

Representative Jim Fannin  
Chairman



Representative Simone Champagne  
Vice Chairman

FY 13-14 Executive Budget Review  
DEPARTMENT OF ECONOMIC DEVELOPMENT

House Committee on Appropriations

by House Fiscal Division

March 14, 2013



# Agenda

## Budget Overview

- Department Structure 3
- Means of Finance Comparison 4
- 10-Year Budget History 5
- Major Revenue Source 6
- Expenditure Breakdown 7
- Expenditure History 8
- Significant Budget Adjustments 10
- Discretionary/Non-Discretionary Funding 12
- Salaries and Positions 14
- Department Contacts 18



# Department Structure

## Office of the Secretary

- Administration

## Office of Business Development

- Business Development Program
  - Small Business and Community Services activity, Small and Emerging Business Development (SEBD) program and Small Business Development Centers (SBDC).
- Business Incentives Program
  - Include the Enterprise Zone Program, Quality jobs, Industrial Ad Valorem Tax Exemption Program, Restoration Tax Abatement and more.



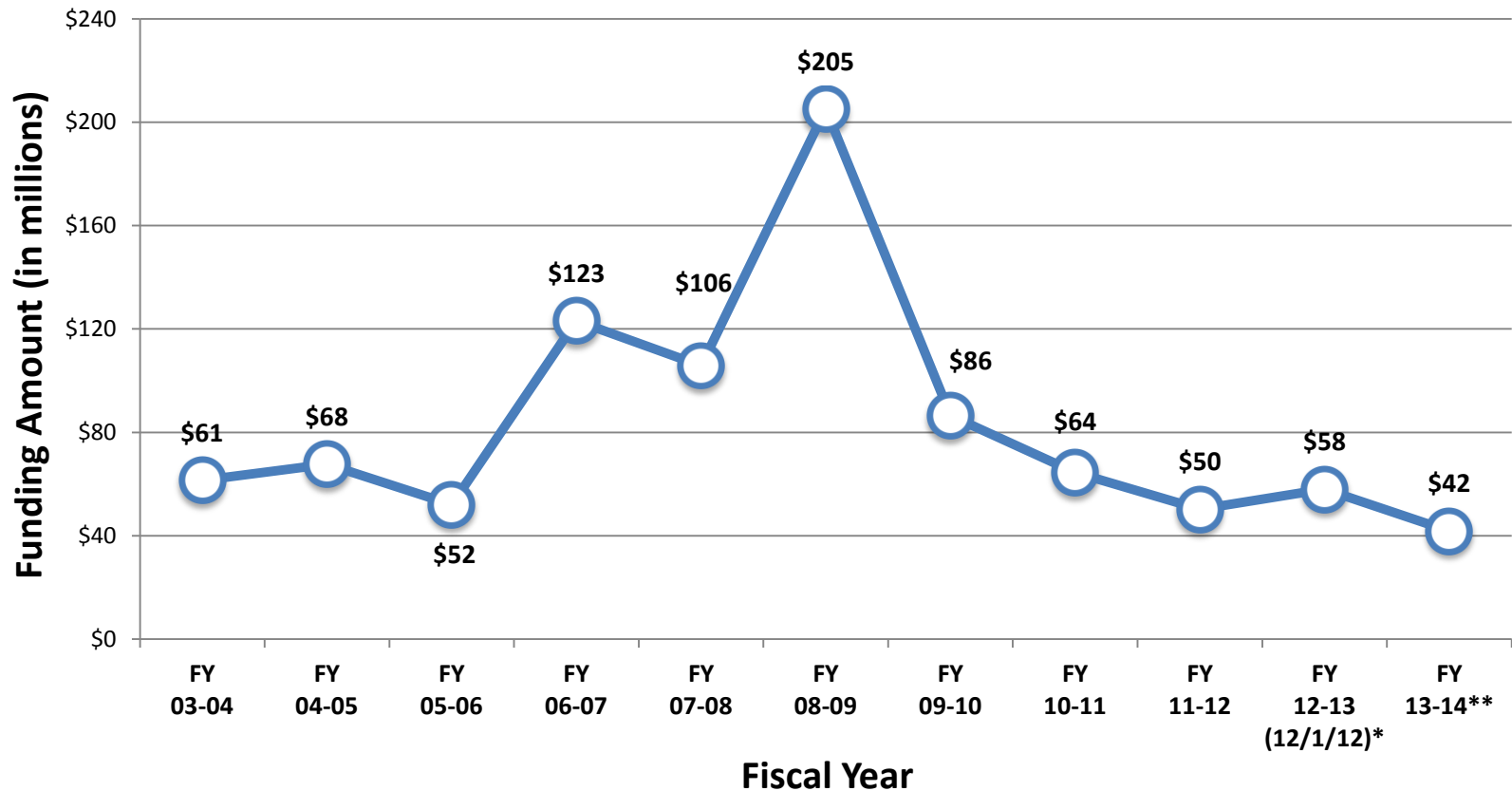
# Means of Finance

Means of Finance	Actual Expenditures FY 11-12	Existing Operating Budget FY 12-13 (12/1/12)	Executive Budget Recommended FY 13-14	Change from FY12-13 to FY13-14	Percent Change from FY12-13 to FY13-14
State General Fund	\$10,489,399	\$13,972,195	\$14,214,562	\$242,367	1.7%
Interagency Transfers	\$683,443	\$1,204,065	\$0	(\$1,204,065)	-100.0%
Fees and Self-Gen Rev	\$2,084,759	\$3,124,377	\$3,464,585	\$340,208	10.9%
Statutory Dedications	\$34,021,620	\$30,893,307	\$19,400,241	(\$11,493,066)	-37.2%
Federal Funds	\$3,042,616	\$8,777,210	\$4,739,367	(\$4,037,843)	-46.0%
<b>TOTAL</b>	<b>\$50,321,837</b>	<b>\$57,971,154</b>	<b>\$41,818,755</b>	<b>(\$16,152,399)</b>	<b>-27.9%</b>
Authorized Positions	124	122	117	(5)	-4.1%



# 10 Year Budget History

## Department of Economic Development (Total Means of Finance)



Source: Executive Budget Supporting Documents

\*Existing Operating Budget as of 12/1/12

\*\*Governor's Executive Budget Recommendation



# Major Sources of Revenues FY 13-14

## Self-generated Revenues - \$3.4 million

- Application fees for business incentives
- Tenant fees

## Statutory Dedications - \$19.4 million

- Louisiana Economic Development Fund
- Marketing Fund
- Entertainment Promotion and Marketing Fund

## Federal Funds - \$4.7 million



# Expenditure Breakdown

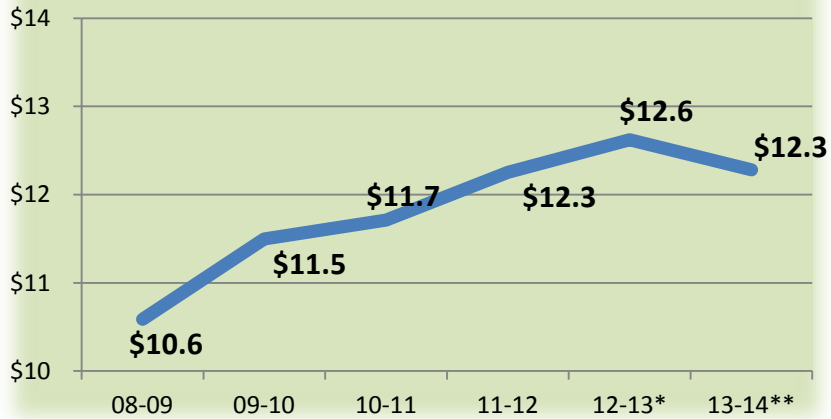
Expenditures	FY 11-12 Actual Expenditures	FY 12-13 Existing Operating Budget (12/1/12)	FY 13-14 Executive Budget Recommendation	Change from FY 12-13 to FY 13-14	Percent Change from FY12-13 to FY13-14
Salaries	\$8,856,649	\$8,846,931	\$8,659,706	(\$187,225)	-2.1%
Other Compensation	\$95,517	\$141,014	\$141,014	\$0	0.0%
Related Benefits	\$3,299,068	\$3,632,665	\$3,481,606	(\$151,059)	-4.2%
Travel	\$486,541	\$1,063,612	\$421,581	(\$642,031)	-60.4%
Operating Services	\$1,327,143	\$1,713,361	\$1,549,645	(\$163,716)	-9.6%
Supplies	\$213,143	\$394,244	\$374,244	(\$20,000)	-5.1%
Prof Svcs	\$6,091,646	\$7,382,082	\$6,898,539	(\$483,543)	-6.6%
Other Charges	\$29,837,232	\$34,692,916	\$20,292,420	(\$14,400,496)	-41.5%
Acq/Major Repairs	\$114,898	\$104,329	\$0	(\$104,329)	-100.0%
Unallotted	\$0	\$0	\$0	\$0	0.0%
<b>TOTAL EXP</b>	<b>\$50,321,837</b>	<b>\$57,971,154</b>	<b>\$41,818,755</b>	<b>(\$16,152,399)</b>	<b>-27.9%</b>

- Other Charges – Non-recurred funding, elimination of the Small Business Bonding Assistance Program ,and elimination of statutorily dedicated education initiatives.
- Travel– Reduced due to efficiencies, and will be managed with the funds appropriated.
- Professional Services – Non-recurred funding from advertising, legal, accounting, and IT services not needed by the business incentives program next year.

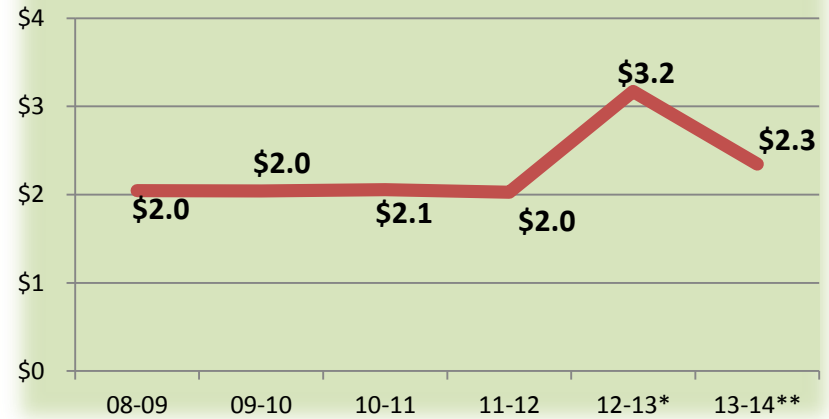


# 6-Year Expenditure History (in millions)

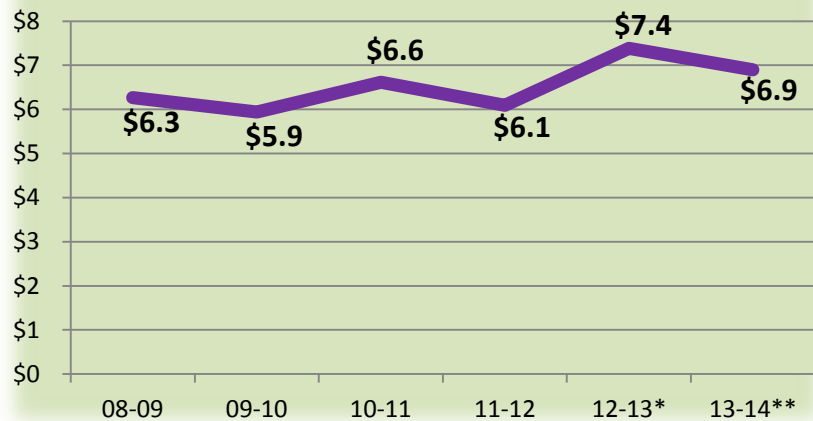
## Personal Services



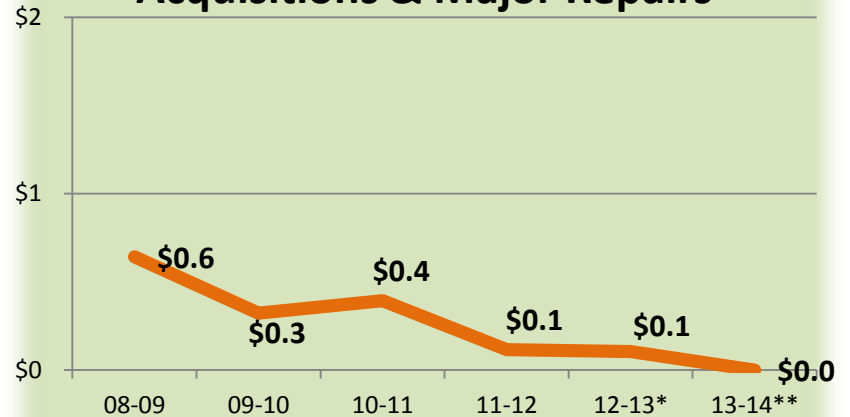
## Operating Expenses



## Professional Services



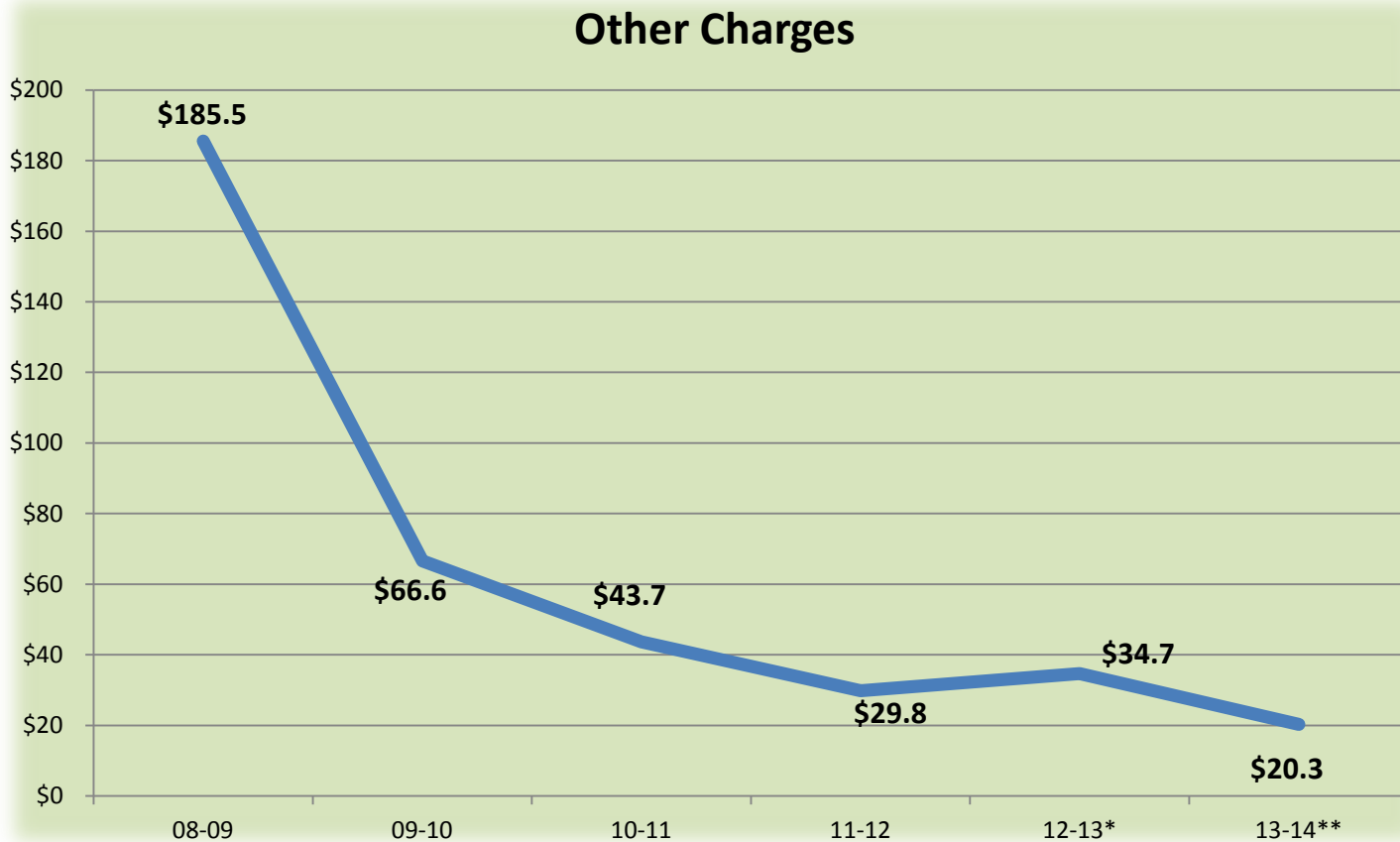
## Acquisitions & Major Repairs







# 6-Year Expenditure History (in millions)



Source: Executive Budget Supporting Documents

\*Existing Operating Budget as of 12/1/12

\*\*Governor's Executive Budget Recommendation



# Significant Adjustments

Reduces funding for Non-recurring Carryforwards from prior year obligations from matching grants, small and emerging business development programs, etc.

**(\$342,879) SGF | (\$805,834) IAT | (\$75,507) SGR | (\$4,855,103) SD | (\$3,591,760) FED | TOTAL (\$9,671,083)**

Eliminates funding for the Marketing Education Retail Alliance, LA Council for Economic Education, and the District 2 Enhancement Corporation. According to LED, these programs relate more to education initiatives rather than economic development.

**\$0 SGF | \$0 IAT | \$0 SGR | (\$1,000,000) SD | \$0 FED | TOTAL (\$1,000,000)**

Reduces funding from the statutorily dedicated Small Business Surety Bonding Fund. Eliminates the Small Business Bonding Assistance Program.

**\$0 SGF | \$0 IAT | \$0 SGR | (\$2,900,000) SD | \$0 FED | TOTAL (\$2,900,000)**

Reduces funding appropriated in FY 12-13 from the Rapid Response Fund for the FastStart Program.

**\$0 SGF | \$0 IAT | \$0 SGR | (\$2,000,000) SD | \$0 FED | TOTAL (\$2,000,000)**

Reduces funding from Louisiana Economic Development Fund used in the Business Development Program in FY 12-13.

**\$0 SGF | \$0 IAT | \$0 SGR | (\$700,000) SD | \$0 FED | TOTAL (\$700,000)**

Non-recurred federal budget authority for the Federal State Trade and Export Promotion (STEP) program due to the expiration of the grant funding.

**\$0 SGF | \$0 IAT | \$0 SGR | \$0 SD | (\$535,908) FED | TOTAL (\$535,908)**



# Significant Adjustments

Transfers funding and 5 T.O. as the Business Recovery Services Activity, provided through Community Development Block Grants, is being moved to the Division of Administration.

\$0	SGF		(\$398,231)	IAT		\$0	SGR		\$0	SD		\$0	FED		<b>TOTAL</b>	<b>(\$398,231)</b>
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Provides funding for the FastStart program as part of incentives for Benteler Steel.

\$2,000,000	SGF		\$0	IAT		\$0	SGR		\$0	SD		\$0	FED		<b>TOTAL</b>	<b>\$2,000,000</b>
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Reduces funding the Business Incubator program and the Shreveport and New Orleans wet labs. Eliminates funding to the Baton Rouge wet lab.

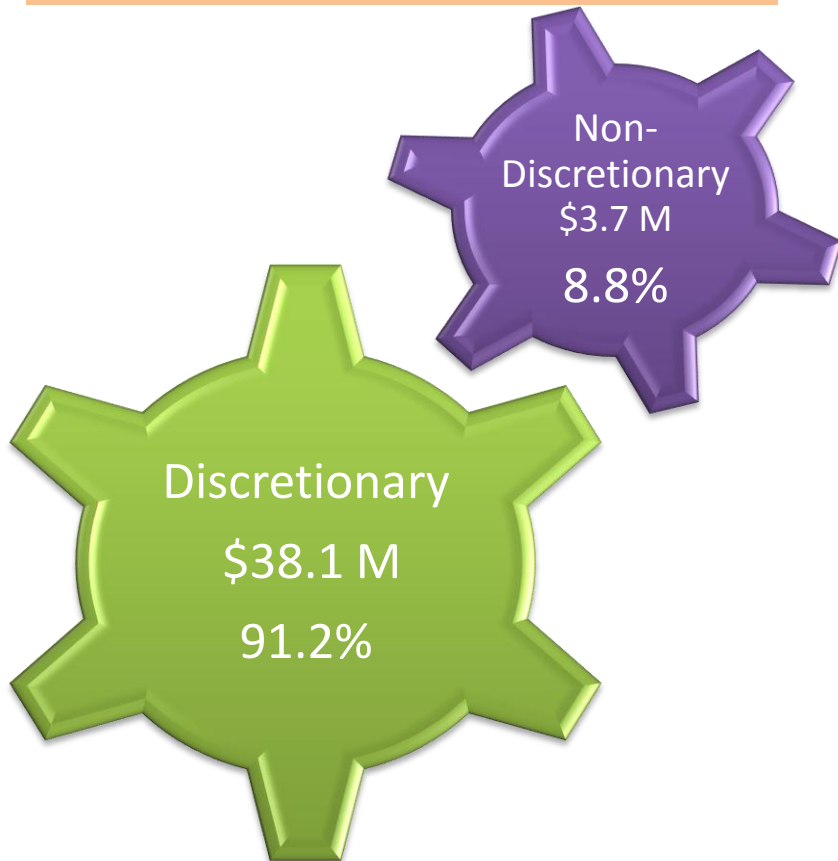
(\$996,762)	SGF		\$0	IAT		\$0	SGR		\$0	SD		\$0	FED		<b>TOTAL</b>	<b>(\$996,762)</b>
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# Discretionary/Nondiscretionary Funding in FY 13-14

## Executive Budget

**Department of Economic  
Development Total Budget  
\$41.8 Million**



Category	Nondiscretionary Amount
Constitutionally Required	\$0
Court Orders	\$0
Debt Service	\$0
Federal Mandate	\$0
Statutory Obligation	\$0
Legislative Discretion	\$0
Unavoidable Obligations	\$3,676,043
<b>TOTAL</b>	<b>\$3,676,043</b>



## Discretionary/Nondiscretionary Funding in FY 13-14 Executive Budget

Activity	Discretionary	Nondiscretionary
Administration	\$13,044,270	\$2,928,160
Business Deveopment	\$18,994,593	\$608,542
Business Incentives	\$6,103,849	\$139,341
<b>TOTAL</b>	<b>\$38,142,712</b>	<b>\$3,676,043</b>



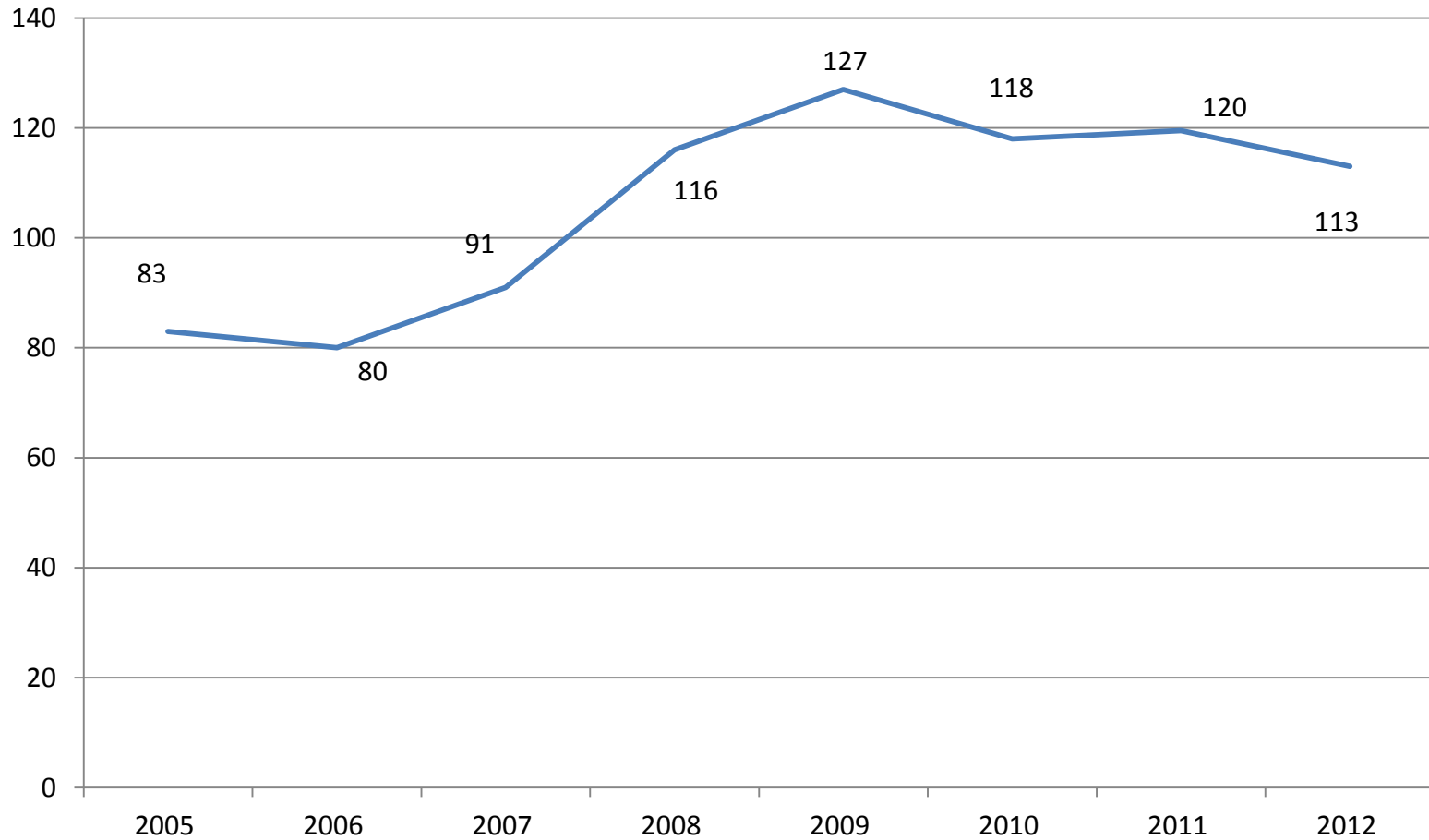
# FY13- 14 Salaries and Positions

- \$8.8 million for Salaries and Other Compensation
- \$3.5 million for Related Benefits
- Total Personnel Services = \$12.3 million, 57% of the Department of Economic Development total Executive Budget Recommendation (excluding Other Charges)
  
- 117 Authorized Positions (66 classified and 51 unclassified)
- 2 full-time non-T.O. positions
  
- As of 1/30/2013, the Department of Economic Development had 5 vacancies



# Salaries and Positions

## TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

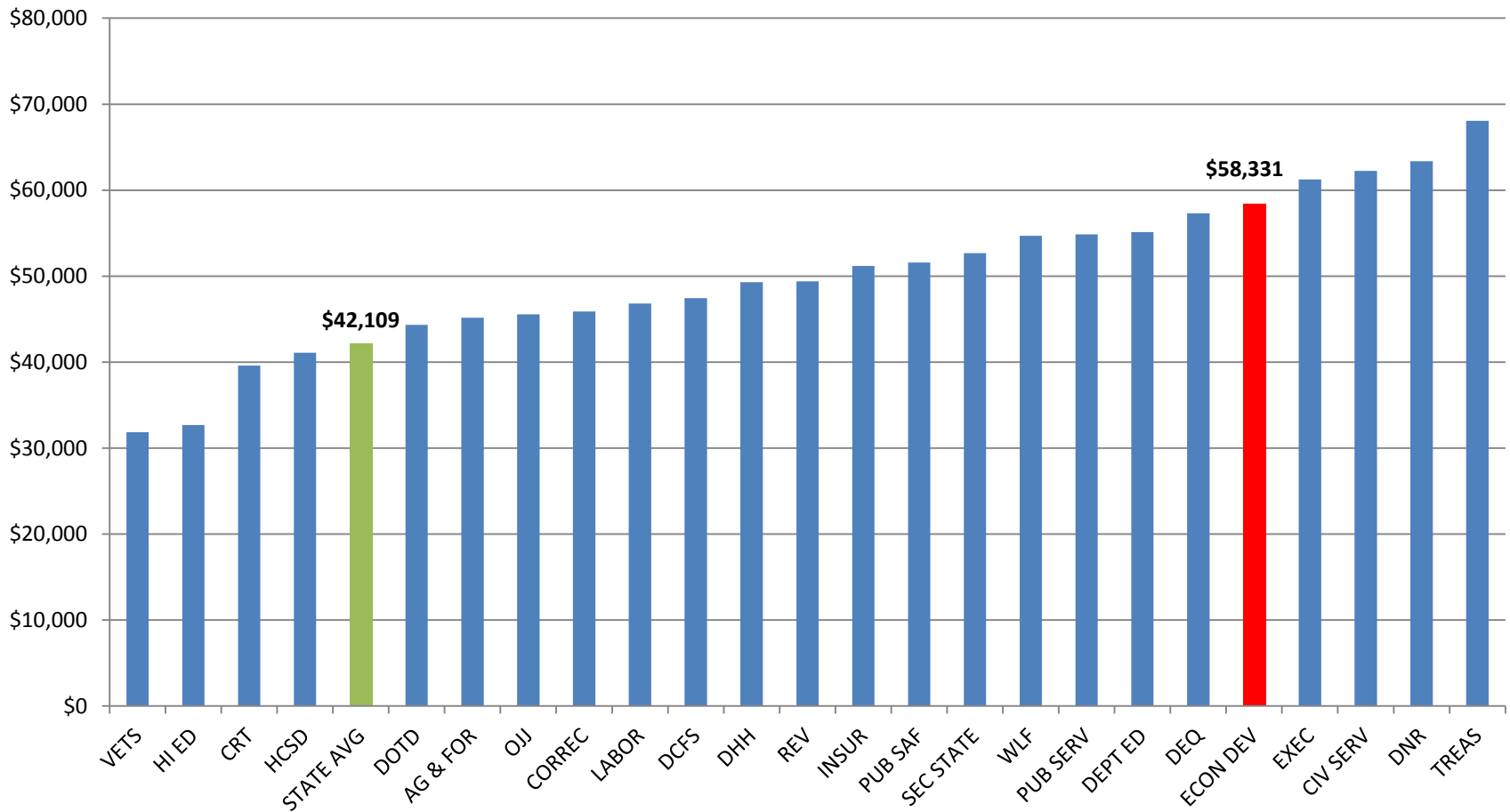


Source: ISIS-HR



# Salaries

## CLASSIFIED AVERAGE ANNUAL PAY PER FTE



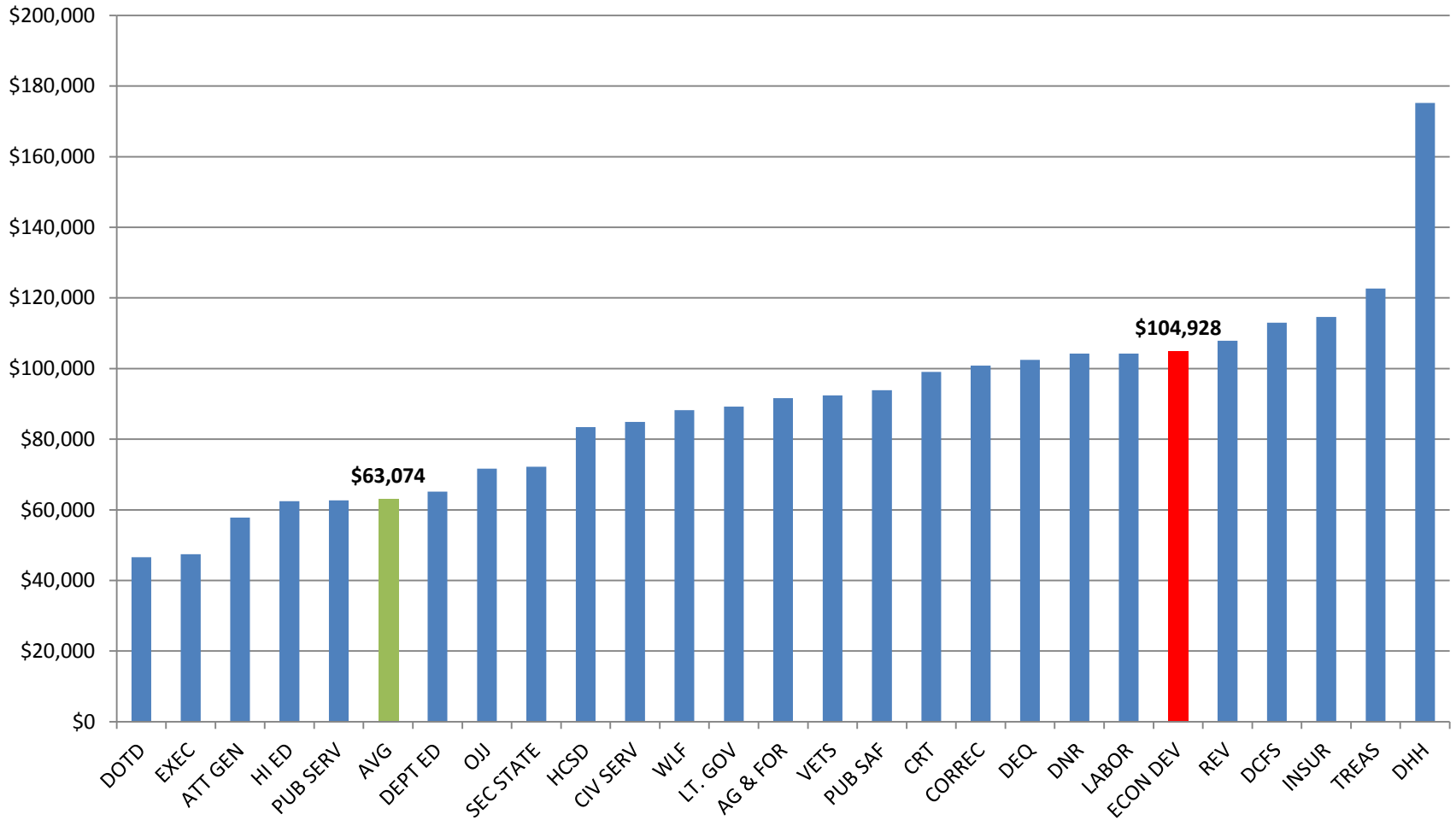
Source: State Civil Service Report on State Employment





# Salaries

## UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE



Source: State Civil Service Report on State Employment



# Department Contacts

<b>AGENCY</b>	<b>Agency Head</b>	<b>Phone</b>
Office of the Secretary	Stephen Moret	342-5388
Office of the Secretary	Steve Grissom	342-5478
Office of Business Development	Jason El Koubi	342-0600
Office of the Secretary	Anne Villa	342-5395
Office of the Secretary	Mandi Mitchell	342-6499