

Representative Jim Fannin
Chairman



Representative Simone Champagne
Vice Chairman

FY 14-15 Executive Budget Review
DEPARTMENT OF ECONOMIC DEVELOPMENT

House Committee on Appropriations
by the House Fiscal Division
MARCH 18, 2014



Agenda

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Department Functions

- **Business Incentives**

- Provides quality assistance through marketing and administering tax, financial, and other assistance products to create value for existing, expanding, and new businesses in Louisiana.

- **FastStart Program**

- A comprehensive workforce training service to provide businesses that are looking to relocate and/or expand with a turnkey employee training and delivery solution.

- **Small Business and Entrepreneurial Services**

- Provides assistance to small businesses in Louisiana through the Small and Emerging Business Development Program and the Small Business Loan and Guaranty Program.



Department Structure

Office of the Secretary

- Administration

Office of Business Development

- Business Development Program
- Business Incentives Program



Means of Finance

Means of Finance	Actual Expenditures FY 12-13	Existing Operating Budget FY 13-14 (12/1/13)	Executive Budget Recommended FY 14-15	Change from FY 13-14 to FY14-15	Percent Change from FY 13-14 to FY 14-15
State General Fund	\$13,312,547	\$15,249,014	\$15,603,576	\$354,562	2.3%
Interagency Transfers	\$841,438	\$1,150,793	\$0	(\$1,150,793)	(100.0%)
Fees and Self-Gen Rev	\$2,198,115	\$3,710,281	\$3,509,272	(\$201,009)	(5.4%)
Statutory Dedications	\$19,386,854	\$26,494,412	\$29,666,033	\$3,171,621	12.0%
Federal Funds	\$1,990,634	\$12,074,982	\$200,000	(\$11,874,982)	(98.3%)
TOTAL	\$37,729,588	\$58,679,482	\$48,978,881	(\$9,700,601)	(16.5%)
Authorized Positions	122	119	114	(5)	(4.2%)

Significant Adjustments:

Interagency Transfers

- Eliminates budget authority for Workforce Rapid Response awards and CDBG for Business Recovery

\$1.1M



Statutory Dedications

- Transfer funding from LED Debt Service for the Rapid Response Fund to provide for industrial or business development projects

\$3.1M



Federal

- Eliminates budget authority for Federal Funds in the current year from the State Small Business Credit Initiative

\$11.8M



Authorized Positions

- Three vacancies eliminated
- Two positions transferred to the Office of Technology Services

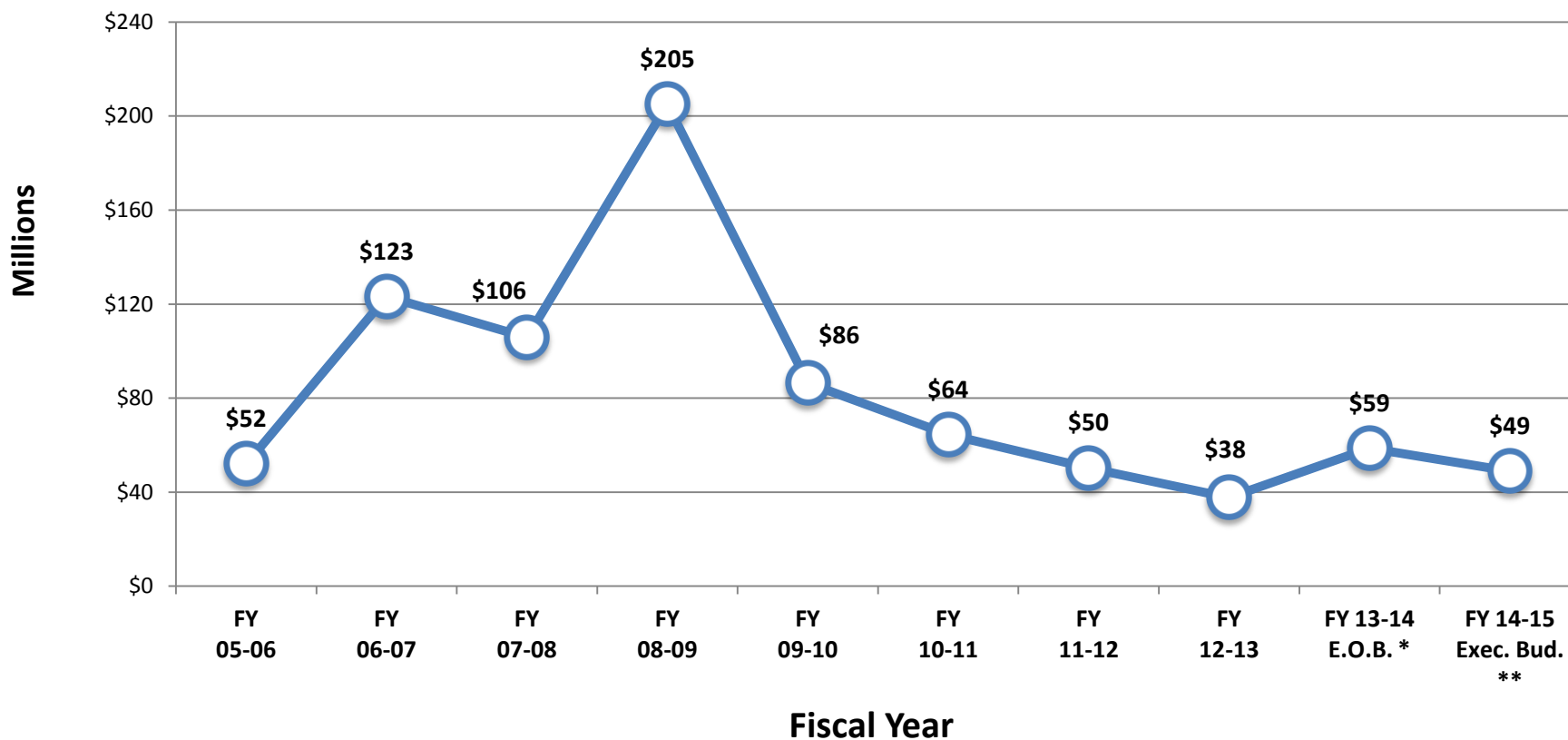
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10-Year Budget History

DEPARTMENT OF ECONOMIC DEVELOPMENT (Total Funding)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



Major Sources of Revenues FY 14-15

Fees and Self-Generated Revenue- \$3.5 million

- Application fees for business incentives

Statutory Dedications - \$29.6 million

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



Expenditure Breakdown

Expenditures	FY 12-13 Actual Expenditures	FY 13-14 Existing Operating Budget (12/1/13)	FY 14-15 Executive Budget Recommendation	Change from FY 13-14 to FY 14-15	Percent Change from FY 13-14 to FY 14-15
Salaries	\$8,787,797	\$8,559,030	\$8,710,773	\$151,743	1.8%
Other Compensation	\$100,606	\$141,014	\$141,014	\$0	0.0%
Related Benefits	\$3,473,734	\$3,495,186	\$4,179,295	\$684,109	19.6%
Travel	\$610,139	\$1,063,612	\$1,042,612	(\$21,000)	(2.0%)
Operating Services	\$1,612,374	\$1,765,361	\$1,324,091	(\$441,270)	(25.0%)
Supplies	\$207,095	\$342,244	\$265,756	(\$76,488)	(22.3%)
Professional Services	\$6,168,191	\$7,633,262	\$6,523,468	(\$1,109,794)	(14.5%)
Other Charges	\$16,613,370	\$35,679,773	\$26,791,872	(\$8,887,901)	(24.9%)
Acq/Major Repairs	\$156,282	\$0	\$0	\$0	0.0%
Unallotted	\$0	\$0	\$0	\$0	0.0%
TOTAL EXP	\$37,729,588	\$58,679,482	\$48,978,881	(\$9,700,601)	(16.5%)

Salaries and Related Benefits

- The increase in salaries is caused by the performance adjustment for classified employees. The increase in Related Benefits is caused by retirement rate adjustments from 31% to 37%.

Professional Services

- Reduction in support services and advertising, promotion, and marketing services for the Department's programs.

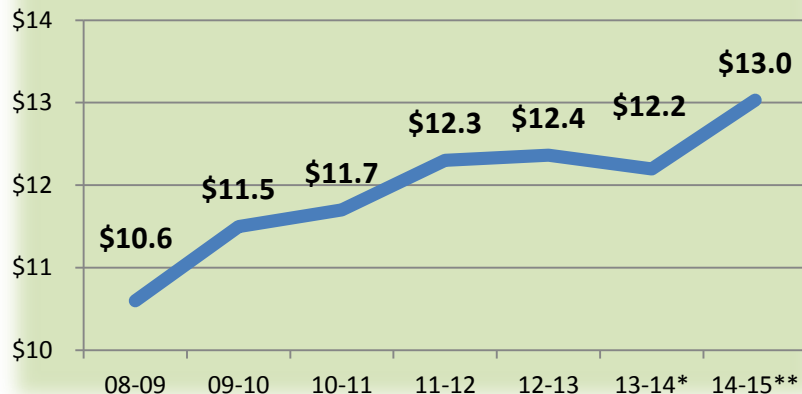
Other Charges

- Elimination of funding associated with the Small Business Credit Initiative. The final award for this program was received in FY 14.



7-Year Expenditure History (in millions)

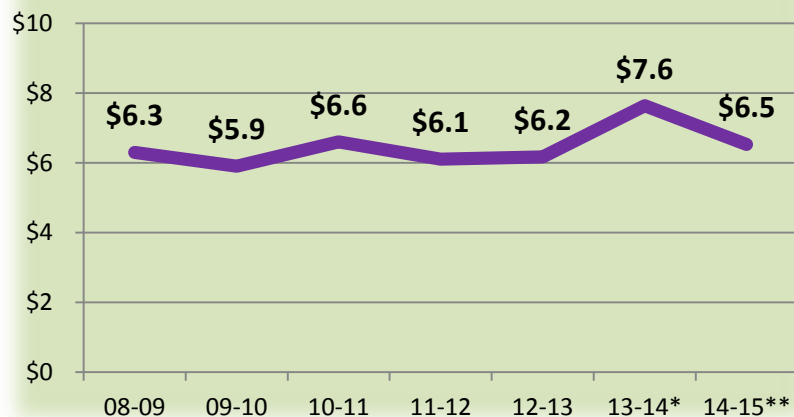
Personal Services



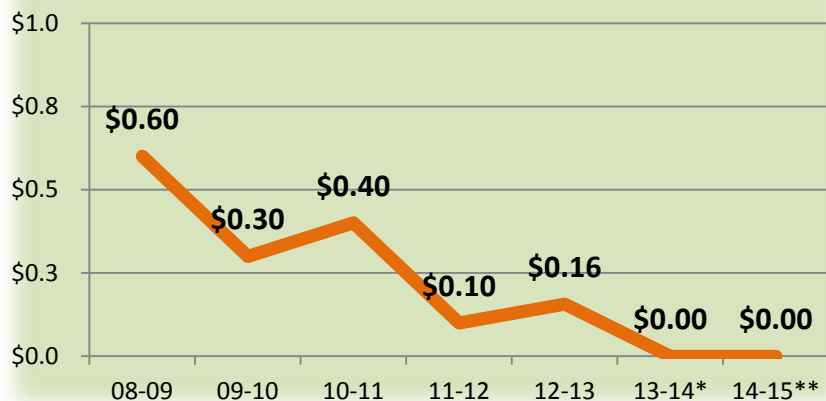
Operating Expenses



Professional Services

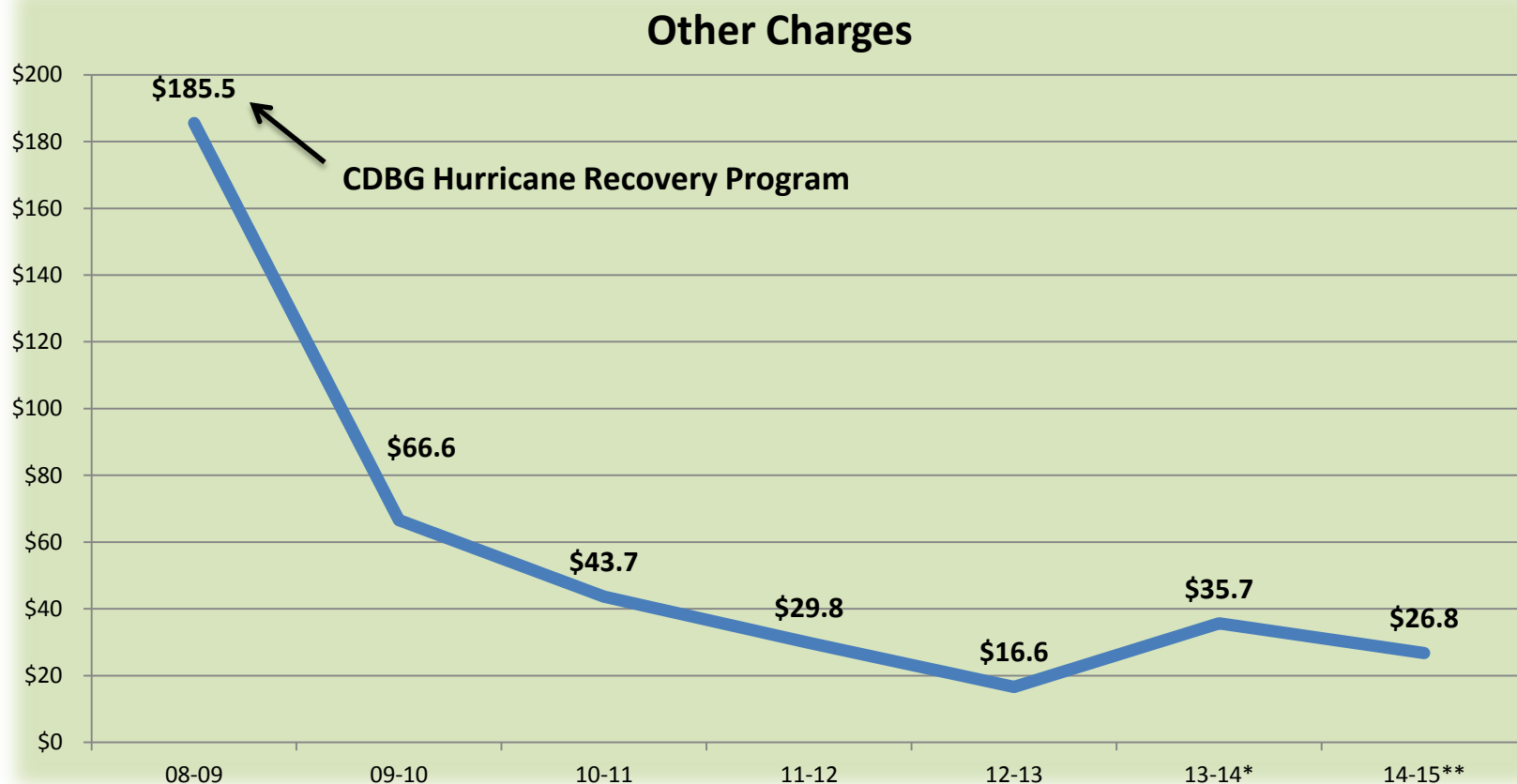


Acquisitions & Major Repairs





7-Year Expenditure History (in millions)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



Significant Adjustments

\$719,140

SGF



Provides funding for operating expenses of the New Orleans Wet Lab, a technology business incubator that aims to stimulate bioscience entrepreneurship in the New Orleans area. This is a transfer from agency 20-931, LED Debt Service/State Commitments.

\$661,130

SGF



IT consolidation with the Office of Technology Services (decrease of two authorized positions).

\$10 M

Stat

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Provides funding for the Economic Development Rapid Response Program to provide for industrial or business development projects that promote cluster economic development and that require state assistance to create or retain jobs.

\$10.8 M

Federal



Elimination of Federal Funds from the State Small Business Credit Initiative. The final federal award for this program was received in FY 13-14.



Discretionary/Nondiscretionary Funding in FY 14-15

Executive Budget

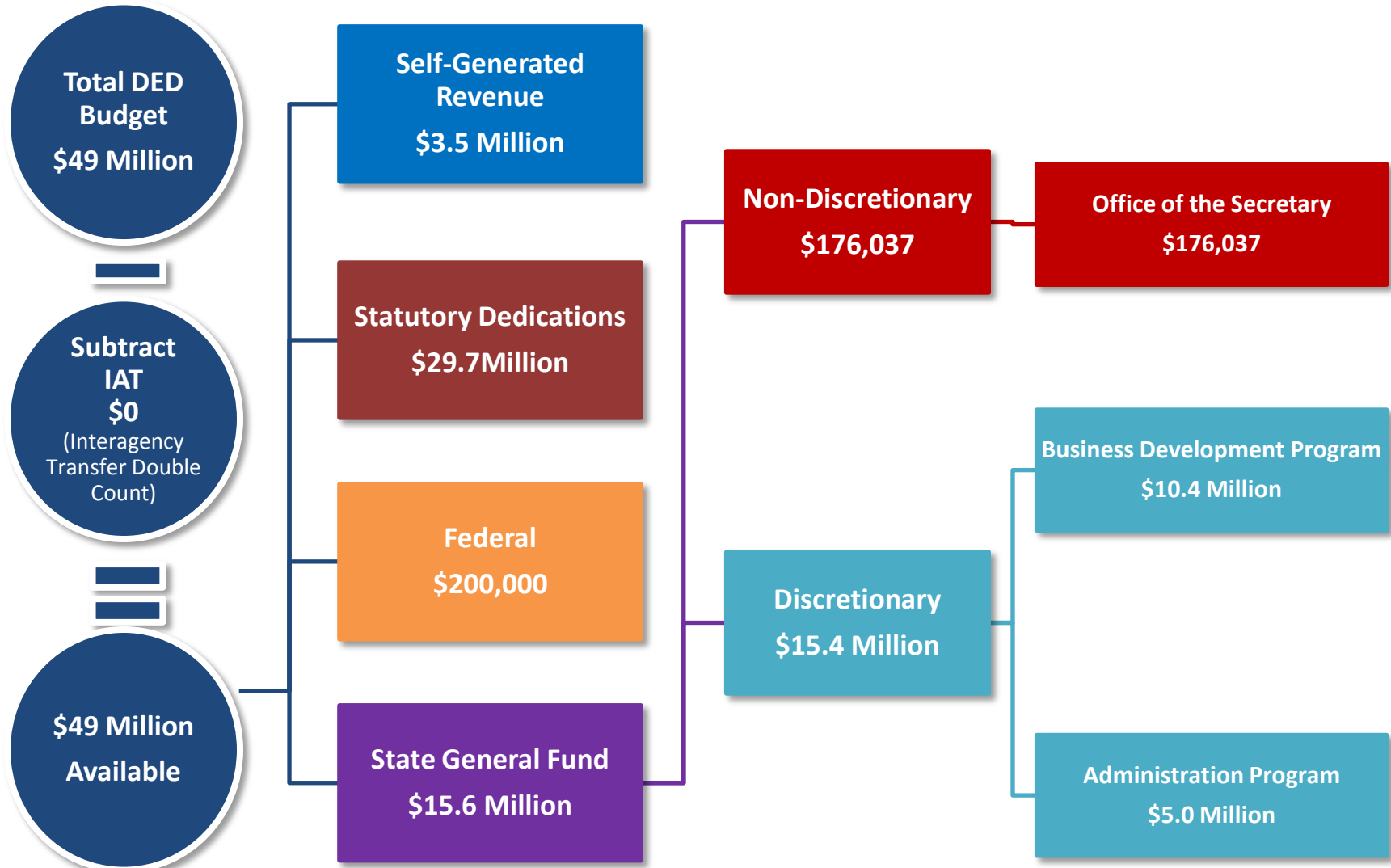
<u>Activity/Program</u>	<u>TOTAL FUNDING -\$48,978,881</u>		<u>STATE GENERAL FUND -\$15,603,576</u>	
	Discretionary	Non-Discretionary	Discretionary	Non-Discretionary
<u>Office of the Secretary</u>	\$ 15,323,941	\$ 319,500	\$ 5,019,723	\$ 176,037
FastStart	\$ 6,935,000	\$ 0	\$ 0	\$ 0
<u>Office of Business Development</u>	\$ 33,335,440	\$ 0	\$ 10,407,816	\$ 0
Economic Development Rapid Response Program	\$10,000,000	\$0	\$ 0	\$ 0
	\$0	\$ 0	\$ 0	\$ 0
TOTAL	\$48,659,381	\$ 319,500	\$15,427,539*	\$ 176,037

* The discretionary State General Fund in the agency's budget is **0.2%** of the total discretionary State General Fund recommended for FY 14-15.



Discretionary/Nondiscretionary Funding in FY 14-15

Executive Budget





Salaries and Positions

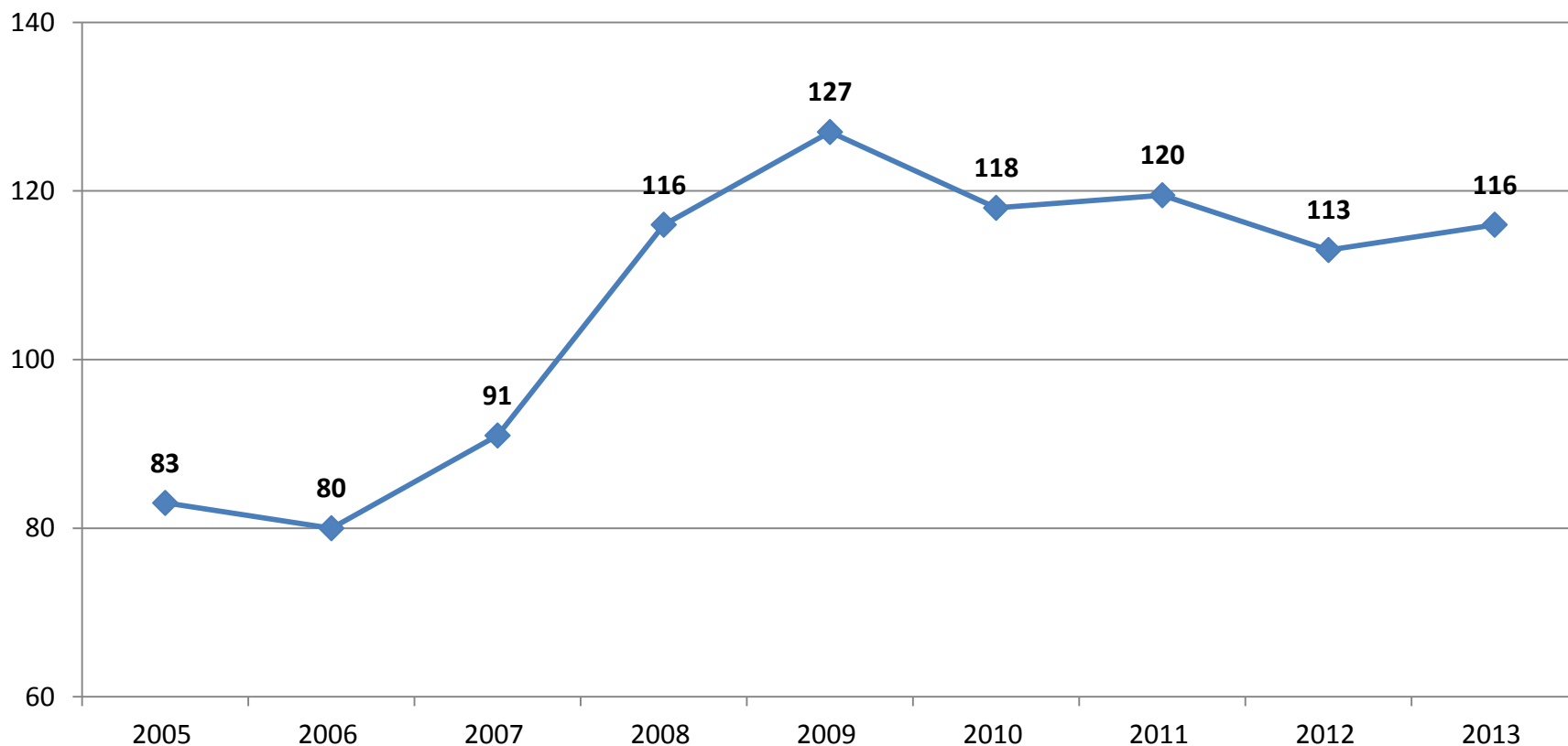
FY 14-15 SALARIES/POSITIONS

- \$8.8 million for Salaries and Other Compensation
- \$4.2 million for Related Benefits
- Total Personnel Services = \$13 million; 58% of the Economic Development total Executive Budget Recommendation (excluding Other Charges)
- 114 Authorized Positions (64 classified and 50 unclassified)
- 0 full-time non-T.O. positions
- 0 Other Charges positions
- As of 12/27/2013, Economic Development had 8 vacancies; Executive Budget eliminates 3 of these vacant positions.



Salaries and Positions

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

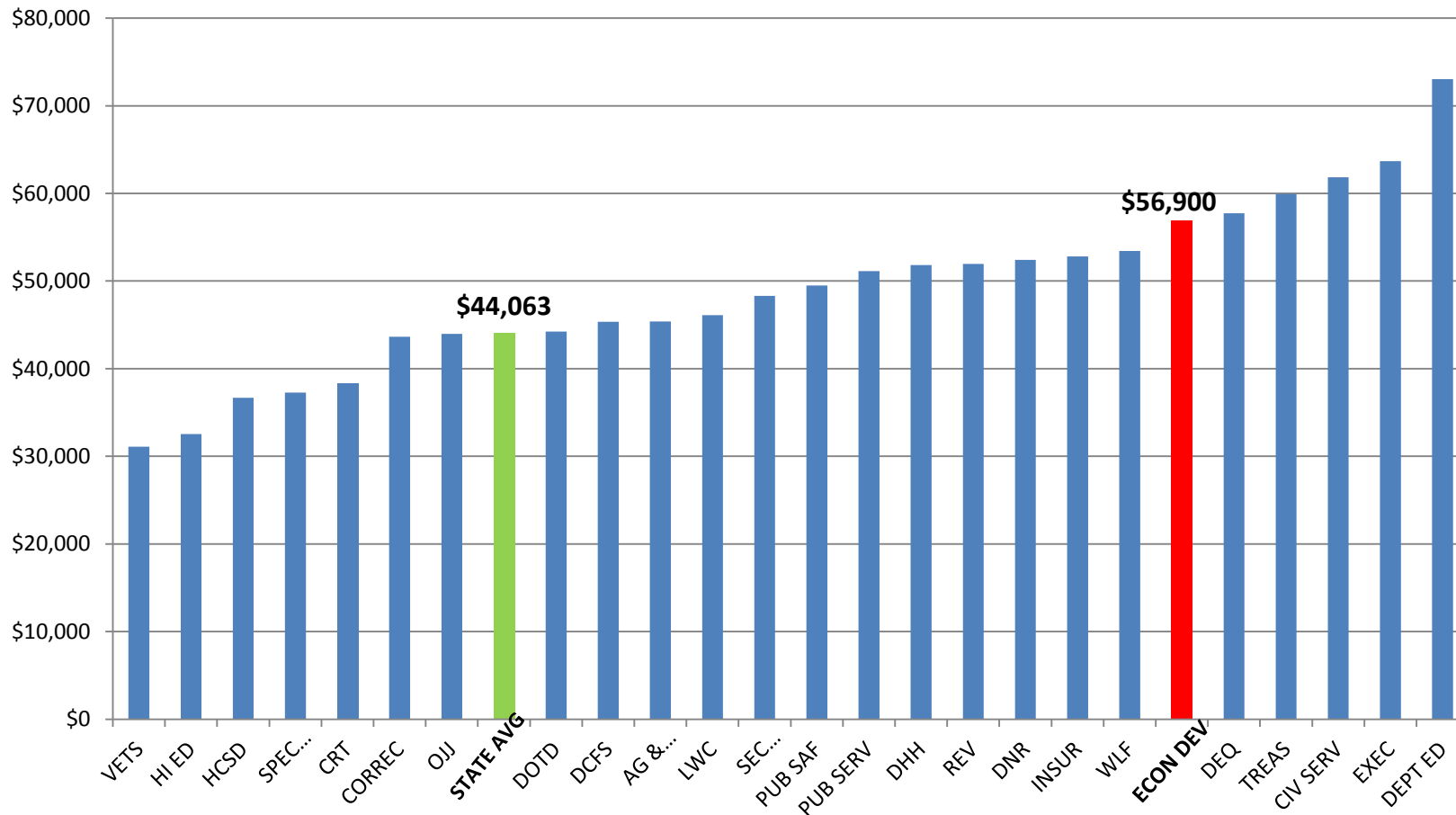


Source: Prepared by House Fiscal Division staff using information from ISIS-HR



Salaries and Positions

FY 13 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

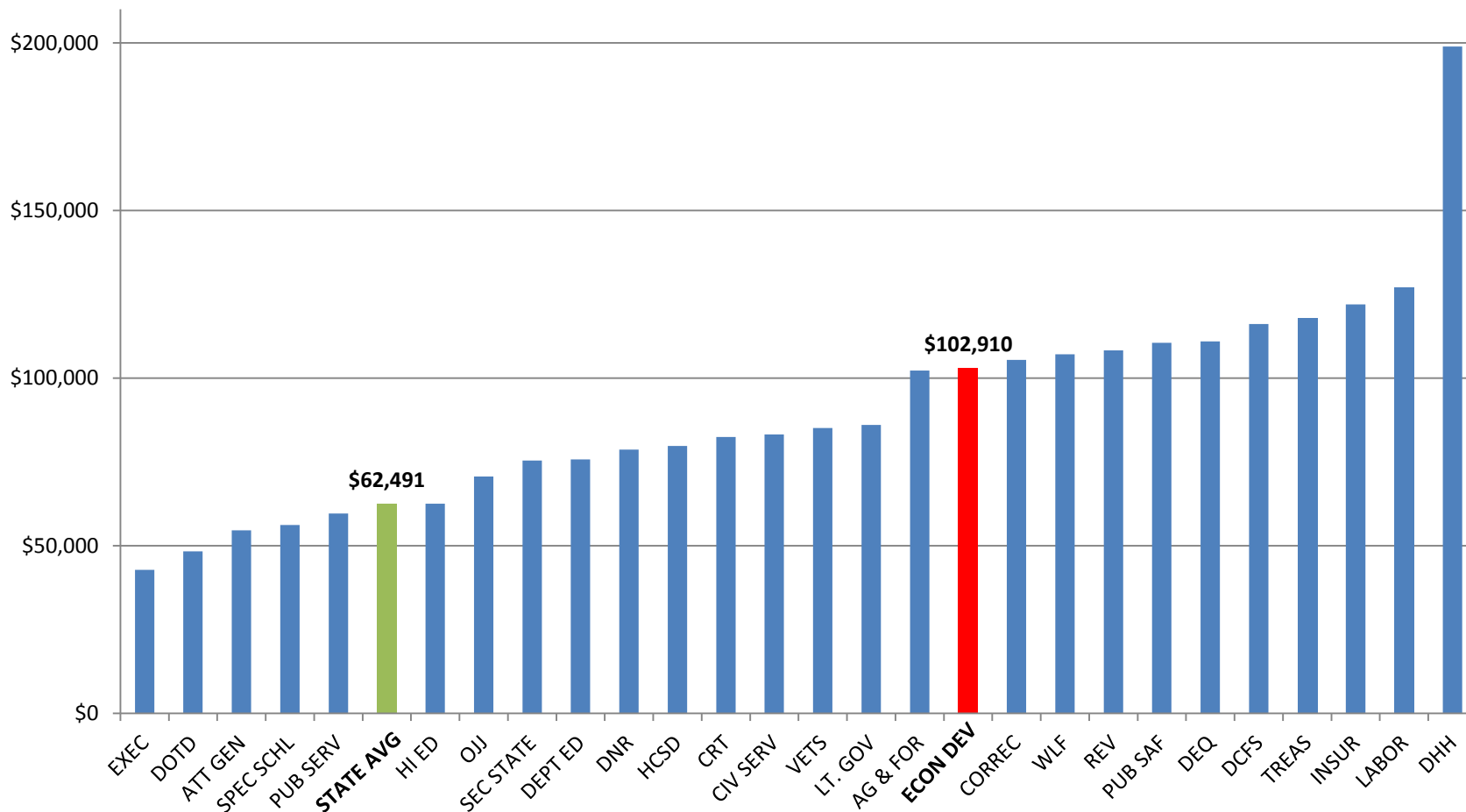


Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Salaries and Positions

FY 13 UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE



Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



LED Debt Service

Means of Finance	Actual Expenditures FY 12-13	Existing Operating Budget FY 13-14 (12/1/13)	Executive Budget Recommended FY 14-15	Change from FY 13-14 to FY 14-15	Percent Change from FY 13-14 to FY 14-15
State General Fund	\$1,534,311	\$21,790,090	\$28,454,154	\$6,664,064	30.6%
Interagency Transfers	\$0	\$0	\$0	\$0	0.0%
Fees and Self-Gen Rev	\$0	\$1,500,000	\$2,800,000	\$1,300,000	86.7%
Statutory Dedications	\$18,058,262	\$74,664,311	\$0	(\$74,664,311)	(100.0%)
Federal Funds	\$0	\$0	\$0	\$0	0.0%
TOTAL	\$19,592,573	\$97,954,401	\$31,254,154	(\$66,700,247)	(68.1%)
Authorized Positions	0	0	0	0	0.0%

Significant Adjustments:

State General Fund

- Increase to reflect anticipated level of commitments
- \$510,000 for the Bell Helicopter Assembly Facility

\$6.6M



Self-Generated Rev

- Non-state entities for local support of the commitments.

\$1.3M



Statutory Dedications

- Completion of commitments to IBM and Benteler Steel. Transfer of funding from the Rapid Response Fund to the Office of Business Development

\$74.6M





Department Contacts

Contact Name	Title	Phone
Stephen Moret	Secretary	342-5388
Steve Grissom	Deputy Secretary	342-5478
Kathy Blankenship	Deputy Undersecretary	342-9658
Anne Villa	Undersecretary	342-5395