

Agency Review – Enterprise Florida, Inc., and Department of Economic Opportunity

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Executive Summary

Scope

Section [20.601\(3\)](#), *Florida Statutes*, requires the Office of Program Policy Analysis and Government Accountability (OPPAGA) to conduct a comprehensive review of the Department of Economic Opportunity (DEO) and Enterprise Florida, Inc. (EFI). OPPAGA determined program costs; evaluated best practices and alternatives that would result in more efficient or effective agency administration; examined the viability of privatization or a different state agency performing functions; and evaluated the costs and consequences of agency discontinuation.¹

Background

Florida’s economic development system is multi-faceted and includes public agencies, non-profit corporations, and private entities at the state, regional, and local level. The Legislature created some of these organizations, while others are units of local government or privately formed associations or alliances. The most prominent of these organizations are Enterprise Florida, Inc., and the Department of Economic Opportunity. To achieve their missions, EFI and DEO perform numerous activities. (See Exhibit ES-1.)

Exhibit ES-1

EFI and DEO Perform Primary Activities Through Several Core Units

Enterprise Florida, Inc.	Department of Economic Opportunity
<p>Business Development and Other Targeted Development Programs -</p> <ul style="list-style-type: none"> ▪ Business Development - Works with companies interested in expanding or relocating to Florida by identifying and coordinating business operating objectives with available state, regional, and local resources. ▪ International Trade - Manages programs to expand the number of Florida companies exporting products and services; coordinates trade events; and manages key international relationships to improve Florida’s international business reputation. ▪ Florida Sports Foundation - Promotes Florida’s sports industry, assists communities and host organizations in attracting major and minor sports events, and sponsors the Sunshine State Games and Florida Senior Games. ▪ Minority and Small Business Entrepreneurship and Capital - Assists small businesses and partners with organizations to provide small, minority, and entrepreneurial companies with training, development, and financing options. 	<p>Strategic Business Development - Provides support for attracting out-of-state businesses to Florida, creates and expands Florida’s businesses, encourages economic development, and facilitates Florida’s economic development partnerships.</p>
<p>Strategic Partnerships - Collaborates with regional and local economic development councils to maintain and enhance relationships with primary partners and stakeholders and expand investor support and board participation; works with the state’s defense communities to enhance military bases and missions through targeted defense grant programs; and organizes four quarterly board of directors meetings around the state.</p>	<p>Community Development - Fosters community and economic development in Florida’s rural and urban communities by assisting local governments with efforts that prioritize local needs and balance state and federal requirements and resources.</p>
<p>Marketing and Communications - Assists in building relationships to promote Florida as a destination for business creation, relocation, and expansion and informs interested parties (e.g., business executives, site selection consultants) of EFI’s impact on job creation and Florida’s economy.</p>	<p>Workforce Services - Partners with CareerSource Florida and the state’s 24 Local Workforce Development Boards to help Floridians gain and retain employment and advance their careers and increase the availability of a skilled workforce to meet the needs of Florida employers.</p>

Source: OPPAGA analysis of Enterprise Florida and Department of Economic Opportunity information.

¹ As directed by the Legislature, OPPAGA also included in its review an examination of DEO and EFI programs that seek to encourage private sector investment and development in economically disadvantaged communities.

The combined legislative appropriation for EFI and DEO in Fiscal Year 2015-16 was \$1.08 billion. During the period, EFI received \$25 million and DEO received \$1.06 billion. (See Exhibit ES-2.)

Exhibit ES-2

For Fiscal Year 2015-16, the Legislature Appropriated EFI and DEO \$1.08 Billion

Agency	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Enterprise Florida, Inc.	\$ 16,000,000	\$ 18,050,000	\$ 19,900,000	\$ 25,000,000
Department of Economic Opportunity	1,265,102,239	1,021,953,393	1,155,131,165	1,057,428,556
Total	\$1,281,102,239	\$1,040,003,393	\$1,175,031,165	\$1,082,428,556

Source: OPPAGA analysis of Department of Economic Opportunity data.

Findings

Numerous states use public-private partnerships to support economic development activities; most competitor states perform activities through a public agency. OPPAGA examined 18 states (including Florida) that research publications have cited as using public-private partnerships to perform economic development duties. Eleven of the 18 (61.1%) states, including Florida, have both public agencies and public-private partnerships or corporations performing economic development duties. The remaining 7 of the 18 (38.9%) states manage economic development activities solely through public-private partnerships or non-profit corporations.

In addition, most of Florida's competitor states perform economic development activities through a public agency. State economic development officials consider several states to be Florida's main competitors—Alabama, California, Georgia, New York, North Carolina, Tennessee, and Texas. Among these states, only two—North Carolina and Texas—use a model similar to Florida's approach. The remaining five states provide economic development programs and services through a government agency or public authority.

Employment analyses show that for several industries, Florida underperformed compared to competitor states; several competitor states outperform Florida on key economic indicators. The analyses included six qualified target industries—Manufacturing; Wholesale Trade; Information; Finance and Insurance; Professional, Scientific, and Technical Services; and Management of Companies and Enterprises. From 2006 to 2015, Florida experienced employment growth in two of six industry sectors: Management of Companies and Enterprises (31%) and Professional, Scientific, and Technical Services (12.5%). Of the comparison states, Florida ranked fourth in Manufacturing and third in Management of Companies and Enterprises. Texas received a first place ranking in five of six industry sectors.

OPPAGA also compared Florida to competitor states on several indicators frequently used in studies that examine states' economic outlooks and business climates—gross domestic product (GDP), GDP per capita, unemployment rate, and personal income. Among these measures, Florida performed best on unemployment rate, having the third lowest rate among competitor states in 2015. New York and Texas outperformed Florida on all four measures, and California outperformed the state on three measures. With respect to its tax climate, Florida compares favorably to six states and is equal to Texas for state income tax rate and ranks third for corporate income tax rate. The state compares less favorably with respect to state sales tax rate, ranking fifth out of eight.

Florida has implemented many best practices, but there are opportunities for improvement. OPPAGA's review found that Florida has made progress to implement most of the best practices highlighted in the literature. For example, as recommended by experts, DEO, in conjunction with other entities at the state, regional, and local level, developed the *Florida Strategic Plan for Economic Development*. In addition, the Legislature has made several changes to improve the state's business climate, including recently establishing a permanent sales tax exemption for machinery and equipment used in manufacturing.

However, there are still opportunities to improve the state's economic development system, particularly in the area of streamlining programs and facilitating greater access to services for businesses of all sizes. For example, at the state level, both EFI and DEO seek to recruit, retain, and expand industries and businesses and to market the state's economic incentives; both organizations also perform duties related to specific programs, such as those devoted to military and defense communities. In addition, most state-level economic development programs, particularly incentives, generally preclude small businesses from benefitting because of high job creation, wage, and capital investment thresholds. OPPAGA's analysis of a sample of program participants found that only 14.5% of incentive recipients have fewer than 50 employees.

EFI has reduced staff and begun to shift several programs to DEO; there are opportunities for additional streamlining. A recent organizational assessment made a number of recommendations designed to focus EFI on its primary functions, shift non-core programs to DEO, and reduce agency costs. To date, EFI has eliminated 26 positions at a savings of \$2.1 million. The agency has also begun shifting several responsibilities to DEO, including small and minority business programs and military grants. EFI and the department are also crafting legislation to facilitate the transfer of oversight of VISIT FLORIDA and the Florida Sports Foundation to DEO.

While these efforts have helped restructure EFI's operations and narrow its focus to core mission, there are additional opportunities to diminish overlap with DEO activities and further streamline the agency. For example, given that DEO is now responsible for administering three state military and defense grant programs, the Florida Defense Support Task Force and Florida Defense Alliance could be transferred to DEO to completely consolidate the state's base retention activities. There are also additional consolidation opportunities within EFI, including shifting functional units so that Marketing and Communication activities become the responsibility of the Senior Vice President of External Affairs.

Private sector cash investments represent a very small portion of EFI's overall budget; EFI's escrow account funds could generate significantly more interest income if held in a state trust fund. As a public-private partnership, EFI is expected to obtain private sector support to help pay for its operational costs. According to state law, the agency's legislative appropriations must be matched with private sector support equal to at least 100% of state operational funding. According to EFI financial data, state funding has always far exceeded private sector funding. Private sector cash contributions during OPPAGA's review period rarely exceeded \$2 million, while state appropriations averaged about \$20 million per year.

In addition, when Florida is vying for competitive projects, the Quick Action Closing Fund has been used to overcome a quantifiable disadvantage after other available resources have been exhausted. Funds that are obligated to businesses via contract are placed in a commercial escrow account. Currently, the escrow account has a balance of \$122.6 million. Using a state trust fund to hold these funds would generate approximately \$1.93 million more interest than the commercial account.

According to economic development professionals, EFI provides valuable services, but Florida's economic development system needs improvements. OPPAGA surveyed members of EFI's Stakeholders Council as well as site selection consultants who have worked with EFI. The survey revealed several themes. For example, availability of a skilled workforce rates highly as an important factor in economic development, and respondents believe that EFI provides services that are important to the state's economic development efforts, including site selection assistance to businesses outside Florida and marketing the state as a business destination. However, economic development professionals feel that Florida's economic development system needs improvement through increased incentive funding and improved workforce quality.

Many businesses believe that the incentive claims and payment processes need improvement. OPPAGA surveyed businesses that received incentives during Fiscal Years 2012-13 through 2014-15 and asked respondents about the claims approval and payment processes. Nearly 40% of respondents thought the incentive claims submittal process needed improvement and 47% thought the incentive payment process needed improvement. To measure the timeliness of these processes, OPPAGA examined data provided by DEO for 217 claims submitted between January 2014 and February 2016. The average time claims submissions spent with the

third-party auditor during this period was nearly 12 months and the average time between claims submissions and incentive payments to businesses was more than 16 months.

DEO's Economic Development Incentives Portal received high ratings from businesses but could be improved to provide better functionality. OPPAGA's survey of incentive recipients asked them to rate the portal's usefulness on a scale from 1 (not at all useful) to 5 (very useful). Most respondents rated the portal as useful or very useful. However, recipients suggested that several possible improvements could be made to the portal. These improvements include providing more data fields in the search reports including award amount, jobs committed, and industry; improving search functions such as additional data fields and a keyword search; and providing users the ability to export search results as an Excel or PDF file.

The selection process for community planning grants lacks a uniform review and scoring process. While program staff recently created and implemented a scoring evaluation tool for the Competitive Florida Grants, the department has not developed selection criteria for the Community Planning Technical Assistance grants. To address this concern, DEO should establish a uniform review and scoring process for the two grant programs.

Very few businesses participate in several of DEO's small and minority business and rural economic development programs; lack of marketing may affect participation. According to program administrators and DEO staff, Microfinance Loan Program participation is limited by short loan repayment terms. The lack of geographic reach also limits program participation; there are currently only two program administrators, located in Miami and Tallahassee. In addition, during the last few years, Black Business Loan Program participation has decreased significantly; the program had only 12 active loans in Fiscal Year 2014-15. Similarly, the number of program loan administrators has decreased; there are currently only two loan administrators for the entire state. Finally, over the last 20 years, participation in the Rural Community Development Revolving Loan Fund Program has been very low; since 1996, the program has made only 17 loans. Program staff indicated that a potential reason for the extremely low participation rate is that there are no formal marketing activities that promote the programs to rural local governments or economic development organizations within rural counties.

Businesses are generally satisfied with the state's workforce services, but finding qualified job applicants remains a significant challenge. OPPAGA surveyed a subset of the businesses that received CareerSource services in 2016. Most businesses (70%) reported that they are satisfied overall with the services received. When asked about the biggest challenges to Florida's workforce system, the most frequently cited issues included difficulty finding qualified job applicants with the appropriate skills (47%) and finding individuals who want to work (20%). The most frequently reported suggestions for overcoming these challenges included more training and education for job seekers (35%) and improved screening of candidates (10%). Several businesses also mentioned that they have encountered difficulties in using Employ Florida Marketplace and that the system is slow and difficult to navigate.

One-stops and local workforce boards provide many services; respondents cited a number of challenges to effective service delivery. To better understand the roles, activities, and perspectives of the entities that deliver workforce services throughout the state, OPPAGA surveyed One-Stop Career Center operators and Local Workforce Development Board executive directors and presidents/CEOs. The survey revealed several themes. For example, one-stops offer standard and specialized workforce services and collaborate with several other entities. In addition, one-stop and workforce board interaction with state agencies is primarily limited to DEO and CareerSource Florida, with very little interaction with EFI. Local workforce entities perceive several challenges in Florida's workforce system and voiced concerns about online tools like Employ Florida Marketplace and CONNECT (the state's online reemployment assistance system).

Local Workforce Development Boards met or exceeded statewide scores for federal performance measures to varying degrees. OPPAGA analyzed data from Fiscal Years 2012-13 through 2014-15 and ranked the 24 boards based on whether they did not meet, met, or exceeded federal performance goals from year to year and compared individual scores to the statewide score. The analysis shows that during the review period, 18

boards exceeded the statewide score, 3 met the statewide score, and 3 fell below the statewide score. The three boards that did not meet the statewide score were CareerSource Citrus Levy Marion, CareerSource North Florida, and CareerSource Polk. According to DEO staff, most boards have had instances where they did not meet one or more program goals for that year, but all boards are consistently meeting or exceeding the majority of performance goals.

Florida has consistently met several federal unemployment performance measures but has struggled to meet goals related to first payment promptness and nonmonetary determination quality. The U.S. Department of Labor established Unemployment Insurance Core Measures that each state is required to track and submit to the federal agency. During Fiscal Years 2012-13 through 2014-15, Florida met or exceeded federal performance measures for lower authority appeals quality, new employer status determination time lapse, and tax quality. However, DEO has struggled to meet performance goals for other indicators, including first payment promptness, nonmonetary determination time lapse, and quality of nonmonetary separations and nonseparations. DEO staff reported that they are working with the U.S. Department of Labor to improve their performance on these measures by implementing a State Quality Service Plan.

Options for Consideration

While EFI’s operations were recently streamlined, there are additional opportunities to narrow the agency’s focus on its core activities. There are also steps that EFI and the Legislature could take to improve agency programs and activities and reduce costs. In addition, to enhance efforts to support the state’s business, community, and workforce development efforts, DEO and the Legislature could consider several options to increase program efficiency and participation across the department’s three main divisions. There are also opportunities to improve communication between the state’s economic development and workforce development entities and improve the functionality of department data systems. Moreover, the Legislature may wish to consider a number of changes that could enhance Florida’s overall economic development system. (See ES-3.)

Exhibit ES-3

There Are Several Options for Improving Florida’s Economic Development System

Enterprise Florida, Inc.	Department of Economic Opportunity
<ul style="list-style-type: none"> ▪ Proceed with transferring minority and small business programs to DEO and consolidate all minority and small business programs into one DEO division ▪ Proceed with pursuing legislation to transfer VISIT FLORIDA and the Florida Sports Foundation to DEO ▪ Transfer the Florida Defense Support Task Force and the Florida Defense Alliance to DEO ▪ Increase focus of business development activities on small businesses ▪ Increase collaboration with CareerSource Florida and local workforce boards and One-Stop Career Centers ▪ Limit state financial contribution to match of private sector contributions ▪ Discontinue state funding ▪ Shift the funds in EFI’s escrow account to a state trust fund ▪ Consolidate EFI’s functions under DEO 	<ul style="list-style-type: none"> ▪ Improve the timeliness of the incentive claims and payment processes ▪ Address concerns about Economic Development Incentives Portal functionality ▪ Improve community planning grant program award processes ▪ Address program administration and participation concerns about small and minority business programs ▪ Improve marketing of small and minority business and rural economic development programs ▪ Relocate small and minority business assistance programs to the same DEO division that will be administering EFI’s small business programs ▪ Enhance communication between local workforce boards and state-level economic development entities ▪ Improve functionality of Employ Florida Marketplace and CONNECT

Source: OPPAGA analysis.

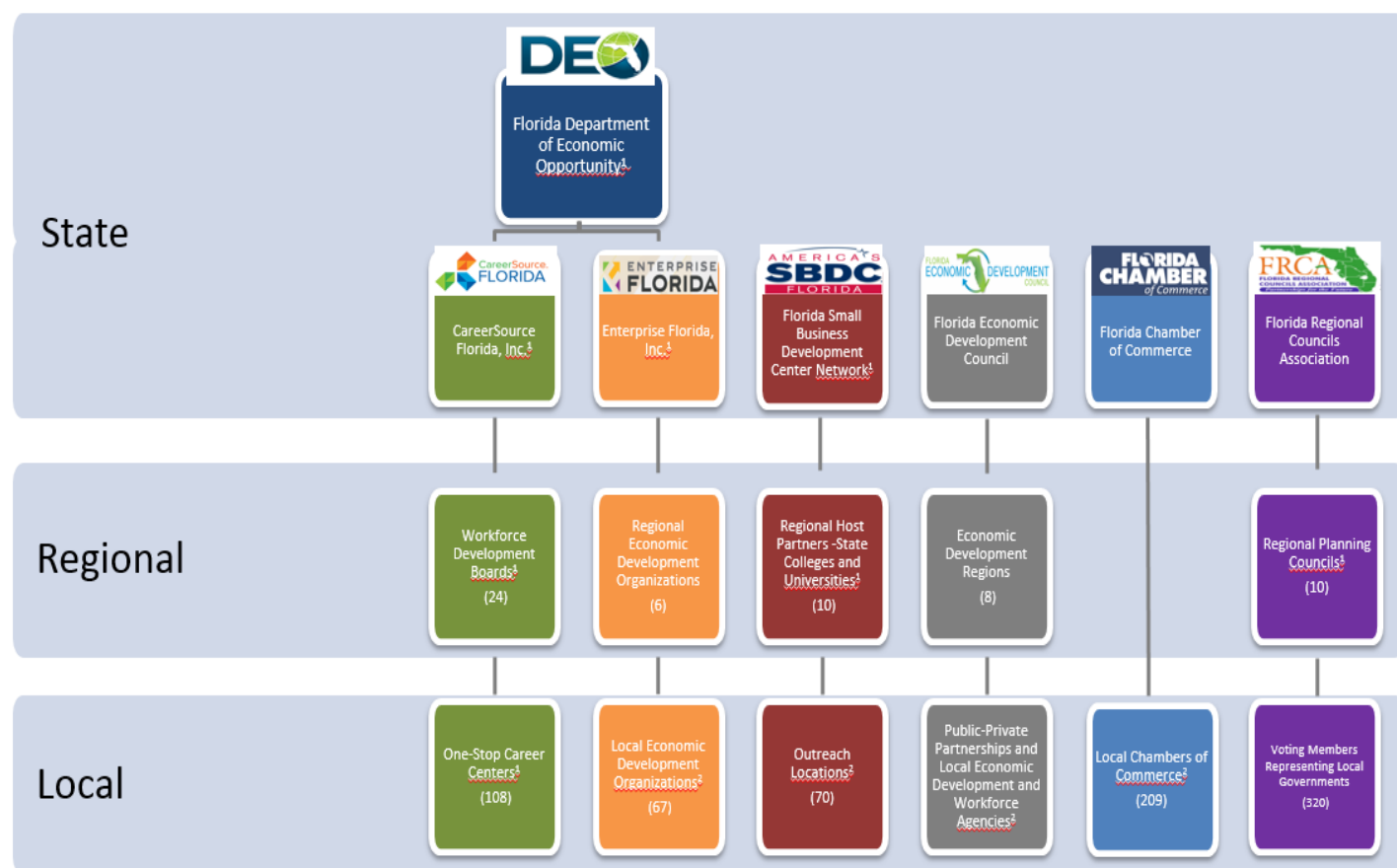
Chapter 1

Florida’s Economic Development System

System Structure and Cost

Florida’s economic development system is complex and multi-layered. Florida’s economic development system is multi-faceted and includes public agencies, non-profit corporations, and private entities at the state, regional, and local level. (See Exhibit 1-1.) The Legislature created some of these organizations, while others are units of local government or privately formed associations or alliances. Many of the organizations have similar missions (e.g., encouraging economic development and enhancing the state’s business climate) and serve the same constituencies (e.g., in- and out-of-state businesses and the state’s economic and workforce development communities). The most prominent of these organizations are Enterprise Florida, Inc. (EFI), and the Department of Economic Opportunity (DEO).

Exhibit 1-1
The Major Components of Florida’s Economic Development System Include Entities at the State, Regional, and Local Level



¹ Created in state law.

² Included entities that are members of other local level organizations.

Source: OPPAGA analysis.

The Legislature created EFI to serve as Florida's primary economic development marketing organization and established DEO to streamline state economic development and workforce functions. Prior to the creation of Enterprise Florida, Inc., the Department of Commerce and Department of Labor and Employment Security were responsible for the state's economic development activities. In 1996, the Legislature created EFI as a public-private partnership to serve as the state's principal economic development marketing and promotion organization.² EFI is responsible for advancing Florida businesses in both international and domestic markets by attracting, retaining, and growing businesses with high wage jobs. To achieve this purpose, EFI encourages businesses to locate or expand in Florida and assists companies through the process of identifying and obtaining financial incentives. A board of directors composed of business, economic development, and government leaders oversees EFI.³

To support the ongoing evolution of the state's economic development system, the 2011 Legislature created the Department of Economic Opportunity, transferring functions from the Agency for Workforce Innovation (AWI), Department of Community Affairs (DCA), and Governor's Office of Tourism, Trade, and Economic Development (OTTED) to the new agency.^{4,5} AWI had performed functions related to workforce, unemployment compensation, and early learning services, while DCA was the state's land planning and community development agency. OTTED assisted the Governor in formulating economic development policies and strategies and administered the state's economic incentive programs.

To achieve their economic development missions, EFI and DEO perform numerous activities and collaborate via contracts. (See Exhibit 1-2.) DEO serves as the contract manager for agreements with EFI, the Institute for the Commercialization of Public Research, the Florida Defense Support Task Force, the Florida Sports Foundation, Space Florida, and VISIT FLORIDA.⁶

² Chapter 92-277, *Laws of Florida*, created EFI, while Ch. 96-320, *Laws of Florida*, established EFI as a public-private partnership.

³ EFI's Board of Directors includes the Governor (chair); the Chief Financial Officer; Attorney General; Commissioner of Agriculture; Commissioner of Education; and Secretary of State, or one of his or her designees; the CareerSource Florida board chair; and 12 members from the private sector—6 appointed by the Governor and affirmed by the Senate, 3 appointed by the Senate President, and 3 appointed by the Speaker of the House of Representatives. In addition to the 19 specified board members, the board may also appoint at-large members and have ex officio members from the Senate or House of Representatives.

⁴ Chapter 2011-142, *Laws of Florida*. DEO began operations in October 2011.

⁵ While the law transferred the majority of these agencies' responsibilities and functions to DEO, it also shifted some programs to other areas of state government. AWI's Office of Early Learning Services was transferred to the Department of Education; DCA's Division of Emergency Management was transferred to the Executive Office of the Governor; DCA's Florida Building Commission was transferred to the Department of Business and Professional Regulation; and DCA's Florida Communities Trust and Stan Mayfield Working Waterfronts programs were transferred to the Department of Environmental Protection.

⁶ Section 20.60(9)(b), *F.S.*

Exhibit 1-2
EFI and DEO Perform Several Primary Activities

Enterprise Florida, Inc.	
Unit	Primary Activities
Business Development and Other Targeted Development Programs (International Trade, Florida Sports Foundation, and Minority and Small Business Entrepreneurship and Capital)	<p>Business Development works directly with companies interested in expanding or relocating to Florida by identifying and coordinating business operating objectives with available resources within state, regional, and local organizations.</p> <p>International Trade manages programs to expand the number of Florida companies exporting Florida products and services; coordinates events for marketing and promoting Florida trade and investment; and manages key international relationships to improve Florida’s international business and global reputation.</p> <p>Florida Sports Foundation promotes Florida’s sports industry, assists communities and host organizations in attracting major and minor sports events, and sponsors the Sunshine State Games and Florida Senior Games.</p> <p>Minority and Small Business Entrepreneurship and Capital assists small businesses and partners with organizations to provide small, minority, and entrepreneurial companies with training, development, and financing options.</p>
Strategic Partnerships	Partners with regional and local economic development councils to maintain and enhance relationships with primary partners and stakeholders and expand investor support and board participation; works with the state’s defense communities to enhance military bases and missions through targeted defense grant programs; and organizes four quarterly board of directors meetings around the state.
Marketing and Communications	Communicates Florida’s pro-business climate globally; assists in building relationships to promote Florida as a destination for business creation, relocation, and expansion; and informs interested parties (e.g., business executives, site selection consultants, and industry stakeholders) of EFI’s impact on job creation and Florida’s economy.
Department of Economic Opportunity	
Division	Primary Activities
Strategic Business Development	Provides support for attracting out-of-state businesses to Florida, creates and expands Florida’s businesses, encourages economic development, and facilitates Florida’s economic development partnerships.
Community Development	Fosters community and economic development in Florida’s rural and urban communities by assisting local governments with efforts that prioritize local needs and balance state and federal requirements and resources.
Workforce Services	Partners with CareerSource Florida and the state’s 24 Local Workforce Development Boards to strengthen Florida’s business climate by helping Floridians gain and retain employment and advance their careers and increasing the availability of a skilled workforce to meet the current and future needs of Florida’s employers.

Source: OPPAGA analysis of Enterprise Florida, Inc., and Department of Economic Opportunity information.

The Legislature appropriates more than \$1 billion a year for Florida’s major state-level economic development activities. The combined legislative appropriation for Enterprise Florida, Inc., and the Department of Economic Opportunity for Fiscal Year 2015-16 was \$1.08 billion. (See Exhibit 1-3.) During the period, EFI received \$25 million and DEO received \$1.06 billion. Between Fiscal Year 2012-13 and Fiscal Year 2015-16, EFI’s legislative appropriation increased by 56.3% (\$9 million), while DEO’s appropriation decreased by 16.4% (\$207.7 million).

Exhibit 1-3
The Legislature Appropriates an Average of \$1.1 Billion per Year for State-Level Economic Development Activities

Agency	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Enterprise Florida, Inc.	\$ 16,000,000	\$ 18,050,000	\$ 19,900,000	\$ 25,000,000
Department of Economic Opportunity	1,265,102,239	1,021,953,393	1,155,131,165	1,057,428,556
TOTAL	\$1,281,102,239	\$1,040,003,393	\$1,175,031,165	\$1,082,428,556

Source: OPPAGA analysis of Department of Economic Opportunity data.

Comparison to Other States' Economic Development Systems

Many states, including Florida's major competitors, support economic development efforts through government agencies. Others, like Florida, use a public-private partnership model of both public and private entities for economic development. Several states exclusively use non-profit corporations or public-private partnerships without involvement of a state agency.

Numerous states use public-private partnerships to support economic development activities. Proponents of public-private state economic development systems have cited a variety of reasons for advocating such an approach. Supporters have identified several common difficulties associated with the traditional economic development model (i.e., state agency), including cumbersome agency design; limited professional experience among agency staff; inability to connect businesses to key support systems; and lack of quantitative evaluation processes.

According to proponents, public-private partnerships can help address these concerns and respond to businesses and communities faster and more nimbly than state agencies. For example, some economic development research shows that states that have adopted a public-private model have enjoyed benefits such as cost reductions, enhanced access to private funds and resources, ability to hire top talent, establishment of performance systems, and introduction of flexibility, efficiency, and continuity by working outside of the traditional political framework.

OPPAGA examined 18 states (including Florida) that research publications have cited as using public-private partnerships to perform economic development duties.⁷ (See Appendix A.) Eleven of the 18 (61%) states, including Florida, have both public agencies and public-private partnerships or corporations performing economic development duties. For example, the Economic Development Partnership of North Carolina is a non-profit public-private partnership that recruits new businesses to the state, supports the needs of existing businesses, connects exporters with customers, and helps launch small businesses. The partnership operates under contract with the North Carolina Department of Commerce, but also receives private-sector financial support. In Texas, TexasOne is a public-private partnership that markets the state as a desirable business destination. The organization, which receives no public funding, encourages economic development through trade and industry events, business recruitment missions, advertising, and public relations. In addition to TexasOne, the Governor's Economic Development and Tourism Division pursues business expansion and relocation prospects, with the goal of encouraging job creation and export opportunities.

The remaining 7 of the 18 (39%) states manage economic development activities solely through public-private partnerships or non-profit corporations. For example, the Indiana Economic Development Corporation is the state's lead economic development agency. The corporation is a public-private partnership governed by a 12-member board and led by the Indiana Secretary of Commerce. Similarly, the Wisconsin Economic Development Corporation is a public-private entity formed to support the state's business development and deploy funds to maximize economic opportunity. A 14-member board of directors provides the organization with strategic leadership and operational oversight, representing statewide public and private economic development interests.

⁷ See *Public-Private Economic Development Partnerships*, Connecticut General Assembly, January 2006; *Public-Private Partnerships in Economic Development*, The University of Vermont, Vermont Legislative Research Shop, February 2009; *Redesigning State Economic Development Agencies*, National Governors Association, September 2012; *A Case for Moving State Economic Development Functions to a Public-Private Partnership*, Governor-Elect Pat McCrory Transition Team, December 2012; *Economic Development in the U.S. Alters Course Because of Recession*, Catherine Renault, 2012; and *Wisconsin Economic Development Corporation Management Review and Recommendations*, Center for Regional Economic Competitiveness, February 2016.

Most of Florida's competitor states perform economic development activities through a public agency. State economic development officials consider several states to be Florida's main competitors—Alabama, California, Georgia, New York, North Carolina, Tennessee, and Texas. Among these states, only two—North Carolina and Texas—use a model similar to Florida's approach. The remaining five states provide economic development programs and services through a government agency or public authority.

For example, in Georgia, the Department of Economic Development is the state's lead agency for attracting new business investment, encouraging expansion of existing industry and small businesses, aligning workforce education and training with in-demand jobs, and locating new markets for Georgia products. The department's activities also include attracting tourists to the state and promoting Georgia as a location for film, music, and digital entertainment projects. The department is led by a commissioner and overseen by a board of directors made up of members of the business community.

In New York, Empire State Development is the chief economic development agency; the agency is a public authority that is a corporate instrument of the state. The agency's mission is to promote the state's economy, encourage business investment and job creation, and support local economies via loans, grants, tax credits, real estate development, marketing, and other forms of assistance. Empire State Development is managed by a chief executive officer in conjunction with a board of directors and is supported by a network of regional offices throughout the state.

Comparison to Other States for Key Economic Indicators

Employment analyses for the state's qualified target industries show that for several industries, Florida underperformed compared to competitor states. The Legislature encourages growth in high-wage jobs and economic diversity by providing incentives to qualified target industry (QTI) businesses.⁸ Currently, the QTI list, developed by EFI and DEO, includes clean technology, life sciences, information technology, aviation/aerospace, homeland security/defense, financial/professional services, emerging technologies, other manufacturing, and corporate headquarters.⁹ Businesses that fall within the list are eligible for a variety of state economic development incentives, including the QTI Tax Refund, Rural Job Tax Credit, and Research and Development Tax Credit.

OPPAGA conducted economic analyses of Florida's QTI industries over a 10-year period to determine how the state is performing relative to other states and the national economy. The analyses used employment data from 2006 to 2015 for six QTI industries—Manufacturing; Wholesale Trade; Information; Finance and Insurance; Professional, Scientific, and Technical Services; and Management of Companies and Enterprises. Comparison states included Alabama, California, Georgia, New York, North Carolina, Tennessee, and Texas. North Carolina and Texas are the only competitor states that perform economic development activities similarly to Florida, through a public-private partnership and state agency. The remaining states utilize public agencies for state-level economic development.

From 2006 to 2015, Florida experienced employment growth in two of six industry sectors: Management of Companies and Enterprises (31%), which also outperformed the national average, and Professional, Scientific, and Technical Services (12.5%). Of the eight states, Florida ranked fourth in Manufacturing and third in

⁸ Section 288.106(2)(q), *F.S.*

⁹ Certain businesses including those engaged in retail industry activities and those regulated by the Department of Business and Professional Regulation's Division of Hotels and Restaurants are not considered in target industries.

Management of Companies and Enterprises. Texas received a first place ranking in five of six industry sectors. (See Exhibit 1-4.)

Exhibit 1-4

Florida’s Employment Growth in the Management of Companies and Enterprises Industry Sector Is Higher than Other States and the National Average; Performance in Other Industries Is Lower

Employment Growth Rate (State Ranking) by Industry						
State	Manufacturing	Wholesale Trade	Information	Finance and Insurance	Professional, Scientific, and Technical Services	Management of Companies and Enterprises
Alabama	-14.9% (3)	-9.4% (8)	-29.1% (8)	-1.5% (5)	1.9% (8)	15.6% (6)
California	-14.1% (2)	2.0% (2)	2.5% (2)	-18.8% (8)	17.6% (6)	8.1% (8)
Florida	-14.9% (4)	-3.7% (6)	-18.7% (7)	-3.5% (6)	12.5% (7)	31.0% (3)
Georgia	-16.1% (5)	0.4% (4)	-8.0% (4)	-0.2% (3)	22.9% (3)	25.1% (4)
New York	-19.9% (8)	-3.5% (5)	-0.7% (3)	-5.9% (7)	17.8% (5)	12.5% (7)
North Carolina	-16.7% (6)	1.1% (3)	3.7% (1)	5.5% (2)	26.9% (2)	18.8% (5)
Tennessee	-16.7% (7)	-8.6% (7)	-11.5% (6)	-1.3% (4)	19.1% (4)	75.8% (2)
Texas	-5.2% (1)	19.6% (1)	-9.9% (5)	14.0% (1)	35.2% (1)	107.6% (1)
United States	-12.9%	-0.2%	-9.4%	-4.5%	16.6%	23.1%

Source: OPPAGA analysis of U. S. Department of Labor, Bureau of Labor Statistics data.

Further analyses showed little or no employment growth in these industries relative to the nation.¹⁰ However, Florida’s employment growth in Management of Companies and Enterprises was attributable to the state’s relative competitive advantage and outperformed national trends. In addition, for Finance and Insurance, while there was some positive growth attributed to the state, overall the industry declined. (See Appendix B and Appendix C for additional information about these analyses).

Several competitor states outperform Florida on key economic indicators. OPPAGA compared Florida to seven competitor states on several indicators frequently used in studies that examine states’ economic outlooks and business climates. These indicators include gross domestic product (GDP), GDP per capita, unemployment rate, and personal income. Among these measures, Florida performed best on unemployment rate, having the third lowest rate among competitor states in 2015. Florida has the fourth highest gross domestic product, ranks seventh for per capita GDP, and ranks fourth for personal income. New York and Texas outperformed Florida on all four measures, and California outperformed the state on three measures. (See Exhibit 1-5.)

Exhibit 1-5

Compared to Competitor States, Florida Ranked Relatively Low on Several Key Economic Indicators in 2015

State	GDP (in millions)	Rank (1 – 8)	GDP per Capita	Rank (1 – 8)	Unemployment Rate	Rank (1 – 8)	Personal Income	Rank (1 – 8)
California	\$2,458,535	1	\$56,365	2	6.2%	8	\$53,741	2
Texas	\$1,586,468	2	\$53,707	3	4.5%	1	\$46,947	3
New York	\$1,441,003	3	\$63,929	1	5.3%	2	\$58,760	1
Florida	\$ 882,798	4	\$38,950	7	5.4%	3	\$44,429	4
North Carolina	\$ 499,449	5	\$44,054	4	5.7%	4	\$40,759	6
Georgia	\$ 495,727	6	\$43,301	5	5.9%	6	\$40,306	7
Tennessee	\$ 314,191	7	\$42,457	6	5.8%	5	\$42,094	5
Alabama	\$ 204,235	8	\$37,597	8	6.1%	7	\$38,030	8

Note: Green shading indicates that the state had the best performance for the economic indicator.

Source: OPPAGA analysis of U.S. Census Bureau, U.S. Bureau of Economic Analysis, and U.S. Bureau of Labor Statistics data.

¹⁰ OPPAGA calculated location quotients and shift-share analyses using employment data for Florida, comparison states, and the nation.

With respect to its tax climate, Florida compares favorably to six states and is equal to Texas for state income tax rate and ranks third for corporate income tax rate. The state compares less favorably with respect to state sales tax rate, ranking fifth out of eight. (See Exhibit 1-6).

Exhibit 1-6

Florida Ranked Somewhat More Favorably on Tax Climate Than Its Competitor States In 2015

State	Corporate Tax Rate	Rank (1 – 8)	State Income Tax Rate	Rank (1 – 8)	Sales Tax Rate	Rank (1 – 8)
Texas	0/none ¹	1	0/none	1	6.25%	6
North Carolina	5.0%	2	5.75%	5	4.75%	4
Florida	5.5%	3	0/none	1	6.0%	5
Georgia	6.0%	4	6.0%	6	4.0%	1
Alabama	6.5%	5	5.0%	3	4.0%	1
Tennessee	6.5%	5	5.0%	3	7.0%	7
New York	7.1%	7	8.82% ²	7	4.0%	1
California	8.84%	8	12.3% ³	8	7.5%	8

¹ Texas imposes a franchise tax on entities with more than \$1,080,000 in revenues at a rate of 0.95%, or 0.475% for entities primarily engaged in retail or wholesale trade, on lesser of 70% of total revenues or 100% of gross receipts after deductions for either compensation or cost of goods sold.

² New York has a tax rate schedule that ranges from 4% to 8.82%, depending on an individual's income bracket.

³ California has a tax rate schedule that ranges from 1% to 12.3%, depending on an individual's income bracket. For incomes over \$1,000,000, there is an additional Mental Health Services Tax of 1%.

Note: Green shading indicates that the state had the best performance for the economic indicator.

Source: OPPAGA analysis of U.S. Census Bureau, U.S. Bureau of Economic Analysis, and U.S. Bureau of Labor Statistics data.

Best Practices in Economic Development

In recent years, economic development experts have identified a number of best practices that states can use to guide their economic development efforts. (See Appendix D.) OPPAGA reviewed these practices and found that they range from developing a strategic plan to reducing regulatory requirements to evaluating program success.

Florida has implemented many best practices, but there are opportunities for improvement. OPPAGA's review found that the state has made progress to implement most of the best practices highlighted in the literature. (See Appendix E.) For example, as recommended by experts, the Department of Economic Opportunity, in conjunction with other entities at the state, regional, and local level, developed the *Florida Strategic Plan for Economic Development*, which includes goals, objectives, and comparative measures of Florida's current performance, crosscutting strategies and area-specific strategies to help the state accomplish statewide goals, and key actions for plan implementation.¹¹

In addition, the Legislature has made several changes to improve the state's business climate, including recently establishing a permanent sales tax exemption for machinery and equipment used in manufacturing. The state has also enhanced workforce development efforts through implementation of the federal Workforce Innovation and Opportunity Act. A major focus of these workforce development efforts is expanded business engagement and improved alignment with regional economies and stakeholders while continuing to emphasize achievement of results for job seekers.

However, there are still opportunities to improve Florida's economic development system, particularly in the area of streamlining programs and facilitating greater access to services for businesses of all sizes. For example, at the state level, both EFI and DEO seek to recruit, retain, and expand industries and businesses and to market the state's

¹¹ DEO collaborated with Enterprise Florida, Inc., CareerSource Florida, and the Department of Transportation and received feedback from other state agencies, state associations, regional planning councils, local economic development organizations, and other stakeholders. The department also solicited public feedback while developing the plan.

economic incentives. Numerous organizations at the local level also focus on business recruitment and expansion and market the state's business climate and economic incentives. For example, Miami-Dade County's Beacon Council provides a wide range of services intended to attract new businesses and assist existing businesses in their efforts to expand; these services include helping companies determine eligibility for state incentives. Similarly, JAXUSA, Northeast Florida's regional economic development initiative, focuses on recruiting new companies and expanding the existing business community, including educating companies about state-level incentive programs.

Moreover, while the creation of DEO was intended to consolidate and streamline Florida's state-level economic development activities, fragmentation persists. For example, EFI and DEO both perform duties related to programs devoted to small businesses and military and defense communities. DEO is the lead agency for all of Florida's State Small Business Credit Initiative (SSBCI) programs, monitors program performance, and submits quarterly reports to the U.S. Department of Treasury. However, DEO contracts with EFI and the Florida Export Finance Corporation to manage several SSBCI programs.¹² With regard to the state's military and defense programs, both EFI and DEO play a role. EFI provides staff support to the Florida Defense Alliance and Florida Defense Support Task Force and administers task force grants, while DEO also administers several statutorily authorized military and defense grants.¹³

Although 96% of the state's businesses employ fewer than 50 employees, most state-level economic development programs, particularly incentives, generally benefit large businesses.¹⁴ Only one state-level resource exclusively serves small businesses—the Florida Small Business Development Center (SBDC) Network.¹⁵ Through more than 40 offices, SBDC provides support services that target the needs of businesses that employ fewer than 100 people and demonstrate a capacity for growth.¹⁶ Despite SBDC's focus on small businesses, many state economic incentive programs preclude such businesses from benefitting because of high job creation, wage, and capital investment thresholds. For example, to qualify for the Qualified Target Industry Tax Refund, a business must create at least 10 jobs if relocating to the state or increase employment by 10% if expanding in the state; recipients must pay an annual wage of 115% of the average private sector wage in the area where the business is located. To be eligible for the Capital Investment Tax Credit Program, businesses must create between 100 and 1,500 new jobs and make between \$25 million and \$250 million in capital investments.¹⁷ Similarly, recipients of High Impact Performance Incentive Grants must be certified as high impact businesses and must create between 25 and 150 new jobs; recipients must also make capital investments ranging from \$50 million to \$800 million.¹⁸ OPPAGA's analysis of businesses that received incentives in Fiscal Years 2012-13 through 2014-15 confirms that incentives are typically awarded to large businesses. Specifically, the analysis of 214 projects found that 14.5% of incentive recipients have 50 employees or less, while 51.9% of recipients have more than 1,000 employees. (See Exhibit 1-7.)

¹² In addition, EFI has agreements with the Florida First Capital Finance Corporation to administer loan participations where the U.S. Small Business Administration is part of the financing.

¹³ Includes Military Base Protection, Defense Reinvestment, and Defense Infrastructure grants.

¹⁴ According to the law that created the Small Business Development Center Network, small businesses are firms that employ fewer than 100 people. However, definitions may vary significantly, with some programs considering businesses with fewer than 50 employees to be small businesses and others using 200 or fewer as the standard.

¹⁵ Section 288.001, *F.S.*

¹⁶ These services include helping businesses plan for start-up, operation, or expansion; develop and implement business plans; develop and implement plans to access or expand to new or existing markets; and access capital for business investment and expansion.

¹⁷ Qualifying requirements vary based on investment amount and industry sector.

¹⁸ *Ibid.*

Exhibit 1-7**The Majority of Economic Incentives Are Awarded to Businesses With More Than 1,000 Employees**

Business Size	Number of Projects	Percentage by Business Size Category
1-4 Employees	4	1.9%
5-9 Employees	2	0.9%
10-19 Employees	9	4.2%
20-49 Employees	16	7.5%
50-99 Employees	17	7.9%
100-249 Employees	19	8.9%
250-499 Employees	15	7.0%
500-999 Employees	21	9.8%
Over 1000 Employees	111	51.9%
Total	214¹	100%

¹ Business size was not available for all of the projects included in OPPAGA Report *Florida Economic Development Program Evaluations-Year 4*.

Source: OPPAGA analysis of Department of Economic Opportunity data.

Chapter 2

Enterprise Florida, Inc.

Agency Structure and Funding

EFI markets Florida as a premier business location via three major program areas. To achieve its intended purpose, Enterprise Florida, Inc., operates three primary program areas—Business Development and Targeted Development Programs (International Trade and Development, Minority and Small Business Entrepreneurship and Capital, and Sports Industry Development), Strategic Partnerships, and Marketing and Communications. These areas carry out EFI’s statutorily mandated responsibilities, which include

- increasing private investment in Florida;
- advancing international and domestic trade opportunities;
- promoting opportunities for minority-owned businesses;
- assisting, promoting, and enhancing economic opportunities in Florida’s rural and urban communities;
- revitalizing the space and aerospace industries and promoting emerging complementary industries;
- assisting and marketing professional and amateur sport teams and events in Florida; and
- marketing the state as a pro-business location and a premier tourist destination.¹⁹

See Appendix F for a more detailed description of each of EFI’s primary units.

EFI’s funding is derived from state, federal, and private sources. EFI’s funding is derived from state appropriations, federal sources, and private sector support. In Fiscal Year 2015-16, the primary source of EFI’s revenues was state funding, at \$33.3 million; federal funding accounted for \$72,708 of the agency’s revenues. State funding is generally used to support EFI operations, international trade programs, defense grant programs, the Florida Sports Foundation, and marketing. Federal funding has primarily supported programs under the Small Business Credit Initiative. During the review period, expenditures totaled \$128.3 million. Over the last four years, the agency’s revenues have ranged from \$66.1 million in Fiscal Year 2012-13 to \$55.9 million in Fiscal Year 2015-16, and expenditures have ranged from \$26.4 million to \$37.8 million. (See Exhibit 2-1.)

Exhibit 2-1

EFI’s Operations and Activities Are Primarily Supported With State and Federal Funds

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Revenues by Source				
State	\$22,768,118	\$22,701,967	\$24,821,252	\$33,335,669
Private and In-kind	1,714,998	1,956,179	2,056,773	2,751,810
Federal	36,777,841	21,907,604	8,696,137	72,708
Other	4,880,653	8,037,243	2,535,086	19,760,763
Total Revenues	\$66,141,610	\$54,602,993	\$38,109,248	\$55,920,950
Total Expenditures	\$26,368,772	\$32,285,680	\$31,877,212	\$37,793,256
Total Positions	82.5	86	90.5	80

Source: Enterprise Florida, Inc., audited financial statements and resource data.

¹⁹ Section 288.901(2), F.S.

Findings

EFI has reduced staff and begun to shift several programs to DEO; there are opportunities for additional streamlining. In March 2016, the Governor directed a review of EFI's functions, with the goal of identifying efficiencies, cost savings, and opportunities for streamlining state funds and services. Overall, the review found that stakeholders value EFI and the organization "is a good investment of state dollars."²⁰ However, the assessment made a number of recommendations designed to focus EFI on its primary functions, shift non-core programs to DEO, and reduce agency costs. The most significant recommendations included

- consolidating and redesigning EFI's organizational structure;
- transitioning management of the State Small Business Credit Initiative and military and defense grants to DEO;
- preparing a legislative proposal to move VISIT FLORIDA, Florida Sports Foundation, and minority and small business programs to DEO;
- eliminating 27 positions throughout the organization;
- reducing operating, program, travel, and professional fee expenses; and
- preparing an investment strategy for the \$6 million savings identified in the review.²¹

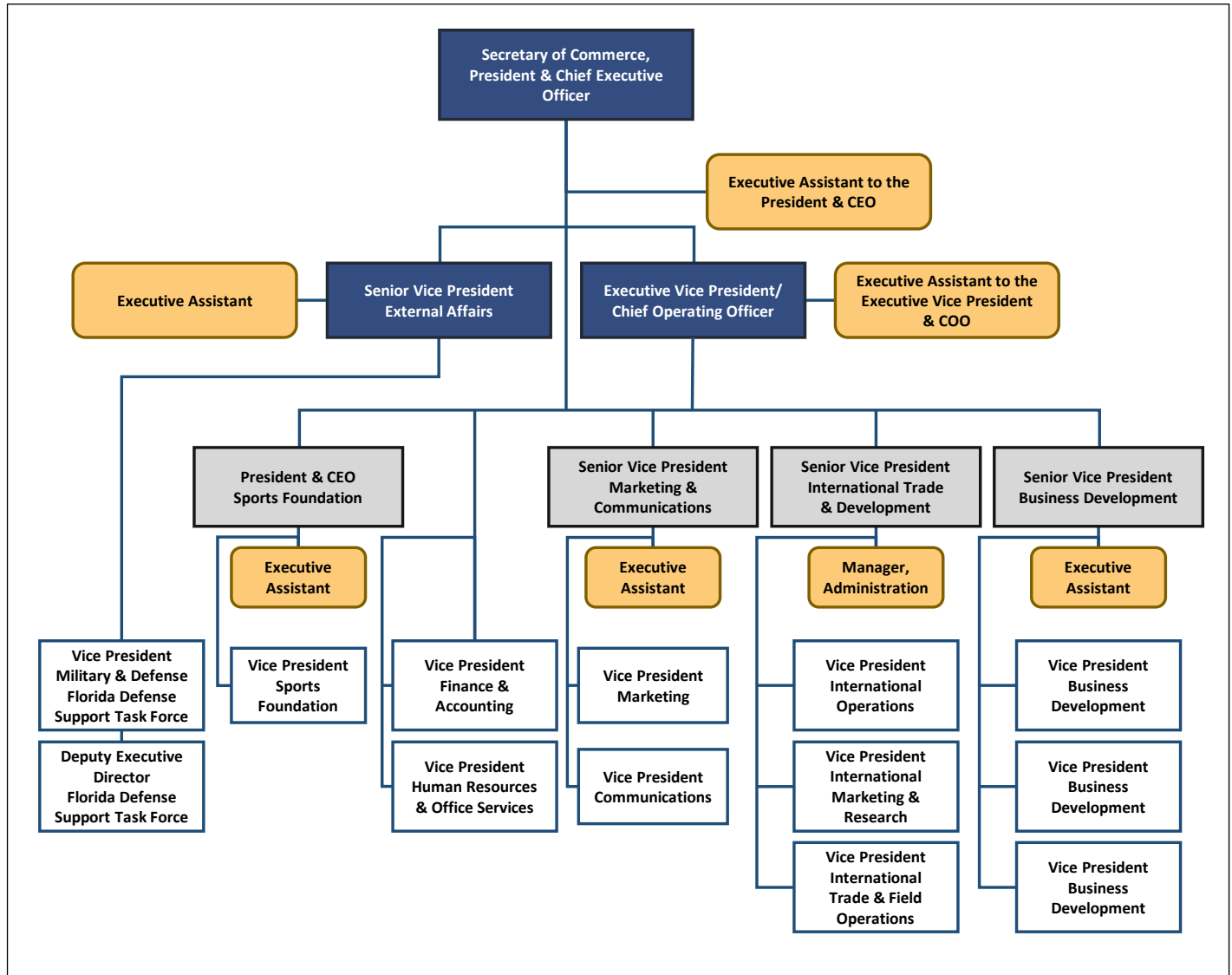
In June 2016, EFI's board of directors voted to adopt these recommendations. Under the new organizational structure, the agency will have three major operational units—International, Business Development, and Marketing and Public Relations—and an External Affairs Unit that includes Military and Defense Support and Board Relations. (See Exhibit 2-2.)

²⁰ See *Enterprise Florida Review: Observations and Findings*, DTW Strategies, May 11, 2016.

²¹ Other recommendations included the following: free up available cash on hand for reuse in future years; hire an independent accounting firm to conduct an internal controls review and recommend a corrective action plan; conduct an evaluation of international office expenditures; redesign the business development organization; redesign the business performance bonus system; and redesign the business flow and review/approval processes between EFI and DEO.

Exhibit 2-2

EFI Has Reorganized Its Structure to Emphasize Major Operational Units That Perform Core Agency Functions



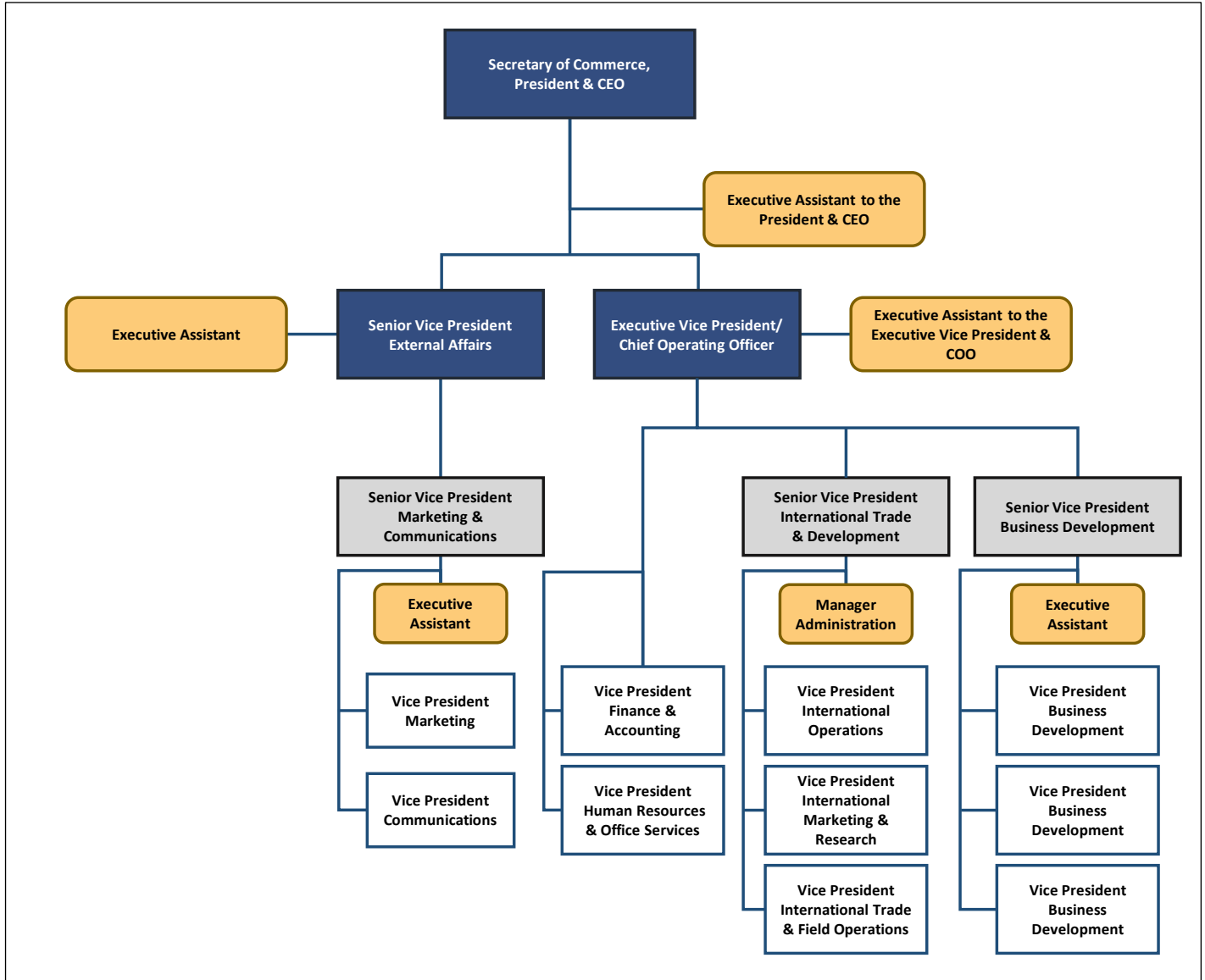
Source: Enterprise Florida, Inc.

To date, EFI has eliminated 26 positions at a savings of \$2.1 million. The agency has also begun shifting several responsibilities to DEO. For example, EFI and DEO are negotiating the transition of the State Small Business Credit Initiative to the department and are determining whether to also transfer the Florida Opportunity Fund, which would require legislation. In addition, EFI and DEO are reviewing other minority and small business programs and will devise a transition strategy. EFI’s Executive Committee also recommended that the agency’s contract with DEO be amended so the department takes over responsibility for administering military grants, while EFI maintains military base relationships through the Florida Defense Support Task Force and Florida Defense Alliance. Finally, EFI and the department are crafting legislation to facilitate the transfer of VISIT FLORIDA and the Florida Sports Foundation to DEO.

While these efforts have helped restructure EFI’s operations and narrow its focus to core mission, there are additional opportunities to diminish overlap with DEO programs and activities and further streamline the agency. For example, given that DEO is now responsible for administering three state military and defense grant programs, the Florida Defense Support Task Force could be transferred to the department to completely

consolidate the state’s base retention activities. There are also additional consolidation opportunities within EFI. Specifically, if military programs and the Florida Sports Foundation are transitioned to DEO, EFI functional units could be shifted so that Marketing and Communication activities become the responsibility of the Senior Vice President of External Affairs, leaving administration (finance and accounting and human resources and office services), International Trade and Development, and Business Development under the Executive Vice President. (See Exhibit 2-3.)

**Exhibit 2-3
EFI’s Structure Could Be Further Streamlined**



Source: OPPAGA analysis.

Private sector cash investments represent a very small portion of EFI’s overall budget; the agency relies heavily on state funds. As a public-private partnership, EFI is expected to obtain private sector support to help pay for its operational costs. According to state law, the agency’s legislative appropriations must be matched with private sector support equal to at least 100% of state operational funding.²² Under state law, private sector support includes

- cash given directly to EFI for its operations, including contributions from at-large members of the board of directors;
- cash donations from organizations assisted by EFI’s divisions;
- cash jointly raised by EFI, private local economic development organizations, a group of such organizations, or a statewide private business organization that supports collaborative projects;
- cash generated by fees charged for products or services of EFI and its divisions by sponsorship of events, missions, programs, and publications; and
- copayments, stock, warrants, royalties, or other private resources dedicated to Enterprise Florida or its divisions.

According to EFI financial data, state funding has always far exceeded private sector funding. Specifically, private sector cash contributions during the review period rarely exceeded \$2 million, while state appropriations averaged about \$20 million per year. Funds from other private sources (e.g., event revenue, other income) averaged approximately \$2.7 million per year. (See Exhibit 2-4.)

**Exhibit 2-4
EFI’s Private Sector Funding Has Increased but Is Significantly Outweighed by State Support**

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Private Sector Cash Contributions	\$1,487,500	\$1,787,500	\$1,912,500	\$2,508,470
Event Revenue	\$1,210,895	\$1,053,062	\$1,129,275	\$1,231,083
Other Income	\$1,113,862	\$1,702,057	\$2,178,132	\$1,097,983
State Appropriation	\$16,000,000	\$18,050,000	\$19,900,000	\$25,000,000

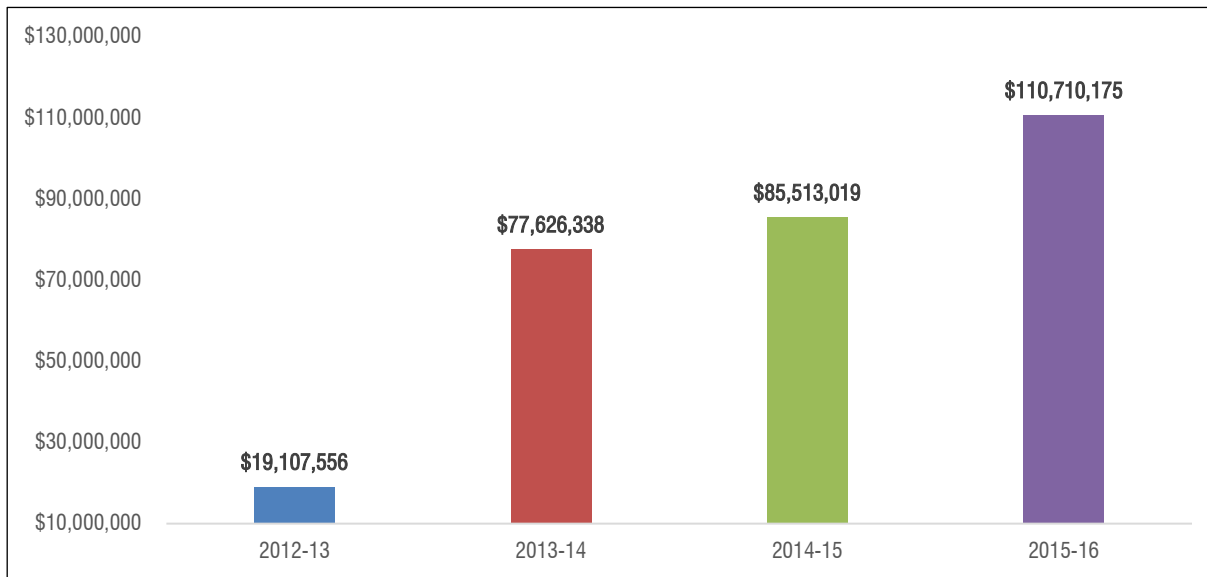
Source: Enterprise Florida, Inc.

EFI’s escrow account funds could generate significantly more interest income if held in a state trust fund. When Florida is vying for competitive projects, the Quick Action Closing Fund has been used to overcome a quantifiable disadvantage after other available resources have been exhausted. Funds are paid to businesses based on specific project criteria outlined in a performance-based contract between the company and the state. Funds that are obligated to businesses via contract are placed in an escrow account. The Legislature appropriates incentive funds to DEO, which in turn provides funding to EFI as the escrow agent. EFI uses a commercial bank to hold the funds, which generate daily interest. Bank representatives and OPPAGA analysis indicate that the escrow account receives approximately 0.25% interest on funds held in the account. Current balances in the escrow account have increased over the years due to additional funds provided for the Quick Action Closing Fund by the Legislature and interest income earned. (See Exhibit 2-5.) On occasion, EFI will return escrow funds to DEO when incentive recipients do not meet contract deliverables. In addition, on a quarterly basis, EFI remits interest payments earned on escrow funds to DEO.

²² Section 288.904(2)(a), F.S.

Exhibit 2-5

Escrow Account Balances Increased Significantly From Fiscal Years 2012-13 Through 2015-16



Source: OPPAGA analysis.

Using a state trust fund to hold escrow funds would generate approximately \$1.93 million more interest than the commercial account. Specifically, as of September 30, 2016, the balance in the escrow account was \$122.6 million. Based on the current interest generated by the account (0.25%), it would annually accumulate approximately \$307,000 in interest earnings. If these same funds were held in a state trust fund, which has a current average yield of 1.82%, the funds could generate approximately \$2.2 million.

According to economic development professionals, EFI provides valuable services, but Florida’s economic development system needs improvements. To better understand the perspectives of economic development professionals and other stakeholders familiar with economic development issues in Florida, OPPAGA surveyed members of EFI’s Stakeholders Council as well as site selection consultants who have worked with EFI.²³

Availability of a skilled workforce rates highly as an important factor in economic development. Members of EFI’s Stakeholders Council reported that the most important factors to economic development in Florida are availability of a skilled workforce (95%), regulatory or permitting structure (94%), and ease of access to public facilities (89%). Site selection consultants reported that the most important factors are availability of a skilled workforce (97%), local financial incentives (90%), and state financial incentives (90%).

Survey respondents were then asked to rate Florida’s performance with regard to these economic development factors. Among Stakeholders Council members, the factors that were most frequently rated strongly are ease of access to public facilities (81%) and availability of a skilled labor force (57%). These respondents most frequently cited state financial incentives (61%) as the weakest factor. Among site selection consultants, the most frequently reported factors for which Florida rates strongly are ease of access to public facilities (67%), corporate income tax structure (63%), and labor costs (63%). The most frequently reported factors for which Florida is rated weak are local financial incentives (37%) and state financial incentives (37%).

²³ OPPAGA surveyed 103 Primary Partners and Stakeholders Council members; 11 (10%) provided partial responses and 58 (56%) provided complete responses. Most respondents (66%) were representatives of local or regional economic development organizations. In addition, OPPAGA surveyed 97 site selection consultants known to frequently conduct business in Florida; 12 (12%) provided partial responses, and 24 (24%) provided complete responses.

EFI provides services that are important to the state's economic development efforts, including site selection assistance to businesses outside Florida and marketing the state as a business destination. Most Stakeholders Council members (95%) and site selection consultants (93%) reported that EFI's services are important to economic development in Florida. Stakeholders Council members reported that the most important services provided by EFI to overall economic development in Florida are location and site selection assistance to businesses outside Florida (74%), marketing Florida (69%), and international trade and promotion (41%). Site selection consultants reported that the most important EFI services are technical assistance (70%), location and site selection assistance for businesses outside of Florida (67%), and funding assistance (59%).

When asked where EFI should focus its efforts going forward, the most frequently reported responses among Stakeholders Council members were marketing Florida as a place to do business (70%), location and site selection assistance for businesses outside of Florida (69%), and international trade and promotion (41%). Site selection consultants reported that the most important services that EFI should offer in the future are location and site selection assistance for businesses outside of Florida (63%), funding assistance (56%), technical assistance (56%), and marketing Florida as a place to do business (56%).

Economic development professionals feel that Florida's economic development system needs improvement through increased incentive funding, improved workforce quality, and assistance for Florida businesses. Most Stakeholders Council members (94%) and site selection consultants (92%) reported that improvements are needed to Florida's economic development system. When asked how the system can be improved, Stakeholders Council members and site selection consultants reported that the most important actions are to increase incentive funding (61% and 80%, respectively), improve the quality of the workforce (53% and 32%, respectively), and assist Florida businesses through technical assistance and other support services (41% and 44%, respectively).

When asked about the biggest challenges to economic development in Florida, Stakeholders Council members discussed concerns over the loss of state economic incentives (37%), particularly the Quick Action Closing Fund, and the subsequent loss of business opportunities to other states, along with negative perceptions of Florida among business leaders. They also reported challenges related to the lack of a qualified workforce (27%); lack of attention and resources dedicated to rural areas (19%); and the perception of an unstable political environment along with uncertainty over the status of EFI (15%).

Economic development professionals have mixed opinions about the recent reorganization of EFI. When asked about the recent reorganization of EFI, Stakeholders Council members reported a mixture of opinions. Some (18%) reported that the changes at EFI were necessary and will help the organization focus on its core objectives, including business development, marketing, and international trade. Others (10%) expressed mixed feelings about the changes, indicating that change and organizational reassessment can be good things, but that there have been issues with the recent EFI changes, including poor communication and loss of talent from the organization. Others (18%) commented on negative aspects of the reorganization, including the perception that the changes were politically driven, the negative effects the changes have had on EFI employee morale, and negative perceptions of Florida as a business destination. Some (11%) discussed the need for increased representation and engagement of local and regional partners in statewide economic development, and a few (7%) respondents commented that the reorganization is an opportunity for the state to refocus its efforts to assist smaller communities, rural areas, and small businesses.

Options for Consideration

While Enterprise Florida, Inc., recently streamlined its operations as recommended by an organizational review, there are additional opportunities to narrow the agency's focus on its core activities. In addition, there are steps that EFI and the Legislature could take to improve agency programs and activities and reduce costs. Moreover, there are a number of changes that the Legislature could consider to enhance Florida's overall economic development system. Regardless of which options are implemented, it is important that the primary functions of state-level marketing, business development, and international trade and development be maintained by either EFI or DEO. (See Exhibit 2-6.)

Exhibit 2-6

The Legislature and EFI Could Consider Options for Further Streamlining the Agency's Operations and Enhancing State Economic Development Efforts

STREAMLINE EFI OPERATIONS

OPTION 1 – Proceed with transferring minority and small business programs to DEO and consolidate all minority and small business programs into one DEO division

- Would limit EFI's activities to core missions of marketing and domestic and international business development
- Would heighten DEO's emphasis on minority and small business programs, which have been historically underutilized and inadequately marketed
- The Legislature could also consider transferring management of the Florida Opportunity Fund to the State Board of Administration (SBA); the SBA currently administers a similar program—the Florida Growth Fund—that includes \$750 million in capital for investments in technology and growth related businesses; would require amendment of ss. 288.9622 through 288.9624, *F.S.*

OPTION 2 – Proceed with pursuing legislation to transfer VISIT FLORIDA and the Florida Sports Foundation to DEO

- Would limit EFI's activities to core missions of marketing and domestic and international business development
- Would streamline contracting and payment processes, with agreements established directly between DEO and VISIT FLORIDA and the Florida Sports Foundation
- Would require amendment of s. 288.1226, *F.S.* (VISIT FLORIDA) and s. 288.92, *F.S.* (Florida Sports Foundation)

OPTION 3 – Transfer the Florida Defense Support Task Force and the Florida Defense Alliance to DEO

- Would consolidate all of the state's military and defense programs under one state agency
- Would require amendment of s. 288.980, *F.S.* (Florida Defense Alliance)
- State law already authorizes DEO to contract directly with the task force (s. 288.987, *F.S.*)

IMPROVE EFI'S PROGRAMS AND ACTIVITIES

OPTION 4 – Increase focus of business development activities on small businesses

- Should develop specific business development campaigns and strategies that focus exclusively on Florida-based small businesses (firms that employ fewer than 100 people)
- Should increase coordination with the Florida Small Business Development Network, including joint outreach and marketing efforts
- Should aggressively market economic incentives that are available to small businesses
- Review current economic development program criteria to identify modifications that would make the programs more accessible to small businesses

OPTION 5 – Increase collaboration with CareerSource Florida and local workforce boards and One-Stop Career Centers

- Should continue EFI's Education and Workforce Talent Task Force and consider adding representatives of local workforce boards and One-Stop Career Centers to the group
- Should increase the level of coordination between EFI business development staff and local workforce boards and One-Stop Career Centers
- Should facilitate conference calls or in-person meetings between the CEO's of local boards and EFI business development staff to discuss and strategize ways to link employer and job seeker needs statewide

MODIFY EFI'S FUNDING MECHANISMS

OPTION 6 – Limit state financial contribution to match of private sector contributions

- Could limit state operational support to direct match of private sector cash contributions (e.g., if in the prior fiscal year cash contributions equaled \$2 million, the legislative appropriation for the following year would be \$2 million)
- Could continue marketing funding (approximately \$8.5 million per year) in support of one of EFI's major statutory purposes—"Market the state both as a pro-business location for new investment and as an unparalleled tourist destination"
- Would save an estimated \$9.5 million per year

OPTION 7 – Discontinue state funding

- Could discontinue state operational and marketing support entirely, saving an estimated \$20 million per year; in other states (e.g., Texas), public-private economic development organizations do not receive any state funds and are supported solely through private contributions

OPTION 8 – Shift the funds in EFI's escrow account to a state trust fund

- May require creation of a state trust fund to hold incentive commitments
- Would shift approximately \$122.6 million from a private financial institution to a state controlled trust fund
- Would result in higher interest yields; the current interest rate for EFI's escrow account is 0.25%, while the average effective rate net of fees for state trust funds is estimated to be 1.82% for Fiscal Year 2016-17
- Would result in more income for the state; using the current escrow fund balance and applying the average state trust fund interest rate yields approximately \$2.2 million that the Legislature could use for other critical state needs

CONSOLIDATE THE STATE'S ECONOMIC DEVELOPMENT SYSTEM

OPTION 9 – Consolidate EFI's functions under DEO

- Could transfer EFI's core activities (marketing, business development, and international trade and development) to DEO, making the department the only state-level economic development agency; in most states (32) a state agency performs economic development activities
- Could shift EFI's board under DEO, to ensure ongoing input from the business and economic development communities
- Would continue to have business recruitment, expansion, and support services at local and regional levels
- Would have to shift the funds from EFI's escrow account to a state trust fund
- Would generate cost savings, but amount depends upon how many EFI functions are transferred to DEO
- Would require amendment of ss. 288.901 through 288.923, *F.S.*

Source: OPPAGA analysis.

Chapter 3

Department of Economic Opportunity

Agency Structure and Funding

Three core divisions carry out DEO's objectives and statutory responsibilities. To achieve its intended purpose, the Department of Economic Opportunity performs major activities through three core divisions—Strategic Business Development, Community Development, and Workforce Services. These divisions help fulfill DEO's statutorily mandated responsibilities, which include

- ensuring that Florida's goals and policies relating to economic development, community planning and development, workforce development, and affordable housing are fully integrated with appropriate implementation strategies;
- recruiting new businesses to Florida and promoting the expansion of businesses by expediting permitting and location decisions, worker placement and training, and incentive awards;
- promoting viable, sustainable communities by providing technical assistance and guidance on growth and development issues, grants, and other assistance to local communities;
- coordinating with state agencies on the processing of state development approvals or permits to minimize the duplication of information provided by the applicant and the time before approval or disapproval; and
- managing the activities of public-private partnerships and state agencies in order to avoid duplication and promote coordinated and consistent implementation of various programs.²⁴

In addition, DEO has statutorily defined relationships with the Florida Housing Finance Corporation (FHFC) and CareerSource Florida (CSF). State law created FHFC within DEO, though it is a separate budget entity and is not subject to control, supervision, or direction by the department in any manner.²⁵ Similarly, state law created CSF and directed that the organization be administratively housed within DEO but not subject to control, supervision, or direction by the department in any manner.²⁶

See Appendix G for a more detailed description of each of DEO's primary divisions.

DEO derives most of its funding from federal sources and transfers a significant portion to other entities. In Fiscal Year 2015-16, DEO's total budget was \$1.08 billion and the majority (\$679 million, 63%) of this funding was from federal sources. Most of DEO's total budget (\$816.4 million, 75%) was transferred to other entities. (See Exhibit 3-1.) For example, \$283 million was transferred to fund local workforce boards, \$105 million supported housing programs administered by FHFC, \$74 million went to VISIT FLORIDA, and \$25 million went to EFI.

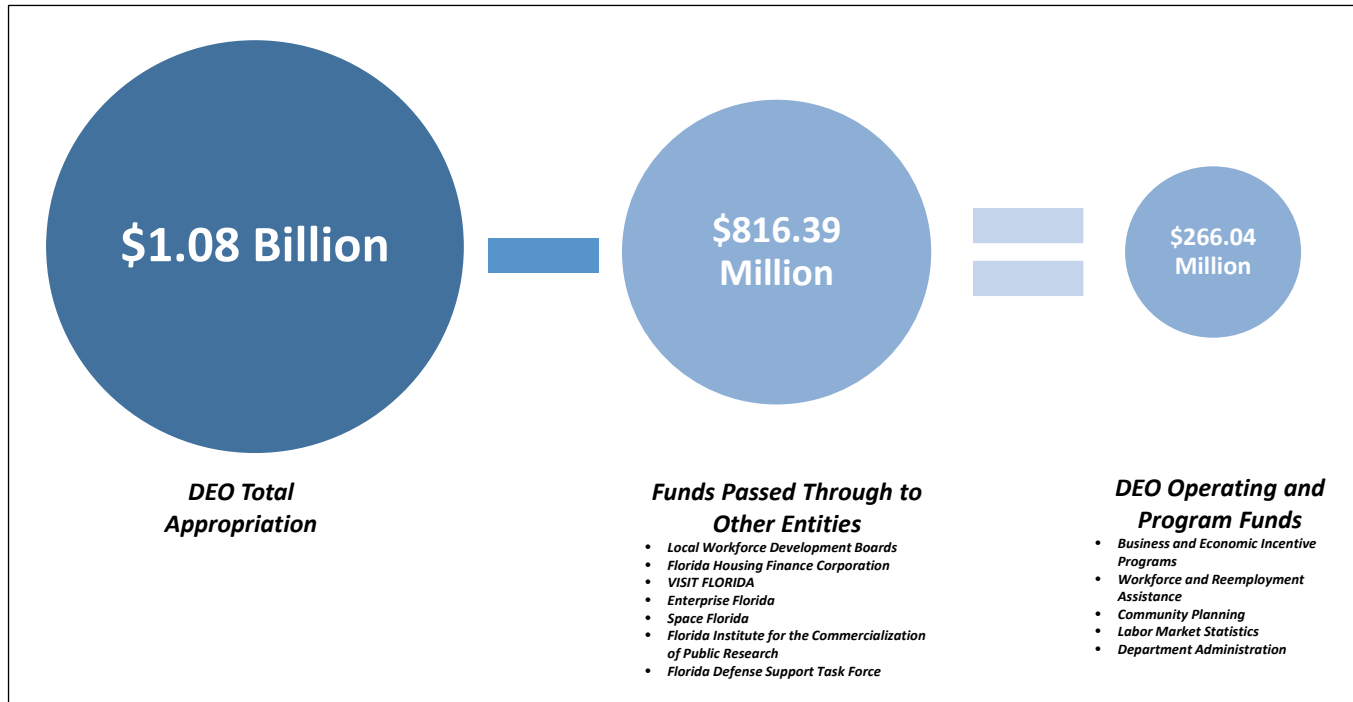
²⁴ Section 20.60(4)(b)(f), *F.S.*

²⁵ Section 420.504, *F.S.*

²⁶ Section 445.004, *F.S.*

Exhibit 3-1

In Fiscal Year 2015-16, 75% of DEO's Funding Was Passed Through to Other Entities

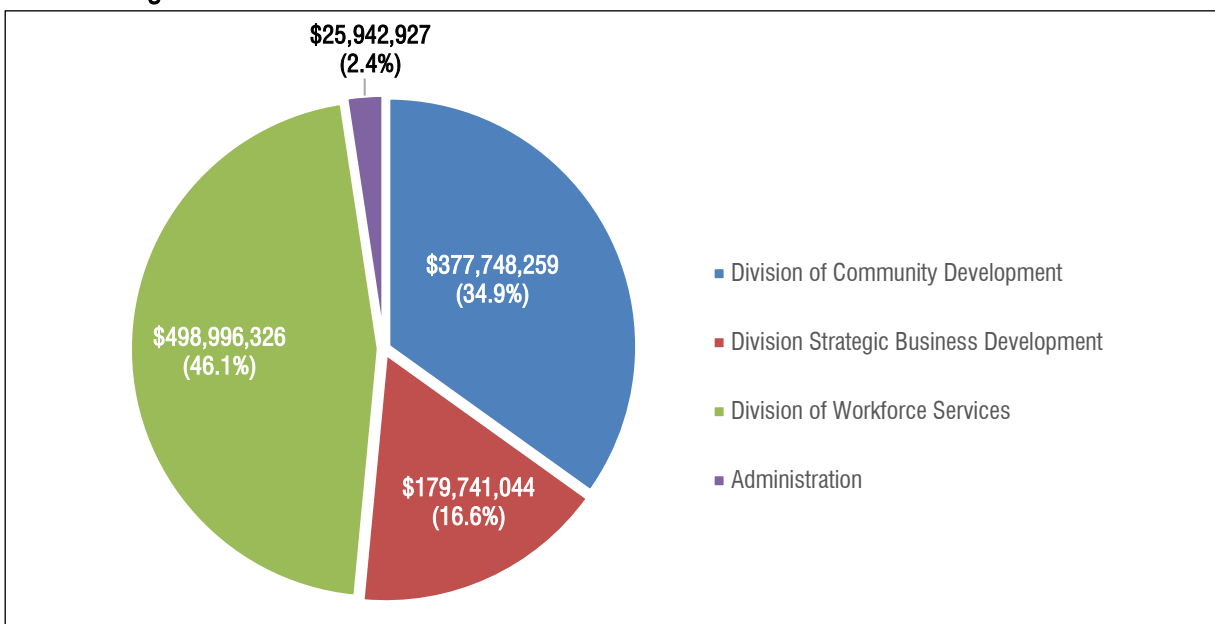


Source: OPPAGA analysis of Department of Economic Opportunity budget data.

During the same period, two divisions accounted for the vast majority of DEO's funding. The Division of Workforce Service was funded at \$498.9 million (46.1%) and the Division of Community Development was funded at \$377.7 million (34.9%). (See Exhibit 3-2.) Total staffing for the department in Fiscal Year 2015-16 was 1,618.50 full-time equivalent positions.

Exhibit 3-2

In Fiscal Year 2015-16, Workforce Services and Community Development Accounted for 81% of DEO's Total Funding



Source: OPPAGA analysis of Department of Economic Opportunity budget data.

Findings

Many businesses believe that the incentive claims and payment processes need improvement. To better understand businesses' experiences with state economic incentive programs and processes, OPPAGA surveyed businesses that received incentives during Fiscal Years 2012-13 through 2014-15.²⁷ OPPAGA's survey of businesses asked respondents about the approval and payment process and their interaction with DEO. Although 75% of businesses expressed satisfaction with the assistance provided by DEO, 39% thought the incentive claims submittal process needed improvement, and 47% thought the incentive payment process needed improvement. In open-ended responses, businesses reported that the incentive claims submittal process was complicated, cumbersome, and time-consuming. In addition, businesses said that it took too long to receive incentive payments.

In 2013, the Legislature directed DEO to contract with a third-party auditor for compliance services and included a requirement to review 100% of all incentive claims. The first contract between the department and the third-party auditor began in February 2014. The third-party auditor reviews supporting documentation showing that the businesses have created the jobs and paid the taxes specified in their written agreements with the state prior to recommending that the department pay the businesses. Since OPPAGA's 2014 review, the process has been improved, with businesses now able to electronically submit documentation for third-party review and the contractor required to process claims according to specified standards (e.g., provide a written claims review packet for every submitted claim).²⁸

To measure the timeliness of the compliance process, OPPAGA examined data provided by DEO for 217 claims submitted between January 2014 and February 2016. The average time claims submissions spent with the third-party auditor during this period was 353 days, or nearly 12 months. The average time between claims submissions and incentive payments to businesses was 489 days, or more than 16 months.

Department managers and third-party auditor representatives provided several possible reasons for delays in the claims submission and payment processes.

- Companies filing Qualified Target Industry claims must do so by January 31; however, a company may request a 30-day extension. While DEO must approve or disapprove the claim by June 30, a company may request an extension beyond that date to provide the department with additional information.
- If the third-party auditor sees a variance, it may ask the company for additional information. For example, if the company says an employee's annual salary is \$125,000, but unemployment compensation data shows that the figure is \$100,000, the auditor must research the discrepancy and may ask the business for additional documentation.
- Sometimes a business has trouble providing documentation in a timely fashion because of staff turnover or its internal structure. For example, in large businesses, staff who apply for incentives, process payroll, and pay taxes may be in separate departments, thus increasing the amount of time it takes to collect information.
- The law requires that incentive claims include copies of all receipts pertaining to the payment of taxes. Some companies claim only their annual ad valorem tax payments. However, companies that receive refunds for sales taxes have to submit numerous receipts and other documents that take time to collect. This may be especially true for large companies with several offices or divisions.
- Some delays are related to local government matching fund requirements. DEO notifies the local governments at the same time it notifies the companies that they are eligible to receive payments.

²⁷ OPPAGA surveyed 204 of the businesses that received incentives during the evaluation period; 58 (28%) responded.

²⁸ *Florida Economic Development Program Evaluations – Year 1*, OPPAGA [Report No. 14-01](#), January 2014.

However, local governments may require additional compliance activities before a company receives the match.

To improve the timeliness of the incentive claims and payment processes, DEO should educate businesses about documentation requirements early in the incentive application process. Further, DEO should provide businesses with technical assistance during the claims submission process. These steps would encourage businesses to submit the required documentation in a timely manner. In addition, the department could examine the claims and payment processes to determine if there are opportunities for further improvement.

Economic Development Incentives Portal received high ratings from businesses but could be improved to provide better functionality. In October 2013, DEO launched the Economic Development Incentives Portal to provide interactive access to the performance measures required in economic development incentive contracts (e.g., jobs and capital investment). The portal is intended to allow users to track a company's progress towards reaching required job creation and capital investment goals.

OPPAGA's survey of incentive recipients asked them to rate the portal's usefulness on a scale from 1 (not at all useful) to 5 (very useful). More than half (60%) of survey respondents rated the portal as useful or very useful. Most (84%) survey respondents used the portal to determine the status of their business's incentive project. OPPAGA also asked site selection consultants about their use of the portal.²⁹ More than half (54%) of the respondents had experience using the portal, and several of these respondents reported that the portal needs improvement, including improved search functions (7), exportable search results (6), and more data fields (10).

However, despite its usefulness, incentive recipients suggested that several possible improvements could be made to the portal, including

- providing more data fields in the search reports including award amount, jobs committed, and industry (53% of respondents);
- improving search functions such as additional data fields and a keyword search (47% of respondents); and
- providing users the ability to export search results as an Excel or PDF file (44% of respondents).

To address these concerns, DEO should make changes to the Economic Development Incentives Portal by providing additional search functions, such as award amounts and keywords, and offering users the ability to export results to Excel or another format.

DEO is generally meeting its statutory time limits for reviewing comprehensive plan amendments and has challenged very few amendment packages. The 2011 Legislature revised the state's growth management laws and amended the process for comprehensive plan amendment review. Now most plans are approved within established timeframes and the plan amendment review process has yielded very few objections or findings of non-compliance.

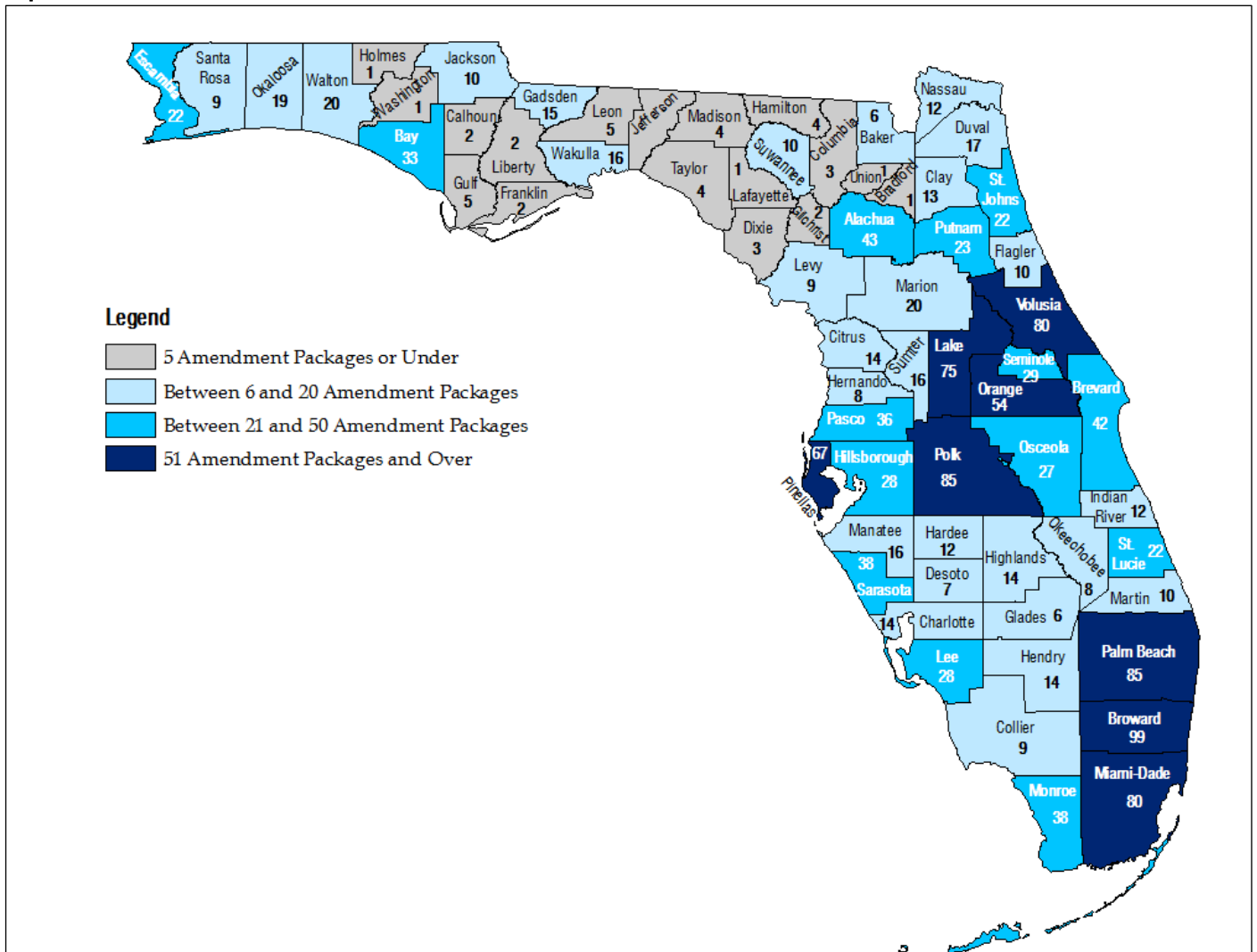
For calendar years 2012 through 2015, DEO staff reviewed 1,271 of 1,286 packages (98.8%) under the Expedited State Review process within the statutory timeframe. During the same period, staff reviewed 152 of 157 packages (96.8%) under the State Coordinated Plan Review process within the statutory timeframe. Eight counties—Broward, Lake, Miami-Dade, Orange, Palm Beach, Pinellas, Polk, and Volusia—were each responsible for more than 50 amendment packages during this three year period. (See Exhibit 3-3.) Of the packages reviewed through the expedited process, nine received substantive comments and only one was

²⁹ OPPAGA surveyed 97 site selection consultants known to frequently conduct business in Florida; 12 (12%) provided partial responses, and 24 (24%) provided complete responses.

challenged. Of the packages reviewed through the state coordinated review process, 84 received objections, and only 2 were found not in compliance.

Exhibit 3-3

For Calendar Years 2012 Through 2015, DEO Reviewed 1,443 Proposed Amendment Packages Through the Expedited and State Coordinated Review Processes



Source: OPPAGA analysis.

The selection process for community planning grants lacks a uniform review and scoring process. The Bureau of Community Planning provides two types of grants. Community Planning Technical Assistance grants are awarded to communities to implement planning projects that might otherwise be unaffordable; the program awarded 46 grants for a total of \$1.09 million in Fiscal Year 2014-15. The Competitive Florida Grant Program involves a two-year partnership between DEO and recipient communities and is funded as a subset of the technical assistance grants. This grant provides funds to local governments for asset-based economic development planning and implementation and culminates in an economic asset map; in Fiscal Year 2014-15, the program had 10 active grants for a total of \$400,000.

While program staff recently created and implemented a scoring evaluation tool for the Competitive Florida Grants, the department has not developed selection criteria for the Community Planning Technical Assistance

grants.³⁰ To address this concern, DEO should establish a uniform review and scoring process for the two grant programs.

Very few businesses participate in several small and minority business and rural economic development programs; lack of marketing may affect participation. These programs include the Microfinance Loan Program (MLP), Black Business Loan Program (BBLP), and Rural Community Development Revolving Loan Fund Program. Administrative limitations, lack of statewide coverage, and limited marketing activities have hampered participation in the programs.

Microfinance Loan Program. According to program administrators and DEO staff, program participation is limited by short loan repayment terms. The program has a one-year repayment period for participating businesses, which results in large monthly payments that many small businesses are unable to repay. Furthermore, program administrators reported that the administrative fee (1.0%) is not sufficient to cover state program costs. Consequently, contractors use revenue from other non-state programs to subsidize state program costs.

The lack of geographic reach also limits program participation. There are currently only two MLP administrators, located in Miami and Tallahassee. Although technically meant to serve the entire state, the statutory requirement that loan administrators meet one-on-one with businesses essentially limits their service area and the number of businesses they are able to serve. For example, the MLP administrator located in Miami only services loans in four counties.³¹

Black Business Loan Program. During the last few years, program participation has decreased significantly. In Fiscal Year 2012-13 the program had 64 active loans, in Fiscal Year 2013-14 it had 24 active loans, and in Fiscal Year 2014-15 it had 12 active loans. This is an 81% decrease in program participation over three fiscal years.

During the three-year period, the number of program loan administrators decreased when DEO clarified administrators' use of program funding. In the past, Black Business Investment Corporations (BBICs) were not operating the program as a revolving loan and were using loan fees and interest to supplement their administrative costs. In 2013, DEO issued a Declaratory Statement clarifying that revenues generated through loan fees or interest are state funds and cannot augment BBIC operations. This means that BBICs must operate the program on the administrative fee outlined in statute.³² Subsequent to the Declaratory Statement, several BBICs dropped out of the program. At the beginning of Fiscal Year 2012-13, before the Declaratory Statement was issued, there were seven BBICs, and currently there are two—Florida Black Business Support Corporation and Tampa Bay Black Business Investment Corporation.

The decrease in the BBIC participation has reduced the geographic area served by the program. Ideally, the program would have loan administrators distributed throughout the state, but the administrative fee limits the ability of BBICs to hire sufficient loan officers to cover the entire state. For example, Tampa Bay BBIC only serves five counties.³³ Moreover, while Access Florida covers the whole state, it is located in Tallahassee and several aspects of the loan process involve one-on-one technical assistance that essentially limits its service area.³⁴

Rural Community Development Revolving Loan Fund Program. Over the last 20 years, program participation has been very low. Since 1996, the program has made only 17 loans. There are currently three active projects for this program. According to program staff, a possible reason for the extremely low participation rate is that there are no formal marketing activities that promote the program to rural local

³⁰ Staff created the new evaluation process in Fiscal Year 2015-16. Scores are based on information that communities are required to submit in grant applications.

³¹ These counties are Broward, Miami-Dade, Orange, and Palm Beach.

³² BBICs are authorized to use up to 12% of the funds received for direct administrative costs.

³³ These counties are Hillsborough, Manatee, Pinellas, Polk, and Sarasota.

³⁴ Access Florida administers both the BBLP and the MLP.

governments or economic development organizations within rural counties. In addition, contracted program administrators reported a lack of advertising for the revolving loan program as well as other DEO rural economic development and small and minority business programs.

Until very recently, DEO did not use a formalized marketing approach for most of its small and minority business and rural economic development programs. In 2016, the department created a brochure of all available small and minority business programs; however, rural programs were not included in the brochure.

There are several actions that the Legislature and DEO could take to address concerns about program administration, statewide coverage, and marketing activities. First, if the Legislature chooses to continue the Microfinance Loan Program, there are several issues it may wish to consider.

- To increase business participation in the program, the Legislature could consider increasing the duration of the loan term from 12 months to 18 or 24 months.
- To increase the number of providers for the program, the Legislature could consider increasing the amount of allowable administrative fees.

Alternatively, the Legislature could require DEO to review the Microfinance Loan and Black Business Loan programs' administrative funding levels for contracted providers and determine whether an increase is warranted.

Second, to increase business and community awareness and enhance program participation, DEO should develop a small and minority business and rural economic development program marketing plan. Marketing efforts could include

- providing advertising materials at One-Stop centers, Small Business Development Center Network offices, and local economic development offices that provide business assistance;
- more prominent placement of program information on DEO's website; and
- provision of program information to business associations and industry organizations.

Florida's workforce system serves a diverse group of job seekers and businesses; businesses are generally satisfied with the services, but finding qualified job applicants remains a significant challenge. Federal law requires core workforce services to be accessible through the internet. Florida meets this requirement through Employ Florida Marketplace (EFM). EFM also captures demographic data on job seekers and employers. To learn more about the businesses and individuals that utilize Florida's workforce system, OPPAGA conducted an analysis of EFM data on job seekers and employers who received services between January 1, 2016, and July 15, 2016.

Of the job seekers that received services during the six-month period, a slight majority (53%) were female and job seekers were evenly distributed across age groups. With regard to race, 34% of job seekers were white, 28% were Hispanic, and 27% were black. Forty-one percent had a high school diploma, and 50% had some college or a college degree. The service used by the greatest number of job seekers was referral to a job in over 150 days. Other services included staff-assisted job searches, internet job search support/training, use of one-stop resource room/equipment, outside job referrals, and general assistance from staff.

The majority (90%) of businesses that received services during the six-month period were private sector, for-profit companies; other businesses included non-profits and government units. The services used by the greatest number of businesses were job orders/postings (21%), job candidate pre-screening services (18%), and labor market studies (17%). Other services businesses received included employer outreach visits for veterans and migrant seasonal farmworkers, résumé review and candidate referrals, job referrals and placements, and human resource services.

To better understand employers' experiences with CareerSource services, OPPAGA surveyed a subset of the businesses that received services in 2016.³⁵ Most (70%) businesses reported that they seek services on an as-needed basis. The most frequently reported services that businesses seek included job postings on EFM (81%); recruitment, screening, and referral services for open positions (33%); and hiring events and job fairs (17%).

Most (70%) businesses reported that they are satisfied with these and other services that they received, and most reported that they are satisfied overall with the services. The most frequently reported benefits of employer services included allowing businesses to hire more employees (44%) and helping them identify and select the most qualified candidates for open positions (36%).

When asked about the biggest challenges to Florida's workforce system, the most frequently cited issues included the difficulty in finding qualified job applicants with the appropriate skills (47%), finding individuals who want to work (20%), and the need to increase average wages (10%). The most frequently reported suggestions for how to overcome these challenges included more training and education (particularly vocational education) for job seekers (35%) and improved screening of candidates by CareerSource offices (10%). A few businesses also mentioned that they have encountered difficulties in using Employ Florida Marketplace and that the system is slow and difficult to navigate.

One-stops and local workforce boards provide many services; respondents cited a number of challenges to effective service delivery. To better understand the roles, activities, and perspectives of the entities that deliver workforce services throughout the state, OPPAGA surveyed One-Stop Career Center operators and Local Workforce Development Board executive directors and presidents/CEOs.^{36, 37}

One-stops offer standard and specialized workforce services and collaborate with several other entities; One-stop and workforce board interaction with state agencies is primarily limited to DEO and CSF. One-stops reported that the most frequently requested workforce services by businesses are recruitment, screening, and referral services for open positions (94%), job postings on EFM (91%), and hiring events and job fairs (56%). In addition to these standard workforce services, several one-stops reported that they also offer specialized services, including career training in specific industries such as manufacturing (81%) and services at prisons and correctional institutions (50%).

Most one-stops reported that they provide services to local organizations, including community colleges (88%), community service organizations (81%), and technical or vocational centers/colleges (75%). The majority of one-stops also reported that they work in partnership with local community organizations (97%), universities and colleges (97%), local business leaders (81%), and local education leaders (63%). All respondents reported that they collaborate with other one-stops through joint planning efforts, hosting joint hiring or recruitment events, and conducting joint marketing and training events.

At the state level, 88% of one-stops reported regular interaction (e.g., daily, weekly, or monthly) with DEO, and 41% reported regular interaction with CareerSource Florida. However, 81% reported rarely or never interacting with EFI. Similarly, all workforce board respondents reported that they interact regularly with

³⁵ OPPAGA surveyed 2,188 businesses that were registered in the EFM, had a valid email address, and received one or more CareerSource employer services between January 1, 2016, and July 15, 2016. Among these businesses, 119 (5%) provided partial responses, and 166 (8%) provided complete responses. Most (95%) of the businesses that responded to the survey had fewer than 500 employees.

³⁶ OPPAGA surveyed 79 One-Stop Career Center operators. Some operate more than one career center. Seventeen provided partial responses (21%), and 32 (40%) provided complete responses.

³⁷ OPPAGA surveyed the executive directors and presidents/CEOs of Florida's 24 Local Workforce Development Boards. Four (16%) provided partial responses, and 19 (79%) provided complete responses.

DEO, one-stops, local economic development organizations, and CSF. Most (84%) workforce boards reported that they rarely or never interact with EFI.

DEO should consider helping to facilitate a working relationship between the local boards and EFI. For example, the department could facilitate conference calls or in-person meetings between the CEOs of local boards and EFI economic development staff to discuss and strategize ways to link employer and job seeker needs statewide.

Local workforce entities perceive several challenges in Florida's workforce system and voiced concerns about online tools like EFM and CONNECT. When asked about the biggest challenges to Florida's workforce system, the most frequently reported challenges among one-stops were the gap between job seekers' skills and employers' needs (41%), the lack of skills training for trade jobs (26%), and the disconnect between workforce and other entities like universities and economic development organizations (19%). Among the workforce boards, the most frequently reported challenge was the implementation of new federal requirements (37%), including challenges associated with integrating and coordinating new partners and navigating federal performance measures.

Local workforce entities also identified challenges associated with Employ Florida Marketplace. When asked about the use of EFM by businesses and job seekers, most (84%) boards reported that there are barriers to participation in EFM, including that businesses tend to use other services or websites to find employees (68%) and that businesses are too busy with other tasks (58%). Many (53%) boards reported that the EFM system is cumbersome and difficult to use for businesses and job seekers. Some (19%) of the one-stops also reported that there are problems with EFM, including that many job seekers use other job search sites, EFM is not user friendly, and the site needs to be simplified. DEO officials reported that they are aware of these concerns and are working to address them. The department has contracted with the company that manages EFM to revise the online system, and the revised system is scheduled to launch in early 2017.

In addition, when asked about DEO's online reemployment assistance system, CONNECT, most (97%) one-stops that responded to the survey reported a considerable increase in client and/or call volume during the month following the 2013 launch of CONNECT. Most (69%) reported that they managed the increased volume with existing staff. While some (28%) one-stops reported that they believe the CONNECT system is functioning as intended and users experience few problems today, 45% reported that they are still observing a moderate level of problems and complaints from claimants about basic system functions, and 17% reported that major problems still exist with basic system functions. To address any remaining concerns that may exist with regard to CONNECT, DEO should consider working with each workforce region to develop a greater understanding of ongoing system issues and possible solutions.

Local Workforce Development Boards met or exceeded statewide scores for federal performance measures to varying degrees. Federal workforce performance measures, called the Common Measures, assess local workforce board performance. The state as a whole consistently met federal workforce performance standards during the review period. DEO monitors each regional board's performance annually, and if a board does not meet individual performance goals, the department provides technical assistance (e.g., assistance with monitoring data, webinars, etc.) to help the board improve and meet their goal(s).

To assess local workforce board achievement of federal performance measures, OPPAGA analyzed data from Fiscal Years 2012-13 through 2014-15 and ranked the 24 boards based on whether they did not meet, met, or exceeded performance goals from year to year and compared individual scores to the statewide score. The analysis shows that during the review period, 18 boards exceeded the statewide score, 3 met the statewide

score, and 3 fell below the statewide score. The three boards that did not meet the statewide score were CareerSource Citrus Levy Marion, CareerSource North Florida, and CareerSource Polk. (See Exhibit 3-4).

According to DEO staff, some regions may not have renegotiated the increased performance goal targets that were established by CSF at the direction of the Governor in Fiscal Year 2012-13. Therefore, some regions, including Polk, are still operating under higher targets for their performance goals than other regions and as a result, rank lower in this analysis. Most boards have had instances where they did not meet one or more program goals for that year, but all boards are consistently meeting or exceeding the majority of performance goals. DEO staff reported that Florida’s workforce performance goals are higher than those in other states, that performance is stringently monitored, and that the regional boards are performing well overall.

Exhibit 3-4

Most Local Workforce Development Boards Exceeded Statewide Performance on Federal Common Measures for Workforce Services During Fiscal Years 2012-13 Through 2014-15

Local Workforce Development Board	Federal Common Measure Performance Score	Above, Below, or Meets Statewide Score	Number of Times Goals Not Met, Met, or Exceeded		
			Not Met	Met	Exceeded
Statewide	12		0	21	12
CareerSource Gulf Coast	22	Above	2	7	24
CareerSource Pasco Hernando	22	Above	0	11	22
CareerSource Brevard	21	Above	1	10	22
CareerSource Chipola	19	Above	3	8	22
CareerSource North Central Florida	19	Above	3	8	22
CareerSource Flagler Volusia	19	Above	2	10	21
CareerSource Heartland	19	Above	4	6	23
CareerSource Pinellas	18	Above	1	13	19
CareerSource Escarosa	16	Above	3	11	19
CareerSource Northeast Florida	16	Above	1	15	17
CareerSource Suncoast	16	Above	1	15	17
CareerSource Capital Region	15	Above	4	10	19
CareerSource Florida Crown	15	Above	5	8	20
CareerSource Broward	15	Above	4	10	19
CareerSource Southwest Florida	15	Above	3	12	18
CareerSource South Florida	14	Above	1	17	15
CareerSource Tampa Bay	13	Above	5	10	18
CareerSource Research Coast	13	Above	3	14	16
CareerSource Okaloosa Walton	12	Meets	4	13	16
CareerSource Central Florida	12	Meets	5	11	17
CareerSource Palm Beach County	12	Meets	5	11	17
CareerSource Citrus Levy Marion	11	Below	4	14	15
CareerSource North Florida	9	Below	8	8	17
CareerSource Polk	4	Below	5	19	9

Note: Individual scores can range from -33 to +33. A score of zero would represent a board that has met all goals for the 3-year period. Data was not included for the Wagner-Peyser program for Fiscal Years 2012-13 because of missing values.

Source: OPPAGA analysis of Department of Economic Opportunity data.

Florida has consistently met several federal unemployment performance measures but has struggled to meet goals related to first payment promptness and nonmonetary determination quality. The U.S. Department of Labor established Unemployment Insurance Core Measures that each state is required to track and submit to the federal agency. During Fiscal Years 2012-13 through 2014-15, Florida met or exceeded

federal performance measures for lower authority appeals quality, new employer status determination time lapse, and tax quality. However, DEO has struggled to meet performance goals for other indicators, including first payment promptness, nonmonetary determination time lapse, and quality of nonmonetary separations and nonseparations. (See Exhibit 3-5).

With respect to first payment promptness, DEO staff reported that reasons for not meeting performance goals include personnel, level of training, and technological problems associated with the 2013 launch of CONNECT. DEO staff also reported that the reversals that occur as part of the appeals process could lead to late adjudication of cases, which contributes to the inability to meet the first payment timeliness standard. With respect to nonmonetary determination time lapse, performance improved in Fiscal Year 2014-15. DEO staff reported that they are working with the U.S. Department of Labor to improve their performance on these measures by implementing a State Quality Service Plan.

Exhibit 3-5

Reemployment Assistance Did Not Meet All Federal Performance Requirements During Fiscal Years 2012-13 Through 2014-15¹

Unemployment Insurance Core Measure	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15
First Payment Promptness	Did not meet	Did not meet	Did not meet
Nonmonetary Determination Time Lapse	Did not meet	Did not meet	Met or exceeded
Nonmonetary Determination Quality – Nonseparations	Did not meet	Did not meet	Did not meet
Nonmonetary Determination Quality – Separations	Did not meet	Did not meet	Did not meet
Lower Authority Appeals Quality	Met or exceeded	Met or exceeded	Met or exceeded
New Employer Status Determinations Time Lapse	Met or exceeded	Met or exceeded	Met or exceeded
Tax Quality	Met or exceeded	Met or exceeded	Met or exceeded

Source: OPPAGA analysis of U.S. Department of Labor data.

Options for Consideration

The Department of Economic Opportunity performs a wide range of activities to support the state’s business, community, and workforce development efforts. To enhance these efforts and further improve Florida’s overall economic development system, DEO and the Legislature could consider several options to increase program efficiency and participation across the department’s three main divisions. In addition, there are opportunities to improve communication between the state’s economic development and workforce development entities and improve the functionality of department data systems. (See Exhibit 3-6.)

Exhibit 3-6

The Legislature and DEO Could Consider Options for Improving the Department’s Programs and Activities and Enhancing the State’s Economic Development System

IMPROVE STRATEGIC BUSINESS DEVELOPMENT PROCESSES

OPTION 1 – Improve the timeliness of the incentive claims and payment processes

- DEO should educate businesses about documentation requirements early in the incentive application process.
- DEO should provide businesses with technical assistance during the claim submission process.
- DEO should examine the claims and payments processes to determine if there are additional opportunities for improvement.

OPTION 2 – Address concerns about Economic Development Incentives Portal functionality

- DEO should enhance the portal by providing additional search functions, such as award amounts and keywords, and offering users the ability to export results to Excel or another format

IMPROVE COMMUNITY DEVELOPMENT PROGRAMS

OPTION 3 – Improve community planning grant program award processes

- DEO should establish a uniform review and scoring process for the Community Planning Technical Assistance and Competitive Florida grant programs.

OPTION 4 – Address program administration and participation concerns about small and minority business programs

- If the Legislature chooses to continue the Microfinance Loan Program, it could consider two actions.
 - To increase business participation in the program, increase the duration of the loan term from 12 months to 18 or 24 months.
 - To increase the number of providers for the program, increase the amount of allowable administrative fees.
- Alternatively, the Legislature could require DEO to review both the Microbusiness Loan and Black Business Loan programs’ administrative funding levels for contracted providers and determine whether an increase is warranted.

OPTION 5 – Improve marketing of small and minority business and rural economic development programs

- DEO should develop a small and minority business and rural economic development program marketing plan. Marketing efforts could include
 - providing advertising materials at One-Stop Career Centers, Small Business Development Center Network offices, and local economic development offices that provide business assistance;
 - more prominent placement of program information on DEO’s website; and
 - provision of program information to business associations and industry organizations.

OPTION 6 – Relocate small and minority business assistance programs to the same DEO division that will be administering EFI’s small business programs

- Once all of the small and minority business programs are transferred from EFI to DEO, the department should consider creating a Division of Small Business Development and co-locating all small business programs. For example, all of the Bureau of Economic Development’s small business and rural economic development programs could be housed in the new division along with the State Small Business Credit Initiative and other small and minority business programs.
- Consolidating all of the department’s small and minority business programs within the same division would make it easier to administer and advertise these programs and would heighten the visibility of the programs within DEO.

ENHANCE WORKFORCE DEVELOPMENT EFFORTS

OPTION 7 – Enhance communication between local workforce boards and state-level economic development entities

- To address concerns about the level of coordination and communication with state-level economic development entities, DEO should consider helping to facilitate a working relationship between the local workforce boards and EFI.
- DEO could also facilitate conference calls or in-person meetings between the CEO’s of local boards and EFI business development staff to discuss and strategize ways to link employer and job seeker needs statewide.

OPTION 8 – Improve functionality of Employ Florida Marketplace and CONNECT

- DEO should proceed with recent efforts to address concerns about EFM; concerns include that the system is cumbersome and difficult to use for businesses and job seekers, is not user friendly, and needs to be simplified. DEO is aware of these concerns and has contracted with the company that manages EFM to revise the online system. The revised system is scheduled to launch in early 2017.
- Given that the CONNECT system has been active for three years, DEO should consider working with each workforce region to develop a greater understanding of any ongoing system issues and possible solutions.

Source: OPPAGA analysis.

Appendix A

Comparison of Florida's Economic Development System to Other States

Exhibit A-1

Florida's Approach to Economic Development Is Similar to Several Other States

State	Entity Name	Description
Arizona	Arizona Commerce Authority	The Arizona Commerce Authority's (ACA) mission is to grow and strengthen Arizona's economy. The ACA recruits out-of-state companies to expand their operations in Arizona; works with existing companies to grow in Arizona; and collaborates with entrepreneurs and companies to create new jobs and businesses in targeted industries. A public-private sector board comprised of Arizona leaders in business and policy oversees the ACA.
Florida*	Enterprise Florida	Enterprise Florida, Inc. is a public-private partnership between Florida's business and government leaders. EFI's mission is to expand and diversify the state's economy through job creation. EFI works with a statewide network of economic development partners and is funded both by the state and by the private sector. A board of directors oversees EFI; board members include businesses, local economic development organizations, and educational institutions.
Illinois*	Illinois Business and Economic Development Corporation	The Illinois Business and Economic Development Corporation (IBEDC) was modeled from best practices of other successful state and local economic development organizations and will focus on sales, marketing, and customer service. The IBEDC is currently in its formative stages and not yet operational. A board of directors will oversee the corporation.
Indiana	Indiana Economic Development Corporation	The Indiana Economic Development Corporation (IEDC) is Indiana's lead economic development agency. The IEDC was established to respond quickly to the needs of businesses. Led by the Indiana Secretary of Commerce, the IEDC is organized as a public-private partnership governed by a board that is chaired by the governor and includes members that reflect the geographic and economic diversity of Indiana.
Iowa	Iowa Innovation Corporation	The Iowa Innovation Corporation (IICorp) is a private non-profit organization charged with being Iowa's innovation intermediary. IICorp fosters research and development, supports the commercialization of ideas, and establishes funding resources to help Iowa companies grow and innovate. A board of directors oversees the corporation.
	Iowa Economic Development Authority	The Iowa Economic Development Authority (IEDA) was created to replace the Iowa Department of Economic Development. IEDA's mission is to strengthen economic and community vitality by building partnerships and leveraging resources. The authority administers several state and federal programs to meet its goals of assisting individuals, communities, and businesses.
Michigan*	Michigan Economic Development Corporation	The Michigan Economic Development Corporation (MEDC) enlists the help of regional economic development partners to expand and attract businesses. Partners engage in various activities, including grant financing, matchmaking and networking, site selection assistance, providing resources to companies, and assisting entrepreneurial endeavors. In addition to serving in an advisory role to MEDC in policy and procedure, partners also help to retain, attract, and grow business in local communities.
Missouri*	Missouri Partnership	The Missouri Partnership works with state, regional, and local economic development organizations to bring new business to Missouri. The partnership is a non-profit corporation supported by the Missouri Department of Economic Development and the Hawthorn Foundation, a business organization that supports Missouri's economic development efforts. Led by a board of directors and working in collaboration with partners from across the state, the partnership markets Missouri's business advantages.
New Jersey*	New Jersey Partnership for Action	The Partnership for Action is a public-private approach to economic development and the springboard for all initiatives, policies and efforts related to growing New Jersey's economy and creating jobs. The partnership includes the New Jersey Economic Development Authority and Choose New Jersey.
	New Jersey Economic Development Authority	The New Jersey Economic Development Authority is an independent state agency that finances small and mid-sized businesses, administers tax incentives to retain and grow jobs, revitalizes communities through redevelopment initiatives, and supports entrepreneurial development by providing access to training and mentoring programs.
	Choose New Jersey	Choose New Jersey encourages economic growth throughout New Jersey, with a focus on urban centers. Through integrated marketing and business attraction and retention efforts, Choose New Jersey stimulates job creation and capital investment and collaborates with the state's universities to encourage research, discovery, and innovation. A group of leaders from companies, labor organizations, associations, and higher education institutions, supports the organization.

State	Entity Name	Description
New Mexico*	New Mexico Partnership	The New Mexico Partnership is contracted by the New Mexico Economic Development Department to be the single entity that supports business location and expansion in New Mexico. The partnership offers a coordinated approach and a formal network of economic developers to simplify the site selection process by providing information and support regarding incentives, workforce training programs, and real estate sites and buildings. A board appointed by governor oversees the partnership.
North Carolina*	Economic Development Partnership of North Carolina	The Economic Development Partnership of North Carolina (EDPNC) recruits new businesses to the state, supports the needs of existing businesses, connects exporters with customers, and helps launch small businesses. As a non-profit public-private partnership, the EDPNC operates under contract with the North Carolina Department of Commerce, while receiving significant financial support from companies and businesses throughout the state. A board of business and industry leaders representative of the entire state governs the EDPNC.
Ohio*	JobsOhio	JobsOhio is a private non-profit corporation designed to drive job creation and new capital investment in Ohio through business attraction, retention, and expansion efforts. The JobsOhio board of directors is comprised of leaders from a variety of businesses and organizations.
Pennsylvania*	Team Pennsylvania Foundation	Team Pennsylvania Foundation is a non-partisan, charitable, non-profit organization that bridges the gap between government and the private sector to allow both sides to collaborate. A public-private board co-chaired by the governor and a private sector CEO leads Team Pennsylvania.
Rhode Island	Rhode Island Commerce Corporation	The Rhode Island Commerce Corporation is the full-service, official, economic development organization for Rhode Island. A quasi-public agency, the corporation serves as a government and community resource to help streamline business expansion and relocation. The corporation assists companies with commercial real estate, business financing, workforce training, and other relevant issues. A board of directors oversees the corporation.
Texas*	TexasOne (Texas Economic Development Corporation)	The TexasOne program is a public-private partnership of the Texas Economic Development Corporation that markets the state. Major activities include trade and industry events, business recruitment missions, signature events, advertising and public relations, and an interactive web presence. A board of directors oversees the program.
Utah*	Economic Development Corporation of Utah	The Economic Development Corporation of Utah (EDCUtah) encourages job growth and capital investment by assisting in-state companies to grow and recruiting out-of-state companies to expand and relocate in Utah. EDCUtah is a private, non-profit organization, receiving support from the public and private sector. Public and private members form a partnership that allows EDCUtah to pursue economic opportunities and allows partners to get involved in and be informed about key economic activity. A board of trustees oversees the corporation.
Virginia	Virginia Economic Development Partnership	The Virginia Economic Development Partnership (VEDP) is a state authority governed by a board of directors that includes businesspersons from around Virginia, each of whom is appointed by the governor and the general assembly. VEDP focuses on cultivating new business investment, fostering international trade growth, and encouraging the expansion of existing Virginia businesses.
Wisconsin	Wisconsin Economic Development Corporation	The Wisconsin Economic Development Corporation (WEDC) is the state's lead economic development agency. As a public-private entity formed to drive business development, WEDC deploys funds to maximize economic opportunity. A board of directors representing statewide public and private economic development interests provides strategic leadership and operational oversight.
Wyoming	Wyoming Business Council	The Wyoming Business Council focuses public and private efforts to build a strong job creation base. The council's key programs focus on helping communities develop, recruiting new businesses to the state, helping established businesses and agricultural operations improve, and working with residents and businesses to become more energy efficient. A board of directors oversees the council.

* The state also has a state-level Department of Commerce, Department of Economic Development, or other public entity that has economic development-related duties and responsibilities.

Source: OPPAGA review of other states' websites, annual reports, financial statements, etc.

Appendix B

Location Quotient

OPPAGA calculated location quotients for six Qualified Target Industry sectors in Florida and comparison states from 2006 to 2015. Location quotients compare local employment in a given industry to statewide or national employment in that industry. Location quotients exceeding 1.0 indicate that their levels of industry employment were higher than the state or national level. A positive change in location quotient indicates that the industry is growing relative to the state or nation. Florida had growth in the Manufacturing and Management of Companies and Enterprises Industries. Exhibit B-1 shows Florida and its competitor states in order from highest to lowest change in location quotient for each industry sector.

Exhibit B-1

Location Quotients for Selected Industries in Florida and Comparison States for 2006-2015

State	Location Quotient 2015	Change in Location Quotient 2006-2015
Manufacturing		
Alabama	1.62	0.08
Florida	0.47	0.00
California	0.89	-0.02
Georgia	1.03	-0.03
Texas	0.86	-0.04
Tennessee	1.32	-0.05
North Carolina	1.28	-0.06
New York	0.57	-0.07
Wholesale Trade		
Texas	1.22	0.06
Georgia	1.24	0.01
North Carolina	1.04	0.01
California	1.03	0.01
Florida	0.96	0.00
Alabama	0.97	-0.02
New York	0.89	-0.07
Tennessee	1.01	-0.08
Information		
California	1.49	0.16
North Carolina	0.94	0.12
New York	1.49	0.08
Georgia	1.30	0.03
Tennessee	0.77	-0.01
Florida	0.83	-0.07
Alabama	0.60	-0.11
Texas	0.88	-0.13
Finance and Insurance		
Alabama	0.95	0.10
North Carolina	0.94	0.09
Texas	1.06	0.05
Georgia	0.95	0.05
Florida	1.04	0.04
Tennessee	0.89	0.04
New York	1.37	-0.08
California	0.78	-0.15

State	Location Quotient 2015	Change in Location Quotient 2006-2015
Professional, Scientific, and Technical Services		
North Carolina	0.87	0.07
Georgia	1.01	0.06
Texas	0.99	0.02
Tennessee	0.73	0.02
California	1.18	0.00
Florida	0.99	0.00
New York	1.16	-0.03
Alabama	0.86	-0.05
Management of Companies and Enterprises		
Tennessee	0.94	0.29
Texas	0.64	0.21
Florida	0.74	0.07
Georgia	1.00	0.02
Alabama	0.54	0.01
California	0.89	-0.13
New York	1.00	-0.14
North Carolina	1.27	-0.05

Source: OPPAGA analysis of U. S. Department of Labor, Bureau of Labor Statistics data.

Appendix C

Shift-Share Analysis

OPPAGA calculated a shift-share analysis for six Qualified Target Industry sectors in Florida and comparison states from 2006 to 2015. Shift-share represents how much of the employment growth or decline in the state or county industry was due to the national or state economy, the national or state level trend within the particular industry, and the state or county's characteristics. Shift-share is comprised of the three components listed below. The change in employment between 2006 and 2015 equals the sum of the three components.

- National (or State) Growth Share is the change in employment due to the growth of the overall national or state economy. If the national or state economy is growing, then you expect to see a positive change in each industry in the state or county.
- Industry Mix Share is the change in employment due to the growth (or decline) of the overall industry in the nation or state relative to the growth (or decline) of the overall national or state economy.
- Regional Shift is the change in employment due to the state or county's characteristics (also referred to as competitive share). It is the most important component. A positive regional shift indicates the state or county industry is outperforming the national or state trend. A negative effect indicates that the state or county industry is underperforming compared to the national or state trend.

The shift-share analysis shows a positive regional shift in Florida for two industries: Management of Companies and Enterprises and Finance and Insurance. This indicates that the growth in these industries outperformed the national trend and was attributable to the state's relative competitive advantage. Exhibit C-1 shows Florida and its competitor states in order from highest to lowest Regional Shift values for each industry sector.

Exhibit C-1

Shift-Share Values for Selected Industries in Florida and Competitor States for 2006-2015

State	Employment Change 2006-2015	National Growth Share	Industry Mix Share	Regional Shift
Manufacturing				
Texas	-48,601	45,893	-165,432	70,938
Alabama	-44,981	14,997	-54,059	-5,919
Florida	-59,860	19,926	-71,828	-7,958
Georgia	-72,065	22,184	-79,966	-14,283
Tennessee	-66,832	19,772	-71,273	-15,331
California	-211,525	74,046	-266,915	-18,656
North Carolina	-92,600	27,413	-98,816	-21,197
New York	-112,192	27,962	-100,794	-39,359
Wholesale Trade				
Texas	97,584	24,708	-25,550	98,426
California	14,225	34,671	-35,852	15,406
North Carolina	1,895	8,758	-9,057	2,193
Georgia	769	10,679	-11,043	1,133
Alabama	-7,632	4,025	-4,162	-7,495
Tennessee	-11,417	6,563	-6,787	-11,193
New York	-12,351	17,424	-18,017	-11,757
Florida	-12,991	17,220	-17,807	-12,404

State	Employment Change 2006-2015	National Growth Share	Industry Mix Share	Regional Shift
Information				
California	11,772	23,285	-67,621	56,108
New York	-1,867	13,210	-38,363	23,285
North Carolina	2,726	3,624	-10,524	9,626
Georgia	-9,325	5,744	-16,679	1,611
Tennessee	-5,643	2,431	-7,060	-1,014
Texas	-22,113	11,036	-32,047	-1,101
Alabama	-8,810	1,501	-4,359	-5,952
Florida	-31,274	8,285	-24,061	-15,498
Finance and Insurance				
Texas	62,015	21,911	-41,938	82,042
North Carolina	8,222	7,438	-14,236	15,020
Georgia	-294	8,055	-15,417	7,068
Florida	-12,696	18,107	-34,657	3,854
Tennessee	-1,401	5,243	-10,036	3,392
Alabama	-1,100	3,554	-6,802	2,148
New York	-31,882	26,658	-51,024	-7,516
California	-121,384	31,911	-61,078	-92,217
Professional, Scientific, and Technical Services				
Texas	184,350	25,969	60,927	97,454
North Carolina	46,492	8,551	20,062	17,879
Georgia	48,370	10,450	24,516	13,404
California	179,682	50,471	118,412	10,798
New York	97,914	27,228	63,881	6,804
Tennessee	20,537	5,330	12,505	2,702
Alabama	1,782	4,672	10,962	-13,852
Florida	56,350	22,323	52,372	-18,345
Management of Companies and Enterprises				
Texas	60,380	2,780	10,187	47,413
Tennessee	18,174	1,188	4,353	12,633
Florida	22,900	3,661	13,418	5,821
Georgia	13,182	2,597	9,518	1,067
Alabama	2,083	660	2,419	-996
North Carolina	12,976	3,414	12,513	-2,951
New York	15,833	6,270	22,982	-13,419
California	17,224	10,529	38,592	-31,897

Source: OPPAGA analysis of U. S. Department of Labor, Bureau of Labor Statistics data.

Appendix D

Economic Development Best Practices

Exhibit D-1

Many States Have Adopted Best Practices Identified by Economic Development Experts

Best Practice	Example States	
Establish a guiding vision and strategy for how to address state economic growth and development	Iowa Montana	New York Virginia
Create organizational structures that support implementation of the state's economic development vision and strategy	Colorado Indiana	North Carolina Oklahoma
Foster a competitive tax and regulatory environment	Colorado Kansas New Jersey	North Carolina Texas
Coordinate and streamline programs to improve the experience for businesses and workers <ul style="list-style-type: none"> Build ecosystems, not programs 	California New York	Texas
Enhance infrastructure development in support of economic growth <ul style="list-style-type: none"> Generate funds to support transportation projects Increase broadband connectivity 	Arizona Colorado Florida Georgia Idaho	Illinois Minnesota Nevada Oregon Utah
Focus on workforce development strategies that respond to the demands of the private sector and that link into the kindergarten through 12th grade and postsecondary system of education <ul style="list-style-type: none"> Teach entrepreneurship skills and attitudes at all education levels Reward strong ties among universities, companies, and entrepreneurs 	Arizona Colorado Florida Kansas Kentucky Massachusetts Nebraska	New Jersey Utah Virginia Washington West Virginia Texas
Create and use institutions that speed the process of moving applied research to the market (e.g., technology transfer) <ul style="list-style-type: none"> Build a startup environment and culture Encourage entrepreneurs and companies, small and large, to build innovation clusters 	California Colorado Massachusetts Maryland Ohio Oregon	Pennsylvania Tennessee Washington West Virginia Wyoming
Support advanced manufacturing and industries, often in partnership with the federal government and universities <ul style="list-style-type: none"> Find the potential high-growth companies and help them grow Help companies open doors to new customers—globally and locally 	Kansas Nebraska North Carolina	Pennsylvania Virginia Washington
Support entrepreneurs and new businesses <ul style="list-style-type: none"> Put entrepreneurial activity at the top of the state's economic agenda Cast a wide net to find entrepreneurs Distinguish among different kinds of entrepreneurs and businesses and target policies and resources accordingly 	Colorado Delaware Iowa Massachusetts Maine Michigan New Jersey	New York Nebraska Oregon Tennessee Washington Wisconsin
Increase exports and international trade <ul style="list-style-type: none"> Provide international market assessments and business practice information about foreign countries Create export training programs to help companies develop customized international growth plans Coordinate trade missions and trade shows to support in-state companies in their export activities to attract foreign companies and foreign direct investment 	Indiana Kentucky Louisiana Michigan Mississippi	Nevada South Carolina Texas Utah Washington
Provide small businesses with access to capital, technical assistance to support growth, and incentives to invest in distressed areas	Colorado Georgia Indiana Maryland	Oregon Tennessee Texas
Gather and analyze data to determine which strategies work and aim for continuous improvement	Maryland New York	Virginia Washington

Source: [Growing State Economies: 12 Actions](#), National Governors Association, 2013; [Reorienting State and Regional Economic Development: Lessons Learned from National Examples](#), Chicago Metropolitan Agency for Planning, 2014; [Enterprising States 2014](#), U.S. Chamber of Commerce Foundation, 2014; [State Strategies for Growing Businesses and Creating Jobs](#), Connecticut General Assembly Office of Legislative Research, 2015; [Revisiting Top Trends in State Economic Development](#), National Governors Association, 2016.

Appendix E

Florida’s Implementation of Best Practices

Exhibit E-1

At the State Level, Florida Has Made Progress Implementing Best Practices

BEST PRACTICE	EXAMPLES OF FLORIDA’S EFFORTS
Establish a guiding vision and strategy for how to address state economic growth and development	<ul style="list-style-type: none"> • Florida Strategic Plan for Economic Development – 2012
Create organizational structures that support implementation of the state’s economic development vision and strategy	<ul style="list-style-type: none"> • Creation of Enterprise Florida – 1996 • Creation of the Department of Economic Opportunity – 2011
Foster a competitive tax and regulatory environment	<ul style="list-style-type: none"> • Permanent Sales Tax Exemption for Machinery and Equipment Used in Manufacturing – 2016 • No state personal income tax and low corporate income tax rate • Multiple sales tax exemptions to benefit businesses
Coordinate and streamline programs to improve the experience for businesses and workers	<ul style="list-style-type: none"> • Improvement needed
Enhance infrastructure development in support of economic growth	<ul style="list-style-type: none"> • State Infrastructure Bank – 1997 • Broadband Florida Initiative – 2009 • Economic Development Transportation Fund – 2012
Focus on workforce development strategies that respond to private sector demands and link to a state’s education system	<ul style="list-style-type: none"> • Creation of WorkForce Florida – 1994 • Statewide rebranding of the workforce system to CareerSource Florida – 2013 • Development and implementation of WIOA unified state plan – 2016
Create and use institutions that speed the process of moving applied research to the market	<ul style="list-style-type: none"> • Creation of the Florida Institute for the Commercialization of Public Research – 2007
Support advanced manufacturing and industries	<ul style="list-style-type: none"> • Enterprise Florida devotes resources to support advanced manufacturing
Support entrepreneurs and new businesses	<ul style="list-style-type: none"> • Creation of Florida Opportunity Fund – 2007 • Creation of Florida Growth Fund – 2008
Increase exports and international trade	<ul style="list-style-type: none"> • Enterprise Florida international trade and development activities, including <ul style="list-style-type: none"> ○ trade missions comprised of private and public sector leaders who visit target international markets; ○ trade shows that promote state export activities and include a “Florida Pavilion” where Florida-based companies display products or services; ○ grant programs to help businesses pay for trade mission and trade show expenses and to defray the cost of creating export-marketing plans; and ○ foreign offices that support EFI’s international trade activities abroad, including recruiting companies and generating foreign direct investment leads. • Florida Small Business Development Center Network export marketing plan services
Provide small businesses with access to capital, technical assistance, and incentives	<ul style="list-style-type: none"> • Florida Small Business Development Center Network – 1976 • New Markets Development Program – 2009 • State Small Business Credit Initiative – 2010
Gather and analyze data to determine which strategies work and aim for continuous improvement	<ul style="list-style-type: none"> • OPPAGA and EDR tasked with evaluating effectiveness and return on investment of select economic development programs – 2013

Source: OPPAGA analysis.

Appendix F

Enterprise Florida Major Units

Business Development

The Business Development Unit recruits and assists companies interested in expanding or relocating in Florida. EFI's Business Development Unit identifies resources needed for businesses to expand or relocate to the state and assists companies through the process of identifying and obtaining financial incentives (e.g., cash grants, tax exemptions, and tax credits) and other benefits such as expedited permitting and employee training grants. The business development team works directly with companies that are interested in expanding or locating in Florida. Project managers coordinate business attraction efforts with the needs and resources of state, regional, and local organizations. Activities include business investment referrals to regional and local economic development organizations, proposal development, as well as site inspection, visit coordination, provision of information, and resolution of location impediments. EFI reported 177 announced projects for Fiscal Year 2015-16, a decrease from 211 announced projects in the prior fiscal year. During the period, EFI also reported referring 169 project leads to partners.

The unit assists businesses throughout the process of applying for state economic incentives. The unit provides businesses a variety of services prior to application filing, including evaluating businesses' needs, identifying potential site locations, and providing information on state and local incentives that might aid businesses with expansion or relocation projects. Unit staff also helps businesses complete the incentive application, which may require coordination with local economic development organizations and/or consultants. Businesses can apply for more than one incentive to support their expansion or relocation projects. Once a company begins the application process, EFI notifies DEO so that the department may begin its formal due diligence process to determine the business's statutory eligibility and financial standing.

Targeted development programs support business growth in specific areas, such as international trade and entrepreneurship. In addition to the activities conducted by the Business Development unit, EFI offers targeted services to enhance international and domestic trade opportunities for Florida companies; assist minority and small businesses with training, development, and financing options; and assist communities and host organizations in attracting sports events. These targeted development programs include International Trade and Development, Minority and Small Business Entrepreneurship and Capital (MaSBEC), and Sports Industry Development.^{38, 39}

International Trade and Development assists Florida businesses to expand exports. DEO contracts with EFI to conduct various activities related to international trade, including coordinating trade missions, promoting state export activities through trade shows, administering grant programs, providing businesses with export education and counseling, and operating foreign offices.

³⁸ The 2011 Legislature consolidated programs, functions, and duties of the Florida Sports Foundation and the Florida Black Business Investment Board into EFI.

³⁹ Two other public-private economic development partnerships, Space Florida and VISIT FLORIDA, did not merge under EFI; however, the Legislature clarified their relationship to EFI. Space Florida retained its special district status under the direction of the EFI board, and VISIT FLORIDA is under contract with the EFI board.

- Trade missions are coordinated by EFI and are typically led by the Governor or other high-ranking state officials. The missions bring together large business development delegations comprised of private and public sector leaders who visit target markets of high opportunity.
- Trade shows are industry-specific events that promote state export activities. Participants exhibit product innovations and identify markets for these goods. At these events, EFI organizes a Florida Pavilion that provides designated space for Florida-based companies to display products or services.
- Grant programs include funds that EFI provides to businesses to help them pay for trade mission and show expenses and to defray the cost of creating an export-marketing plan.
- Export education and counseling includes free export counseling for businesses and educational seminars and other events where businesses can learn about international trade assistance available to companies seeking to expand to foreign markets.
- Foreign offices in 13 countries perform functions that support EFI's international trade activities abroad, including recruiting companies and generating foreign direct investment leads.^{40, 41}

In 2015, OPPAGA found that stakeholders support EFI's international trade and promotion activities and value the advantages of building relationships and networks in foreign countries.⁴² However, OPPAGA also found that EFI cannot accurately assess performance using existing export sales and foreign investment data and could enhance how it measures performance related to helping companies diversify markets. In addition, the majority of grants are awarded to a relatively small number of companies, raising concerns about efforts to encourage new companies to pursue exporting. To address these issues, OPPAGA recommended that EFI improve the information it uses to assess its international trade and development efforts and explore options to provide additional assistance to companies new to exporting.

Minority & Small Business, Entrepreneurship and Capital helps businesses obtain financing, training, and development. MaSBEC partners with outside organizations to support minority, small, and entrepreneurial companies. EFI's network of state, federal, and non-profit resources provide a number of programs to assist such businesses in accessing capital, entering new markets, and creating revenue growth and job creation. These programs include loans, bond financing, venture capital, technology transfer support, and minority business services. (See Exhibit F-1.)

⁴⁰ Full-service foreign offices are located in Brazil, Canada, China, France, Germany, Israel, Japan, Mexico, South Africa, Spain, and the United Kingdom. Liaison offices are located in the Czech Republic and Taiwan.

⁴¹ The offices refer leads to EFI's Business Development Unit, which often works directly with companies.

⁴² *Florida Economic Development Program Evaluations – Year 3*, OPPAGA [Report No. 15-11](#), November 2015.

Exhibit F-1

MaSBEC Provides a Variety of Services to Minority, Small, and Entrepreneurial Companies

Program	Description
Small Business Loan Support Program	State Small Business Credit Initiative and Microfinance Guarantee programs assist small businesses in obtaining loan approvals and leverage private capital for use in startup costs, working capital, business procurement, franchise fees, equipment, inventory, or the purchase of owner-occupied commercial real estate.
Bond Financing	Florida Development Finance Corporation is a conduit issuer (not direct issuer) of industrial revenue bonds (IRBs) for small manufacturers and 501(c)3 organizations. The advantage of IRBs is the potential to provide borrowers significant interest and state tax savings. IRB proceeds may be used for capital expenditures, such as land, long-term equipment, and building construction/renovations.
Venture Capital	Florida Opportunity Fund provides venture capital for start-up and early-stage businesses. Venture capital programs include a state-run venture capital fund (which may include other private investors) that invests directly in businesses and a fund of funds program that invests in other venture capital funds that in turn invest in individual businesses.
Phase 0 Program	Phase 0 Program helps Florida's small businesses improve their chances of submitting successful Small Business Innovation Research or Small Business Technology Transfer Phase 1 proposals for federal research and development funds. Eligible expenses include market research, technology consulting services, and grant writing assistance.
Minority Business Development	Partnerships with several established outside organizations help provide small, minority and entrepreneurial companies with training, development and financing options. EFI has a network of state, federal and non-profit resources that can help small businesses access capital, enter new markets, and create revenue growth and job creation. ¹

¹ Partners include the Florida Advisory Council on Small and Minority Business Development, the Florida Association of Minority Business Enterprise Officials, the Florida Coalition of Microenterprise Business Development, the Florida Consortium of Black Business, the Hispanic Business Initiative Fund, and the Southern Florida Minority Supplier Development Council.

Source: Enterprise Florida, Inc.

OPPAGA has previously reviewed several MaSBEC programs. For example, in 2015, OPPAGA found that Florida's State Small Business Credit Initiative (SSBCI) programs had loaned or awarded \$66.6 million to 78 companies as of June 30, 2014.⁴³ These companies reported creating 1,806 jobs and using the funds to leverage \$259.3 million in private investments. However, reviews by the U.S. Department of Treasury and a third-party auditor found instances of inaccurate reporting related to SSBCI funds and expenses; corrective action was taken to resolve these issues.

OPPAGA also reviewed the Florida Opportunity Fund (FOF) and found that fund annual reports have not adequately addressed statutory information requirements, including businesses or jobs created, industry growth, or additional capital leveraged. In addition, the FOF's fund manager was unable to provide OPPAGA information needed to fully evaluate the progress of business growth for projects funded through direct investments. To address these concerns, FOF agreed to improve reporting to incorporate OPPAGA feedback and ensure consistent and accurate reporting of all statutorily-required information.

Sports Industry Development helps communities attract major and minor sports events. The Florida Sports Foundation serves as EFI's Sports Industry Development Division.^{44, 45} Under the guidance of a board of directors, the foundation helps communities to secure, host, and retain sporting events and sports related businesses; provides Floridians with participation opportunities in Florida's Sunshine State Games and Florida Senior Games; serves as Florida's designated resource for sports tourism research; and promotes targeted leisure sports industries in Florida.⁴⁶ In addition, state law provides certification and state funding

⁴³ *Status of Florida's State Small Business Credit Initiative Programs*, OPPAGA [Report No. 15-02](#), January 2015.

⁴⁴ The 1989 Legislature created the Florida Sports Foundation. The foundation is a 501(c)(3) non-profit corporation.

⁴⁵ The 2011 Legislature consolidated the program, functions, and duties of the Florida Sports Foundation into EFI.

⁴⁶ EFI appoints the foundation's board of directors. The board's role is to share sports industry expertise and give input that will assist in the growth and success of the foundation's mission. In addition to a five-member executive committee, there are currently 17 board members who represent professional sports, fishing, golf, auto racing, and recreational sports industries.

for new or retained professional sports franchises in Florida to pay for acquiring, constructing, reconstructing, or renovating facilities. DEO is responsible for screening and certifying applicants for state funding, and the Florida Sports Foundation provides access to information about the program.⁴⁷

The foundation also offers grants to assist communities and host organizations in attracting sports events to generate out-of-state visitors and expenditures. Events considered for grant funding include amateur or professional sports or other types of athletic events. To qualify for grant funding, the state's local and regional sports commissions and assigned host committees submit grant applications to the foundation; the foundation's board approves or adjusts award amounts at quarterly board meetings, subject to the foundation's annual budget.

In 2015, OPPAGA found that amateur and professional sports industry stakeholders are very satisfied with the Florida Sports Foundation's programs and performance and believe that the industry significantly benefits from the foundation's activities.⁴⁸ However, the foundation's process for administering grants needed improvement to help ensure that estimated economic impacts are accurate.

Strategic Partnerships

The Strategic Partnership Unit is responsible for supporting EFI's board and generating private sector investment. EFI's Strategic Partnerships Unit oversees several areas of responsibility, including board administration, investor development, stakeholder relations, community competitiveness, corporate and internal services, and military and defense programs. The unit provides board member orientations, coordinates board appointments, and plans and executes board meetings. The unit also proactively solicits stakeholder input, performs in-community visits, and hosts regional training sessions to connect stakeholders and partners to EFI programs and services. In addition, the unit conducts a Community Asset Survey to acquire competitiveness information about Florida counties, assists Rural Areas of Opportunity with best practices information, and maintains up-to-date profiles of Florida counties.

EFI maintains a network of Primary Partners that consists of representatives from 67 local and 7 regional economic development organizations across the state. The Primary Partners, as well as representatives of workforce and business development organizations, regional planning councils, educational entities, and private businesses, comprise the EFI Stakeholders Council. This council serves as an advisory committee to the EFI board and meets three times per year in conjunction with EFI board meetings. Council members discuss local, regional, and statewide economic development issues and advise the board on economic development competitiveness issues.

The unit also supports the state's military and defense industry. In addition to its partner and board support activities, the Strategic Partnership Unit also oversees activities intended to support and expand the state's military economy. The Legislature established a variety of military and defense programs to ensure that Florida's military bases and host communities are in a competitive position during periods when the U.S. Department of Defense downsizes and realigns military installations. Three state entities administer Florida's military and defense programs, with EFI taking the primary role, and the Departments of Economic Opportunity and Environmental Protection performing support functions. EFI provides staff support to the

⁴⁷ Since 1994, the Legislature has allocated state funding for 8 major professional sports facilities; 10 Major League Baseball spring training facilities; and the Professional Golf Hall of Fame.

⁴⁸ *Florida Economic Development Program Evaluations – Year 2*, OPPAGA [Report No. 15-01](#), January 2015.

Florida Defense Alliance and Florida Defense Support Task Force and administers statutorily authorized grants that support local community efforts to engage in service partnerships with military installations. In 2015, OPPAGA found that grant recipients and other stakeholders are very satisfied with grant program effectiveness.⁴⁹ In addition, national studies and stakeholder feedback demonstrated that Florida's military and defense efforts exceed those of other states with a large military presence. Moreover, key stakeholders reported that Florida is a leader among states that have taken a very proactive approach to preparing for budget cuts or a potential Base Realignment and Closure.

Marketing and Communications

EFI is statutorily required to market Florida as a business-friendly location both domestically and internationally. State law directs EFI to collaborate with the private sector to create a marketing campaign to attract, develop, and retain businesses in Florida, with a message aimed at increasing national and international awareness in the state. Through its Marketing and Communications Unit, EFI develops promotional materials, creates internet and print advertising, facilitates public relations and media placement, and attends trade shows. Efforts also include identifying and coordinating existing business resources, networking with major stakeholders, and making efforts to retain and grow Florida-based businesses, and recruit new businesses.

In addition, EFI collaborates with regional and local economic developers and private businesses on an advisory board—the Team Florida Marketing Partnership. In 2013, the partnership launched the state's first unified campaign to actively promote Florida's business advantages and create awareness among key domestic and international audiences. The partnership raised \$1.4 million to support the campaign's efforts, helping to reach site consultants and business decision makers worldwide. The campaign included website optimization, print and television advertising, and business development events.

Despite these activities, EFI staff reported that prior to 2016, its marketing efforts were small scale due to lack of funding. Consequently, marketing activities were somewhat limited and included traditional mediums such as advertisements, brochures, newsletters, and social media postings. EFI's industry partners supported many of these efforts. For example, *Florida Trend* magazine provided EFI one free page of ad space per month as part of the magazine's in-kind contribution.

As directed by the Legislature, EFI recently expanded its marketing activities; the new branding initiative has generated millions of media and digital impressions. The 2015 Legislature appropriated \$10 million (\$8.5 million recurring) to EFI for Florida's business brand marketing and promotional activities. Through a competitive procurement process, EFI entered into a contract with Jacksonville-based advertising and public relations agency, St. John & Partners (SJP). From December 1, 2015, through June 30, 2016, EFI contracted with SJP to provide marketing and communications services, including research; strategic planning; integrated communications planning; advertising and creative development; web and mobile strategy, design, and development; integrated media planning and buying; public relations; and social media strategy. During this period, EFI paid SJP \$83,450 per month, totaling \$584,150. In addition, EFI agreed to pay SJP up to an additional \$6.6 million for services such as studio, print production, and broadcast services, media licenses, mailings, and travel.

In January 2016, EFI announced the launch of its new branding initiative, *Florida—The Future is Here*. (See Exhibit F-2.) The new brand's first creative campaign—*Boundless*—aims to highlight Florida's resources

⁴⁹ *Florida Economic Development Program Evaluations Year 3*, OPPAGA [Report No. 15-11](#), November 2015.

and key assets that businesses need to be successful. The creative campaign's first advertisements began running in January 2016. Advertisements were initially run within Florida, with plans to expand to other states and international markets. Advertising mediums include print, digital, television, and radio outlets.⁵⁰

Exhibit F-2

EFI Launched a New Branding Initiative in January 2016



Source: Enterprise Florida, Inc.

In addition to these traditional marketing and public relations activities, EFI has introduced targeted promotional campaigns that emphasize the quality of Florida's college graduates and strength of the state workforce as well as Florida's business climate and tax advantages. Moreover, EFI has created a statewide database that enables users to search for buildings and sites suitable for relocation. Finally, EFI plans to launch three mini-campaigns that will highlight rural Florida, the state's workforce, and Florida's infrastructure.⁵¹

According to EFI's *2015-16 Annual Report and Marketing Plan*, the campaign has helped generate interest in Florida as a business destination. For Fiscal Year 2015-16, EFI reported more than 289,585 visits to the campaign website, over 264 million media impressions, and more than 425,000 social media impressions. During the same period, the campaign was featured in 17 publications (e.g., *The Wall Street Journal*, *The Economist*, and *Area Development*) and there were more than 2,000 positive news stories about Florida.

⁵⁰ Specific examples of marketing mediums include national business publications such as *Forbes Magazine* and *The Wall Street Journal* and print media such as *Site Selection* and *Florida Trend* magazines.

⁵¹ For example, EFI is collaborating with CareerSource Florida, the state university system, and the Department of Education for the workforce mini-campaign as well as the Department of Transportation, the seaports, and major airports for the infrastructure mini-campaign.

Appendix G

Department of Economic Opportunity Major Divisions

Strategic Business Development

The Division of Strategic Business Development facilitates economic development projects and collaborates with other major economic development entities. The division, through its three bureaus and one office, provides support for the attraction, creation, and expansion of business in Florida. Division duties include providing support for attracting out-of-state business to Florida, promoting the creation and expansion of Florida businesses, planning for future economic development, and facilitating the state’s economic development partnerships. Via multi-year, performance-based contracts, the division works with organizations like EFI, the Institute for the Commercialization of Public Research, the Florida Ports Council, the Florida Sports Foundation, Space Florida, and VISIT FLORIDA. The division carries out its principal activities through the Bureaus of Business and Economic Incentives, Compliance and Accountability, and Planning and Partnerships, and the Office of Film and Entertainment. (See Exhibit G-1.)

Exhibit G-1

The Division of Strategic Business Development Has Three Bureaus and One Office That Perform a Variety of Activities

Bureau	Description
Business and Economic Incentives	<ul style="list-style-type: none"> Conducts due diligence reviews on potential economic incentive recipients Recommends incentives and maintains approval authority Contracts with businesses for negotiated incentives
Compliance and Accountability	<ul style="list-style-type: none"> Monitors performance and compliance with businesses and communities Facilitates incentive payments to businesses Assists businesses with incentive-related issues Maintains a web portal—the Economic Development Incentives Portal—that includes information about businesses receiving incentives
Planning and Partnerships	<ul style="list-style-type: none"> Develops and implements the <i>Florida Strategic Plan for Economic Development</i> Develops and monitors DEO’s Long Range Program Plan, including performance measures Develops the department’s Annual Reports of Progress Develops and oversees performance-based agreements between DEO and EFI, the Florida Sports Foundation within EFI, the Institute for Commercialization of Public Research, Space Florida, and VISIT FLORIDA; serves as a liaison and resource for these public-private partners.
Office	Description
Film and Entertainment	<ul style="list-style-type: none"> Serves as liaison for the entertainment industry and local governments Solicits production opportunities for Florida through marketing efforts Administers incentives including tax credits and sales tax exemptions Provides services and assistance to production companies Gathers and distributes information on Florida’s entertainment industry Staffs the Florida Film and Entertainment Advisory Council

Source: Department of Economic Opportunity.

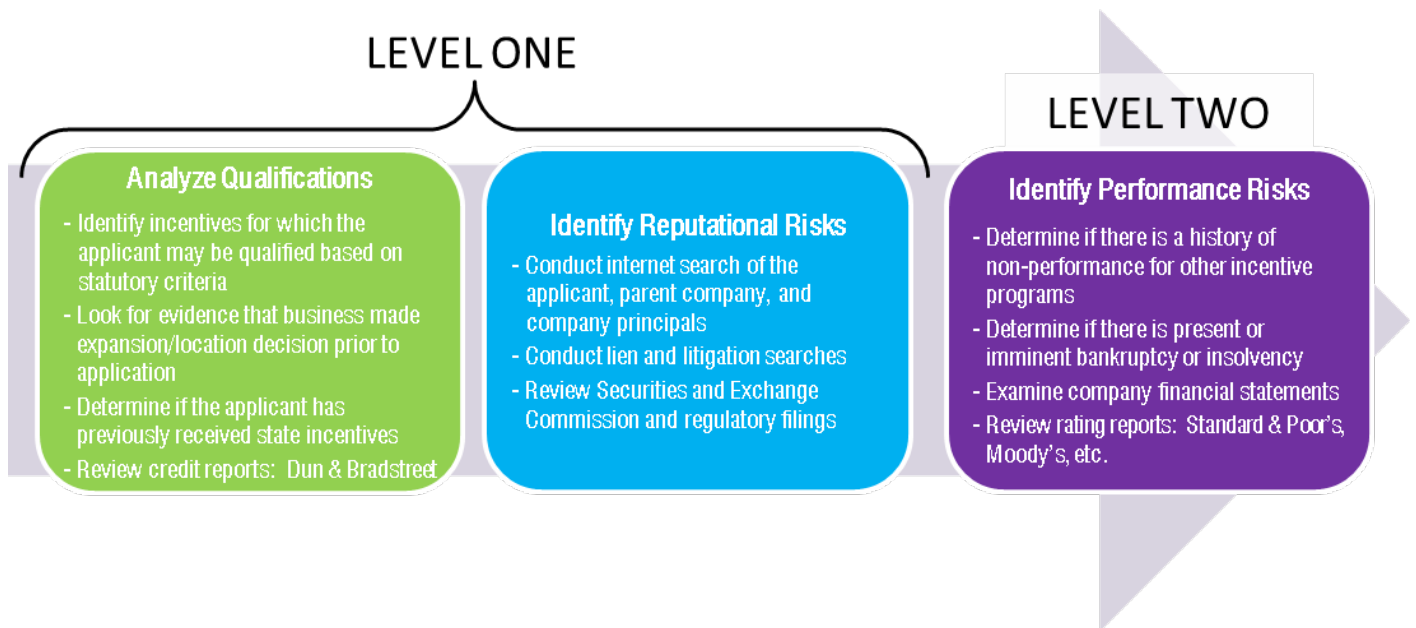
The division’s primary responsibility is administering and monitoring several state economic incentive programs. Businesses interested in expanding or relocating in Florida learn about the state’s economic incentive programs through several channels, including EFI, state and local economic development organizations, and private site selection consultants. EFI provides businesses a variety of services prior to application filing, including evaluating businesses’ needs, identifying potential site locations, and providing information on state and local incentives that might aid businesses with expansion or relocation projects. EFI

also helps businesses complete the incentive application. Businesses can apply for more than one incentive to support their expansion or relocation projects.

Once a company begins the application process, EFI notifies the division so that it may begin the formal due diligence process to determine the business’s statutory eligibility and financial standing. The due diligence process has two levels. Level one due diligence is conducted for all incentive applications and includes determining whether the company satisfies statutory criteria for program participation and if the business is in good financial and legal standing. Level two due diligence is used for grant incentive programs and considers the business’s credit risk and other factors that could affect its ability to repay the state should it be unable to meet incentive performance requirements. (See Exhibit G-2.)

Exhibit G-2

The Division Uses a Due Diligence Process to Assess a Business’s Statutory Eligibility and Financial Soundness



Source: OPPAGA analysis of Department of Economic Opportunity functions.

When due diligence is complete, division staff review the application for completeness; if the application is not complete, the applicant is notified and additional information is requested. Once the application is deemed complete, the division determines what incentives and associated amounts may be available to the applicant and makes an approval or disapproval recommendation to DEO’s executive director. The executive director will make a decision within 10 business days and will issue a letter of certification to the applicant. DEO will develop a contract or agreement with the applicant that specifies the total incentive amount, performance conditions that must be met to receive payment, payment schedule, and sanctions for failure to meet performance conditions. Businesses found to be out of compliance with performance requirements may be subject to penalties (e.g., clawback provisions) or could be terminated from the incentive program. The division currently uses a third-party contractor to process incentive payment claims. The contractor must review each claim to assess the appropriateness and completeness of the documentation for three performance areas: (1) employment, wages, and benefits; (2) capital expenditures; and (3) tax payments. Payments are contingent upon the contractor’s determination that the company has met performance requirements.

In Fiscal Year 2015-16, the division’s funding totaled \$179.7 million and supported 22 FTEs. Funding varied during the review period, ranging from \$288.9 million in Fiscal Year 2012-13 to \$179.7 million in Fiscal Year 2015-16. During the period, staffing remained relatively stable, averaging 22.75 full-time equivalent employees per year. (See Exhibit G-3.)

Exhibit G-3

The Division’s Funding Has Decreased by 38% Since Fiscal Year 2012-13

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Funding	\$288,880,840	\$230,829,812	\$211,168,297	\$179,741,044
Full-Time Equivalent Positions	22	23	24	22

Source: Department of Economic Opportunity.

Most of the division’s annual appropriation is for economic development incentives and pass-through funds to public-private partnerships such as EFI, VISIT FLORIDA, and Space Florida. For example, over the review period, the Legislature appropriated \$379.5 million for economic incentives and \$517.3 million for other entities.

Community Development

The Division of Community Development provides technical assistance, reviews comprehensive plan amendments, and oversees programs for small businesses, rural communities, and low-income households. The division fulfills its responsibilities through three bureaus—Community Planning, Economic Development, and Community Assistance and Revitalization. (See Exhibit G-4).

Exhibit G-4

The Division of Community Development Includes Three Bureaus That Carry Out Its Responsibilities

Bureau	Description	Programs
Community Planning	<ul style="list-style-type: none"> Enforces the 2011 Florida Community Planning Act through three types of reviews: Small Scale Comprehensive Plan Amendments; Expedited State Review process; and State Coordinated Review process Oversees Areas of Critical State Concern, which are designations intended to protect resources and public facilities of major statewide significance from uncontrolled development Provides local governments with technical assistance related to economic development strategies and solving local planning problems 	<ul style="list-style-type: none"> Areas of Critical State Concern Program Comprehensive Planning Developments of Regional Impact Technical Assistance Grants
Economic Development	<ul style="list-style-type: none"> Enhances rural community development and small business creation and expansion Administers economic growth programs that support and enhance access to credit, capital, provides technical assistance to small or minority owned businesses, and operates programs that enhance public infrastructure in rural communities 	<ul style="list-style-type: none"> Black Business Loan Program Emergency Bridge Loan Program Florida Manufacturing Extension Partnership Florida Microfinance Loan Program Florida Microfinance Loan Guarantee Program Hispanic Business Initiative Fund New Markets Development Program Regional Rural Development Grant Rural Community Development Revolving Loan Fund Program Rural Economic Development Initiative Rural Infrastructure Fund Grant State Small Business Credit Initiative Special District Accountability Program
Community Assistance and Revitalization	<ul style="list-style-type: none"> Helps fund local non-profit and governmental agencies to assist low-income communities and households Assists local governments in identifying other sources of funding that may positively impact communities 	<ul style="list-style-type: none"> Community Development Block Grant Community Services Block Grant Low-Income Home Energy Assistance Program Weatherization Assistance Program

Source: Department of Economic Opportunity.

The Bureau of Community Planning assumed responsibility for reviewing comprehensive plan amendments in the same year that new growth management legislation was passed. In 1985, the state passed the Local Government Comprehensive Planning and Land Development Regulation Act, which required that each city and county adopt a comprehensive plan to guide future development. The act required the state-level review and approval of all new comprehensive plans and amendments to those plans. The Community Planning Act of 2011 replaced the 1985 act. Under the new act, most comprehensive plan amendments are reviewed using the Expedited State Review process. In addition, the 2011 act eliminated the restriction that a community could only submit two amendment packages per year.

Bureau staff reviews comprehensive plan amendments through two processes.⁵² The Expedited State Review process is the most commonly used and consists of a proposed and adopted phase. During the proposed phase, DEO and other reviewing agencies simultaneously review plan amendment packages and have 30 days to send comment letters directly to the local government.⁵³ Each reviewing agencies' comments, which identify any issues or deficiencies with the amendment package, are restricted to important state resources or facilities within their jurisdiction.⁵⁴ During the adopted phase, the local government submits copies of the adopted amendment package to DEO and the other agencies that provided comments. DEO and any of the commenting agencies have 30 days to review the adopted package and decide if they want to challenge it. For calendar years 2012 through 2015, DEO reviewed 1,286 proposed amendment packages under the Expedited Review Process.

The State Coordinated Plan Review process is designed for plan amendments that are in an Area of Critical State Concern, propose a rural land stewardship area, propose or amend a sector plan, update a comprehensive plan based on an evaluation, propose a Development of Regional Impact, or are new plans for newly incorporated municipalities.⁵⁵ This process is similar in structure to the Expedited State Review process, but the statutory time limits for agency reviews are longer, DEO coordinates the comment letters and can consider the other review agencies' comments in its analysis and possible challenge to an amendment package.^{56, 57} For calendar years 2012 through 2015, DEO reviewed 157 proposed amendment packages under the State Coordinated Review Process.

In addition to reviewing plan amendments, the bureau provides two types of grants—Community Planning Technical Assistance and Competitive Florida. Local communities use technical assistance grants to implement planning projects that might otherwise be unaffordable. In Fiscal Year 2014-15, the program had 46 grants for a total of \$1.09 million. The Competitive Florida Grant Program involves a two-year partnership

⁵² For both review processes, DEO may make two kinds of comments (substantive or technical assistance), or not comment at all. Substantive comments address issues with an amendment that may ultimately result in a challenge; issues may include quality of data analysis or incomplete development standards. Technical assistance comments address the construction of amendments but do not address components of amendments that may be challenged; comments may address internal consistency within the plan, recommend language or mapping changes; note new statutory changes that may need to be addressed, etc.

⁵³ Reviewing agencies are DEO; Department of Environmental Protection; Department of State; Department of Transportation; Department of Education if the amendment relates to public schools; Department of Agriculture and Fish and Wildlife Conservation Commission if the amendment is for an entire county; the appropriate regional planning council; the appropriate water management district; the commanding officer of an affected military installation; and the county if the amendment package is from a city located in that county.

⁵⁴ DEO's jurisdiction includes coastal high hazard areas for evacuations, military base integrity to prevent encroachment, and provision of affordable housing.

⁵⁵ Areas of Critical State Concern are intended to protect resources and public facilities of major statewide significance, within designated geographic areas, from uncontrolled developments. Current areas include the Green Swamp, Big Cypress Reserve, the Florida Keys, and the City of Key West.

⁵⁶ DEO collects comment letters from the agencies and issues an Objections, Recommendations, and Comments Report directly to the local government.

⁵⁷ For the State Coordinated Review process, DEO has 60 days during the proposed phase and 45 days during the adopted phase.

between the division and the recipient community and is funded as a subset of the bureau’s technical assistance grants. This grant provides funds to local governments for asset-based economic development planning and implementation and culminates in an economic asset map of the local community. In Fiscal Year 2014-15, the program had 10 active grants for a total of \$400,000.

The Bureau of Economic Development oversees small business assistance and rural community development programs. The bureau’s eight small business programs include six financial assistance programs and two technical assistance programs, all of which are administered by third-party contractors.⁵⁸ (See Exhibit G-5.)

Exhibit G-5

The Bureau Oversees Eight Small Business Programs Administered by Third-Party Contractors

Program	Description
Financial Assistance Programs	
Black Business Loan Program¹	Annually certifies eligible recipients and subsequently disburses funds appropriated by the Legislature to black business enterprises that cannot obtain capital through conventional lending institutions but that could otherwise compete successfully in the private sector. In Fiscal Year 2014-15, the program had 12 loans for a total of \$153,631, out of a total appropriation of \$2.2 million.
Emergency Bridge Loan Program²	Provides a source of expedient cash flow to small businesses impacted by a disaster. The program is enacted by a Governor’s executive order in the event of a disaster. In Fiscal Year 2014-15, the program had 2 active loans for a total of \$35,470.
Florida Microfinance Loan Program³	Makes short-term, fixed-rate microloans in conjunction with technical assistance to entrepreneurs and newly established or growing small businesses. Participation in the loan program is intended to enable entrepreneurs and small businesses to access private financing upon completing the loan program. Program is set to expire January 1, 2018. In Fiscal Year 2014-15, the program had 24 loans for a total of \$327,400.
Florida Microfinance Loan Guarantee Program⁴	Stimulates access to credit for entrepreneurs and small businesses by providing targeted guarantees to loans. Funds appropriated to the program must be reinvested and maintained as a long-term and stable source of funding for the program. In 2015, EFI received a total allocation of \$4.8 million to administer the program.
New Markets Development Program	Encourages capital investment in rural and urban low-income communities. The program allows companies to earn tax credits against specified taxes by investing in qualified low-income community businesses to create and retain jobs. As of Fiscal Year 2014-15, the program had 83 active low-income community businesses that had received \$580 million of investment capital.
State Small Business Credit Initiative (SSBCI)	Encourages states to establish or strengthen state programs that support lending to small businesses; under the federal initiative, states were granted flexibility in the types of programs they offer to small businesses. Florida’s SSBCI programs include Florida Capital Access Program (administered by DEO); Florida Venture Capital Program and Small Business Loan Support Program (administered by EFI); and Florida Export Support Program (administered by Florida Export Finance Corporation). In Fiscal Year 2014-15, the program had 78 loans for a total of \$9.9 million.
Technical Assistance Programs	
Florida Manufacturing Extension Partnership	Provides common ground for existing Florida manufacturers by offering training and helping them expand.
Hispanic Business Initiative Fund	Provides Hispanic-owned businesses one-on-one consulting, minority certification processes, business orientation and workshops, entrepreneurial grants, and loan facilitation. All services are free of charge and available in Spanish. In Fiscal Year 2014-15, the program was responsible for 160 grants for a total of \$226,350.

¹ Black Business Investment Corporations administer the program. Currently, there are two: Florida Black Business Support Corporation and Tampa Bay Black Business Investment Corporation.

² Florida First Capital Finance Corporation administers the program.

³ OUR MicroLending and Florida Black Business Support Corporation administer program funding, and the Small Business Development Center administers business training and technical assistance.

⁴ EFI administers the program.

Source: Department of Economic Opportunity.

In addition, the bureau directly administers four rural community development programs intended to encourage investment in public infrastructure and economic development in the state’s 32 rural counties and associated municipalities. The *Rural Economic Development Initiative* (REDI) is responsible for coordinating

⁵⁸ The bureau is also responsible for the Special District Information program and duties under the Uniform Special District Accountability Act of 1989. These duties include serving as the state’s central source of information on over 1,650 special districts operating in Florida.

and focusing state and regional efforts and resources on the problems that affect the viability of Florida's economically distressed rural communities. Working with local governments, community-based organizations, and private organizations, REDI attempts to balance environmental and growth management issues with local needs. In Fiscal Year 2014-15, the state agencies that comprise REDI provided \$93 million in grant funding and the equivalent of \$455 million in technical assistance, fee waivers, and matching grant exemptions totaling \$548.4 million to 38 communities. The ***Rural Infrastructure Fund Grant*** (RIF) is intended to facilitate the planning, preparing, and financing of infrastructure projects in rural communities that encourage job creation, capital investment, and the strengthening and diversification of rural economies. There are nine open RIF grants for a total of \$3.8 million. The ***Rural Community Development Revolving Loan Fund Program*** provides long-term loans, loan guarantees, and loan loss reserves to promote rural community economic viability, especially when projects are addressing employment opportunities. There are currently three active projects for this program; these projects amount to \$1.5 million. The ***Regional Rural Development Grant*** (RDG) provides funding to regionally based economic development organizations representing rural counties and communities for building the professional capacity of their organizations. There are seven open RDG grants for a total \$795,840.

The Bureau of Community Assistance and Revitalization oversees four federally funded programs for low-income individuals, households, and communities. DEO directly administers the Community Development Block Grant (CDBG) program. CDBG is intended to provide funds to communities for projects that they cannot otherwise afford. Eligible communities can apply for funding in four categories: commercial revitalization, economic development, housing rehabilitation, and neighborhood revitalization.⁵⁹ For Federal Fiscal Year 2014-15, the CDBG program received \$23.3 million in federal funding.

DEO allocates funding for the three remaining community assistance programs to 43 designated local governments and non-profit agencies, 27 of which are non-profit Community Action Agencies (CAAs), which in turn provide funding to eligible participants throughout the state.⁶⁰

- ***Community Services Block Grant:*** Supports local level education and anti-poverty services intended to help individuals with low incomes improve their lives. Services include emergency assistance, housing counseling, financial management assistance, and job counseling, placement, and training. For Fiscal Year 2014-15, CAAs received \$21.4 million in federal funding and provided services to 538,673 low-income individuals.
- ***Low-Income Home Energy Assistance Program:*** Provides low-income households assistance in managing costs associated with home energy bills, energy crises, and weatherization and emergency related minor energy-related home repairs. In 2015, CAAs received \$57.2 million in federal funding and assisted 275,079 households.
- ***Weatherization Assistance Program:*** Offers grants to assist low-income households in meeting the costs of home heating and cooling by weatherizing homes. Up to 15% of a state's Low-Income Home Energy Assistance Program funding can be used for the program. In Fiscal Year 2014-15, CAAs received \$11.1 million in federal funding and weatherized 2,128 units, assisting 3,616 people.

⁵⁹ To be eligible for the CDBG program, a city must have a population under 50,000, and a county's population must be under 200,000. Cities with more than 50,000 residents that have opted out of the urban entitlement program are also eligible. To be eligible for funding, an activity must benefit low- and moderate-income persons, eliminate slum and blight, or address an urgent need.

⁶⁰ There are currently 27 CAAs serving 66 counties. Monroe County is not currently directly served by an agency.

The division receives primarily state funding for its community planning, small and minority business and rural economic development programs, and receives federal funding for its low-income household and community development programs. The majority of the division’s funding is pass-through to small and minority business program administrators and Community Action Agencies. For instance, in Fiscal Year 2015-16, 97% of funds were pass-through.

In Fiscal Year 2015-16, the division’s funding totaled approximately \$377.7 million and supported 88 FTEs. The division’s funding fluctuated during the review period, ranging from a high of \$438.1 million in Fiscal Year 2014-15 to a low of \$256.7 million in Fiscal Year 2013-14. The funding fluctuation is equally attributable to changes in both general revenue and federal funds. During the period, staffing remained relatively stable, averaging 90 full-time equivalent employees each year. (See Exhibit G-6.)

Exhibit G-6

The Division’s Funding Has Decreased by 11% Since Fiscal Year 2012-13

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Funding	\$422,108,857	\$256,697,271	\$438,103,217	\$377,748,259
Full-Time Equivalent Positions	92	90	89	88

Source: Department of Economic Opportunity.

Workforce Services

The Division of Workforce Services assists Floridians in gaining and retaining employment and advancing their careers. The division partners with CareerSource Florida and the state’s 24 Local Workforce Development Boards to carry out the state’s workforce activities. The division performs activities through the Bureau of One-Stop and Program Support, the Bureau of Labor Market Statistics, and the Reemployment Assistance Program (RA); the RA program includes the Bureaus of RA Operations, RA Adjudication, RA Appeals, and RA Contact Centers. (See Exhibit G-7.)

Exhibit G-7

The Division of Workforce Services Includes Three Bureaus That Carry Out Its Responsibilities

Bureau/Program	Description
<p>Bureau of One-Stop and Program Support</p>	<ul style="list-style-type: none"> ▪ Provides technical assistance and support to the 24 Local Workforce Development Boards ▪ Provides support functions to the workforce system, including dissemination of workforce program information, guidance, training, and technical assistance; program monitoring; state and federal performance reporting; management of workforce contracts, grants, and financial systems; data tracking; and emergency operations for the workforce system ▪ Manages the contract for the state’s online job matching site for jobseekers and employers—Employ Florida Marketplace ▪ Manages multiple programs to support local workforce development boards (e.g., Displaced Homemaker Program and Migrant and Seasonal Farmworker Program)
<p>Reemployment Assistance Program</p> <ul style="list-style-type: none"> - Operations - Adjudication - Appeals - Contact Centers 	<ul style="list-style-type: none"> ▪ Provides temporary wage replacement benefits to qualified individuals who are out-of-work through no fault of their own <ul style="list-style-type: none"> ○ Operations - provides performance, training and support services and oversees benefit operations and payment control, including fraud investigation and follow-up ○ Adjudication - conducts fact-finding on RA eligibility issues, issues nonmonetary determinations, and provides assistance to employers regarding charges to their accounts ○ Appeals - oversees and manages appeals filed by adversely affected claimants and employers regarding eligibility, qualification, experience rate charges, child support deductions, overpayment, and/or fraud ○ Contact Centers - operates four call centers to provide information regarding RA claims; the call centers are located in Fort Lauderdale, Orlando, and Tallahassee
<p>Bureau of Labor Market Statistics</p>	<ul style="list-style-type: none"> ▪ Produces, analyzes, and distributes timely and reliable labor statistics aimed at improving economic decision-making ▪ Provides data to Local Workforce Development Boards, economic development decision-makers, elected officials, policy makers, businesses, educators, media

Source: Department of Economic Opportunity.

DEO collaborates with CareerSource Florida and Local Workforce Development Boards to administer the statewide workforce system. Under the current workforce development system, DEO, CareerSource Florida, and 24 Local Workforce Development Boards act as partners in administering Florida’s comprehensive system for the delivery of workforce strategies, services, and programs. CSF is the statewide policy and investment board of business and government leaders charged with guiding workforce development for the state and is responsible for designing and implementing strategies that help Floridians enter, remain in, and advance in the workplace.⁶¹ While CSF provides oversight and policy direction for the state’s workforce programs, DEO oversees the administration of the state’s workforce system and receives and accounts for federal funds on behalf of the system.⁶²

Five federal programs serve as the main funding streams that support Florida’s workforce programs: the Workforce Innovation and Opportunity Act, Wagner-Peyser, Veterans’ Employment and Training Services, Welfare Transition, and Supplemental Nutrition Assistance Program. State law requires CSF to enter into a contract with DEO for the administration of workforce services and funds, which must be carried out in compliance with CSF’s policies and its approval of workforce fund disbursements. In addition, federal and state laws require DEO to establish cooperative agreements with each of the workforce boards to ensure compliance with administrative, fiscal, and programmatic requirements in operating workforce programs.

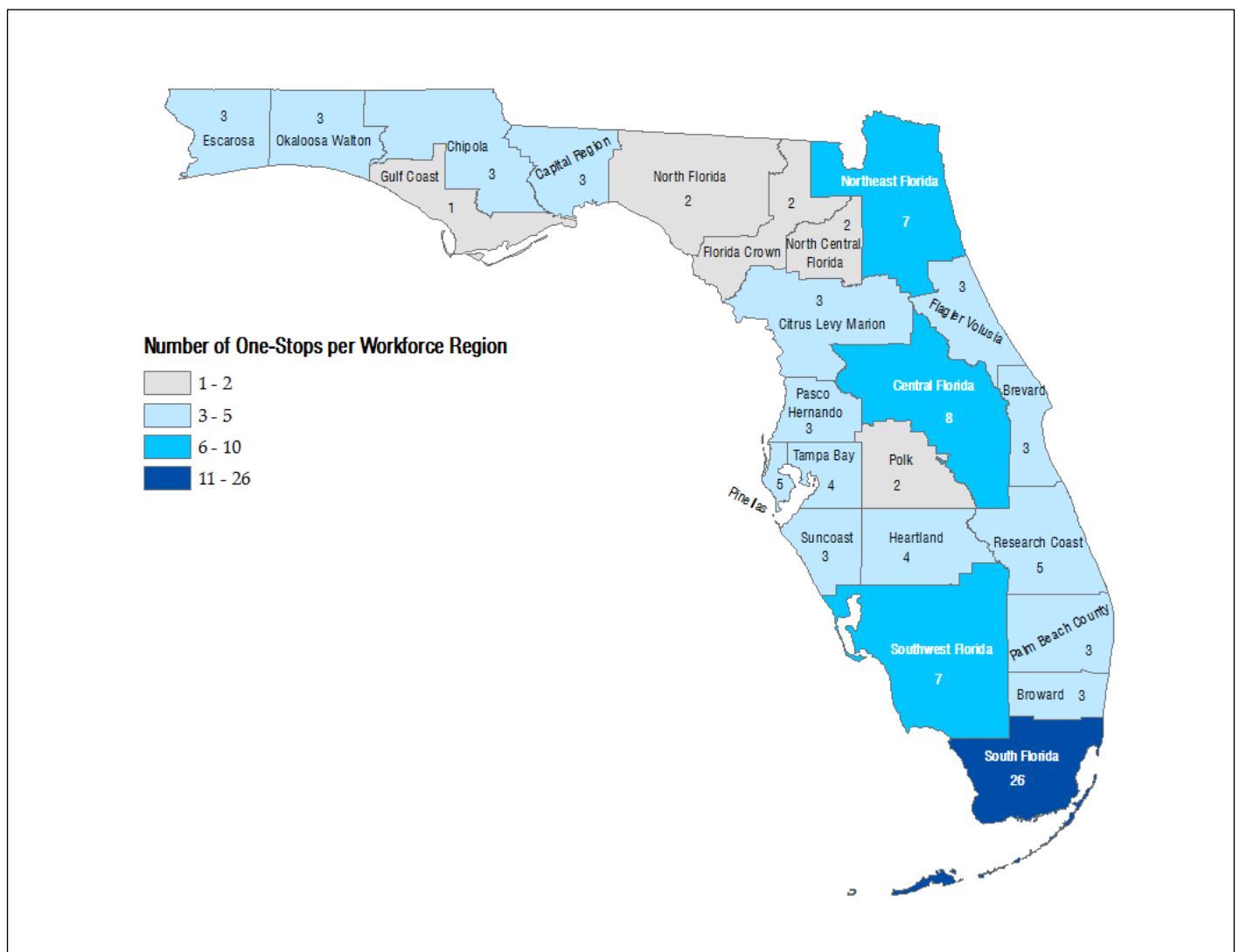
⁶¹ CareerSource Florida is a non-profit corporation. It is administratively located in DEO but is not subject to the department’s control, supervision, or direction.

⁶² DEO is the administrative agency designated for receipt of federal workforce development grants and other federal funds pursuant to Chs. 20 and 445, F.S.

DEO provides guidance, training, and technical assistance to the workforce boards and monitors them to ensure compliance with federal and state requirements.

The workforce boards are located in designated service delivery areas across the state and provide services directly to Florida’s businesses and job seekers through more than 100 One-Stop Career Centers. (See Exhibit G-8). Some workforce regions have more one-stops than others, depending on local workforce needs. For example, CareerSource South Florida operates 26 career centers, while CareerSource Gulf Coast operates only 1. The delivery of workforce services also occurs through the state’s online job matching system, Employ Florida Marketplace, which provides workforce services and resources to employers and job seekers statewide.⁶³ EFM also captures data on job seekers and employers that DEO uses to collect, manage, and report performance information to the U.S. Department of Labor.

**Exhibit G-8
Florida’s Local Workforce Development Boards Are Located Throughout the State and Administer One or More One-Stop Career Centers**



Source: OPPAGA analysis of Department of Economic Opportunity data.

⁶³ Federal law requires core workforce services to be accessible through the internet.

Collectively, the regions serve as Florida's local workforce investment board, as required by federal law, and operate under a charter approved by CSF. The local boards are comprised of representatives from business, education, labor and community-based organizations, as well as administrative staff that carry out board functions. Each workforce board develops a local plan and oversees the One-Stop Career Centers to provide workforce services to job seekers and employers

To support business and economic growth, a recent federal law seeks to increase alignment of Florida's economic development and workforce systems. In 2014, Congress passed the federal Workforce Innovation and Opportunity Act (WIOA), which superseded the Workforce Investment Act of 1998.⁶⁴ WIOA modified Florida's workforce system, requiring enhanced industry and private sector partnerships to connect job seekers to local, high-demand occupations and increased focus on serving individuals with barriers to unemployment. The act took effect on July 1, 2015, and Florida's state plan took effect on July 1, 2016. WIOA requires a single, unified state plan for core programs, streamlines membership in state and regional workforce investment boards, and emphasizes the role of business and industry in aligning training with needed skills.⁶⁵ In addition, the act encourages use of funds for incumbent worker training, registered apprenticeships, transitional jobs, on-the-job training, and customized training and allows for greater flexibility of funds used between adult and dislocated worker programs.

To ensure accountability and enhance transparency, WIOA aligns the performance indicators for core programs (e.g., adults, dislocated worker, and youth) on entering and retaining employment, median wages, skill gains, credential attainment, and skill gains. The performance targets account for local economic conditions and participant characteristics. Review and recertification of one-stops occur every three years based on state-established criteria. In addition, the local workforce boards have been designated as WIOA planning regions and were required to submit State Workforce Development Strategic Plans in 2016. These plans include strategies such as enhancing coordination with local economic development entities, establishing regional strategies, and expanding business services outreach efforts.

Reemployment assistance provides temporary financial support to eligible workers during periods of unemployment. Unemployment insurance is a federal-state coordinated effort, with each state administering its program using national guidelines promulgated under federal law. The program provides partial income replacement to eligible members of the labor force who become involuntarily unemployed; benefits are paid from funds collected by states through Unemployment Compensation payroll taxes. Federal law also requires that states provide an "opportunity for a fair hearing, before an impartial tribunal, for all individuals whose claims for unemployment compensation are denied."

In 2012, the Legislature renamed the state's Unemployment Compensation Program the Reemployment Assistance Program.⁶⁶ DEO administers the program via four bureaus—Operations, Adjudication, Appeals, and Contact Centers. Reemployment assistance services are delivered at four locations: Fort Lauderdale, Jacksonville, Orlando, and Tallahassee. These offices gather facts, apply the law, and make determinations in reemployment assistance cases. Reemployment assistance call centers in Fort Lauderdale, Orlando, and Tallahassee process reemployment assistance inquiries from all over the state.

⁶⁴ The Workforce Investment Act of 1998 modified the Wagner-Peyser Act of 1933 to include employment services as part of the workforce investment system. Under this legislation, states were required to establish workforce investment boards to support employment services for job seekers throughout the state. The Workforce Innovation Act of 2000 implemented the changes in Florida and created 24 Local Workforce Boards, Workforce Florida, the Agency for Workforce Innovation, and the One-Stop delivery system.

⁶⁵ The core programs in WIOA include adult, dislocated worker, and youth; adult education and family literacy programs; Wagner-Peyser employment services; and vocational rehabilitation state grant programs.

⁶⁶ Chapter 443, *F.S.*

The Bureau of Reemployment Assistance Operations provides performance, training, and support services, including oversight and updates, to Florida's Reemployment Assistance Claims and Benefits Information System, also known as Project CONNECT. Project CONNECT was a modernization effort intended to improve the reemployment assistance claims, benefits, and appeals processes; DEO launched the system in October 2013. The new system allows claimants to file online benefit applications, provides a case management system for DEO, includes payment and decision tracking, and manages appeals scheduling and a workload queue for appeals referees.

The bureau also manages benefit payment control, including fraud investigation and follow-up. The 2016 Legislature provided DEO \$550,000 to support the department's efforts to decrease reemployment assistance fraud; DEO is using the funds to implement a program to support in-person reporting for benefits when fraud is suspected. DEO staff reported that they are still developing an implementation plan for this project. In addition to this recent effort, in 2014, the department implemented the Fraud Initiative Rules and Rating Engine System, a reemployment assistance fraud detection and prevention system.

The Bureau of Reemployment Assistance Adjudication conducts fact-finding on eligibility issues based on statutory provisions. The law provides benefit eligibility conditions that must be met by claimants and provides for benefits disqualification when these conditions are not met. Staff also assists employers regarding charges to their accounts.

The Bureau of Reemployment Assistance Appeals oversees and manages appeals filed by adversely affected claimants and employers regarding eligibility, qualification, experience rate charges, child support deductions, overpayment, and/or fraud. DEO hearing officers conduct telephonic hearings to obtain sworn evidence that will result in a decision to affirm, reverse, or modify an initial determination of a claim.

The state's program also includes the Reemployment Assistance Appeals Commission, the quasi-judicial administrative appellate body responsible for reviewing contested decisions of DEO reemployment assistance appeals referees. Appeals referee decisions can be appealed to the commission and then to the District Court of Appeal in which a claimant resides, the job separation arose, or where the decision was issued.⁶⁷ The department has no authority over the commission, but it provides personnel, purchasing, contracting, and budgeting assistance.

The Bureau of Reemployment Assistance Contact Centers provides assistance for Floridians with respect to their Reemployment Assistance claims. Contact centers in three locations collectively manage approximately 12,000 to 15,000 calls per day. The call centers route calls from all over the state and manage calls related to the CONNECT system.

Labor Market Statistics produces, analyzes, and delivers labor statistics for economic decision-making. The bureau produces data to meet federal requirements and is organized into four functional areas: Labor Force and Industry Analysis, Economic Analysis, Occupational Analysis, and Information Delivery and Analysis. The bureau serves as the State Census Data Center through an agreement with the U.S. Census Bureau and its mission is to produce, analyze, and deliver timely and reliable labor statistics to improve economic decision-making.⁶⁸ Labor market data are provided via reports, publications, CDs, brochures, posters, and online tools.

The bureau provides a variety of data on employment, wages, labor force demographics, and economic indicators. Examples of such data include the following.

- Employment and wages - current employment, projections, and wages by industry and occupation, occupational profiles, and career information
- Labor Force - labor force, employment, and unemployment rates

⁶⁷ Section 443.141(4)(e), *F.S.*

⁶⁸ DEO holds an agreement with the U.S. Census Bureau that does not involve the transfer of any funds. Most of the bureau's data collection programs are funded by contracts with the U.S. Department of Labor Bureau of Labor Statistics.

- Economic indicators - Florida Price Level Index and Consumer Price Index
- Population - age, race, gender, income, veteran's status, and education information

The division administers federal and state workforce funds.⁶⁹ The federal funds that support workforce programs come primarily from U.S. Department of Labor (e.g., WIOA, Reemployment Assistance, VETS, Wagner-Peyser, and others). The U.S. Department of Agriculture funds the Supplemental Nutrition Assistance Employment and Training Program, and the U.S. Department of Health and Human Services funds the Welfare Transition Program.⁷⁰ Examples of state-funded workforce programs include FloridaFlex, formerly known as the Quick Response Training Grant Program, and the Displaced Homemakers Program. In Fiscal Year 2015-16, the vast majority (96%) of the division’s funding was derived from federal sources. Most of the division’s funding supports two major program areas: regional workforce boards (52%) and reemployment assistance (16%).

In Fiscal Year 2015-16, the division’s funding totaled approximately \$498.9 million and supported 1,278.5 FTEs. The division’s funding varied during the review period, ranging from \$547.4 million in Fiscal Year 2012-13 to \$498.9 million in Fiscal Year 2015-16. The funding variation is largely attributable to decreases in federal funding for reemployment assistance and regional workforce boards. During the period, staffing ranged from 1,278.5 to 1,310.5 FTEs. (See Exhibit G-9.)

Exhibit G-9

The Division’s Funding Has Decreased by 9% Since Fiscal Year 2012-13

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16
Funding	\$547,353,445	\$528,492,,227	\$501,797,483	\$498,996,326
Full-Time Equivalent Positions	1,310.5	1,303.5	1,303.5	1,279

Source: Department of Economic Opportunity.

⁶⁹ Chapters 20 and 445, *F.S.*

⁷⁰ DEO prepares and submits quarterly federal performance and financial reports for these and other workforce programs to the U.S. Departments of Labor, Agriculture, and Health and Human Services. DEO receives funds for the work activities and supportive services that are delivered to the recipients of Temporary Cash Assistance under the Temporary Assistance for Needy Families program, which is administered by the Florida Department of Children and Families. DEO may also serve as the contract administrator for contracts entered into by CareerSource Florida.

Agency Responses



Mr. R. Phillip Twogood
 Coordinator
 The Florida Legislature's Office of Program
 Policy Analysis and Government Accountability
 111 West Madison St, Suite 312
 Tallahassee, Florida 32399-1475

Rick Scott,
 Florida Governor
 Chairman

Dear Mr. Twogood:

Pursuant to section 11.52(2), Florida Statute, Enterprise Florida, Inc. is submitting this letter in response to: *Agency Review – Enterprise Florida and Department of Economic Opportunity*. Enterprise Florida, Inc. (EFI) welcomes of the thorough review and has already taken action to address a number of the points addressed in this report.

EFI would like to thank OPPAGA for its work in providing the analysis and for its findings. As you know, EFI enjoys a productive partnership with the Department of Economic Opportunity in diversifying Florida's economy through job growth—EFI's core mission is to diversify and expand Florida's economy through job creation. EFI provides the front-facing work in marketing the state's business assets, identifying and actively recruiting economic development opportunities and providing expert support and resources to business, local economic development partners and stakeholders; DEO serves as the state's authority in overseeing and administering economic development programs including compliance, and monitoring economic, workforce and community development in Florida. In order for EFI to effectively attract businesses to Florida and create jobs, sufficient resources, including economic incentives are necessary. Florida has made a strong comeback from the recession and both EFI and DEO have played a significant role in ensuring that when businesses expand, they expand in Florida. EFI fully supports Governor Scott's recommendation for \$85 million in economic incentives for the economic development toolkit.

EFI also plays a vital role in marketing the state of Florida, its business climate and Florida businesses as global trade partners. EFI's trade assistance programs, which largely serve small and medium sized businesses, are consistently recognized around the country as leaders of best practices, particularly in the areas of managing overseas trade show Pavilions; baseline export sales missions as well as Governor-led Team Florida Trade Missions; use of U.S. Commercial Service Gold Keys; trade grant programs, and Export Marketing Plans for new and infrequent exporters. EFI continues to work hard to ensure that Florida's economy continues to expand and diversify through job creation.

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We are pleased to learn that the majority (94% combined) of the economic development professionals surveyed by OPPAGA have identified EFI's work as "important to economic development in Florida." This is consistent with our own research – a third party survey of businesses who conducted economic development activities with EFI during the 2015-16 fiscal year resulted in a 95% satisfaction rate. We take great pride in the professional services that we provide and the private sector job growth occurring in the state of Florida. We are also pleased to see that of those respondents, a large majority identified an increase in state economic toolkit funding as the single most important thing Florida can do to improve the state's economic development system; and that the loss of state funding, particularly the Quick Action Closing Fund, is the a significant challenge faced by the state's economic development system. We agree, and would propose that fully funding Governor Scott's request for \$85 million in economic incentives for the economic development toolkit is vital to job creation in the state of Florida.

EFI's mission is to expand and diversify the state's economy through job creation. EFI's board, staff and partners are dedicated to bringing prosperity to Florida communities and to all Floridians. We will continue working to improve everything that we do and welcome the opportunity to address Chapter 2 of this report.

Streamlining EFI Operations and Enhancing Economic Development Efforts

Option 1: Proceed with transferring minority and small business programs to DEO and consolidate all minority and small business programs into one DEO division.

We agree that an efficient and streamlined process for assisting minority and small business is imperative to their success. EFI has begun the process of transferring the State Small Business Credit Initiative to our partners at DEO. In fact, EFI provides services that can help both minority and small business expand within our state in addition to connecting those businesses with programs offered by DEO.

Option 2: Proceed with pursuing legislation to transfer VISIT FLORIDA and the Florida Sports Foundation to DEO

EFI is pleased to see many of the efforts already undertaken identified as best options for improving our organization. We have refocused our efforts on executing our core missions as laid out in §288.901, F.S. EFI is coordinating with DEO to develop legislation that will transfer responsibility for overseeing VISIT FLORIDA and the Florida Sports Foundation under DEO, and agree that this transfer will allow for EFI to focus further on its core missions while promoting efficiency for those entities.

Option 3: Transfer the Florida Defense Support Task Force and Florida Defense Alliance to DEO

The mission of the Florida Defense Support Task Force is to preserve, protect, and enhance Florida's military missions and installations. The Task Force has operated with success under EFI since its creation in 1999. This track record was recognized by OPPAGA in its November 2015 program evaluation 15-11 titled *Economic Development Program Evaluation—Year 3*:

“OPPAGA found that grant recipients and other stakeholders were very satisfied with grant program effectiveness..... In addition, national studies and stakeholder feedback demonstrate that Florida's military and defense efforts exceed those of other states with a large military presence.....Moreover, key stakeholders reported that Florida is among the top five states that have taken a very proactive approach to preparing for additional budget constraints or a potential Base Realignment and Closure”

Much of the success for which the task force has been commended for stems from the extensive military backgrounds and a wealth of experience that the military and defense team members within EFI possess. Under EFI, the military and defense team is afforded more flexibility to address unique issues across state agency lines and to be more responsive to multiple federal military-related issues, Congressional staffs and other state leaders than if they were housed at a state agency.

Option 4: Increase focus of business development activities on small businesses

While we agree that an emphasis on small business development is a crucial feature of a healthy state economic development system, some clarification is needed. Page 5 of OPPAGA's review observes that “most state-level economic development programs, particularly economic incentives, generally preclude small businesses from benefitting because of high job creation, wage, and capital investment thresholds.” It is important to note that Florida's economic development programs are designed, to help Florida compete for larger projects that will have the greatest economic impact on the state even beyond the number of jobs created. However, OPPAGA's review only included incentivized projects; EFI's business development team assists Florida-based small businesses with identifying opportunities for expansion throughout the state. This may include any of the following services: site/building identification, referrals to and coordination with local economic development officials, liaising with state agencies, economic incentives, training grants, and university contacts. Along with those services we will recommend other resources and make connections to partner organizations such as SBDC, Florida's Network of Business Incubators, GrowFL, HBIF, and other organizations that may be able to provide assistance with general business counseling and business plan formation.

Enterprise Florida supports working with DEO and the legislature to re-evaluate the structure of Florida’s economic development programs and explore alternative approaches, and we look forward to working with our state and local partners to develop additional programs that will provide better resources to small business in the state.

Option 5: Increase collaboration with CareerSource Florida and local workforce boards and one-stop career centers

On November 30th, the EFI Board of Directors selected Chris Hart IV President and CEO of EFI who has served as President and CEO of CareerSource Florida for 9 years. Given Chris’s extensive knowledge of workforce related issues in our state and longstanding connection with those entities, we expect collaboration with those organizations to be at an all-time high.

Option 6: Limit state financial contribution to match or private sector contributions

EFI is a public-private partnership with a statutory obligation to raise one dollar of private sector financial support for every dollar of its state appropriation. For example, in FY 2015-16, EFI received a total operating investment of \$25 million. Through the sources outlined in §288.904, EFI raised just over \$5 million, meeting only 20% of its obligation. EFI recognizes this shortfall, and the need to make increasing our private sector contribution an organizational priority.

**Exhibit 1:
EFI State Support FY 2015-16¹**

EFI Operations	\$8.4 million
International Programs	\$4.55 million
International Offices	\$2.05 million
Business Marketing	\$10 million

Toward that goal, EFI has developed new programs that will enhance fees, jointly raised cash, copayments and other resources specifically outlined as acceptable private support in in our funding statute. For example, EFI has created a cooperative marketing program that will allow local economic development entities to contribute their own raised private funds to match with EFI funds in the execution of joint advertising initiatives that market Florida’s business advantages at the state and local levels. Those local dollars will be counted toward our private match. Similarly, a rural-specific program will mirror the marketing coop program, adding additional private support while also providing focused assistance to our rural communities. EFI’s board, along

¹ Source: 2015 General Appropriations Act for the 2015-16 Fiscal year

with EFI staff and partners will continue to work towards improving our ability to increase our private funding to meet our statutory obligation.

Option 7: Discontinue state funding

Florida's model of a public-private partnership is one that is looked to as a national and international standard of success. Refusing to fund economic incentives or providing inadequate funding to EFI would put a stop to many of the state's current economic development efforts and place Florida at a disadvantage in competing for jobs with other states and economies. It is essential that Florida has the resources to compete. That means that EFI and the economic development toolkit, including \$85 million for economic incentives, are necessary for continued job creation. OPPAGA's list of states exhibiting best practices is replete with state's emulating EFI and its programs – particularly its international trade programs (see attached back-up). In fact, EFI is a pioneer of the public-private model and has long demonstrated a remarkable return on the state and taxpayers' investment. EFI was responsible for facilitating the creation and retention of 28,919 jobs statewide in FY 2015-16 and \$2.82 billion in capital investments. EFI, in its partnership with DEO, has played a significant role in bringing jobs back to Florida families after the recession. The functions that EFI performs require sufficient funding for EFI, a complete economic development toolkit, with economic incentive funding to create jobs and opportunities for Florida families.

Option 8: Shift the funds in the EFI escrow account to a state trust fund

EFI's escrow account currently draws less interest than if those funds were placed into a higher-interest vehicle. As discussed previously, EFI agrees that these funds can be put to better use to provide a higher return on the state's money. EFI is currently exploring higher yield accounts with Wells Fargo, and proposed the use of a state trust account during the 2016 legislative session. There are two important points to highlight before the funds are placed in trust. First, the amount currently in the account will fluctuate as payments are made and as performance benchmarks are met, making the actual return less than OPPAGA's projection. Second, it is important that the funds remain in the account and remain available when payment becomes due, as all escrow funds are contractually obligated to specific payees upon the completion of specific performance benchmarks—unavailability of funds would be a breach of contract with the recipient company.

Option 9: Consolidate EFI's functions under DEO

The role that EFI plays in economic development and job creation for the state of Florida is very important. Essential functions that are performed by EFI simply cannot be performed within a state agency, and failing to continue EFI's core

mission of expanding and diversifying Florida’s economy through job creation will have a negative impact on job creation in Florida.

EFI has been successful in its role as the state’s chief economic development organization and has created programs that provide an example of success to our domestic and international competitors. We are proud of our programs, our people and our role in creating the most robust economic recovery in the country. Our mission—to expand and diversify Florida’s economy through job creation—is one that we honor with the work performed at every level of our organization. We strongly believe these results cannot be replicated by a traditional government agency and were created specifically to function in the private sector.

The work EFI performs is vital, and its marketing, business development and international trade functions would need to continue, even in its absence. The state would not realize an actual savings by consolidating the essential functions of EFI under DEO. The state of Florida must still work towards making Florida the best place to live, work and raise a family. Failing to wholeheartedly pursue economic development efforts will put Florida at a disadvantage in competing to bring more jobs to Florida families. Additionally no amount of state funding would replicate the expertise and insight offered by our board of directors. They simply cannot engage in the same way with a government agency.

We appreciate the input and insight provided within OPPAGA’s Agency Review. OPPAGA’s staff has been professional and accommodating throughout this process. We also appreciate the support the legislature has shown Enterprise Florida as we have worked to facilitate private sector job growth and diversify our state economy. If we can offer any further clarifications or answer any additional questions, please do not hesitate to reach out to me directly.

Respectfully,



Mike Grissom
Executive Vice President
Enterprise Florida, Inc.

Rick Scott
GOVERNOR



Cissy Proctor
EXECUTIVE DIRECTOR

December 21, 2016

Mr. R. Phillip Twogood, Coordinator
Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Suite 312
Tallahassee, Florida 32399-1475

Dear Mr. Twogood:

Over the past five years, Florida has undergone a remarkable transformation after experiencing one of the worst downturns in the nation during the recession. Thanks to Governor Rick Scott and the Legislature's commitment to job creation and the pursuit of pro-growth policies, Florida's economy has recovered with strength and certainty.

During the recession, Florida was hit hard. Private-sector businesses lost more than 900,000 jobs. Unemployment increased to 11.2 percent. And job demand continued to fall, along with housing prices.

Since Governor Scott took office, more than 1.2 million individuals have found new jobs. Communities across the state are growing. Over the past five years, the state's unemployment rate has been cut by more than half. With more than 13,000 new businesses created in 2015, the state's business creation is second in the nation. Florida's low cost of living helps to maintain its strong job market and global competitiveness. Florida welcomed more than 106 million visitors in 2015, including 15.3 million visitors from other countries.

Across the country, people know that Florida is the best place to get their dream job. Here at the Florida Department of Economic Opportunity, we're working to create a competitive business environment that fosters new business across the state.

DEO seeks to continually improve the efficiency and effectiveness of our functions. We welcome the opportunity to review your report, and the following is DEO's initial response to the observations and recommendations in the report.

Pursuant to section 11.51(2), Florida Statutes, this letter is DEO's response to the report titled: *Agency Review – Enterprise Florida, Inc., and Department of Economic Opportunity*. We thank you and your staff for the comprehensive review of our agency and appreciate your detailed analysis.

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Mr. R. Phillip Twogood
December 20, 2016
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OPPAGA Finding 2: Employment analysis shows that for several industries, Florida underperformed compared to competitor states; several states outperform Florida on key economic indicators.

The agency does not agree with this finding. While Florida was among the states most impacted by the Great Recession, since Governor Scott's administration, Florida has outpaced the nation in several key economic indicators, and businesses have created more than 1.2 million private sector jobs since 2010. Since December 2010, Florida's private-sector jobs and labor force have increased more than the nation's, and our gross domestic product (GDP) growth beat the nation last year. In November, Florida led the nation in its private sector job growth rate, tied with Utah. With a GDP of \$883 billion in 2015, Florida's economy is the fourth-largest in the U.S. and would rank 16th in the world if it were a country.

DEO works with the state's economic development partners to promote job creation and the diversification of Florida's economy. In particular, DEO works to promote diversification through Florida's Target Industries, which bring capital investment and jobs that pay higher than average wages. For example, Florida's manufacturing industry led the nation in over-the-year job gains through November 2016 for the fourth consecutive month, adding 10,700 new jobs in the last year. Moreover, Florida ranked first among the ten most populous states in over-the-year job growth rates in November 2016. In 2015, Florida's over-the-year increase in real GDP ranked third when comparing the ten most populous states.

OPPAGA Finding 3: Florida has implemented many best practices, but there are opportunities for improvement.

We agree with your observation that Florida has made progress in implementing best practices and that the business climate in Florida has dramatically improved since Governor Scott took office. The report provides an analysis of the number of incentives awarded to businesses of various sizes. The report represents that slightly more than half of the incentive recipients are businesses that have 1,000 or more employees. While Florida continues to benefit from significant job creation and capital investment by large businesses, it is also noteworthy that approximately 38 percent of the incentive recipients fall within the federal definition of a small business. Additionally, the state is focused on providing great jobs for families, regardless if it is at a small or large business. The report's analysis of incentive recipients shows a variety of small, medium and large businesses are approved for incentives and choose to locate or expand in Florida.

Though small businesses participate in the state's incentive programs, we agree that specific statutory requirements for the minimum number of jobs to be created, average wage and capital investment does affect which businesses are eligible to participate. Incentives now have strict measures put in place by Governor Scott to safeguard taxpayer dollars. In addition, DEO understands that access to capital and technical assistance are important for small business development. We remain committed to small businesses throughout the state through the support provided by the Florida Microfinance Program and State Small Business Credit Initiative, and the support provided by the Small Business Development Center Network.

In the report's *Options for Consideration* section, one consideration is for DEO to relocate small and minority business assistance programs to the same DEO division that will be administering EFI's small business programs. We recognize the synergies that exist among small business programs. To harness

Mr. R. Phillip Twogood
December 21, 2016
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these synergies, DEO proposed the consolidation of the Division of Community Development and Division of Strategic Business Development to streamline processes, increase the effectiveness of programs and better align our resources with the needs of our small business and local government partners. This reorganization will result in a new Office of Small and Minority Business, which will be tasked with better marketing all programs and interfacing with loan administrators and businesses to understand their needs and develop ways to address them through current programs.

OPPAGA Finding 5: EFI's escrow account funds could generate significantly more interest income if held in a state trust fund.

In order to further protect the state's investment in economic development incentives, Quick Action Closing Fund awards have been placed into an escrow account, managed by Enterprise Florida, prior to disbursement to the companies. If any of these businesses do not meet the milestones required for the payments to be disbursed, the escrowed funds will be returned to the state. The escrow account is an important tool that allows the state to compete for highly competitive projects, while protecting the taxpayers. While the protection of placing funds in escrow is an important tool, we agree that using a state trust fund to hold the funds would generate more interest for the state than the commercial account that is currently used. In 2015, Governor Scott proposed creating the Florida Enterprise Fund to hold incentive fund dollars while accruing additional interest than the current escrow account. That proposal did not pass the Legislature in the 2015 legislative session.

OPPAGA Finding 7: Many businesses believe that the incentive claims and payment processes need improvement.

DEO continually seeks to improve its incentive claims process both with respect to service to businesses and accountability to taxpayers. As the report indicates, 75 percent of businesses expressed satisfaction with assistance provided by DEO, and transitioning to electronic submissions has made the process more user-friendly. In FY 2014-15, the review process to pay economic incentive claims was completed in 23 months. By FY 2015-16, the review process to pay economic incentive claims was completed in 13 months. The agency's current goal is to reduce the time it takes to pay economic incentive claims to nine months by the end of this fiscal year. DEO will continue its efforts to improve the efficiency of its incentive claims process and agrees with your recommendations to provide additional educational opportunities and technical assistance to businesses filing claims. DEO's top priority, however, is to ensure we always properly safeguard tax dollars.

OPPAGA Finding 8: DEO's Economic Development Incentives Portal received high ratings from businesses but could be improved to provide better functionality.

Launched on October 1, 2013, the portal provides unprecedented access to the performance measurements required in economic development incentive contracts and each company's progress toward reaching their required job creation goals. This site contains details on every non-confidential Florida economic development incentive project with an executed contract. DEO is committed to furthering our efficiency, accountability and transparency, and we agree with the recommendation to provide enhanced functionality. We are in process of developing and implementing the improvements.

Mr. R. Phillip Twogood
 December 20, 2016
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OPPAGA Finding 9: The selection process for community planning grants lacks a uniform review and scoring process.

We agree that the selection tool used for the Competitive Florida Partnership can serve as a great model to develop criteria for Community Planning Technical Assistance grants.

OPPAGA Finding 10: Very few businesses participate in several of DEO’s small and minority business and rural economic development programs; lack of marketing may affect participation.

Microfinance Loan Program

Section 288.9934(3)(a), Florida Statutes, requires DEO to contract with at least one, but no more than three entities to administer the loan program. In October 2014, DEO issued a request for proposals to solicit loan program administrators to which there were only two responses. Recognizing that this presented a challenge with statewide coverage, DEO issued a second request for proposals in April 2015. The agency hoped to find an additional loan administrator but received no responses. This lack of interest from loan administrators may be due to program limitations identified in this report.

Black Business Loan Program

DEO agrees that additional participation by certified eligible recipients in the Black Business Loan Program would increase program coverage and effectiveness. To that end, DEO opens an annual application period to certify Black Business Investment Corporations based on the criteria contained in section 288.7102(4), Florida Statutes. The program continues to be administered based on the requirements outlined in statute and rule.

Rural Community Development Revolving Loan Fund Program

DEO agrees that increased marketing of the Rural Community Development Revolving Loan Program and other rural economic development programs may increase program effectiveness. Over the past year, DEO has begun to increase marketing efforts by conducting regional workshops in rural areas to promote the agency’s rural resources, along with increased participation at rural conferences. In addition, through the Rural Economic Development Initiative and Competitive Florida Partnership, DEO works one-on-one with communities to match grant resources with identified needs. Currently, there are three active loans administered by the Rural Community Development Revolving Loan Fund. With continued marketing, DEO hopes to increase the utilization of Rural Community Development Revolving Loan Fund and other rural economic development programs in the future.

OPPAGA Finding 11: Businesses are generally satisfied with the state’s workforce services, but finding qualified job applicants remains a significant challenge. OPPAGA surveyed a subset of the businesses that received CareerSource services in 2016.

The Employ Florida Marketplace will roll out several enhancements in the near future. These enhancements will include integrating the Initial Skills Assessment from CONNECT into EFM; adding a Ready to Work credential for job seekers; enhancing the Eligible Training Provider List; and adding a Workplace Training Portal that will feature internships, apprenticeships and on-the-job training. Each of these enhancements will improve the ability to find qualified job applicants with appropriate skills and find individuals who want to work. The enhancements will also allow job seekers to more easily find and access training and education and will allow better screening of candidates. Additionally, within the next

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few months, EFM Version 17 will be released. Version 17 will feature an updated user interface, Progressive and Informed Registration, Common Registration, Common Intake Wizard and Sapphire technology. This will make EFM easier to use and navigate quickly.

OPPAGA Finding 12: One-stops and local workforce boards provide many services; respondents cited a number of challenges to effective service delivery.

As outlined in Cross-Cutting Strategy #1 in the *Florida Strategic Plan for Economic Development*, DEO and its counterparts are working to strengthen collaboration and alignment among state, regional and local entities toward the state's economic vision. DEO is working to enhance collaborative efforts between our agency, CareerSource Florida, Inc., Enterprise Florida, Inc., the Local Workforce Development Boards and the One-Stop Career Centers. To address concerns regarding EFM and CONNECT, DEO recently received a grant to enhance communications and improve user experience between the systems.

OPPAGA Finding 13: Local Workforce Development Boards met or exceeded statewide scores for federal performance measures to varying degrees.

DEO offers technical assistance and on-site or online training to Local Workforce Development Boards that fail to meet performance measures. This training consists of on-site technical assistance, performance enhancements, tips and best practices.

OPPAGA Finding 14: Florida has consistently met several federal unemployment performance measures but has struggled to meet goals related to first payment promptness and nonmonetary determination quality.

Florida has greatly improved outcomes in core measures over the past year. For Q3 2016, Florida's core measures averaged second among the 10 largest states, specifically improving in first payment time lapse, nonmonetary determination time lapse and quality of nonmonetary determinations. In several areas, we are exceeding federal standards at unprecedented levels. We are committed to having a program that emphasizes quality, provides efficient service to our customers and continues to protect taxpayer dollars.

Again, we thank you and your staff for the review and will take under advisement the actions recommended to enhance the state's economic development programs.

Sincerely,



Cissy Proctor
Executive Director