



Subcommittee on Business Development

Interim Meeting
Louisiana Economic Development
Budget Topics

Chairman
Representative Gary Smith



Louisiana Economic Development

Agenda:

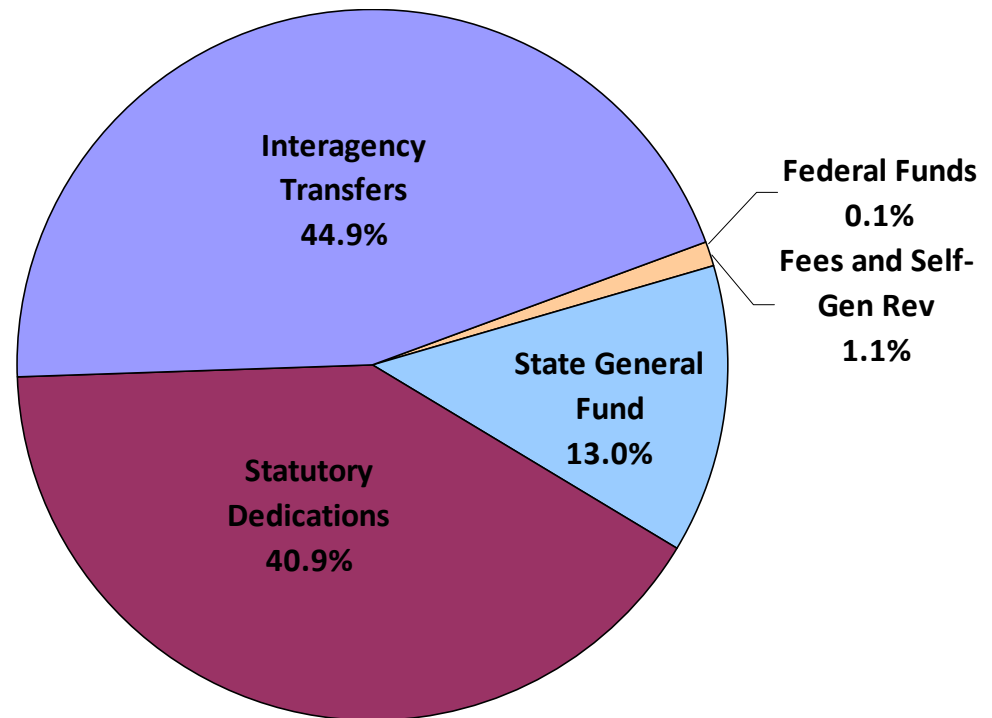
- FY 08-09 Existing Operating Budget
- Salaries and Positions
- Travel Expenditures
- Statutory Dedications
 - Louisiana Economic Development Fund
 - Rapid Response Fund
- Other Items
 - Louisiana Mega-Project Development Fund
 - New FY08-09 Initiatives



Existing Operating Budget

- LED's FY 08-09 Total Existing Operating Budget is \$272M

– Means of Finance
in percent form





Existing Operating Budget

Louisiana Economic Development FY 08-09 EOB compared to FY 09-10 Requested					
Means of Finance	FY 07-08 Actual	FY 08-09 Existing Operating Budget	FY 09-10 Requested	Change from from FY08-09 to FY09-10	Percent Change
State General Fund	\$32,807,604	\$35,251,580	\$79,654,423	\$44,402,843	126.0%
Interagency Transfers	\$36,809,723	\$122,249,122	\$1,682,369	(\$120,566,753)	-98.6%
Fees and Self-Gen Rev	\$983,568	\$2,906,381	\$2,564,440	(\$341,941)	-11.8%
Statutory Dedications	\$34,144,323	\$111,419,576	\$68,458,336	(\$42,961,240)	-38.6%
Federal Funds	\$1,073,479	\$301,246	\$0	(\$301,246)	-100.0%
TOTAL	\$105,818,697	\$272,127,905	\$152,359,568	(\$119,768,337)	-44.0%



Existing Operating Budget

- Interagency Transfers
 - TANF funding from DSS, and CDBG funding from OCD for hurricane related programs
- Fees and Self-Generated Revenues
 - Business incentives fees, collections regarding the Accent building in Monroe, LA
- Statutory Dedications
 - Multiple statutory dedicated funds, two of the larger funds include the Louisiana Economic Development Fund and the Rapid Response Fund
- Federal Funds
 - EDA funds for hurricane recovery efforts



Salaries and Positions

- Salaries (\$8M) and Related Benefits (\$2.8M) account for \$10.8M or 3.98% of the total existing operating budget
 - Of the \$8M in salaries 67% is State General Fund
- 133 Total Positions (84 classified and 49 unclassified)
- Average salary for the department \approx \$60,000
- Currently the department has 4 vacancies



Travel Expenditures

- The department has a \$1.2M budget for travel in the current fiscal year. This represents .43% of their total existing operating budget.
- Types of travel include:
 - Routine administrative travel by staff for meetings with businesses, government officials, prospects, and various local economic development organizations.
 - Participation in conferences, seminars, and trade shows.
 - Conduct field audits and investigations mandated by various tax exemption programs.



Travel Expenditures

• Type of Travel	FY 08-09 EOB
In-State Administrative	\$ 22,215
In-State Conf. & Conv.	\$ 38,291
In-State Field Travel	\$ 198,966
In-State Board Members	\$ 57,000
<u>In-State IT/Training</u>	<u>\$ 5,000</u>
Total In-State Travel	\$ 321,472
Out-of-State Administrative	\$ 283,024
Out-of-State Conf. & Conv.	\$ 82,000
Out-of-State Field Travel	\$ 481,170
<u>Out-of-State IT/Training</u>	<u>\$ 15,000</u>
Total Out-of State Travel	\$ 861,194
Total Travel	\$ 1,182,666



Statutory Dedications

- Louisiana Economic Development Fund
- EOB is \$55M and the undesignated fund balance is \$1.1M
 - The fund was created by Act 34 of the 1991 Regular Session Regular Session.
 - The fund includes cash from investments and vendor's compensation from the Department of Revenue and the Department of Public Safety.
 - All monies received or appropriated to the fund remain in the fund and are not returned to the state general fund at the end of the fiscal year.
 - The fund is largely used for financial assistance programs, workforce development and training programs.



Statutory Dedications

- Rapid Response Fund
- EOB is \$44.7M and the undesignated fund balance is \$17.3M
 - The fund was created by Act 398 of the 2005 Regular Session.
 - The source of revenue is State General Fund and the state treasurer is directed to deposit into the fund at the beginning of each fiscal year an amount sufficient to bring the unencumbered balance in the fund to ten million dollars.
 - All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.
 - Funds are to be used by the secretary of the department for immediate funding of all or a portion of economic development projects necessary in order to successfully secure the creation or retention of jobs by a business entity under circumstances determined by the secretary or the governor.



Other Items

- Louisiana Mega-Project Development Fund
- \$415M undesignated fund balance
 - The fund was created by Act 208 of the 2007 Regular Session.
 - All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.
 - Funds are to be used by the secretary of the department for immediate funding of economic development mega-projects necessary in order to successfully secure the creation or retention of jobs by a business entity.
 - In order to meet the definition of a mega-project, the project must create 500 new direct jobs to the state, have a minimum initial investment of \$100M, and project a substantial return on the investment by the state as measured by projected tax revenues. The state investment in any mega-project shall not exceed 30% of the total cost of the project.



Other Items

- Louisiana Mega-Project Development Fund - continued
 - The Business Report Daily Headlines recently reported that LED Secretary Stephen Moret predicts using the Mega Fund this year.
 - At the Business Report Leadership Power Breakfast, the secretary said “In 2009, we will make use of the state's Mega-Projects Development Fund for the very first time, and for the second time, and possibly for the third time.”
 - One of those possibilities is Nucor Corporation, a \$2B iron mill project in St. James Parish. A decision on the project is likely to come within the next few months.



Other Items

- New FY08-09 initiatives include:
 - Fast Start program provides an immediate employee training and delivery solution for company retention and expansion projects.
 - Business Retention and Expansion activity, in coordination with regional and local partners, reaches out to business owners across the state to understand their challenges and identify opportunities.
 - State Economic Competitiveness activity identifies actions to improve state competitiveness through economic development strategy and planning by benchmarking, ranking comparison, and developing action plans.
- Amongst layoff announcements and company closures, how do these initiatives address issues reflected in this time of economic uncertainty?