

MANAGEMENT CONTROLS, ACCURACY, AND
RELIABILITY OF PROGRAM DATA REPORTED
IN THE UNIFIED ECONOMIC DEVELOPMENT
BUDGET REPORT

LOUISIANA ECONOMIC DEVELOPMENT



PERFORMANCE AUDIT SERVICES
ISSUED JUNE 17, 2020

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AT 225-339-3800.**

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 17, 2020

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This report provides the results of our performance audit of the Louisiana Economic Development (LED). The purpose of this audit was to evaluate the management controls, accuracy, and reliability of the program data reported in the 2017 Unified Economic Development Budget Report (UEDBR), as required by state law. LED provided the 2017 report to the LLA in February 2019; the Department had not released the 2018 UEDBR report as of May 2020.

Overall, we found the information LED reported in the 2017 UEDBR was incomplete and contained some unreliable data elements.

Among our findings, LED did not report the economic impact or the impact on state tax revenues for the three programs we reviewed, as required by state law. As a result, the state collectively spent \$18.7 million on the Retention and Modernization Tax Credit, the Mega Project Fund, and the Rapid Response Fund in fiscal year 2017 without knowing how much these programs as a whole helped the state's economy.

In addition, although data elements for the Mega Project Fund and the Rapid Response Fund were reliable, LED only reported estimated numbers for the amount of associated payroll and capital investment data elements for the Retention and Modernization (R&M) program. Under state law, LED is required to report actual results if available. LED stated it would reissue the 2017 UEDBR to show the actual numbers for all elements of the R&M program.

We also found that LED should consider using actual performance data to revise its initial forecasts in the UEDBR for the number of jobs, payroll amounts, and capital investments each company creates. Using actual performance data would allow LED to improve the accuracy of the forecast amounts reported in the UEDBR. Because LED did not revise its forecasts using actual data, the numbers in the 2017 UEDBR for the Rapid Response Fund and Mega Project

The Honorable Patrick Page Cortez,
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Speaker of the House of Representatives
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Fund programs may have been overstated or understated for the number of jobs created and the amount of incentives to be paid in future years.

The report contains our findings, conclusions, and recommendations. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to LED for its assistance during this audit.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Management Controls, Accuracy, and Reliability of Program Data Reported in the 2017 Unified Economic Development Budget Louisiana Economic Development

June 2020

Audit Control # 40190017

Introduction

State law¹ requires the Legislative Auditor to conduct an annual performance audit to evaluate the management controls, accuracy, and reliability of the data reported for at least three economic development programs reported in Louisiana Economic Development's (LED) annual Unified Economic Development Budget Report (UEDBR).² This law also requires LED to produce a UEDBR each year that contains summary information on at least 25% (5) of the 19 economic development programs within the department. LED did not provide the LLA with the 2017 UEDBR until February 2019 and has not released the 2018 UEDBR report as of May 2020³. In accordance with this mandate, we reviewed the following three programs from this report:

- The **Retention and Modernization Tax Credit (R&M)** grants a 4% tax credit, distributed over five years, on expenditures by employers that create a 10% or greater increase in capacity or efficiency. The R&M credit cost the state \$3.2 million, and created or retained 5,096 jobs, during fiscal year 2017, according to the 2017 UEDBR.
- The **Mega Project Fund (MPF)** is a discretionary fund administered by LED for the funding of economic development projects that result in at least 500 new direct jobs, \$500 million in new investment, or meet other conditions as defined in state law.⁴ The MPF is distributed by LED to provide cost reimbursement, loans, or incentive payments to retain or create a mega project in the state of Louisiana. The MPF cost the state \$5.6 million in incentives, and created or retained 3,457 jobs, during fiscal year 2017, according to the 2017 UEDBR.
- The **Rapid Response Fund (RRF)** is a discretionary fund administered by LED for funding economic development projects for the sake of retaining or creating jobs in the state. The RRF cost the state \$9.8 million in incentives, and created or retained 8,847 jobs, in fiscal year 2017 according to the 2017 UEDBR.

¹ R.S. 51:935.1

² The Unified Economic Development Budget Report is available at the Poynter Legislative Research Library.

³ Because of staffing resources dedicated to our comprehensive audit of the Quality Jobs tax incentive program, issued on March 2020,

([http://app.lla.state.la.us/PublicReports.nsf/0/8EB357BB7A433121862585290075E1CE/\\$FILE/Quality%20Jobs.pdf?OpenElement&.7773098](http://app.lla.state.la.us/PublicReports.nsf/0/8EB357BB7A433121862585290075E1CE/$FILE/Quality%20Jobs.pdf?OpenElement&.7773098)), we were not able to start work on the 2017 UEDBR until September 2019.

⁴ R.S. 51:2365 (F) a, b, c, and d

The other two tax credit programs cited in the 2017 UEDBR – The Technology Commercialization and Jobs Tax Credit, and the Industry Assistance Program – were not audited because of the significantly smaller fiscal impact of incentives connected to the two programs – \$110,128 and \$0, respectively – during fiscal year 2017.

We used *Government Auditing Standards* issued by the Comptroller General of the United States to develop criteria for evaluating management controls and the reliability⁵ of data. Using these criteria, we reviewed LED's management controls and determined whether they had been properly designed and implemented to ensure the reliability of the program data. We considered data elements to be reliable if they were supported by sufficient source documentation and could be reproduced within +/- 5% (or +/- 10% for discrepancies that were smaller than \$50,000) of the figures reported in the UEDBR. To assess the reliability of data, we traced the numbers in the report back to the source documents LED used to compile its report and recalculated the numbers. These documents included the following:

- Lists of projects that were used by LED in tabulating the UEDBR.
- Louisiana Department of Revenue's (LDR) Tax Exemption Budget.
- LaGov Human Resources reports.
- ISIS transaction reports relating to LED's incentive issuances for each of the programs listed in the 2017 UEDBR.
- Louisiana Workforce Commission employment reports for companies listed in the 2017 UEDBR.
- LED's semiannual reports on the RRF and MPF programs provided to the Joint Legislative Committee on the Budget (JLCB).

The results of our assessment of the management controls, accuracy, and reliability of each of the data elements in the UEDBR for each program is summarized in the next section. Appendix A contains LED's response to the report, Appendix B contains our scope and methodology, and Appendix C contains the tables from the UEDBR that we evaluated. Our results are summarized on the next page and discussed in detail throughout the remainder of the report.

⁵ For the purpose of this report, the term reliable includes accuracy and completeness.

Objective: Evaluate the management controls, accuracy, and reliability of program data reported in the 2017 Unified Economic Development Budget Report.

We found that the information LED reported in the 2017 UEDBR was incomplete and contained some unreliable data elements. Specifically, we found the following:

- **LED did not report the economic impact or the impact on state tax revenues for the three programs we reviewed in the 2017 UEDBR, as required by state law.** As a result, the state spent \$18.7 million on these three programs in fiscal year 2017 without knowing how much each program as a whole benefited the state's economy.
- **Although data elements for two of the three programs we reviewed were reliable, LED only reported estimated numbers for the amount of associated payroll and capital investment data elements for the R&M program.** According to state law, LED is required to report actual results if available. LED did use actual amounts for all data elements for the RRF and MPF programs, and these amounts were fully supported with documentation. LED stated it would reissue the 2017 UEDBR to show the actual numbers for all elements of the R&M program.
- **LED should consider using actual performance data to revise its initial forecasts in the UEDBR for the number of jobs, payroll amounts, and capital investments the company will make.** Using actual performance data from the companies would allow LED to improve the accuracy of the forecast amounts reported in the UEDBR. Because LED did not revise its forecasts using actual data, the numbers in the 2017 UEDBR for the RRF and MPF programs may be overstated or understated for the number of jobs created and the amount of incentives to be paid in future years.

These issues are discussed in detail throughout the remainder of the report, along with recommendations to assist LED in strengthening the reliability of the incentive program data in future UEDBR reports.

LED did not report the economic impact or the impact on state tax revenues for the three programs we reviewed in the 2017 UEDBR, as required by state law. As a result, the state spent \$18.7 million on these three programs in fiscal year 2017 without knowing how much each program as a whole benefited the state's economy.

State law⁶ requires LED to include information about the economic impact of each economic development program, including the impact on state tax revenues, in the UEDBR. However, the 2017 UEDBR contains no analysis of economic impact, nor does it include the impact of the programs on state tax revenues. It was included in the 2016 UEDBR. According to LED officials, they estimate the return on investment (ROI) for each project prior to awarding an incentive contract, but they do not include these ROI calculations in the UEDBR because their ROI calculations for each project are not meant to be aggregated to reflect the impact of the program as a whole. However, LED could perform or procure an economic impact analysis that would show the aggregate impact of each program in the UEDBR. For example, in the 2016 UEDBR, LED included the results of an economic impact analysis by economist Loren C. Scott to demonstrate the impact of the Motion Picture Production Tax Credit. Without knowing the economic impact of these programs as a whole, LED cannot demonstrate how much these programs benefit the Louisiana economy. Act 87 of the 2018 Regular Session [R.S. 47:1517.1(B)(5)] requires LDR to perform a comprehensive return on investment analysis for the incentive programs starting in calendar year 2020. LED could work with LDR to potentially use the return on investment LDR calculates.

Recommendation 1: LED should include the economic impact and the impact on state tax revenues for all programs in the UEDBR, as required by state law. To do this, LED could use LDR's analysis or conduct its own analysis.

Summary of Management's Response: LED disagreed with this recommendation and stated that each project with the Retention and Modernization Act, Mega-Project Development Fund, and Rapid Response Fund has an economic impact analysis performed to determine a positive impact to the state prior to use of the funds for a given project. See Appendix A for management's full response.

LLA Additional Comments: Although LED states that it performs an economic impact analysis for each project, LED did not include the results of this analysis in the UEDBR, as required by state law.

⁶ RS :51:935.1 B (2)(c)(iv)

Although data elements for two of the three programs we reviewed were reliable, LED only reported estimated numbers for the amount of associated payroll and capital investment data elements for the R&M program. According to state law, LED is required to report actual results if available.

We reviewed 18⁷ (32.7%) of the 55 companies participating in the MPF, RRF, and R&M programs that LED reported on in the 2017 UEDBR, and found that the data elements LED reported for the MPF and RRF were reliable because they all matched supporting documentation. However, we could not fully evaluate the reliability of the program data for the R&M program because LED based some of the numbers in the report on estimates, rather than actual numbers for the amount of associated payroll and capital investment data elements. State law⁸ requires LED to include actual amounts for the previous fiscal year, if available; estimates for the current fiscal year; and estimates for the next fiscal year for all the following indicators:

- Amount of incentives or tax credits issued;
- The number of permanent, new and retained, full-time and part time jobs;
- Payroll for retained or newly created jobs;
- Amount of capital investment;
- Any other economic benefit associated with utilization of the program;
- The economic impact of the program, including impact on state tax revenues; and
- The overall impact of the program.

Exhibit 1 shows the actual data elements for each of the three programs, as well as the percentage of the data elements fully supported by LED.

⁷ We reviewed 18 (32.7%) companies out of the 55 companies that LED reported on for the 2017 UEDBR for the MPF, RRF, and R&M programs. We reviewed all six companies participating in the MPF program (100%), reviewed eight (22.9%) of the 35 companies participating in the RRF program, and four (28.6%) of the 14 companies participating in the R&M project.

⁸ R.S. 51:935.1(B)(2)(c)

Exhibit 1
Summary of Actuals Supported by LED for 18 Companies
2017 UEDBR

Program	Mega Project Fund			Rapid Response Fund			Retention and Modernization		
	Amount Sampled	Amount Supported	Percent Supported	Amount Sampled	Amount Supported	Percent Supported	Amount Sampled	Amount Supported	Percent Supported
Incentives Issued	\$4.74 M	\$4.74 M	100%	\$179.2 K	\$179.2 K	100%	\$ 1.1 M	\$1.1 M	100%
Administrative Cost	\$8,670	\$8,670	100%	\$28,051	\$28,051	100%	\$31,679	\$31,679	100%
New Permanent Jobs	3,457	3,455	99.9%	1036	1036	100%	119	119	100%
Retained Permanent Jobs	N/A*	N/A*	N/A	662	646	98%	1638	1638	100%
Amount of Associated Payroll	\$187.6 M	\$187.6 M	99.9%	\$178.7 M	\$175.4 M	98%	\$157.3 M	\$115.9 million	74%
Amount of Capital Investment	\$10.8 M	\$10.8 M	100%	\$0	\$0	100%	\$ 344.0 M	\$190.4 million	55%

* The MPF did not retain any jobs.

Source: Prepared by legislative auditor's staff using information obtained from LED.

While the data elements for the RRF and MPF programs were based on actual numbers and fully supported, two of the six R&M data elements were based on estimated numbers instead of actual ones. Per R.S. 51:935.1(B)(2)(c), LED is required to report actual results if available. Actual numbers for the R&M program were available to LED for the R&M program when it was preparing the UEDBR. LED fully supported its calculations for all 11 data elements for the MPF and RRF programs. However, LED reported estimates instead of actuals for two of the six data elements for the R&M program in the 2017 UEDBR, which does not meet the requirements of state law. When we asked LED to provide us with support for the data reported in the UEDBR, the department provided us with the actuals for the amount of associated payroll and amount of capital investment. Based on the actual data that LED provided, LED over reported these two data elements in the UEDBR, as shown in Exhibit 1.

According to LED management, they based the 2017 UEDBR on the application data for two of the six data elements for the R&M program instead of the actual data. According to state law, each company receiving an R&M credit must submit an audit of qualified expenditures, certified by an independent certified public accountant (CPA), to LED after the completion of the project and before they get the credit. This audit shows the actual outcomes for jobs, payroll, and capital investment for the project. As a result, the actual data for these two companies should have been available. Exhibit 2 shows the difference between what LED reported for the capital investment data elements for two companies in the 2017 UEDBR report and their actual capital investment amounts.

Exhibit 2			
Example of Actual Versus Estimates for R&M Program 2017 UEDBR			
Company	Estimated	Actual	Percent Difference
Company 1	\$295,000,000.00	\$116,383,246.55	-60.5%
Company 2	\$24,700,000.00	\$22,391,675.00	-9.3%
Source: Prepared by legislative auditor's staff using information obtained from LED.			

According to state law and regulations⁹, before a company can receive R&M credits, an independent CPA must conduct an agreed-upon-procedures (AUP) engagement showing the company's compliance with the terms of its R&M contract. After a company submits its project completion form and AUP, the company submits a copy of their quarterly unemployment tax filings (ES-4's) containing a list of all of their employees in Louisiana and their wages and salaries for the quarter. The company must submit these filings for the duration of their five-year R&M contract. LED could use this information to determine the amount of associated payrolls and capital investments. For future UEDBRs, LED should use actual numbers in the UEDBR where available, as required by law. LED stated it would reissue the 2017 UEDBR to show the actual numbers for all elements of the R&M program.

Recommendation 2: LED should report the actual outcomes of the credits and incentives in the UEDBR, if available, as required by state law.

Summary of Management's Response: LED agreed with this recommendation and stated that it recognized two of the six data elements in the R&M program provided in the report were estimates based on the project's application data instead of the actual data elements provided in the applicant's agreed-upon-procedures report. LED stated that it is revising the 2017 UEDBR report submitted to the legislature to correct these two data sets. See Appendix A for management's full response.

⁹ R.S. 51:2399.3(A)(2)(d) and LAC 13:I:3513(A)(1).

LED should consider using actual performance data to revise its initial forecasts for the number of jobs, payroll amounts, and capital investments the company will make. Because LED did not revise its forecasts using actual data, the numbers in the 2017 UEDBR for the RRF and MPF programs may have been overstated or understated for the number of jobs created and the amount of incentives to be paid in future years.

LED forecasted each incentive reported in the 2017 UEDBR, but LED's forecasts are based on the assumption that each company would fulfill 100% of its obligations that were established at the beginning of the incentive contract, even when actual data showed that the company did not meet these targets or the company exceeded its targets. Using actual performance data from the companies would allow LED to improve the accuracy of the forecasts it made before the project started. LED reports the forecasted performance of each program receiving economic incentives to the Joint Legislative Committee on the Budget¹⁰ to show how many jobs, payroll, and capital investment each participating company will make in the upcoming year. However, what LED presents is only based on the initial forecast and not based on actual past performance data of the company receiving the incentive.

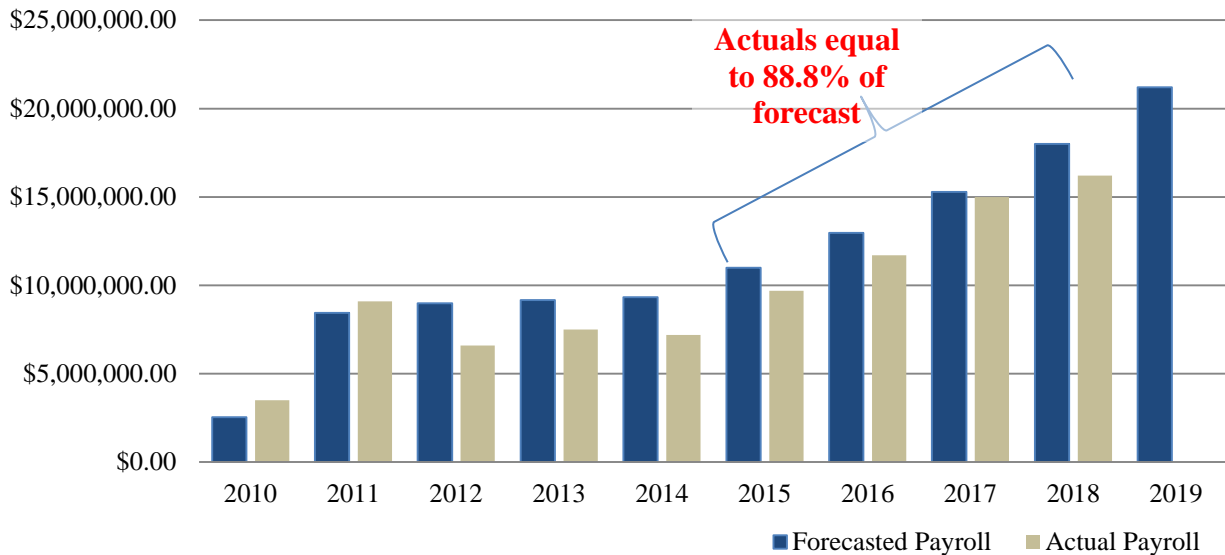
LED projected that all companies participating in the RRF and MPF programs¹¹ would produce 100% of their jobs, payroll, and capital investment, estimated before the projects were even complete in most cases, regardless of their performance during the contract period. This approach could lead to overestimates for some companies and underestimates for others. Specifically, we found that 42% (14 of 33) of the companies we reviewed participating in the RRF and 33% (2 of 6) participating in the MPF did not meet their expected performance in fiscal year 2017, and 45% (15 of 33) of the companies from the RRF and 50% (3 of 6) from the MPF exceeded their performance goals. As a result, the corresponding performance forecasts in the UEDBR were too high for those that did not meet performance expectations and too low for those that exceeded them.

LED does not revise its forecasts for each contract's performance if the actual performance indicates that the company is not creating as many jobs or creating more jobs than anticipated. Exhibit 3 shows actual versus target payrolls for a company that received RRF incentives. This company had underperformed for the past four years, but was still forecasted by LED to meet 100% of its targets. Accounting for the underperforming by approximately 11.2% in the past four years, we estimate that the company would have created approximately \$18.8 million in payrolls during calendar year 2019, a \$2.4 million difference from LED's predicted \$21.2 million, which is taken directly from the company's incentive contract.

¹⁰ At the Joint Legislative Committee on the Budget, the forecasted performance is noted as a future "obligation."

¹¹ This type of estimation was only used for the RRF and MPF programs. We did not include the R&M program because the R&M credits are earned in the first year of the contract and are consequently easier to forecast.

Exhibit 3
Performance and Forecasts for a Company Receiving RRF Incentives



Source: Prepared by legislative auditor’s staff using information obtained from LED.

Recommendation 3: LED should consider using past performance data when forecasting the future benefits and costs of the incentives it administers.

Summary of Management’s Response: LED disagreed with this recommendation and stated that past performance results may not be a good indicator of future performance as there is a threshold required to be met by the businesses each performance period. The estimates are tied to a performance guaranty by the business, and to forecast a higher or lower number would not be prudent to base future benefit or incentive costs as the maximum incentives are contractually outlined in the Cooperative Endeavor Agreement, or in the case of R&M, the Tax Credit Allocation letter. See Appendix A for management’s full response.

LLA Additional Comments: Companies do not always meet their performance guaranty, as shown in Exhibit 3. If a company is not meeting its performance guaranty, it may not be prudent to forecast that the company will meet its performance guaranty in future periods.

APPENDIX A: MANAGEMENT'S RESPONSE

June 9, 2020

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Performance Audit Management Response to Louisiana Economic Development (LED)
2017 Unified Economic Development Budget Report (UEDBR)

Dear Mr. Purpera:

This letter serves as the official response to the three performance audit recommendations that purport to provide future guidance to LED for its annual UEDBR program reporting. In addition, LED does not issue the following year's report until the prior year's report is audited to ensure recommendations are considered and acted upon by the department if beneficial to the current year's report.

Finding 1: LED did not report the economic impact or the impact on state tax revenues for the three programs we reviewed in the 2017 UEDBR, as required by state law. As a result, the state spent \$18.7 million on these three programs in fiscal year 2017 without knowing how much they benefited the state's economy.

Recommendation 1: LED should include the economic impact and the impact on state tax revenues for all programs in the UEDBR, as required by state law. To do this, LED could use LDR's analysis or conduct its own analysis.

While an economic impact or impact on state tax revenues for the three (3) discretionary programs reviewed in the 2017 UEDBR were not reported as required by RS 51:935.1 B(2)(c)(iv) each project within the Retention and Modernization Act (R&M) R.S. 51:2399.1- .6, Mega-Project Development Fund R.S. 51:2365 and the Rapid Response Fund R.S. 51:2361 has an economic impact analysis performed to determine a positive impact to the state prior to use of the funds for a given project. At any time during the examination, the LLA could have obtained an economic impact analysis on any of the projects selected to ensure the programs created a positive return to the state, but no such request was made of the staff. LED contends that pursuant to the economic impact analysis performed prior to the use of allocated funds for the projects, there is an understanding of how much the state's economy benefits from the discretionary programs.

Going forward, based on Act 87 of the 2018 Regular Session, LDR will be providing to the legislature a comprehensive return on investment analysis for all tax incentives for which revenue loss was one million dollars or more in the previous year. On future UEDBR's, LED will conduct economic impact analysis through a 3rd party, if required within the statute of the program or use LDR's analysis.

Finding 2: Although data elements for two of the three programs we reviewed were reliable, LED only reported estimated numbers for the amount of associated payroll and capital investment data elements for the R&M program. According to state law, LED is required to report actual results if available.

Recommendation 2: LED should report the actual outcomes of the credits and incentives in the UEDBR, if available, as required by state law.

LED recognizes two of the six data elements for the R&M program provided in the report were estimates based on the project's application data instead of the actual data elements provided in the agreed-upon procedures (AUP) report provided by the applicant. This was an oversight by the program administrator. LED is revising the 2017 UEDBR report submitted to the legislature to correct these two data sets which would then eliminate this finding.

Finding 3: LED should consider using actual performance data to revise its initial forecasts for the number of jobs, payroll amounts, and capital investments the company will make. Because LED did not revise its forecasts using actual data, the numbers in the 2017 UEDBR for the RRF and MPF programs may have been overstated or understated for the number of jobs created and the amount of incentives to be paid in future years.

Recommendation 3: LED should consider using past performance data when forecasting the future benefits and costs of the incentives they administer.

Each of the three programs reviewed from the 2017 UEDBR are supported by performance measures agreed upon by the businesses and the department prior to any of the three programs being offered in a letter of intent. Past performance results may not be a good indicator of future performance as there is a threshold required to be met by the businesses each performance period. The estimates are tied to a performance guaranty by the business, and to forecast a higher or lower number would not be prudent to base future benefit or incentive costs as the maximum incentives are contractually outlined in the Cooperative Endeavor Agreement, or in the case of R&M, the Tax Credit Allocation letter.

Sincerely,



Anne G. Villa
Undersecretary

APPENDIX B: SCOPE AND METHODOLOGY

This report provides the results of our audit of Louisiana Economic Development's (LED) Unified Economic Development Report. We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This audit covered fiscal years 2017-2019. Our audit objective was:

Evaluate the management controls, accuracy, and reliability of program data reported in the 2017 Unified Economic Development Budget Report.

We conducted this performance audit in accordance with generally-accepted *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. To answer our objective, we reviewed internal controls relevant to the audit objective and performed the following audit steps:

- Reviewed laws and information related to LED and incentive programs.
- Reviewed the program performance data reported in the UEDBR.
- Interviewed LED department staff and obtained supporting documentation, including program data tables from LED, the Louisiana Department of Revenue's Tax Exemption Budget, ISIS transaction reports, and LaGov human resources reports to validate the figures reported in the UEDBR and to evaluate management controls over the programs.
- Recalculated all figures in the UEDBR based on documents provided by LED.
- Based on a targeted selection of projects, identified any instances in which the source or third-party documentation did not agree with the figures presented in the UEDBR by more than 5%, or by 10% for discrepancies that were smaller than \$50,000. Additionally, all instances wherein documentation was missing, were also notated, and taken into account in the analysis.
- Analyzed LED's forecasting methodology by comparing LED's forecasts with actual performance for previous years.

APPENDIX C: TABLES FROM UNIFIED ECONOMIC DEVELOPMENT BUDGET REPORT FOR 2017

**Exhibit C.1
Retention and Modernization**

	2016-17 Fiscal Year (actual)	2017-18 Fiscal Year (projection)	2018-19 Fiscal Year (projection)	Totals
Incentive Issues	\$3,243,000	\$5,024,000	\$13,205,627	\$21,472,627
Administrative Cost	\$31,679	\$32,137	\$33,114	\$96,930
New Permanent Jobs	333	398	498	1,229
Retained Permanent Jobs	4,763	7,881	12,285	24,929
Associated Payroll	\$344,400,000	\$834,919,000	\$706,715,000	\$1,886,034,000
Associated Capital Expenditures	\$643,577,578	\$807,586,289	\$5,090,472,900	\$6,541,636,767

Source: Prepared by legislative auditor's staff using data from the Unified Economic Development Budget Report for 2017.

**Exhibit C.2
Mega Project Fund**

	2016-17 Fiscal Year (actual)	2017-18 Fiscal Year (projection)	2018-19 Fiscal Year (projection)	Totals
Incentive Issues	\$5,602,724.00	\$18,333,139.00	\$2,653,887.00	\$26,589,750
Administrative Cost	\$8,670.00	\$8,670.00	\$8,670.00	\$ 26,010
New Permanent Jobs	3457	4101	4463	12,021
Retained Permanent Jobs*	N/A	N/A	N/A	N/A
Associated Payroll	\$187,617,411	\$193,338,490	\$198,296,442	\$579,252,343
Associated Capital Expenditures	\$10,818,935	**	**	\$10,818,935

*The Mega Project Fund did not retain any jobs during the reporting period of FY2017 to FY2019

** All capital spending for the projects receiving Mega Projects incentives is reported in fiscal year 2016-2017 because companies are not required to report this information on an annual basis to LED.

Source: Prepared by legislative auditor's staff using data from the Unified Economic Development Budget Report for 2017.

Exhibit C.3
Rapid Response Fund

	2016-17 Fiscal Year (actual)	2017-18 Fiscal Year (projection)	2018-19 Fiscal Year (projection)	Totals
Incentive Issues	\$9,842,555	\$41,961,177	\$13,188,411	\$64,992,143
Administrative Cost	\$28,051	\$28,051	\$28,051	\$84,153
New Permanent Jobs	6,373	8,326	8,547	23246
Retained Permanent Jobs	2,474	2,131	2,069	6674
Associated Payroll	\$689,220,677	\$632,832,723	\$610,847,031	1,932,900,431
Associated Capital Expenditures [†]	\$10,960,533	**	**	\$10,960,533

**All capital spending for the projects receiving Mega Projects incentives is reported in fiscal year 2016-2017 because companies are not required to report this information on an annual basis to LED.

Source: Prepared by legislative auditor's staff using data from the Unified Economic Development Budget Report for 2017.