



HOUSE APPROPRIATIONS

DECEMBER 14, 2016

HOUSE APPROPRIATION COMMITTEE QUESTIONS

During the 2016 sessions, what did the department testify would be the effects of the FY 17 budget on services, staffing, and contracts?

- Agency 251/252 - \$4,420,000

FastStart Workforce Development and Training reduced - \$1,173,333

LED FastStart through a reduction in contractors which assist FastStart with the delivery of workforce training and development. These reductions could impact FastStart's ranking as the #1 workforce development agency in the nation by way of its positive impact on workforce outcomes across our state and delivery of essential training and recruitment services for project commitments throughout the state.

Regional partners funding eliminated - \$1,360,000

LED is a small organization and is responsible for fostering economic growth in all 64 parishes, so it relies on the state's eight Regional Economic Development Organizations (REDO's) for support. Without LED funds provided, the REDO's reduced marketing activities and experienced job creation and retention outcomes.

Marketing and Research Initiatives reduced - \$1,173,334

The primary mission of the department is to promote the advantages of Louisiana to out-of-state business and industry, facilitate the retention and expansion of existing enterprises, and coordinate with other state agencies and units of local government plans and programs aimed at developing optimum conditions for new and expanding industrial and commercial enterprises. LED has had to reduce the spend associated with marketing and experienced a decrease in associated prospect and consultant activity.

General Operating reduced \$340,000

LED decreased expenses within the department in areas such as Travel, Operating (vacancies) and Supplies.

Project Site Specific reduced - \$200,000

Reduces LED's ability to respond to site selection consultant's site specific information request

State Economic Competitiveness reduced - \$173,333

This initiative is to focus on economic development strategy and planning by benchmarking state public policies (business taxes, incentives, workforce programs, worker's compensation, etc.) against those competing states to identify gaps and recommendations.

HOUSE APPROPRIATION COMMITTEE QUESTIONS

Compared to FY16, what reductions, including services, staffing and contracts, have been made in the department in FY17?

LED's budget was ultimately reduced by the items described above totaling \$4,420,000

What reductions would the department make if there are mid-year reductions to the FY17 budget?

7% General Fund - \$1,524,445 reduction would reduce the following:

Attrition – delay filling positions - \$390,695

LED FastStart Contractors reduction - \$1,133,750

5% Statutory Dedications \$1,123,898 reduction would reduce the following:

State Economic Competitiveness reduction - \$753,435

Attrition – delay filling positions - \$273,934

Marketing Education Retail Alliance contract reduction - \$33,778

District 2 Enhancement Corporation contract reduction - \$12,500

LA Council on Economic Education contract reduction - \$3,722

GNO, Inc. (for GE Capital) contract reduction - \$46,529

HOUSE APPROPRIATION COMMITTEE QUESTIONS

Provide a brief overview of the FY18 budget request compared to the FY17 budget unit. What increases are requested in FY18 and why are the increases necessary, including any new or expanded programs or services to additional populations? Are there any reductions in the FY18 budget requests, including those as a result of annualizing reductions made in FY17?

A New and Expanded is requested for the Regional Awards and Matching Grants Program which was completely eliminated in FY17. This request is to restore funding to the FY16 level of \$1,360,000. However, the Means of Financing Requested is Self-Generated. This allows the state's eight regional economic development groups to provide economic development efforts at the local level statewide.

A New and Expanded is requested for the Small Business Bonding Program – a one-time \$2M Revolving Fund will provide a funding source to assist the economic development efforts of the state by providing small and emerging businesses with the necessary bonding required for private and public projects. The funding is a revolving fund, money turns over as contracts are completed and guarantees are released. This will provide bonding guarantees to surety companies for 25 certified small and emerging businesses. The Means of Financing requested is Self-Generated.

An increase adjustment of \$2,500,000 is requested to provide funding in FY18 for the Entertainment Industry activity in accordance with Act 412 of 2015; R.S. 36:104.1, which requires verification of expenditures by an independent CPA before certification of expenditures for purposes of receiving the entertainment industry tax credits.

An increase of \$18,106,017 is requested for LED Debt Service and State Commitments in accordance with existing Cooperative Endeavor Agreements.

A reduction of \$513,121 is reflected as non-recurring for one-time funding appropriated in FY17 for FastStart Aerospace and Technology Workforce Training Program.

All of the other reductions described in Question #1 have been annualized. Performance adjustments have been requested for staff in FY18.

HOUSE APPROPRIATION COMMITTEE QUESTIONS

Has the department added any positions, included classified, unclassified, and other charges positions, in FY17? If so, how many and what positions? Did the department request additional positions in the FY18 budget request? If so, how many and what positions.

The Department had 110 positions in FY16.

In FY17, 3 positions were transferred from the Division of Administration to LED as a result of the deconsolidation of Human Capital Management back to the department.

No new positions have been changed/requested in FY18. The total number of positions for LED is 113.

Provide a summary of changes in salaries from FY16 to FY17, including performance adjustments, promotions, or any other changes in salaries. Provide a summary of requested changes in salaries from FY17 to FY18, including performance adjustments, promotions, or any other changes in salaries.

From FY16 to FY17, there were 14 classified positions which were either in a career progression group, or received an additional duty pay adjustment, a promotion, or reallocation which when adjusted salaries were annualized increased by \$72,722.

From FY17 to FY18, LED has requested merit increases for the classified positions which would increase salaries by \$247,840

HOUSE APPROPRIATION COMMITTEE QUESTIONS

What budget adjustments have been made since the initial appropriation to your department? How much in each means of finance has been appropriated to each agency since the initial appropriation?

Office of the Secretary - 05-251				
	FY17- ACT 16	Carryforwards	BA-7 - HCM	FY17 EOB
State General Fund Direct	9,465,747	106,663	157,924	9,730,334
Interagency Transfers	1,231,829	556,682		1,788,511
Fees & Self Generated Revenues	999,560	0		999,560
Statutory Dedications				
LA Economic Development Fund	8,964,895	1,052,483		10,017,378
Rapid Response Fund		930,587		930,587
Sub-Total Statutory Dedications	8,964,895	1,983,070	0	10,947,965
TOTAL	20,662,031	2,646,415	157,924	23,466,370
Positions	31		3	34
Office of Business Development - 05-252				
	FY17- ACT 16	Carryforwards	BA-7 - Amnesty	FY17 EOB
State General Fund Direct	6,447,287	18,801		6,466,088
Fees & Self Generated Revenues	7,388,313	2,451,103		9,839,416
Statutory Dedications				
LA Economic Development Fund	7,235,105	2,294,910		9,530,015
Amnesty Fund		15,852	2,000,000	2,015,852
Marketing Fund	2,000,000	0	0	2,000,000
Sub-Total Statutory Dedications	9,235,105	2,310,762	2,000,000	13,545,867
Federal Funds	7,500,000	4,052,407		11,552,407
TOTAL	30,570,705	8,833,073	2,000,000	41,403,778
Positions	79			79
LED Debt Service & State Commitments- 20-931				
	FY17- ACT 16	Carryforwards	BA-7	FY17 EOB
State General Fund Direct	32,867,863	11,732,055		44,599,918
Statutory Dedications				
Rapid Response Fund	10,060,000	22,848,399		32,908,399
Mega Project Development Fund	0	11,620,577		11,620,577
Sub-Total Statutory Dedications	10,060,000	34,468,976		44,528,976
TOTAL	42,927,863	46,201,031	0	89,128,894

HOUSE APPROPRIATION COMMITTEE QUESTIONS

Do your spending and staffing levels match the priorities of your department?

Our FY18 budget request meets the spending and staffing levels of LED to match the priorities within our department

Provide the top 5 performance measures that give the outcomes in your department. How do you rank nationally based on these priority measures?

- Project Announcements – New and Retained Jobs
 - Ranked 7th nationally for business climate and 13th nationally for economic development projects (*Site Selection* magazine, *Top U.S. Business Climates*)
 - Ranked 1st in the South for projects per capita and 10th in the South for project-related job creation (*Southern Business and Development* magazine, *Top 100/State of the Year*)
- Number of Prospects Added*
- Number of proactive business retention and expansion visits with economic-driver firms in the state - BERG and local/regional EDOs combined total*
- Number of national ranking reports showing Louisiana with an improved state ranking over previous periods
 - Ranked 4th nationally for effectiveness of state economic development agency and business incentives (*Pollina Corporate Real Estate*, *Top 10 Pro-Business States*)
 - Ranked 11th nationally as a top state economic development agency (*Site Selection* magazine, *Top 10 Competitive States*)
- Number of FastStart Projects
 - Ranked the best state workforce training program in the nation seven years in a row (*Business Facilities* magazine, *Rankings Report*)

*Note: The number of proactive business retention and expansion visits made by other state economic development agencies each year and the number of economic development prospects added to the pipeline in each state are internal economic development agency numbers that are not easily accessible for comparison nationwide. Because of this, we are unable to determine how LED ranks nationwide against its counterparts in other states for these indicators

HOUSE APPROPRIATION COMMITTEE QUESTIONS

Provide a list of all sources of revenue that are not appropriated. These funds could include restricted or off budget accounts. Also, please provide the amount anticipated to be used in FY 17, the amount in FY 18, and any balance or reserve amount for each source or revenue.

Revenues Not Appropriated in FY17 - per FY18 budget request document				
FY17	05-251	05-252	20-931	Total
Statutory Dedications				
LA Economic Development Fund		64,634		64,634
Amnesty Fund				
Marketing Fund		861		861
Mega Project Development Fund			11,942,393	11,942,393
Rapid Response Fund			6,944,505	6,944,505
Fees & Self Generated Revenues	-	5,088,228		5,088,228
TOTAL	-	5,153,723	18,886,898	24,040,621
Revenues Not Appropriated in FY18 - per FY18 budget request document				
FY18	05-251	05-252	20-931	Total
Statutory Dedications				
LA Economic Development Fund		(64,634)		(64,634)
Amnesty Fund				
Marketing Fund				-
Mega Project Development Fund			2,231,101	2,231,101
Rapid Response Fund			2,943,291	2,943,291
*Fees & Self Generated Revenues	-	(4,640,879)		(4,640,879)
*Requesting FY17 fund balance be appropriated in FY18				-
TOTAL	-	(4,705,513)	5,174,392	468,879

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Provide a list of all sources of revenue that are not appropriated. These funds could include restricted or off budget accounts. Also, please provide the amount anticipated to be used in FY 17, the amount in FY 18, and any balance or reserve amount for each source or revenue (continued).

Total Revenues Not Appropriated for FY17 & FY18 (this assumes balance of FY17 were not appropriated and is the combined revenue available for both years)				
FY18	05-251	05-252	20-931	Total
Statutory Dedications				
LA Economic Development Fund		-		-
Amnesty Fund				-
Marketing Fund		861		861
Mega Project Development Fund			14,173,494	14,173,494
Rapid Response Fund			9,887,796	9,887,796
				-
Fees & Self Generated Revenues	-	447,349		447,349
TOTAL	-	448,210	24,061,290	24,509,500

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