

# oppaga Special Review



May 2001

Report No. 01-25

## Slow Startup, Lack of Structure Jeopardize Toolkit for Economic Development's Implementation and Funding

### *at a glance*

The Toolkit for Economic Development is an innovative approach for linking the many federal and state programs that support economic development in distressed communities.

However, the Toolkit's implementation has been delayed because it does not have an adequate administrative structure. As a result, its future success may be compromised. It is also likely that only a small portion of the initiative's \$25 million appropriation will be expended or obligated before its spending authority expires at the end of Fiscal Year 2000-01.

To increase the likelihood that the Toolkit will realize its potential to improve conditions in distressed communities, a single entity should be given responsibility for overseeing the initiative. The entity should be responsible for developing an implementation plan, monitoring projects, and evaluating the long-term effects of the initiative.

### Purpose

OPPAGA is required by state law to review the Toolkit for Economic Development initiative (hereinafter the Toolkit) established by the 2000 Legislature.<sup>1</sup> The Toolkit is a legislative initiative designed to assist distressed communities by coordinating a broad array of economic development programs. OPPAGA is required by law to evaluate the progress made toward the achievement of the Toolkit's objectives and report its findings by January 1, 2002.

Although not required to report until 2002, we chose to report earlier because apparent design and implementation issues could compromise the initiative's potential success.

As a result of the Toolkit's slow start, information OPPAGA needs to assess the initiative's performance in achieving its intended goals, objectives, and outcomes will not be available from targeted communities by January 1, 2002. Consequently, this report will serve as OPPAGA's review of the Toolkit's progress pursuant to Ch. 2000-290, *Laws of Florida*.<sup>2</sup>

<sup>1</sup> Chapter 2000-290, *Laws of Florida*.

<sup>2</sup> Chapter 2000-290, *Laws of Florida*, also requires the Toolkit's coordinating partners to present an annual report to the Governor on the work and accomplishments of the liaisons. Therefore, further information on the Toolkit's implementation will be available for the Legislature's review prior to the time the initiative's authorization ends in June 2002.

## Background ---

The Toolkit for Economic Development is an innovative approach to linking the many federal and state economic development programs with strategies to help families achieve self-sufficiency. The Toolkit's statutory purpose is "to enable economically distressed communities to access easily, and use effectively, federal and state tools to improve conditions in the communities and thereby help needy families avoid public assistance, retain employment, and become self-sufficient."<sup>3</sup> The Toolkit represents a holistic approach that provides funds as well as technical assistance to coordinate many state and federal programs that target distressed areas.

The 2000 Legislature appropriated \$25 million in non-recurring Temporary Assistance for Needy Families (TANF) funds for the Toolkit initiative. TANF moneys can be used to leverage other funds, as long as the use is consistent with federal requirements. The legislation authorizing the Toolkit initiative expires June 30, 2002.

The Toolkit is administered by four coordinating partners: the Department of Community Affairs; Enterprise Florida, Inc.; the Office of Urban Opportunity within the Executive Office of the Governor; and Workforce Florida, Inc.<sup>4</sup>

The initiative comprises six tools.

- **Liaisons.** Twenty-one (21) state agencies and organizations are to designate high-level staff to serve as

liaisons to the initiative (see Appendix A for a list of these entities). Liaisons are to identify opportunities for support and existing statutes and rules that have adverse effects on distressed communities. Liaisons are also required to propose alternatives to mitigate these adverse effects.

- **Inventory.** The liaisons are to compile an inventory that identifies and profiles federal and state resources that target distressed areas, including tax credits, incentives, and grants.
- **Start-up.** A start-up initiative is to identify 15 communities that are eligible to compete for start-up funds and award funding to 9 communities.<sup>5</sup> Communities' proposals for funding are to use various entries from the inventory that would launch or boost their economic development efforts.
- **Executive committee.** Designated coordinating partners are to serve as an executive committee to the liaisons and identify projects with the potential for extraordinarily positive impacts.
- **Waivers and matching funds.** Waivers and matching funds are to be made available to assist communities that lack necessary funds meet requirements for other state and federal programs.
- **Communities of critical economic opportunity.** Three distressed communities with the potential for creating more than 1,000 jobs within five years are to be designated as communities of critical opportunity. These areas are to be priority assignments for the liaisons and coordinating partners.

---

<sup>3</sup> Chapter 2000-290, *Laws of Florida*.

<sup>4</sup> The legislation creating the Toolkit named the Workforce Development Board of Enterprise Florida, Inc., as a coordinating partner. Chapter 2000-165, *Laws of Florida*, re-designated the Workforce Development Board as Workforce Florida, Inc. (WFI), and made it responsible for developing policies for the state's workforce initiatives. WFI was also designated as the successor to the former Work and Gain Economic Self-Sufficiency (WAGES) Board, which was responsible for administering the state's welfare-to-work initiative.

---

<sup>5</sup> The law specifies that to the extent possible, the communities should have designations that signify economic distress, such as empowerment or enterprise zone, Neighborhood Improvement District, Urban High Crime Area, or Rural Job Tax Credit Area. The Toolkit also targets Front Porch Florida communities.

## Current Status ---

### *Toolkit implementation has been slow*

**Slow progress has been made to date in implementing the Toolkit, and none of the six tools have yet been fully put in place.** Since the Toolkit's creation in July 2000, its coordinating partners have met several times and hired a coordinator to develop an application for funding. However, as of March 15, 2001,

- the coordinating partners were just beginning to establish a plan for implementing the Toolkit;
- four of the 21 statutorily designated agencies and organizations had not appointed liaisons to the initiative (see Appendix A);
- the liaisons had not completed the required inventory of federal and state economic development resources;
- the coordinating partners had not yet designated the 15 communities that are eligible to compete for the start-up initiative funds, nor had they designated the three communities of critical economic opportunity;
- the process for distressed communities to apply for the start-up initiative had not been finalized; and
- only \$7,400 of the initiative's \$25 million appropriation had been expended or obligated.

Due to this slow pace of implementation, it is unlikely that the initiative will have allocated a substantial amount of funds to distressed communities by the time spending authority expires in June 2001. It is also unlikely that the initiative will have a major impact on distressed communities before its statutory authorization lapses in June 2002.

### *No state entity is responsible for overall administration and oversight*

**A major reason for the slow start is that no entity is designated by law as being responsible for the Toolkit's overall administration and for overseeing coordinating partner and liaison activities.** As a result of responsibility being diffused among the coordinating partners, progress has been slow and no entity has stepped forward to manage the high level of intergovernmental coordination needed to make the initiative successful. The highly fragmented organization of the initiative also makes it unclear whether needed data will be compiled for monitoring and evaluating the Toolkit's effect on local communities.

### *Short timeframe may be a disadvantage to small distressed communities*

In March 2001, the coordinating partners stepped up their efforts to establish the required elements of the Toolkit by the end of Fiscal Year 2000-01. By early April, they hope to have convened the liaisons, designated the communities eligible to participate in the start-up initiative, and finalized an application for Toolkit start-up funds. To allow the Toolkit's partners time to evaluate funding proposals and execute contracts by the end of the fiscal year, eligible communities would have only four to five weeks to develop their plans for participating in the Toolkit initiative.

**If the coordinating partners establish the Toolkit elements in this expedited manner, the short period for applying for funds will tend to put smaller distressed communities at a disadvantage in participating in the initiative.** Distressed communities are likely to lack the administrative and fiscal resources needed to develop plans for participating in the Toolkit initiative on

short notice. As with any new initiative, communities will need time to learn of the program and become familiar with the Toolkit's purpose and the requirements of the various programs included in the Toolkit's inventory.

For the initiative to be successful, communities will need to incorporate the Toolkit into their overall community improvement plans and activities. This will require coordination at the local level, and may, in some cases, require public hearings and/or approval by governing organizations. Compressing this planning process into a short time period runs the risk that funded applications may be poorly conceived and have limited impact. Allowing small distressed communities more time to learn about the initiative and prepare their plans would increase the likelihood that they will develop viable projects with the potential for improving local conditions.

## Conclusions and Recommendations —

The Toolkit for Economic Development is an innovative approach that could help improve conditions in economically distressed communities by assisting those communities in leveraging federal and state resources for economic and community development activities. However, the Toolkit's potential success has been compromised by implementation delays.

At this time (May 2001), distressed communities have not yet had the opportunity to access Toolkit funds. Eligible communities have not been designated; an application process, including criteria for awarding funds, has not been finalized; and the inventory of relevant federal and state programs has not been completed. Even with an expedited timetable for the

remainder of the fiscal year, it is unlikely that many eligible communities would have sufficient time to develop thorough plans for using the Toolkit to boost their economic development efforts. These delays are largely the result of no single entity being responsible for administering the initiative and overseeing its implementation.

We recommend that a single entity be given administrative responsibility for the Toolkit. The Legislature could amend the law to designate the entity, or the Toolkit's coordinating partners could enter into a Memorandum of Understanding that specifies an administrative leader. The entity in charge should be responsible for developing a plan for carrying out the initiative that includes goals and objectives for coordinating services and assistance to be provided to distressed areas; strategies to encourage participation by the 21 liaison agencies and organizations; indicators of success for communities that receive assistance through the initiative; and timelines for completing Toolkit-related activities. The plan should also specify how additional distressed communities that are not in the start-up initiative might use the inventory and other Toolkit elements to improve conditions. With this type of plan in place, OPPAGA could then consult with the designated entity in developing measures and criteria for evaluating the Toolkit's performance.

There are several state entities that are viable candidates for being designated as responsible for administering and overseeing the Toolkit, including the Governor's Office of Tourism, Trade and Economic Development (OTTED) and one of the four coordinating partners (the Department of Community Affairs; Enterprise Florida, Inc.; the Office of Urban Opportunity within the Executive Office of the Governor; and Workforce Florida, Inc.). All have some familiarity with the initiative

and experience working with some of the communities targeted by the Toolkit initiative.

**In our opinion, either the Department of Community Affairs (DCA) or the Office of Urban Opportunity within the Executive Office of the Governor should be designated as responsible for administering the Toolkit.** Both entities have existing responsibilities that are related to the Toolkit initiative.

DCA is a viable candidate for administering the Toolkit because it serves both rural and urban communities, focuses on Florida's neediest families as well as on economic development and revitalization, and has a community-based orientation. Moreover, it has an infrastructure in place that could be modified to accommodate the additional demands of the Toolkit initiative. For example, it already serves as a clearinghouse for a wide variety of community development programs and provides technical assistance to local entities.

The Office of Urban Opportunity is also a viable candidate because it administers the Front Porch initiative, which has similar goals as the Toolkit initiative. For example, Front Porch helps distressed communities receive special state assistance and preference for funding, and provides technical assistance to help the communities develop plans to achieve their goals. Like Toolkit, Front Porch is a holistic concept, which aims to coordinate state efforts aimed at a broad array of conditions such as improving schools, reducing crime and increasing economic opportunities. If the Office of Urban Opportunity were given administrative responsibility for the Toolkit, its mission would need to be expanded to more closely mirror the intent of the Toolkit initiative, which is to assist distressed rural areas as well as distressed urban cores.

## Agency Response —

In accordance with the provisions of s. 11.45(7)(d), *Florida Statutes*, a draft of our report was provided to the President of Workforce Florida, Inc., for his review and response. The President's written response is reprinted beginning on page 7.

OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision making, to ensure government accountability, and to recommend the best use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

**Florida Monitor:** <http://www.oppaga.state.fl.us/>

Project supervised by Tom Roth (850/488-1024)

Project conducted by Susan Munley (850/487-9221) and Brennis Verhine (850/487-9276)

John W. Turcotte, OPPAGA Director

## *Appendix A*

### *Twenty-One Entities Are Required to Name Liaisons to the Toolkit Initiative*<sup>1</sup>

---

Office of Tourism, Trade, and Economic Development  
Office of Urban Opportunity  
Department of Community Affairs  
Department of Law Enforcement  
Department of Juvenile Justice  
Department of Transportation  
Department of Environmental Protection  
Department of Agriculture and Consumer Services  
Department of State  
Department of Health  
Department of Children and Families  
Department of Corrections  
Department of Education  
Department of Military Affairs  
Florida Housing Finance Corporation  
Institute of Food and Agricultural Sciences  
Institute on Urban Policy and Commerce  
Florida Tourism Industry Marketing Corporation  
Enterprise Florida, Inc.  
Workforce Florida, Inc.<sup>2</sup>  
Executive Office of the Governor

---

<sup>1</sup> The Department of Labor and Employment Security was included in the Toolkit legislation, but it did not appoint a liaison because its major workforce and employment functions were transferred to the Agency for Workforce Innovation by Ch. 2000-165, *Laws of Florida*.

<sup>2</sup> The Workforce Development Board of Enterprise Florida, Inc., was renamed Workforce Florida, Inc., by Ch. 2000-165, *Laws of Florida*.

Source: Chapter 2000-290, *Laws of Florida*.

# *Appendix B*

## *Agency Response*



Toni Jennings, *Chairman*  
Curtis Austin, *President*

---

April 27, 2001

Mr. John Turcotte, Director  
Office of Program Policy Analysis and  
Government Accountability  
111 West Madison Street  
Room 312, Claude Pepper Building  
Tallahassee, Florida 32399-1475

Dear Mr. Turcotte:

The substantive portion of the report and the recommendations proffered by OPPAGA focus on the lack of administrative direction for the toolkit. All of the Coordinating Partners [the Department of Community Affairs; Enterprise Florida, Inc.; the Office of Urban Opportunity (Front Porch); and Workforce Florida] agree that clear administrative direction would bring efficiencies to the process. The partners are currently preceeding to complete responsibilities under the law. To date the following have been accomplished:

- Workforce Florida has contracted with a coordinator to “staff” the toolkit processes.
- Agency designees to partner with the toolkit initiative have been designated and the initial meeting has been held.
- A draft of the required inventory of available resources, programs, tax credits, inducements, etc. has been compiled.
- DCA is looking at the use of emergency rules or other mechanisms prior to public input on the procedures for the Start-Up Initiative.
- A draft of the application required by law has been completed. Criteria for evaluating grant proposals are being developed.
- Designation of the communities required is pending the completion of plotting of the relevant information about communities (i.e. front porch, enterprise zones, H1B, etc.) on state maps.

While we do not disagree with the recommendations of the report, it is not clear that OPPAGA considered the implications of imposing the administrative responsibilities on the agencies cited, understanding that the responsibility for administering the Tool Kit

may significantly effect the statutory functions of the respective agencies. It should also be noted, that while program start up has been slower than we had anticipated, the funding for the program is from a legislative appropriation of TANF block grant funds that the legislature can reauthorize as deemed appropriate.

Thank you for the opportunity to comment on the draft report.

On behalf of the coordinating partners I am respectfully,

/s/

Curtis C. Austin