



FY16 Executive Budget

Schedule 05 Department of Economic Development



**Louisiana Senate
Finance Committee
April 23, 2015**

FY16 Executive Budget

Schedule 05 — Department of Economic Development

- 05-251 – Office of the Secretary
 - **Executive and Administration Program** — Provides administrative support to the department. Sets policies to create a competitive business climate in the state. Works to retain, create, and attract jobs and increased investment.
- 05-252 – Office of Business Development
 - **Business Development Program** — Provides expertise to leverage business opportunities, assist in the start-up of new businesses, retain and expand existing businesses, seek global trade opportunities, and protect the military and federal presence in the state. The office also engages in communication, advertising, and marketing of the state as a location for business.
 - **Business Incentives Program** — Administers the department's business incentives products through the Louisiana Economic Development Corporation and the Board of Commerce and Industry.

FY16 Executive Budget

Schedule 05 — Departmental Statistics

- Significant statistics for the Department of Economic Development:
 - In FY14, the state was ranked #6 for value of exports. The state has over \$50 billion dollars of exports annually.
 - A recent study by the Milken Institute ranked Louisiana #1 for feature film production in CY 2013, even surpassing California and New York.
 - For CY 2014, the certified spending in Louisiana on Film, Sound, and Live Performance was \$776.3 million. Tax credits certified in those same areas for CY 2014 totaled \$238.6 million.
 - Certified film production spend in Louisiana has increased from \$387.1 million in CY 2010 to \$727.1 million in CY 2014.
 - For the period of CY 2013-2014, all certified entertainment industry spending is estimated to have generated \$2.4 billion in sales for Louisiana businesses; \$1.6 billion in household earnings for Louisiana residents; 13,363 jobs for the state; \$72 million in local tax revenues; and \$112 million in state tax revenues.
 - Entertainment tax credits certified for CY 2013-2014 totaled \$501.3 million. State tax revenues generated for each dollar of tax credits certified in the CY 2013-2014 period totaled about 22.3 cents.

Department of Economic Development

FY15 Existing Operating Budget vs. Proposed FY16 Budget

Total Funding	FY15 EOB as of 12	FY16 Recommended	<i>Difference</i>
LED	\$ 58,398,213	\$ 40,830,060	\$ (17,568,153)
Total Positions	114	110	(4)
<u>Other Charges Positions: 0</u>			

FY16 Non-Discretionary Funding

Total Non-Disc.: \$1,408,261

Percent Non-Disc: 3.4%

Total Non-Disc. SGF: \$910,067

Non-Disc. T.O.: 0

FY16 Discretionary Funding

Total Discretionary: \$39,421,799

Percent Discretionary: 96.6%

Total Discretionary SGF: \$15,704,555

Discretionary T.O.: 110

Department of Economic Development

Non-Discretionary/Discretionary Funding by Agency

Non-Discretionary Funding:

\$1.4 m. — Office of the Secretary

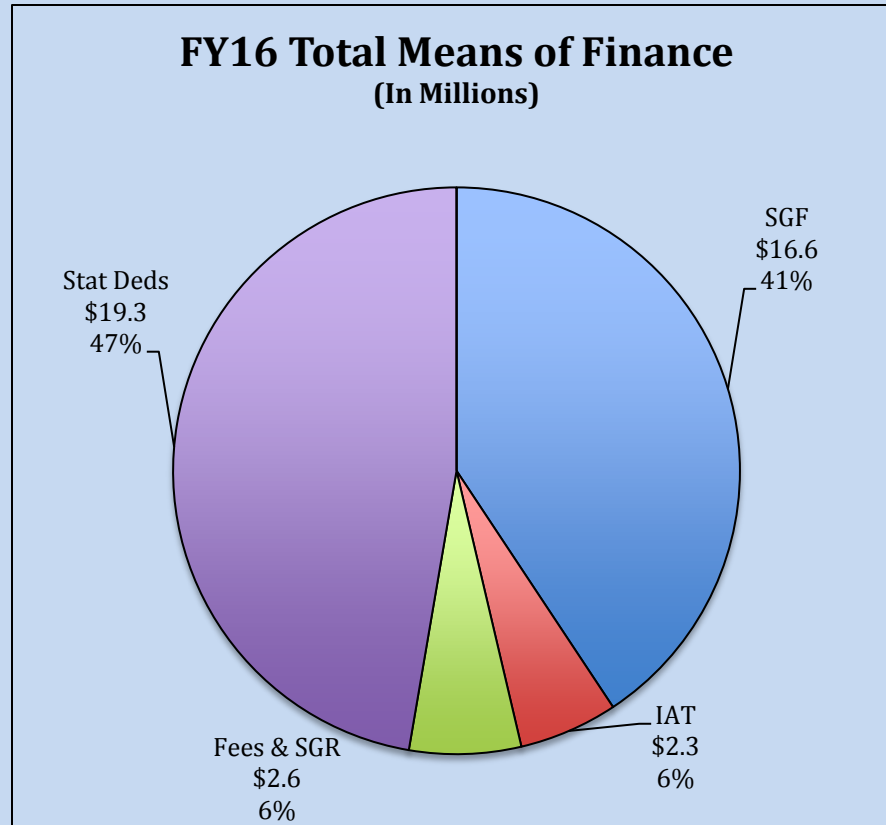
\$0.0 m. — Office of Business Dev.

Discretionary Funding:

\$18.6 m. — Office of the Secretary

\$20.8 m. — Office of Business Dev.

FY16 Dept of Economic Development Means of Finance



Major Non-SGF Sources of Funding:

Non-SGF sources of revenue include Interagency Transfers, Fees and Self-generated Revenues, and Statutory Dedications. The Interagency Transfers are from the Division of Administration, Office of Community Development for a Community Development Block Grant. The Fees and Self-generated Revenues are derived from the collection of certain specified fees from businesses applying for business incentives granted by the department; from the Accent Corporate Center; and from contributions from economic development allies for foreign representation in Europe. The Statutory Dedications are from the Louisiana Economic Development Fund (S), the Marketing Fund (S), the Entertainment Promotion and Marketing Fund (S).

FY15 Existing Operating Budget vs. FY16 Recommended

Schedule 05 LED — Total Expenditures

Expenditure Category	FY15 Existing Operating Budget	FY16 Recommended Budget	Difference
Personal Services	\$12,794,022	\$12,509,341	(\$284,681)
Operating Expenses	\$2,161,858	\$2,161,858	\$0
Professional Services	\$7,023,840	\$6,159,414	(\$864,426)
Other Charges	\$36,418,493	\$19,999,447	(\$16,419,046)
Acquisitions & Major Repairs	\$0	\$0	\$0
Total Expenditures	\$58,398,213	\$40,830,060	(\$17,568,153)

FY16 Economic Development

Selected Standard Statewide Adjustments

Annualization of FY15 Mid-Year Reduction Plan — (\$0.0 million) SGF and (1) T.O.

Performance/Salary Adjustments:

\$50 thousand Total — Annualize Classified State Employees Performance Adjustment

\$0.7 million Total — Salary Base Adjustment

(\$0.8 million) Total — Attrition Adjustment

Retirement Adjustments:

\$20 thousand Total — La. State Employees' Retirement System Rate

(\$44 thousand) Total — La. State Employees' Retirement System Base

Group Insurance Adjustments (tied to OGB rate increase):

\$72 thousand Total — Group Insurance Rate Adjustment for Active Employees

\$36 thousand Total — Group Insurance Rate Adjustment for Retirees

Other:

\$0.0 — Acquisitions and Major Repairs

(\$2.0 thousand) Total — Risk Management

\$0.3 million SGF — Office of Technology Services

(\$15.8 million) Total — Non-recurring Carry-forwards

(\$0.2 million) Total — GEMS Savings

\$7 thousand SGF and (3) T.O. — Office of State Human Capital

Department of Economic Development

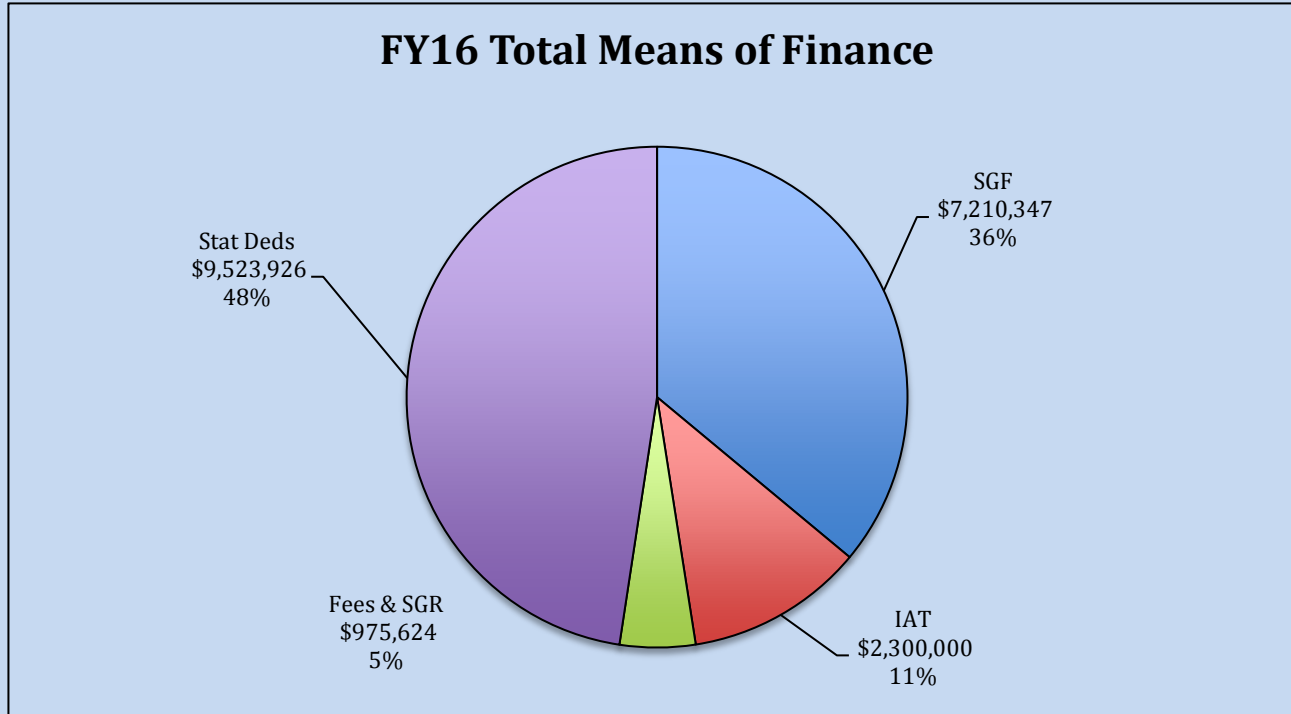
Significant FY16 Budget Issues in the Department of Economic Development:

- (\$15.8 million) Total – The majority of the department's loss of revenue in FY16 is due to \$15.8 million in non-recurring carry-forwards.
- (\$719,140) SGF – Non-recurs state general fund for the New Orleans Bio-innovations Center which the department believes has achieved self-sufficiency.
- \$7,484 SGF (3 positions) – Three positions will be transferred from the department to the Office of State Human Capital. The department's allocated cost of \$7,484 will be transferred via Interagency Transfer to the Office of State Human Capital.
- La. Mega-Project Development Fund (Mega Fund) – The Mega Fund was to have \$20 million transferred into it in FY15 from the High Risk Insurance Fund. However, those monies have yet to be deposited. The latest information indicates that those monies will not be deposited in the current fiscal year. This would place the Mega Fund in a deficit position of over \$13 million and may require that the department receive a seed for its current obligations.

Department of Economic Development

05-251: Office of the Secretary

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	<i>Difference</i>
Office of the Secretary	\$ 22,512,887	\$ 20,009,897	\$ (2,502,990)
Total Positions	34	31	(3)

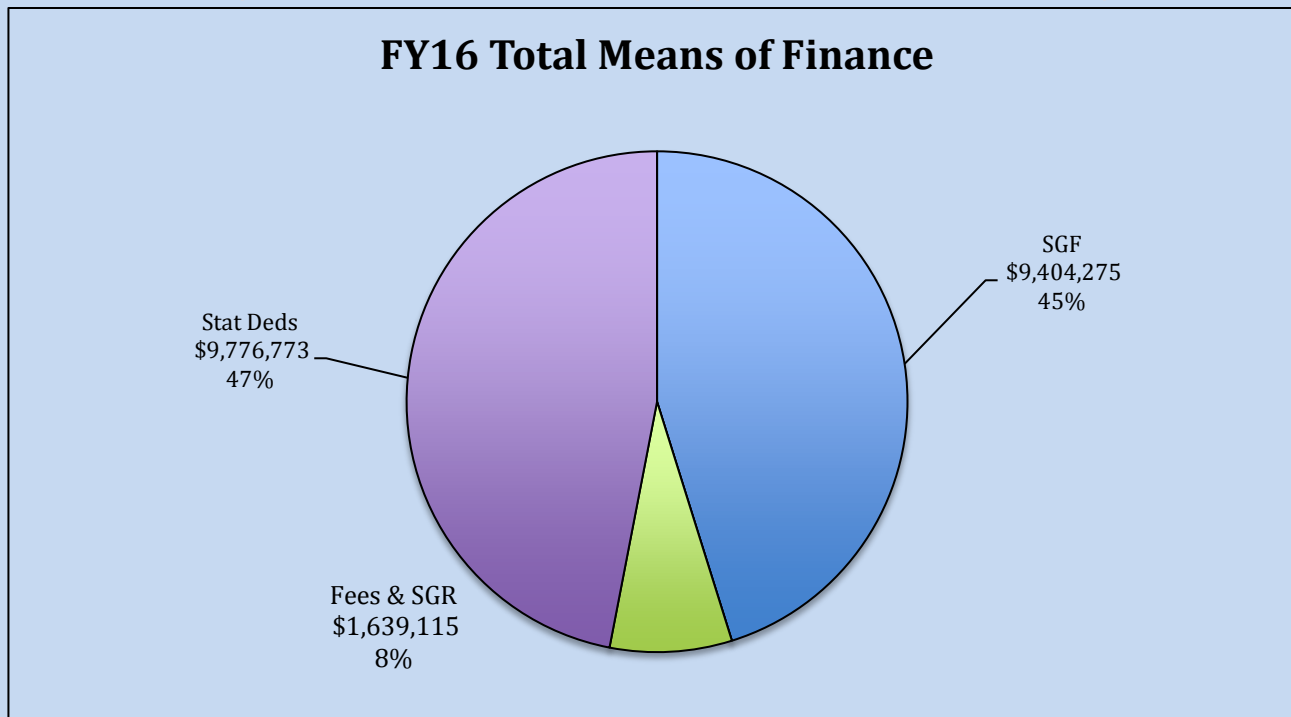


FY16 Non-Discretionary	FY16 Discretionary
\$1,408,261	\$18,601,636

Department of Economic Development

05-252 Office of Business Development

Total Funding	FY15 EOB as of 12-1-14	FY16 Recommended	Difference
Office of Business Development	\$ 35,885,326	\$ 20,820,163	\$ (15,065,163)
Total Positions	80	79	(1)



FY16 Non-Discretionary	FY16 Discretionary
\$0	\$20,820,163