

## Louisiana Streamlining Commission

### Suggested Recommendations to Advisory Committee Chairmen

Preamble:

The following comments on this cover sheet have been prepared at the Mercatus Center by Hon. Maurice McTigue. The purpose of the analysis was to identify issues that the committee might pursue and finally develop into recommendations to the full commission.

- The suggested recommendations are based on very limited information and the committee's local knowledge may determine that the suggestions are not viable. In that case the Committee should discard the suggested recommendation.
- If the Committee thinks the suggestion has merit then they should refer it to officials for their analysis.
- Some of our suggestions may be recommending a practice that is already in place, in which case the recommendation may be put aside or may be worded to endorse that practice or to extend it further than is the current practice.

#### Department of Economic Development

- **If other recommendations before the Commission are accepted then most of these recommendations will be come redundant.**
- The outcome addressed for the Business Incentives Program should be economic growth due to the initiatives of the program. The measure used to determine success for this program should be additional economic activity. Under the level of success section, we doubt if this program can prove causality for the entire state wide increase in employment and per capita income.
- Under the Executive and Administration Program, we observe that the metrics used to determine the rate of success during the last three years do not relate to the stated measures. Also, we do not see any proof of causality for these metrics. A measure of improved competitiveness would be appropriate.
- Under the Business Development Program, we recommend that the outcome addressed by this program be enhanced economic activity. The measures stated that are process measures and on the whole, meaningless. Also, the metrics used to determine the rate of success during the last three years do not relate to the stated measures nor is there any proof of causality.
- Economic development would produce the best results on improving competitiveness by creating an environment that was more attractive to capital investment. Capital investment proceeds job creation and through job creation enables improved prosperity.

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GEORGE MASON UNIVERSITY

**Savings: Current Budget \$202.075 million**

- I note that this expenditure is substantially reduced for the current fiscal year to \$89.065 million. Also the figure given for 07/08 does not correspond with the appropriation \$105.818 million. The difference maybe one-off funding for recovery.
- The creation of the new Department of Commerce including Economic Development should provide savings, but how much savings is impossible to predict at this stage



The Streamlining Government Commission would appreciate your assistance by having you complete the following worksheet. We understand that some of this information is available online and possibly in other documents, but we believe that it is important that you provide this data to ensure that you know what the Commission is reviewing regarding your Department, Agency, or Office. In order to review and compile the data before the next regularly scheduled meeting of the Commission, please complete and return these worksheets to [prathert@legis.state.la.us](mailto:prathert@legis.state.la.us) by September 8, 2009. Thank you for your cooperation.

|   |
|---|
| Department name: The Louisiana Department of Economic Development (LED)   |
| State in one sentence the core business of your department:<br>The core business of LED is to lead economic development for the State of Louisiana. |

For each program managed by your agency, provide the following information. Please limit your answers for each program to **no more than half a page** and simply write **“unknown”** next to each program question you are unable to answer.

- Program name: Business Incentives Program
  
- Outcome addressed by this program:
  - Number of new Louisiana jobs (net)
  - Louisiana per capita income
  
- How many members of the public are directly involved in or affected by this program: all Louisiana citizens are affected by this program
  
- How much money was expended on this program in the last fiscal year (The most recent data available are acceptable even if they are from FY 07-08):  
FY09 - \$13,528,402
  
- Measure used to determine success:
  - Percent of incentive applicants to the Commerce and Industry Board satisfied with LED assistance
  - Percent of incentive applicants to the Louisiana Economic Development Corporation Board satisfied with LED assistance

- Level of success during each of the last three years:

| Year | Number of New Louisiana Jobs (net) | Louisiana Per Capita Income |
|------|------------------------------------|-----------------------------|
| 2006 | (33,010)                           | \$32,832                    |
| 2007 | 61,108                             | \$35,100                    |
| 2008 | 35,091                             | \$36,271                    |

NOTE: The above data contains anomalies due to the dramatic economic impact associated with Hurricanes Katrina and Rita

- The societal issue addressed by this program is getting *better, remaining static, or deteriorating*: The issue had been getting *better* until this calendar year. The global and national recession have resulted in the issue *deteriorating* this calendar year.



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- Program name: Executive and Administration Program
  
- Outcome addressed by this program:
  - Number of new Louisiana jobs (net)
  - Louisiana per capita income
  
- How many members of the public are directly involved in or affected by this program:  
all Louisiana citizens are affected by this program
  
- How much money was expended on this program in the last fiscal year (The most recent data available are acceptable even if they are from FY 07-08):  
FY09 - \$6,109,037
  
- Measure used to determine success:
  - Number of major economic development prospects added
  - Number of major state competitiveness improvements identified
  - Number of major state competitiveness improvements implemented
  - Number of significant improvements made for business and government interaction (e.g. permitting, business incentives, filings)

- Level of success during each of the last three years:

| Year | Number of New Louisiana Jobs (net) | Louisiana Per Capita Income |
|------|------------------------------------|-----------------------------|
| 2006 | (33,010)                           | \$32,832                    |
| 2007 | 61,108                             | \$35,100                    |
| 2008 | 35,091                             | \$36,271                    |

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- Program name: Business Development Program
- Outcome addressed by this program:
  - Number of new Louisiana jobs (net)
  - Louisiana per capita income
- How many members of the public are directly involved in or affected by this program:  
all Louisiana citizens are affected by this program
- How much money was expended on this program in the last fiscal year (The most recent data available are acceptable even if they are from FY 07-08):  
FY09 - \$185,437,954
- Measure used to determine success:
  - Number of newly certified sites
  - Number of targeted improvements initiated for small businesses and entrepreneurs
  - Number of proactive business retention and expansion visits with economic-driver firms in the state
  - Number of national ranking reports showing Louisiana with an improved state ranking over previous periods
  - Percent of stakeholders satisfied with business development assistance

- **Level of success during each of the last three years:**

| <b>Year</b> | <b>Number of New Louisiana Jobs (net)</b> | <b>Louisiana Per Capita Income</b> |
|-------------|---|------------------------------------|
| <b>2006</b> | <b>{33,010}</b>                           | <b>\$32,832</b>                    |
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| <b>2008</b> | <b>35,091</b>                             | <b>\$36,271</b>                    |

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