17
Phone # _____	_____	Unable to contact	5
		Did not respond	3

1. Is your company owned in whole or part by foreign interests?

YES 16 NO 1

2. How long has your company been operating in Arizona?\* \_\_\_\_\_  
If previous to 1976, have you expanded since locating?

YES 9 NO 1 NO RESPONSE 6

3. Why did your company decide to locate in Arizona? Near related

industries, resources, or customers; Arizona seen as growth area.

- a. Were you employed with the company at that time? YES 12 NO 3 NR 1  
b. Were you a participant in the decision-making?\*\* YES 6 NO 9 NR 1  
c. In what capacity?\*\*\*

4. Did anyone, such as a developer or promoter, assist your company in locating in Arizona?

YES 4 NO 10 NO RESPONSE 2

If so, who was it? Brokers(real estate or stock); consultant; lawyers

What did they supply? Initiated contact; involved in negotiations.

5. Have you ever been involved with the Office of Economic Planning and Development (OEPAD)?

YES 3 NO 9 NO RESPONSE 1

If yes, what help did it provide? Site selection;

financial information.

Was the help useful? YES 2 NO 0 NO RESPONSE 1

Did OEPAD provide you with help or information that influenced your decision to invest in Arizona?

YES 2 NO 0 NO RESPONSE 1

\* See next page.

\*\* See next page.

5. (Continued)

If yes, choose one.

- 1. Little significance to the decision to locate 0.
- 2. Significant, but would have chose Arizona without help 1.
- 3. Help significantly contributed to decision and may not have invested without the information/help received 1.

6. Have you ever worked with the U.S. Department of Commerce or other agencies?

YES 4 NO 6 NO RESPONSE 6

If yes,

- a. What help was given? Prompt negotiations; introductions.
- b. Was it useful?

YES 2 NO 2

- c. Did they influence your decision to locate in Arizona?

YES 0 NO 1 NO RESPONSE 1

7. What are the best things OEPAD can do to help the reverse investment effort in Arizona? What information/help do foreigners need to invest in Arizona?

Provide information on taxes, applicable laws, regulations, industry and markets, the economy, site and lease availability and financial sources.

(Footnotes to previous page).

\* Six firms began operations prior to involvement with foreign interests. The dates below indicate the time at which foreign interests became involved with the firm:

Prior to 1970: 2  
 1970-1976 : 9  
 1977-1980 : 6

\*\* Those individuals who did not participate in the decision-making indicated that the persons who were involved in the decision are either no longer with the firm or are currently outside the U.S. These respondents stated that they were knowlegeable about the de- decision due to their past or present positions with the firms.

APPENDIX XXIX

SURVEY OF WESTERN AND SOUTHEASTERN STATES'  
INTERNATIONAL TRADE PROGRAMS

TABLE 1

SURVEY OF WESTERN AND SOUTHEASTERN STATES' INTERNATIONAL TRADE PROGRAMS

State Department of Commerce	International Trade Services												
	Forums, Conferences, Workshops	Trade Shows	Trade Missions	Host Foreign Buyer	Trade Leads	Market Studies	Export Directory	Reverse Investment	Foreign Office	Foreign Trade Information	Joint Venture Program	Individual Counseling	Other
ALASKA	x				x								x
ALABAMA	x				x								
ARKANSAS			x					x				x	
CALIFORNIA	x		x	x	x			x					
COLORADO			x		x								
FLORIDA	x		x		x								
GEORGIA	x		x		x								
HAWAII	x		x		x								
IDAHO	x												
KANSAS	x		x		x								
LOUISIANA													
MISSISSIPPI													
MONTANA													
NEBRASKA													
NEVADA													
NEW MEXICO													
NORTH CAROLINA													
NORTH DAKOTA													
OKLAHOMA													
OREGON	x		x										
SOUTH CAROLINA			x										
SOUTH DAKOTA	x		x										
TEXAS	x		x										
UTAH													
WASHINGTON			x										
WYOMING													
<b>Total</b>	<b>13</b>	<b>8</b>	<b>11</b>	<b>5</b>	<b>14</b>	<b>6</b>	<b>5</b>	<b>15</b>	<b>8</b>	<b>9</b>	<b>1</b>	<b>13</b>	<b>15</b>

TABLE 2

SURVEY OF WESTERN AND SOUTHEASTERN STATES' INTERNATIONAL TRADE PROGRAMS

State Department of Commerce	Percentage of Time Devoted to		Staffing	Budget	Work with Department of Commerce				
	Exports	Reverse Investment			TOPS Trade Leads	Joint Seminars	Information Exchange	Referrals Between Programs	Other
ALASKA	100%	0	9	\$1,000,000	x				x
ALABAMA	100%	0	1	N/A	x				
ARKANSAS	100%	0	5	160,700	x				x
CALIFORNIA	75%	25%	8	400,000			x		x
COLORADO	90%	10%	3	130,000			x		x
FLORIDA	60%	40%	19	N/A		x	x		x
GEORGIA	75%	25%	18	590,000	x	x	x		
HAWAII	N/A	N/A	6	65,000 (excluding salaries)		x	x	x	
IDAHO	N/A	N/A	1.5	45,000			x		
KANSAS	50%	50%	1.3	60,000 to 70,000	x	x			
LOUISIANA	15%	85%	5	250,000			x		x
MISSISSIPPI	50%	50%	6	225,000			x		
MONTANA	No state program					x			
NEBRASKA	90%	10%					x		x
NEVADA	N/A	N/A	N/A	N/A					
NEW MEXICO	N/A	N/A	2	45,000					x
NORTH CAROLINA	50%	50%	15	465,000				x	x
NORTH DAKOTA	No state program								
OKLAHOMA	100%	0	3	116,000			x	x	x
OREGON	70%	30%	5	190,000				x	x
SOUTH CAROLINA	50%	50%	7.5	450,000	x			x	x
SOUTH DAKOTA	70%	30%	3	N/A		x	x		
TEXAS	80%	20%	5	200,000					x
UTAH	60%	40%	2	60,000			x	x	x
WASHINGTON	90%	10%	8	200,000		x		x	x
WYOMING	N/A	N/A	.1	N/A			x		x
Total	<u>73%</u> (average)	<u>27%</u> (average)	<u>5.8</u> (average)	<u>\$ 247,195</u> (average)	<u>6</u>	<u>7</u>	<u>13</u>	<u>7</u>	<u>16</u>

TABLE 3

SURVEY OF WESTERN AND SOUTHEASTERN STATES' INTERNATIONAL TRADE PROGRAMS

State Department of Commerce	Effectiveness Measures										Importance of Agriculture in State
	Increase in Exports	Employment Increases	Client Reaction	Trade Lead Followup	Number of New Foreign Companies	Number of New Exporters	Sales at Trade Shows	Number of Contacts Made With Businessmen	None	Other	
ALASKA	x								x		Not important
ALABAMA											Very important
ARKANSAS		x									Very important
CALIFORNIA			x								Very important
COLORADO											Very important
FLORIDA	x				x						Very important
GEORGIA	x										Very important
HAWAII											Very important
IDAHO											Very important
KANSAS			x								Very important
LOUISIANA					x						Very important
MISSISSIPPI			x								Very important
MONTANA	No state program										Important
NEBRASKA						x					Very important
Very important											x
NEVADA	Did not respond to survey										Very important
NEW MEXICO					x						Very important
NORTH CAROLINA	x		x								Very important
NORTH DAKOTA	No state program										Very important
OKLAHOMA											Important
OREGON			x								Very important
SOUTH CAROLINA											Very important
SOUTH DAKOTA					x						Very important
TEXAS											Very important
UTAH	x		x								Important
WASHINGTON	x										Very important
WYOMING											Very important
Total	6	1	2	0	2	2	2	2	1	2	19 very important 4 important 1 not important

TABLE 4

SURVEY OF WESTERN AND SOUTHEASTERN STATES' INTERNATIONAL TRADE PROGRAMS

State	Is there a State Department of Agriculture?	Is there an International Trade Program within it?	International Trade				Program Services				Comments						
			Forums, Conferences, Seminars	Trade Shows	Trade Missions	Host Foreign Buyers	Market Studies	Export Directory	Foreign Office	Other Foreign Trade Information Association		Member of Regional Trade Association	Export Consulting	Transportation Counseling	Other		
ALASKA	No	N/A															
ALABAMA	Yes	Yes	x		x												
ARKANSAS	No	N/A															
CALIFORNIA	Yes	No															
COLORADO	Yes	No															
FLORIDA	Yes	Yes	x		x												
GEORGIA	Yes	Yes	x		x												
HAWAII	Yes	No															
IDAHO	Yes	No															
KANSAS	Yes	Yes															
LOUISIANA	Yes	No															
MISSISSIPPI	Yes	Yes															
MONTANA	Yes	Yes	x		x												
NEBRASKA	Yes	Yes	x		x												
NEVADA	Yes	No															
NEW MEXICO	Yes	Yes															
NORTH CAROLINA	Yes	Yes															
NORTH DAKOTA	Yes	Yes	x		x												
OKLAHOMA	Yes	Yes															
OREGON	Yes	Yes	x		x												
SOUTH CAROLINA	Yes	Yes															
SOUTH DAKOTA	Yes	Yes	x														
TEXAS	Yes	Yes	x		x												
UTAH	Yes	No															
WASHINGTON	Yes	Yes	x		x												
WYOMING	Yes	Yes															
Total	21	17	13	2	10	2	2	2	1	7	13	2	1	7	2	1	
	2	7															
	2	No															

\* Teletypewriter services

TABLE 5

SURVEY OF WESTERN AND SOUTHEASTERN  
STATES' INTERNATIONAL TRADE PROGRAMS

State	State DOA*		Use of U.S. Department of Agriculture (USDA) Services								Comments
	Staffing	Budget	Work with FAS**	TORS***	Export Briefs	Regional Commission	Food Shows, Trade Shows	Contacts Program	Trade Missions	Other	
ALASKA	No state DOA										
ALABAMA	2	Not available		x	x						
ARKANSAS	No state DOA										
CALIFORNIA	No export assistance										
COLORADO	No export assistance										
FLORIDA	4	\$125,000		x				x			
GEORGIA	4	100,000	x	x			x		x		
HAWAII	No export assistance										
IDAHO	No export assistance										
KANSAS	1	50,000	x			x					
LOUISIANA	No export assistance										
MISSISSIPPI	3	Not available				x	x		x		
MONTANA	8	351,000	x	x	x		x			x	Work with attaches; label clearance.
NEBRASKA	1	75,000		x	x						
NEVADA	No export assistance										
NEW MEXICO	3	175,000		x			x				Also use DOC TOPS for farm equipment
NORTH CAROLINA	4	90,000	x				x		x		
NORTH DAKOTA	3	50,000		x						x	Receive FAS and USDA grants
OKLAHOMA	5	120,000								x	Use crop reporting services
OREGON	13	Not available					x			x	FAS funds used for research
SOUTH CAROLINA	1.5	85,000			x		x			x	Market research
SOUTH DAKOTA	3	45,000			x		x				
TEXAS	28	600,000	x			x	x			x	Host foreign buyers
UTAH	No export assistance										
WASHINGTON	4	Not available	x	x							
WYOMING	1.3	Not available	x	x					x		
<b>Total</b>	<u>5.2</u> (average)	<u>\$155,500</u> (average)	<u>7</u>	<u>9</u>	<u>5</u>	<u>3</u>	<u>9</u>	<u>1</u>	<u>4</u>	<u>6</u>	* Department of Agriculture ** Foreign Agricultural Service *** Trade Opportunity Referral Service



TABLE 6

SURVEY OF WESTERN AND SOUTHEASTERN  
STATES' INTERNATIONAL TRADE PROGRAMS

State Department of Agriculture (DOA)	Effectiveness Measures										Comments
	Increase in Agricultural Exports	Employment Increases	General Client Reaction	Trade Lead Followup	Number of New Exporters	Sales at Food Trade Shows	Number of Contacts Made	None	Other		
ALASKA	No state DOA										
ALABAMA									x		
ARKANSAS	No state DOA										
CALIFORNIA	No export assistance by DOA										
COLORADO	No export assistance by DOA										
FLORIDA	x									x	Increase in goods grown for export
GEORGIA										x	Zero-based budgeting
HAWAII	No export assistance by DOA										
IDAHO	No export assistance by DOA										
KANSAS	x										
LOUISIANA	No export assistance by DOA										
MISSISSIPPI	x										
MONTANA	x		x		x						
NEBRASKA										x	Surveys sent to exporters
NEVADA	No export assistance by DOA										
NEW MEXICO	x										
NORTH CAROLINA									x		
NORTH DAKOTA	x				x					x	Establish goals and objectives
OKLAHOMA			x								
OREGON						x					
SOUTH CAROLINA			x			x					
SOUTH DAKOTA	x										
TEXAS	x										
UTAH	No export assistance by DOA										
WASHINGTON									x	x	Number of calls made
WYOMING	x	-	-	-	-	-	-	-	-	-	
Total	2	0	2	0	2	2	1	2	5		

APPENDIX XXX

SURVEY OF OUT-OF-STATE AND LOCAL FILM PRODUCERS

OFFICE OF THE AUDITOR GENERAL

Survey Questionnaire of Film  
 Production Companies for the  
 Performance Audit of the Office  
 of Economic Planning and Development (OEPAD)

Name of Production Company: \_\_\_\_\_ Person Completing Form: \_\_\_\_\_

Address: \_\_\_\_\_ Position: \_\_\_\_\_

Phone #: \_\_\_\_\_

1. Did your company film in Arizona in 1978 or 1979? YES  27 NO  1

If NO, do not complete remaining questions; return questionnaire to address on the next page.

2. What type(s) of production were you filming in Arizona?

	If available:	<u>Total shooting days in Arizona</u>	<u>Total shooting expenditures in Arizona (approx.)</u>
4 <input type="checkbox"/> Feature for theater . . . . .		_____ days	\$ _____
1 <input type="checkbox"/> TV movie or series . . . . .		_____ days	\$ _____
4 <input type="checkbox"/> Documentary . . . . .		_____ days	\$ _____
4 <input type="checkbox"/> Industrial film . . . . .		_____ days	\$ _____
14 <input type="checkbox"/> Commercials . . . . .		_____ days	\$ _____
1 <input type="checkbox"/> Other . . . . .		_____ days	\$ _____
(specify) _____			

3. Check those factors which influenced your decision to film in Arizona:

- 13  Sunshine
- 23  Scenery unique to Arizona (e.g., Grand Canyon)
- 1  Proximity to your company headquarters
- 9  Assistance from governmental agencies
- 6  Other: (specify) 5-Specific requirement for Arizona  
1-Right to Work Law

4. Did your company have contact with the motion picture staff of the Arizona Office of Economic Planning and Development (OEPAD) in preparation for or during filming in Arizona? YES  21 NO  6 (IF NO, go to question 10)

5. Regarding your decision to film in Arizona: (check one only)

- 8  OEPAD had no influence in our decision to film in Arizona.
- 6  OEPAD may have had some influence in the decision, but other factors would have led us to select Arizona anyway.
- 7  OEPAD had significant influence on our decision to film in Arizona.
- 0  OEPAD was the single, significant factor in our decision to film in Arizona.

6. If OEPAD was influential, what assistance did OEPAD provide that influenced your decision to film in Arizona?
- 9  Providing photographs of filming sites  
8  Touring the state for prospective sites  
9  Providing information on technical support  
5  Providing information on local talent  
4  Other (specify) \_\_\_\_\_
7. Did OEPAD assist your company in any way after you made the decision to film in Arizona?  
YES  17 NO  4 (If NO, go to question 9)
8. Please check the kinds of assistance provided by OEPAD once you decided to film in Arizona:
- 10  Locating appropriate filming sites  
8  Obtaining local technical support  
4  Obtaining local acting talent  
13  Obtaining use permits, etc. from local governments or landowners etc.  
7  Arranging for peripheral assistance - caterers, lodging, etc.  
5  Obtaining props and/or filming equipment  
0  Other \_\_\_\_\_
9. Has OEPAD assisted your company on more than one production? YES  11 NO  10  
IF YES, did your earlier experience with OEPAD influence your decision to film again in Arizona? YES  5 NO  6
10. Did your company receive any assistance from the City of Tucson or City of Phoenix Motion Picture staffs in preparation for or while filming in Arizona? YES  13 NO  12  
IF YES, please describe assistance: \_\_\_\_\_ 2 - No answer
11. In your opinion, what are the most beneficial activities a government agency like OEPAD can do to attract filming activity to Arizona?  
\_\_\_\_\_  
\_\_\_\_\_

Please return in the enclosed self-addressed envelope to:

Office of the Auditor General  
112 North Central Ave., Suite 600  
Phoenix, AZ 85004

ATT: Ms. Coni Good

Thank you for your assistance.

Survey of  
Arizona Film Production Companies  
for the Performance Audit of the  
Arizona Office of Economic Planning & Development (OEPAD)

SURVEY RESULTS  
32 Mailed  
17 Responded  
3 Undeliverable

Company name: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Address: \_\_\_\_\_ Person completing  
questionnaire: \_\_\_\_\_  
Position: \_\_\_\_\_

1. Please indicate the types of films your company produced or assisted in producing in the last two years:

- 5  Feature for theater
- 3  TV movie or series
- 10  Documentary
- 13  Industrial/training film
- 8  Educational film
- 13  Commercials
- 5  Other Specify: \_\_\_\_\_

2. During 1978 or 1979, did your company assist an out-of-state producer who was filming in Arizona? YES  11 NO  6

3. Has your company had contact with the OEPAD motion picture staff in the last two years? YES  13 NO  4

4. Has OEPAD assisted your production company in any way in the last two years? YES  8 NO  9

If YES, please describe assistance \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. According to your perspective, what activities does OEPAD perform to promote the film industry in Arizona?  
\_\_\_\_\_  
\_\_\_\_\_

In your opinion, is it appropriate for a state agency like OEPAD to provide these services? YES  12 NO  1 DON'T KNOW  3 YES & NO - 1

6. What activities in your opinion, should OEPAD perform to promote the Arizona film industry?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_