

Florida Economic Development Program Evaluations – Year 6

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OPPAGA

Office of Program Policy Analysis and Government Accountability

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Executive Summary

SCOPE

Section 288.0001, *Florida Statutes*, requires the Office of Program Policy Analysis and Government Accountability (OPPAGA) and the Office of Economic and Demographic Research (EDR) to provide a detailed analysis of state economic development programs according to a recurring schedule established in law.¹ The analysis is due to the Legislature by January 1 of each year.

OPPAGA must evaluate each program over the previous three years for effectiveness and value to the state's taxpayers and include recommendations for consideration by the Legislature. The analysis may include relevant economic development reports or analyses prepared by the Department of Economic Opportunity (DEO), Enterprise Florida, Inc. (EFI), or local or regional economic development organizations; interviews with parties involved; or any other relevant data.

The following programs were scheduled for review by January 1, 2019.

1. Qualified Defense Contractor and Space Flight Business Tax Refund Program established under s. 288.1045, *Florida Statutes*, and tax exemption for semiconductor, defense, or space technology sales established under s. 212.08(5)(j) *Florida Statutes*
2. Florida Defense Alliance established under s. 288.980, *Florida Statutes*; Florida Defense Support Task Force and the related grant program established under s. 288.987, *Florida Statutes*; and the Military Base Protection Program and related grant programs established under s. 288.980, *Florida Statutes*
3. Veterans grant and entrepreneur initiative programs established under s. 295.22(3)(d) and (e), *Florida Statutes*
4. Quick Response Training Program established under s. 288.047, *Florida Statutes*, and Incumbent Worker Training Program established under s. 445.003, *Florida Statutes*
5. International trade and business development programs established or funded under s. 288.826, *Florida Statutes*

The review period covers Fiscal Years 2014-15, 2015-16, and 2016-17.

BACKGROUND

The economic development programs OPPAGA examined represent a wide range of benefits for businesses and other entities. For example, space and defense industry incentives include tax refunds and tax exemptions, while military, veterans, workforce training, and international trade programs offer grants. In addition, international trade and development activities include participation in trade missions and shows as well as services provided to businesses by overseas offices. (See Exhibit 1.)

¹ OPPAGA's prior reports are available [here](#), and EDR's prior reports are available [here](#).

Exhibit 1

The Programs Under Review Provide a Wide Variety of Economic Development Incentives and Services

Program

Space and Defense Industry Financial Incentives

- *Qualified Defense Contractor and Space Flight Business Tax Refund Program (QDSC)* was intended to create and retain high quality, high wage jobs for Florida's defense and space industries. The program is administered by EFI and DEO and provides tax refunds for job creation and retention. Program participation is limited to certain defense and space flight contractors. Based on state law, applicants could no longer be certified for the QDSC program after June 30, 2014; the 2015 Legislature did not extend the program. However, existing tax refund agreements continue to be in effect in accordance with contract terms.
- *Semiconductor, Defense or Space Technology Sales Tax Exemption (SDST)* is used to attract and support existing Florida businesses in these technology-based sectors by providing an exemption for all sales and use taxes on new capital investments in certain machinery and equipment used in manufacturing and research. EFI, DEO, and DOR have responsibilities for administering the program.

Military and Defense Programs

- *Defense Reinvestment Grants (DRG)* support host community activities, advocacy, planning, and military community relations. DEO administers the grants.
- *Defense Infrastructure Grants (DIG)* support local infrastructure projects, including transportation, access, and communications. DEO administers the grants.
- *Florida Defense Support Task Force Grants (FDSTF)* fund projects that directly support preserving, protecting, and enhancing Florida's military installations. The taskforce, staffed by EFI, administers the grants.
- *Military Base Protection Grants (MBP)* secure non-conservation lands to serve as buffers to protect military installations against encroachment and to support local efforts to engage in service partnerships with military installations. DEO administers the grants.
- *State-Level Advocacy Efforts* include contracted professional services for Florida military base advocacy, consultant evaluations of Florida's military installations, production of a military economic fact book, and development of a strategic plan. The Florida Defense Support Task Force administers these activities through contracts with third-party vendors.

Veterans Grant and Entrepreneurship Initiative Programs

- *Workforce Training Grant Program (WTG)* provides grant funding for customized, skills-based training for full-time veteran employees at for-profit Florida businesses. Veterans Florida administers the grants.
- *Veterans Florida Entrepreneurship Program (VFEP)* delivers entrepreneurship training to Florida veterans through a variety of training formats, including online training, stand-alone workshops, and an advanced entrepreneurship program.

Quick Response Training and Incumbent Worker Training Programs

- *Quick Response Training Program (QRT)* provides grant funding for customized, skill-based training designed to meet the special requirements of businesses in Florida's qualified target industries. The program is state funded and provides grants to qualifying businesses to train their new full-time employees. CareerSource Florida administers the grants.
- *Incumbent Worker Training Program (IWT)* provides federally funded grants for continuing education and training of incumbent employees at existing Florida businesses. The program provides grants to reimburse businesses for preapproved, direct, training-related costs. CareerSource Florida administers the grants.

International Trade and Development Programs

- *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 (e.g., aerospace events) that promote state export activities. Participants exhibit product innovations and identify markets for these goods.
- *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 12 countries perform several functions that support EFI's international trade activities abroad, including recruiting companies and generating foreign direct investment leads.

Source: OPPAGA analysis and Florida Statutes.

FINDINGS

Stakeholders are generally satisfied with the economic incentives and services offered through the programs on this year's review schedule. For example, program recipients believe that the state's defense grant programs are very important to local efforts, and training grant recipients reported that the grants have positively impacted their businesses. However, for some programs, there are concerns related to program administration and the methods used to assess program performance.

Space and Defense Industry Financial Incentives. Thirty-eight businesses participated in the Qualified Defense Contractor and Space Flight Business Tax Refund Program (QDSC) and Space and Technology Sales Tax Exemption (SDST) during the review period.² Only three projects participated in the QDSC program, receiving \$2.3 million in incentive funds during this time. The QDSC program expired on June 30, 2014, and only one business is active and under contract to receive additional tax refunds. Thirty-five businesses had an SDST tax exemption during the period. The value of exempted sales tax reported by SDST program participants was \$26.2 million for calendar years 2014 through 2017.

Businesses receiving QDSC tax refunds met their contractual agreements, creating 74 jobs and retaining 1,208 jobs during the review period. SDST program participants reported approximately \$427 million in tax-exempted purchases and \$3 billion in capital investments. However, businesses participating in the QDSC and SDST programs during our prior and current review periods experienced overall negative employment growth while also experiencing positive wage growth.

Military and Defense Programs. The primary goals of Florida's military and defense programs are to ensure that the state's installations remain open and attract new military missions. These goals are accomplished through grant programs, state-level advocacy activities, and land acquisition.

Military and defense grant programs fund multiple activities that support military bases and surrounding communities. These programs awarded 84 grants totaling \$13 million during our review period; recipients expended \$7.6 million of these grant funds. Grant recipients we surveyed were generally satisfied with the grant application and review processes. The Department of Economic Opportunity and Enterprise Florida have made changes to the grant process that decreased the length of time for grant recipients to receive payments.

The Florida Defense Support Task Force provides federal advocacy using a contract with the Principi Group. Under this contract (\$2.9 million during the review period), the group assisted MacDill Air Force Base in obtaining additional air tankers in 2017. The group also advocated for planned military projects, such as upgrading a runway at Eglin Air Force Base and installing a new fuel cell hanger at Hurlburt Field.

Florida's Military Base Protection Program acquired three non-conservation properties or easements (totaling 39.96 acres) during the review period to buffer military installations against encroachment. The total cost of these acquisitions was \$3.8 million.

² For OPPAGA's prior findings on these programs, see *Florida Economic Development Program Evaluations—Year 3*, [OPPAGA Report No. 15-11](#).

Veterans Grant and Entrepreneurship Initiative Programs. Veterans Florida administers two grant programs to help meet the employment needs of veterans and the business community: the Veterans Workforce Training Grant Program (WTG) and the Veterans Florida Entrepreneurship Program (VFEP). Veterans Florida expended approximately \$3.4 million on the WTG and VFEP programs during the review period.

Participation in the WTG program continues to increase, and new marketing performance metrics require annual increases of 20% in business participation. WTG recipients are generally satisfied with the program, and 86% of respondents reported that the program has a positive impact on their business. Further, businesses receiving WTG grants experienced employment growth of 8% and wage growth of 1% during the review period. Veterans Florida has worked with local and state job creation entities to promote the training grant program, but opportunities for additional outreach remain.

Veterans Florida revised the VFEP program structure in Fiscal Year 2017-18 to provide opportunities to more veterans and increase completion rates for the advanced program. Veterans Florida now more consistently tracks VFEP performance via the final program report that is required of all network partners as well as program graduate surveys that will track graduate business performance over time. VFEP participants are generally satisfied with the program, and 85% of respondents reported that they benefit from participating in VFEP. In addition, business creation by VFEP participants increased after program participation.

Quick Response Training and Incumbent Worker Training Programs. CareerSource Florida administers two grant programs for Florida businesses. The Quick Response Training Program (QRT) provides new or expanding businesses in target industries state grant funding for customized, skills-based training, and the federally-funded Incumbent Worker Training Program (IWT) provides grants for continuing education and training of incumbent employees at existing businesses. More than \$35 million in QRT and IWT grant payments were made during the three-year review period. Grant awards fluctuated between the previous and current review periods. QRT grants increased while IWT grants experienced a large decline, partly due to changes in federal reporting requirements that occurred during the review period. The total number of individuals trained decreased in both programs between the previous and current review periods.

Businesses receiving QRT and IWT grants in the previous and current review periods experienced employment growth, but results for wage growth were mixed. QRT business recipients from the current review period had no change in wages, and QRT business recipients from the previous review period experienced a decline in wages. Wages for IWT recipients in both the current and previous review periods increased. Most QRT and IWT trainees from the previous review period are still employed in Florida, and many are still with the same employer.

For the current review period, OPPAGA analysis also determined that wage increases for QRT and IWT trainees were largely associated with program participation. This is different from findings from OPPAGA's previous review of the programs, which found that wage increases for QRT participants were associated with the program, but increases for IWT participants were not consistently associated with the program.

Most QRT and IWT grant recipients are generally satisfied with the grant programs and reported that the grants have a positive impact on their business. For QRT, 83% reported that employee productivity has improved or greatly improved due to the grant, and for IWT, 25% reported that they have gained new business or that their sales increased due to the grant.

QRT fiscal agents continue to perform a variety of roles and reported several benefits from participating in the grant program. Fiscal agents reported that they frequently interact with local economic development stakeholders and serve as liaisons between businesses and CareerSource Florida. They also reported benefits to their organizations from the stakeholder relationships built through their work with the QRT program. However, some businesses and fiscal agents reported lower levels of satisfaction with the fiscal agents' role in the grant process.

International Trade and Development Programs. Enterprise Florida Inc.'s (EFI) International Trade and Development Unit assists small and medium-sized businesses seeking to export their goods and services and contracts with offices overseas to attract foreign direct investment into the state. EFI staff provides a range of services, including export education and counseling, coordinating trade shows in foreign countries, and administering several grant programs to offset the cost of attending trade events or receiving marketing consultation services. In Fiscal Year 2016-17, EFI received \$6.6 million in state funding to support these activities.

Over the review period, EFI awarded \$1.8 million in grant funds to 373 unique Florida businesses across four grant programs. OPPAGA surveyed grant recipients and found that they were primarily producers of manufactured goods, and businesses reported that the grants have a positive impact on their business. Analysis of grant recipient tax data found that new-to-export businesses showed increased sales over the review period, but the majority of all businesses demonstrated limited growth. Analysis of employment data found that grant recipients demonstrated increased wages over the review period. However, similar to our previous findings, EFI does not collect sufficient data to validate the effects of its assistance on business growth.

CONCLUSIONS AND RECOMMENDATIONS

Several issues could be addressed to improve state agency promotion of Veterans Florida's employment opportunities and enhance the administration of the Quick Response Training Program. Improvements could also be made to the methods used to assess the impact of international trade and development activities. Legislative action would be necessary to implement some of these recommendations.

Veterans Grant and Entrepreneurship Initiative Programs. Despite Veterans Florida's outreach efforts, its programs are still not advertised through key websites of other state-funded agencies that provide employment opportunities for veterans. To maximize reach and limited resources, the Florida Department of Veterans Affairs, which houses Veterans Florida, could expand promotion of Veterans Florida's programs by ensuring that they are referenced by other state agencies that provide opportunities to promote job creation and employment opportunities for veterans, particularly CareerSource Florida, local workforce development boards, Enterprise Florida, and the Department of Economic Opportunity.

Quick Response Training and Incumbent Worker Training Programs. Most QRT business survey respondents reported that fiscal agents play a valuable role in the grant process and that they are very satisfied with fiscal agent services. However, some fiscal agents and businesses reported lower levels

of satisfaction with the fiscal agents' role in the grant process. The Legislature could consider making the use of fiscal agents optional and at the discretion of the business. If the use of fiscal agents were made optional, the funds previously used for their services could be used for additional QRT grants.

International Trade Programs. As a condition of receiving one of the three trade assistance grants, EFI could establish an agreement with grantees to report simple descriptive information about businesses on an annual basis. These annual metrics could include total annual domestic sales, total annual export sales, and total number of countries to which the grantees exported annually. Further, EFI could add conditions to its grant agreements that facilitate provision of the information. These could include requirements that ensure updated points of contact at the organization and reporting timeframes to accommodate a variety of factors that would otherwise prolong or delay reporting.

CHAPTER 1: SPACE AND DEFENSE INDUSTRY FINANCIAL INCENTIVES

BACKGROUND

According to the U.S. Department of Labor's Bureau of Labor Statistics, Florida's aerospace and defense industry employed 47,357 individuals in 887 businesses in calendar year 2017. The average annual wage for the industry was \$92,095, exceeding the state's annual average wage for all industries (\$47,767) by \$44,328 (93%). OPPAGA's economic analyses indicate that Florida's industry is outperforming most other competing states and the nation.

OPPAGA conducted economic analyses of the aerospace and defense industry over a 10-year period to determine how Florida is performing relative to other states and the national economy. Comparison states included Alabama, California, Texas, and Virginia. As in our prior review, we compared common industry codes to determine Florida's aerospace and defense industry employment growth 2008 to 2017.³ In one analysis, OPPAGA used the Aerospace Product and Parts Manufacturing industry code to compare all five states. In another, OPPAGA included additional related aerospace and defense industry codes, but data constraints limited the analysis to California, Florida, and Texas.⁴ The additional codes were

- small arms, ordinance, and ordinance accessories manufacturing;
- radio and television broadcasting and wireless communications equipment manufacturing;
- semiconductor and related device manufacturing;
- search, detection, navigation, guidance, aeronautical, and nautical system and instrument manufacturing; and
- ship building and repair.

Florida's aerospace and defense industry employment declined, but outperformed most other competing states and the nation. From 2008 to 2017, Florida's industry employment growth in aerospace product and parts manufacturing was positive and the second highest of all five comparison states and the nation. When including other related aerospace and defense industries in the analysis, California, Florida, and Texas all experienced declines in employment. However, Florida employment experienced less of a decline than California and Texas. (See Exhibit 1-1.)

Exhibit 1-1

Florida's Employment Growth in Aerospace Products and Parts Manufacturing and the Aerospace and Defense Industry Was Higher Than Most Other States and the National Average

State	Aerospace Products and Parts Manufacturing	Aerospace and Defense Industry
Virginia	25.4%	
Florida	6.1%	-3.1%
California	2.1%	-10.3%
Alabama	-5.8%	
Texas	-8.8%	-20.9%
United States	-3.7%	-9.5%

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

We also calculated location quotients to compare statewide employment in aerospace and defense industries to national employment in the industry. Location quotients exceeding 1.0 indicate that state levels of industry employment were higher than the national level. Florida's 2017 location quotient is less than 1.0 in both analyses, which indicates that the state's industry employment is less than the national level. A positive change in location quotient from 2008 to 2017 indicates that the industry grew in Florida and outpaced growth in most competing states. (See Exhibit 1-2.)

Exhibit 1-2

Florida's Aerospace Products and Parts Manufacturing and Aerospace and Defense Industry Employment Had Positive Growth Relative to Most Competing States

Industry	State	Location Quotient 2017	Change in Location Quotient 2008-2017
Aerospace Products and Parts Manufacturing	Alabama	2.04	0.11
	Florida	0.73	0.04
	Virginia	0.14	0.03
	California	1.29	0.03
	Texas	1.10	-0.15
Aerospace and Defense Industry	Florida	0.82	0.02
	California	1.52	-0.07
	Texas	1.04	-0.24

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

We also conducted a shift-share analysis of aerospace and defense industries for Florida and the comparison states. Shift-share represents the change in jobs in a particular industry or group of industries over a specified period and identifies what portions of the growth or decline in employment were due to industry trends, state or national economic trends, or unique state characteristics.

Our shift-share analysis shows that Florida's regional shift is positive and greater than most other states, which indicates that Florida's aerospace and defense industries had greater competitive advantage than most comparison states from 2008 to 2017. (See Exhibit 1-3.)

Exhibit 1-3

Florida Was More Competitive Than Most Comparison States in Total Industry Employment Growth From 2008 to 2017

Industry	State	Employment Change 2008-2017	National Share	Industry Mix	Regional Shift
Aerospace Products and Parts Manufacturing	California	1,514	5,946	-8,645	4,213
	Florida	1,234	1,647	-2,395	1,982
	Virginia	344	110	-160	394
	Alabama	-779	-1,098	-1,597	-281
	Texas	-4,235	3,931	-5,716	-2,450
Aerospace and Defense Industry	Florida	-1,522	3,974	-8,622	3,127
	California	-19,724	15,534	-33,706	-1,551
	Texas	-21,781	8,460	-18,357	-11,884

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

Florida Space and Defense Financial Incentives

The Legislature established Florida's space and defense industry incentives to create and retain high quality, high wage jobs as well as to make capital investments in manufacturing and research. The incentives include tax refunds based on the number of jobs created or retained and sales tax exemptions for machinery and equipment purchases by qualified businesses. The Department of Economic Opportunity (DEO) is primarily responsible for administering the two programs, with Enterprise Florida, Inc. and Department of Revenue (DOR) also having program responsibilities.

Tax Refund. The Qualified Defense Contractor and Space Flight Business Tax Refund Program (QDSC) began in 1996 and expired on June 30, 2014. DEO reports that it certified one applicant since our last review, before the program expired. While DEO can no longer certify new applicants, existing program participants can continue to receive tax refunds in accordance with their contractual agreements.

DEO awarded QDSC tax refunds to qualified businesses bidding on new competitive contracts or consolidating existing defense and space contracts. Qualified businesses met several requirements, including deriving not less than 60% of gross receipts in the state from defense or space flight business contracts.^{5,6} The program provided tax refunds for job creation similar to those awarded through the Qualified Target Industry Tax Refund Program (QTI). QDSC projects also follow the same application, approval, and monitoring process as QTI. However, the programs differ in that businesses under the QDSC program also receive tax refunds for retained jobs. DEO records indicate that three projects received tax refunds during our review period.

Tax Exemption. The 2000 Legislature created the Semiconductor, Defense, or Space Technology Sales Tax Exemption (SDST) Program and the program remains in effect. Qualified businesses must apply to Enterprise Florida, Inc. and be certified by DEO as a semiconductor, defense, or space technology facility. Once DEO has certified the business, it notifies DOR, which issues a tax exemption permit to the business. The permit entitles the certified business to a sales and use tax exemption on certain items for two calendar years.^{7,8}

DEO records show that 35 businesses had an exemption certificate during at least one year of our review period. This amount is a decrease of five businesses since our last review. DEO staff cites the use of other tax exemptions (e.g., the sales tax exemption on manufacturing equipment) as a reason for the lower program participation.

⁵ Qualifying businesses also include those converting defense production jobs to nondefense production jobs or reusing defense-related facilities. Gross receipts from contracts are calculated over the last fiscal year and over the five years preceding the date an application was submitted.

⁶ Qualifying businesses receive refunds for corporate income, sales and use, ad valorem, intangible personal property, excise, and state communication services taxes. A qualified applicant may not receive refunds of more than 25% of the total tax refunds awarded in a single fiscal year. No more than \$2.5 million in tax refunds may be received by one business in any fiscal year. DEO currently uses a third-party auditor to review documentation submitted by businesses for tax refunds.

⁷ Certain industrial machinery and equipment purchased and used by certified production facilities is tax exempt, including molds, machine tools, and testing equipment. Building materials purchased for use in manufacturing or expanding clean rooms in semiconductor manufacturing facilities are also tax exempt.

⁸ The SDST exemption also allows recipients to claim refunds for sales and use taxes paid on eligible purchases made during the previous three years. DEO reported that seven companies applied for and received retroactive certification.

Incentive Funding

Three projects in the review period received \$2.3 million in state QDSC tax refunds for Fiscal Years 2014-15 through 2016-17. To examine program costs and performance, OPPAGA requested data for projects that received a QDSC tax refund during the three-year review period. Three projects or companies received \$2.3 million in state tax refund payments during the period.⁹ (See Exhibit 1-4.) Two of the projects are completed; they have met their contract terms and received all eligible incentive payments.¹⁰ The remaining project is active and contracted to receive an additional \$1.8 million in state funds by June 30, 2020.

Exhibit 1-4

Three Projects Received Nearly \$2.3 Million in QDSC Tax Refunds During the Review Period

Project Name	County	Award Date	Status	Payments
Lockheed Martin Mission Systems and Training	Pinellas	12/16/2011	Complete	\$1,308,000
Lockheed Martin Corporation	Palm Beach	12/29/2014	Active	760,187
Sparton Electronic Florida, Inc.	Volusia	7/9/2009	Complete	187,200
Total				\$2,255,387

Source: OPPAGA analysis of Department of Economic Opportunity data.

Sales taxes exempted were valued at \$26.2 million during our review period. SDST program participants that renew their certification are required to report the total value of taxes exempted for the two calendar years preceding the renewal application date. Program participants reported \$26.2 million in taxes exempted from calendar years 2014 through 2017. (See Exhibit 1-5.) The reported amounts presented below are an underestimate because DEO receives the data when a business requests to renew their exemption, which could be up to two years after they made the exempted purchases. The total value of taxes exempted ranged from approximately \$2 million to \$10.6 million over each year of the review period.

Exhibit 1-5

Reported Sales Tax Exempted Was Valued at \$26.2 Million for Calendar Years 2014 Through 2017

	2014	2015	2016	2017	Total
Total Value of Taxes Exempted	\$9,698,037	\$10,640,408	\$3,848,811	\$1,963,514	\$26,150,770

Source: OPPAGA analysis of Department of Economic Opportunity data.

FINDINGS

The three businesses that received QDSC tax refunds created 74 jobs and retained 1,208 jobs. QDSC tax refund recipients are contractually required to create or retain a certain number of jobs that pay an annual average wage of at least 115% of the average private sector wage in the area where the project is located. Though not contracted to create jobs in the review period, the three QDSC projects

⁹ Under state law, a tax refund may not be approved for any qualified applicant unless local financial support has been paid for that refund. Local financial support means funding from local sources, public or private, that is equal to 20% of the annual tax refund. The three projects received \$563,847 in local financial support during our review period.

¹⁰ DEO uses a four-category classification system to reflect the status of QDSC projects: active, complete, inactive, and terminated. Three projects were inactive and did not receive tax refunds during our review period.

created 74 jobs during this time. They also retained 1,208 jobs, which is equal to the number that they were contracted to retain. (See Exhibit 1-6.)

Exhibit 1-6

Projects Receiving QDSC Incentive Payments in Fiscal Years 2014-15 Through 2016-17 Created 74 Jobs and Retained 1,208 Jobs

Project Name	Contracted New Jobs	Confirmed New Jobs	Contracted Retained Jobs	Confirmed Retained Jobs
Lockheed Martin Mission Systems and Training	0	53	545	545
Lockheed Martin Corporation	0	0	401	401
Sparton Electronic Florida, Inc.	0	21	262	262
Total	0	74	1,208	1,208

Source: OPPAGA analysis of Department of Economic Opportunity data.

Employment declined but wages increased for businesses receiving QDSC incentives. We analyzed employment and wage growth for six businesses receiving QDSC incentives in our current and previous review periods.¹¹ These six businesses had 21,309 employees and paid total wages of about \$131 million in Fiscal Year 2016-17. For both the current and previous business cohort, we compared the change in annual average employment and wages for Fiscal Year 2016-17 to the year before the review period. Of the five businesses that received incentives in our previous review period (Fiscal Year 2011-12 through Fiscal Year 2013-14), two had positive employment growth. However, the negative growth of the remaining businesses resulted in overall negative employment growth. Of the three businesses in our current review period (Fiscal Year 2014-15 through Fiscal Year 2016-17), only one had positive employment growth, with overall growth being negative. All businesses had positive wage growth. (See Exhibit 1-7.)

Exhibit 1-7

Businesses Receiving QDSC Incentives Had Decreases in Annual Average Employment but Experienced Increases in Annual Average Wages

Review Period	Businesses ¹	Change in Annual Average Employment ²	Change in Annual Average Wages ²
Fiscal Years 2011-12 through 2013-14	5	-76 (-5%)	\$9,524 (17%)
Fiscal Years 2014-15 through 2016-17	3	-107 (-7%)	\$17,623 (8%)

¹ Some businesses had multiple locations. These businesses represented three companies at six locations. Two of the businesses that received QDSC incentives in our current review period (Fiscal Years 2014-15 through 2016-17) also received them in our prior review period (Fiscal Years 2011-12 through 2013-14).

² We calculated the percentage change from Fiscal Year 2016-17 to one year prior to the respective review period. (See footnote 11 for further explanation.)

Source: OPPAGA analysis of Department of Economic Opportunity data.

¹¹ We requested employment and wage data from DEO for seven businesses receiving a QDSC incentive during two periods: 1) Fiscal Years 2011-12 through 2013-14; and, 2) Fiscal Years 2014-15 through 2016-17. Data were available for six of the seven businesses. We compared the change in annual average employment and wages for Fiscal Year 2016-17 to one year before their particular review period. For example, for the businesses in our previous review period, we compared the change in the annual average employment and wages between Fiscal Year 2010-11 and Fiscal Year 2016-17. We made the same comparison for businesses in our current period using data for Fiscal Year 2013-14 and Fiscal Year 2016-17.

SDST program participants reported about \$427 million in tax-exempted purchases and \$3 billion in capital investments during the review period. The Legislature created the SDST tax exemption to assist existing Florida businesses in making new capital investments in machinery and equipment. Businesses that submit exemption renewal requests are required to report the total investments in real and tangible property and the total value of tax-exempt purchases on a calendar year, rather than a fiscal year basis. Program participants reported about \$427 million in tax-exempted purchases and \$3 billion in investments for calendar years 2014 through 2017. (See Exhibit 1-8.) The reported amounts in Exhibit 1-8 are underestimates, due to the two-year lag noted earlier.

Exhibit 1-8

SDST Program Participants Reported \$427 Million in Tax Exempted Purchases and \$3 Billion in Capital Investment for Calendar Years 2014 Through 2017

	2014	2015	2016	2017	Total
Total Value of Tax Exempted Purchases	\$160,765,121	\$172,881,083	\$60,673,988	\$32,636,289	\$426,956,480
Total Investment Made in Real and Tangible Personal Property	\$1,314,889,915	\$1,279,733,994	\$282,371,802	\$168,201,833	\$3,045,197,545

Source: OPPAGA analysis of Department of Economic Opportunity data.

Employment for some SDST program participants declined, but wages for many participants increased. We also analyzed employment and wage growth for 29 businesses receiving the SDST tax exemption in our current and previous review periods.¹² These businesses had 139,370 employees and total wages of approximately \$1.22 billion in Fiscal Year 2016-17. For both the current and previous business cohort, we compared the change in annual average employment and wages for Fiscal Year 2016-17 to the year before the review period. Of the 27 businesses that received tax exemption in our previous review period (Fiscal Year 2011-12 through Fiscal Year 2013-14), 13 (48%) had negative employment growth and overall employment growth was negative. Of the 24 in our current review period (Fiscal Year 2014-15 through Fiscal Year 2016-17), 11 (46%) had negative employment growth. However, the growth of the remaining businesses was positive, resulting in overall positive employment growth. Overall, annual average wages increased for businesses in both review periods. (See Exhibit 1-9.)

Exhibit 1-9

Businesses Receiving SDST Incentives Had Decreases in Annual Average Employment

Review Period	Businesses ¹	Change in Annual Average Employment ²	Change in Annual Average Wages ²
Fiscal Years 2011-12 through 2013-14	27	-926 (-7%)	\$23,918 (29%)
Fiscal Years 2014-15 through 2016-17	24	425 (5%)	\$11,823 (13%)

¹ Some businesses had multiple locations. These businesses represented 28 companies at 29 locations. Nineteen of the businesses that received the SDST tax exemption in our current review period (Fiscal Years 2014-15 through 2016-17) also received the exemption during our prior review period (Fiscal Years 2011-2012 through 2013-14).

² We calculated the percentage change from Fiscal Year 2016-17 to one year prior to the respective review period. (See footnote 12 for further explanation.)

Source: OPPAGA analysis of Department of Economic Opportunity data.

¹² We requested employment and wage data from the Department of Economic Opportunity for 42 businesses receiving an SDST incentive during two periods: 1) Fiscal Years 2011-12 through 2013-14; and, 2) Fiscal Years 2014-15 through 2016-17. We were able to analyze data for 29 businesses.

CONCLUSION

Participation in space and defense financial industry incentive programs remains relatively low. Despite growth in the aerospace and defense sectors, relatively few businesses participated in the Qualified Defense Contractor and Space Flight Business Tax Refund (QDSC) and Semiconductor, Defense or Space Technology Sales Tax Exemption (SDST) programs during our review period. Specifically, three businesses received a tax refund during our review period, only one of which is eligible to receive additional funds until June 30, 2020. The number of businesses with active SDST exemptions dropped from 40 to 35 since our last review.

QDSC businesses met their contractual agreements to create and retain jobs in the review period. The SDST program also made capital investments in the same period. However, businesses participating in the QDSC and SDST programs during our prior and current review periods experienced overall negative employment growth, but positive wage growth.

CHAPTER 2: MILITARY AND DEFENSE

BACKGROUND

Protecting Florida's military installations is crucial to the state's economy because defense activities and spending have long been a major source of employment and revenues for state and local governments. Defense is one of largest contributors to the state economy along with agriculture and tourism. Defense spending was directly or indirectly responsible for \$84.9 billion (9.2%) of Florida's gross state product in 2016, with Florida's defense contractors supplying \$14 billion in defense-procured goods and services.¹³ Military-related employment accounts for 800,000 jobs statewide, and Florida ranks among the top states in the number of active and civilian military personnel in 2018.¹⁴ (See Exhibit 2-1.)

Exhibit 2-1

Florida Ranks Sixth in the Nation in Number of Active and Civilian Military Personnel

State	Active	Civilian	Total
California	157,583	61,430	219,013
Virginia	123,341	93,483	216,824
Texas	119,272	46,777	166,049
North Carolina	100,606	21,336	121,942
Georgia	63,645	33,146	96,791
Florida	63,456	30,710	94,166
Washington	60,794	31,173	91,967
U.S. Total	1,161,042	697,538	1,858,580

Source: U.S. Department of Defense March 2018 data.

Florida has several military installations, including 20 major military bases, 3 unified commands, and a Coast Guard district headquarters. (See Exhibit 2-2.) These installations have various duties and missions, including providing or supporting

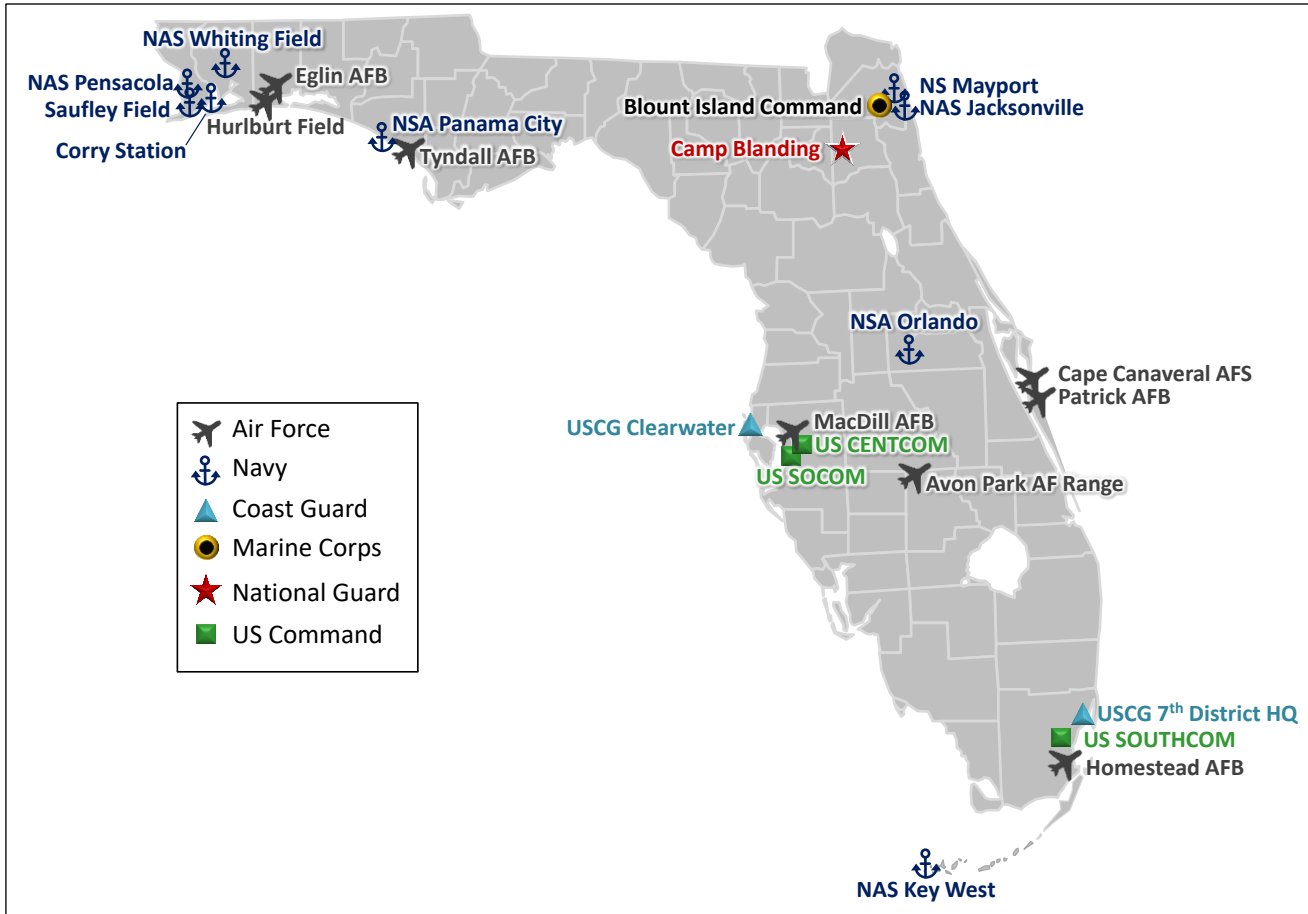
- advanced training for pilots, air traffic, and weapon controllers;
- aviation flight and maintenance training;
- homeported naval vessels;
- research, development, testing, and evaluation for military diving, maritime special operations, simulation technology, and air-to-ground weapons development;
- space and space launch activities;
- U.S. commands for the Middle East, Central and South America, and the Caribbean; and
- U.S. worldwide command for special operations.

¹³ *Florida Defense Industry Economic Impact Analysis 2017 Update*, Matrix Design Group for the Florida Defense Support Task Force, December 2017. The 2016 data presented in this report are the most recent available.

¹⁴ [Florida Defense Factbook, Enterprise Florida, December 2017.](#)

Exhibit 2-2

Florida Has 20 Major Military Bases, 3 Unified Commands, and 1 Coast Guard District Headquarters



Source: Enterprise Florida, Inc.

Program Administration

Two state entities administer Florida's military and defense programs: Enterprise Florida, Inc. (EFI) and the Department of Economic Opportunity (DEO). (See Exhibit 2-3.) EFI provides staff support to the Florida Defense Alliance and Florida Defense Support Task Force and administers the task force's grant program. DEO administers two other military and defense statutory grant programs: Defense Reinvestment Grants and Defense Infrastructure Grants. The department also identifies and recommends non-conservation land purchases in an effort to limit development and encroachment near military bases. The Department of Environment Protection (DEP) is responsible for purchasing the land recommended by DEO.¹⁵

Florida Defense Alliance. The alliance is a non-profit partnership among the Governor, local congressional delegations, state legislators, base commanders, community leaders, and business executives that coordinates efforts to increase and promote the military's value and enhance base capabilities, while enhancing the quality of life for military families.

¹⁵ This activity is subject to annual appropriations, see s. 288.980(1)(c), *F.S.*

Florida Defense Support Task Force. The task force's mission is to

- make recommendations to preserve and protect military installations;
- support the state's position in research and development related to or arising out of military missions and contracting; and
- improve the state's military friendly environment for service members, military dependents, military retirees, and businesses that bring military and base related jobs to the state.¹⁶

The task force accomplishes its mission by providing grants that support Florida's military installations, such as projects to prevent base encroachment, economic and product research and development, and planning with host communities to accommodate military missions. In addition, the task force contracts with the Principi Group to provide advocacy services. The group conducts a variety of activities, including monthly updates on ongoing federal defense budget negotiations; coordinates meetings between Florida and federal officials; collects information on proposed realignments; and promotes Florida's installations in meetings with the Department of Defense, Congress, and defense industry representatives.

Statutory grant programs. The Florida Defense Reinvestment Grant Program (DRG) funds community activities that support military installation missions and alternative economic diversification strategies to transition from a defense economy to a non-defense economy. The Defense Infrastructure Grant Program (DIG) supports local infrastructure projects deemed to have a positive impact on the military value of installations within the state. Military Base Protection Grants fund acquisitions of land or development rights to prevent base encroachment and support community engagement with military installations.

Beginning in 2015, the Legislature and DEO modified grant program administration in several ways.¹⁷

- DEO is now solely responsible for disbursing funds for DRG and Military Base Protection Grants. Previously, DEO disbursed grant funds to EFI, which would then distribute the funds to grant award recipients.
- DEO can disburse funds for DRG and Military Base Protection Grants only when it certifies that a project has met all contractual performance requirements. Prior to this change, EFI had the ability to issue periodic payments to grantees.
- DEO now requires both DRG and DIG grant recipients to match at least 30% of any grant awarded. This is a change from the previous practice of requiring a match only for DIG grants.

Exhibit 2-3

Several State Entities Are Responsible for a Range of Military and Defense Program Activities

Activity	Department of Economic Opportunity	Enterprise Florida, Inc.		Department of Environmental Protection
		Defense Support Task Force	Defense Alliance	
Grant Programs	✓	✓		
Land	✓	✓		✓
Advocacy		✓	✓	

Source: Florida Statutes.

¹⁶ Its 13 members are charged with coordinating the message on military issues from the executive and legislative branches of government, congressional members, and defense communities. The DEO executive director (or his designee) serves as the ex officio, non-voting executive director of the task force. The Speaker of the House and Senate President each designate one of their appointees to serve as chair of the task force in alternating years. If the Governor, instead of his designee, participates in the activities of the task force, he will serve as chair.

¹⁷ The 2015 General Appropriations Act (Ch. 2015-232, *Laws of Florida*) and subsequent general appropriations acts.

Funding

During the review period, the Legislature appropriated \$15.3 million (\$7.8 million to the Department of Economic Opportunity and \$7.5 million to Enterprise Florida, Inc.) to fund military and defense program activities.¹⁸ The Florida Defense Support Task Force may spend up to \$250,000 annually to fund its administrative costs. EFI receives no additional administrative funds to manage the grant programs. (See Exhibit 2-4.)

Exhibit 2-4

The Legislature Appropriated \$15.3 Million for Military and Defense Programs From Fiscal Year 2014-15 Through Fiscal Year 2016-17

Funding Category	Military and Defense Protection Program Appropriations			Total
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	
Florida Defense Support Task Force	\$3,500,000	\$2,000,000	\$2,000,000	\$7,500,000
Defense Reinvestment Grants	850,000	850,000	850,000	2,550,000
Defense Infrastructure Grants	1,600,000	1,600,000	1,600,000	4,800,000
Military Base Protection Grants	150,000	150,000	150,000	450,000
Total	\$6,100,000	\$4,600,000	\$4,600,000	\$15,300,000

Source: General Appropriations Acts.

FINDINGS

The primary goals of Florida's military and defense programs are to ensure that the state's installations remain open and attract new military missions. These goals are accomplished through grant programs funding various activities, including infrastructure improvement and local advocacy to support military bases and communities, federal advocacy on current and future projects, and land acquisition to address military base encroachment. To assess these program activities, we interviewed program staff and representatives from Florida's military installations and commands, surveyed grant recipients, and analyzed agency grant data.¹⁹

Grant programs awarded \$13 million to assist military bases; grant recipients are generally satisfied with the grant process and payment time has decreased

Grants fund a variety of activities to assist military bases, including local advocacy, improving infrastructure into bases, and buffering against encroachment. During the review period, three grant programs—Defense Reinvestment, Defense Infrastructure, and Florida Defense Support Task Force—awarded funds for 84 projects.²⁰ The number of grants awarded declined during our review period in

¹⁸ Beginning in Fiscal Year 2015-16, DEO took over administration of DRG and DIG grants.

¹⁹ We interviewed eight representatives from Florida's military installations and bases. Additionally, we received 41 survey responses from recipients of either Defense Infrastructure Grants (11 complete responses out of 17 surveys sent out), Defense Reimbursement Grants (15 complete responses out of 20 surveys sent out), or Florida Defense Support Task Force Grants (15 complete responses out of 20 surveys sent out) for a total response rate of 72%.

²⁰ No Military Base Protection grants were awarded during the review period.

part due to reductions in appropriations. (See Exhibit 2-5.) See Appendix A for additional information about each grant awarded during the review period.

Exhibit 2-5

Military and Defense Grants Awarded in Fiscal Year 2016-17 Declined From Previous Years

Grant	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Total
Defense Reinvestment	12	11	10	33
Defense Infrastructure	10	9	5	24
Florida Defense Support Task Force	13	11	3	27
Total	35	31	18	84

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

Grant recipients were awarded \$13 million in grant funds during our review period but expended \$7.6 million of these funds. Not all funds have been fully expended due to multi-year contract terms and reimbursement delays.²¹ (See Exhibit 2-6.)

Exhibit 2-6

Three Military and Defense Grant Programs Provided \$13 Million for 84 Projects From Fiscal Year 2014-15 Through Fiscal Year 2016-17¹

Grant	Number of Grants	Amount Awarded	Amount Expended
Defense Reinvestment	33	\$2,540,836	\$2,118,042
Florida Defense Support Task Force	27	5,887,964	4,059,177
Defense Infrastructure	24	4,575,000	1,450,112
Total	84	\$13,003,800	\$7,627,331

¹ Amounts are for grants that were awarded during the three-year review period. Not all grant recipients received payments during this time.

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

Grant recipients and base representatives reported that the grants fund a variety of activities to assist military bases. OPPAGA surveyed grant recipients about their experiences with the grant programs.²² Grantees are typically county governments, chambers of commerce, development authorities, or private advocacy organizations.

A majority of the respondents (64%) reported using the grants to prevent base encroachment through either purchasing restrictive use easements or acquiring properties. Twenty respondents (51%) also reported using grants for activities such as diversifying the economy of defense-dependent communities (e.g., encouraging use of a local sea port), improving transportation access to the bases, and joint planning with local bases to accommodate current and additional military missions. Grant applications are typically submitted in coordination with local military bases. Almost all (87%) survey respondents reported consulting with local base commands about the grants prior to application submission.

²¹ The 2015 Legislature changed the process for paying grantees by providing that funds for Military Base Protection and Defense Reinvestment grants may only be disbursed from DEO directly to grant recipients. Projects must be certified that contractual performance requirements have been met prior to disbursement.

²² OPPAGA received 41 survey responses from recipients of either Defense Infrastructure Grants (11 complete responses out of 17 surveys sent), Defense Reimbursement Grants (15 complete responses out of 20 surveys sent), or Florida Defense Support Task Force Grants (15 complete responses out of 20 surveys sent) for a total response rate of 72%.

Approximately half (56%) of the survey respondents reported tracking the impact of the grants. Respondents reported impacts such as protecting bases from encroachment, advocating to military and defense officials regarding increasing local awareness of military presence, and acquiring new missions for Florida bases.

Survey respondents were satisfied with the grant programs' effectiveness in helping meet military installation needs. Most grant recipients were positive about the processes used to apply, approve, obtain reimbursement, and report on the grants (66%). A few survey respondents (11%) reported that they were dissatisfied with these processes, expressing concern about the time it took to be reimbursed and the amount of paperwork involved in the grant process. However, almost all survey respondents were either satisfied or very satisfied with their interactions with EFI (79%) and DEO (73%) staff.

Base representatives we interviewed reported positive results of grant-funded advocacy efforts of local military support organizations.²³ For example, base representatives reported that the City of Jacksonville used a Defense Reinvestment Grant to lobby on the behalf of Naval Station Mayport to gain the homeporting of a three ship Amphibious Ready Group, additional Littoral Combat Ships, and a Triton UAV unit at the naval station. Additional advocacy helped Naval Air Station Jacksonville receive the designation as the east coast center of excellence for P-8 anti-submarine planes. The Bay Alliance was also successful in helping recruit an additional mission with Tyndall Air Force Base and its designation as the preferred base for a MQ-9 drone squadron.

The length of time for recipients to receive grant payments decreased during the review period.

The payment process for the grant programs generally involves receiving the reimbursement request from the grant recipient, agency review and approval of the request, and processing the invoice for payment. While there are no specific criteria for issuing payments for these grants, state agencies are statutorily bound to a timeframe on invoice processing and payment; the timeframe does not begin until an agency approves the required documentation.²⁴

OPPAGA measured the timeliness of the grant payment process by examining payment data provided by DEO and EFI for grants awarded during the three-year review period. The data shows that the median time (in days) between reimbursement requests and payments to grantees decreased for all grant programs during the review period. (See Exhibit 2-7.)

Exhibit 2-7

The Number of Median Days to Receive Grant Payments Generally Decreased During The Review Period

Grant	Reimbursement Request to Payment (Days)		
	Fiscal Year 2014-15	Fiscal Year 2015-16 ¹	Fiscal Year 2016-17
Defense Reinvestment	88	36	46
Defense Infrastructure	86	43	16
Florida Defense Support Task Force	55	44	9

¹ DEO assumed responsibility of Defense Reinvestment and Defense Infrastructure grants during this fiscal year.

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

²³ Members of the Florida Defense Alliance received Defense Reinvestment Grants during this review period for activities including advocacy at the local and national level.

²⁴ Specifically, s. 215.422, F.S., requires state agencies to approve invoices for payment and file this information with the Department of Financial Services within 20 days after receipt of a proper invoice and approval of the goods or services. The state agency has the responsibility to assure that all payment vouchers filed with the Department of Financial Services are properly executed, certified, accurate, in proper form, and properly documented. Once the state agency has filed an approved invoice, the Department of Financial Services has 10 days to approve payment of the invoice.

As previously stated, DEO took over DRG and DIG grant administration from EFI at the beginning of Fiscal Year 2015-16, while EFI continued to administer the Florida Defense Support Task Force Grants. After DEO assumed these duties, the department found that grantees were not initially submitting all required paperwork to receive payment; DEO found that incomplete and late reimbursement requests contributed to delayed payments in prior years. Specifically, during the reimbursement process, DEO has back and forth communication with grantees to obtain relevant documentation.

For grants that DEO administers, recent process changes may explain the decreased payment processing time, as the department's workload (number of grants) remained relatively stable during the review period. To improve timeliness, DEO solicited information from grant recipients to identify potential application and reimbursement changes. The department then revised the grant process from an Invitation to Negotiate to a Request for Proposal, which streamlined interaction between parties to the grant agreements. DEO reported eliminating mandatory in-person meetings and having an open process that takes a shorter time to complete when the entity is engaged in the process. Additionally, DEO continues to work with the grantees, including hosting a webinar for grantees in December 2017 on invoicing requirements of cost reimbursement grants.

EFI was also able to reduce the payment processing time for grants that it administers. With DEO taking over responsibility for the DIG and DRG grant programs, EFI's sole grant responsibility within the Military Base Protection Program is the Florida Defense Support Task Force Grants. With this workload decrease, the addition of a new grant manager, a streamlined process, and a reduction in number of FDSTF grants, EFI was able to reduce the median time to reimburse FDSTF grantees from 55 days in Fiscal Year 2014-15 to 9 days in Fiscal Year 2016-17 (84% reduction).

Federal advocacy efforts sought to add resources and upgrade infrastructure at Florida's military bases

During the review period, the Florida Defense Support Task Force contracted with the Principi Group to advocate for Florida's military interests on the national level; the value of the contract during this time was \$2,933,983.²⁵ EFI staff reported that Principi conducted several advocacy activities for military projects during the review period. For example, Principi assisted MacDill Air Force Base in obtaining eight KC-135 tankers in 2017 and advocated for future, not yet approved, military projects such as

- upgrading an Eglin Air Force Base runway to replace an outdated arresting barrier system;
- upgrading communications for Cape Canaveral;
- obtaining helicopters and staff from the Army Reserve for MacDill Air Force Base; and
- installing a new fuel cell hanger at Hurlburt Field.

EFI's contract with Principi contains several reporting requirements, including briefings with EFI staff via bi-weekly conference calls to provide updates on the status of their activities. Principi also briefs the task force on current military and defense issues in Washington, D.C. that may impact Florida and describes visits by Principi staff to Florida military bases. EFI reported that while its staff evaluates

²⁵ The Alliance's initial contract with Principi was in 2012, and has since been renewed until 2019. This contract is currently being re-procured.

the work conducted by Principi through contract management and administrative oversight, it is difficult to assign credit to the group for gains to Florida's military installations.

The Military Base Protection Program purchased land to help mitigate base encroachment

Florida's Military Base Protection Program is used to secure non-conservation lands to serve as buffers to protect military installations against encroachment. Florida military base representatives we interviewed cited buying development and conservation easements as well as buying lands as ways Florida was reducing encroachment.

Under the Military Base Protection Program, DEO annually submits a tiered list of potential non-conservation land purchases to the Board of Trustees of the Internal Improvement Trust Fund.²⁶ The department develops this list with input from military bases, with the Florida Defense Support Task Force reviewing and approving the list prior to submission to the Board of Trustees of the Internal Improvement Fund.²⁷ In 2016, DEO submitted a list of 15 potential sites consisting of more than 7,200 acres for purchase in Fiscal Year 2016-17. Four of these sites were ranked as the highest priority for recommended purchase.

Over the review period, DEP acquired three properties or easements on three of the highest ranked sites (totaling 39.96 acres) at a cost of \$3,779,989 to prevent encroachment. (See Exhibit 2-8) These properties were located near MacDill Air Force Base, Naval Support Activity Panama City, and Naval Station Mayport. For example, the restrictive use easement for the parcel of land near MacDill Air Force Base prevents residential development on the property, thus buffering the base from encroachment.

Exhibit 2-8

Three Bases Benefitted From Land Acquisitions During the Review Period

Land Location	Number of Acres	Amount Expended
MacDill Air Force Base	25.56	\$1,403,924
Naval Support Panama City	8.40	\$1,716,392
Naval Station Mayport	6.00	\$659,673
Total	39.96	\$3,779,989

Source: Florida Department of Economic Opportunity.

²⁶ DEP's Division of State Lands serves as staff to the Board of Trustees of the Internal Improvement Trust Fund, which are the Governor and Cabinet.

²⁷ Chapter 2018-159, *Laws of Florida*, revised the selection criteria on military base buffering by requiring that DEO annually request military installations in the state to provide the department with a list of base buffering encroachment lands, with the department submitting this list to FDSTF. FDSTF, in turn, will review the list and provide recommendations for ranking the lands for acquisition back to the department. The department will annually submit the list of FDSTF recommendations to the Board of Trustees of the Internal Improvement Fund that may acquire the lands.

APPENDIX A

Military and Defense Program Grants Funded a Wide Range of Projects During the Review Period

The primary goals of Florida's military and defense programs are to ensure that the state's installations remain open and attract new military missions. These goals are supported in part by federal advocacy and state land acquisition activities, as well as grant programs. The grant program goals are similar to the program's broader activities: grants fund state-level advocacy activities and local infrastructure development, including land purchases. Below are descriptions of the three grants and details on grants awarded in communities across the state.

Defense Reinvestment Grants are one-year grants awarded to military alliances, city and county economic development organizations, and defense-related industries. Grant funding is generally used to support activities that foster strong community relationships with installation leadership. Twelve DRG grants were awarded in Fiscal Year 2014-15, with 11 awarded in Fiscal Year 2015-16 and 10 awarded in Fiscal Year 2016-17. (See Exhibit A-1.)

Defense Infrastructure Grants are three-year grants that support infrastructure and technology projects that provide improvements outside of military bases; installation leadership must support such projects. Ten DIG grants were awarded in Fiscal Year 2014-15, with nine awarded in Fiscal Year 2015-16 and five awarded in Fiscal Year 2016-17. (See Exhibit A-2.)

Florida Defense Support Task Force Grants are one-year grants that support projects sponsored by a task force member. The task force selects projects that meet its goals as outlined in the strategic plan and that target mitigating risks to installations.²⁸ Thirteen FDSTF grants were awarded in Fiscal Year 2014-15, with 11 awarded in Fiscal Year 2015-16 and 3 awarded in Fiscal Year 2016-17. (See Exhibit A-3.)

Exhibit A-1

Defense Reinvestment Grants

Recipient	Purpose	Grant Amount	Expenditures for Fiscal Years 2014-15, 2015-16, and 2016-17
Bay Defense Alliance	Advocate for Bay County military installations, including travel to meet senior military officials, conduct community outreach activities, and redesign and host the Alliance's website	\$95,000	\$95,000
Bay Defense Alliance	Develop and implement strategies and approaches to help support Bay County military installations and transition from a defense economy to a non-defense economy	\$96,980	\$96,980
Bay Defense Alliance	Support the Tyndall Air Force Base and Naval Support Activity Panama City military missions and foster local economic growth by developing strategic partnerships	\$97,925	\$97,925

²⁸ Legislators who are task force members do not vote on projects.

Recipient	Purpose	Grant Amount	Expenditures for Fiscal Years 2014-15, 2015-16, and 2016-17
Beacon Council (Miami-Dade)	Advocate and support 7 th District Coast Guard activities; promote use of Port of Miami as a port of call for visiting U.S. and foreign military ships; encourage local businesses interested in contracting with local military installations; increase public awareness of local military missions	\$80,000	\$40,459
Beacon Council (Miami-Dade)	Continue to focus on and support the local military industry in Miami-Dade County as a means of retaining and creating new jobs and to increase the level of local business activities with local military installations	\$97,761	\$64,154
Beacon Council (Miami-Dade)	Develop and implement strategies and approaches that will help communities support the missions of military installations and alternative economic diversification strategies to transition from a defense economy to a non-defense economy	\$80,000	\$61,633
Clay County Economic Development	Develop and implement strategies and approaches to help communities support Camp Blanding Joint Training Center and transition from a defense economy to a non-defense economy	\$48,000	\$41,276
Clay County Economic Development	Provide a five-year strategic plan for economic development that will create more high-wage jobs in Clay County; produce and publish advertorial promoting Camp Blanding Joint Training Center; improve and upgrade existing website	\$70,000	\$67,796
Clay County Economic Development	Aggressively strengthen and diversify the non-defense economy of Clay County while promoting the Camp Blanding Joint Training Center	\$89,000	\$73,129
Florida's Space Coast Economic Development Commission	Advocate for local military bases, including travel to meet with military leadership	\$75,000	\$74,992
Florida's Space Coast Economic Development Commission	Continue to build strong relationships and working partnerships to create positive impacts for the local military installation and the local community	\$97,925	\$71,094
Florida's Space Coast Economic Development Commission	Develop and implement strategies and approaches to help communities support missions of military installations and transition from a defense economy to a non-defense economy	\$50,270	\$50,270
Greater Pensacola Chamber	Travel to meet governmental officials concerning area military installations along with producing a Strength, Weakness, Opportunities, and Threats report on tenant commands at Naval Air Station Pensacola	\$70,000	\$6,030
Greater Pensacola Chamber	Advocate for Northeast Florida military installations, including travel to an advocacy-related meeting with military leadership	\$97,925	\$86,438
Greater Tampa Chamber of Commerce	Support MacDill Air Force Base and local defense-oriented industrials	\$109,950	\$105,545
Greater Tampa Chamber of Commerce	Develop and implement the Thunderdome Initiative as well as prepare a MacDill Base Access Congestion Study and advocate for MacDill Air Force Base and the military community	\$90,000	\$52,564
Jacksonville (City of)	Facilitate and host meetings to advocate for Northeast Florida military installations, including travel to an advocacy-related meeting with military leadership	\$89,000	\$86,695
Jacksonville (City of)	Advocate to preserve and increase the economic impact of the U.S. Military to the City of Jacksonville and the State of Florida	\$97,925	\$97,456
Jacksonville (City of)	Support military and alternative economic diversification strategies for transition from a defense economy to a non-defense economy	\$51,000	\$51,000

Recipient	Purpose	Grant Amount	Expenditures for Fiscal Years 2014-15, 2015-16, and 2016-17
Okaloosa County Economic Development Council	Team Eglin and Military Veteran Collaborative Community Support Program	\$110,000	\$109,673
Okaloosa County Economic Development Council	Sustain and enhance Okaloosa's military installations and missions by ensuring protection from closures, realignments, or sequestration, while concurrently expanding and diversifying the community's economic base	\$100,000	\$99,990
Okaloosa County Economic Development Council	Continue sustained enhancement of Okaloosa County's military installations and missions with an approach that ensures protection from base closure or realignments concurrent with expanding community diversification	\$97,925	\$86,966
Orange County Research and Development Authority	Develop and implement strategies and approaches that will help communities support the missions of military installations and alternative economic diversification strategies to transition from a defense economy to a non-defense economy	\$85,000	\$85,000
Orange County Research and Development Authority	Support initiatives that will help protect, grow, and enhance the simulation business base and create additional high-technology jobs; promote crossover and technology transfer between defense and non- defense sectors; and to help the defense-dependent technology business community to diversify and grow	\$83,000	\$77,959
Orange Economic Development Commission	Increase community advocacy and awareness to protect NSA Orlando; attend key simulation showcase conferences to encourage greater investments in Florida; support Science, Technology, Engineering, and Math (STEM) education initiatives to support technology transfer/spin-off of simulation technologies into the non-defense economy	\$81,400	\$72,241
Pensacola Bay Area Chamber of Commerce	Promote defense economic growth and investment and improve the quality of life for area military members	\$66,000	\$24,569
Pinellas Board of County Commissioners	Develop and implement strategies and approaches that will help communities support the missions of military installations and alternative economic diversification strategies to transition from a defense economy to a non-defense economy	\$50,000	\$49,995
Santa Rosa County	Secure a consultant to represent the county to protect, sustain, and enhance military missions, to reduce the county's dependence on the military, and to reinforce positive relations between the community and the military	\$54,700	\$47,399
Santa Rosa County Board of County Commissioners	Secure a consultant to represent the county to protect, sustain, and enhance military missions, to reduce the county's dependence on the military, and to reinforce positive relations between the community and the military	\$46,050	\$31,341
Santa Rosa County	Develop and implement strategies and approaches that will help communities support the missions of military installations and alternative economic diversification strategies to transition from a defense economy to a non-defense economy	\$50,000	\$46,373
Walton Area Chamber of Commerce	Develop and implement strategies and approaches that will help communities support the missions of military installations and alternative economic diversification strategies to transition from a defense economy to a non-defense economy	\$52,800	\$20,820

Recipient	Purpose	Grant Amount	Expenditures for Fiscal Years 2014-15, 2015-16, and 2016-17
Walton Area Chamber of Commerce	Build a more economically diverse employment base, creating jobs for residents of the community with and without association to the regional installations	\$38,000	\$14,655
Walton Area Chamber of Commerce	Build a more economically diverse employment base, creating jobs for residents of the community with and without association to the regional installations to support the local community needs and regional military installation's missions	\$42,300	\$30,625
Total		\$2,540,836	\$2,118,042

Source: Compiled by OPPAGA using information provided by Enterprise Florida, Inc. and Department of Economic Opportunity.

Exhibit A-2
Defense Infrastructure Grants

Recipient	Purpose	Grant Amount	Expenditures for Fiscal Years 2014-15, 2015-16, and 2016-17
Bay County Board of County Commissioners	Design and construct a turn lane off Magnolia Beach Road	\$175,000	\$67,916
Bay County Board of County Commissioners	Install traffic signal system equipment for five intersections at Tyndall Air Force Base	\$185,000	\$182,755
Bay County Board of County Commissioners	Extend the current Bay County Intelligent Transportation System by approximately 1.45 miles to allow more efficient ingress and egress at Naval Support Activity Panama City	\$175,000	\$155,811
Clay County Development Authority	Security camera and associated equipment installation at selected locations at Camp Blanding Joint Training Center Assessment and Surveillance System	\$40,000	\$40,000
Clay County Development Authority	Construction/installation activities for Camp Blanding Joint Training Center Commercial Security Facility utility improvements	\$90,000	\$89,602
Clay County Development Authority	Construct and install two driving lanes, 30 feet wide and 1.5 miles long, of asphalt road service on existing roads at Cape Blanding Joint Training Center	\$300,000	\$297,905
Escambia County Board of County Commissioners	Density reduction in the Airfield Influence Planning Districts	\$200,000	\$0
Escambia County Board of County Commissioners	Acquisition of property and/or easements in the Airfield Influence Planning Districts	\$100,000	\$0
Florida's Space Coast Economic Development Council	Naval Ordnance Test Unit Restore Poseidon Study	\$175,000	\$0
Highlands County Board of County Commissioners	Encroachment prevention and sustainability of Avon Park Air Force Bombing Range	\$110,000	\$6,223
Jacksonville (City of)	Purchase restricted use easement on a property in the Military Influence Zone of Naval Air Station Jacksonville (Outlying Landing Field Whitehouse)	\$200,000	\$0
Jacksonville (City of)	Conduct property assessments, negotiations, surveys, and appraisals for targeted properties located in the Accident Potential Zones of Outlying Landing Field Whitehouse	\$200,000	\$0
Jacksonville (City of)	Construction of right turn lane extension	\$175,000	\$175,000
Jacksonville (City of)	Take steps to acquire land parcels or restricted use easements on lands within the Military Influence Area around NAS Jacksonville/OLF Whitehouse/NS Mayport	\$300,000	\$0
Okaloosa County	Shoal River Military Installation Buffering Project (15-06)	\$200,000	\$0
Okaloosa County	Land survey, property appraisal, site assessment, and acquisition of property in Shoal River Buffer Area	\$200,000	\$0

Recipient	Purpose	Grant Amount	Expenditures for Fiscal Years
			2014-15, 2015-16, and 2016-17
Okaloosa County	Purchase property in the Shoal River Buffer Area to protect Eglin Air Force Base and Duke Field from encroachment and other non-compatible development	\$300,000	\$0
Orange County Research and Development Authority	Installing network equipment and software to enhance cyber security for the Federal, State University Network	\$200,000	\$195,819
Pinellas County	Design, repair, and construction of aircraft paving an apron for Coast Guard Air Station Clearwater	\$250,000	\$239,080
Polk County	Acquisition of land or development rights for areas surrounding Avon Park Air Force Range as conservation easements	\$100,000	\$0
Polk County	Encroachment Prevention and Sustainability of Avon Park Air Force Range	\$100,000	\$0
Santa Rosa County	Acquisition of property or development rights that protect Naval Air Station Whiting Field and its Naval Outlying Landing Fields from encroachment and incompatible development	\$300,000	\$0
Santa Rosa County	Acquisition of property or development rights that protect Naval Air Station Whiting Field and its Naval Outlying Landing Fields from encroachment and incompatible development	\$200,000	\$0
Santa Rosa County	Acquisition of property or development rights that protect Naval Air Station Whiting Field and its Naval Outlying Landing Fields from encroachment and incompatible development	\$300,000	\$0
Total		\$4,575,000	\$1,450,112

Source: Compiled by OPPAGA using information provided by Enterprise Florida, Inc. and Department of Economic Opportunity.

Exhibit A-3
Florida Defense Support Task Force Grants

Recipient	Purpose	Grant Amount	Expenditures for Fiscal Years 2014-15, 2015-16, and 2016-17
Air Force Enlisted Village	Provide assistance in construction of veterans housing in the Ft. Walton Beach area	\$135,000	\$135,000
Bay County	Expand Bay County Intelligent Transportation System to synchronize traffic lights on access roads to Tyndall Air Force Base	\$200,000	\$200,000
Bay County	Conduct feasibility study of dredging turning basin to allow safe transit for larger Navy vessels	\$120,000	\$111,814
Clay County Economic Development Authority	Installation encroachment land acquisition	\$400,000	\$399,176
Clay County Economic Development Authority	Purchase of 159 acres adjacent to Camp Blanding to provide buffer from incompatible land development and encroachment	\$400,000	\$394,726
Clay County Economic Development Authority	Purchase acreage adjacent to Camp Blanding to buffer from incompatibility development and encroachment	\$400,000	\$0
Clay County Economic Development Authority	Purchase 410 acres adjacent to Camp Blanding to buffer from incompatible development and encroachment	\$400,000	\$390,176
Doolittle Institute	Technology transfer initiative	\$100,000	\$100,000
Florida 8(a) Alliance	Develop defense industry and veteran-owned small business growth and job creation	\$100,000	\$99,680
Florida's Great Northwest	Implement marketing program to aerospace and defense industries to bring veterans jobs to NW Florida	\$25,000	\$25,000
Greater Pensacola Chamber of Commerce	Naval Air Station Pensacola directional signage	\$250,000	\$0
Highlands County	Encroachment prevention and sustainability of Avon Park Air Force Range in Highlands County	\$500,000	\$0
Key West (City of)	Road access via Truman Waterfront Park	\$100,000	\$0
Key West (City of)	Truman Annex seawall refurbishment	\$150,000	\$0
Military Child Education Coalition	Comprehensive plan to support military and veteran-connected children and families in the state of Florida	\$225,000	\$46,175
National Center for Simulation	Implement strategic plan to retain Team Orlando and address office space shortage	\$240,000	\$240,000
National Math + Science Initiative	College readiness program for military families	\$175,000	\$54,604
Okaloosa Economic Development Council	Continue development of public-private partnerships to improve the military value of Eglin Air Force Base and Hurlburt Field	\$285,000	\$285,000
Okaloosa Economic Development Council	Benchmarking for success: Expanding Florida's military test range capacity through innovative land use partnerships	\$250,000	\$237,647
Polk County	Protect Avon Park from incompatible land use through acquisition of land or specific property rights. (15-14)	\$500,000	\$500,000

Recipient	Purpose	Grant Amount	Expenditures for Fiscal Years
			2014-15, 2015-16, and 2016-17
Santa Rosa County	Site clearing to improve force protection at NAS Whiting Field	\$20,654	\$20,654
Santa Rosa County	Update 2003 land acquisition study and complete phased plan to limit encroachment at NAS Whiting Field	\$41,310	\$41,310
South Florida Progress Foundation	The establishment of the South Florida Defense Alliance (SFDA)	\$115,000	\$28,750
Tampa Bay Defense Alliance	Execute strategic plan (MacDill 2025) to champion MacDill Air Force Base	\$175,000	\$168,578
Tampa Bay Defense Alliance	Execute strategic plan (MacDill 2025) to champion MacDill Air Force Base. (15-02)	\$150,000	\$149,887
University of West Florida	Implement program to identify and train military and veterans in information technology and cybersecurity skills	\$350,000	\$350,000
Work Force Florida	Conduct an economic impact analysis of Florida's Military and Defense Industry	\$81,000	\$81,000
Total		\$5,887,964	\$4,059,177

Source: Compiled by OPPAGA using information provided by Enterprise Florida, Inc.

CHAPTER 3: VETERANS FLORIDA WORKFORCE TRAINING AND ENTREPRENEURSHIP GRANT PROGRAMS

BACKGROUND

The Legislature created Veterans Florida in 2014 to promote Florida as a veteran-friendly state that seeks to provide veterans with employment opportunities and that promotes the hiring of veterans by the business community.^{29,30} Veterans Florida is charged with administering two grant programs to help meet the employment needs of veterans and the business community: the Veterans Workforce Training Grant Program (WTG) and the Veterans Florida Entrepreneurship Program (VFEP).³¹

The Workforce Training Grant Program provides grant funding for customized, skills-based training for full-time veteran employees.³² WTG applicants must be for-profit businesses (or not-for-profit in certain fields, determined on a case-by-case basis) and provide permanent, full-time jobs for veterans (new hires or existing employees) requiring customized, high-level, non-degree skills training. Businesses must produce a good or service, demonstrate training need and economic impact, and provide trainee documentation deemed pertinent to Veterans Florida. While applications are funded on a first-come, first-served basis, funding priority is given to businesses that provide full-time, permanent, high-quality jobs in targeted industries or in the defense supply, cloud virtualization, or commercial aviation manufacturing industries. Priority is also given to businesses whose applications have the greatest potential for economic impact.³³

WTG recipients choose their own training and training provider, which can be an educational institution, private training company, a company employee, or a combination of these providers. The training can be provided at the company's or training provider's facility, or at a combination of locations. Training subject matter may focus on business operations strategies, occupational skills, professional development, or technical skills and may be delivered in person or online. Several types of general workplace trainings are disallowed, such as CPR and first aid and new hire orientation. Businesses pay for pre-approved, direct training-related costs and are reimbursed upon submission of required documentation.

²⁹ Section 295.21, *F.S.*

³⁰ Veterans Florida is a non-profit corporation housed within the Florida Department of Veterans Affairs but not subject to the department's control, supervision, or direction.

³¹ See *Veterans Florida Promotes Florida as a Veteran-Friendly State and Provides Numerous Services; Performance Measurement and Outreach Could Be Improved*, OPPAGA [Report No. 18-04](#), February 2018, for additional information on Veterans Florida and its programs.

³² A veteran employee for the purposes of this program is defined as an individual who is eligible to legally work in the U.S., is a Florida resident working at a physical location in Florida, and has verifiable military service with a DD-214 or is a current or former member of the Florida National Guard with a letter from their commander.

³³ Florida's targeted industries include aviation and aerospace, cleantech, defense and homeland security, financial and professional services, headquarters, information technology, life sciences, logistics and distribution, and manufacturing.

The Veterans Florida Entrepreneurship Program delivers entrepreneurship training to veterans through a variety of training formats. The VFEP is an entrepreneurship training program implemented by Veterans Florida and a network of partner entities located throughout the state. Network partners may be public or private entities that have demonstrated experience working with veteran entrepreneurs and have been recognized for their performance in assisting entrepreneurs to launch successful businesses in the state.³⁴ Current network partners include Action Zone, Inc., Florida Atlantic University, Florida Gulf Coast University, Tallahassee Community College, University of Central Florida, and University of West Florida.

The VFEP consists of several components, including self-paced online training, in-person workshops, and an advanced program. The online and workshop training components are open to any veteran interested in entrepreneurship and do not have specific completion criteria, whereas the advanced program has specific criteria for program admission and completion. The advanced program is an intensive, multi-week program of instruction designed for a cohort of 10 to 15 veterans with vetted business ideas or existing early stage companies that need to accelerate growth. To be admitted to the advanced program, a veteran must have a well-developed business concept and must have demonstrated commitment to their business idea through participation in other entrepreneurship training or tangible evidence of business activity (e.g., development of a product prototype or creation of a website). (See Appendix A for more detail on advanced program criteria.) To graduate from the advanced program, each participant must complete a business model and business plan and provide proof of corporate entity registration. (See Exhibit 3-1.)

Exhibit 3-1

The Veterans Florida Entrepreneurship Program Consists of Multiple Components; Selection and Completion Criteria Vary by Component

VFEP Component	Description	Implementing Entity	Selection Criteria	Completion Criteria
Online Training	Self-paced, online course for early stage entrepreneurs	Veterans Florida	Any veteran interested in entrepreneurship	None
In-Person Workshops	Two- to three-hour workshops for early stage entrepreneurs	VFEP Network Partners	Any veteran interested in entrepreneurship	None
Advanced Program	Intensive multi-week entrepreneurship training for veterans with vetted business ideas or young companies that need to accelerate growth	VFEP Network Partners	Honorably discharged veteran and Florida resident with demonstrated commitment to a well-developed business concept	Completed business model, business plan, and registration as a corporate entity

Source: Veterans Florida.

Activities

The primary activities of the Veterans Florida Workforce Training Grant Program include reviewing and managing grants, matching veteran job-seekers with employers, and marketing the program. The primary activities of the Veterans Florida Entrepreneurship Program include administering the contracts with network partner entities and promoting the program.

³⁴ Prior to July 1, 2018, only public or private universities were eligible to serve as VFEP network partners. Chapter 2018-7, *Laws of Florida*, revised VFEP eligibility criteria for network partners to extend eligibility to any type of private entity.

Veterans Florida staff reviews and approves WTG applications on a rolling basis. Businesses that meet basic program requirements are invited to apply and are assisted with the online application process by Veterans Florida staff.³⁵ The corporation's executive director reviews applications and approves businesses to be certified as WTG recipient businesses. Certified businesses receive funding via performance-based, reimbursable grant certification contracts, under which businesses are reimbursed on a rolling basis within the same fiscal year and are subject to an annual reimbursement cap of \$100,000.³⁶ Applications are reviewed on a first-come, first-served basis until available funding has been awarded. Businesses that demonstrate the ability to hire additional veterans during the period of their grant certification may be eligible for additional funding, and businesses may request extensions for their annual certifications.

Veterans Florida no longer allows fiscal agents as third parties to WTG contracts. The Quick Response Training Grant (QRT) program, upon which the WTG program was initially modelled, uses fiscal agents to receive and administer grant funds on behalf of the business.^{37,38} Veterans Florida staff reported that during the WTG program's initial years, Fiscal Years 2015-16 and 2016-17, they used fiscal agents in the grant process. However, Veterans Florida began to bypass the fiscal agent role more frequently in recent years, instead contracting directly with grant recipients. Veterans Florida now has staff members dedicated to employer outreach and staff reported that they have been able to streamline the grant reporting and reimbursement processes due to staff members' direct interactions with WTG recipients. As of Fiscal Year 2018-19, WTG contracts are two-party agreements between Veterans Florida and the business grant recipient.³⁹ Several businesses, however, continue to use the services of a private training provider to assist with WTG application and reporting processes, but the training provider is not a party to the grant contracts.

A certified business will complete an online hiring report upon hiring a veteran for which the business will seek training reimbursement. The hiring report contains information on the veteran employee that Veterans Florida staff reviews and approves for eligibility for grant funds (e.g., veteran status and job title). Once the reported new hire completes training, the business completes an online training report, which Veterans Florida staff reviews and makes a final determination of cost reimbursement to the business.⁴⁰ The program reimburses eligible companies for 50% of training costs associated with new veteran hires. Funding is provided on a per-veteran hired and trained basis, with a maximum of \$8,000 per employee trained. Allowable costs include tuition and fees, instructor salaries, textbooks and other materials, online training, and training lab rental fees. As of July 1, 2018, reimbursement is no longer allowable for curriculum development.⁴¹

³⁵ Ineligible businesses include not-for-profit agencies or organizations (excluding certain industries determined on a case-by-case basis); retail establishments; volunteer organizations; workforce development boards and their administrative entities; labor unions; and federal, state, county, or city governmental entities.

³⁶ Prior to Fiscal Year 2016-17, WTG grants were awarded in the form of legacy contracts, which were two-year contracts for a maximum reimbursement of \$200,000 and quarterly reimbursements for veterans trained and hired. All legacy contracts will expire at the end of Fiscal Year 2018-19.

³⁷ QRT is a state-funded business training grant program administered by CareerSource Florida. See Chapter 4 of this report for more information.

³⁸ A fiscal agent is a designated educational institution that may receive program funds and administer the grants on behalf of the businesses.

³⁹ Chapter 2018-7, *Laws of Florida*.

⁴⁰ Veterans Florida also randomly audits WTG recipient businesses and certification agreements to verify that veterans were trained and hired. As of October 2018, Veterans Florida had conducted six audits to verify trainer salaries, invoices, and veteran hiring and found no outstanding issues.

⁴¹ Chapter 2018-7, *Laws of Florida*.

Veterans Florida markets the WTG program, recruits qualified veterans through its career portal, and provides services to businesses. The marketing content for the WTG program and other Veterans Florida programs is developed by a private marketing firm with input from Veterans Florida staff on a regular basis. Veterans Florida, in coordination with the marketing firm, markets the WTG program through monthly emails to a distribution list, traditional media (e.g., print, television, radio), and digital media (e.g., social media, website). Veterans Florida staff also works with state and local entities to promote the program, such as the Department of Economic Opportunity, CareerSource Florida, local workforce development boards, and Enterprise Florida, Inc. For example, Veterans Florida staff reported that they have individual contacts with personnel at several local workforce development boards who deal specifically with veterans' employment, and that they have regular contact with local economic development councils to keep them informed about the WTG program. Staff also regularly attends events such as job fairs, trade shows, and human resources conferences to distribute program materials, gather resumes from veterans, and recruit businesses to apply for the program.

Veterans Florida also administers a career portal that helps match qualified candidates to WTG-funded positions at companies across the state. Through the Career Services site, any veteran can register and receive assistance with preparing their resume and determining their employment goals. Employers can post job listings on the site, and additional services are available to businesses that receive WTG grants, including free job postings, job referrals, and employee candidate recruitment and screening services.

Veterans Florida reviews network partner VFEP applications and awards contracts through a competitive process. Veterans Florida issued a new Request for Proposals for VFEP network partners during Fiscal Year 2017-18. Veterans Florida staff reviewed and scored applications and made recommendations that were approved by the board of directors. Six network partners entered into annual contracts to provide entrepreneurship training services at their institution starting in Fiscal Year 2018-19. Veterans Florida compensates network partners for their services through cost reimbursable contracts in maximum amounts of \$75,000 per network partner. Contracts are awarded for approximately one-year terms and may be renewed for up to three years from the first contract award date. During the contract period, each network partner must implement program activities at their institutions that include

- holding at least one monthly networking event to provide information to veterans interested in entrepreneurship;
- developing, organizing, staffing, and executing bi-monthly workshops (two to three hours each) covering topics relevant to early stage veteran entrepreneurs; and
- conducting at least two cohorts (10–15 veterans per cohort) of the advanced VFEP.

VFEP network partners recruit participants, provide educational and mentoring resources, and report performance information. Each network partner is responsible for recruiting veteran entrepreneur candidates to participate in the advanced program. Candidates register and apply through Veterans Florida's website. Veterans Florida staff reviews and approves applications in collaboration with each network partner. Each approved participant is required, as of Fiscal Year 2018-19, to pay a \$250 enrollment fee for the course, payable directly to Veterans Florida.

Network partners are responsible for implementing the advanced VFEP curriculum provided by Veterans Florida, or they may use their own curriculum, as approved by Veterans Florida. Network partners must also recruit a pool of qualified mentors to be matched with participants in the advanced program and serve as resources at monthly and workshop events. Mentors must be business leaders

able to dedicate time to helping veteran entrepreneurs achieve success. Network partners are required to connect veterans with additional local resources and to be available to them throughout the duration of coursework and after program completion. Such resources may include referrals to Small Business Development Centers, local incubators and accelerators, co-working spaces, and/or small business or entrepreneur networking groups. To provide these resources, network partners are expected to leverage their institutions' existing resources, such as providing access to business incubators, computer labs, and research facilities, and recruiting student and faculty volunteers whose skills match participant needs.

Network partners provide monthly reports to Veterans Florida that include information on program activities that occurred during the reporting month, and partners may invoice monthly for reimbursement of approved program expenses. As of Fiscal Year 2017-18, Veterans Florida also requires an annual final program report from network partners that must include a list of local resources to which participants were referred, total number of participants, and proof of completion for advanced program participants (business models, business plans, and proof of corporate entity registration). As of Fiscal Year 2018-19, Veterans Florida also requires network partners to report final participant performance data, including whether the business started, amount of revenue generated, number of employees hired, and capital invested.

Veterans Florida and network partners jointly promote the VFEP. It is the primary duty of Veterans Florida to market the VFEP to military veterans statewide, and network partners are required to conduct local marketing activities to participants and media outlets in their area of the state. Veterans Florida markets the VFEP through multiple forms of media, including digital advertising through social media and search engines, as well as traditional radio and print ads targeted to the respective region of each network partner. Network partners must promote the benefits of the program to the community and state through marketing and communications to the general public, local government, and other regional stakeholders. To assist the network partners in doing this, customized marketing materials have been developed, including email blast templates, media toolkits, videos, and social media post recommendations that each partner can use to promote the VFEP program and workshops during Fiscal Year 2018-19.

Funding

The WTG and VFEP programs are funded by state general revenue funds, which are appropriated by the Legislature to the Florida Department of Veterans Affairs and transferred to Veterans Florida. Overall, state funding for Veterans Florida's WTG and VFEP programs has remained fairly stable during the last several fiscal years. However, varying amounts of appropriated funds for each program have been reverted or returned to the department each fiscal year. (See Exhibit 3-2.) This is primarily because these programs were created in Fiscal Year 2014-15, but the WTG and VFEP programs did not have funding until January 2016. In addition, by initially relying on third party fiscal agents for employer outreach during the remainder of Fiscal Year 2015-16, the WTG program was initially slow to gain interest and momentum among business participants. Veterans Florida staff reported that the program faced initial challenges because businesses did not always know where to find veterans to hire, and it can be difficult to identify the right decision makers at large Fortune 500 companies who work with economic incentives. Veterans Florida reported that its new business outreach specialist staff will help address these issues by working directly with more businesses, which will help increase participation in the program, thereby maximizing the use of funds.

Exhibit 3-2

Appropriations for the WTG and VFEP Were Fairly Stable From Fiscal Year 2014-15 Through Fiscal Year 2017-18; Reverted Fund Amounts Have Fluctuated for Both Programs

Veterans Florida Program	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18	
	Appropriation	Percent Reverted	Appropriation	Percent Reverted	Appropriation	Percent Reverted	Appropriation	Percent Reverted
Workforce Training Grant Program	\$2,000,000	100%	\$2,000,000	75%	\$2,500,000	76%	\$2,910,918	69%
Veterans Florida Entrepreneurship Program	1,000,000	100%	1,000,000	7%	566,302	50%	783,152	3%
Total	\$3,000,000	100%	\$3,000,000	52%	\$3,066,302	72%	\$3,694,070	55%

Source: Veterans Florida.

In addition to the funding described above, the Legislature appropriates \$1 million annually to VISIT FLORIDA, the state's destination marketing organization, to market the state to veterans.⁴² VISIT FLORIDA contracts with a private firm and manages the contract on behalf of Veterans Florida.⁴³ Veterans Florida, in turn, works with the marketing firm to develop the campaign's focus and advise the design of marketing and media materials. A large portion of the marketing contractor's budget is allocated to media placement. This includes maintaining alignment between media strategy and Veterans Florida's strategic marketing plan and securing traditional and digital media to advertise Veterans Florida's programs, including but not limited to the WTG and VFEP programs.

Veterans Florida expenditures have steadily increased during the past four fiscal years. As the WTG and VFEP programs have become more established, more funds have been expended for payments to grant recipients and for program-related administrative costs. Through Fiscal Year 2017-18, Veterans Florida had expended approximately \$1.2 million in WTG reimbursements and approximately \$1.6 million on VFEP network partner contracts. (See Exhibit 3-3.) Veterans Florida reported that administrative costs for each program have increased due to growing staff, program-specific software and supply needs, increased travel for new programmatic staff, and increased time spent by the executive director and budget staff on each program. Veterans Florida's staff has grown from 3 FTEs in 2015 to 12 FTEs and 4 part-time employees as of October 18, 2018.

Exhibit 3-3

WTG and VFEP Expenditures and Program-Related Administrative Costs Increased From Fiscal Year 2014-15 Through Fiscal Year 2017-18

Veterans Florida Program	Fiscal Years			
	2014-15	2015-16	2016-17	2017-18
WTG Reimbursements	\$0	\$37,186	\$542,405	\$610,794
WTG Program-Related Administrative Costs	0	0	35,230	333,771
VFEP Network Partner Reimbursements	0	580,804	539,631	434,559
VFEP Program-Related Administrative Costs	0	0	49,810	276,092
Total WTG and VFEP Expenditures	\$0¹	\$617,990	\$1,167,077	\$1,655,217

¹ This was Veterans Florida's first fiscal year of operation, during which the WTG and VFEP programs were still being developed and no program-specific expenditures were made.

Source: Veterans Florida.

⁴² Section 295.23, F.S.

⁴³ The current marketing contract was entered into in July 2018 with BowStern, LLC.

FINDINGS

WTG participation continues to increase and recipients are satisfied with the program; marketing partnerships with other state jobs agencies could be improved

Participation in the Veterans Workforce Training Grant program continues to increase; new marketing contract requires an annual 20% increase in business participation. As of August 1, 2018, Veterans Florida has awarded WTG contracts to 36 businesses that have either already trained and hired veterans and/or have active grant agreements. These businesses are distributed across the state and have largely been in areas that also have a strong military presence. (See Appendix B for map of WTG recipient locations and Exhibit 2-2 in Chapter 2 of this report for a map of major military installations.) Of these 36 businesses, 26 have hired 327 veterans at an average salary of \$35,587, representing over \$11 million in cumulative salaries for veterans trained and hired under the WTG program since its inception in Fiscal Year 2014-15.⁴⁴ The remaining 10 businesses have active certifications but have not yet hired or trained veterans with grant funds.

The total number of contracted businesses and reimbursements made by Veterans Florida to those businesses has been steadily increasing. As of July 1, 2018, cumulative reimbursements totaled approximately \$1.2 million. (See Exhibit 3-4.) The number of contracts awarded also continues to increase. The current marketing contract requires the vendor to increase WTG business participation by 20% each year, beginning in 2018. This is a new performance measure that was not required under the previous marketing contract.

Exhibit 3-4

WTG Participants and Reimbursements Increased From Fiscal Year 2014-15 Through Fiscal Year 2017-18

Veterans Florida Program	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Total for Fiscal Years 2014-15 Through 2017-18
Number of WTG Contracts Awarded	0	10	13	25	48
Total WTG Reimbursements	\$0 ¹	\$37,186	\$542,405	\$610,794	\$1,190,385

¹ This was Veterans Florida's first fiscal year of operation, during which the WTG and VFEP programs were still being developed and no program-specific expenditures were made.

Source: Veterans Florida.

WTG recipients are generally satisfied with the program. OPPAGA surveyed the 34 businesses that had received a WTG and had trained and hired veterans and/or had active grant agreements as of May 1, 2018.⁴⁵ Half of the survey respondents represented small businesses, and half represented businesses started within the last 20 years. Of those that responded to the survey, 83% were existing Florida firms. Businesses responding to the survey represented a variety of industries, including aerospace, food service distribution, information technology, insurance, and logistics. Most businesses (61%) reported they did not receive training grants from other sources during the review period. However, of the few that did receive training grants from other sources (28%), the most frequently

⁴⁴ Veterans Florida has made grant awards to 48 businesses since the beginning of the program, 12 of which were awarded contracts but never hired veterans and were never paid. These 12 contracts are now expired.

⁴⁵ Of the 34 businesses surveyed, 18 responded for a response rate of 53%.

reported other training program was Quick Response Training, which provides training grants to businesses in many of the same industry sectors as Veterans Florida's WTG program.⁴⁶

Most businesses (71%) responding to the survey reported that the grant-funded training was used to provide training on technical or trade skills for employees, such as training in sales, customer service, specialized equipment, etc. Most businesses (71%) reported that the training provider was an employee of the business, while 36% reported that a private provider conducted training. The most frequently reported effect of the grant on businesses' training decisions was that the grant allowed the businesses to offer more extensive and/or in-depth training (57%), while a few businesses reported that they would have conducted the training regardless of whether they received the grant (29%).

Most businesses (56%) learned about the WTG program from Veterans Florida, while several reported they learned about it from other sources, such as regional workforce boards, economic development organizations, and community colleges. None of the business that responded to the survey reported that they had learned about the WTG program from Enterprise Florida, Inc. Less than half of the businesses that responded to the survey reported that they use Veterans Florida's recruitment and hiring services to hire veterans. Of these businesses, the most frequently reported services included job referrals from Veterans Florida staff (71%) and the Veterans Florida Career Services Program website (57%).

The majority of grant recipients reported satisfaction with the grant application (71%), approval (86%), and reimbursement processes (100%); reporting requirements (86%); and Veterans Florida staff communication (93%). Most respondents (86%) reported that the WTG program had a positive impact on their businesses. The three most frequently reported benefits of the WTG to businesses included that the grants increased their employees' knowledge and skills (92%), facilitated the hiring of veterans (58%), and helped the business maintain competitiveness (33%). Half of the businesses reported that they were more likely to hire veterans based in Florida in the future because of the WTG program. Most respondents (71%) reported that they would seek another Veterans Florida WTG in the future.

Veterans Florida has worked with local and state job creation entities to promote the training grant program, but opportunities for additional outreach remain. Although Veterans Florida staff reported that they continue to work successfully on an individual basis with representatives of various state jobs agencies, some opportunities for advertising their grant programs with these same agencies remain underutilized. For example, while the WTG program is a business incentive that can be combined with other economic incentives widely advertised by Enterprise Florida, Inc. (EFI), the state's principal economic development marketing organization, there is no information about the WTG program on EFI's website.⁴⁷ Further, despite efforts to coordinate with veterans' contacts at the workforce development boards, Veterans Florida's programs are not advertised through local workforce development board websites, which is a missed opportunity for veterans who may go to such sites to search for employment. Similarly, if veterans are already aware of Veterans Florida, they may access its site from the Florida Department of Veterans Affairs main webpage; however, if veterans reach the department's employment resources webpage, they will not see information about Veterans Florida and its programs but are instead directed to a different state jobs search portal.

⁴⁶ See Chapter 4 for an evaluation of CareerSource Florida's Quick Response Training (QRT) Program. Businesses are eligible to receive funding simultaneously from both the QRT and WTG programs.

⁴⁷ Section 295.22(4), *F.S.*, directs EFI to provide information about Veterans Florida and its services to prospective, new, expanding, and relocating businesses seeking to conduct business in Florida. It also directs EFI to collaborate with Veterans Florida to the greatest extent possible to meet the employment needs, including meeting job-creation requirements, of any business receiving assistance or services from EFI.

Businesses receiving WTG grants experienced varying levels of wage and employment growth

Employment and wage growth varied from the statewide average for businesses that received WTG training grants during the review period. To assess the economic growth of these businesses, OPPAGA compared economic outcomes from Fiscal Year 2014-15 through Fiscal Year 2016-17; Fiscal Year 2014-15 was the year before recipients provided employees grant-funded training in the current review period.⁴⁸ (See Exhibit 3-5.)

Our analysis found that employment increased by 8% for WTG recipients, which was slightly higher than the statewide average of 7% for the same period. An employment increase is consistent with WTG goals, given that the grants in part fund the hiring of new employees.

However, wage growth was 1% for grant recipients, which was lower than the statewide wage growth of 7% during this period. While this may suggest that WTG trainees are not employed by high wage growth businesses, the two-year period of analysis is a relatively short time frame to see wage growth. In addition, while these results represent aggregate wage growth for the group of businesses for which data were available, some individual grant recipients experienced higher levels of wage growth during this period, ranging from 21% to 48%.

Exhibit 3-5
Companies That Received Veterans Workforce Training Grants in the Current Review Period Experienced Varying Degrees of Employment and Wage Growth From Fiscal Year 2014-15 Through Fiscal Year 2016-17

Program	Number of Businesses for Which Data Were Available	Employment Growth	Wage Growth
Veterans Workforce Training Grant	14	8%	1%
Statewide	648,915 ¹	7%	7%

¹ This number represents the average number of total establishments in Florida in Fiscal Years 2014-15 and 2016-17.

Source: OPPAGA analysis of Department of Economic Opportunity data.

Veterans Florida has enhanced VFEP; past participants are generally satisfied but have suggestions for additional improvement

The Veterans Florida Entrepreneurship Program revised its structure to provide opportunities to more veterans and increase advanced program completion rates; VFEP performance information has improved. At its inception, the program had one main component, the advanced program, and attrition rates were relatively high in the first year of the program. In response to network partner concerns, Veterans Florida revised the program to create additional opportunities for veterans at any stage of entrepreneurship through the online and in-person workshop opportunities, thereby increasing the reach of the program at a relatively low cost. In addition, more rigorous admission and completion criteria, including having a well-developed business idea and demonstrated commitment to starting a business, were instituted in Fiscal Year 2017-18. These new requirements

⁴⁸ The period of analysis is one year shorter than the time frame used in employment and wage analyses in other chapters of this report due to the recent inception of the WTG program.

are likely to attract more participants who are able and motivated to complete the program and over time may lead to lower program attrition rates. The completion rate for the advanced program increased slightly from 49% in Fiscal Year 2016-17 to 50% in Fiscal Year 2017-18.

In addition, advanced program graduate performance information was initially tracked informally and in varying ways by the partner institutions. Information is now tracked more consistently with the final program report requirements of all network partners. Veterans Florida has also begun implementing a survey of program graduates for each class that it plans to continue to update to track graduate business performance over time and has begun reporting improved performance information on VFEP participants. Overall, the VFEP has graduated 396 veterans who have generated \$22 million in revenue, started 121 businesses, and hired 171 people as of October 8, 2018.

Entrepreneurship program participants most frequently chose on-campus workshops; the majority are separated from the military and have been Florida residents for five or more years. OPPAGA surveyed 442 veterans who participated in VFEP during Fiscal Year 2017-18.⁴⁹ Veterans may choose to participate in one or more of the following components of the VFEP: online courses, on-campus workshops, and/or the advanced program. Of the veterans that responded to the survey, 26% participated in the online course, 56% participated in the on-campus workshops, and 49% participated in the advanced program. Several respondents (26%) reported participating in some combination of program components, with the most frequently reported combination being on-campus workshops and the advanced program (16%). Only a few individuals (5%) had participated in all three program components. The most frequently reported ways veterans learned about the program include Veterans Florida's website (28%), other veteran resource websites (20%), and a family member, friend, or co-worker (18%).

Prior to participating in VFEP, 62% of survey respondents had been separated from the military for 5 or more years and 58% served in the military for 10 years or less. Several respondents reported that they served in the Army (41%), Navy (27%), and Air Force (26%); 5% reported having served in the Marine Corps, and one respondent served in the Coast Guard. Most VFEP participants who responded to the survey are male (78%), have lived in Florida for over five years (68%), and are employed full or part time (68%). Most participants (68%) are between the ages of 35 and 54, and the highest level of education achieved for most participants responding to the survey was a Bachelor's or Master's degree (65%).

Eighty-five percent of respondents reported that they benefited from participating in VFEP; advanced program participants reported several advantages of program participation. The most frequently reported benefits of participating in VFEP include improved connections and networks with other veteran entrepreneurs (54%), improved connections and networks with business leaders (46%), and learning the basics of entrepreneurship (46%). A few (8%) respondents reported they did not benefit from program participation, and some reasons include that VFEP did not pertain to particular business models or did not provide the expected level of mentorship.

In addition to the reported benefits, a majority of respondents who participated in one or more components of VFEP agree that the program helped them to improve in entrepreneurial competencies that included

⁴⁹ OPPAGA received complete survey responses from 74 veterans for a response rate of 17%; 11 surveys were undeliverable.

- general knowledge of the business start-up process (85%);
- familiarity with the process of business entry and stages of setting up an organization (83%);
- understanding of relationships needed with key stakeholders when starting a business (86%);
- knowledge of resources available for veteran business owners (80%);
- entrepreneurial skills and competencies (80%);
- awareness of the daily life of entrepreneurs (74%);
- awareness of core entrepreneurial values (83%); and
- vision of themselves as entrepreneurs (82%).⁵⁰

Of the 49% of survey respondents who reported participating in the advanced program, 88% completed the program. Of the remaining 12% who did not complete the program, the most frequently reported reason was other life events. Most respondents (67%) who participated in the advanced program had not participated in other entrepreneurship training prior to their participation in VFEP. However, of the 33% that did report prior entrepreneurship training, all reported that the VFEP provided value that other entrepreneurship training programs did not. For example, it provided them with networking opportunities with businesses and other veterans and provided mentorship resources.

Most (60%) advanced program participants had used the post-program mentoring resources provided by VFEP network partners and Veterans Florida. The most frequently reported post-program resources are consultation with VFEP faculty and staff (83%), followed by consultation with local business leaders (50%). Additional post-program resources respondents reported using included business incubator services (39%) and financial information and advice (28%). Of the 40% who reported not using post-program resources, the most frequently reported reasons included lack of clarity on how to access the resources (33%) and lack of awareness of available resources following program participation (25%).

Survey respondents made several suggestions for VFEP program improvement. While most survey respondents reported satisfaction with the VFEP program, many made a variety of suggestions for program improvement (52%). The most frequently reported suggestion for improvement was to enhance mentorship resources and expertise available to program participants, both during and after the program (16%). Additional suggestions included improving marketing of the program to reach a wider audience, providing participants with more information about finance and funding, offering the course to more veterans upon transition from the military, and focusing less on business start-up and more on day to day and business expansion activities.

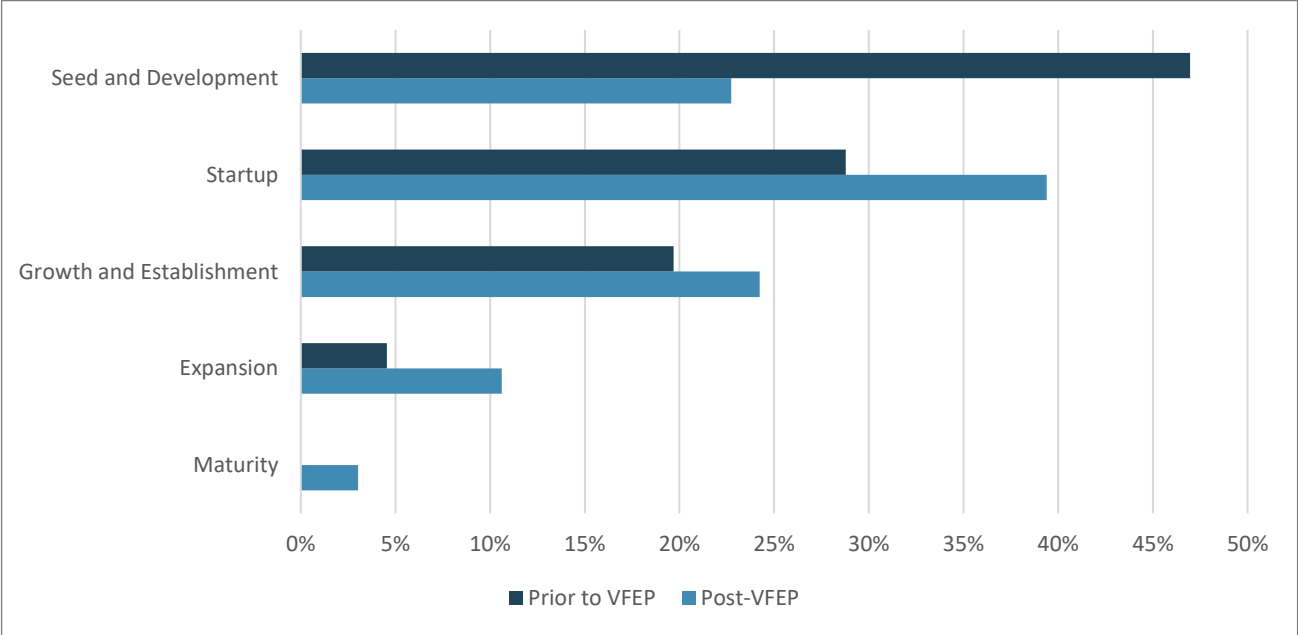
VFEP participants reported increased business growth after program participation

The business lifecycle includes five stages: seed and development, startup, growth and establishment, expansion, and maturity. The VFEP is designed to help veterans with early stage ideas or early stage companies open and operate their own business. Prior to VFEP participation, 47% of respondents

⁵⁰ Entrepreneurial competencies adapted from D.M. Cumberland, *Training and Educational Development for "Vetrepreneurs,"* Advances in Developing Human Resources, Vol 19(1), 2017.

reported that they were in the seed and development stage, 29% were in the startup stage, 20% were in the growth and establishment stage, and 5% were in the expansion stage. After VFEP participation, 24% fewer respondents reported that they were in the seed and development stage, and the number that reported being in the startup stage increased by 11%; the number of respondents who reported being in the growth, expansion, and maturity phases also increased. (See Exhibit 3-6.) These results suggest that the VFEP is achieving its mission of helping veterans with early stage ideas or early stage companies to open and operate their own businesses.

Exhibit 3-6
Participants Report That the VFEP Is Helping Them Move Through Business Stages



Source: OPPAGA analysis of VFEP participant survey data.

After participating in the VFEP, 77% of survey respondents reported that they had an active business, compared to 53% that had a business prior to VFEP participation. The majority of these businesses are small businesses with fewer than five employees (92%) that were started within the last three years (75%). Most of these businesses are Limited Liability Corporations (65%) providing services and whose principal activities represent a variety of industries, including information, manufacturing, professional and business services, and trade. Most reported they conduct their business from home (57%) and that their business is not their only source of employment (57%). Most respondents (78%) reported investing less than \$50,000 in their businesses, with 48% investing less than \$10,000.

RECOMMENDATIONS

In OPPAGA’s February 2018 report, we recommended that Veterans Florida implement consistent, specific metrics for its major program areas and strengthen its coordination with other state and local entities. Since our prior review, Veterans Florida has developed and implemented performance metrics for both the WTG and VFEP programs that will allow improved, consistent assessment of program progress over time. However, improvements are still needed in coordination of efforts with other state and local entities, particularly economic development and employment agencies.

Despite Veterans Florida's outreach, their programs are still not advertised through key websites of other state-funded agencies that provide employment opportunities for veterans. To maximize reach and limited resources, the Florida Department of Veterans Affairs, which houses Veterans Florida, could expand promotion of Veterans Florida's programs by ensuring that they are referenced by other state agencies that provide opportunities to promote job creation and employment opportunities for veterans, particularly CareerSource Florida, local workforce development boards, Enterprise Florida, and the Department of Economic Opportunity. Because the WTG program can be combined with other economic development programs, CareerSource Florida and EFI could play particularly helpful roles in promoting the program to businesses seeking other state economic development programs, such as Quick Response Training.

In addition, Veterans Florida may wish to strengthen the support it provides to veterans graduating from the VFEP. Veterans Florida staff reported that access to post-program resources provided by the network partners has been a key for success of past VFEP classes. However, our survey results suggest that one third of participants are not sure how to access community resources that network partners are required to provide. To address this concern, Veterans Florida may wish to conduct additional annual follow-up with each network partner to ensure that available resources are clearly and frequently communicated to all VFEP advanced program participants and graduates.

APPENDIX A

Veterans Florida Entrepreneurship Program Advanced Class Selection Criteria

Exhibit A-1

Certification Criteria Include Detailed Reimbursements for a Business Idea

Program	Certification Criteria
Veterans Entrepreneurship Program Advanced Class	<ul style="list-style-type: none">▪ Florida resident▪ Honorably discharged veteran, currently serving in the guard/reserve, or active duty within one year of end term of service▪ Able to articulate a well thought out business concept that meets the following criteria<ul style="list-style-type: none">○ Realistic, achievable, and potentially profitable○ Business concept is able to be launched within 6 to 12 months of completion of the class○ Leverages the veteran's or co-founder's experience, education, skills, knowledge, or abilities○ Can be scaled to generate enough revenue and profit to support the entrepreneur and/or employees○ Demonstrated commitment to his or her business idea, measured through one or more of the following<ul style="list-style-type: none">- Completion of a self-paced online course, attendance at VFEP workshops or other entrepreneurship programs or courses such as the Entrepreneurship Bootcamp for Veterans, National Veterans Entrepreneurship Program, Boots to Business, Bunker Labs, Venture Hive, etc.- Has compiled research, developed a product prototype, model, drawings, website, or other tangible evidence of business activity

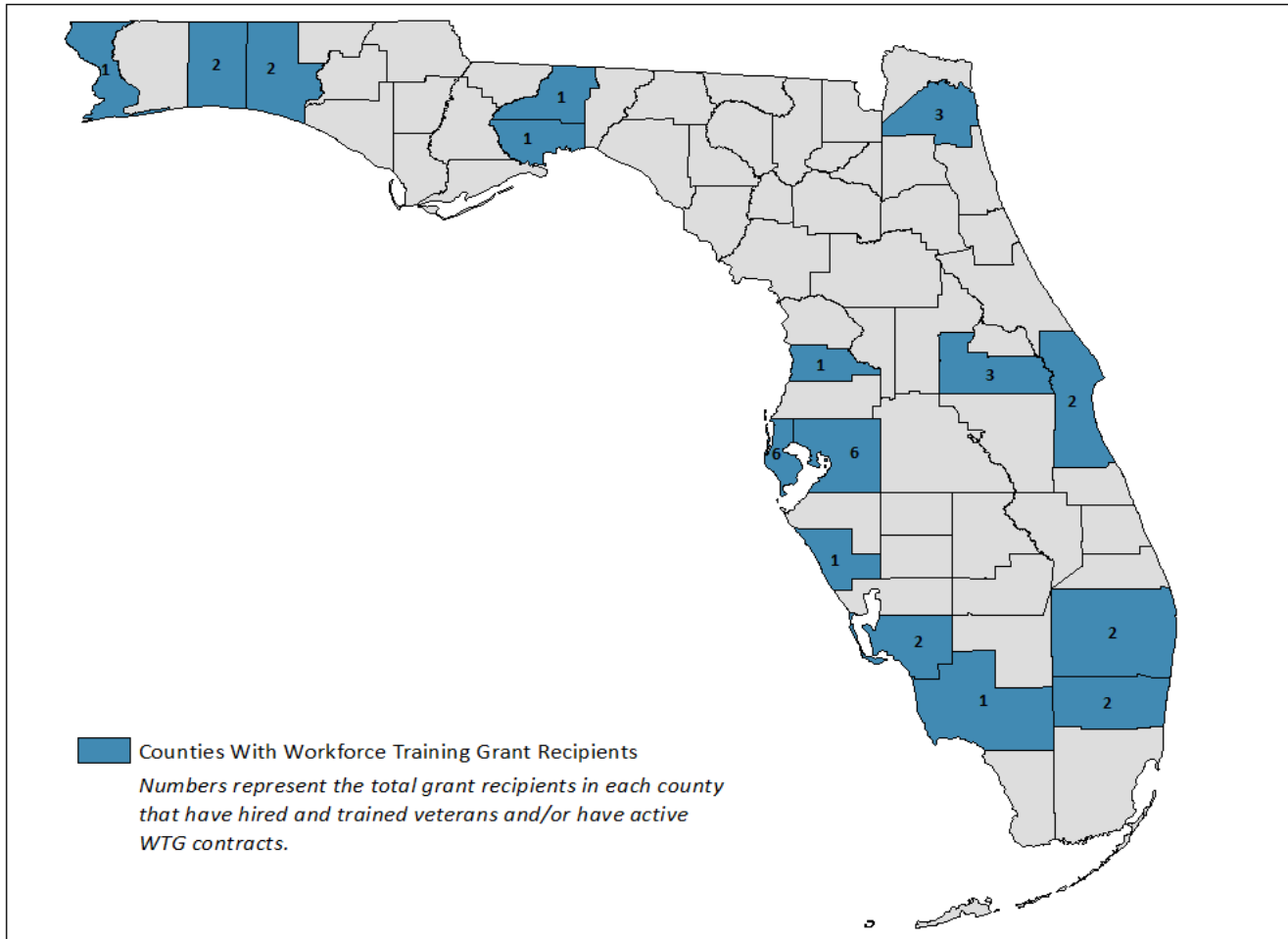
Source: Veterans Florida.

APPENDIX B

Florida Workforce Training Grant Locations

Exhibit B-1

Veterans Florida Awarded Workforce Training Grants to 36 Businesses Located Across Several Florida Counties During Fiscal Years 2015-16, 2016-17, and 2017-18



Source: OPPAGA analysis of Veterans Florida data.

CHAPTER 4: QUICK RESPONSE TRAINING AND INCUMBENT WORKER TRAINING PROGRAMS

BACKGROUND

The Quick Response Training and Incumbent Worker Training grant programs are state-administered training grant programs available to Florida businesses.⁵¹ The QRT program provides new or expanding businesses in Florida's target industries state grant funding for customized, skills-based training. The IWT program is a federally funded program that provides grants for continuing education and training to employees already employed at existing Florida businesses. (See Exhibit 4-1.) CareerSource Florida, the business-led statewide workforce investment board, administers the programs.^{52,53}

Exhibit 4-1

Quick Response Training and Incumbent Worker Training Programs Have Different Characteristics

Characteristic	Quick Response Training	Incumbent Worker Training
Funding source	State appropriation	Federal appropriation
Type of training funded	Customized and skill based	Any occupational or technical skills
Qualifying industries	State qualified target industries	Any industry ¹
Qualifying businesses	New or expanding	Existing and in operation for at least one year
Employee status	New employees ²	Current employees
Company match	Required ³	Required

¹ Retail establishments are ineligible for grant funding, although their corporate headquarters may be eligible.

² Grant funds can be used for current employees if the project is for company retention in Florida.

³ Eligible matching contributions may be counted toward the private sector support of Enterprise Florida, Inc., under s. 288.904, *F.S.*

Source: OPPAGA analysis.

QRT is state funded and targeted to new employees in particular industries. The Legislature established the QRT Program to meet the workforce needs of existing, new, and expanding industries.^{54, 55} The program is state funded and provides grants to qualifying businesses to train their new full-time employees; grants are performance based and reimbursable. Eligible businesses are in high-skill targeted industries with wages of 125% above state or local private sector wages.⁵⁶ QRT applicants must be for profit businesses and create new, permanent, full-time jobs requiring

⁵¹ An additional state-administered training grant program available to Florida businesses is the Veterans Workforce Training Grant program. (See Chapter 5 of this report.)

⁵² Prior to 2014, CareerSource Florida was known as Workforce Florida, Inc. It is administratively housed within the Department of Economic Opportunity.

⁵³ In addition to administering these training programs, CareerSource Florida provides policy oversight and designs strategies to address statewide workforce needs and oversees 24 regional workforce boards around the state.

⁵⁴ Section 288.047, *F.S.*

⁵⁵ Chapter 93-187, *Laws of Florida*.

⁵⁶ Florida's targeted industries include aviation and aerospace, clean technology, corporate headquarters, defense and homeland security, emerging technologies, financial and professional services, information technology, life sciences, and other manufacturing.

customized skills training not available at the local level. Businesses must produce an exportable good or service and demonstrate financial viability. (See Appendix A for detailed QRT eligibility criteria.)

Grant recipients pay for pre-approved direct training-related costs, including instructor wages, curriculum development, and textbooks/manuals, and are reimbursed for a portion of the expenses upon submission of required documentation. Program funds are allocated to a local fiscal agent, which can be a community or state college, area technical center, or state university. The fiscal agents manage grant contracts between CareerSource Florida and grant recipients. As of August 2018, there are 33 fiscal agents to assist local businesses in the application, reporting, and reimbursement processes; fiscal agents may keep up to 5% of the grant award amount for performing these tasks.⁵⁷ The majority of fiscal agents are community or state colleges, while a few are local school boards and state universities (e.g., Suwanee County School Board, the University of North Florida).

IWT is federally funded and can be used for current employees. Florida's IWT program is administered by CareerSource Florida pursuant to the federal Workforce Innovation and Opportunity Act (WIOA), which provides annual funding and establishes administrative and programmatic requirements.⁵⁸ The purpose of the program is to address current employee training needs by providing grant funding for continuing education and training of incumbent employees at existing Florida businesses.⁵⁹ The program provides grants to reimburse businesses for preapproved, direct, training-related costs. Businesses receive reimbursement directly from CareerSource Florida, and there is no fiscal agent involved in the process as there is with the QRT program.

IWT grant applicants must be for profit companies operating in Florida for a minimum of one year prior to application. As of Fiscal Year 2015-16, companies must describe how the training is related to the competitiveness of the business and the employee receiving the training, and must demonstrate a commitment to retain or avert the layoff of employees receiving the training. Applicants must also demonstrate financial viability, have at least one full-time employee, and have not received an award in the previous or current program year. (See Appendix A for detailed IWT eligibility criteria.)

Training options are generally similar across both grant programs, but some differences exist in allowable trainings. Both grant programs offer flexibility regarding the types of trainings and training providers. QRT and IWT grant recipients choose their own training and training provider, which can be an educational institution, private training company, a company employee, or a combination of these. The training can be provided at the company's or training provider's facility, or at a combination of locations. Training subject matter may focus on occupational skills, professional development, business operations strategies, or technical skills, and may be delivered in person or online in both programs.

Several types of trainings are disallowed under both grant programs, including CPR and first aid, English as a second language, and new hire orientation. There are also some differences in allowable trainings between the programs. For example, QRT disallows OSHA and safety training, which is allowed under IWT, and training that includes costs for equipment is allowed under QRT but not IWT. (See Appendix B for detailed training options by program.)

⁵⁷ Section 288.047(5)(c), *F.S.*

⁵⁸ Section 445.003(3)(a)3.b., *F.S.*

⁵⁹ Section 445.003(a)3, *F.S.*

Training content and delivery mechanisms varied across the two programs. Most QRT companies provided industry-specific training, while the most frequently reported trainings by IWT grant recipients included certification and continuing education trainings. Both QRT and IWT companies used grants for a variety of trainings, including leadership and management, computer skills, and customer service training. QRT grantees more frequently utilized internal trainers than IWT grantees. Seventy percent of the QRT grants executed during the review period used only company employees for trainers and 12% used a combination of employees and external trainers, while 83% of IWT grantees used only external trainers and 9% used a combination of company employees and external trainers.

Activities

The primary activities of the QRT and IWT programs consist of providing grants to Florida businesses and marketing the grant programs. Because QRT is a state-developed program and IWT is a federal program, the programs have slightly different administrative processes and recipient requirements. (See Exhibit 4-2.) CareerSource Florida has implemented some programmatic changes to both programs since OPPAGA's last review.

Program administration continues to include a due diligence review by CareerSource Florida, but some processes are now streamlined. As of Fiscal Year 2015-16, applications for both QRT and IWT are completed entirely through an online application system.⁶⁰ A business can apply online for either QRT, IWT, or both programs. Businesses applying for QRT are required to select a fiscal agent to assist with the application process, and a portion of the application is completed and submitted by the fiscal agent. IWT applications are submitted directly by the business applicants.

CareerSource Florida has changed the application workload of individual staff. Currently, one CareerSource Florida staff member is assigned to each of the four business and workforce development territories to review all QRT and IWT applications in their respective territory. Each of these territories consists of 6 of the state's 24 local workforce development boards.⁶¹ During the previous review period, one CareerSource Florida staff member was responsible for all QRT applications and another staff member for all IWT applications statewide. CareerSource Florida staff members review grant applications for proposed training plans, budgetary analysis, and the business's financial viability. QRT grants are also reviewed by CareerSource Florida staff for external support letters from local economic development organizations and local workforce development boards.

Upon completing their due diligence review and approval of grant applications, CareerSource Florida staff informs business applicants that they have been approved for a certain number of dollars and employees. CareerSource Florida staff then creates contracts that set forth the processes for administering and completing the grant-funded trainings. QRT and IWT grant recipients may begin training upon application approval. QRT grant contracts are prepared and sent electronically to fiscal agents for signature by the fiscal agent and business representative. IWT contracts are sent directly to the business for electronic signature. Final contracts for both programs are stored electronically by CareerSource Florida staff. Prior to Fiscal Year 2015-16, CareerSource Florida stored grant documentation in paper format.

⁶⁰ Prior to Fiscal Year 2015-16, businesses submitted email applications for both the QRT and IWT programs.

⁶¹ The state's 24 local workforce development boards work collaboratively with the Department of Economic Opportunity and CareerSource Florida to administer the statewide workforce system.

There is some variation across the two programs in eligible reimbursement costs and grant award determination. Both QRT and IWT allow several of the same reimbursable expenses, such as instructor wages, curriculum development, and textbooks and manuals. However, QRT allows reimbursement for domestic travel for trainers and trainees, whereas IWT does not allow for this expense. IWT allows reimbursement for individual training course costs, but QRT does not include this in its reimbursable expenses. Neither QRT nor IWT allow trainee wages to be reimbursed. IWT program guidelines specify several additional disallowed costs, including capital improvements, travel or food, and test and exam fees.

In addition, total grant award amounts are determined differently for the two grant programs. For QRT, grant awards are based on the total number of projected new hires and an approved amount per trainee that is determined by CareerSource Florida staff based on the industry, wages, location, and reimbursable expense amount. IWT award amounts are based on the estimated total projected direct training costs of the grant recipient. (See Appendix B for more detail.)

Reporting and reimbursement frequency vary across the two grant programs. QRT recipients must submit quarterly reports whether or not training occurs but may report and request reimbursement more frequently if they choose. Reimbursements are made in proportion to the recipient's hiring and training progress, i.e., the percentage of funds reimbursed equals the percentage of employees hired and trained to date. In contrast, IWT recipients are required to submit monthly reports while training is occurring but also may request reimbursement as frequently as needed. Similar to QRT, reimbursements are made in direct proportion to the business's training progress. IWT recipients also complete one mandatory status report at six months; the same is not required of QRT recipients.

Businesses receiving grants from either program have 60 days after the contract end date to submit closeout paperwork for their grants. Both QRT and IWT recipients must submit a final training evaluation within 60 days from the end of training. While grant recipients do not have to document specific outcomes related to the substance of the training, grant recipients are required to provide certain information to CareerSource Florida on all employees who received the grant-funded training.⁶² Required information for QRT trainees includes legal name, social security number, date of hire, and job title, and for IWT trainees includes legal name, social security number, citizenship verification, hourly wage, and date of hire.

⁶² Section 288.047(5)(e), *F.S.*

Exhibit 4-2

Florida's Training Grant Administrative Processes Vary Slightly by Program

Requirements	Quick Response Training	Incumbent Worker Training
Application review process	<ul style="list-style-type: none"> Review proposed training plans Budgetary analysis Review external support letters Due diligence review using Department of State and Department of Revenue information 	<ul style="list-style-type: none"> Review proposed training plans Budgetary analysis Due diligence review using Department of State and Department of Revenue information
Award cap	<ul style="list-style-type: none"> None¹ 	<ul style="list-style-type: none"> \$50,000²
Maximum contract term	<ul style="list-style-type: none"> 12 months 	<ul style="list-style-type: none"> 12 months
Reporting requirements	<ul style="list-style-type: none"> Quarterly reports End of contract evaluation Trainee information 	<ul style="list-style-type: none"> Monthly reports (quarterly if no training is occurring) 6-month status report Final training evaluation Trainee information Federal WIOA reporting requirements
Reimbursement basis	<ul style="list-style-type: none"> Pre-approved per-trainee amount 	<ul style="list-style-type: none"> 50% of approved, direct training costs
Reimbursement requests	<ul style="list-style-type: none"> At least quarterly while training is occurring 	<ul style="list-style-type: none"> At least monthly while training is occurring

¹ As of Fiscal Year 2017-18, QRT grants are subject to a maximum cap of \$500,000 per grant.

² The cap increased from \$30,000 per grant to \$50,000 per grant in Fiscal Year 2014-15. As of Fiscal Year 2017-18, IWT grants are subject to a maximum cap of \$200,000 per grant.

Source: OPPAGA analysis of CareerSource Florida information.

During the current review period, CareerSource Florida shortened the contract length for QRT grants to encourage the use of program funds at a faster rate. Contract terms for QRT grants during the previous review period ranged from 12 to 24 months, depending on the number of new employees trained.⁶³ However, in Fiscal Year 2016-17, CareerSource Florida reduced the contract length of QRT grants from 24 to 12 months for all grants; CareerSource Florida staff reported that this change has led to more rapid use of program funds. Staff reported that, previously, companies would execute a grant contract but hold the training further in the future. However, with the shorter contract period, grant recipients are holding the training sooner and are paid sooner. CareerSource Florida staff also reported that under the new contract period, they have observed fewer instances where a business applies for and receives a grant but never actually uses the grant money.

Programmatic changes at the federal level affected IWT reporting requirements and program participation during the review period. The federal Workforce Innovation and Opportunity Act provides annual funding and establishes programmatic requirements for the IWT grant program.⁶⁴ WIOA took effect on July 1, 2015, and Florida's state WIOA plan took effect on July 1, 2016. CareerSource Florida staff reported that as of July 2016, WIOA enacted new reporting requirements for IWT, which included requiring businesses to report over 60 new data elements on each trainee, including various demographic and employment-related factors (e.g., age, ethnicity, disability status, industry of employment, veteran status, and education).⁶⁵

⁶³ During the previous review period, businesses that created 25 or fewer net new jobs would have a grant term of up to 12 months, and those that created 26 or more net new jobs would have a grant term of up to 24 months.

⁶⁴ Section 445.003(3)(a)3.b., F.S.

⁶⁵ Prior to July 2016, businesses were only required to submit each training participant's social security number and their first and last date of training.

CareerSource Florida staff reported that businesses and employees perceived these changes as very cumbersome, which may have discouraged businesses from applying for IWT funds. In particular, staff reported that a high number of businesses that were awarded grants in Fiscal Year 2016-17 simply dropped out of the program and did not seek reimbursement for completed trainings; 58% fewer employees received training with IWT grant funds in Fiscal Year 2016-17, compared to the prior fiscal year. The number trained in Fiscal Year 2016-17 was also 73% lower than the prior three-year average. The number of IWT grant awards increased by 6% during the same time period, supporting the claim that many businesses that received grants never sought reimbursement. CareerSource Florida shared their concerns about the burdensome requirements with the U.S. Department of Labor, and staff reported that as of January 1, 2018, these additional reporting elements are no longer required of IWT participants. Staff reported they are hopeful that grant participation will increase as a result, and in Fiscal Year 2017-18, IWT grant awards had increased by 21% from the prior fiscal year, indicating a recent upward trend in use of IWT grant funds.

Funding

State funds support QRT, and federal funds support IWT. In Fiscal Year 2016-17, the Legislature appropriated \$12 million for QRT and \$3 million for IWT.⁶⁶ Annual funding for QRT and IWT from Fiscal Year 2014-15 through Fiscal Year 2016-17 remained stable at around \$15 million. (See Exhibit 4-3.)

Exhibit 4-3

From Fiscal Year 2014-15 Through Fiscal Year 2016-17, QRT and IWT Funding Remained Stable

Program	Appropriations			Total for Fiscal Years 2014-15 Through 2016-17
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	
Quick Response Training	\$12,000,000	\$12,000,000	\$12,000,000	\$36,000,000
Incumbent Worker Training	3,000,000	2,000,000	3,000,000	8,000,000
Total Appropriations	\$15,000,000	\$14,000,000	\$15,000,000	\$44,000,000

Source: OPPAGA analysis of CareerSource Florida data.

Over the last three fiscal years, QRT expenditures increased from \$10.8 million to \$13 million. During this same period, IWT expenditures decreased, from \$1.8 million to a little over \$1 million. CareerSource Florida expenditures for administrative purposes for the two programs averaged about \$169,000 per year. (See Exhibit 4-4.)

⁶⁶The Legislature allocates \$2 million in federal WIOA funds annually to IWT, and any additional annual WIOA funding for IWT is voted on and approved by the CareerSource Florida Board of Directors.

Exhibit 4-4

From Fiscal Year 2014-15 Through Fiscal Year 2016-17, Combined Training Expenditures Ranged From \$13.3 Million to \$14.9 Million

Program	Expenditures			Total for Fiscal Years 2014-15 Through 2016-17
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	
Quick Response Training	\$10,776,727	\$12,651,146	\$12,974,270	\$36,402,143
Incumbent Worker Training	1,780,177	1,284,030	1,049,786	4,113,993
Quick Response Training fiscal agents	567,196	665,850	682,856	1,915,902
CareerSource Florida administrative costs	202,452	147,463	158,128	508,043
Total Training Expenditures	\$13,326,552	\$14,748,489	\$14,865,040	\$42,940,081

Source: OPPAGA analysis of CareerSource Florida data.

FINDINGS

Grant awards fluctuated between the previous and current review periods; QRT grants increased while IWT grants experienced a large decline

More than \$35 million in QRT and IWT grant payments were made during the review period. From Fiscal Year 2014-15 through Fiscal Year 2016-17, CareerSource Florida awarded 127 QRT grant contracts and 368 IWT grant contracts and made over \$35 million in contract payments. Compared to the prior review period, the number of QRT contracts increased by 20%, and the number of IWT contracts declined by 42%. Total grant payments increased by 37% from the previous review period to the current review period. Further, CareerSource Florida made 88% more grant payments on QRT grants and 62% fewer payments on IWT grants than the prior period. The large increase in QRT payments is in part due to a small group of businesses (9 out of 117 grant recipients) that received relatively large grant contracts (greater than \$800,000) and accounted for 51% of the total grant payments made during the review period. The decline in IWT payments is likely attributable to the federal reporting changes that occurred during the current review period.

The average grant award per company increased for both programs. (See Exhibit 4-5.) Businesses in Brevard County received the most (\$6,237,000) QRT grant funds during this period, and businesses in Broward County received the most (\$552,913) IWT funds. (See Appendix C for grant payments by county.) The average QRT grant award per company was \$305,980 and the average number of employees trained per company was 150; the average IWT grant award was \$18,969 and, on average, 18 employees per company received training.

The total number of employees trained under both programs decreased from the previous review period. From Fiscal Year 2014-15 through Fiscal Year 2016-17, QRT grant recipients trained 18,997 employees, a decline of 11% from our previous review period, and IWT grant recipients trained 6,788 employees, a decline of 72% from our previous review period. The relatively small decline in total employees trained during the review period for QRT grant recipients may be due in part to normal year-to-year fluctuations in the number of people trained, whereas the large decline in IWT trained

employees was likely due to the federal reporting changes instituted during the review period and a decline in IWT funding between the previous and current review periods.

Exhibit 4-5

QRT and IWT Award Numbers, Grant Amounts, and Number of Employees Trained Fluctuated Between the Two Review Periods

	Fiscal Years 2011-12 Through 2013-14	Fiscal Years 2014-15 Through 2016-17	Percent Change Between Review Periods
Quick Response Training Grants			
Number of QRT grant contracts awarded	106	127	20%
Number of employees trained	21,314	18,997	-11%
Average grant award per company	\$289,543	\$305,980	6%
Average number of employees trained per company	220	150	-32%
Total grant payments made	\$17,109,999	\$32,161,311	88%
Incumbent Worker Training Grants			
Number of IWT grant contracts awarded	633	368	-42%
Number of employees trained	24,268	6,788	-72%
Average grant award per company	\$14,483	\$18,969	31%
Average number of employees trained per company	38	18	-53%
Total grant payments made	\$8,719,019	\$3,331,100	-62%

Source: OPPAGA analysis of CareerSource Florida data.

Businesses receiving QRT and IWT grants experienced varying levels of wage and employment growth across two review periods

Employment and wage growth varied widely for businesses that received state training grants during the current review period.⁶⁷ Most QRT businesses that received grants in the current review period were expansions of existing businesses, while only a few were new businesses. To assess the economic growth of these businesses, OPPAGA compared economic outcomes between Fiscal Year 2013-14 and Fiscal Year 2016-17; Fiscal Year 2013-14 was the year before recipients provided employees grant-funded training in the current review period.

Our analysis found that employment levels increased for both IWT and QRT grant recipients, ranging from a 26% increase for IWT recipients to a 60% increase for QRT recipients, which were both higher than the statewide average of 12% for the same period. However, wage increases were mixed, with growth ranging from zero wage growth for QRT recipients and 18% for IWT recipients, compared to a statewide wage growth of 9% during this time period. (See Exhibit 4-6.)

⁶⁷ The two industries most frequently represented by grant recipients in both programs during the current review period included professional, scientific, and technical services; and manufacturing. Both QRT and IWT recipients represented several additional industries, including finance and insurance; transportation and warehousing; wholesale trade; and administrative and support and waste management remediation services.

Exhibit 4-6

Companies That Received Employee Training Grants in the Current Review Period Experienced Varying Degrees of Employment and Wage Growth Between Fiscal Year 2013-14 and Fiscal Year 2016-17

Program	Number of Businesses for Which Data Were Available	Employment Growth	Wage Growth
Quick Response Training	47	60%	0%
Incumbent Worker Training	159	26%	18%
Statewide	642,880 ¹	12%	9%

¹ This number represents the average number of total establishments in Florida in Fiscal Year 2013-14 and Fiscal Year 2016-17.

Source: OPPAGA analysis of Department of Economic Opportunity data.

Employment and wage growth also varied across the two programs for companies that received grants during the previous review period. To assess the economic growth of these businesses, OPPAGA compared economic outcomes for businesses that received grants in the previous review period between Fiscal Year 2010-11 and Fiscal Year 2016-17; Fiscal Year 2010-11 was the year before recipients provided employees grant-funded training in the previous review period.

Our analysis found that businesses that received QRT grants in the previous review period experienced employment growth of 111%, which was much higher than the statewide rate of 21% for the same period. The employment growth for companies that received IWT grants was lower, at 18%. QRT recipients experienced a decrease in wage growth of 8%, while IWT recipients' wages grew by 11%, both lower than the statewide wage growth of 15% during the same period. These results suggest that these businesses have hired a larger number of workers in lower wage positions over time. (See Exhibit 4-7.)

Exhibit 4-7

Companies That Received Employee Training Grants in the Previous Review Period Experienced Varying Degrees of Employment and Wage Growth Between Fiscal Years 2010-11 and 2016-17

Program	Number of Businesses for Which Data Were Available	Employment Growth	Wage Growth
Quick Response Training	17	111%	-8%
Incumbent Worker Training	402	18%	11%
Statewide	622,719 ¹	21%	15%

¹ This number represents the average number of total establishments in Florida in Fiscal Year 2010-11 and Fiscal Year 2016-17.

Source: OPPAGA analysis of Department of Economic Opportunity data.

Most individuals who received grant-funded training during the previous review period are still employed in Florida; training had a positive impact on wages for each program

To describe the impact of the two programs on individuals, OPPAGA reviewed information on trainees from both the previous and current review periods. For the previous review period, OPPAGA reviewed trainees' current employment status; for the current review period, OPPAGA analyzed trainee wage outcomes.

Most QRT and IWT trainees from the previous review period are still employed in Florida, many with the same employer. OPPAGA looked at the employment history of the individuals trained under QRT and IWT programs from the previous review period, Fiscal Year 2011-12 through Fiscal Year 2013-14, to determine how many were still employed in Florida, with the same employer, and/or with the same industry as of calendar year 2017. The majority of QRT (81%) and IWT (82%) trainees from the previous review period were still employed in Florida. Of those still employed in Florida, a little over half of past trainees from both programs were with the same employer, slightly fewer than 10% were with a new employer in the same industry, and more than one-third were with a new employer in a new industry.⁶⁸

QRT and IWT trainee wage increases were largely associated with the programs. CareerSource Florida assesses its performance through an internal assessment of employment and wage outcomes for training recipients. These analyses include a calculation of absolute wage changes and the industry sectors in which trainees are employed. This, along with other information CareerSource collects on its processes, provides a high-level evaluation of the program's success.

Because wages can be affected by a range of factors, OPPAGA conducted a matched pair analysis to determine the specific effects of the Quick Response Training and Incumbent Worker Training programs on the wages of trainees.⁶⁹ The analysis used Florida Education and Training Placement Information Program (FETPIP) data to compare the wages of individuals who received training to similar individuals who did not receive training.⁷⁰ Individual matching was accomplished by selecting characteristics of individuals in FETPIP data that resemble relevant features of individuals who received QRT or IWT training. These characteristics include starting salaries, years in the workforce, and the industry in which they are employed.⁷¹ The matched pair analysis compared the changes in wages for these two groups over the next year. (See Exhibit 4-8.)

The analysis showed that receiving training through a QRT grant had a significant positive effect on wages for two of the three fiscal years of the review period. Specifically, QRT trainee wages increased 14% to 18% a year after training for two of the three fiscal years examined. Moreover, when comparing to similar individuals who did not receive the training, the matched pairs analysis shows that employees who received QRT made more money the year following QRT than did their non-QRT counterparts during two fiscal years.⁷²

For employees who received training through the IWT program, the results were similar. IWT trainee wages increased 4% to 7% a year after training for each of the three fiscal years examined, and these increases were attributable to the training for two of the three fiscal years of the review period.

⁶⁸ The industries in OPPAGA's analysis were tracked by North American Industry Classification (NAICS) codes at the two-digit level.

⁶⁹ Over the three fiscal years, the total number of individuals included ranged from 1,221 to 8,776 in the QRT analysis and from 947 to 4,900 in the IWT analysis.

⁷⁰ FETPIP is a data collection and consumer reporting system established in s. 1008.39, *F.S.*, to provide follow-up data on former students and program participants who have graduated, exited, or completed a public education or training program within Florida. The statute requires any project conducted by Florida's workforce development system that requires placement information to use information provided through FETPIP.

⁷¹ OPPAGA collapsed the industry codes to the two-digit level to increase the number of individuals it could capture for a match.

⁷² OPPAGA's analysis tested whether the difference in wage growth between the groups was statistically significant. The results indicate that the QRT training is associated with higher wage growth, even when comparing to people in the same industry with similar measured characteristics (e.g., starting salaries and years in the workforce). However, it is possible that individuals who entered the QRT training program had unmeasured characteristics that contributed to their wage growth, such as higher motivation or ability.

Exhibit 4-8

QRT and IWT Trainee Wage Increases Were Largely Associated With Training

	Quick Response Training			Incumbent Worker Training		
	Fiscal Years					
	2014-15 ¹	2015-16 ²	2016-17 ³	2014-15 ¹	2015-16 ²	2016-17 ³
Median annual wages of trainees during training	\$33,759	\$43,110	\$39,485	\$46,721	\$51,860	\$46,518
Median annual wages of trainees one year after training	\$39,904	\$49,135	\$46,686	\$48,465	\$54,223	\$49,950
Increase in wages	\$6,145	\$6,025	\$7,201	\$1,744	\$2,363	\$3,432
Percent increase in wages	18%	14%	18%	4%	5%	7%
Does the training have a positive, statistically significant effect on the following year's wages when compared to a group from a similar industry with similar wages and experience?	YES	YES	NO	YES	NO	YES

¹ The Consumer Price Index for Fiscal Year 2014-15 was 236.7.

² The Consumer Price Index for Fiscal Year 2015-16 was 238.3.

³ The Consumer Price Index for Fiscal Year 2016-17 was 242.7.

Source: OPPAGA analysis of Florida Education and Training Placement Information Program data.

QRT and IWT grant recipients report that the grants had a positive impact on their businesses

OPPAGA surveyed Quick Response Training and Incumbent Worker Training grant recipients to obtain their opinion concerning the value and benefits of the grants, as well as to determine what impact the grants had on their businesses. Reported benefits include increased employee knowledge, increased employee value, and attainment of credentials or certifications. In addition, grant recipients expressed satisfaction with all aspects of the grants and reported that they would apply for the grants again.

Companies receiving QRT and IWT grants reported that the program had a positive impact on their business. OPPAGA surveyed businesses that received QRT and IWT grants.^{73, 74} Respondents reported that the program had a range of positive impacts on their businesses and their trained employees. Most (96%) of the QRT survey respondents reported that the training grant had a positive impact on their business, and 83% reported that employee productivity improved or greatly improved. Most IWT survey respondents (91%) also reported that the training grant had a positive impact on their business, and 25% reported that they gained new business or contracts or that their sales increased because of the training grant. The most frequently reported grant benefits to IWT participants were increased employee knowledge (49%) and attainment of credentials or certifications (40%).

Some QRT survey respondents reported that the grant made an impact on their business decisions, but many QRT and IWT respondents reported they would have operated the training in some manner without the grants. Thirty-three percent of responding QRT businesses reported that the grant played a role in the decision to establish or expand in Florida. The most frequently reported grant benefits to QRT businesses were increased employee knowledge (79%) and employee value (54%). According to

⁷³ OPPAGA surveyed 121 businesses that received QRT grants during the current review period and received complete survey responses from 21 businesses; 23 surveys were undeliverable. The response rate was 21%.

⁷⁴ OPPAGA surveyed 368 businesses that received an IWT grant during the current review period and received complete survey responses from 101 businesses; 45 surveys were undeliverable. The response rate was 31%.

QRT survey respondents, if they had not received the grant, 17% would have conducted the training as planned, 63% would have scaled back the training, 13% would have postponed the training, and 8% would not have conducted the training. While a larger proportion of IWT respondents (25%) than QRT respondents said they would not have conducted the training without the grant, most would have taken similar steps if their businesses had not received the grant; specifically, 24% would have conducted the training as planned, 37% would have scaled back the training, and 15% would have postponed the training.

Survey respondents were satisfied with CareerSource Florida’s grant program administration, but a few had concerns about the application process. Many QRT respondents reported that they are satisfied or very satisfied with the fiscal agent’s assistance with reporting (91%) and reimbursement (87%). Moreover, 87% reported that the fiscal agent is valuable or very valuable. Most QRT respondents also reported that they are satisfied or very satisfied with the program application (78%), approval (91%), reimbursement (87%), and reporting (83%) processes. Although IWT recipients do not work with a fiscal agent, most respondents were also satisfied with program administration, reporting that they are satisfied or very satisfied with the program application (74%), approval (83%), reimbursement (80%), and reporting (78%) processes. However, 4 QRT businesses and 10 IWT businesses expressed dissatisfaction with the grant application process, including concerns that the application was too complicated and could not be completed without assistance. Despite these concerns, 83% of QRT survey respondents and 65% of IWT respondents reported that they would seek the same grant in the future.

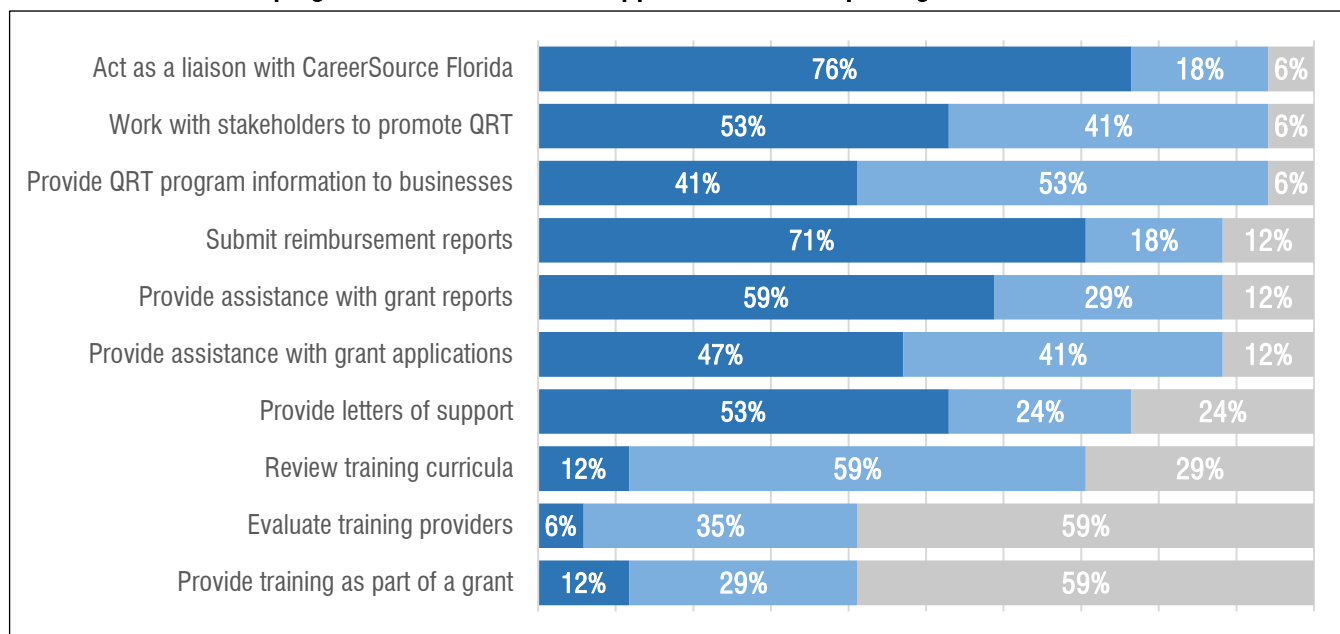
QRT fiscal agents continue to perform a variety of roles and reported several benefits from participating in the grant program

OPPAGA surveyed 36 fiscal agents about their roles in the grant programs; 17 individuals responded to the survey for a response rate of 49%. On average, fiscal agents worked with a total of four grants from Fiscal Year 2014-15 through Fiscal Year 2016-17. The maximum number of grants a fiscal agent reported working with during the review period was 10 and the minimum was 1. Fiscal agents reported several benefits to their organizations, to CareerSource Florida, and to business that result from the functions fiscal agents perform for the QRT grant program. Reported benefits include development of relationships with local business leaders and other stakeholders, which helps the fiscal agents’ organizations meet business and community training and workforce needs.

Fiscal agents reported that they perform a variety of roles for the QRT program, and the frequency with which they perform these roles varies across fiscal agents. The most frequently reported roles that fiscal agents often or sometimes perform relate to interacting with economic development stakeholders (e.g., local economic development organizations) and serving as liaisons between businesses and CareerSource Florida. Fiscal agents also reported that they spend time helping businesses with grant applications and reports. The least frequently reported activities include evaluating training providers and providing training as part of the grant. (See Exhibit 4-9.)

Exhibit 4-9

Fiscal Agents Reported a Variety of Activities, Most of Which Focused on Interacting With Stakeholders to Promote QRT and Helping Businesses With QRT Applications and Reporting



Source: OPPAGA analysis of QRT Fiscal Agent Survey data.

Most fiscal agents reported that they further the stakeholder relationships related to the QRT grant program. Fiscal agents reported several benefits to their organizations, to CareerSource Florida, and to business that result from the functions fiscal agents perform for the QRT grant program. The most frequently reported benefit (69%) to the fiscal agent's organization is that their role as a fiscal agent helps their organization develop valuable relationships with local business leaders. In addition, 38% of respondents specified that the relationships they build help them continue to meet business and community training and workforce needs. Several respondents (38%) also reported that serving as fiscal agents facilitates their organizations' connections with and involvement in local economic development efforts, and 31% reported that the fee their organization receives from the QRT program is helpful to them. In addition, 38% of the respondents reported that the fiscal agent role helps CareerSource Florida achieve its mission of assisting businesses in Florida and meeting the state's workforce needs. Several respondents (31%) also reported that fiscal agents help CareerSource Florida and grant recipients by serving as local points of contact for businesses, providing technical grant assistance and general oversight of the QRT grants. These results are consistent with the results of the survey of businesses discussed in the previous section that reported high levels of satisfaction with fiscal agent services and perceptions by a majority of QRT businesses that fiscal agents play a valuable role in the process.

Fiscal agents reported potential negative effects on stakeholder relationships and the grant process if they were not involved in the QRT program. Most fiscal agents who responded to the survey (75%) reported that they felt there could be negative consequences to various entities if fiscal agents were no longer part of the QRT process. Potential negative outcomes include a loss of or harm to relationships among CareerSource Florida, businesses, and fiscal agents (38%), additional administrative burden placed on CareerSource Florida or other entities (38%), and possible non-compliance or inefficiencies resulting from lack of local oversight (19%). In addition, when asked to

describe the potential effects on the fiscal agent's own organization if fiscal agents were not involved in the QRT program, the most frequently reported response (50%) was the loss of relationships with the business community and with state workforce officials. Some respondents (25%) also reported that their organization would lose opportunities to provide training and to develop curriculum and programs that meet industry and workforce needs. The most frequently reported effect on businesses of not having fiscal agents is that businesses would have difficulty with the application and reporting processes if not assisted by a fiscal agent (50%). Additionally, 25% of respondents reported that businesses would have less financial assistance to help them train workers and meet workforce needs. A few respondents (19%) reported that there would be no effect if fiscal agents were not involved in the process.

Most fiscal agents reported satisfaction with aspects of the QRT grant process; some technical challenges exist, particularly with respect to the application process. Most fiscal agents who responded to the survey reported that they are satisfied or very satisfied with the QRT grant approval process (81%), the grant reimbursement process (94%), and reporting requirements (88%). However, when asked to report the biggest challenges of being a fiscal agent, the most frequently reported responses were working with companies to help them submit applications and reports (56%) and dealing with difficulties that arise during the application and reporting processes (50%), such as technical problems with the online application and confusing reporting requirements. In addition, while 56% of respondents reported they are satisfied or very satisfied with the grant application process, 19% reported dissatisfaction with the application process, indicating that it is confusing to businesses and the website is difficult to navigate. The most frequently suggested areas for improving the grant program, particularly with respect to the role of fiscal agents, included providing more training and information to fiscal agents, especially with respect to the application process (38%) and simplifying the online application process (25%).

RECOMMENDATIONS

The Legislature may wish to consider making the use of fiscal agents for the QRT grant program optional. Although many fiscal agents and businesses reported satisfaction and value for the fiscal agents' role in the grant process, some reported lower levels of satisfaction. Given the increased automation of the grant application and reporting processes, and the additional regional grant management staff that CareerSource Florida now has around the state, businesses who do not wish to work with a fiscal agent could choose to work directly with CareerSource Florida staff to administer their grant award. The funds that are not expended on the administrative costs of fiscal agents could provide additional grant funding to more businesses in the program. The Veterans Workforce Training Grant program, as reported in Chapter 3 of this report, provides an example of a similar training grant program that makes use of a fiscal agent optional in the grant administration process. Veterans Florida now has several staff members dedicated to employer outreach and reported that they have been able to streamline the grant reporting and reimbursement processes due to staff members' direct interactions with WTG recipients.

APPENDIX A

Quick Response Training and Incumbent Worker Training Grant Award Eligibility Criteria

Exhibit A-1

Businesses Must Meet Several Criteria to Qualify for QRT and IWT Grants

Program	Eligibility Criteria
Quick Response Training	<ul style="list-style-type: none"> • Be for profit and create new, permanent, full-time (35+ hours per week) jobs for Florida workers requiring customized high-level skills training not available at the local level • Create new, full-time, permanent, high-quality jobs in qualified target industries • Require non-degree, specialized skill-based training of 12 months or less not available at the local level • Create high-quality jobs paying an average annual wage of at least 125% of local or state private sector wages, whichever is lower, unless the business is located in a distressed urban or rural community, or a brownfield area <ul style="list-style-type: none"> ○ Wages include salaries, commissions, bonuses, drawing accounts (against future earnings), prizes and awards (if given by the employer for the status of employment), vacation pay, sick pay, and other payments paid to employees consistent with the Department of Economic Opportunity's definition. Benefits are not included. • Produce an exportable (beyond regional markets) good or service • Provide sufficient documentation for identification of all participants that would allow access through the automated student databases pursuant to s.288.047(5)(e), <i>F.S.</i>, or electronic listings by social security number for calculation of performance measures, and any other outcomes as specified in s.1008.39, <i>F.S.</i>, or deemed pertinent to CareerSource Florida • May not qualify for funding if relocating from one Florida community to another Florida community, pursuant to to s. 288.04(7)(2), <i>F.S.</i> • Demonstrate financial viability by providing <ul style="list-style-type: none"> ○ The most recently filed IRS Form 941 (if the business is a Corporation) or the most recently filed 1040 Income Tax Return with Schedule SE (if the business is a Sole Proprietorship)¹ ○ A letter of Tax Clearance from the Department of Revenue dated within 45 days of application submittal¹ <p>Additional funding priority given to businesses:</p> <ul style="list-style-type: none"> • First time applicants¹ • Offer jobs located in a distressed, urban inner city, rural area, or Brownfield area • Submit grant proposals with the greatest potential for economic impact that contribute in-kind and/or cash matches • On a first-come, first-served basis
Incumbent Worker Training	<p>For reimbursement of 50% of training costs</p> <ul style="list-style-type: none"> • Be a for profit company in the state of Florida • Operate for a minimum of one year prior to application date • Provide a description of how the training is related to the competitiveness of both the business and the employee receiving training¹ • Demonstrate a commitment to retain or avert the layoff of employees receiving training¹ • Demonstrate financial viability by providing <ul style="list-style-type: none"> ○ most recently filed IRS Form 941 (if the business is a corporation) or the most recently filed copy of the 1040 Income Tax Return with Schedule SE (if the business is a sole proprietorship); ○ letter of tax clearance from the Department of Revenue dated within 45 days of application submittal; and

Program	Eligibility Criteria
Incumbent Worker Training (continued)	<ul style="list-style-type: none"> ○ letter of credit from a bank the company has done business with for at least six months; the letter must be on bank letterhead • Comply with the non-discrimination and equal opportunity provisions of Section 188 of the Workforce Investment Act of 1998; Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; Title IX of the Education Amendments of 1972; and 29 C.F.R. Part 37 • Have at least one full-time employee (must be Florida resident and W-2 employee); for a sole-proprietor where the business owner is the only employee, the sole-proprietor may be considered as the full-time employee • Have not received an award in the previous or current program year <p>For reimbursement of 75% of training costs, additional requirements include</p> <ul style="list-style-type: none"> • Have 50 or fewer employees² • Be located in a rural area of critical economic concern, rural county, distressed area, enterprise zone, brownfield or historically underutilized business zone

¹ New criterion since last review period.

² Changed criterion – in previous review period criterion was 25 or fewer employees.

Source: CareerSource Florida and s. 288.047, F.S.

APPENDIX B

Quick Response Training and Incumbent Worker Training Grant Guidelines

Exhibit B-1

QRT and IWT Grant Program Guidelines Have Several Similarities and Differences

Quick Response Training	Incumbent Worker Training
Reimbursable Expenses	
<ul style="list-style-type: none"> - Instructor wages - Curriculum development - Textbooks/manuals - Other costs - Customized, skills-based, online training - Domestic travel for trainers and trainees 	<ul style="list-style-type: none"> - Instructor wages - Curriculum development - Textbooks/manuals - Other costs - Tuition/training/course costs
Disallowed Costs	
<ul style="list-style-type: none"> - Trainee wages 	<ul style="list-style-type: none"> - Trainee wages - Compensation or consultant fees not directly related to training - Costs incurred prior to the signing of the contract - Capital improvements - Travel or food - Membership fees/dues - Conferences - Test/exam fees - Company website design and development, website hosting, maintenance, software upgrade, advice on computer selection for purchase and upgrade - Purchase of employee assessment systems or systems usage licenses - Equipment
Award Amount Basis	
<ul style="list-style-type: none"> - Award amount based on number of new hires projected to complete the training and the approved amount per trainee 	<ul style="list-style-type: none"> - 50 to 75% of total projected direct training costs
Disallowed Trainings	
<ul style="list-style-type: none"> - CPR and first aid - New hire orientation - Diversity and sexual harassment - English as a second language - Degree programs - Workplace literacy or soft skills - Conferences - OSHA and safety training 	<ul style="list-style-type: none"> - CPR and first aid - New hire orientation - Diversity and sexual harassment - English as a second language - Degree programs - Workplace literacy or soft skills - Conferences - Training that includes equipment in the cost of the training

Source: CareerSource Florida.

APPENDIX C

Quick Response Training and Incumbent Worker Training Grant Awards, Fiscal Years 2014-15 Through 2016-17

Exhibit C-1

During the Three-Year Review Period, QRT Grants Totaled \$32 Million and IWT Grants Totaled \$3 Million; the Number of Grants Varied Significantly by County

County	Quick Response Training			Incumbent Worker Training		
	Number of Grants	Number of Employees Trained	Cumulative Amount Paid	Number of Grants	Number of Employees Trained	Cumulative Amount Paid
Alachua	6	247	\$506,079	6	22	\$43,881
Bay	1	36	86,940			
Brevard	5	2,680	6,237,000	33	734	383,002
Broward	11	723	1,215,636	64	642	552,913
Charlotte	2	856	1,606,500	2	20	10,688
Clay	1	7	8,132			
Collier	5	527	1,111,708	3	53	15,027
Columbia				2	9	5,379
Dade				5	38	33,333
Desoto				1	4	1,000
Duval	11	2,420	3,085,935	12	462	101,858
Escambia	1	428	449,400	3	20	5,288
Hardee				3	34	24,780
Henry	1	7	22,050			
Hernando	2	95	165,375	1	0	0
Highlands	1	13	24,679			
Hillsborough	16	1,594	2,683,521	36	1339	314,528
Indian River				1	75	30,000
Jackson	2	184	386,925			
Lake				1	22	10,196
Lee	13	2,617	4,442,531	9	173	51,631
Leon	1	0	0	7	135	147,885
Liberty				1	0	0
Manatee	2	152	28,079	8	479	\$77,900
Marion	1	88	184,800	1	5	4,865
Martin				3	90	20,825
Miami-Dade	2	262	52,084	21	405	207,417
Okaloosa				2	25	12,415
Orange	10	835	1,447,027	27	379	346,317
Osceola				1	5	11,850
Palm Beach	5	584	1,081,260	26	556	261,652
Pasco				5	44	49,738
Pinellas	5	559	1,050,412	37	348	228,065

County	Quick Response Training			Incumbent Worker Training		
	Number of Grants	Number of Employees Trained	Cumulative Amount Paid	Number of Grants	Number of Employees Trained	Cumulative Amount Paid
Polk	8	2,521	3,851,271	14	317	103,309
Sarasota	2	261	328,487	9	9	22,020
Seminole	7	478	809,445	9	148	75,385
Statewide	2	225	344,737			
St. Johns	1	100	157,500	2	15	11,925
St. Lucie				3	37	42,488
Sumter				2	27	22,364
Volusia	2	400	588,000	8	117	101,178
Washington	1	98	205,800			
Total	127	18,997	\$32,161,311	368	6,788	\$3,331,101

Source: OPPAGA analysis of CareerSource Florida data.

CHAPTER 5: INTERNATIONAL TRADE AND DEVELOPMENT PROGRAMS

BACKGROUND

To promote continued economic growth, Florida provides international trade and development assistance to businesses through a public-private entity. The Department of Economic Opportunity (DEO) contracts with Enterprise Florida, Inc. (EFI) to provide a range of export assistance activities and to contract with offices in other countries that attract foreign direct investment (FDI) into the state. Exhibit 5-1, below presents the wide range of activities that EFI's International Trade and Development Unit conducts to support small and medium-sized Florida businesses, including

- coordinating trade missions and trade shows in foreign markets;
- providing export education and counseling;
- administering several grants offered as part of the Florida Export Diversification and Expansion Program; and
- contracting with foreign offices to promote the state as a trade partner.

Exhibit 5-1

EFI Offers a Wide Variety of Economic Development Incentives and Services for International Trade

International Trade and Development Programs

- *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. Recent EFI trade missions included trips to Mexico in 2016 and Argentina in 2017.
- *Trade Shows* are industry-specific events (e.g., international medical or aerospace 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 their products or services. For example, businesses assisted by EFI recently attended a life sciences and medical products industry event in Germany called Medica. Another example of an industry-specific trade show attended by EFI and Florida businesses is the Marine Equipment Trade Show in the Netherlands, which is specific to the marine industry.
- *Florida Export Diversification and Expansion Program* consists of three grant programs that provide funds to offset the costs of attending a trade mission or trade show and to help defray the cost of creating an export marketing plan. An export marketing plan includes a thorough export readiness assessment, industry and market analysis with target market recommendations, a review of overseas trade opportunities, and an action plan that may include participation in other EFI activities, such as trade missions or trade shows. EFI contracts with the Florida Small Business Development Center (SBDC) Network to prepare these plans for businesses.
- *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* perform several functions that support EFI's international trade activities abroad, including recruiting companies and generating foreign direct investment leads in foreign markets and assisting Florida companies attending trade shows or missions in the home country. EFI presently contracts with 11 full-service foreign offices and 2 affiliate offices in 12 countries.¹ The offices work under performance-based contracts that specify their scope of work including networking; handling all official correspondence and business development activities in country; promoting Florida and introducing the country's business community to business opportunities in the state; organizing and participating in promotional events; organizing business development missions; and identifying sponsorships of EFI seminars in the country.

¹ Full-service foreign offices, paid for by EFI, are located in Brazil, Canada, France, Germany, Israel, Japan, Mexico, South Africa, Spain, and the United Kingdom. EFI receives pro-bono representation at the two affiliate offices for Taiwan and the Czech Republic. Without this pro bono support, Florida would not have representation in these markets. EFI discontinued its China foreign offices contract in 2017.

Source: OPPAGA analysis of EFI data.

Florida is highly ranked as an exporter compared to other states; small and medium-sized exporters make up a substantial portion of the state's total exports, which are mostly to South American markets

OPPAGA analysis of 2016 U.S. Department of Commerce data found that Florida ranks second in the nation for the number of companies that export goods and services. (See Exhibit 5-2.) Comparing the success of states' international trade activities is challenging due in part to limitations in national export data, and variation in the types of state exports further limit state-to-state comparisons. However, OPPAGA analysis found that Florida ranks eighth in terms of the total number of export-supported jobs and seventh in the total dollar value of all exports.

Exhibit 5-2

Florida Ranks Behind Comparable States for Total Number of Export-Supported Jobs and Value of Exports

	Number of Companies That Export (2015)		Total Jobs Supported by Exports (2016)		SME Jobs Supported by Exports (2016) ¹		Total Value of Merchandise Exports, in millions (2016)	
	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount
California	1	63,564	2	683,772	1	61,007	2	\$163,513
Florida	2	41,786	8	232,253	2	40,057	7	\$52,049
Texas	3	30,779	1	910,304	3	28,556	1	\$231,107
New York	4	28,990	5	295,283	4	27,282	4	\$76,720
Illinois	5	17,362	4	325,368	5	15,570	5	\$59,758
New Jersey	6	16,443	16	131,960	6	15,207	16	\$31,223
Ohio	7	13,428	7	248,978	7	11,969	8	\$49,299

¹ SME is a small or medium-sized enterprise.

Source: U.S. Department of Commerce, International Trade Administration data from 2015 and 2016.

Small and medium sized enterprises are an important part of Florida's total export activity because such businesses make up a significant portion of all of Florida's export activity. The U.S. Department of Commerce defines a small or medium-sized enterprise (SME) as a business that has less than 500 employees. Of the 41,786 total companies that exported from Florida in 2016, approximately 96% of those exporters are SMEs. Furthermore, total exports by SMEs were approximately \$29.7 billion, which is 63% of all export value from the state in 2016. Large companies comprise the remaining 37% of total export value, which makes up 4% of total exporters from the state.

Florida's top export markets are located in South America, Central America, and the Caribbean, with the most common exports being manufactured goods. Analysis of U.S. Department of Commerce International Trade Administration data found that Florida exported approximately \$55.5 billion in goods to foreign markets in 2017. Nearly one-half (49%) of all Florida exports were bound for markets in South America, Central America, and the Caribbean. Similarly, when looking at the top-10 countries for Florida exports, 7 were located in these geographic regions: Argentina, Brazil, Chile, Colombia, the Dominican Republic, Mexico, and Paraguay. (See Exhibit 5-3.) The other three top export markets for Florida goods in 2017 were Canada, China, and Germany.

Exhibit 5-3

South American Markets are Important for Florida Exporters

Rank	Country	Region	2017 Total Export Value (in millions)
1	Brazil	South America	\$4,086
2	Canada	North America	\$3,585
3	Mexico	North America	\$3,079
4	Germany	Europe	\$2,368
5	Colombia	South America	\$2,299
6	Paraguay	South America	\$2,114
7	China	Asia	\$1,865
8	Chile	South America	\$1,816
9	Argentina	South America	\$1,670
10	Dominican Republic	Caribbean	\$1,552

Source: OPPAGA analysis of 2017 U.S. Department of Commerce data.

Of the total goods exported from Florida in 2018, a significant majority were manufactured goods. Specifically, OPPAGA analysis of total Florida exports by 3-digit North American Industry Classification System (NAICS) code indicate that all of Florida's top 10 types of exported goods were related to manufacturing.⁷⁵ Since 2002, at least 8 of Florida's top 10 exported goods have been related to manufacturing. Furthermore, the total combined export value of these top exported goods made up 78% of all exports from the state in 2018.⁷⁶

EFI received \$6.6 million of state funding in Fiscal Year 2016-17 to support international trade and development activities; foreign office contracts and payroll are the largest expenditures

During the review period, Enterprise Florida, Inc.'s international trade and development unit received funding from a range of sources. (See Exhibit 5-4.) The Legislature allocates state operating assistance funds for the unit from the Florida International Trade and Promotion Trust Fund, which receives 4.25% of the state's rental car surcharge tax. The Legislature also provides state grant assistance as part of its allocation to the international trade program. This state funding—\$6.6 million—accounted for 89% of the unit's total budget in Fiscal Year 2016-17. EFI's second largest source of funds included revenues from EFI-sponsored events, typically in the form of participation fees. Historically, EFI also received funding for grant programs from the federal government. The U.S. Small Business Administration provided federal grant assistance, although the amount of this grant funding declined over the review period.

⁷⁵ NAICS code descriptions for the top 10 types of exported goods in 2018 through August are: Computer and Electronic Parts Manufacturing (334); Transportation Equipment Manufacturing (336); Chemical Manufacturing (325); Machinery, Except Electrical (333); Miscellaneous Manufacturing (339); Primary Metal Manufacturing (331); Food Manufacturing (311); Electrical Equipment, Appliance, and Component Manufacturing (335); Fabricated Metal Product Manufacturing (332); and Paper (322).

⁷⁶ U.S. Census Bureau, data as of August 2018.

Exhibit 5-4**Revenue for International Trade and Development Generally Increased from Fiscal Year 2014-15 to Fiscal Year 2016-17, as State Grants Offset Declining Federal Support**

Revenue Source	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
State Operating Assistance	\$5,800,000	\$5,600,000	\$5,600,000
Event Revenue	894,148	980,487	805,567
State Grant Assistance	350,000	1,000,000	1,000,000
Federal Grant Assistance	155,407	72,708	—
Other Income	41,475	89,375	33,270
Total	\$7,241,030	\$7,742,570	\$7,438,837

Source: Enterprise Florida, Inc.

During the review period, expenditures for the international trade and development unit decreased from nearly \$7 million in Fiscal Year 2014-15 to \$5.5 million in Fiscal Year 2016-17. The top three expense categories during the period were foreign offices fees, payroll for 16 FTEs, and event expenses. (See Exhibit 5-5.)

Exhibit 5-5**Annual Expenditures Decreased by \$1.4 Million From Fiscal Year 2014-15 to Fiscal Year 2016-17 Due to Reductions in Foreign Offices Fees, Payroll, Events, and Travel Expenses**

Expense Category	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
Professional Fees—Foreign Offices	\$ 2,059,183	\$1,947,132	\$1,807,052
Payroll and Related Costs	1,877,301	1,676,632	1,449,602
Event Expenses	1,292,860	1,682,563	957,881
Grants and Program Costs	695,699	815,349	669,280
Rent	272,253	368,915	271,383
Travel	416,561	279,095	191,131
General and Administrative ¹	130,192	140,930	89,010
Professional Fees	103,348	95,525	54,188
Telecommunications	41,150	35,013	23,527
Sponsorships	64,500	41,900	13,551
Total Expenses	\$6,953,047	\$5,135,922	\$5,526,605

¹ As of Fiscal Year 2016-17, General and Administrative costs includes only those expenses directly associated with the International Trade and Development Unit (i.e., membership dues, office supplies, office equipment rental, licenses and subscriptions, and conference registrations). Accounting, data support, contracts, and executive office expenses were no longer included in General and Administrative expenses as of Fiscal Year 2016-17, which explains the decrease in costs.

Source: Enterprise Florida, Inc.

Expenditures during the review period were substantially less than the unit's operating budget. For Fiscal Year 2016-17, EFI reports that unspent state revenues totaled \$665,409 and were appropriated from the Florida International Trade and Promotion Trust Fund. The unspent appropriations are due to spending reductions in International Trade and Development staff, foreign offices, and international events. Per Florida statutes, the remaining state revenues are carried over to the next fiscal year for program expenses specifically authorized in the state budget.

EFI awarded \$1.8 million in grant funds to Florida companies over four fiscal years for export assistance activities

EFI offered three types of grants to help companies seeking to expand to foreign markets during the review period—Target Sector Trade Grants, Gold Key/Matchmaker Grants, and Export Marketing Plan Grants. In 2017, EFI launched a fourth type of grant, the Florida Online Global Website Localization Grant. This new grant program helps a business underwrite the costs of international website localization and digital marketing. While the terms and eligibility for each of the four grant programs vary, they all require that applicants be Florida-based, small-and-medium sized companies that are either new to exporting or infrequent exporters. All grants are paid as reimbursements after the trade event occurs or the service is completed. (See Appendix A for additional details on each grant program.)

From Fiscal Year 2014-15 through Fiscal Year 2016-17, EFI awarded \$1.8 million in grants to 373 unique Florida businesses. Across the three-year review period, EFI's International Trade and Development unit awarded 616 grants to 373 unique companies; these grants totaled \$1.8 million in financial assistance. (See Exhibit 5-6.) The most commonly awarded grants were Target Sector Trade grants (339), which made up \$1.2 million (71%) of the total grant funds awarded.

During the review period, the number of grants awarded per business varied. Specifically, OPPAGA analysis of EFI grant data found that 226 companies (61%) received just one grant, while 147 companies (39%) received two or more grants. Recipients of multiple grants were awarded 63% of all grants awarded.

Exhibit 5-6

Enterprise Florida Awarded 616 Trade Assistance Grants to 373 Florida Businesses from Fiscal Year 2014-15 Through Fiscal Year 2016-17

Grant Type	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Total	
	Number of Grants	Amount Paid	Number of Grants	Amount Paid	Number of Grants	Amount Paid	Number of Grants	Amount Paid
Target Sector Trade	92	\$304,979	129	\$489,018	118	\$475,202	339	\$1,269,199
Export Marketing Plan	23	\$69,480	35	\$115,530	29	\$101,000	87	\$286,010
Gold Key/Matchmaker	69	\$78,635	85	\$102,225	34	\$39,600	188	\$220,460
Website Localization	—	—	—	—	2	\$12,000	2	\$12,000
Grant Total	184	\$453,094	249	\$706,773	183	\$627,802	616	\$1,787,669

Source: OPPAGA analysis of EFI data.

EFI's international offices generate foreign direct investment leads and assist Florida businesses with export of goods and services to the countries where they are located

Enterprise Florida, Inc. contracts with a network of firms for representation in several foreign countries. These international offices are responsible for attracting foreign direct investment (FDI) capital to the state of Florida and assisting Florida companies with export of their goods or services to the countries where the firms are located, which is accomplished by helping facilitate sales at trade shows or missions in their home country.⁷⁷ EFI reports that each international office has customized

⁷⁷ EFI reported that international offices also perform additional services not captured in these measures, such as assisting EFI's local economic development organization partners or other Florida public entities, such as Space Florida. Although these are outside the international offices' main area of responsibility, EFI reported that these efforts still contribute to Florida's economic growth.

performance measures based on the trade or business development needs of EFI in each country. However, EFI does track several core performance metrics for all international offices, including

- number and value of FDI leads generated;
- total amount of actual and expected sales facilitated at trade shows or missions;
- number of Florida companies assisted that are seeking to export goods or services; and
- number of foreign companies assisted while generating FDI leads.

From Fiscal Year 2014-15 through Fiscal Year 2016-17, EFI annual reports showed that 11 international offices generated 121 announced FDI projects totaling approximately \$319.7 million of anticipated investment. (See Exhibit 5-7.) However, the annual reports do not clearly show what portion of the announced FDI project amounts in a given fiscal year were actualized or how long it took those projects to reach completion. In some instances, the capital investment or job creation figures for announced FDI projects are future estimates. These 11 offices also reported that they helped facilitate \$850.5 million of combined actual and expected sales that occurred at trade shows in their host country.

Exhibit 5-7

International Offices in 11 Countries Generated \$319 Million of Announced FDI Projects From Fiscal Year 2014-15 Through Fiscal Year 2016-17

Country	FDI Announced Project Leads	Total Estimated FDI Project Investment
United Kingdom	22	\$85,520,000
Germany	17	\$71,084,000
France (Italy, Holland & Belgium)	38	\$69,622,000
Spain (Portugal)	26	\$56,285,670
Canada (Montreal & Toronto Offices)	5	\$28,200,000
Brazil	12	\$8,760,000
Israel	1	\$250,000
China (Hong Kong & Shanghai Offices)	0	\$0
Japan	0	\$0
Mexico	0	\$0
Southern Africa	0	\$0
Total	121	\$319,721,670

¹ Announced FDI Project Leads by EFI do not include those projects that were referred to local EDOs for assistance.

Source: Enterprise Florida, Inc.

Program staff reported that in response to a 2017 agency level review, EFI closed the international office in China, significantly reduced the budget for the Japan office, and reduced the contract with the Canada office, which led to a temporary loss of representation in Toronto. EFI felt that these reductions came at an inopportune time, as it was making good progress in establishing increased cargo traffic between Florida and China's ports with expansion of the Panama Canal. EFI noted that it was also in the process of trying to establish direct flights from Florida to Tokyo and Hong Kong, which it found to be necessary for the expansion of trade and foreign direct investment in future years.

FINDINGS

EFI provides export assistance services to Florida businesses that are unique from other local and state efforts

Enterprise Florida, Inc., works with various federal, state, and local organizations to promote increased exports to foreign markets and attract foreign direct investment. EFI's coordination with these entities is important, because they perform many similar activities, including education and counseling services for small- and medium- sized businesses, trade missions, and financial assistance. OPPAGA reviewed local economic organizations to determine if there was any overlap with the services offered by EFI's international trade program. Few of these local economic organizations offer technical or financial assistance that is comparable to EFI's services. Rather, most of these organizations' websites promote the services and grant programs offered by EFI's international trade and development unit.

The services and trade grant programs offered by EFI are unique from those services offered by local economic development organizations. International trade assistance offered by most of Florida's local economic development organizations does not extend beyond technical assistance and referrals to statewide resources, such as EFI. OPPAGA reviewed international trade related services for 96 local economic development organizations (EDOs) and self-governing ports in Florida to determine whether any EDOs duplicate EFI's activities at the local level.⁷⁸

Only one local EDO actively promotes and offers financial assistance that is comparable to EFI's Target Sector Trade Show and Gold Key/Matchmaker grant programs.⁷⁹ One additional local EDO provides financial and logistical support for inbound trade missions and partners with EFI for business matchmaking. However, the organization does not advertise the extent and type of financial support offered.⁸⁰ Five other local EDOs provide technical assistance, such as advice and business networking, but refer businesses to EFI and other external resources for financial assistance. The remaining 89 local EDOs and self-governing ports do not promote any in-house services or assistance for businesses engaging in international trade. Most of these organizations' websites reference the services and grant programs already offered by EFI and link to the EFI international trade and development website.

State level entities and industry stakeholders expressed favorable opinions of EFI's international trade and development efforts. OPPAGA found that stakeholders, including the Florida Chamber of Commerce, the Florida Ports Council, the Florida Export Finance Corporation, and the Manufacturers Association of Florida, support EFI's international trade promotion activities. These stakeholders reported that EFI's services play a critical role in building relationships in other countries.

⁷⁸ OPPAGA reviewed information readily available on agency websites for 96 local economic development organizations and self-governing ports to identify activities related to international trade.

⁷⁹ The Pasco EDC Trade Event Participation Grant provides reimbursable sponsorships of up to \$500 for small to medium-sized businesses. Grant recipients receive reimbursements for expenses related to participating in international trade shows, trade missions, or Gold Key matchmaking services.

⁸⁰ Miami-Dade County Economic Development and International Trade.

EFI is expanding services to exporters and importers

In addition to the services and grant programs already offered by the International Trade and Development Unit, EFI recently implemented initiatives to further decrease barriers for Florida businesses seeking to enter international markets. These new services assist exporters by providing financial assistance for website localization and facilitating product entry into foreign countries requiring Certificates of Free Sale for imports. EFI also collaborated with other Florida organizations to promote direct foreign investment.

EFI launched the Website Localization Grant in July 2017 to assist businesses with website translation services costs. Officially branded as Florida Online Global, the objective of the Website Localization Grant is to help Florida exporters expand their overseas exposure by making it more likely for a company in a foreign market to find Florida exporters online. The grant helps underwrite the costs associated with website localization and digital marketing.⁸¹ EFI offers two options for businesses.

- *Two Market Expansion (Costs \$12,000, with \$8,000 of EFI grant funding and \$4,000 matching funds from the business).* Two country-specific websites are localized, translated, and adapted to the agents, audiences, prospects, partners, distributors, and clients in the target market. This includes search engine optimization and website hosting for 12 months, with an extension option for \$1,000 per year.
- *Multi-Market Web Presence (Cost varies, with up to \$8,000 of EFI grant funding).* This option provides businesses with a multi-market web presence including website design and construction, translation, site launch, and training on how to use the website content management system.

EFI reported that it takes approximately three months to deliver the final product from inception. The value add of the program to Florida businesses are the intellectual property and content that will be owned by the company and the training and access to the website's content management system. At the time of OPPAGA's review, EFI had issued two website localization grants in Fiscal Year 2016-17 for a total of \$12,000 of grant funding assistance.

EFI has begun issuing Certificates of Free Sale to Florida exporters. A Certificate of Free Sale is required by some countries for imports. This document verifies that products exported from Florida are freely marketed without restriction and are approved for sale in the United States. Certificates can be issued by a federal or state entity, city office, or a non-governmental association such as a Chamber of Commerce. Types of imports that would require a Certificate of Free Sale include, among others, biologics, food, drugs, medical devices, and veterinary medicine. Currently, the entities in Florida that issue these certificates include the Florida Chamber of Commerce, Enterprise Florida, Inc., and the Department of Agriculture and Consumer Services (DACS).

In previous years, DACS was the main state entity issuing Certificates of Free Sale to Florida exporters. However, program staff reported that EFI is in the process of taking over this activity from DACS.⁸² EFI manages the complete certificate application process, which begins by informing applicant companies of the process and requirements as well as receiving and reviewing the Request Application Form and

⁸¹ According to EFI staff, website localization involves the translation of a business's web page into the native language of a specific target market.

⁸² EFI is developing an online application system to handle the 24,000 Certificates of Free Sale that DACS currently issues annually. EFI estimates they will completely assume responsibility of this program by the end of 2018.

other application materials. EFI also prepares the certificates, including notarizations, and delivers the documents to the applicant. The total cost for a Certificate of Free Sale is \$30 per document, and EFI must receive payment before it will issue the document. EFI reported that Certificates of Free Sale are important because they can help Florida businesses expand into new markets by facilitating imports to host countries that require this documentation. Another value of this shift is that it is convenient for businesses receiving other EFI services.

EFI partnered with other Florida organizations in 2018 to launch the Venture Bridge Florida program, which will assist foreign investors with market entry into Florida. The Venture Bridge Florida program offers virtual training to foreign companies to prepare them for U.S. market entry in Florida. The program will target proven job-creating companies that have \$500,000 to \$20 million in sales. EFI is one of the main partners for the new program, along with the National Entrepreneurship Center, Florida Business Incubator Association, and Association of Sister Cities of Florida. The program will be promoted by EFI, its foreign trade offices, nearly 90 Consul General Offices, Sister Cities, the Florida Chamber of Commerce, and other major international outreach organizations. EFI reported that its partnership in the Venture Bridge Florida program will not generate additional costs and that no EFI employees will be tasked with duties related to the program.

International trade grant recipients reported that the programs had a positive impact on their businesses

OPPAGA surveyed Export Marketing Plan, Target Sector Trade Show, and Gold Key/Matchmaker grant recipients to obtain their opinions concerning the value and benefits of the programs as well as the impact of the grants on their businesses. The grant programs' reported benefits include industry and market analysis, reduced costs for attending a trade show overseas, and one-on-one appointments with foreign buyers. Grant recipients expressed satisfaction with all aspects of the grants and reported that they would apply for the grants again or recommend them to other business owners; however, some respondents stated that since the grant, their business has not expanded in any other way.

Grant recipients were primarily producers of manufactured goods; most reported some prior level of export experience at the time they received a grant. The majority of survey respondents who participated in any of the three grant programs reported they were producers of goods rather than services. When asked to identify which industry category their business belonged to, the most frequent response was Other Manufacturing for all three surveys. The second most cited industries were Life Sciences (Export Marketing Plan recipients), Marine Industry (Target Sector Trade Grant recipients), and Clean Energy and Life Sciences (Gold Key/Matchmaker Grant recipients). (See Exhibit 5-8.) EFI does not collect NAICS codes from grant applicants, but rather assigns each business a Target Sector and Sub-Sector and, if needed, an Industry Sector and Sub-Sector.⁸³

When OPPAGA asked about businesses' level of export experience at the time they received the grant, most businesses reported already having some level of prior export experience across all three grant programs—as either rare exporters or consistent exporters. Almost two-thirds of Export Marketing Plan recipients reported being rare exporters, approximately 21% had never exported before and just 16% identified their business as already being a consistent exporter. This is consistent with the stated

⁸³ EFI sector assignments suggest that most grant recipients for any of the three programs during the review period were producers of goods rather than services Export Marketing Plan (85%); Reimbursable Gold Key/Matchmaker Grant (84%); Target Sector Trade Show Grant (89%).

intention of the Export Marketing Plan grant, which is intended for new to export businesses that want to identify overseas growth strategies.

In contrast, businesses that received a Target Sector Trade grant or Gold Key/Matchmaker grant reported higher levels of prior export experience. More than half (58%) of Target Sector Trade grant recipients and nearly half (45%) of Gold Key/Matchmaker grant recipients identified themselves as already being consistent exporters seeking to expand to new markets. This is also consistent with the stated goals of the Target Sector Trade grant and Gold Key/Matchmaker grant programs, which is to help Florida businesses expand into overseas markets and to increase their export sales overseas.

Exhibit 5-8

Most OPPAGA Survey Respondents Reported Some Level of Prior Export Experience and Were Producers of Goods Rather Than Services

	Export Marketing Plan Survey Respondents ¹	Target Sector Trade Grant Survey Respondents ²	Gold Key/Matchmaker Grant Survey Respondents ³
Producer of Goods	79%	90%	90%
Provide Services	21%	10%	10%
Top Industries	Other Manufacturing (79%) Life Sciences (16%)	Other Manufacturing (42%) Marine Industry (23%)	Other Manufacturing (71%), Clean Energy (7%), and Life Sciences (7%)
Never Exported Before	21%	14%	17%
Exported Before, but Rarely	63%	29%	38%
Consistent Exporter, but Seeking to Expand	16%	58%	45%

¹ OPPAGA surveyed 95 businesses that received an Export Marketing Plan Grant and received complete survey responses from 18 businesses. Twelve surveys were undeliverable. The response rate was 22%.

² OPPAGA surveyed 227 businesses that received a Target Sector Trade Grant and received complete survey responses from 54 businesses. Forty-seven surveys were undeliverable. The response rate was 30%.

³ OPPAGA surveyed 146 businesses that received a Gold Key/Matchmaker Grant and received complete survey responses from 40 businesses. Twenty-one surveys were undeliverable. The response rate was 32%.

Source: OPPAGA survey results.

Grant recipients identified benefits to each of the three grant programs and reported attending additional trade events after receiving their first trade grant. While the primary benefit of each grant program varied by grant type, OPPAGA survey responses are generally consistent with the stated purpose of each grant program. A majority of survey respondents reported that they attended additional trade events after receiving their first trade grant and most Export Marketing Plan respondents stated that they would recommend the grant programs to other business owners.

Export Marketing Plan grant recipients (61%) reported that the industry and market analysis of target markets was the greatest benefit of this grant. An additional 17% identified the export readiness assessment as the most important benefit. Half of respondents reported attending a trade show with EFI since receiving their Export Marketing Plan and 53% have since made their first export shipment to a foreign market. Furthermore, since receiving this grant, 67% of respondents have attended additional industry events and 11% have opened a foreign office. However, 22% of respondents stated that their business has not expanded in any other way since receiving the grant. Despite this, 89% of respondents would recommend the Export Marketing Plan Grant to other business owners.

Target Sector Trade grant survey respondents reported that the greatest benefit of the grant was the reduced cost of attending trade shows (49%). Nineteen percent of respondents stated that the most important benefit was that their business was able to increase sales of its goods with overseas buyers, while another 19% stated that the most important benefit was that the grant helped their business make important contacts and/or helped them network with overseas buyers. Since receiving their

grant, 67% of respondents have attended additional industry events, and 12% have opened a foreign office. Eighty-nine percent of respondents would apply for another Target Sector Trade Show Grant in the future.

Survey respondents who participated in the Gold Key/Matchmaker grant program reported that one-on-one appointments with prospective buyers were the most important program benefit (88%). Sixty-seven percent of respondents stated that average annual sales (exports) to the target country have increased since receiving the grant, by an average of 19%. Since receiving the grant, 68% of respondents reported attending additional industry events, while 10% have opened a foreign office. However, 22% of respondents stated that their business has not expanded in any other way since receiving the grant. Despite this, 93% of respondents stated that they would apply for another Gold Key/Matchmaker Grant in the future.

Business feedback regarding the grant application process and assistance from EFI staff was generally positive. Almost all survey respondents reported that they were satisfied with the grant application and approval process for the three grant programs. Additionally, businesses reported that they were satisfied with their interactions with, and the assistance provided by, EFI program staff.

While the overall feedback from survey recipients was positive, some respondents did have suggestions for improvement. One Export Marketing Plan recipient reported that additional follow-through assistance from EFI would be beneficial, with one respondent emphasizing the need for assistance with foreign trade shows and advertising in foreign countries. Four recipients of Target Sector Trade Show grants reported that they would like greater flexibility for repeat trade shows, which is something that EFI does have limits on. A few of the Gold Key/Matchmaker respondents reported a need for additional assistance from EFI agents with follow-up to solidify the networking they had done while overseas.

EFI continues to use inadequate metrics to assess the full impact of grant programs

OPPAGA's prior review of EFI's international trade and development programs found that EFI could not accurately assess program performance using existing export sales and foreign investment data. This was because export sales data—actual and anticipated—are largely unverified and reported as a combined aggregate figure, which is not an accurate representation of the impact of grant programs on business growth. In addition, EFI did not collect data from grant recipients that could be used to assess the long-term impacts of their services. These data concerns persist for the current review period.

EFI does not collect any supporting documentation for the actual export sales that occur at trade shows or trade missions and uses unverified figures to estimate expected future sales from that same event. EFI measures export sales that occur when businesses participate in overseas trade shows and EFI-sponsored trade missions. Following the event, participating businesses report actual and expected sales resulting from the event. This information is collected in an export sales report form that businesses submit to EFI representatives immediately following a trade event.

EFI typically reports projected export sales figures that combine both actual and anticipated sales. (See Exhibit 5-9.) For Fiscal Years 2014-15 through 2016-17, EFI reported approximately \$2.6 billion in total export sales. Of this amount, approximately \$216.4 million (8%) was actual sales and more than \$2.4 billion (92%) was anticipated sales.

Exhibit 5-9

Actual Export Sales Make Up Less Than 9% of Total Export Sales Reported From Trade Shows and Missions

Fiscal Year	Actual Export Sales	Expected Export Sales	Combined Actual and Expected Sales	Number of Sales Reported
2014-15	\$90,211,709	\$828,020,910	\$918,232,619	386
2015-16	64,025,442	847,456,398	911,481,840	552
2016-17	62,192,146	676,129,909	738,322,055	545
Total	\$216,429,297	\$2,351,607,217	\$2,568,036,514	1,483

Source: Enterprise Florida.

However, there are limitations to this data. First, a portion of EFI's metrics for trade shows and missions are not directly measurable. EFI typically combines reported actual and expected export sales, even though actual sales only represent a small portion (8.4%) of the combined export sales over the review period. Second, in most cases, EFI does not collect documentation that would allow it to verify actual sales. Each business self-reports both expected and actual export sales, and EFI only requires documentation for expected sales in excess of \$20 million. EFI staff reported that they do not ask for supporting documentation related to sales following a trade show or trade mission unless the expected sales reported is in excess of \$20 million. However, EFI reports that only 1% of all export sales forms submitted by businesses during the review period exceeded this \$20 million threshold for expected sales.

Furthermore, estimates for expected future export sales can be based on largely unverified actual sales. The method used to determine expected export sales is a two-year projection based on the number of qualified buyers a business met with at a given event and the average transaction amount that occurred at this event or, the business' estimate of sales based on projected orders. Thus, EFI's means for estimating expected export sales could be largely subjective.

New-to-export grant recipients show increased sales over the review period; however, the majority of grant recipients experienced limited growth

In lieu of verifiable performance data of grant recipients, OPPAGA assessed the long-term impact of EFI's grant programs on businesses that received grants during the review period by analyzing other indicators of business growth such as employment, wages, and sales taxes. Overall, OPPAGA's analysis found that total sales and employment for Fiscal Year 2013-14 grant recipients increased from Fiscal Year 2013-14 through Fiscal Year 2016-17.

Businesses that are new to exporting experienced growth, but the majority of all businesses that we could track had limited growth. We analyzed tax data from the Florida Department of Revenue (DOR) for 43 businesses receiving international trade grants in Fiscal Year 2013-14.⁸⁴ Average total sales for these businesses increased by 15% from Fiscal Year 2013-14 through Fiscal Year 2016-17. Of these 43 businesses, 29 (67%) reported positive total sales growth during the

⁸⁴ OPPAGA requested data from DOR for 61 businesses receiving Target Sector Trade Show, Gold Key/Matchmaker, and Export Marketing Plan grant incentives in Fiscal Year 2013-2014. DOR returned analyzable data for 43 of these businesses. DOR was unable to locate data for 13 businesses, which may suggest that the businesses do not have active accounts with DOR or the requested FEIN was incorrect. Five businesses returned data with NULL records or no sales during the analysis timeframe. A NULL record may indicate that the business relocated, no longer has an active account with DOR, or went out of business.

analysis timeframe. The five businesses in this cohort that received an Export Marketing Plan had significant average (243%) total sales growth from Fiscal Year 2013-14 through Fiscal Year 2016-17. Businesses receiving an Export Marketing Plan are new-to-export, and expansion into new markets may explain the significant increase in total sales for these grant recipients. The 38 businesses that did not receive an Export Marketing Plan only experienced a 1% increase in their average total sales. (See Exhibit 5-10.)

Exhibit 5-10

Total Sales for Export Marketing Plan Recipients Increased from Fiscal Year 2013-14 Through Fiscal Year 2016-17

Fiscal Year 2013-14 Grant Recipients	Number of Businesses	Fiscal Year	Reported Average Total Sales	Average Total Sales Growth	Sum Total Sales Fiscal Year 2013-14 Through Fiscal Year 2016-17
Received Export Marketing Plan	5	2013-14	\$4,048,885	243%	\$20,244,424
		2016-17	\$13,904,183		\$69,520,917
Did Not Receive Export Marketing Plan	38	2013-14	\$8,788,964	1%	\$333,980,641
		2016-17	\$8,914,751		\$338,760,540
All	43	2013-14	\$8,237,792	15%	\$354,225,064
		2016-17	\$9,494,918		\$408,281,457

Source: OPPAGA analysis of Department of Revenue data.

Employment and wages for grant recipients increased. We also analyzed employment and wage growth data from DEO for 44 businesses that received international trade grants in Fiscal Year 2013-14.⁸⁵ Of these 44 businesses, 31 (70%) had positive wage growth and 29 (66%) had positive employment growth from Fiscal Year 2013-14 through Fiscal Year 2016-17. Overall, the mean annual average wages and employment for grant recipients increased by 8% during the analysis timeframe. This is slightly less than the average statewide annual wage and employment growth rates of 9% and 12% respectively, from Fiscal Year 2013-14 through Fiscal Year 2016-17.⁸⁶ See Exhibit 5-11, below.

Exhibit 5-11

Average Annual Wages and Employment Increased for Fiscal Year 2013-14 Grant Recipients

	Fiscal Year	Mean	Growth
Average Annual Wages	2013-14	\$52,290	8%
	2016-17	\$56,340	
Average Annual Employment	2013-14	45	8%
	2016-17	48	

Source: OPPAGA analysis of business data provided by the Department of Economic Opportunity.

⁸⁵ OPPAGA requested data from DEO for 61 businesses receiving Target Sector Trade Show, Gold Key/Matchmaker, and Export Marketing Plan grant incentives in Fiscal Year 2013-14. DEO returned analyzable data for 44 of these businesses. DEO was unable to locate data for 13 businesses, which may suggest that the businesses are out of business, using a payroll company, or the requested business information was incorrect. OPPAGA excluded four matched businesses from the analysis because DOR records showed no employment and wage reporting for at least six months during the analysis timeframe. This may suggest that the businesses relocated or went out of business.

⁸⁶ OPPAGA calculated the statewide annual average wage and employment growth rates using the U.S. Bureau of Labor Statistics' quarterly census of employment and wages. This data represents businesses from all industries statewide that reported sales and employment data to DEO between Fiscal Year 2013-14 and Fiscal Year 2016-17.

RECOMMENDATIONS

Given the importance of international trade to Florida's economy and the state's ability to compete in global markets, OPPAGA recommends that Enterprise Florida, Inc. improve information collected to assess its international trade and development efforts by establishing annual reporting requirements and verifying sales data reported by businesses.

Establish annual reporting requirements for businesses that receive grants or technical assistance

As a condition of receiving one of the three trade assistance grants, EFI could establish an agreement with grantees to report simple descriptive information about businesses on an annual basis. These annual metrics could include

- total number of FTEs;
- average salary of FTEs;
- total annual domestic sales;
- total annual export sales; and
- total number of countries exported to annually.

Although EFI staff claims that businesses would be hesitant to share this information, EFI would not be required to disclose information collected from businesses that was deemed proprietary. Based on the purpose of EFI as defined in s. 288.901(2), *Florida Statutes*, it qualifies as an economic development agency under s. 288.075(1)(6), *Florida Statutes*. This means that if EFI were to collect the annual business metrics recommended above, such information would be confidential and exempt from s. 119.07(1), *Florida Statutes*, and s. 24(a), Article I, *The Constitution of the State of Florida*.

Therefore, it is possible for EFI to collect these metrics from grant recipients to allow for greater performance evaluation, while at the same time shielding such information from public information requests. Such data would allow the state to more accurately evaluate business growth over time and specific impacts on individual businesses from the assistance provided by the International Trade and Development Unit.

Further, EFI could add conditions to its grant agreements that facilitate provision of the information. These could include requirements that ensure updated points of contact at the organization and reporting timeframes that would accommodate a variety of factors that would otherwise prolong or delay reporting.

Verify actual sales made at trade shows and missions by requesting copies of documentation for sales reported following an event

Currently, a business attending a trade show or mission overseas reports the total actual amount of sales made by filling out a form and providing it to EFI staff. However, EFI staff could instead request a copy of some form of documentation verifying the total sales amount, such as a completed order form, on the condition that EFI would keep said forms confidential. This would allow EFI to verify that the reported actual sales amounts are substantiated and provide a more convincing basis for anticipated future sales calculations for the same company and country.

AGENCY RESPONSES

Rick Scott
GOVERNOR



Cissy Proctor
EXECUTIVE DIRECTOR

December 17, 2018

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

Dear Mr. Twogood:

Pursuant to Section 11.51(2), Florida Statutes, this letter represents our response to the preliminary report titled: ***Florida Economic Development Program Evaluations- Year 6.***

We thank you and your staff for the review of the state's space and defense industry programs and appreciate the detailed analysis of each program.

If you have any questions or need additional information, please contact Mr. James E. Landsberg, Inspector General, at (850) 245-7141.

Sincerely,

A handwritten signature in blue ink, appearing to read "Greg Britton", is positioned above the typed name.

Greg Britton, Director
Division of Strategic Business Development

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December 14, 2018

R. Philip Twogood, Coordinator
The Florida Legislature
Office of Program Policy Analysis and Government Accountability
111 West Madison Street
Room 312
Tallahassee, FL 32399

Mr. Twogood,

Thank you for allowing us to review and respond to the draft Florida Economic Development Program Evaluations Report No. 18-XX as it pertains to Military & Defense and International Trade and Development units of Enterprise Florida, Inc. (EFI).

Our teams would like to thank OPPAGA for a fair and comprehensive review of both the Military & Defense and International Trade and Development programs. We appreciate the professionalism and thoroughness of this report and the opportunity to dialogue with OPPAGA as the information contained in this report was compiled.

Attached, please find our responses to several findings and recommendations of the report.

Sincerely,

Robert Schlotman
SVP OF ADMINISTRATION & CONTROLLER



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Chairman*

*Joe York,
Vice Chairman*

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Enterprise Florida Inc.

Responses to OPPAGA Draft Report No. 18-XX December 2018

Military and Defense:

1. Executive Summary – Military and Defense Programs

- a. Findings** - (Page iii, first paragraph, last sentence) recommend the following:
These goals are accomplished through grant programs, state military friendly legislation, encroachment protection activities, state and federal level advocacy activities, and land acquisition.
- b. Findings** - (Page iii, paragraph three) recommend the following: *The Florida Defense Support Task Force provides federal advocacy using a contract with the Principi Group. Under this contract (\$2.9 million during the review period), the group assisted MacDill AFB in obtaining new tankers and Naval Station Mayport in acquiring additional ships among many other successes. The group also advocated for stationing of both Guard and Reserve F-35s to Jacksonville and Homestead as well as additional drone assets for both the Navy and Air Force.*

2. Chapter 2: Military and Defense

- a. Findings** – (Page 13 - Exhibit 2-7) displays the number of median days to receive grant payments.

DEO changed the process by which they provided funds to EFI. DEO ceased allowing EFI to draw down funds on a quarterly basis as was done in years prior to those tested, and began to require a review of all reimbursement documentation prior to any funds being released from DEO to EFI. This created a delay in that EFI waited for DEO approval on all individual grant reimbursement requests. The additional steps in the altered DEO reimbursement process created much longer delays in recipients receiving awards of DIG and DRG grants than when processing under EFI's streamlined process.

1. Chapter 5: International Trade and Development Programs

a. Recommendations – (Page 71) Establish annual reporting requirements for businesses that receive grants or technical assistance.

As stated in the original appropriation legislation, the intent of the Florida Export Diversification and Expansion Program is to assist small to medium-sized businesses and companies who are new or infrequent exporters, and/or new to the market they are targeting. Enterprise Florida currently requires grantees to report data on employee size and export status (new-to-export; new-to-market, or infrequent exporter to this market) for each trade grant application. EFI agrees that establishing annual reporting requirements for businesses that receive trade grants could provide for more meaningful performance evaluation over time. EFI is considering an electronic survey in the first quarter of calendar year 2019 to collect information about employment, salaries, sales, and countries exported to in 2018 from companies who received a trade grant during 2018.

Considerations:

- EFI can make this a requirement of the new trade grants approved beginning in January 2019, which results in compliance for this first (2018) survey will be voluntary.
- Based on discussions with several clients, EFI proposes implementing surveys on a calendar year basis to improve compliance and participation from grant recipients.
- Companies also emphasized that the impact of participating in trade shows, trade missions, or taking advantage of trade grants may not be realized for two to four years later; it takes time to turn the leads generated into sales orders, produce the products, to ship orders and get paid. EFI educates companies that they have to be committed and prepared for building long-term relationships before seeing significant results.
- While reviewing the long-term data at the aggregate level should provide insight on growth of the grant recipients overall, analysis at the individual company level could be misguided. Some companies will receive only one grant per year or only one over a company lifetime. EFI trade grant programs may not have much impact on the growth of those companies that participate infrequently. On the other hand, companies who are more active with EFI programs overall (trade shows, trade missions, grant assistance) are much more likely to demonstrate growth over time.

b. Verify actual sales made at trade shows and missions by requesting copies of documentation for sales reported following an event.

As previously stated, EFI strongly objects to this recommendation based on the following:

Self-reporting by client companies is the de facto industry standard for measuring trade results. Though it is an imperfect tool, self-reporting is the best available method. Trade development organizations at the local, state, and federal level have all used similar surveys to evaluate the effectiveness of their programs. The ultimate industry barometer is the U.S. Commercial Service (USCS) who documented the export sales they assisted through the same means until recent years. They discontinued asking clients for that information because of the difficulty in documenting sales and following up with client companies to track results. The USCS currently tracks the following:

- Customer Satisfaction
- Number of Clients Counseled
- “Wins” – which is the number of costumers generating sales and they accept either verbal or written reporting
- New Clients (Accounts) Created
- Administrative Compliance

EFI confirmed with USCS offices around the state that they do not require support or back-up documentation of reported sales. USCS considers that type of scrutiny “highly inappropriate.”

EFI also contacted the SBA’s State Trade & Export Promotion (STEP) grant office and learned that they require similar data from companies, e.g., client’s level of export experience; actual export sales, and projected export sales within the following 12-18 months. They require a statement by the client that “conveys their certification of the reported data,” however; the SBA does not require documentation of a company’s actual sales.

Working with these clients daily, we see no logical reason for them to provide inaccurate sales figures since there is no clear benefit for them to do so. EFI grants are not contingent upon clients achieving specific sales results but, rather, for targeting new markets for entry. In many cases, EFI has found clients are reluctant to share sales information due to confidentiality concerns. The identity of their clients and their business relationships is the most sensitive confidential information for exporters.

Based on decades of experience working with small and medium sized companies, Enterprise Florida’s Trade & Development staff are convinced that an overwhelming majority of companies would outright refuse to share their confidential sales information (actual sales orders) and that such a requirement

would have a tremendous negative impact on the utilization of the grants programs. Many companies have emphasized that requiring such documentation would be grounds to drop out of our trade grants program.

In the case of expected sales, realizing the future sales forecast into actual sales can easily take two to four years. Depending on the industry sector, doing business in international markets can be a very lengthy process, as registering or getting a product licensed in the foreign country is often required; contracts need to be negotiated, and distributors or agents appointed.

Finally, the purpose of the Florida Export Diversification and Expansion Program is to help small to medium-sized companies who are new-to-export to begin exporting and to help current exporters diversify into new markets. EFI tracks data to capture that information. The awarding of grants is not tied to their actual reporting of export sales and is not required as part of the implementing legislation.



December 17, 2018

R. Philip Twogood, Coordinator
The Florida Legislature's Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Room 312
Tallahassee, FL 32399-1475

Dear Mr. Twogood,

Thank you for the opportunity to formally respond to your office's draft report titled, "Florida Economic Development Program Evaluations – Year 6" (the "Report"). We appreciate the diligence and professionalism of your staff thoroughly analyzing our application of our statutory requirements through our Programs. Our responses to the Report's recommendations follows:

1. Improvements are still needed in coordination of efforts with other state and local entities, particularly economic development and employment agencies.

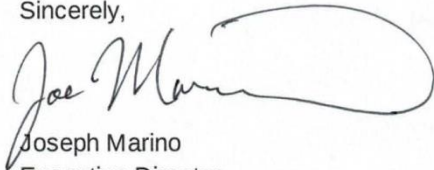
Response: Veterans Florida has given considerable effort to expand our overall outreach and partnerships. This was identified as a recommendation by OPPAGA in the 2017 report titled, "Veterans Florida Promotes Florida as a Veteran-Friendly State and Provides Numerous Services," and we appreciate OPPAGA recognizing the great strides we've made since as noted in the Report. We intend to work with Florida Department of Veterans Affairs and better coordinate our presence on web and media platforms with state and quasi-state entities involved in the areas of economic development, labor and workforce, and veterans resources. One action we've taken towards resolving this recommendation, considering the size of Florida and the number of available platforms for exposure, is hiring a Communications Director to identify and coordinate with all the platforms on which we need to be listed.

2. Strengthen the support [Veterans Florida] provides to veterans graduating from the [Entrepreneurship Program].

Response: We agree; this is both important and a challenge. Due to the decentralized nature of much of the Program's implementation, providing a common, beneficial experience for all veterans who complete the Advanced Course has not been accomplished to the level we would like. However, we will soon enable better communication and coordination of post-Advanced Course resources to veterans, to include available mentors, networking, and other local resources through new software which will allow us to centralize the resources necessary during the post-Advanced Course timeframe.

We truly appreciate the honest and fair assessment of our Programs and commend you and your staff on their hard work in completing this thorough review.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Marino". The signature is fluid and cursive, with a large loop at the end.

Joseph Marino
Executive Director
Veterans Florida



Kevin Doyle
Chairman

Michelle Dennard
President & CEO

December 14, 2018

Mr. R. Philip Twogood, Coordinator
The Florida Legislature's Office of Program Policy Analysis and Government
Accountability
111 West Madison Street, Room 312
Tallahassee, Florida 32399

Dear Mr. Twogood:

CareerSource Florida greatly appreciates the Office of Program Policy Analysis and Government Accountability's thorough review of the Quick Response Training and the Incumbent Worker Training grant programs. As noted, these two training grant programs, administered by CareerSource Florida, provide exceptional value to businesses as well as the Floridians employed by them. A skilled and productive workforce is critical to Florida's economy, serving as a primary reason businesses expand or locate in our great state: Fully 33 percent of responding Quick Response Training grant recipient businesses reported the grant played a role in the decision to establish or expand in Florida, according to your study's findings. Training that enhances skills of new or existing employees boosts business competitiveness and overall workforce quality.

The analysis of the Incumbent Worker Training program documents benefits to existing Florida businesses. During the current review period, both employment growth (26 percent) and wage growth (18 percent) for companies that received training grants increased significantly — doubling the statewide averages (12 percent and 9 percent). Moreover, most Incumbent Worker Training trainees are still employed in Florida (82 percent). As stated in Section 445.003(3)(b), F.S., continuing skills-based training of incumbent employees at existing Florida businesses along with job retention is the emphasis of the Incumbent Worker Training program. This is underscored by the OPPAGA survey that found 91 percent of businesses receiving these grants report a positive impact on the business and 25 percent reported an increase in sales. We appreciate that OPPAGA's comprehensive analysis revealed these positive quantitative and qualitative attributes.

Similarly, OPPAGA's analysis of the Quick Response Training program proves its value as a win-win proposition for Florida's economy — higher wages for individuals receiving customized training and greater productivity for the businesses that employ them. During the review period, employment growth for companies receiving Quick Response Training grants increased 60 percent, well exceeding the statewide average of 12 percent for the same period. Like the Incumbent Worker Training grant, the majority of Quick Response

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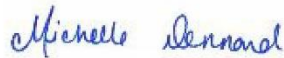


Training grant trainees are still employed in Florida (81 percent). Further, the OPPAGA analysis shows that receiving training through a Quick Response Training grant has a significant positive effect on wages: Trainee wages increased 14 to 18 percent a year after training. Businesses also reported to OPPAGA that receiving a Quick Response Training grant had a positive impact on their business (96 percent) and 83 percent reported employee productivity improved or greatly improved.

The report provided recommendations to explore joint marketing opportunities among CareerSource Florida, our network's 24 Local Workforce Development Boards and Veterans Florida. We plan to do so. Additionally, in response to fiscal agents' request for more training and information about the Quick Response Training grant program, we began in July 2018 hosting quarterly webinars for these professional staff throughout the state. Your final recommendation to consider making the use of fiscal agents for the Quick Response Training grant program optional also will be explored.

In closing, the OPPAGA report further demonstrates that Quick Response Training and Incumbent Worker Training grants play a vital role in Florida's economy. As reported by most businesses surveyed, both programs encourage growth and prosperity and enable Florida's businesses to be more competitive. CareerSource Florida, through these grant programs and its strategic investment in workforce development statewide, is committed to achieving our vision to make Florida the global leader for talent.

Respectfully,



Michelle Dennard
President and CEO

cc: Ms. Amy Baker, Coordinator, Office of Economic and Demographic Research
Mr. Eric Miller, Chief Inspector General, Executive Office of the Governor
Ms. Andra Cornelius, CEcD, Senior Vice President, CareerSource Florida
Ms. Carmen Mims, Director, CareerSource Florida





OPPAGA

Office of Program Policy Analysis and Government Accountability

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R. Philip Twogood, Coordinator