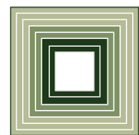


Joint Appropriations

House Committee on  
Agriculture and Natural and Economic Resources  
&  
Senate Committee on  
Natural and Economic Resources

February 24, 2015



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

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# **Department of Commerce & The Economic Development Partnership of NC, Inc.**

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# Commerce

FY 2014-15 Certified General Fund Appropriation of \$85.8 M \*

## Administration \$750K

- Public Affairs
- Legislative Affairs
- General Counsel
- Human Resources
- Fiscal Management

## Management Information Systems \$800K

## Finance Center \$500K

- Job Development Investment Grant (JDIG)<sup>+</sup>
- One NC<sup>+</sup>
- Job Maintenance & Capital Development Fund (JMAC) \$7.1M
- Industrial Development Fund-Utility Account
- Agriculture Gas Expansion Fund
- Joint ED Program w/ DOT
- Film & Entertainment Grant Fund \$10M

## Office of Science and Technology \$200K

- One North Carolina Small Business Fund

## Labor & Economic Analysis Division \$1.3M

## Welcome Centers \$1.9M

## Wanchese Seafood Industrial Park

## Broadband \$250 K

## Rural Economic Development Division

- General Fund Economic Infrastructure, Building/Site Reuse, Health Care Facility Construction/Expansion, & NR Broadband \$14.6M
- Community Development Block Grant \$637K
- Planners & Main Street \$1.7M
- Utility Account
- Underserved & Limited Resource Communities Competitive Grant Program \$1.75M
- Appalachian Regional Commission (ARC)
- Broughton Hospital Study Challenge Grant \$200K

## Workforce Solutions (Apprenticeship \$850K) Employment Security

## Nonprofit Contract with

## Economic Development Partnership of NC, Inc.

- Tourism, Film & Sports Dev \$10.5M
- Business & Industry \$3.9M
- International Trade Division \$2.1M
- Marketing (Graphics) \$2.5M
- NC Business Svc Center \$300K

## Industrial Commission \$4.8M

# Economic Development Partnership of NC, Inc.

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- HB 1031, S.L. 2014-18, NC Econ. Dev. Partnership Modifications, authorized the Dept of Commerce to contract with a nonprofit to perform one or more of the Department's functions
- October 6, 2014, the Department of Commerce began a five-year contact with the Economic Development Partnership of NC to perform the following functions, previously performed by five agency divisions:
  - ✓ Tourism, Film, & Sports Development
  - ✓ Business & Industry Development
  - ✓ International Trade
  - ✓ Marketing & Customer Service
  - ✓ Business Link North Carolina (BLNC)

# Economic Development Partnership of NC, Inc.

Commerce Divisions	FTE Eliminated	TOTAL
<b>RECEIPTS</b>		
Tourism, Film & Sports Development- Special Registration License Plate Revenue*		<b>982,379</b>
<b>GENERAL FUND APPROPRIATION</b>		
Admin	(1.0)	77,866
Labor & Economic Analysis	-	210,000
Marketing & Customer Svc	(2.0)	498,823
Business & Industry Development	(26.0)	3,472,100
NC Business Service Center	(6.0)	223,043
International Trade Division	(8.0)	2,184,615
Tourism, Film & Sports Development	(19.0)	9,853,162
<b>TOTAL</b>	<b>(62.0)</b>	<b>16,519,609</b>
<b>EDP of NC, INC</b>		<b>17,501,988</b>

\* G.S. 20-79.7 (c) (3) a. mandates use of these funds for travel promotion advertising

# Economic Development Partnership of NC, Inc.

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FY 2014-15 NR Costs Total \$1.4M:

- \$155,000 non-recurring for start-up costs (e.g. computers, printers, telephones)
- Severance Payout for 22 people experiencing a Reduction In Force (RIF): \$806,612 (paid from Reserve in Office of State Budget and Management)
- Vacation and Bonus/Longevity Payout for 22 RIF'd people plus 30 people who accepted employment with the EDP: \$465,342

# Economic Development Partnership of NC, Inc.

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## Fundraising Requirements:

- \$250,000 prior to entering contract
- A total of \$5.75 M over the term (\$0.75 M in first year with \$1.25 M every year after)

Company	Funds
Bank of America	100,000
Charlotte Pipe & Foundry Co	5,000
Duke Energy	200,000
Grubb Properties	1,000
MetLife	100,000
Piedmont Natural Gas	75,000
PNC	25,000
Red Hat	100,000
Wells Fargo	100,000

**TOTAL**  
as of Jan,  
2015:  
**\$706,000**

# Economic Development Partnership of NC, Inc.

## Initial Organizational Structure





# Economic Development Partnership of NC, Inc.

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## Issues for the 2015-2017 Biennium

- Are there true cost savings available to the General Fund? If so, how much? This amount should be attributed to a recurring reduction starting in FY 2015-16.
- Is the new structure working? First report from the EDP to the Dept of Commerce re: performance is due to Commerce September 1, 2015; Commerce provides that report to the General Assembly, with additional information by September 30, 2015.
- Is the new entity achieving fundraising requirements? Given that \$706 K has been raised, the EDP will have to raise an additional \$294 K by October, 2015 to achieve the mandated \$750 K first year fundraising requirement (this amount accommodates for the \$250 K that had to be raised prior to entering the initial contract).