



HOUSE COMMITTEE ON APPROPRIATIONS

FY 12-13

Executive Budget

Department of Economic Development

March 8, 2012



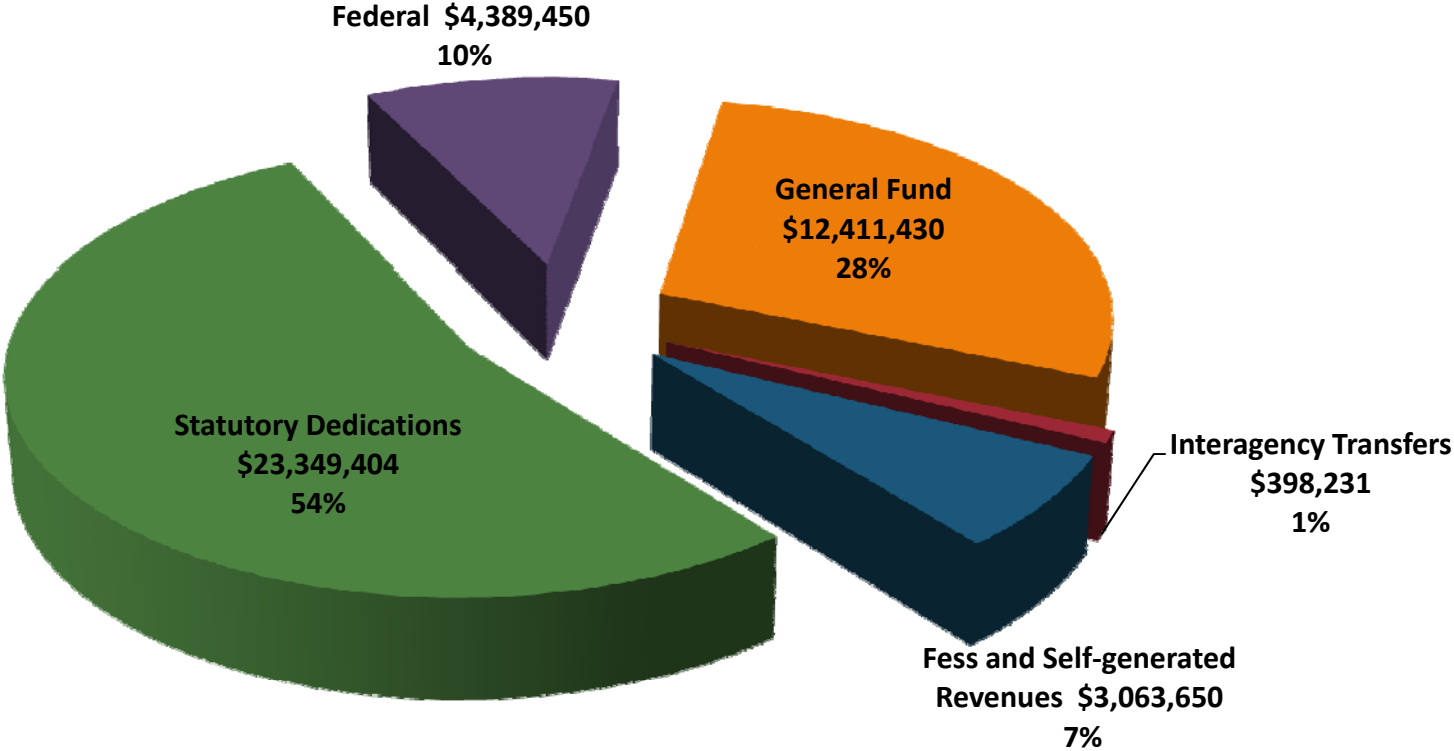
Louisiana Department of Economic Development is comprised of the following two agencies:

- Office of the Secretary
- Office of Business Development



Executive Budget Recommendation

- FY 12-13 Executive Budget Recommendation is \$43.6 million





Executive Budget by Means of Finance

Louisiana Department of Economic Development					
Means of Financing (MOF)	Actual Expenditures FY 2010-11	Existing Operating Budget FY 2011-12 (12/1/11)	Executive Budget FY 2012-13	Change From FY 11-12 to FY 12-13	Percent Change From FY 11-12 to FY 12-13
State General Fund (SGF)	\$19,998,776	\$11,287,472	\$12,411,430	\$1,123,958	10.0%
Interagency Transfers (IAT)	\$1,638,662	\$2,078,549	\$398,231	(\$1,680,318)	-80.8%
Fees & Self-gen Rev (SGR)	\$2,014,516	\$3,190,689	\$3,063,650	(\$127,039)	-4.0%
Statutory Dedications (SD)	\$40,519,158	\$66,771,062	\$23,349,404	(\$43,421,658)	-65.0%
Interim Emergency Board	\$0	\$0	\$0	\$0	0.0%
Federal Funds (FED)	\$277,314	\$7,184,291	\$4,389,450	(\$2,794,841)	-38.9%
TOTAL MOF	\$64,448,426	\$90,512,063	\$43,612,165	(\$46,899,898)	-51.8%
Authorized Positions	128	124	122	(2)	-1.6%



Significant Budget Adjustments Statewide

- (\$125,300) SD Reduces funding due to personnel reductions and efficiencies. There is a decrease of 2 T.O. associated with this reduction.
- (\$257,058) SD Attrition adjustment.
- (\$875,418) SGF Reduces funding for the state employee retirement rate.
- (\$410,153) Non-recurs the 27th pay period (-\$28,608 SGR, -\$381,545 SD).



Significant Budget Adjustments Means of Financing Substitutions

\$2,571,674 SGF Increase State General Fund and decrease Statutory
Dedicated Louisiana Economic Development Fund.



Significant Budget Adjustments Non-recur

- (\$17,006,319) Non-recur carryforwards (-\$529,349 SGF, -\$1,012,601 IAT -\$98,431 SGR, - \$15,196,097 SD and -\$169,841 FED).
- (\$1,650,000) FED Non-recur funding for jobs analysis for Avondale.
- (\$975,000) FED Non-recur one time funding for the State Trade Export Promotion Program.
- (\$510,000) IAT Non-recur IAT received from the Department of Children and Family Services for TANF activities.



Significant Budget Adjustments Reductions

- (\$1,000,000) SGF Reduces funding for marketing activities associated with the Marketing Education Retail Alliance.
- (\$556,743) SD Reduces funding for the Wet Lab Facilities in accordance with projected expenditures.
- (\$800,000) SD Reduces funding from the Loan Guarantee Program.



Significant Budget Adjustments Transfers

(\$24,700,000) SD Transfers the Rapid Response Fund to the Other Requirements appropriation.

\$1,000,000 SGF Transfers New Orleans Wet Lab funding from Other Requirements to the Department of Economic Development.



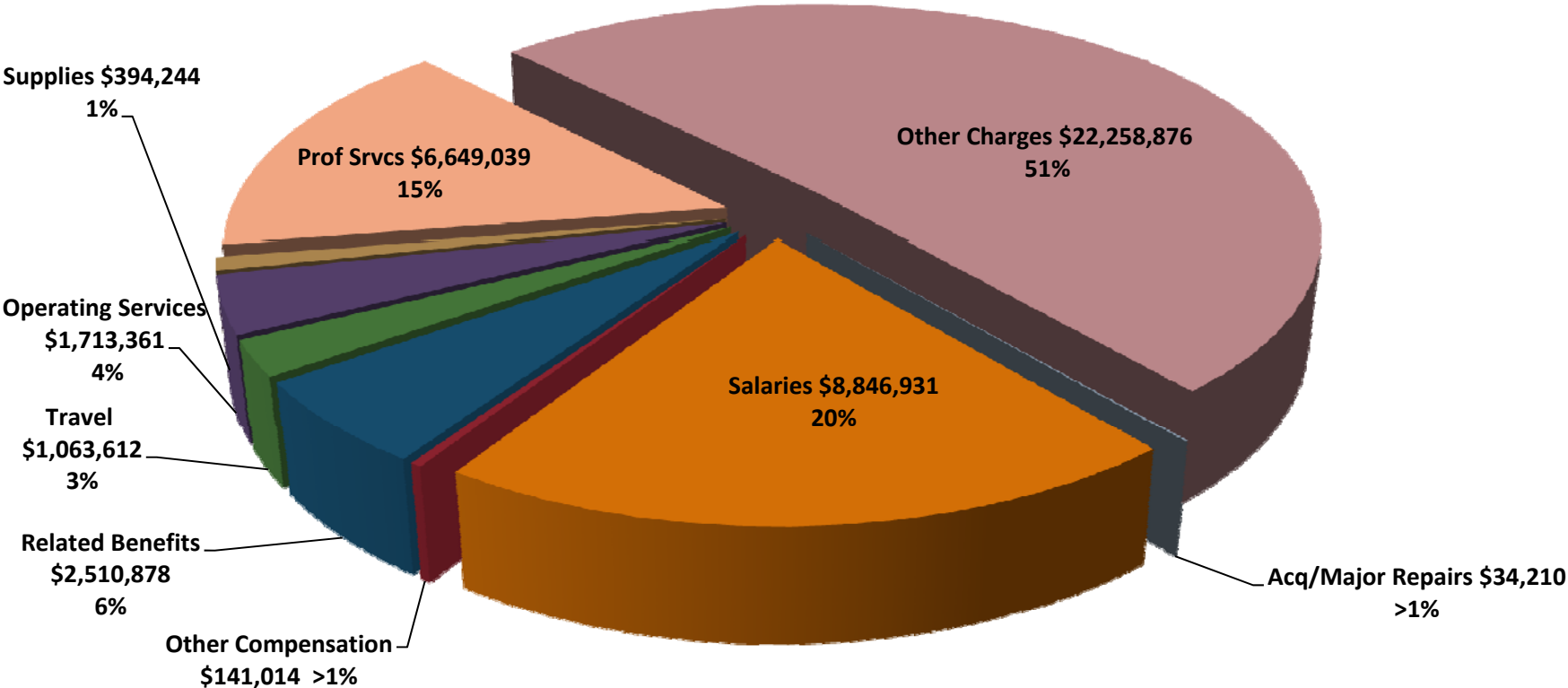
Significant Budget Adjustments Increases

\$935,000 SGF Provides funding for increased operational costs for the FastStart program.



Executive Budget Recommendation

- FY 12-13 Executive Budget Recommendation by Expenditure





FY 12-13 Executive Budget by Expenditure Line Item

Louisiana Economic Development Expenditure Comparison					
Expenditures	FY 10-11 Actual Budget	FY 11-12 Existing Operating Budget 12/1/11	FY 12-13 Executive Budget	Change from FY 11-12 to FY 12-13	Percent Change
Salaries	\$8,698,424	\$9,323,956	\$8,846,931	(\$477,025)	(5.1%)
Other Compensation	\$131,413	\$141,014	\$141,014	\$0	0.0%
Related Benefits	\$2,879,948	\$3,452,903	\$2,510,878	(\$942,025)	(27.3%)
Travel	\$569,017	\$1,069,828	\$1,063,612	(\$6,216)	(0.6%)
Operating Services	\$1,257,351	\$1,713,361	\$1,713,361	\$0	0.0%
Supplies	\$230,842	\$394,244	\$394,244	\$0	0.0%
Prof Svcs	\$6,615,376	\$7,224,320	\$6,649,039	(\$575,281)	(8.0%)
Other Charges	\$43,673,523	\$67,192,437	\$22,258,876	(\$44,933,561)	(66.9%)
Acq/Major Repairs	\$392,532		\$34,210	\$34,210	100.0%
TOTAL EXP	\$64,448,426	\$90,512,063	\$43,612,165	(\$46,899,898)	(51.8%)



Executive Budget Recommendation

- Discretionary vs Non-Discretionary

Expenditures	FY 12-13 Exe Bud Recommendation	Percent
Discretionary	\$42,992,876	98.6%
Non-Discretionary	\$619,289	1.4%
TOTAL	\$43,612,165	100.0%

- The non-discretionary funding within the Department of Economic Development’s FY 12-13 Executive Budget Recommendation is due to maintenance of state owned buildings, group insurance and legislative auditor fees.



Statutory Dedications

Statutory Dedication Comparison					
Statutory Dedications	FY 10-11 Actual Expenditures	FY 11-12 Existing Operating Budget 12/1/11	FY 12-13 Executive Budget	Change FY 11-12 to FY 12-13	Percent Change
Louisiana Economic Development Fund	\$18,862,943	\$25,055,613	\$17,949,404	(\$7,106,209)	-28.4%
Rapid Response Fund	\$19,194,509	\$35,284,808	\$0	(\$35,284,808)	-100.0%
Small Business Surety Bond	\$54,235	\$3,000,000	\$3,000,000	\$0	0.0%
Marketing Fund	\$1,967,496	\$2,161,875	\$2,000,000	(\$161,875)	-7.5%
Entertainment Marketing Fund	\$124,168	\$510,831	\$300,000	(\$210,831)	-41.3%
2004 Overcollections Fund	\$315,807	\$657,935	\$0	(\$657,935)	-100.0%
Louisiana Filmmakers Grant Fund	\$0	\$100,000	\$100,000	\$0	0.0%
TOTAL	\$40,519,158	\$66,771,062	\$23,349,404	-\$43,421,658	-65.0%



Major Statutory Dedications

- Louisiana Economic Development Fund (R.S. 51:2315)
 - 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 reverted 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.



Major Statutory Dedications

- Rapid Response Fund (R.S. 51:2361)
 - 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 \$10 million.
 - 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 determined by the governor or secretary of the Department of Economic Development necessary to successfully secure the creation or retention of jobs by a business entity.



Major Statutory Dedications

- Louisiana Mega-Project Development Fund (R.S. 51:2365)
 - 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.
 - All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.
 - In order to meet the definition of a mega-project, the project must create 500 new direct jobs to the state or have a minimum initial investment of \$500 million, 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.
 - A mega-project shall also mean any project for a military or federal installation which is important to the Louisiana economy and that may be subject to base realignment and closure and purchase of land for a mega-project.



Department of Economic Development FY 12-13 Salaries and Positions

- \$9 million for Salaries and Other Compensation
- \$2.5 million for Related Benefits.
- Total Personal Services = \$11.5 million, 26% of the total Executive Budget Recommendation.
- 122 Total Positions (71 classified and 51 unclassified)
- Average salary :
 - Classified - \$55,009
 - Unclassified - \$102,190
- As of February 15th, the department has 9 vacancies



Department of Economic Development Agency Contacts

Stephen Moret	Secretary	225-342-5388
Jason El Koubi	Assistant Secretary	225-342-5678
Steven Grissom	Deputy Secretary	225-342-5361