

DOS - Assembly Budget Committee Follow-Up Questions:

• In her testimony, Melanie Willoughby, Executive Director of the Business Action Center (BAC), indicated that the BAC requires all grantees to provide documentation concerning their spending prior to receiving grants, and that the Small Business Development Centers (SBDC) have consistently been negligent in providing such documents. Please provide the committee with the past eight years of the SBDC's documents to ascertain the deficiencies in its reporting.

The SBDC has not reported expenditures in a timely manner. For example, the reporting/payment history over the past two fiscal years funding is as follows:

- ***FY 2017: Award \$500,000; final payment of \$300,000 (60%) processed 9/22/2017 (grant end 6/30/2017)***
- ***FY 2018: Award \$500,000; final payment of \$375,000 (75%) processed 10/22/2018 (grant end 6/30/2018)***

Therefore, expenditures of 60% and 75% of the respective SBDC awards were reported after the end of the funding period, rather than consistent submissions/payments for each quarter.

Currently, the FY 2019 award has only the initial payment of \$125,000 processed. Zero expenditures have been reported, with an open balance of \$375,000 and we are over nine months into the current award cycle that started 7/1/2018.

DOS funding programs have established procedures to monitor the Grantee's ability to comply with the Grant Agreement and properly report the expenditure of State funds. Such factors are used to consider future awards.

DOS does not issue or execute a Grant Agreement until the prior year is properly closed out. The SBDC 'Performance' metrics may not correlate to expenditure of the state appropriation dollars issued through the NJ Business Action Center.

The contract period (7/1-6/30) permits expenditures of BAC grant funds during that time frame, (not based on the date the Grant Agreement is executed), so long as documentation supports the expenses. The current FY 2019 award has had zero expenditures reported to date and the cycle will be ending June 30, 2019.

The BAC has communicated with the SBDC and attempted to resolve the inadequacy of their financial reporting on several occasions. An in-person meeting was held last October 17, 2018 as a result of the second consecutive year of reporting zero expenditures until after the grant end date June 30th. We are now potentially entering a 3rd year with the same issue.

The Department of State will continue to work with the SBDC as best we can to develop an efficient, timely and accurate method for the administration of this State funded program.

****Please see below excel document for payment data for 8 years.***

- The Motion Picture and Television Commission promotes New Jersey as an ideal location for various film and television projects. In FY 2017, 925 projects were filmed in the State, and in FY 2018, 935 projects were filmed in the State, generating \$68 million and \$71 million, respectively, in direct spending by companies associated with those projects. The Governor’s proposed budget indicates that 945 projects will be filmed in the State in FY 2019, generating an estimated \$100 million in direct spending, and that an additional 955 projects are estimated to be filmed in FY 2020, also generating \$100 million in direct spending. How much does the State receive in tax revenue? How do those amounts compare to the amounts offset by the New Jersey Film and Digital Media Tax Credit Program?

\$100 million was a conservative estimate based on past revenue figures and utilizing a formula created by the Association of Film Commissioners International. However, for tax credit projects, the estimated or actual expenditures are reported by production companies to the NJEDA, in connection with the tax credit program.

The amount of state tax revenue collected related to film projects is not separately tracked. However, not all film projects included in the \$100 million estimate plan to participate in the tax credit program.

- How many different businesses does the Office of Economic Growth meet with each year? Please distinguish this from the number of “cases” conducted by the office.

The Office handled 708 business retention and expansion projects over the last year. Each required 3-5 in-person meetings to bring the project to a conclusion.

In addition, the Office counseled over 24,000 businesses, providing advocacy on issues such as permitting, export promotion and regulations.

Also, the Business Helpline answered over 25,000 calls. Examples of questions answered are:

- ***What licenses do I need to operate my business?***
- ***How do I start a business in New Jersey?***
- ***Where do I go for financing to start my business?***

- How many vacancies are there currently on the State Council on the Arts? Have nominations been made to fill these vacancies?

The Council currently has 6 vacancies and the remaining vacancies are in the process of being filled.

RUTGERS - SMALL BUSINESS DEVELOPMENT CENTERS										
BAC FUNDING REVIEW		4/30/2019								
		Grant Period	Contract to RU	Contract	Final Rpt					
FY	Vendor Name	Start/End	Date	Executed	Approved	Pmt Amt	Trans Date	Total FY pmt	#days first	#days final
2012	RUTGERS THE STATE UNIV OF NJ	7/1/2011-6/30/2012	12/10/2011	12/22/2011		187,500	5/23/2012	2012	7/1/2011	6/30/2012
2012	RUTGERS THE STATE UNIV OF NJ				8/24/2012	62,500	8/24/2012	250,000	327	55
2013	RUTGERS THE STATE UNIV OF NJ	7/1/2012-6/30/2013	11/30/12	1/31/2013		125,000	5/21/2013		7/1/2012	6/30/2013
2013	RUTGERS THE STATE UNIV OF NJ					62,500	6/25/2013	2013	324	93
2013	RUTGERS THE STATE UNIV OF NJ				10/1/2013	62,500	10/1/2013	250,000		
2014	RUTGERS THE STATE UNIV OF NJ	7/1/2013-6/30/2014	1/6/2014	1/23/2014		62,500	2/21/2014		7/1/2013	6/30/2014
2014	RUTGERS THE STATE UNIV OF NJ					62,500	3/19/2014		235	100
2014	RUTGERS THE STATE UNIV OF NJ					62,500	6/25/2014	2014		
2014	RUTGERS THE STATE UNIV OF NJ				10/8/2014	62,500	10/8/2014	250,000		
2015	RUTGERS THE STATE UNIV OF NJ	7/1/2014-6/30/2015	10/14/2014	11/12/2014		62,500	12/17/2014		7/1/2014	6/30/2015
2015	RUTGERS THE STATE UNIV OF NJ					62,500	2/25/2015		169	93
2015	RUTGERS THE STATE UNIVERSITY					62,500	6/2/2015	2015		
2015	RUTGERS THE STATE UNIVERSITY				10/1/2015	62,500	10/1/2015	250,000		
2016	RUTGERS THE STATE UNIV OF NJ	7/1/2015-6/30/2016	10/29/2015	11/10/2015		125,000	12/23/2015		7/1/2015	6/30/2016
2016	RUTGERS THE STATE UNIVERSITY					125,000	4/27/2016		175	54
2016	RUTGERS THE STATE UNIV OF NJ					125,000	6/7/2016	2016		
2016	RUTGERS THE STATE UNIV OF NJ				8/23/2016	125,000	8/23/2016	500,000		
2017	RUTGERS THE STATE UNIV OF NJ	7/1/2016-6/30/2017	11/30/2016	12/22/2016		125,000	3/23/2017		7/1/2016	6/30/2017
2017	RUTGERS THE STATE UNIVERSITY					75,000	7/6/2017	2017	265	84
2017	RUTGERS THE STATE UNIVERSITY				9/14/2017	300,000	9/22/2017	500,000		
2018	RUTGERS THE STATE UNIVERSITY	7/1/2017-6/30/2018	10/25/2017	11/3/2017		125,000	4/5/2018	2018	7/1/2017	6/30/2018
2018	RUTGERS THE STATE UNIV OF NJ				10/17/2018	375,000	10/22/2018	500,000	278	114
2019	RUTGERS THE STATE UNIV OF NJ	7/1/2018-6/30/2019	11/29/2018	3/15/2019		125,000	3/15/2019		7/1/2018	6/30/2019
								2019	257	
								125,000		
						2,625,000		2,625,000	2,030	593
									254	85
								avg # days	first pmt	final pmt