

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

- Department Functions 3
- Department Structure 4
- Means of Finance Comparison 5
- 10-Year Budget History 6
- Major Sources of Revenue 7
- Expenditure Breakdown 8
- Expenditure History 9
- Significant Adjustments 11
- Discretionary/Non-Discretionary Funding 12
- Salaries and Positions 13
- LED Debt Service 17
- Department Contacts 18



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 13-14	Existing Operating Budget FY 14-15 (12/1/14)	Executive Budget Recommended FY 15-16	Change from FY 14-15 to FY 15-16	Percent Change from FY 14-15 to FY 15-16
State General Fund	\$14,756,068	\$17,275,651	\$16,614,622	(\$661,029)	(3.8%)
Interagency Transfers	\$1,150,793	\$2,400,000	\$2,300,000	(\$100,000)	(4.2%)
Fees and Self-Gen. Rev.	\$2,578,479	\$3,574,439	\$2,614,739	(\$959,700)	(26.8%)
Statutory Dedications	\$19,879,054	\$24,537,812	\$19,300,699	(\$5,237,113)	(21.3%)
Federal Funds	\$1,864,670	\$10,610,311	\$0	(\$10,610,311)	(100.0%)
TOTAL	\$40,229,064	\$58,398,213	\$40,830,060	(\$17,568,153)	(30.1%)
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.

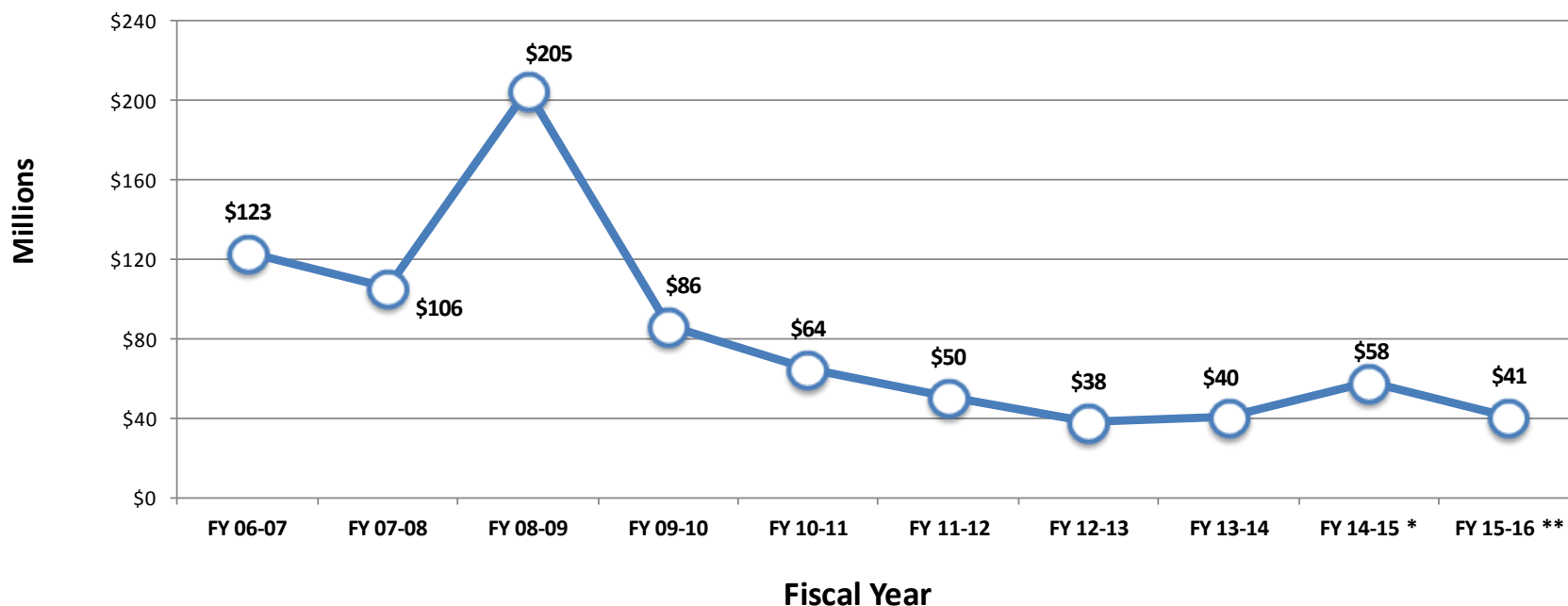
(4 T.O.)





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

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

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.

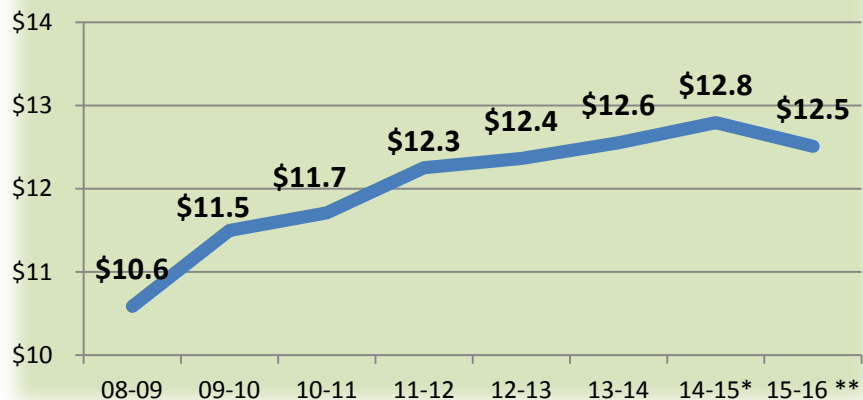
Other Charges

- 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.

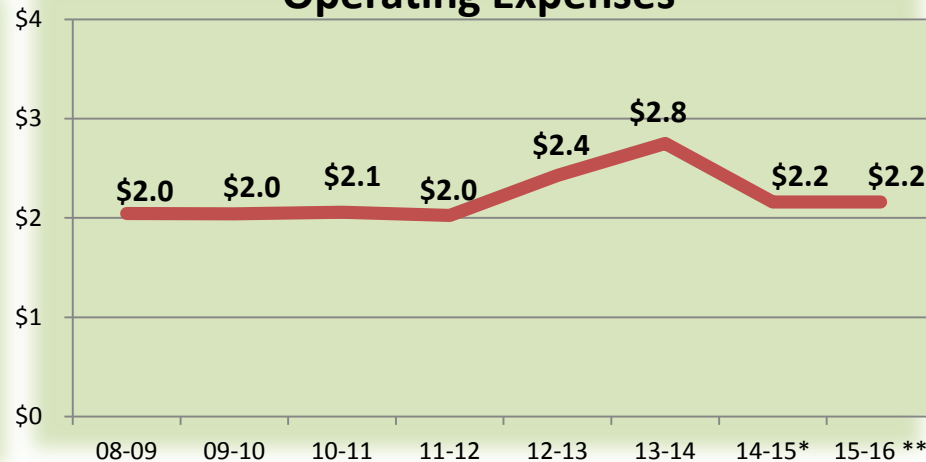


8-Year Expenditure History (in millions)

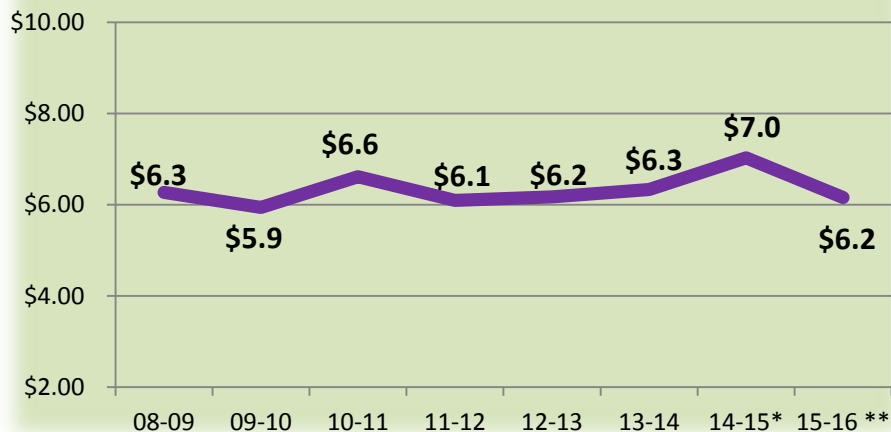
Personnel Services



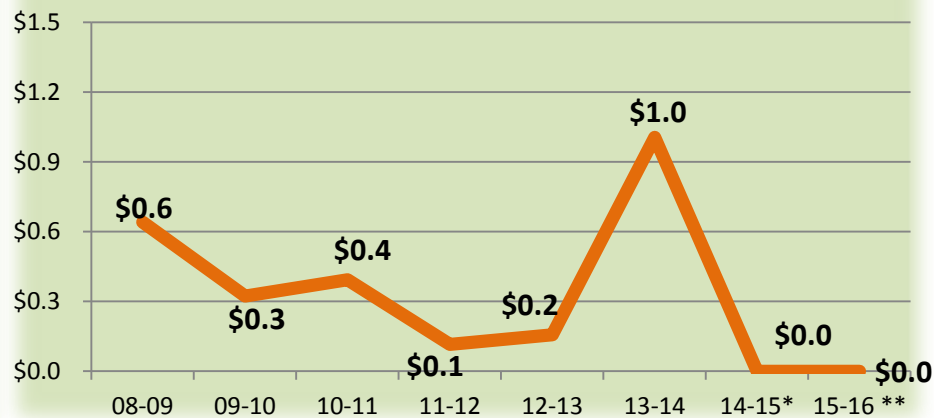
Operating Expenses



Professional Services



Acquisitions & Major Repairs



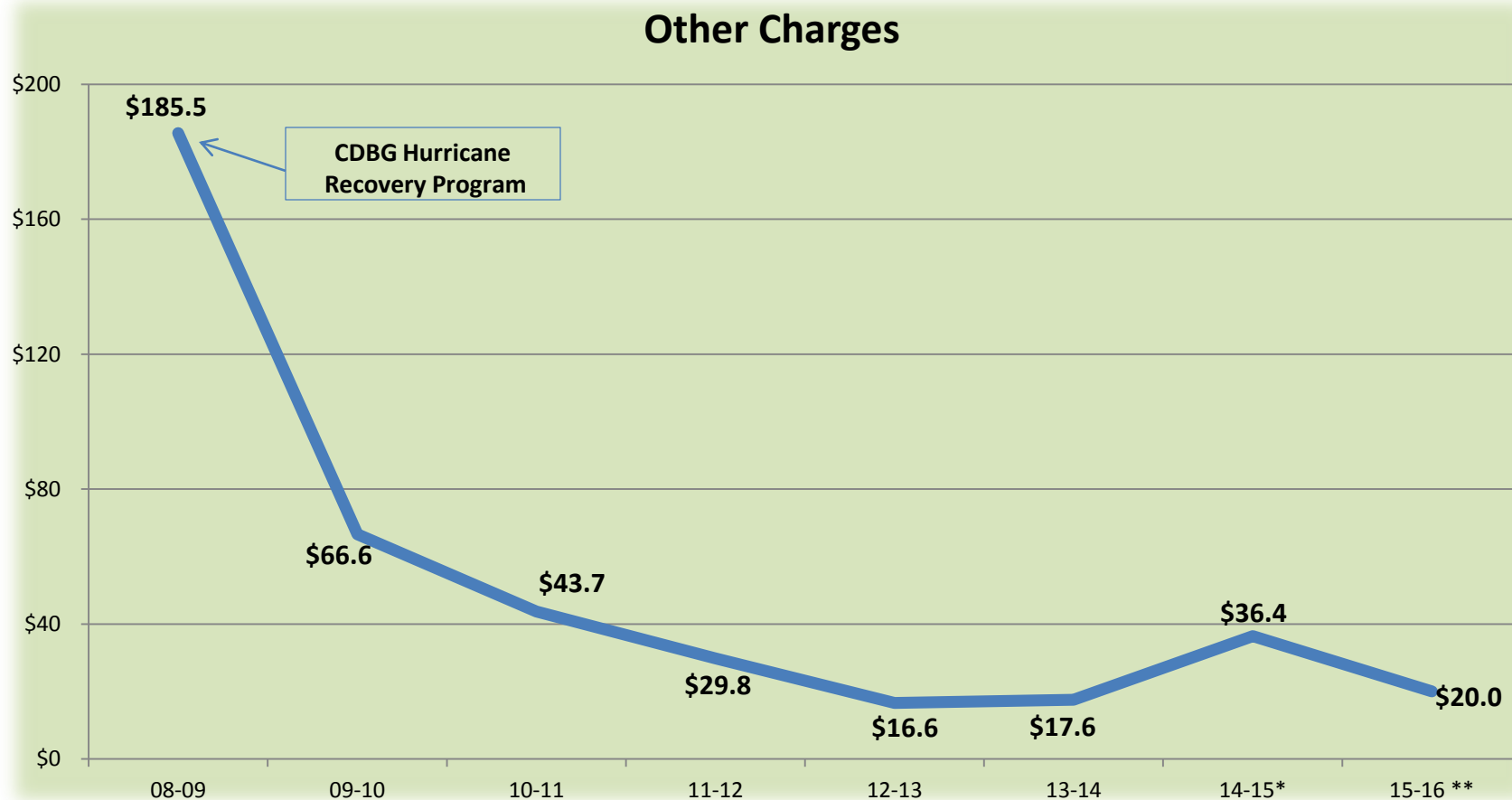
*Existing Operating Budget as of 12/1/14

**Governor's Executive Budget Recommendation

Source: Executive Budget Supporting Documents



8-Year Expenditure History (in millions)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/14

**Governor's Executive Budget Recommendation



Significant Adjustments

(\$15.8 M)
Various
MOF



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.

(\$1.6M)
SGF &
FED



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.

(\$833K)
SGR

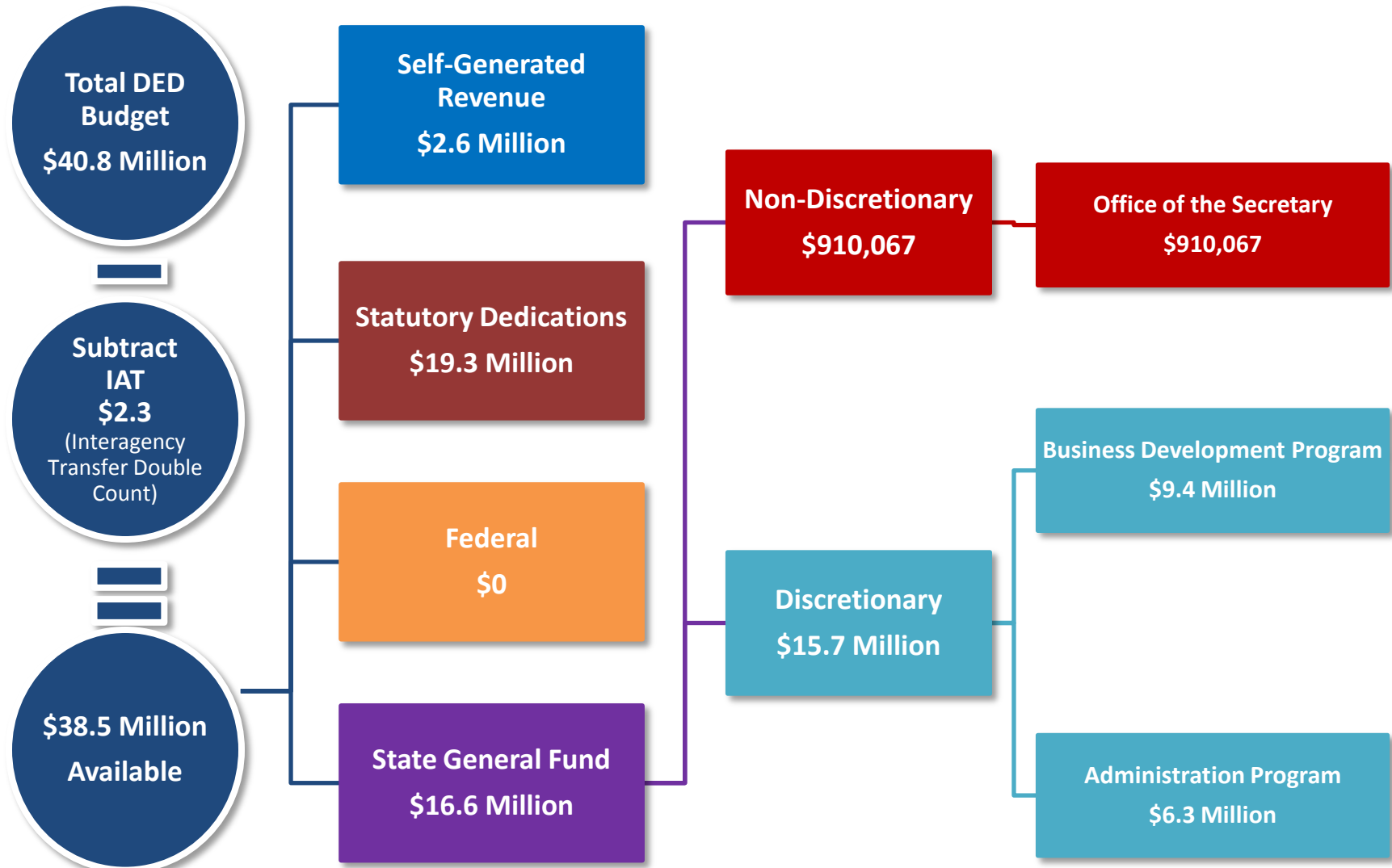


Reduces budget authority for Self-Generated Revenues to properly align with projected expenditures (\$138,000), reflects changes for statewide adjustments including retirement, health insurance, and GEMS savings (191,000), and adjusts for lower lease collections associated with the Northeast Louisiana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



Discretionary/Non-Discretionary Funding in FY 15-16

Executive Budget





Salaries and Positions

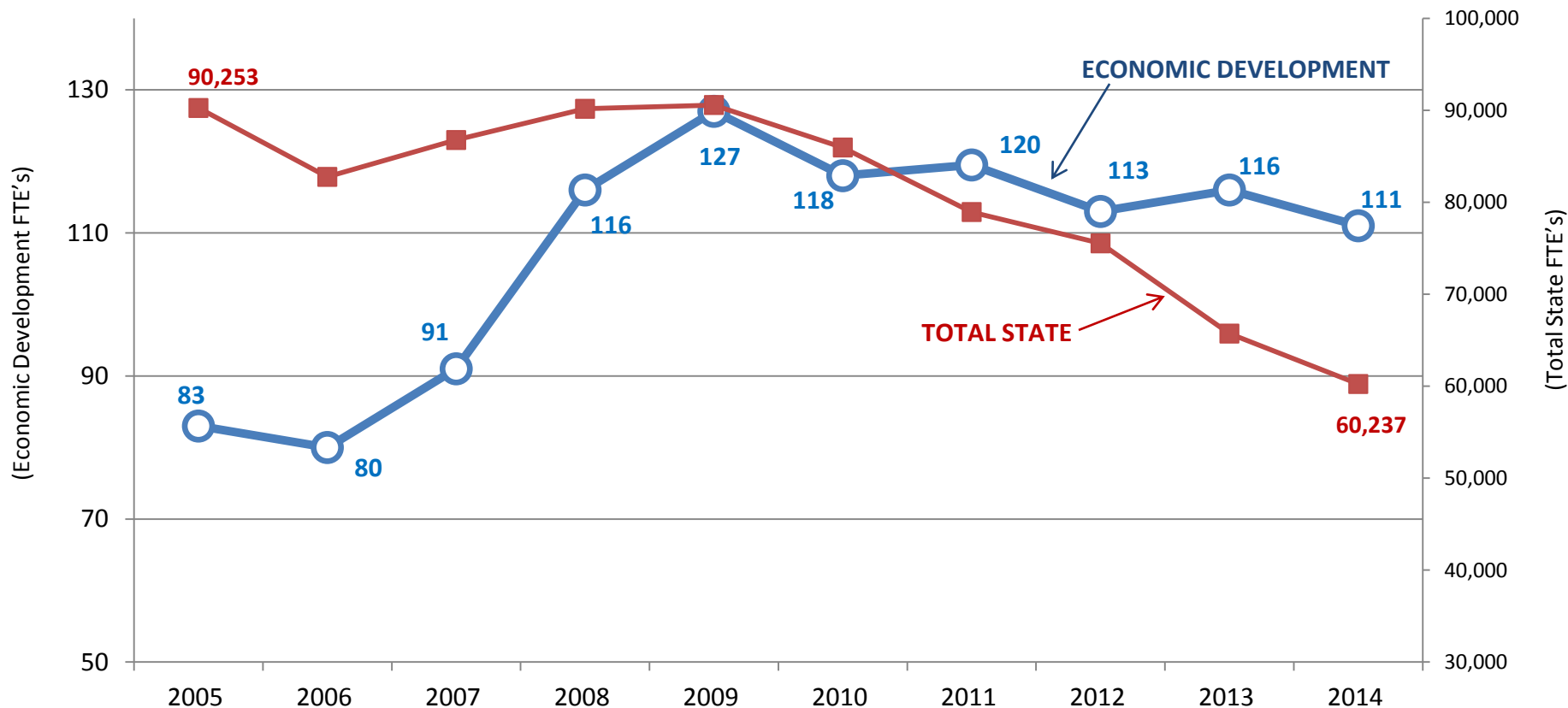
FY 15-16 SALARIES/POSITIONS

- \$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

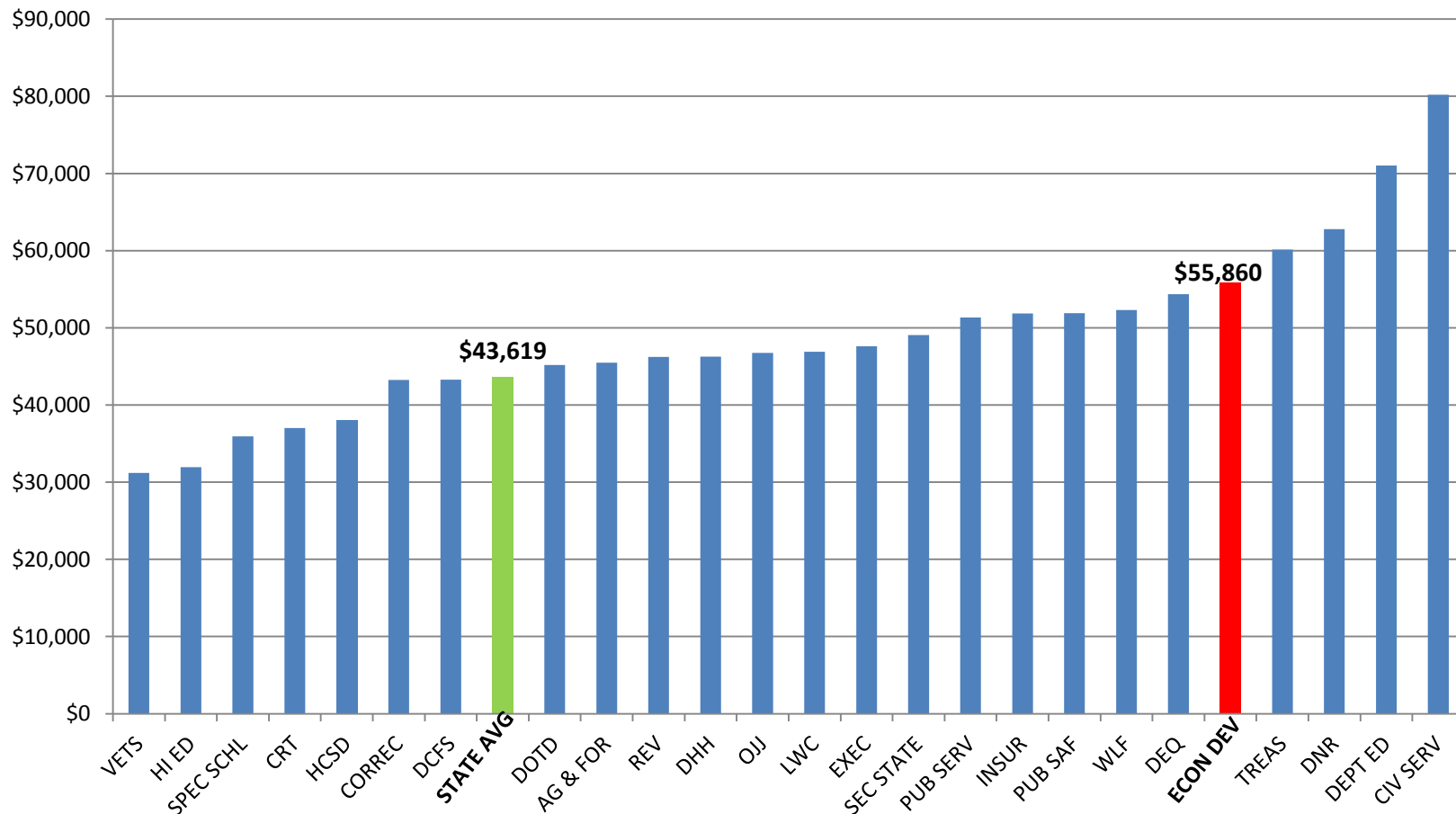


Source: Prepared by House Fiscal Division staff using information from ISIS-HR



Salaries and Positions

FY 14 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

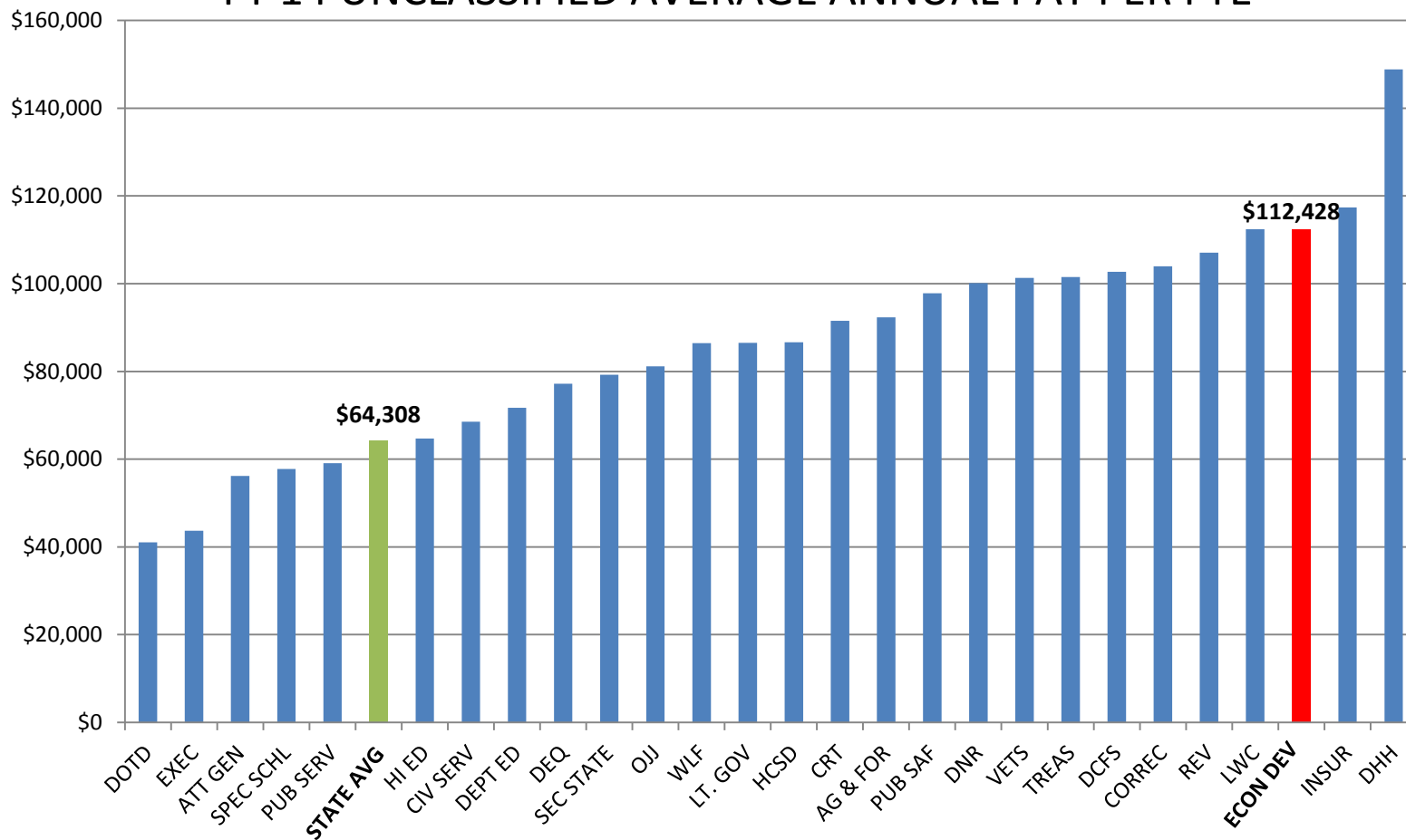


Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



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



LED Debt Service/State Commitments

Means of Finance	Actual Expenditures FY 13-14	Existing Operating Budget FY 14-15 (12/1/14)	Executive Budget Recommended FY 15-16	Change from FY 14-15 to FY 15-16	Percent Change from FY 14-15 to FY 15-16
State General Fund	\$20,328,007	\$4,916,235	\$34,089,711	\$29,173,476	593.4%
Interagency Transfers	\$0	\$0	\$0	\$0	0.0%
Fees and Self-Gen. Rev.	\$1,300,000	\$2,800,000	\$1,278,920	(\$1,521,080)	(54.3%)
Statutory Dedications	\$47,083,748	\$88,709,731	\$10,707,188	(\$78,002,543)	(87.9%)
Federal Funds	\$0	\$0	\$0	\$0	0.0%
TOTAL	\$68,711,755	\$96,425,966	\$46,075,819	(\$50,350,147)	(52.2%)
Authorized Positions	0	0	0	0	0.0%

Significant Adjustments:

State General Fund

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

\$29M



Self-Gen. Revenues

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

\$1.5M



Statutory Dedications

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

\$78M





LED Debt Service/State Commitments

LED DEBT SERVICE AND PROJECT COMMITMENTS

PROJECT	FY 15-16	PROJECT	FY 15-16
Sundrop Fuels	\$5,900,000	LSU Transformation Tech & Cyber Research	\$1,000,000
Computer Sciencies Corp./Cyber Innovation	\$4,650,000	SB International (Centric Pipe)	\$1,000,000
IBM	\$4,439,715	SNF Holdings	\$731,618
Nucor/St. James Parish - Bond Payments	\$4,015,125	EA Sports	\$615,000
CGI	\$3,300,000	Smoothie King	\$480,000
Union Tank Car - Bond Payments	\$3,296,850	Bell Helicopter	\$415,390
Northrop Grumman - Bond Payments	\$3,269,105	Globalstar	\$352,782
Benteler Steel & Tube	\$2,566,666	CenturyLink	\$300,000
Ronpak	\$1,930,000	Gameloft	\$200,000
KPAQ	\$1,875,000	UTC Renaissance RX	\$185,000
GE Capital Corporation	\$1,481,668	Lighthouse for the Blind	\$150,000
Chiquita & Bd of Comm - Port of N.O.	\$1,446,900	Ameritas Technologies	\$125,000
St. Gobain	\$1,200,000	Teleperformance	\$100,000
Rain II Carbon	\$1,000,000	MCS(Mortgage Contracting Services)	\$50,000
GRAND TOTAL = \$46,075,819			



Department Contacts

Contact Name	Title	Phone
Stephen Moret	Secretary	225-342-5388
Steve Grissom	Deputy Secretary	225-342-5478
Anne Villa	Undersecretary	225-342-5395
Kathy Blankenship	Deputy Undersecretary	225-342-9658