Representative Jim Fannin
Chairman

Representative Bryan Adams
Vice Chairman

FY 15-16 Executive Budget Review
DEPARTMENT OF ECONOMIC DEVELOPMENT

House Committee on Appropriations
by the House Fiscal Division
MARCH 19, 2015
Agenda

Budget Overview

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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

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>State General Fund</td>
<td>$14,756,068</td>
<td>$17,275,651</td>
<td>$16,614,622</td>
<td>($661,029)</td>
<td>(3.8%)</td>
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<tr>
<td>Interagency Transfers</td>
<td>$1,150,793</td>
<td>$2,400,000</td>
<td>$2,300,000</td>
<td>($100,000)</td>
<td>(4.2%)</td>
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<tr>
<td>Fees and Self-Gen. Rev.</td>
<td>$2,578,479</td>
<td>$3,574,439</td>
<td>$2,614,739</td>
<td>($959,700)</td>
<td>(26.8%)</td>
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<tr>
<td>Statutory Dedications</td>
<td>$19,879,054</td>
<td>$24,537,812</td>
<td>$19,300,699</td>
<td>($5,237,113)</td>
<td>(21.3%)</td>
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<tr>
<td>Federal Funds</td>
<td>$1,864,670</td>
<td>$10,610,311</td>
<td>$0</td>
<td>($10,610,311)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$40,229,064</td>
<td>$58,398,213</td>
<td>$40,830,060</td>
<td>($17,568,153)</td>
<td>(30.1%)</td>
</tr>
</tbody>
</table>

| Authorized Positions              | 116                          | 114                                         | 110                                 | (4)                             | (3.5%)                                  |

### Significant Adjustments:

**Fees and Self-Gen. Revenues**
- Reductions associated with statewide adjustments, lower lease collections, and proper alignment of budget authority based on prior year expenditures.
- ($960K)

**Statutory Dedications**
- Reduces revenues from the LED Fund by $3.9 million and from the Rapid Response Fund by $1.3 million, as the fund balances are declining.
- ($5.2M)

**Federal**
- Eliminates budget authority for final draw-down of a federal grant for the State Small Business Credit Initiative.
- ($10.6M)

**Authorized Positions**
- Three positions will be transferred to the Office of State Human Capital.
- One vacant position eliminated in mid-yr cut.
- (4 T.O.)
10-Year Budget History

DEPARTMENT OF ECONOMIC DEVELOPMENT
(Total Funding)

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/14
**Governor’s Executive Budget Recommendation
Major Sources of Revenue FY 15-16

Interagency Transfers  $2.3 million

- Community Development Block Grant funds from the Division of Administration for the FastStart Program.

Fees and Self-Generated Revenues- $2.6 million

- Application fees for business incentives

Statutory Dedications - $19.3 million

- Louisiana Economic Development Fund - $17 million
- Marketing Fund - $2 million
- Entertainment Promotion and Marketing Fund - $300,000
### Expenditure Breakdown

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>FY 13-14 Actual Expenditures</th>
<th>FY 14-15 Existing Operating Budget (12/1/14)</th>
<th>FY 15-16 Executive Budget Recommendation</th>
<th>Change from FY 14-15 to FY 15-16</th>
<th>Percent Change from FY 14-15 to FY 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$8,800,957</td>
<td>$8,544,048</td>
<td>$8,297,616</td>
<td>($246,432)</td>
<td>(2.9%)</td>
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<tr>
<td>Other Compensation</td>
<td>$122,070</td>
<td>$141,014</td>
<td>$141,014</td>
<td>$0</td>
<td>0.0%</td>
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<tr>
<td>Related Benefits</td>
<td>$3,629,977</td>
<td>$4,108,960</td>
<td>$4,070,711</td>
<td>($38,249)</td>
<td>(0.9%)</td>
</tr>
<tr>
<td>Travel</td>
<td>$614,048</td>
<td>$1,036,112</td>
<td>$1,036,112</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Operating Services</td>
<td>$1,841,939</td>
<td>$925,990</td>
<td>$925,990</td>
<td>$0</td>
<td>0.0%</td>
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<tr>
<td>Supplies</td>
<td>$296,088</td>
<td>$199,756</td>
<td>$199,756</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$6,335,751</td>
<td>$7,023,840</td>
<td>$6,159,414</td>
<td>($864,426)</td>
<td>(12.3%)</td>
</tr>
<tr>
<td>Other Charges</td>
<td>$17,582,765</td>
<td>$36,418,493</td>
<td>$19,999,447</td>
<td>($16,419,046)</td>
<td>(45.1%)</td>
</tr>
<tr>
<td>Acq/Major Repairs</td>
<td>$1,005,469</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
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<tr>
<td>Unallotted</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>TOTAL EXP</td>
<td>$40,229,064</td>
<td>$58,398,213</td>
<td>$40,830,060</td>
<td>($17,568,153)</td>
<td>(30.1%)</td>
</tr>
</tbody>
</table>

**Professional Services**
- Reductions are for one-time training services for the FastStart Program and for a GEMS initiative that recommends moving from leased space to a state-owned facility.

**Other Charges**
- Reduction of budget authority for the final draw-down of a federal grant (Small Business Credit Initiative-Capital Access and Linked Deposit Program) for delivery of access to capital for small businesses. Funds were used for programs that leveraged private lending to help small businesses expand and create jobs. Also reduced one-time funding for economic development support for communities impacted by population fluctuations at military institutions.
8-Year Expenditure History (in millions)

Personnel Services

Operating Expenses

Professional Services

Acquisitions & Major Repairs

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/14
**Governor’s Executive Budget Recommendation

Chris Henry (225) 342-1394
Economic Development
House Fiscal Division
8-Year Expenditure History (in millions)

**Other Charges**

- **CDBG Hurricane Recovery Program**
  - $185.5
  - $66.6
  - $43.7
  - $29.8
  - $16.6
  - $17.6
  - $36.4
  - $20.0

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/14

**Governor’s Executive Budget Recommendation
Significant Adjustments

Reduces funding ($10.2M Federal, $5.1M Stat Ded, $350K SGF, and $130K SGR) for non-recurring projects including the Small Business Credit Initiative that assisted small businesses to expand and create jobs.

Reduces funding ($1.2M SGF and $400K Federal) for other non-recurring projects: $400K for a federal EDA grant award provided to the Office of International Commerce; $719K for the New Orleans BioInnovation Center; and $525,000 for one-time funding for economic development in communities that were impacted by the mission and population fluctuations at military installations affected by the Federal Base Realignment and Closure Commission.

Reduces budget authority for Self-Generated Revenues to properly align with projected expenditures ($138,000), reflects changes for statewide adjustments including retirement, health insurance, and GEMS savings (191,000), and adjusts for lower lease collections associated with the Northeast Louisiana State Office Building ($504,000).
Discretionary/Non-Discretionary Funding in FY 15-16 Executive Budget

- **Total DED Budget**: $40.8 Million
  - **Self-Generated Revenue**: $2.6 Million
  - **Statutory Dedications**: $19.3 Million
  - **Federal**: $0
  - **State General Fund**: $16.6 Million
- **Non-Discretionary**: $910,067
  - Office of the Secretary: $910,067
- **Discretionary**: $15.7 Million
  - Business Development Program: $9.4 Million
  - Administration Program: $6.3 Million

Subtract IAT $2.3 (Interagency Transfer Double Count)

$38.5 Million Available

Chris Henry (225) 342-1394
Economic Development
House Fiscal Division
Salaries and Positions

FY 15-16 SALARIES/POSITIONS

- $8.4 million for Salaries and Other Compensation
- $4.1 million for Related Benefits
- Total Personnel Services = $12.5 million; 60% of the Economic Development total Executive Budget Recommendation (excluding Other Charges)

- 110 Authorized Positions (61 classified and 49 unclassified)
- 0 full-time non-T.O. positions
- 0 Other Charges positions

- As of 1/30/2015, Economic Development had 7 vacancies; 1 of these vacant positions was eliminated in the mid-year deficit reduction and is reflected in the Executive Budget adjustments.
Salaries and Positions

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

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

Chris Henry (225) 342-1394  Economic Development  House Fiscal Division
Salaries and Positions

FY 14 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

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

Chris Henry (225) 342-1394  Economic Development  House Fiscal Division
Salaries and Positions

FY 14 UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE

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

Chris Henry (225) 342-1394  Economic Development  House Fiscal Division
### LED Debt Service/State Commitments

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>State General Fund</td>
<td>$20,328,007</td>
<td>$4,916,235</td>
<td>$34,089,711</td>
<td>$29,173,476</td>
<td>593.4%</td>
</tr>
<tr>
<td>Interagency Transfers</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Fees and Self-Gen. Rev.</td>
<td>$1,300,000</td>
<td>$2,800,000</td>
<td>$1,278,920</td>
<td>($1,521,080)</td>
<td>(54.3%)</td>
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<tr>
<td>Statutory Dedications</td>
<td>$47,083,748</td>
<td>$88,709,731</td>
<td>$10,707,188</td>
<td>($78,002,543)</td>
<td>(87.9%)</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
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<tr>
<td>TOTAL</td>
<td>$68,711,755</td>
<td>$96,425,966</td>
<td>$46,075,819</td>
<td>($50,350,147)</td>
<td>(52.2%)</td>
</tr>
<tr>
<td>Authorized Positions</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

### Significant Adjustments:

- **State General Fund**
  - Means of finance substitution replaces the Mega-project Fund and the Rapid Response Fund with SGF.

  - $29M increase

- **Self-Gen. Revenues**
  - Reducing funding associated with contributions from the City of Baton Rouge for the IBM Service Center.

  - $1.5M decrease

- **Statutory Dedications**
  - Decreases Mega Project, Rapid Response, and LED funds for means of finance substitutions and for expiration of certain project commitments.

  - $78M decrease
<table>
<thead>
<tr>
<th>PROJECT</th>
<th>FY 15-16</th>
<th>PROJECT</th>
<th>FY 15-16</th>
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</thead>
<tbody>
<tr>
<td>Sundrop Fuels</td>
<td>$5,900,000</td>
<td>LSU Transformation Tech &amp; Cyber Research</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Computer Sciences Corp./Cyber Innovation</td>
<td>$4,650,000</td>
<td>SB International (Centric Pipe)</td>
<td>$1,000,000</td>
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<tr>
<td>IBM</td>
<td>$4,439,715</td>
<td>SNF Holdings</td>
<td>$731,618</td>
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<tr>
<td>Nucor/St. James Parish - Bond Payments</td>
<td>$4,015,125</td>
<td>EA Sports</td>
<td>$615,000</td>
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<tr>
<td>CGI</td>
<td>$3,300,000</td>
<td>Smoothie King</td>
<td>$480,000</td>
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<tr>
<td>Union Tank Car - Bond Payments</td>
<td>$3,296,850</td>
<td>Bell Helicopter</td>
<td>$415,390</td>
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<tr>
<td>Northrop Grumman - Bond Payments</td>
<td>$3,269,105</td>
<td>Globalstar</td>
<td>$352,782</td>
</tr>
<tr>
<td>Benteler Steel &amp; Tube</td>
<td>$2,566,666</td>
<td>CenturyLink</td>
<td>$300,000</td>
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<tr>
<td>Ronpak</td>
<td>$1,930,000</td>
<td>Gameloft</td>
<td>$200,000</td>
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<tr>
<td>KPAQ</td>
<td>$1,875,000</td>
<td>UTC Renaissance RX</td>
<td>$185,000</td>
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<td>GE Capital Corporation</td>
<td>$1,481,668</td>
<td>Lighthouse for the Blind</td>
<td>$150,000</td>
</tr>
<tr>
<td>Chiquita &amp; Bd of Comm - Port of N.O.</td>
<td>$1,446,900</td>
<td>Ameritas Technologies</td>
<td>$125,000</td>
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<tr>
<td>St. Gobain</td>
<td>$1,200,000</td>
<td>Teleperformance</td>
<td>$100,000</td>
</tr>
<tr>
<td>Rain II Carbon</td>
<td>$1,000,000</td>
<td>MCS(Mortgage Contracting Services)</td>
<td>$50,000</td>
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</table>

**GRAND TOTAL = $46,075,819**
## Department Contacts

<table>
<thead>
<tr>
<th>Contact Name</th>
<th>Title</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen Moret</td>
<td>Secretary</td>
<td>225-342-5388</td>
</tr>
<tr>
<td>Steve Grissom</td>
<td>Deputy Secretary</td>
<td>225-342-5478</td>
</tr>
<tr>
<td>Anne Villa</td>
<td>Undersecretary</td>
<td>225-342-5395</td>
</tr>
<tr>
<td>Kathy Blankenship</td>
<td>Deputy Undersecretary</td>
<td>225-342-9658</td>
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