

Florida Economic Development Program Evaluations – Year 9

Report 21-09

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OPPAGA

Office of Program Policy Analysis and Government Accountability

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EXECUTIVE SUMMARY

Background

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, 2022:

- 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*;
- Military Base Protection Program and related grant programs established under s. 288.980, *Florida Statutes*;
- Veterans grant and entrepreneur programs established under s. 295.22(3)(d) and (e), *Florida Statutes*;
- Quick Response Training Program established under s. 288.047, *Florida Statutes*, and Incumbent Worker Training Program established under s. 445.003, *Florida Statutes*; and
- International trade and business development programs established or funded under s. 288.826, *Florida Statutes*.

The review period covers Fiscal Years 2017-18, 2018-19, and 2019-20.

The economic development programs OPPAGA examined present a wide range of benefits for businesses, taxpayers, and other entities (e.g., local economic development organizations or regional military alliances). (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 <ul style="list-style-type: none">• <i>Qualified Defense Contractor and Space Flight Business Tax Refund Program</i> (QDSC) 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.• <i>Semiconductor, Defense or Space Technology Sales Tax Exemption</i> (SDST) is used for existing Florida businesses in semiconductor, defense, or space technology industries by providing an exemption for all sales and use taxes on new investments in building materials as well as certain machinery and equipment.• EFI, DEO, and Department of Revenue have responsibilities for administering the two programs.
Military and Defense Programs <ul style="list-style-type: none">• <i>Defense Reinvestment Grants</i> (DRG) support activities that protect existing military installations, diversify the economy of a defense-dependent community, or develop plans for the reuse of closed or realigned military installations. DEO administers the grants.• <i>Defense Infrastructure Grants</i> (DIG) support local infrastructure projects, including transportation, access, and communications. DEO administers the grants.• <i>Florida Defense Support Task Force Grants</i> (FDSTF) fund projects including joint planning with host communities to accommodate military missions and prevent base encroachment; advocacy on the state's behalf; assistance to school districts in providing a smooth transition for large numbers of additional military-related students; and job training and placement for military spouses. The taskforce, staffed by EFI, administers the grants.• <i>Land Acquisition</i>. DEO asks military installations to identify which non-conservation lands they would like acquired to protect military installations against encroachment. The Florida Defense Support Task Force prioritizes the list of lands, and DEO, along with the Board of Trustees of the Internal Trust Fund, may make acquisitions.
Veterans Grant and Entrepreneurship Programs <ul style="list-style-type: none">• <i>Veterans Florida Entrepreneurship Program</i> (VFEP) delivers entrepreneurship training to Florida veterans through a variety of training formats, including intensive multi-week training, stand-alone workshops, and networking.• <i>Workforce Training Grant Program</i> (WTG) provides grant funding for customized, skills-based training for full-time veteran employees at for-profit Florida businesses. Veterans Florida administers the grants.
Quick Response Training and Incumbent Worker Training Programs <ul style="list-style-type: none">• <i>Quick Response Training Program</i> (QRT) provides state-funded grant funding for training designed to meet the workforce needs of existing, new, and expanding industries. The program provides grants to qualifying businesses to train their new full-time employees. CareerSource Florida administers the grants.• <i>Incumbent Worker Training Program</i> (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 <ul style="list-style-type: none">• <i>Trade Missions</i> are coordinated by EFI. The missions are public and private sector leadership visits to target markets.• <i>Trade Shows</i> are industry-specific events that promote state export activities.• <i>Grant Programs</i> include funds that EFI provides to businesses to help them pay for trade events and defray the cost of export marketing.• <i>Export Education and Counseling</i> includes free export counseling for businesses and educational seminars and other events.• <i>Foreign Offices</i> in 15 countries perform several functions that support EFI's international trade activities abroad, including generating foreign direct investment leads.

Source: OPPAGA analysis and *Florida Statutes*.

Findings

In general, the programs on this year's review schedule are working toward their goals. Stakeholders that responded to OPPAGA surveys were generally satisfied with the economic incentives and services offered by the programs. However, for some programs, OPPAGA identified concerns about program administration and methods used to assess program performance.

Space and Defense Industry Financial Incentives. The Qualified Defense Contractor and Space Flight Business Tax Refund Program (QDSC) expired on June 30, 2014. One business was active and under contract to receive additional tax refunds during the review period, but was unable to meet its contractual requirements, leading to its withdrawal and termination from the program. For the Space and Technology Sales Tax Exemption (SDST), 22 businesses held an exemption certificate for at least one year during the review period, a decline of 13 businesses since OPPAGA's last review. Program participants reported \$20.3 million in exempted taxes for calendar years 2017 through 2019. SDST program participants reported approximately \$318 million in tax-exempted purchases and \$4.2 billion in capital investments during the review period. In addition, OPPAGA analyses of sales data for these businesses indicate that overall sales for SDST businesses increased during the review period, even during the pandemic in the last quarter of Fiscal Year 2019-20.

Military and Defense Programs. Military and defense grant programs fund multiple activities that support military bases and surrounding communities. These programs awarded 61 grants totaling \$11.5 million. During the review period, recipients expended \$9.9 million of these grant funds. Grants funded multiple activities to protect bases, diversify local economies, and to buffer military installations against encroachment. Although stakeholders reported that program activities were beneficial, DEO and EFI do not have a consolidated process to identify the needs of military installations.

Veterans Grant and Entrepreneurship Initiative Programs. Veterans Florida administers two grant programs to assist veterans in entrepreneurial efforts and help meet the employment needs of veterans and the business community: the Veterans Florida Entrepreneurship Program (VFEP) and the Veterans Workforce Training Grant Program (WTG).

Veterans Florida revised the VFEP program structure in Fiscal Year 2019-20. VFEP contract changes resulted in lower payments to some entrepreneur partners, but more variation in payment amounts for individual training components. Analyses of VFEP data suggest declining participation but a growing graduation rate. Most veterans who participated in the VFEP program reported they currently had active businesses. Many veteran respondents to OPPAGA's survey reported benefitting from participating in VFEP.

Veterans Florida made minor changes to the WTG during the review period, including shortening contracts from two years to one year and focusing on workforce training in the state's targeted industries. Some veterans in businesses that received WTG grants received salary increases over the review period. Businesses that OPPAGA surveyed reported benefitting from WTG participation, citing improved employee knowledge and skill base.

Quick Response Training and Incumbent Worker Training Programs. CareerSource Florida administers two training grant programs for Florida businesses. The Quick Response Training Program (QRT) provides state-funded training to meet the workforce needs of existing, new, and

expanding industries, and the federally funded Incumbent Worker Training Program (IWT) provides grants for continuing education and training of incumbent employees at existing businesses.

QRT grant funding decreased during the review period, as did the number of grant awards. OPPAGA assessed employment outcomes for individuals who received QRT-funded training during the previous review period, and most are still employed in Florida; moreover, QRT training had a positive effect on their wages. QRT grant recipients that responded to OPPAGA's survey reported that COVID-19 affected scheduled trainings; however, all said the grant had a positive impact on their business. Further, QRT grant recipients reported that their fiscal agents were a valuable part of the grant administration process; QRT fiscal agents continue to perform a variety of roles, including serving as liaisons between businesses and CareerSource Florida. However, fiscal agents reported that they are not sure if their role should include other duties, such as interacting with economic development stakeholders. Some fiscal agents OPPAGA interviewed indicated a need for training and better communication from CareerSource Florida.

IWT grant funding remained steady during the review period, but the number of grant awards increased compared to the previous review period. OPPAGA assessed employment outcomes for individuals who received IWT-funded training during the previous review period, and most are still employed in Florida; moreover, IWT training had a positive effect on their wages. IWT businesses that responded to OPPAGA's survey reported that COVID-19 affected scheduled trainings, but nearly all the grants had a positive impact, with many reporting the grant increased employee knowledge.

International Trade and Development Programs. EFI offers a variety of services to both Florida businesses seeking to export and foreign businesses seeking to locate in Florida. During the review period, EFI annually received \$6.6 million in state funding to support international trade and development activities. Foreign offices remain the program's largest expenditure.

EFI expanded programs and services during the review period, including adding financial support for some export activities. EFI awarded \$3.6 million in grant funds to Florida companies for its established export assistance activities. EFI international offices in 15 countries reported generating a projected \$333.8 million in foreign direct investment projects during the review period. EFI exceeded its contractual performance standards for all its trade and development activities. The agency has taken steps to improve performance measures, but problems with some metrics remain.

Florida businesses responding to OPPAGA's survey reported that working with EFI had a positive impact. In general, EFI grant recipients showed business growth over the review period.

Recommendations

Agencies whose programs OPPAGA reviewed could address several issues to improve program operations. First, Veterans Florida's operations could be improved in several areas, including evaluating the administrative costs of entrepreneur partners, updating its data collection processes, and conducting a survey of businesses that receive WTG grants. Further, CareerSource Florida could improve communication with and training of Quick Response Training Program fiscal agents. Finally, EFI may consider enhancing methods used to assess the impact of international trade and development activities. Legislative action would be necessary to implement some recommendations, such as modifications to the Qualified Defense Contractor and Space Flight Business Tax Refund Program and changes to streamline the needs assessment process used by military and defense grant programs. (See Exhibit 2)

Exhibit 2
Summary of OPPAGA's Recommendations

Space and Defense Industry Financial Incentives	<ul style="list-style-type: none">• The Legislature could consider modifying or removing the Qualified Defense Contractor and Space Flight Business Tax Refund Program from state law.
Military and Defense Programs	<ul style="list-style-type: none">• OPPAGA recommends that the Legislature consider enacting a standardized process to gather information about military base needs.
Veterans Grant and Entrepreneurship Initiative Programs	<ul style="list-style-type: none">• OPPAGA recommends that Veterans Florida make these changes to the VFEP<ul style="list-style-type: none">○ communicate earlier with entrepreneur partners about contracts;○ require entrepreneur partners to disclose administrative cost ratios in contract proposals and consider the ratio when selecting entrepreneur partners;○ allow entrepreneur partners to continue providing online courses; and○ update the method for collecting contractual data from entrepreneur partners.• OPPAGA recommends that Veterans Florida conduct a survey of participating businesses for the WTG program.
Quick Response Training Program	<ul style="list-style-type: none">• OPPAGA recommends that CareerSource Florida<ul style="list-style-type: none">○ consider increasing training for QRT program fiscal agents and providing fiscal agents guidance on best practices on an annual basis; and○ consider improving routine communication with fiscal agents to facilitate consistent implementation of program goals and further clarify fiscal agent roles.
International Trade and Development Programs	<ul style="list-style-type: none">• OPPAGA recommends that Enterprise Florida<ul style="list-style-type: none">○ update contractual performance standards;○ confirm whether expected sales are completed; and○ assess the extent to which outcomes are attributable to EFI assistance.

Chapter 1: Space and Defense Industry Financial Incentives

OPPAGA reviewed two economic development programs administered by the Department of Economic Opportunity: the Qualified Defense Contractor and Space Flight Business Tax Refund established under s. 288.1045, *Florida Statutes*, and the Semiconductor, Defense, or Space Technology Sales Tax Exemption established under s. 212.08(5)(j), *Florida Statutes*. The review period was Fiscal Years 2017-18 through 2019-20.

BACKGROUND

According to the U.S. Department of Labor's Bureau of Labor Statistics, Florida's aerospace and defense industry employed 56,229 individuals in 938 businesses in Calendar Year 2020. The average annual wage for the industry was \$99,960, exceeding the state's annual average wage for all industries (\$55,404) by \$44,555 (80%). OPPAGA's economic analyses indicate that Florida's industry is outperforming most other comparison 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 the prior review, we compared common industry codes to determine Florida's aerospace and defense industry employment growth from 2011 to 2020.^{2,3} 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

Florida's aerospace and defense industry employment increased, outperforming other comparison states and the nation. From 2011 to 2020, Florida's industry employment growth in aerospace product and parts manufacturing was positive and the highest of all five comparison states and the nation. Florida's aerospace product and parts manufacturing sector grew by 7,781 employees (41%). When including other related aerospace and defense industries in the analysis, California and Texas experienced declines in employment, while Florida industry employment increased by 11,728 employees, a 26% increase from 2011 to 2020. (See Exhibit 1-1.)

² OPPAGA's prior report is available [here](#).

³ The North American Industry Classification System is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. Employment figures are from the U. S. Department of Labor's Bureau of Labor Statistics. Data for 2020 are preliminary.

⁴ Alabama and Virginia were excluded from the industry analysis because those states did not disclose data for some industry codes. 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.

Exhibit 1-1

Florida's Employment Growth from 2011 to 2020 in the Aerospace and Defense Industries was Higher than Other Comparison States and the Nation

State	Change in Employment from Calendar Years 2011 to 2020	
	Aerospace Products and Parts Manufacturing	Aerospace and Defense Industry ¹
Florida	41%	26%
Virginia	28%	
California	7%	-4%
Texas	1%	-6%
Alabama	-4%	
United States	5%	1%

¹ Alabama and Virginia did not disclose data for some industry codes and are excluded from the aerospace and defense industry analysis.

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

We also conducted additional analyses of Florida's aerospace and defense industry employment between 2011 and 2020. (See Appendix A.) These analyses show that total industry employment in Florida grew at a higher rate than it did nationwide and that Florida's growth was predominately due to the state's competitive advantage, specifically, factors that may affect the local economic condition of the region. Florida was also more competitive than most comparison states.

Florida Space and Defense Financial Incentives

The Legislature established Florida's space and defense industry incentives to create and retain 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 a sales tax exemption 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 the 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. While DEO could no longer certify new applicants, existing program participants could continue to receive tax refunds in accordance with contractual agreements. DEO certified and awarded QDSC tax refunds to qualified businesses bidding on new competitive contracts or consolidating existing defense and space contracts.⁵ Qualified businesses met several requirements, including deriving not less than 60% of gross receipts in the state from defense or space flight business contracts.^{6,7}

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, DEO notifies DOR, which issues a tax

⁵ Businesses may not apply for program certification after a proposal has been submitted for a new Department of Defense contract or space flight business contract. Applicants may not apply for certification if the applicant has made the decision to consolidate an existing contract in this state for which an applicant is seeking certification or after the applicant has made the decision to convert defense production jobs to nondefense production jobs for which such applicant is seeking certification.

⁶ 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.

⁷ 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.

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.^{8,9}

FINDINGS

There are no longer businesses participating in the QDSC program

There was only one business eligible to receive funding during the review period. That business received two payments totaling \$865,781 in state QDSC tax refunds during the review period. However, the business experienced a decline in employment in Fiscal Years 2017-18 and 2018-19 and was unable to meet its contractual requirements leading to its withdrawal and termination by DEO from the QDSC program in Fiscal Year 2019-20.¹⁰

SDST program participation and activity has declined

The number of businesses in the SDST program has declined since OPPAGA’s last review. DEO records show that 22 businesses had an exemption certificate during at least one year of the review period. This amount is a decrease of 13 businesses since the last review, which covered Fiscal Years 2014-15 through 2016-17. 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. While business participation has decreased, DEO reports that one reason businesses remain in the SDST program is because it exempts building materials, which is not allowed under the state’s sales tax exemption for machinery and equipment.

Program participants reported \$20.3 million in taxes exempted for Calendar Years 2017 through 2019. This is a decrease of about \$6 million in sales taxes exempted since the last review. SDST program participants that renew certifications are required to report the total value of taxes exempted for the two calendar years preceding the renewal application date. Consequently, the reported amounts presented below are an underestimate, because DEO receives the data when a business requests to renew the exemption, which could be up to two years after the exempted purchases. The total value of taxes exempted ranged from approximately \$4.1 million to \$8.6 million over each year of the review period. (See Exhibit 1-2.)

Exhibit 1-2
Reported Sales Taxes Exempted Were Valued at \$20.3 Million for Calendar Years 2017 Through 2019

	2017	2018	2019	Total
Total Value of Taxes Exempted	\$8,557,379	\$7,568,281	\$4,126,056	\$20,251,716

Source: OPPAGA analysis of Department of Economic Opportunity data.

SDST program participants reported about \$318 million in tax-exempted purchases and \$2.4 billion in capital investments during the review period. (See Exhibit 1-3.) SDST program participants in the last review period reported about \$427 million in tax-exempted purchases and \$3 billion in capital

⁸ 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 tax-exempt. To design, manufacture, assemble, process, compound, or produce defense technology products or space technology products for sale or for use by these facilities are also tax-exempt.

⁹ 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 four companies requested and received retroactive certification.

¹⁰ 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.

investment. The reported amounts in Exhibit 1-3 are underestimates, due to the two-year lag in reporting purchases and capital investments related to exemption renewals.

Exhibit 1-3

SDST Program Participants Reported \$318 Million in Tax-Exempted Purchases and \$2.4 Billion in Capital Investment for Calendar Years 2017 Through 2019

	2017	2018	2019	Total
Total Value of Tax-Exempted Purchases	\$136,153,295	\$110,693,102	\$70,754,425	\$317,600,822
Total Investment Made in Real and Tangible Personal Property	\$1,676,667,369	\$465,274,611	\$299,968,973	\$2,441,910,953

Source: OPPAGA analysis of Department of Economic Opportunity data.

Despite decreased business participation and activity, it appears that the SDST program has been effective in meeting its legislative intent. The Legislature created the SDST tax exemption to assist existing Florida businesses in making new capital investments in machinery and equipment. Businesses participating in the SDST program reported making such capital investments during the review period. However, it is unknown whether these businesses would have made these purchases or capital investment decisions in the absence of the SDST program.

During the review period, sales for SDST businesses increased, with two businesses driving most of the growth. OPPAGA collected and analyzed annual sales data from DOR for nine businesses in the SDST program.¹¹ Between Fiscal Years 2017-18 and 2019-20, annual sales increased by almost \$650 million (30%). Two of the nine businesses shared 94% of the sales in the review period, with both also showing growth in Fiscal Year 2019-20.

Because there is variability in sales between quarters, it is not clear if the COVID-19 pandemic had an impact on fourth quarter sales in Fiscal Year 2019-20. When comparing fourth quarter sales between the first and last fiscal years of the review period, overall sales grew by 8%; however, six of the nine businesses reviewed experienced decreased sales.

RECOMMENDATIONS

The Legislature could consider modifying or removing the Qualified Defense Contractor and Space Flight Business Tax Refund Program from state law. Given that the QDSC Program expired in 2014 and no businesses remain in the program, the Legislature may wish to consider eliminating the program. However, if the Legislature wishes to reestablish the ability of DEO to certify new businesses into the QDSC program, it could consider easing eligibility requirements to expand program participation and provide opportunities for smaller or emerging business in the industry. Currently, applicants must derive not less than 60% of Florida gross receipts from U.S. Department of Defense or space flight business contracts over the last fiscal year and over the five years preceding the date of application. The Legislature could consider reducing the minimum amount requirement for gross receipts from defense or space flight business contracts, which may increase program participation.

¹¹ OPPAGA requested monthly sales data from DOR for 22 businesses in the SDST program. DOR was able to provide sales data for 18 businesses. We analyzed monthly sales data for 9 of the 18 businesses that had sales for at least six months in the initial fiscal year of the review period (Fiscal Year 2017-18). The remaining businesses were excluded from the analysis.

APPENDIX A

SPACE AND DEFENSE INDUSTRY ANALYSES

Location Quotient

OPPAGA calculated location quotients to compare statewide to national employment in the aerospace and defense industry. A location quotient is computed as the percentage of state employment in an industry divided by the percentage of national employment in that industry. A location quotient exceeding 1.0 indicates that state levels of industry employment were higher than the national level. Positive change in location quotient indicates that the industry is growing relative to the nation.

Exhibit A-1 shows the results of OPPAGA's location quotient analysis for Florida's aerospace and defense industry. Florida's location quotients in 2020 were less than 1.0 in both industry analyses, indicating that the state's industry employment was lower than the national levels. Florida's positive change in location quotient between 2011 and 2020 indicates that the aerospace and defense industry grew faster in Florida relative to industry growth nationwide. Florida's growth also outpaced most other comparison states within the sector. Virginia was the only state with a larger percentage change in location quotient than Florida in aerospace products and parts manufacturing.

Exhibit A-1

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

	State	Location Quotient (2020)	Change in Location Quotient (2011 to 2020)
Aerospace Products and Parts Manufacturing	Virginia	0.15	26%
	Florida	0.85	22%
	California	1.26	-2%
	Alabama	1.91	-6%
	Texas	1.12	-11%
Aerospace and Defense Industry	Florida	0.90	13%
	California	1.45	-9%
	Texas	1.05	-14%

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

Shift-Share Analysis

OPPAGA conducted a shift-share analysis to gain a better understanding of how Florida's aerospace and defense industry is performing relative to the national economy. The shift-share represents how much of the employment growth or decline in a state's industry was due to the national economy, the employment trend within the particular industry, and the state's competitive advantage or lack thereof. The shift-share is composed of three components, with the change in employment between two years (e.g., between 2011 and 2020) equal to the sum of the components.

- **National growth share** is the change in employment due to the growth of the overall national economy. If the national economy is growing, then one may expect to see a positive change in each industry in the state.
- **Industry mix share** is the change in employment in the state's industry, based on the industry's national growth (or decline).
- **Regional shift**, also referred to as the competitive effect, is the change in employment due to the region's competitive advantage. The competitive advantage can be generated by factors such as geography, legislation, population characteristics, or natural resources. It is often the most important component. A positive regional shift indicates that the state industry is outperforming the national economy and industry trends. A negative regional shift indicates that the state industry is underperforming compared to the national trend and does not have a competitive advantage.

Exhibit A-2 shows the results of the shift-share analysis for Florida's aerospace and defense industry for 2011 through 2020. A positive regional shift indicates that Florida's aerospace and defense industries gained additional jobs over those gained due to national growth and its industry structure. Florida's aerospace and defense industries had a greater competitive advantage than all comparison states.

Exhibit A-2

Florida Was More Competitive Than All Comparison States in Total Industry Employment Growth from 2011 to 2020

	State	Employment Change (2011-2020)	National Share	Industry Mix	Regional Shift
Aerospace Products and Parts Manufacturing	Florida	7,781	1,728	-847	6,900
	California	4,648	6,433	-3,152	1,367
	Virginia	430	141	-69	358
	Alabama	-482	1,189	-583	-1,088
	Texas	588	4,366	-2,139	1,639
Aerospace and Defense Industry	Florida	11,728	4,015	-3,537	11,250
	Texas ¹	-5,326	8,600	-7,576	-6,349
	California	-7,769	16,109	-14,192	-9,686

¹The employment change does not equal the sum of the three components due to rounding.

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

Chapter 2: Military and Defense

OPPAGA reviewed the Military Base Protection Program and related grant programs established under ss. 288.980 and 288.987, *Florida Statutes*, and administered by the Florida Department of Economic Opportunity and Enterprise Florida, Inc. The review period was Fiscal Years 2017-18 through 2019-20.

BACKGROUND

Florida's military installations and defense activities are major sources of revenues for state and local governments. Defense spending was directly or indirectly responsible for \$94.9 billion (9%) of Florida's gross state product in 2018, with Florida's defense contractors supplying \$16.5 billion in defense-procured goods and services.^{12,13} Defense activities are also major sources of employment for Florida. Almost 141,000 military personnel are employed in the state. (See Exhibit 2-1.)

Exhibit 2-1

Number of Military Personnel in Florida and Other Selected states

State	Active Duty	Guard/Reserves	Civilian	Total ¹
California	169,022	55,532	64,645	289,200
Virginia	129,988	25,854	98,329	254,187
Texas	119,808	56,014	48,663	224,489
North Carolina	101,191	21,394	22,772	145,357
Florida	69,431	37,967	33,390	140,788
Georgia	68,979	27,193	35,008	131,180
Washington	61,001	17,484	31,324	109,809
Maryland	30,764	18,942	47,445	97,151
Hawaii	42,508	9,685	19,765	71,958
South Carolina	36,260	17,880	10,800	64,940
United States Total	1,206,986	777,501	732,482	2,716,992

¹Total figures include Army, Navy, Air Force, Marine Corps, and Coast Guard, plus Guard, Reserve, and Department of Defense civilians. Space Force not yet extracted separately in the Department of Defense data.

Florida has 21 military installations. (See Exhibit 2-2.) These installations have various duties and missions including

- cyber warfare and intelligence training;
- multi-service primary fixed wing training and advanced helicopter pilot training;
- development, acquisition, testing, and deployment of all air-delivered weapons;

¹² *Florida Defense Industry Economic Analysis Report - 2020 Update*, Matrix Design Group for the Florida Defense Support Task Force, January 2020. The 2018 data presented in this report are the most recent available.

¹³ An additional \$1 billion in Department of Defense and Coast Guard grants were awarded to Florida agencies and communities. With these grants, businesses within the state received roughly \$17.5 billion in defense-related procurement contracts and grants.

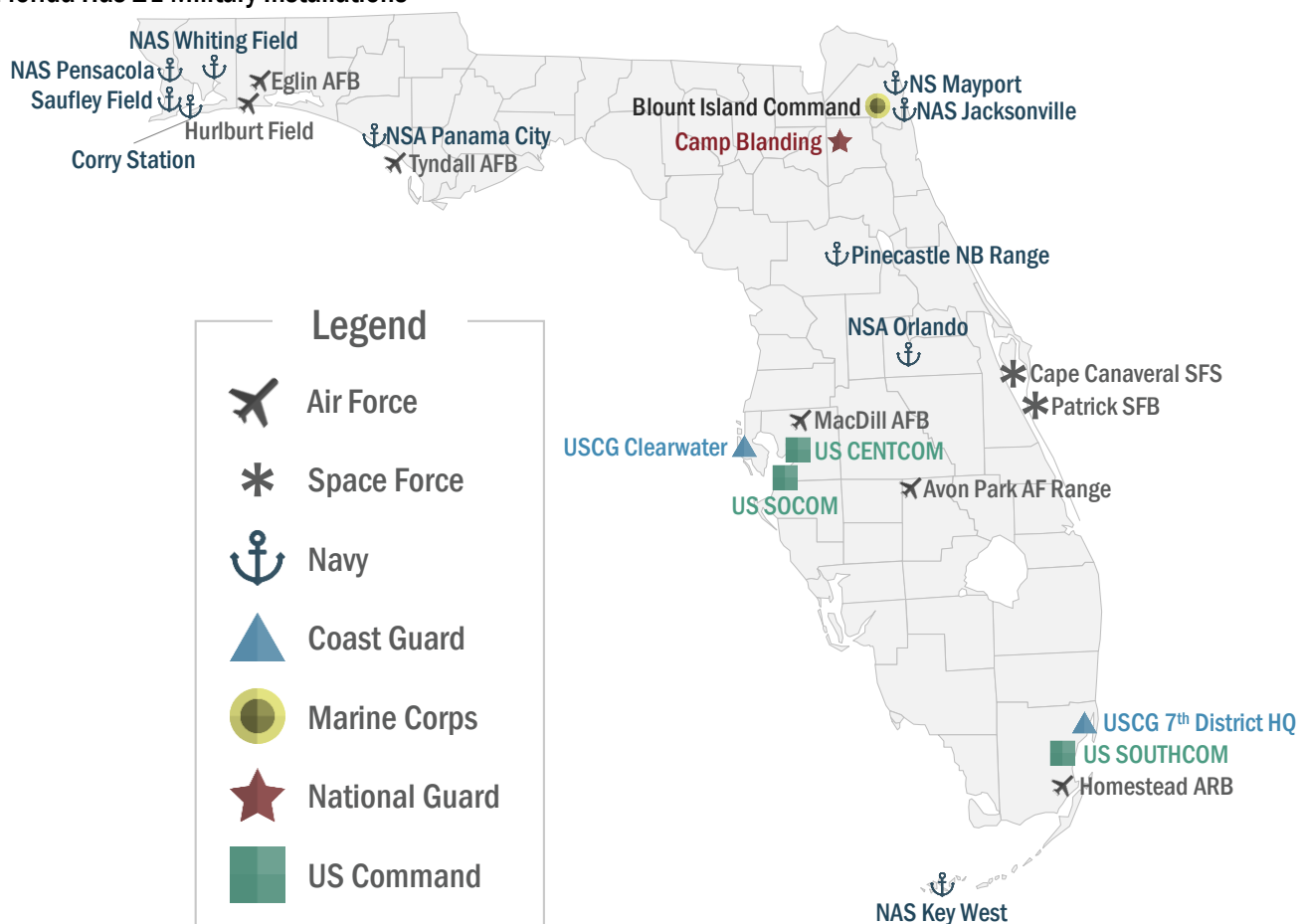
- multi-service modeling, simulation, and training;
- homeport for naval vessels;
- space launch activities, including range operations for the military, NASA, and civilians;
- live-fire air-to-ground bombing ranges; and
- airlift and aerial refueling missions.

Florida is home to the headquarters of 3 of 11 unified combatant commands.

- U.S. Central Command, which is responsible for U.S. security interests in 20 nations in Northeast Africa as well as Southwest and Central Asia.
- U.S. Special Operations Command, which has a primary mission to disrupt, defeat, and destroy terrorist networks that threaten U.S. citizens and interests worldwide.
- U.S. Southern Command, which is responsible for contingency planning, operations, and security cooperation in areas including Central America, South America, and the Caribbean (except U.S. commonwealths, territories, and possessions).

Exhibit 2-2

Florida Has 21 Military Installations



Source: Enterprise Florida, Inc.

The U.S. government's process for closing or realigning military installations is through the Base Realignment and Closure (BRAC) process, which includes the establishment of an independent

commission. Ten Florida military installations were closed or realigned as a result of five rounds of BRAC from 1988 to 2005.¹⁴ The most recent BRAC authorized by the U.S. Congress was in 2005.

The closure of military bases can negatively impact local economies. The Legislature's Office of Economic and Demographic Research reports that military bases employ local civilians; military personnel purchase homes, local goods and services; and the military bases purchase supplies from Florida businesses. The majority of Florida's military base economic impact occurs in the communities surrounding each base.¹⁵

Military Base Protection Program

Florida law encourages and assists communities to initiate a coordinated program of response and plan of action in advance of future federal government base realignments and closures.¹⁶ In 2012, the Legislature created the Military Base Protection Program to protect military installations from encroachment and support local community efforts to engage in service partnerships with such installations.¹⁷

Land acquisition program. DEO assists in securing non-conservation lands to serve as buffers to protect military installations against encroachment. Florida law requires that DEO annually request that military installations provide a list of base buffering lands for potential acquisition by the state.¹⁸ DEO submits the list to the Florida Defense Support Task Force for review and ranking recommendations. (See description of task force below.) The review and ranking process uses a three-tier system to prioritize potential property purchases: Tier 1, Tier 2, and Tier 3.

- Tier 1 properties include properties beginning at the end of a runway along with properties that have considerable accident potential.
- Tier 2 properties include lands that have less accident potential than Tier 1 properties but still warrant land use restrictions.
- Tier 3 includes lands with the high likelihood of development incompatible with high noise areas and existing restrictive easements on properties.

After receiving the recommendations for ranking the lands for acquisition, the task force provides it to DEO. DEO then submits the list to the Board of Trustees of the Internal Improvement Trust Fund for possible acquisition.¹⁹ DEP is then responsible for purchasing the recommended lands approved by the trustees.

Statutory grant programs

The Florida Department of Economic Opportunity (DEO) is authorized to administer two grant programs: the Florida Defense Reinvestment Grant and the Defense Infrastructure Grant. The Florida Defense Reinvestment Grant Program (DRG) was established to help defense-dependent communities support the missions of military installations and develop and implement alternative economic

¹⁴ The closed or realigned installations include Cape St. George, Naval Reserve Center Coconut Grove, Naval Air Station Cecil Field, Naval Training Center Orlando, Orlando Florida Naval Hospital, Homestead Air Force Base, Naval Air Station Key West, Big Coppitt Key, Naval Research Lab Orlando (Underwater Sound Reference Detachment), and Naval Reserve Center St. Petersburg.

¹⁵ For more information see *Analysis of Florida's Defense Incentives, Including a Review of the Defense and Space Industries*, Office Economic and Demographic Research, December 28, 2018.

¹⁶ Section [288.980\(1\)\(a\)](#), F.S.

¹⁷ Section [288.980\(2\)](#), F.S.

¹⁸ Section [288.980\(2\)\(a\)](#), F.S.

¹⁹ DEP's Division of State Lands serves as staff to the Board of Trustees of the Internal Improvement Trust Fund, which is the Governor and Cabinet.

diversification strategies to transition from a defense economy to a non-defense economy. DEO can award grant funds to defense-dependent counties and cities and local economic development councils located within those communities. Grant awards may be used for activities that protect existing military installations, diversify the economy of a defense-dependent community, or develop plans for the reuse of closed or realigned military installations.

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. Grant funds must be used for projects that benefit both the local community and the military installation. Infrastructure projects may include those related to encroachment, transportation and access, utilities, communications, housing, environment, and security. Grant funds cannot be used to fund on-base military construction projects.

Florida Defense Support Task Force

Florida also supports military installations through the Florida Defense Support Task Force, which was created in 2011. The task force is composed of the Governor and 12 members appointed by the Governor, President of the Senate, and Speaker of the House of Representatives. 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. The task force uses appropriated funds for grants to conduct activities, which includes

- economic and product research and development;
- joint planning with host communities to accommodate military missions and prevent base encroachment;
- advocacy on the state's behalf with federal civilian and military officials;
- assistance to school districts in providing a smooth transition for large numbers of additional military-related students;
- job training and placement for military spouses in communities with high proportions of active duty military personnel; and
- promotion of the state to military and related contractors and employers.

Enterprise Florida, Inc., (EFI) provides administrative support to the task force in its Military and Defense programs.

Resources

During the review period, the Legislature appropriated \$13.8 million to fund military and defense grant programs. (See Exhibit 2-3.) This is a decrease of \$1.5 million from the last review period.

Exhibit 2-3

The Legislature Appropriated \$13.8 Million for Military and Defense Grant Programs in Fiscal Years 2017-18 Through 2019-20

Funding Category	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Review Period Total
Defense Reinvestment Grants	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000
Defense Infrastructure Grants	1,600,000	1,600,000	1,600,000	4,800,000
Florida Defense Support Task Force ¹	2,000,000	2,000,000	2,000,000	6,000,000
Total	\$4,600,000	\$4,600,000	\$4,600,000	\$13,800,000

¹The majority of funds appropriated to the Florida Defense Support Task Force are allocated to grants. However, the task force may spend up to \$250,000 annually to fund its administrative costs.

Source: General Appropriations Acts.

The Legislature appropriated approximately \$7.5 million in Fiscal Year 2014-15 for land acquisition. DEP spent \$3.7 million in 2016 and 2019 for land purchases. The remaining appropriated funds of \$3.7 million reverted to the state in 2019. No new funding was appropriated from Fiscal Year 2014-15 through the present.

FINDINGS

During the review period, the number of grants and total grant awards decreased, but expended amounts increased compared to the previous review period. Through its state land acquisition process and various grants, the Military Base Protection Program continued to purchase property to mitigate military encroachment. While some military base stakeholders perceived benefits to the grants, DEO and EFI do not have a consolidated needs identification process that would help ensure that the program meets statutory goals.

The number of grants and award amounts decreased in the current review period

The Department of Economic Opportunity awarded \$11.5 million for 61 projects for the three grant programs—Defense Reinvestment, Defense Infrastructure, and Florida Defense Support Task Force. The total number of grants awarded was 27% less than the 84 noted in OPPAGA’s previous report. (See Exhibit 2-4.) DEO reported that number of grants may have decreased due to 1) larger individual grant awards in certain years, 2) fewer applicants; 3) fewer awards based on eligibility and content of grant applications.

Exhibit 2-4**The Department of Economic Opportunity and Florida Defense Support Task Force Awarded 61 Grants in Fiscal Years 2017-18 Through 2019-20**

Grant	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Total
Defense Reinvestment Grants	9	11	11	31
Defense Infrastructure Grants	3	6	5	14
Defense Task Force Grants	4	6	6	16
Total	16	23	22	61

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

Similarly, the total amount awarded for grants during this review period (\$11.5 million) decreased 12% from the amount awarded during OPPAGA's previous review period (\$13.0 million). This corresponds to a decline in total appropriations. In addition, grant recipients expended \$10.0 million of these funds, or approximately 87%. Awarding agencies reported that funds were not fully expended during the review period because of multi-year contract terms, funding forfeitures, or cancelled projects. (See Exhibit 2-5.)

Exhibit 2-5**Three Military and Defense Grant Programs Provided \$11.5 million for 61 Projects in Fiscal Years 2017-18 Through 2019-20¹**

Grant	Number of Grants	Amount Awarded	Amount Expended
Defense Reinvestment Grants	31	\$2,550,000	\$2,321,683
Defense Infrastructure Grants	14	5,450,000	5,289,959
Defense Task Force Grants	16	3,460,400	2,319,924
Total	61	\$11,460,400	\$9,931,567

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.

A grant may fund a variety of activities to preserve military bases, including local advocacy, analyses, travel, and partnership development on behalf of military bases. (See Exhibit 2-6.) In addition, a number of grants seek to improve local economies and create jobs, such as a planning for a new mission at Tyndall Air Force Base. Moreover, some grants seek to improve infrastructure proximate to the bases, such as putting in a water pipeline near a base in Panama City. (See Appendix A for more information on individual grant awards and expenditures during the review period.)

Exhibit 2-6**Most Grants Awarded Funded Multiple Activities to Protect Bases and Diversify Local Economies**

Types of Activities Funded by Grants	Grants			TOTALS ¹
	Defense Reinvestment	Defense Infrastructure	Florida Defense Support Task Force	
Preserve/enhance/increase military missions at local bases	18	6	2	26
Strengthen/diversify community economy	19			19
Job retention/creation	18			18
Federal/local advocacy	17			17

Types of Activities Funded by Grants	Grants			TOTALS ¹
	Defense Reinvestment	Defense Infrastructure	Florida Defense Support Task Force	
Plan and acquire property/property interests to help prevent encroachment		5	6	11
Identify opportunities and develop plans to support military functions	1	1	4	6
Improve infrastructure/services into bases	1	3	1	5
Support military families	3		1	4
Construct/expand/restore roads and sidewalks		4		4
Establish and assist local military support function	1		2	3
Construction of county facilities		2		2
Assessment of infrastructure		1	1	2

¹ One grant can fund multiple activity types.

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

State land purchases were limited during the review period

The state closed on a previously selected land parcel during the review period. According to Department of Environmental Protection, the amount of land needed to protect bases has increased over time. The goal of land acquisitions is to limit intrusions into land or airspace as development has crept up to military installation boundaries. Florida military base representatives OPPAGA interviewed cited buying conservation easements and lands as ways Florida can reduce such encroachment.²⁰

In 2019, DEO submitted a list to the Governor consisting of 10 potential sites (647 acres) for purchase. Six of the 10 sites were ranked as high priority purchases; 8 of the 10 properties on the current list were also on the list during the previous review period. Over the current review period, DEP closed on a previously selected property, totaling 8.4 acres, for \$1.7 million in Fiscal Year 2019-20. This property was ranked in Tier 1 and is located adjacent to Naval Support Activity Panama City.

While DEP noted that funding for this program is vital to support the state's mission to protect Florida's military bases from incompatible encroachment, there are also limitations to purchasing additional lands previously identified on the priority list.

- **Landowner willingness:** If landowners are unwilling to sell or price expectations exceed the appraised value, negotiations can come to an impasse.
- **Funding restrictions:** Funding is restricted to the highest priority parcels only and cannot be used on new or lower priority lands.
- **Land management:** In these acquisitions, the state must assume management of the land and associated costs. For example, if the state bought the land on behalf of an adjacent military facility, ownership is not transferred to the military; thus, the military may not manage it. DEP currently has no mechanism to gift land to the military.

²⁰ To evaluate Military Base Protection Program land purchasing processes, OPPAGA interviewed or received written responses from stakeholders, including six military base representatives, staff from four state agencies, the Florida Defense Alliance, Space Florida, and a sample of five grant recipients.

Land purchases for military protection also occur via the grant programs. In addition to statewide efforts, communities continue to purchase property to protect military bases from encroachment using grant funding. During the review period, \$2.3 million of the \$5.5 million awarded in Defense Infrastructure Grants was used to plan or purchase land or land easements to prevent encroachment of Naval Air Station Jacksonville, Naval Station Mayport, Naval Air Station Whiting Field, and Outlying Landing Field Whitehouse. In addition, \$1.9 million in Florida Defense Support Task Force grants was awarded to plan and acquire property to prevent encroachment around the naval bases in the Jacksonville area, Camp Blanding Joint Training Center, and Avon Park Air Force Range.

Stakeholders reported that grants are beneficial, but DEO and EFI do not have a consolidated process to identify needs of military installations

Stakeholders reported that grants provide specific community benefits. During this review period, stakeholders reported benefiting from Military Base Protection Program grants. For example, one grantee reported that funding the construction of a security structure at the installation entrance helped meet the base commander's previously unfunded priorities, allowed for an upgrade in the installation's mission capability, and provided jobs to local contractors who built the structure. Another grantee reported that grants helped them to partner with economic development efforts to attract and retain industries that are complementary to the missions of local installations. By increasing missions at local installations, the grant helped promote job growth both directly and indirectly in the local community. Other stakeholders also noted specific benefits of grants, including helping local defense alliances communicate base needs to Washington, D.C., and the potential of adding missions to bases.

The lack of a consolidated needs identification process limits the assessment of whether grants achieve program goals. The Department of Economic Opportunity and Enterprise Florida, Inc., are responsible for determining whether grant terms and deliverables are met. However, while the agencies require grantees to ensure that grant project objectives are complete, DEO reports they rely on the individual statements of local communities when making awards. A consolidated process of identifying military base needs would help facilitate an assessment of whether the state programs are addressing military base priorities.

Currently, military needs and concerns, such as base encroachment, are conveyed to the state in several ways.

- *Governor's base commander meetings.* Base representatives cited these meetings as especially useful in communicating military needs to the state. Meetings in 2020 were cancelled due to the COVID-19 epidemic.
- *Communications with government agencies.* Base representatives communicate formally and informally with multiple state agencies. DEO reported that while it does not routinely speak directly to base representatives, it frequently discusses grants and issues with local government agencies near bases, as well as regional Florida Defense Support Task Force members.

- *Florida Defense Alliance meetings.* A Florida Defense Alliance representative reported alliance members meeting with base commanders and other stakeholders to listen to military visions and understand military needs and concerns.²¹
- The Florida Defense Support Task Force contracted for Strengths, Weaknesses, Opportunities, and Threats (SWOT) projects in 2012 and 2017 to provide a Florida statewide assessment for the continued and growing presence of military bases and missions in Florida. The analyses included gathering input from bases, surrounding communities, and the Florida National Guard.

Despite these communication mechanisms, there is currently no consolidated effort to identify military base needs related to keeping bases open and adding missions. While individual stakeholders may find the current mechanisms valuable, the separate processes, each with different stakeholder groups, mean that military needs are communicated to the DEO and EFI through a fragmented approach. In contrast, the Military Base Protection Program's land acquisition efforts are guided by an established process for identifying and prioritizing needs for base buffering against encroachment.

RECOMMENDATIONS

OPPAGA recommends that the Legislature consider enacting a standardized process to gather information about military base needs. Ideally, this process would identify needs related to the program's statutory goals: preventing base closure and attracting new missions. If base commanders are not authorized to provide such information, the agencies could request information about needs related to supporting current base operations.

To identify these needs, the land acquisition needs process that the Department of Economic Opportunity specified in s. 288.980(2)(b)(1), *Florida Statutes*, could be expanded. This process could be applied to all related grants. Such a process will allow for strategic use of state funds and could ensure that the Military Base Protection Program meets high priority military needs and achieves statutory goals. Alternately, if the FDSTF SWOT analysis results could be shared with DEO, both agencies could agree to use this information to assess whether grant projects are aligned with base needs and their grant programs' goals.

²¹ The Florida Defense Alliance was created in 1998 and serves as an overall advisory body within Enterprise Florida, Inc., for defense-related activities. The alliance is statutorily required to ensure that Florida, its resident military bases and missions, and its military host communities are in competitive positions during defense realignment and downsizing.

APPENDIX A

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

The primary intents of Florida's military and defense programs are to provide the necessary means to assist communities with military installations in supporting and sustaining those installations, and to further encourage communities to initiate a coordinated program of response and plan of action in advance of future actions of the federal government relating to realignments and closures. These intents are supported in part by federal advocacy and state land acquisition activities, as well as grant programs. Military and defense grants (Defense Infrastructure Grants, Defense Reinvestment Grants, and Florida Defense Support Task Force Grants) have goals similar to the program's broader activities. Grants fund state-level advocacy activities and local infrastructure development, including land purchases. Exhibit A-1 includes details for all three grants expended in communities across the state during the review period. The grants listed below include those awarded during the current review period (Fiscal Years 2017-18 through 2019-20) as well as grants awarded prior to the review period but for which payments were made during the period. The totals presented below will not match Exhibit 2-5 above. Twenty-nine grants listed below were awarded outside of the current review period, including one awarded in Fiscal Year 2006-07.

Exhibit A-1

Amounts of Military and Defense Program Grants Expended During Fiscal Years 2017-18 Through 2019-20

Grantee Name	Type of Grant ¹	Purpose of Grant	Amount Awarded	Amount Expended
Bay County	DIG	Construct and expand approximately 0.75 miles of sidewalk and multi-use path to the existing path on Magnolia Beach Road near Naval Support Activity Panama City.	\$348,936	\$348,936
Bay County Board of County Commissioners	DIG	Perform design and engineering of a new approximately 3,700 linear foot subaqueous 24-inch potable water main that supplies all water to Tyndall Air Force Base.	500,000	500,000
	DTF	Bay County Infrastructure Assessment: Supporting Compatible and Resilient Development in Response to Hurricane Recovery and Projected Tyndall Air Force Base Growth.	270,900	0
		Expeditionary Innovation Center	95,000	0
Bay Defense Alliance	DRG	Continue efforts on behalf of Naval Support Activity Panama City and Tyndall Air Force Base to support job retention, creation, and expansion, and economic diversification.	125,000	125,000
		Preserve and enhance military missions at Tyndall Air Force Base and Naval Support Activity Panama City to support job retention, creation, expansion, economic diversification, and to increase military missions.	125,000	65,143
		Continue efforts on behalf of Naval Support Activity Panama City and Tyndall Air Force Base to support job retention, creation, and expansion, and economic diversification, and to increase missions at local military installations.	110,138	98,543

Grantee Name	Type of Grant ¹	Purpose of Grant	Amount Awarded	Amount Expended
Bay Economic Development Alliance	DTF	LambdaRail Expansion Project	500,000	44,233
Brevard County Board of County Commissioners	DIG	Continue Brevard Emergency Operations Center facility site preparation to include demolition of existing two-story building. Additionally, furnish and install new storm structures, install permanent fence around detention pond, backfill disturbed pavement with millings, and dewater, grade, and survey the work site.	366,667	366,667
CareerSource Gulf Coast	DTF	Military Member Reemployment Initiative	150,000	14,058
City of Jacksonville	DIG	Restore approximately 1,600 linear feet of degraded asphalt road surfaces at NS Mayport's Seminole/Hanna Park Gate. Additionally, acquire property interests in the Military Influence Area to help prevent encroachment on operations at Naval Air Station Jacksonville, Outlying Landing Field Whitehouse, and Naval Station Mayport.	500,000	500,000
		Acquire property interests in the Military Influence Area of Naval Air Station Jacksonville, Outlying Landing Field Whitehouse and NS Mayport to help prevent encroachment on operations and maintain compatible land use around those facilities.	500,000	500,000
		Military Services for Outlying Landing Field Whitehouse	200,000	200,000
	DRG	Naval Air Station Jacksonville, Military Services for Outlying Landing Field Whitehouse	200,000	178,127
		Military Services for Outlying Landing Field Whitehouse	200,000	84,494
		Military Services for Outlying Landing Field Whitehouse	200,000	45,651
	DRG	Continue strategy, analysis, and support for force growth of the military in Jacksonville by developing initiatives that promote economic diversification, and by advocacy amongst the U.S. Congress and Department of Defense.	100,000	100,000
		Continue strategy, analysis, and support for force growth of the military in Jacksonville by developing initiatives that promote economic diversification, and by advocacy amongst the U.S. Congress and Department of Defense.	100,000	98,000
		Continue strategy, analysis, and support for force growth of the military in Jacksonville by developing initiatives that promote economic diversification, and by advocacy amongst the U.S. Congress and Department of Defense.	90,000	89,037
	DTF	Encroachment Protection/Compatible Land Use for Naval Station Mayport, Naval Air Station Jacksonville and Outlying Landing Field Whitehouse	322,500	0
City of Key West	DTF	Truman Annex Seawall Refurbishment	150,000	150,000
		Naval Air Station Key West Enhanced Road Access via Truman Waterfront Park	100,000	90,863
Clay County Development Authority	DIG	Restore approximately 37,654 square yards of degraded asphalt road surfaces at Camp Blanding Joint Training Center.	500,000	499,959

Grantee Name	Type of Grant ¹	Purpose of Grant	Amount Awarded	Amount Expended
		Restore approximately 40,000 square yards of degraded asphalt road surfaces consisting of two driving lanes and a width of 20.5 feet by milling and resurfacing at Camp Blanding Joint Training Center.	366,667	366,667
		Design and build a security canopy structure for the military and commercial vehicle entrance at State Road 16 and Avenue D on Camp Blanding Joint Training Center.	300,000	290,000
		Camp Blanding Joint Training Center - Installation Encroachment Acquisition	500,000	500,000
	DTF	Camp Blanding Joint Training Center - Installation Encroachment Acquisition	500,000	500,000
		Installment Encroachment Acquisition - Camp Blanding Joint Training Center	400,000	400,000
Clay County Economic Development Corporation	DRG	Strengthen and diversify the non-defense economy while promoting the Camp Blanding Joint Training Center.	112,000	84,334
		Strengthen and diversify the non-defense economy of Clay County while maximizing Camp Blanding Joint Training Center opportunities for engagement by implementing the methods of the Clay County Economic Development 5-Year Strategic Plan.	57,000	57,000
		Strengthen and diversify the non-defense economy while promoting Camp Blanding Joint Training Center.	56,000	56,000
Doolittle Institute	DTF	Support and Collaboration for Technology Transfer Initiative at Air Force Research Lab at Eglin Air Force Base	100,000	5,000
Economic Development Commission of Florida's Space Coast	DIG	Complete next phase in development of the new Brevard Emergency Operations Center facility.	500,000	500,000
		Prepare a traffic feasibility study for improvements to traffic flow and safety near the South Entrance Gate at Patrick Space Force Base.	150,000	0
	DRG	Protect and enhance Florida Space Coast's military missions by building upon Grantee's existing program through strong relationships and working partnerships focused on strategic communications and activities that incorporate multiple specified objectives.	95,000	87,529
		Protect and enhance Florida Space Coast's military missions by building upon Grantee's existing program through strong relationships and working partnerships focused on strategic communications and activities that incorporate multiple specified objectives.	93,711	93,369
		Protect and enhance Florida Space Coast's military missions by building upon Grantee's existing program through strong relationships and working partnerships focused on strategic communications and activities that incorporate multiple specified objectives.	85,000	80,556
	DTF	Assessment of critical infrastructure supporting Eastern Range space operations acquisition	125,000	0

Grantee Name	Type of Grant ¹	Purpose of Grant	Amount Awarded	Amount Expended
Economic Development Council of Okaloosa County	DRG	Preserve and protect diversified employment opportunities in the defense-rich, tri-county area of Okaloosa, Santa Rosa, and Walton counties to advance Eglin Air Force Base's resiliency and sustainment of existing ranges and missions.	125,000	125,000
		Leverage community partnerships to advance Eglin Air Force Base's resiliency by utilizing alternative economic development strategies to retain existing military installations and missions, and diversify a defense-dependent community.	112,500	112,500
		Continue existing and initiate new efforts that are focused on retaining Team Eglin's competitive position through the U.S. Department of Defense potential downsizing and Base Closure and Realignment, and further enhancing industry diversification and job creation in non-defense reliant Science, Technology, Engineering, and Mathematics sectors.	85,250	83,687
	DTF	Expanding Florida's Military Test Range Capacity through Innovative Land Use Partnerships	250,000	15,462
Escambia County	DIG	Augment existing planning, engineering design, and regulatory permitting funds for the Pensacola Bay Living Shoreline Project at Naval Air Station Pensacola, including installation of an engineered breakwater located approximately 500 feet offshore.	375,532	375,532
Escambia County Board of County Commissioners	DIG	Area "A" and Accident Potential Zone Density Reduction	500,000	494,455
		Area "A" Density Reduction Project	500,000	52,962
		Airfield Influence Planning District Density Reduction.	200,000	200,000
		Airfield Influence Planning District Density Reduction.	200,000	200,000
		Airfield Influence Planning Districts Density Reduction.	200,000	199,990
Florida Department of Military Affairs	DTF	Encroachment Management at Homestead Air Reserve Base - Florida Army National Guard Security Fence	129,000	0
Greater Pensacola Chamber	DRG	Promote U.S. Department of Defense (DoD) Growth in the Pensacola Region and Enhance and Protect Existing Military Mission and Commands.	125,000	125,000
		Promote U.S. Department of Defense growth in the Pensacola region and enhance and protect existing military mission and commands.	95,000	95,000
Greater Pensacola Chamber of Commerce	DRG	Facilitate community and government support to sustain and enhance current military mission, pursue future missions, and promote the region's contributions to the nation's defense while expanding opportunities for related economic growth within the community.	85,000	74,500
	DTF	Naval Air Station Pensacola Directional Signage	250,000	52,735
Gulf Coast State College	DTF	Environmental Impact Study Scoping/Strategy for Tyndall Air Force Base/MQ-9 Mission	144,000	144,000
		Environmental Impact Tyndall Air Force Base: Resiliency/Mission Return/"Base of the Future"	144,000	144,000
		Identify Air Force community partnership initiatives that will benefit Tyndall Air Force Base, Bay County, and the greater State of Florida.	30,000	30,000

Grantee Name	Type of Grant ¹	Purpose of Grant	Amount Awarded	Amount Expended
Highlands County Board of County Commissioners	DIG	Phase III- Encroachment Prevention and Sustainability of Avon Park Air Force Range	200,000	150,000
		Encroachment Prevention and Sustainability of Avon Park Air Force Range	110,000	110,000
	DTF	Encroachment Prevention and Sustainability of the Avon Park Air Force Range – Highlands County	500,000	457,864
		Avon Park Air Force Range - Sentinel Landscape Priority Action Plan	90,000	90,718
Indyne, Inc.	DTF	Develop Systems Engineering Management Plan for a remotely operated site at Carrabelle, FL to support Gulf Range instrumentation.	235,000	234,198
Miami Dade Beacon Council	DRG	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 activity with local military installations.	84,000	84,000
		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 activity with local military installations. Additionally, leverage the Congressionally authorized Defense Access Roads Authority to enhance South Florida infrastructure.	70,000	70,000
		Focus on and support local military industry in Miami-Dade County as a means of retaining and creating new jobs and to increase the level of local business activity with local military installations.	66,000	66,000
Military Child Education Coalition	DTF	Comprehensive Plan to Support Military and Veteran-Connected Children and Families in the State of Florida	225,000	86,702
		Transition Support for Florida's Military-Connected Children	100,000	50,477
National Center for Simulation	DTF	Metro Orlando Defense Support Task Force Base Realignment and Closure Threat Mitigation Action Plan	240,000	10,298
National Math and Science Initiative	DTF	College Readiness Program for Military Families	175,000	10,409
Orlando Economic Partnership	DRG	Support continued growth and diversification of the Team Orlando Partnership by developing innovative initiatives intended to help protect and strengthen military installations in Central Florida.	75,000	66,267
		Support continued growth and diversification of the Team Orlando Partnership by developing innovative initiatives intended to help protect and strengthen military installations in Central Florida.	66,083	64,790
		Support Continued Growth and Diversification of the Team Orlando Partnership by developing innovative initiatives intended to help protect and strengthen the military installations in Central Florida.	62,700	61,065
Polk County	DIG	Encroachment Prevention and Sustainability	200,000	195,182
		Encroachment Prevention and Sustainability of Avon Park Air Force Range	100,000	100,000
	DTF	To acquire conservation easements and preserve military readiness by limiting incompatible development near the Avon Park Air Force Range.	500,000	452,949

Grantee Name	Type of Grant ¹	Purpose of Grant	Amount Awarded	Amount Expended
Santa Rosa Board of County Commissioners	DIG	Continue land and easement acquisition activities to protect Naval Air Station Whiting Field and U.S. Naval Outlying Landing Fields from encroachment of incompatible land uses.	366,667	366,667
		Joint Land use Plan Acquisition Funding	200,000	200,000
		Joint Land use Plan Acquisition Funding	200,000	196,122
	DRG	Protect and enhance existing military missions while reducing Santa Rosa County dependence on military missions.	58,000	54,186
Santa Rosa County	DIG	Protect Naval Air Station Whiting Field from encroachment of incompatible land uses by continuing land and easement acquisition activities relative to Naval Air Station Whiting Field and U.S. Naval Outlying Landing Fields	375,532	375,532
		Continue land and easement acquisition to protect the Naval Air Station Whiting Field from encroachment of incompatible land uses.	300,000	300,000
	DRG	Protect and enhance existing military missions in the Santa Rosa County region by developing innovative initiatives that promote economic diversification.	29,169	27,729
		Protect and enhance existing military missions in the Santa Rosa County region, and develop initiatives that promote economic diversification.	26,950	22,639
South Florida Progress Foundation	DTF	To support the continued efforts to establish the South Florida Defense Alliance	140,000	139,833
	DTF	The establishment of the South Florida Defense Alliance	115,000	86,251
Tampa Bay Defense Alliance	DRG	Reorient Tampa Bay Defense Alliance to re-focus on MacDill Air Force Base and the regional military community.	56,100	37,678
	DRG	Strengthen MacDill Air Force Base by supporting the installation, military families, and local defense industries in the Tampa Bay region.	44,100	6,018
	DTF	MacDill Air Force Base-Operation engagement	175,000	33,850
	DTF	Strengthening the military value of MacDill Air Force Base - its readiness, capacity and capabilities	135,000	33,750
Walton Area Chamber of Commerce	DRG	Create an economically diverse employment base, creating jobs for residents of the community with and without association to regional military installations.	60,000	57,329
Walton County Chamber of Commerce	DRG	Create programming to build a more economically diverse employment base, creating jobs for residents of the community with and without association to regional military installations.	75,300	53,784
			\$18,200,400	\$13,996,272

¹DIG-Defense Infrastructure Grant; DRG-Defense Reinvestment Grant; DTF-Defense Task Force Grant

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

Chapter 3: Veterans Florida Entrepreneurship and Workforce Training Grant Programs

OPPAGA reviewed two Veterans Florida programs for Fiscal Years 2017-18 through 2019-20: the Entrepreneurship Program established under s. 295.22(3)(e), *Florida Statutes* and the Workforce Training Grants established under s. 295.22(3)(d), *Florida Statutes*.

BACKGROUND

In 2020, there were approximately 18.5 million veterans in the United States, about 7% of the population.²² The 2020 unemployment rate for veterans in the United States was 6.5%, which increased from the 2019 rate of 3.1%. According to the U.S. Bureau of Labor Statistics, this increase was due to the COVID-19 pandemic. In Florida, there were approximately 1.4 million veterans, 585,000 (43%) of whom were in the labor force in 2020. Florida's unemployment rate for veterans was 5.0% in 2020, lower than the national rate of 6.5%.

The state of Florida works to be the nation's most veteran-friendly state. Veterans Florida is one way the state meets this goal. Veterans Florida is a non-profit organization that operates the Florida Department of Veterans Affairs' employment and training program.²³ Specifically, the organization promotes Florida as a veteran-friendly state and seeks to both provide veterans with employment opportunities and promote the hiring of veterans by the business community.²⁴

Veterans Florida is statutorily directed to administer two grant programs to help meet the employment needs of veterans and the business community: the Veterans Florida Entrepreneurship Program and the Veterans Workforce Training Grant Program.²⁵

Activities

Entrepreneurship Grant Program

The Veterans Florida Entrepreneurship Program (VFEP) delivers entrepreneurship training to veterans through a variety of formats. The goal of VFEP is to provide veterans with the knowledge to create and operate their own businesses. VFEP is implemented by Veterans Florida and other entities

²² The population includes adults age 18 and over who are noninstitutionalized civilians. The U.S. Bureau of Labor Statistics compiles information about unemployment using the Current Population Survey, which is a monthly survey of approximately 60,000 households.

²³ Pursuant to Section [295.21](#), *F.S.*, Veterans Florida is housed within the Florida Department of Veterans Affairs but is not subject to the department's control, supervision, or direction. Veterans Florida is administered by a board of directors, whose members are appointed by the Governor, the President of the Senate, and the Speaker of the House.

²⁴ Section [295.21](#), *F.S.*

²⁵ See *Veterans Florida Promotes Florida as a Veteran-Friendly State and Provides Numerous Services; Performance Measurement and Outreach Could Be Improved*, OPPAGA Report, February 2018, for additional information on Veterans Florida and its programs.

located throughout the state. The other entities, called entrepreneur partners, may be public or private entities with the ability to provide entrepreneurship training to veterans.²⁶ Veterans Florida contracts with entrepreneur partners that deliver program components directly to veterans.

Veterans can participate in VFEP in several ways. VFEP offers multi-week cohort based courses for veterans who are in the startup or growth phase of their businesses. VFEP also offers workshops on various business topics and networking events.

Veterans Florida's staff activities for VFEP include administering contracts with entrepreneur partners and promoting the program.

SKILLBRIDGE

Veterans Florida started participating in a U.S. Department of Defense employment program, SkillBridge, during the last year of the review period. This program allows service members who are in their final six months of active duty to intern with a private employer while still receiving their Department of Defense salary at no cost to the state. The purpose of the program is to allow the service members to more easily transition into civilian life. During the review period, Veterans Florida prepared for the new program and enrolled the first SkillBridge participants in late Fiscal Year 2019-20. (See Appendix A for more information about SkillBridge.)

Workforce Training Grant Program

The purpose of the Workforce Training Grant (WTG) is to encourage Florida businesses to hire and train veterans. WTG provides grant funding to businesses to train full-time veteran employees.²⁷ Under the program, businesses are reimbursed for 50% of the training costs for each veteran employee, up to \$8,000 per employee. Participating businesses must be for-profit (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, and non-degree skills training.

WTG recipients choose training courses and training providers, which can be educational institutions, private training companies, company employees, or a combination of these providers. The training can be presented at a company, at a training provider facility, or at a combination of locations. Training topics may focus on business operations strategies, occupational skills, professional development, or technical skills, and may be delivered in person or online.

Veterans Florida's staff activities for WTG include reviewing and managing grants, matching veteran job-seekers with employers, and marketing the program.

Resources

The Veterans Florida Entrepreneurship Program and the Workforce Training Grant are primarily funded by state general revenue, which is appropriated by the Legislature to the Florida Department of Veterans Affairs and transferred to Veterans Florida.²⁸ Overall, state funding for VFEP and WTG remained fairly stable during the last several fiscal years. However, varying amounts of appropriated

²⁶ 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.

²⁷ 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.

²⁸ In addition to legislative appropriations, funding for VFEP and WTG came from other sources, such as private funds from a Boeing grant and sponsorship income.

funds for each program have been left unspent each fiscal year.²⁹ VFEP's appropriations ranged from \$769,708 to \$900,000 during the review period, while WTG's appropriations ranged from \$1.9 million to \$2.9 million. Additionally, during the review period, Veterans Florida expended approximately \$1.2 million on reimbursements to entrepreneur partners and approximately \$2.5 million in WTG reimbursements to businesses.

Veterans Florida's staff increased over the review period. Specifically, full-time staff increased from 6 FTEs in Fiscal Year 2017-18 to 13 FTEs in Fiscal Year 2019-20. Moreover, for Fiscal Year 2019-20, Veterans Florida restructured staff to create more shared positions between VFEP and WTG to streamline staffing resources. (See Appendix B for more information about staffing changes.)

Since OPPAGA's prior review, Veterans Florida modified the way it categorizes expenditures. Specifically, Veterans Florida shifted from using a single administrative cost category to using a program-related administrative cost category and a direct program cost category.³⁰ Administrative costs include lease and security services, payroll fees, bank charges, office supplies/equipment, phones/internet, postage/shipping, website maintenance/hosting, software (not program specific), and dues and subscriptions. Direct program costs include program software licenses used only for the program, program materials (manuals or training materials purchased by Veterans Florida) for veterans or partners providing training, program specific marketing, salaries and benefits for dedicated program staff, and travel expenditures. Dedicated staff provides direct support services to veterans, service members, spouses, and employer and entrepreneurship partners.

During the review period, VFEP partner reimbursements decreased while administrative and direct program costs fluctuated. Veterans Florida attributes these administrative and program cost changes to switching to a new contract model that created efficiencies by allowing Veterans Florida to negotiate prices with each partner. Veterans Florida also expanded the eligible network partners from universities to include other entities, such as non-profits, which tend to have lower overhead costs than university partners. The overall maximum payment amount allowed under each partner contract also decreased. Finally, some of the lower partner reimbursements in Fiscal Year 2019-20 were due to the cancellation of workshops and networking events and restrictions on staff travel during the COVID-19 pandemic. (See Appendix C for a summary of program changes.)

Spending on administrative and direct program costs fluctuated over the review period for VFEP. Administrative costs increased from \$39,481 in Fiscal Year 2017-18 to \$145,362 in Fiscal Year 2019-20. This may be due in part to hiring additional staff with administrative duties. Additionally, direct program costs fluctuated during this time. Direct program costs increased from \$230,881 in Fiscal Year 2017-18 to \$251,637 in Fiscal Year 2018-19, which Veterans Florida attributes to purchasing start-up training, which had high licensing and training fees. During the following fiscal year, along with other cost-reduction efforts, Veterans Florida stopped licensing start-up training due to both the high costs and the declining interest from entrepreneur partners to use it as a training tool, resulting in a direct program cost decrease to \$201,527. (See Exhibit 3-1.)

²⁹ The programs were created in Fiscal Year 2014-15, but did not receive funding until January 2016. Funding was contingent on approval by the Legislative Budget Commission, which required Veterans Florida to create a plan and seat a board. Veterans Florida received approval in September 2015 and funding in January 2016.

³⁰ *Florida Economic Development Program Evaluations – Year 6*, Report. [1807](#).

Exhibit 3-1**Veterans Florida Entrepreneurship Program Spending**

Fiscal Year	Appropriation	Percentage Unspent	Program Spending		
			Partner Reimbursements	Program Related Administrative Costs	Direct Program Costs
2017-18	\$783,152	3%	\$434,559	\$39,481	\$230,881
2018-19	769,708	0%	387,021	128,224	251,637
2019-20	900,000	29%	343,929	145,362	201,527
Totals			\$1,165,509	\$313,067	\$684,045

Source: Veterans Florida.

Reimbursements to WTG businesses increased over the review period. Specifically, reimbursements increased from \$610,794 in Fiscal Year 2017-18 to \$1,133,760 in Fiscal Year 2019-20. Veterans Florida attributes these cost increases to a focus on obtaining training positions for veterans in targeted industries, including aerospace, manufacturing, logistics, and information technology. These industries typically offer high salary training positions that require more funding to support the salaries and training of veterans at these jobs, resulting in higher expenditures. (See Exhibit 3-2.) Additionally, both administrative costs and direct program costs (formerly categorized as administrative costs) increased during the review period, which may be due to hiring additional staff with both administrative and program responsibilities. (See Appendix C for a summary of program changes.)

Exhibit 3-2**Workforce Training Grant Spending**

Fiscal Year	Appropriation	Percentage Unspent	Program Spending		
			Business Reimbursement	Program-Related Administrative Costs	Direct Program Costs
2017-18	\$2,910,918	34%	\$610,794	\$82,993	\$148,818
2018-19	1,994,693	53%	737,835	158,731	229,073
2019-20	1,856,859	22%	1,133,760	165,312	238,133
Totals			\$2,482,389	\$407,036	\$616,024

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.³¹ Veterans Florida reported that during the review period, VISIT FLORIDA conducted marketing for VFEP and WTG to in-state and out-of-state audiences. The purpose of this marketing included registering program participants, increasing program awareness, and growing audiences. During the first two years of OPPAGA's review period, VISIT FLORIDA contracted with two entities to provide marketing, Miles Media in Fiscal Year 2017-18 and BowStern in Fiscal Year 2018-19.

In Fiscal Year 2019-20, VISIT FLORIDA moved the management of the marketing efforts to its internal team. Veterans Florida maintained control over \$100,000 of the marketing budget and used the funding for marketing-related travel to job fairs and other outreach events. Also, during Fiscal Year 2019-20, Veterans Florida advised VISIT FLORIDA on an \$885,000 campaign for veterans that used

³¹ Pursuant to sections 295.23 and 295.22(3)(a), Florida Statutes.

marketing methods including social media, internet radio, and redirecting visitors of VISIT FLORIDA's military travel website to the Veterans Florida website.³²

FINDINGS

Entrepreneurship Grant Program

The Veterans Florida Entrepreneurship Program's contract changes resulted in lower overall contract costs but more variation in payment amounts for individual training components

During the last year of the review period, Fiscal Year 2019-20, Veterans Florida reorganized the VFEP's contract process and program structure. Subsequent to the program changes, the total number of entrepreneur partners providing training remained the same. The contracts had general terms that were the same for all entrepreneur partners, with different contractual terms for specific program modules. The changes did not substantially affect geographic coverage of entrepreneur partners, and other programs provided coverage in some gap counties. (See Appendix D for more information about other programs available to veterans in Florida.)

Veterans Florida contracting changes restructured the VFEP. During Fiscal Years 2017-18 and 2018-19, Veterans Florida awarded contracts to entities called network partners through a request for proposals (RFP) process. Veterans Florida issued a new RFP for network partners during Fiscal Year 2017-18. Veterans Florida staff reviewed applications and made recommendations, which the board of directors approved. Six network partners entered into annual contracts to provide entrepreneurship-training services starting in Fiscal Year 2018-19. Veterans Florida compensated network partners through cost reimbursable contracts in maximum amounts of \$75,000 per network partner. Contracts are awarded for approximately one-year terms.

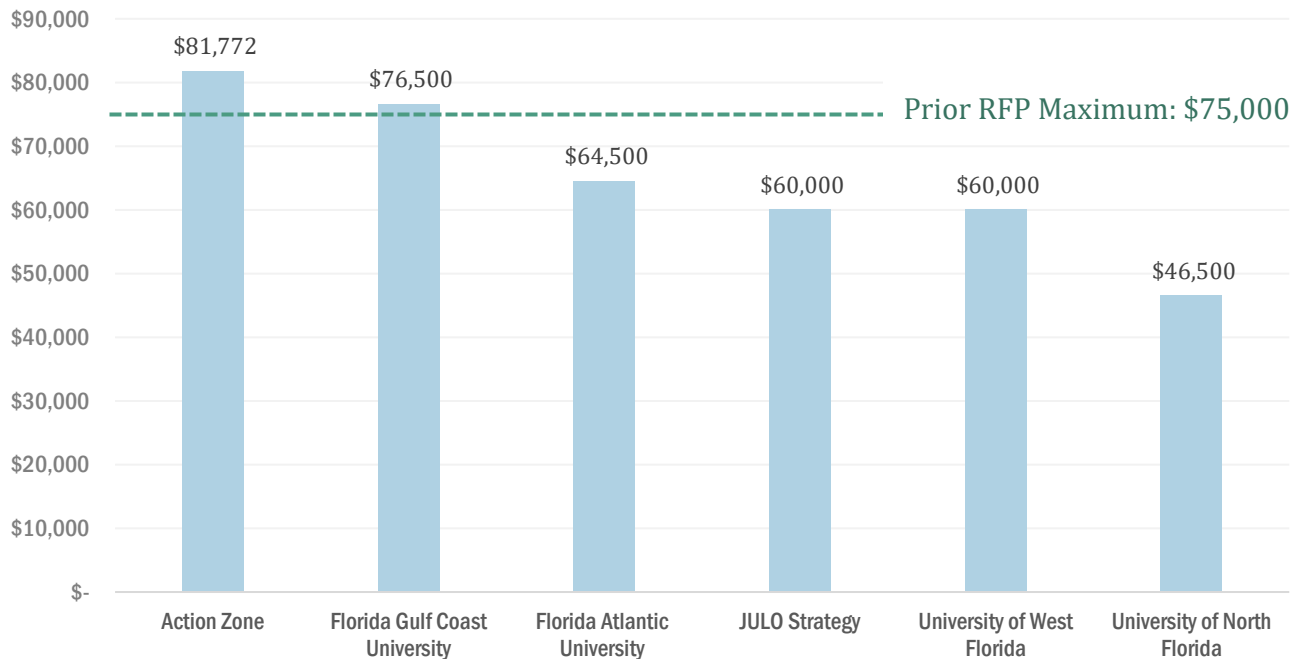
In Fiscal Year 2019-20, Veterans Florida transitioned from an RFP process to an invitation to negotiate (ITN) contract process for entrepreneur partners.³³ Veterans Florida issued an ITN on July 22, 2019 and entered into a proposal acceptance and negotiation period from July 2019 through October 2019. Similar to the RFP process, Veterans Florida staff reviewed and scored applications and made recommendations that were approved by the board of directors. Contracts were awarded to six entrepreneur partners for Fiscal Year 2019-20, with differing maximum amounts per partner. Most entrepreneur partners have a lower maximum amount under the new ITN process than under the previous RFP process. Four of the six entrepreneur partners have a lower maximum amount than the \$75,000 under the RFP process, one entrepreneur partner has approximately the same maximum amount, and one has a maximum amount of \$81,772. (See Exhibit 3-3.)

³² Section 295.23, *Florida Statutes*, requires VISIT FLORIDA to spend \$1 million annually on both marketing the state to veterans as a permanent home and on information dissemination to improve veterans' knowledge of and access to benefits, through a combination of private funds and existing funds appropriated to the Florida Tourism Industry Marketing Corporation by the Legislature.

³³ When Veterans Florida changed from the RFP structure to the ITN structure, it also changed the terminology used to refer to universities and businesses that provide training from network partner to entrepreneur partner.

Exhibit 3-3

Most Entrepreneur Partners Have a Lower Maximum Contract Payment Amount Under the ITN



Source: OPPAGA analysis of Veterans Florida contracts.

Veterans Florida reported that the change from the RFP to the ITN allowed the organization to better meet the needs of veteran entrepreneurs.³⁴ The change also allowed Veterans Florida to offer a menu of program components that entrepreneur partners could select from to provide training. Entrepreneur partners could apply to provide one or multiple components. Veterans Florida reported that the change allowed the organization to better utilize funds by negotiating rates and pricing with each partner, with non-profits negotiating for lower rates due to lower overhead costs.

Along with contract changes, Veterans Florida increased the number and type of program components. In Fiscal Years 2017-18 and 2018-19, VFEP consisted of three program components: online training, in-person workshops, and the advanced program. The online and workshop training components were open to any veteran interested in entrepreneurship and did not have specific completion criteria, whereas the advanced program had specific criteria for program admission and completion. The advanced program was 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. To be admitted to the advanced program, a veteran had to have a well-developed business concept and a demonstrated commitment to their business idea through participation in another entrepreneurship training or tangible evidence of business activity (e.g., development of a product prototype or creation of a website). To graduate from the advanced program, each participant had to complete both a business model and a business plan and provide proof of a corporate entity registration. (See Exhibit 3-4.)

³⁴ While outside of OPPAGA's review period, Veterans Florida changed from an ITN process to a request for quote process in Fiscal Year 2021-22.

Exhibit 3-4

Veterans Florida Entrepreneurship Program Components in Fiscal Years 2017-18 and 2018-19

Program Component	Description	Implementing Entity	Selection Criteria	Completion Criteria
Online Training¹	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	Network partners	Any veteran interested in entrepreneurship	None
Advanced Program	Intensive multi-week entrepreneurship training for veterans with vetted business ideas or young companies needing to accelerate growth	Network partners	Honorably discharged veteran and Florida resident with a demonstrated commitment to a well-developed business concept	Completed business model, business plan, and registration as a corporate entity

¹ The RFP self-paced online program was discontinued in October 2020 when the contract expired and Veterans Florida no longer had access to the program. Veterans Florida also stopped marketing the online program about halfway through the review period. Software issues began to develop with the online program when program developers stopped maintaining the program. Due to the COVID-19 pandemic, all VFEP training transitioned online at the beginning of calendar year 2020, and Veterans Florida reported that there was not a need to create a new self-paced online program.

Source: Veterans Florida.

In Fiscal Year 2019-20, Veterans Florida changed the VFEP to consist of five program components instead of three: startup cohort, growth cohort, workshops, networking, and co-working. (See Exhibit 3-5.)

Startup and growth cohorts make up the core portion of the program and are similar to the former advanced program. Veterans Florida reported that under the former advanced program, veterans with differing degrees of entrepreneurial experience were combined into one class. Under the new program structure, the start-up and growth components allow veterans to be placed in training that is more specific to a veteran's business stage.

Workshops are classes offered on a variety of topics relevant to small business owners. During Fiscal Year 2019-20, topics included raising capital and bootstrapping, business cybersecurity basics, how to apply military skills to the civilian workforce, legal workshop, and a soft skill workshop on how to remember faces, names, facts, and numbers.

Networking events allow veteran entrepreneurs to maintain a sense of community with other veterans. Veterans Florida reported that this is especially important for veterans because it creates a sense of camaraderie that typically exists in the military. While the previous program structure included a networking aspect, the networking component under the ITN is now a formalized program component. Veterans Florida also reported that the networking events provide a marketing opportunity because veterans learn about the more comprehensive training available via the startup or growth cohorts.

Co-working spaces are established by entrepreneur partners to provide veterans with a collaborative work environment and facilitate networking, mentoring, and equipment sharing. Typically, veteran entrepreneurs become members of a co-working space and via the entrepreneur partner, have access to office space, conference rooms, and training opportunities. Veterans Florida reported that

co-working spaces are mostly used in geographic areas that lack the other four program components. During Fiscal Year 2019-20, no co-working spaces were provided.³⁵

Exhibit 3-5

Veteran Florida Entrepreneurship Program Components in Fiscal Year 2019-20

Program Component	Description	Implementing Entity	Selection Criteria	Completion Criteria
Startup Cohort	Intensive multi-week entrepreneurship training for veterans in the idea or startup phase of a business	Entrepreneur partners	Honorably discharged veteran and Florida resident with a demonstrated commitment to a well-developed business concept and an intent to open a business in Florida	Completed business model, validated business idea, registration as a corporate entity
Growth Cohort	Intensive multi-week entrepreneurship training for veterans in the post-startup or growth phase of a business	Entrepreneur partners	Honorably discharged veteran and Florida resident with a demonstrated commitment to a well-developed business concept and an intent to grow a business in Florida	Completed growth plan, registration as a corporate entity
Workshops	Two-to-three hour workshops covering any specific business topic(s)	Entrepreneur partners	Any veteran interested in entrepreneurship	Attendance
Networking	Two-to-three hour gatherings for a group or one-on-one mentoring to exchange ideas and success stories	Entrepreneur partners	Any veteran interested in entrepreneurship	Attendance
Co-working	Six-month memberships at co-working spaces with local mentorship, resources, workshops, training, and networking, usually in areas of the state where there is no cohort-based training available	Entrepreneur partners	Honorably discharged veteran and Florida resident with a demonstrated commitment to a well-developed business concept and an intent to grow a business in Florida	Membership term ends

Source: Veterans Florida.

Other program changes during Fiscal Year 2019-20 were related to the COVID-19 pandemic. Veterans Florida reported that the biggest effect of the pandemic was moving all of the program components online. The new ITN structure requires that all programs be face-to-face; however, Veterans Florida reported that it was more beneficial for veterans to move the program components online rather than cancel the programs. Veterans Florida reported that the transition to online classes went smoothly, with approximately a one-week delay in going from in-person to online. The ITN online program

³⁵ In Fiscal Year 2020-21, Veterans Florida worked with four co-working providers to provide veterans with desk space and office space, internet access, access to conference and meeting spaces, member-only events/workshops, and mentoring. Veterans Florida negotiated six to seven months of co-working space for five veterans at an average cost of \$1,400 per veteran.

differs from the previously offered RFP online program due to facilitation and administration. The RFP online program consisted of self-guided videos provided by Veterans Florida, whereas the ITN online program is a small, interactive group facilitated by entrepreneur partners via communication technology, such as Zoom.

The six entrepreneur partner contracts have the same general terms. All of the contracts contain performance measures and reporting requirements. These include monthly reports on events, recruitment and attendance efforts, and marketing; on-going participant tracking; and a final program report that contains the total number of participants as well as other information. Under all of the contracts, Veterans Florida can terminate the contract with a 24-hour notice for failure of the entrepreneur partner to meet certain, specified requirements. Additionally, Veterans Florida can terminate the contact with a 30-day or 60-day notice for any reason. All of the contracts contain an independent contractor clause, which prohibits Veterans Florida employees from being entrepreneur partners. Each contract has an overall contract payment maximum, although amounts vary from \$46,500 to \$81,772. All of the contracts have additional payment terms that state that no other expenses or fees besides those specified in the contract will be paid by Veterans Florida. Four entrepreneur partners provided administrative cost information in the ITN response, but this information is not required under the ITN, and there are no limitations on administrative costs.

Another contract requirement is that all partners participate in promotional and marketing activities. Entrepreneur partners must market to veterans, veteran groups, and their families, and promotion and marketing must include emphasizing the economic benefits of the program to the community; government officials; and internal and external stakeholders. The contracts also require that all promotion/marketing efforts be co-branded with Veterans Florida. The contracts do not contain payment terms for promotion and marketing activities. In addition, all entrepreneur partners are required to attend and participate in the annual Veterans Florida Expo. Upon completion of the expo, entrepreneur partners receive \$1,500 for participation.

Finally, Veterans Florida contracted with a third-party provider, CO.STARTERS, to provide training programs and resources to the entrepreneur partners. Four entrepreneur partners used CO.STARTERS during Fiscal Year 2018-19 and three used CO.STARTERS during Fiscal Year 2019-20. After the review period, Veterans Florida discontinued the use of CO.STARTERS materials due to the high costs and declining interest from entrepreneur partners to use the materials as a training tool.

Each program component has different specific contract terms. OPPAGA reviewed the contracts for six entities that are entrepreneur partners: two private companies (Action Zone and JULO Strategy) and four universities (Florida Atlantic University, Florida Gulf Coast University, University of North Florida, and University of West Florida). All entrepreneur partners provide multiple program components. (See Exhibit 3-6.)

Exhibit 3-6

Program Modules Provided by Entrepreneur Partners in Fiscal Year 2019-20

	Startup Cohort	Growth Cohort	Workshops	Networking	Promotion and Marketing	VF Annual Expo
Non-Profits						
Action Zone	√	√	√	√	√	√
JULO Strategy		√	√	√	√	√
Higher Education Institutions						
Florida Atlantic University	√		√	√	√	√
Florida Gulf Coast University	√	√	√	√	√	√
University of North Florida	√	√	√	√	√	√
University of West Florida	√		√		√	√

Source: OPPAGA analysis of VFEP contracts.

Payment and terms of service varied by component. Contractual rates for the same components vary across partners. (See Exhibit 3-7.) Veterans Florida attributes the differences to the ability to negotiate prices directly with each partner. Veterans Florida reported that non-profit partners have lower overhead costs than university partners, which meant that Veterans Florida generally paid non-profits lower prices per component. Moreover, not all entrepreneur partners had the same expenses for the cohort programs; Veterans Florida provided start-up training materials for four partners in Fiscal Year 2018-19 and three partners in Fiscal Year 2019-20. In addition, entrepreneur partners and Veterans Florida negotiated different terms of service for the same components. For example, Veterans Florida paid some entrepreneur partners to provide a startup cohort that lasted 4 weeks, but others developed a 12-week course.

Exhibit 3-7

Contract Terms by Program Component

Component	Timeframe or Number of Events	Minimum Participation	Attendance Requirement	Payment Type	Payment Range	Financial Penalty
Startup Cohort	Ranges from a weekly, 4-hour class over 4 weeks to a 12 - week timeframe	10 veterans	75% of courses	Payment per cohort	\$13,702 per cohort to \$30,000 per cohort	5% of the cohort fee for failure of the entrepreneur partner to meet the minimum attendance requirements
Growth Cohort	Ranges from four weeks to eight weeks	6 veterans	75% of courses	Payment per cohort	\$4,500 per cohort to \$15,000 per cohort	5% of the cohort fee for failure of the entrepreneur partner to meet the minimum attendance requirements

Component	Timeframe or Number of Events	Minimum Participation	Attendance Requirement	Payment Type	Payment Range	Financial Penalty
Workshops	Requirements vary. For example, one partner will provide 8, three-hour long events over the year whereas another shall not exceed 19 workshops	N/A, except or one contract with an average of 10 veterans	N/A	Payment per event, payment per veteran, or not applicable	For those with payment terms, varies by payments per event or per veteran	N/A, except for one contract with a financial penalty
Networking	Requirements vary. For example, one partner shall not exceed six networking events and some do not have a required number of events	Varies; one requires a minimum of 10 veterans, one allows up to 10 veterans, and others do not have a minimum	N/A	Payment per event, payment per veteran, or not applicable	For those with payment terms, varies by payments per event or per veteran	N/A except for one contract with a financial penalty

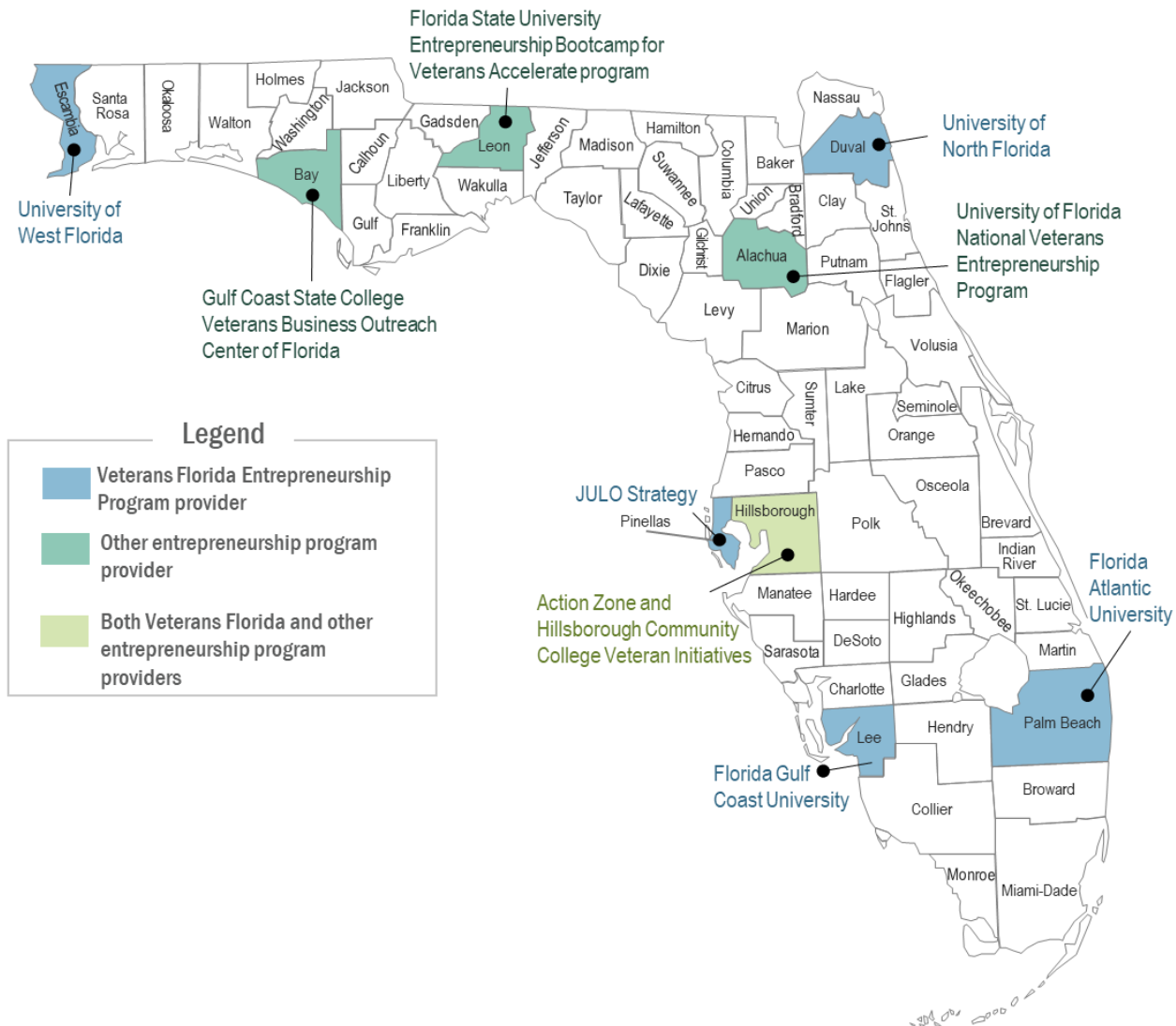
Source: OPPAGA analysis of VFEP contracts.

The contractual changes did not substantially affect the geographic coverage of entrepreneur partners. Under the RFP structure in Fiscal Year 2018-19, six counties housed a network partner: Escambia, Hillsborough, Lee, Leon, Orange, and Palm Beach. After the change to the ITN structure, six counties still housed an entrepreneur partner with a loss of entrepreneur partners in Leon and Orange and a gain of partners in Duval and Pinellas. Additionally, the entrepreneur partners reported being able to serve veterans from other areas of the state during Fiscal Year 2019-20 due to transitioning the ITN programs online during the COVID-19 pandemic.

Other similar programs provide entrepreneurship training services in Florida. (See Appendix D for details on other programs.) While both Veterans Florida and the other programs provide similar services, the programs serve different areas of the state. All the programs are dispersed statewide; however, there are large counties, such as Miami-Dade and Orange, which do not have nearby programs. (See Exhibit 3-8.)

Exhibit 3-8

Veterans Florida Programs and Other Entrepreneurship Training Programs Are Dispersed Statewide



Note: Veteran Entrepreneurship Training and Resource Network also offers entrepreneurship training for veterans with an online option for veterans in Florida. See Appendix D for more information.

Source: OPPAGA analysis of other entrepreneurship programs for veterans in Florida.

Analyses of VFEP data suggest a declining participation rate but a growing graduation rate

Applications increased during the review period, but for some years, applications measured interest, not program commitment. Veterans Florida gathers program application, participation, and completion data for all entrepreneur partners. During the review period, 2,146 veterans submitted applications. These forms require veterans to state interest in any program that the VFEP offers. Across the review period, applications decreased by 43%, from 787 applications in Fiscal Year 2017-18 to 449 applications in Fiscal Year 2019-20.³⁶ (See Exhibit 3-9.)

³⁶ Because of the training model changes due to COVID-19, changes to program structure, and the resulting difficulty in comparing outputs from two different programs, OPPAGA did not compare program outputs or outcomes to the previous review period, but rather, examined program progress over this review period.

Declines in the numbers of applicants were likely related to changes in how Veterans Florida conducted the application process. During the first part of the review period, Veterans Florida focused on the volume of veterans interested in the program rather than applicant quality. Specifically, from Fiscal Year 2017-18 through Fiscal Year 2018-19, Veterans Florida reported using a long, web-based application that assessed veteran interest, but did not screen applicants. However, in Fiscal Year 2019-20, Veterans Florida changed the application review process and established a screening process. Veterans Florida removed the application from its website and added an interest form. Veterans fill out the interest form first, and then Veterans Florida confirms interest and sends an application; the submitted application is also provided to an entrepreneur partner. Entrepreneur partners evaluate applications using specific criteria and rank a veteran's eligibility for the cohorts. For example, criteria for the startup cohorts include the ability to articulate a well-constructed business concept, the ability to launch a business in 6 to-12 months, and the potential for the business to generate enough revenue and profit to support the entrepreneur. Veterans Florida reported that this more competitive application process may have led to fewer veteran participants.

Participation counts declined at the end of the review period. Historically, Veterans Florida has defined a participant as a veteran who attended an event or program at least once. Veterans Florida reported that during the review period, a total of 1,113 veterans participated in at least one program. Across the review period, OPPAGA analyses showed that veteran participation decreased by 25%, from 393 in Fiscal Year 2017-18 to 294 in Fiscal Year 2019-20. (See Exhibit 3-9.) Veterans Florida's participation numbers may be overstated, as they do not represent unique participants. OPPAGA's review found that if veterans participated in multiple years, with multiple program partners, or had differing contact information, the same veterans were counted multiple times. Thus, OPPAGA's participant count was lower, with a total of 881 unique participants across the review period, rather than the 1,113 participants reported in the Veterans Florida's annual report. Across all program components offered during the review period, Veterans Florida's former standalone, RFP online component had the largest number of participants, with 290 veterans.^{37,38} Veterans Florida reported making data collection improvements to address the data quality issue.

Program completion rates increased over the review period. From Fiscal Year 2017-18 through 2018-19, Veterans Florida defined completion as attending all classes in the advanced program. Starting in Fiscal Year 2019-20, the organization defined completion as attending 75% of courses within the cohort programs. Using these two metrics, Veterans Florida reported 286 veterans completed the advanced or cohort programs during the review period. This rate increased for each fiscal year, from 82 veterans completing any of these three components in Fiscal Year 2017-18 to 108 veterans completing the programs in Fiscal Year 2019-20, a 32% increase. Veterans Florida attributes the increase in program completions to the competitive application process noted above, suggesting that the process resulted in partners accepting veterans most likely to complete the program. The increase in completions could also be due to the change in the attendance requirement to 75% attendance.

Partners reported that veterans who are not able to complete the program were those who were uncommitted, overwhelmed, or had experienced personal issues during the program, which made

³⁷ Online participation was recorded from Veterans Florida's online module. The module was dissolved in October 2020, but was included in the Fiscal Year 2019-20 participation report. In addition to the online program run by Veterans Florida, entrepreneur partners transitioned the typically in-person programs to online courses due to the COVID-19 pandemic. The count does not include online participants in programs run by entrepreneur partners.

³⁸ Participant numbers show how many non-unique veterans participated in activities. Two-hundred and ninety participants were recorded in the program, but this can include those who have participated in other programs as well.

them withdraw. Program partners reported continuous follow-up calls to check in on the participants and assess their willingness to continue in the program. Partners reported that they offered referrals to other service providers, such as Veterans Affairs or mental health services, if veterans need resources or avenues for help.

Exhibit 3-9

From Fiscal Years 2017-18 Through 2019-20, VFEP Applications and Participation Declined, but the Number of Veterans Completing the Programs Increased

Fiscal Year	Applications/Interest	Participants in VFEP	Cohort Program Completions
2017-18	787	393	82
2018-19	910	426	96
2019-20	449	294	108
Total	2,146	1,113	286

Source: Veterans Florida.

Veterans reported benefitting from VFEP training

Most veterans who participated in the VFEP program during the review period reported that they had active businesses during the review period. Veterans Florida annually surveys veterans who have participated in any VFEP program module; 536 VFEP participants from Fiscal Years 2017-18 through 2019-20 responded to the most recent survey. These veterans reported having 326 businesses. Of the 326 businesses, 113 had reported revenues (median of \$30,000), and 174 made capital investments (median of \$10,000).³⁹ Of the 326 businesses, 240 reported business status; 192 (80%) were open and 48 (20%) had closed. (See Exhibit 3-10.)

Exhibit 3-10

Most VFEP Participants Still Had Open Businesses During the Review Period

Fiscal Year of Participation	Businesses Open	Businesses Closed	Total	Percentage Closed
2017-18	65	27	92	29.3%
2018-19	37	23	60	38.3%
2019-20	106	2	108	1.9%
Unique Business Total¹	192	48	240	20.0%

¹The totals represent unique businesses. Businesses reporting in each fiscal year include those that have reported an opening or closure in the previous fiscal year.

Source: OPPAGA analysis of Veterans Florida data.

VFEP veterans reported benefits such as learning new entrepreneurial skills. OPPAGA surveyed veterans who participated in the entrepreneurship grant program during the review period and received a small number of responses.⁴⁰ OPPAGA's sample included veterans with varying military experience who served from less than a year to more than 20 years in the Air Force, Army, Coast Guard, Marine Corps, or Navy. Veterans learned of the entrepreneurship grant program through a variety of sources, with the most common sources being the Veterans Florida website, another website with resources for veterans, or from a friend, co-worker, or family member.

Most (30) survey respondents participated under the former RFP program structure, which included online classes, on-campus workshops, and the advanced program; 18 participated under the new ITN program structure, which includes the startup cohort, growth cohort, workshops, and networking.

³⁹ Revenue counts are by fiscal year. Some businesses contain multiple reports of revenues.

⁴⁰ OPPAGA sent surveys to 601 veterans and received responses from 54 for a response rate of 9%. Some veterans did not answer all survey questions, resulting in fewer responses per question.

Overall, most veterans reported receiving a benefit from either program structure.⁴¹ Examples of benefits include learning the basics of entrepreneurship, learning how to grow an early-stage business idea, learning advanced entrepreneurship skills to grow an existing business, and improving connections and networks with business leaders and other veteran entrepreneurs. Only two veterans reported not being able to finish the program due to it not fitting into their schedules.⁴²

Veterans who responded to questions about their businesses reported a range of business types and sizes. The number of employees, including the veteran owner, ranged from 1 to 22. The most common legal form of business was limited liability company partnerships, with less common business forms including non-profit corporations, private corporations, and sole proprietorships. The most common industry type for businesses was the service industry. Other less common industries included manufacturing and merchandising. The most common principal business activities included education and health services (e.g., educational support services, health care services, and social assistance) and professional and business services (e.g., legal services, accounting, research and development, and computer systems design).⁴³

Fifteen veterans reported participating in another entrepreneurship-training course prior to the VFEP; 11 of the 15 reported that VFEP provided value that the prior entrepreneurship-training course did not.⁴⁴ Reasons for the VFEP's greater value included that it was more in-depth and locally originated. Additionally, according to respondents, VFEP provided one-on-one guidance from other entrepreneurs to refine the business, the ability to participate in pitch competitions, and networking opportunities that were both local and with like-minded veterans.

Workforce Training Grant Program

Veterans Florida made minor changes to the Workforce Training Grant Program during the review period

While Veterans Florida restructured the entrepreneurship program during OPPAGA's review period, the Workforce Training Grant (WTG) program structure remained fairly stable. Two notable changes included a contractual change and a focus on finding employment for veterans in targeted industries.

In Fiscal Year 2017-18, Veterans Florida changed from a two-year to a one-year contract with employers. Prior to the change, Veterans Florida asked businesses to predict how many people could be trained by the end of two fiscal years and would obligate funds upon signing the contract. Because Veterans Florida is funded annually, the ability to pay contracted entities is tied to appropriations in the following year. Veterans Florida reported not wanting to be obligated to multi-year contracts when only one year of funding could be confirmed, so the WTG contract term was changed to one year. With the change to one-year contracts, Veterans Florida would obligate the dollars after a veteran started the training program, which facilitated better tracking and spending projections.

⁴¹ Forty-two veterans received at least one benefit, three veterans did not receive any benefits, and the remaining respondents did not answer the survey questions pertaining to benefits.

⁴² One veteran was unable to complete the advanced program under the prior RFP program structure and one was unable to complete the Startup Cohort under the new ITN program structure.

⁴³ Other types of principal business activities included financial activities, information, leisure and hospitality, and trade, transportation, and utilities.

⁴⁴ Out of 15 veterans who participated in a prior entrepreneurship training, 1 said no and 3 were unsure if VFEP provided value that the other entrepreneurship program did not.

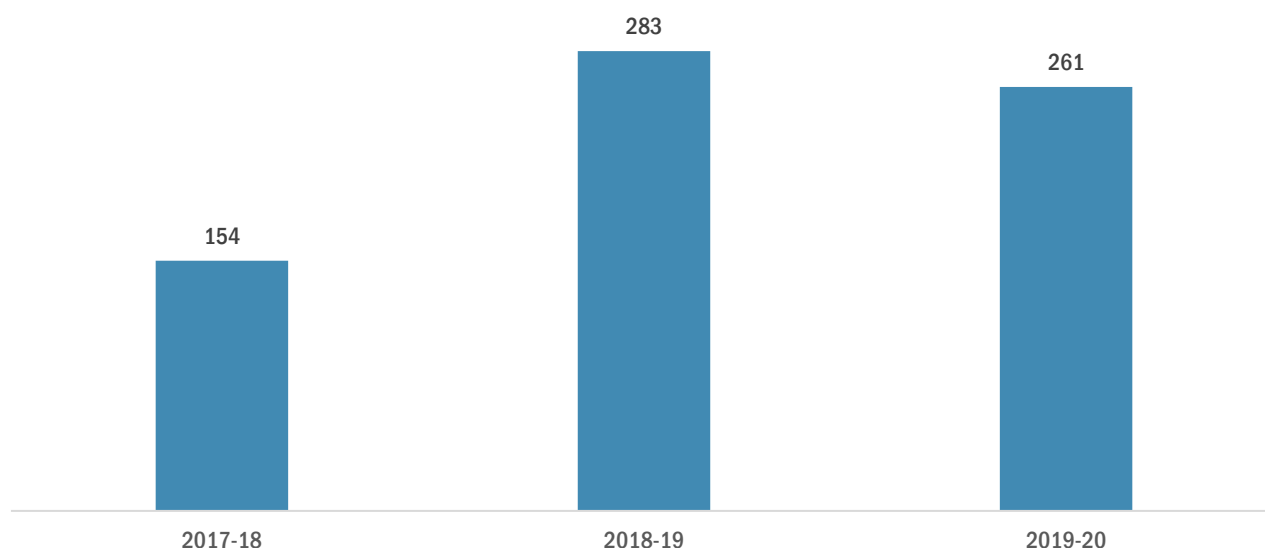
In Fiscal Year 2018-19, Veterans Florida began a stronger focus on veteran workforce training in targeted industries with the goal of obtaining higher salaries for veterans. The state's targeted industries include the aerospace, manufacturing, logistics, and information technology industries. The number of businesses in a targeted industry that participated in the WTG program grew over the review period, from 33% of businesses in Fiscal Year 2017-18 to 38% in Fiscal Year 2019-20. Of the 52 businesses participating in the WTG program during the review period, one third of all businesses were in targeted industries. Notably, 10 (19%) represented aerospace and defense and 6 (12%) represented information technology industries. (See Appendix C for more changes to the WTG program.)

During the review period, WTG program participation increased and businesses reported benefiting from the program

WTG participation and salaries generally increased over the review period. A total of 771 veterans and 52 businesses participated in the WTG program during the review period. Fiscal Year 2018-19 had the highest number of unique participants, with 283 veterans.⁴⁵ Participation increased by 70%, from 154 veterans in Fiscal Year 2017-18 to 261 veterans in Fiscal Year 2019-20. (See Exhibit 3-11.)

Exhibit 3-11

The Number of Unique WTG Participants Generally Increased From Fiscal Years 2017-18 through 2019-20



Source: OPPAGA analysis of Veterans Florida data.

OPPAGA also analyzed veteran's salaries from the start of WTG training until completion. Twelve percent (107 of the 872) of veterans whose salaries OPPAGA evaluated had an increase. The analysis shows that on average, veterans' annual salaries increased by \$3,535 after completing WTG training.⁴⁶ The size of the increase varied by industry, with communications, IT, specialty and other finances,

⁴⁵ Veterans Florida lists observations as trainings rather than positions. For this reason, participants who have taken multiple trainings are counted more than once. Fiscal Year 2018-19 had 387 trainings, the most out of any fiscal year. The number recorded is training grants awarded to unique veterans.

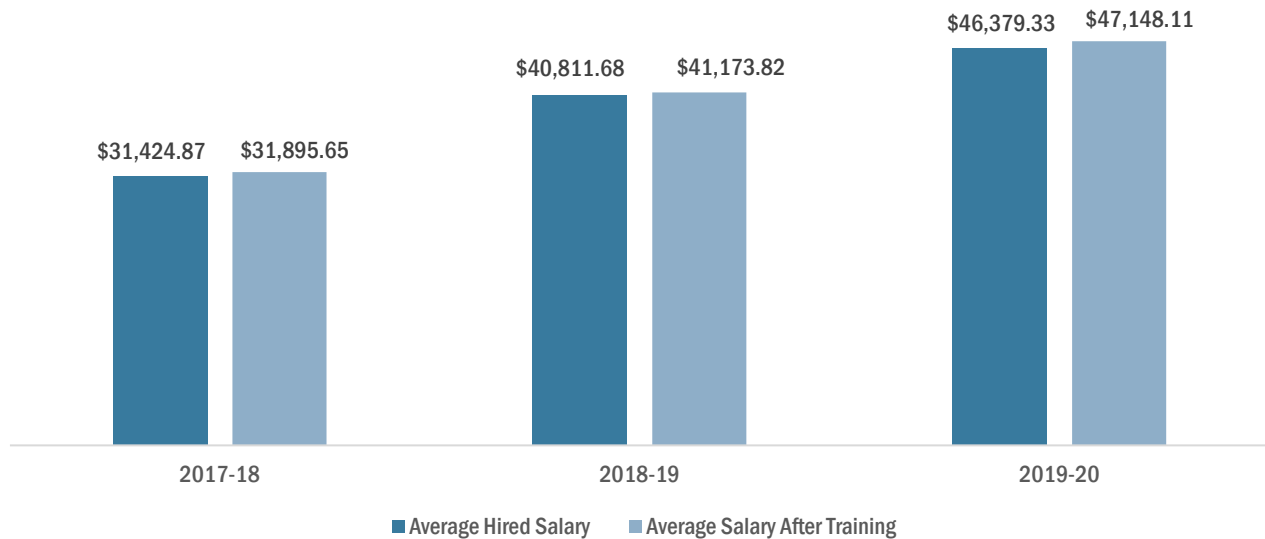
⁴⁶ The data collected was the post-training salary after each training rather than tracking each veteran's overall salary change if they participated in multiple approved trainings. This results in several veterans' updated post-training salary being recorded multiple times.

transport, automobiles, and transportation industries providing larger than average salary increases (\$5,000 or more).

Overall, average salaries increased for WTG veterans across the review period. The average post-training salaries was \$31,896 in Fiscal Year 2017-18 and \$47,148 in Fiscal Year 2019-20. (See Exhibit 3-12.) Aerospace and defense industry employers, the trainers of most WTG participants in Fiscal Year 2019-20 (122 participants), paid trainees an average of \$60,478. (See Exhibit 3-12.) While Veterans Florida collects post-training salary information for trainees, it does not routinely track whether veterans retain employment in their trained fields. Veterans Florida reported that this is because the WTG program is not usually a hiring program; rather, veterans trained under the WTG program are usually already employed by the company funding their training.

Exhibit 3-12

Average Salaries Paid to Veterans Participating in the WTG Program Increased Across the Review Period



Source: OPPAGA analysis of Veterans Florida data.

Businesses reported benefiting from WTG program participation. OPPAGA surveyed businesses that participated in the WTG program during the review period and received a small number of responses.⁴⁷ All businesses responding to the survey reported that they conducted the grant-funded training. Partners that provided the training included an employee, an institution of higher education, and a private training provider.

Businesses reported becoming aware of the WTG program through a variety of sources, including Veterans Florida, Enterprise Florida, Inc., local one-stop career centers, and community or state colleges. About half of businesses reported using Veterans Florida's recruitment and hiring services associated with the grant to help hire veterans. The most commonly used recruitment and hiring services were posting job listings on Veterans Florida Career Services Program website and receiving job referrals from Veterans Florida staff for in-state veterans.

Almost all of the businesses responding to OPPAGA's survey reported that the WTG program had a positive overall impact on their business. The most commonly cited impact was an increased employee knowledge and skill base. Businesses also reported satisfaction or neutrality with the WTG application process, award process, reimbursement process, reporting requirements, and communication from Veterans Florida staff. Almost all businesses reported being interested in seeking another grant in the future.

⁴⁷ OPPAGA sent surveys to 51 businesses and received responses from 14 businesses for a response rate of 27%. Businesses responding to the survey ranged in size from 20 to 17,000 employees. Respondents represent various industries, including information technology, aviation, aerospace, and logistics.

RECOMMENDATIONS

Veterans Florida Has Made Progress on Previous OPPAGA Recommendations

Veterans Florida improved some state agency partnerships

A prior OPPAGA report suggested that the Florida Department of Veterans Affairs, which houses Veterans Florida, could expand promotion of the organization's services by ensuring that programs are referenced by other state agencies that promote job creation and employment opportunities for veterans, particularly CareerSource Florida, local workforce development boards, Enterprise Florida, and the Department of Economic Opportunity.⁴⁸

During the current review period, Veterans Florida reported working with partners to display program information on partner websites. Agencies and websites that contain Veterans Florida program information include Florida Department of Veterans Affairs (FDVA), Florida Veterans Foundation (an FDVA direct support organization), Enterprise Florida, VISIT FLORIDA, Florida Department of Agriculture and Consumer Services, and Get There Florida. Veterans Florida also collaborated with CareerSource Florida by promoting each entities' services to employers. These promotions included social media posts and referrals from local workforce boards.

Veterans Florida also began participating in bi-weekly teleconferences hosted by Enterprise Florida that include Space Florida and the Department of Military Affairs. The purpose of these teleconferences is to facilitate communication between the economic development entities, coordinate special projects, and collaborate using each entity's strengths. In addition, on a quarterly basis, Veterans Florida's board meetings include briefings from FDVA, Enterprise Florida, and VISIT FLORIDA to provide board members information on the activities of partner entities. Finally, in the summer of 2019, Veterans Florida participated in the FDVA statewide Forward March listening tour and town hall, which involved visiting nine localities to better understand what organizations are doing to support veterans locally and how the state can help. These changes address OPPAGA's prior recommendation.

Veterans Florida has provided more resources to veterans who participated in a VFEP cohort

OPPAGA previously suggested that Veterans Florida follow up with each entrepreneur partner to ensure that available resources are clearly and frequently communicated to all VFEP advanced program participants and graduates. Veterans Florida reported that the ITN program structure creates opportunities for veterans to continue to engage with Veterans Florida after participating in a VFEP cohort. Veterans who attend the cohorts are included in Veterans Florida's mass email system and receive notifications about available workshops and networking events. Further, these new workshop and networking events are available to all veteran entrepreneurs, so previous cohort participants also receive event invitations directly from Veterans Florida and have the opportunity to stay connected to VFEP programming. Additionally, Veterans Florida reported that entrepreneur partners include

⁴⁸ Florida Economic Development Program Evaluations – Year 6, Report. [1807](#).

cohort alumni in their networking and recruiting efforts. These changes address OPPAGA's prior recommendation.

Veterans Florida Could Improve Several Aspects of Current Program Operations

Recommendations for the Veterans Florida Entrepreneurship Program

Communicate earlier with entrepreneur partners about Veterans Florida Entrepreneurship Program contracts. Entrepreneur partners reported wanting Veterans Florida to provide information on the contract process earlier in the year to facilitate program implementation. During the review period, the ITN proposal acceptance and negotiation period was from July 26, 2019 through October 31, 2019. The effective dates of entrepreneur partner contracts ranged from August 2019 to November 2019.

Receiving this information so close to the proposed program start dates causes two problems. First, it does not allow entrepreneur partners to plan cohort programs in a timely fashion. Second, it prevents entrepreneur partners from marketing the program to veterans for the upcoming fiscal year. One partner reported that this uncertainty results in veterans participating in competing entrepreneur programs. Changing the time that Veterans Florida presents program information allows for a longer window for partners to attract candidates and the change could be accomplished in several ways.

- Veterans Florida could change contract effective dates to January. This would allow the ITN process to begin in July (with a proposal acceptance and negotiation period to start on July 1). The benefit of this approach is that entrepreneur partners would have time to plan and market programs to veterans. The disadvantage is that the contract could span two fiscal years; however, statute allows for a contract in excess of one fiscal year if the following provision is included in the contract: "The State of Florida's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Legislature."⁴⁹
- Alternately, Veterans Florida could publish the ITN prior to July, with funding contingent on annual appropriation by the Legislature. The benefit of this approach is that the contracts could be ready to commence at the beginning of the fiscal year, and entrepreneur partners would have time to plan and market programs to veterans. The disadvantage is that entrepreneur partners could market the program to veterans and then not receive a contract due to a decrease in anticipated appropriations.

Require entrepreneur partners to disclose administrative cost ratios in contract proposals and consider the ratio when selecting entrepreneur partners. During Fiscal Year 2019-20, Veterans Florida did not require entrepreneur partners to include administrative costs in the ITN proposal. Despite not being required, four of the six partners provided administrative costs, so such a requirement may not be a barrier to bidding. Veterans Florida could require disclosure of administrative costs to compare proposed costs from entrepreneur partners and track the

⁴⁹ Section [287.0582, F.S.](#), states that no executive branch public officer or employee shall enter into any contract on behalf of the state, which contract binds the state or its executive agencies for the purchase of services or tangible personal property, for a period in excess of one fiscal year, unless the following statement is included in the contract: "The State of Florida's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Legislature."

administrative overhead across time. This could help Veterans Florida compare cost efficiency across entrepreneur partners and select the best value for the state.

Allow entrepreneur partners to continue providing online courses. Previously, VFEP contained a self-paced online component under the RFP contract. This component was discontinued due to issues with the provider and program costs. However, under the ITN structure, due to the COVID-19 pandemic, entrepreneur partners switched from in-person to online classes. As noted earlier, the ITN online program differs from the previously offered RFP online program. The RFP online program consisted of self-guided videos provided by Veterans Florida, whereas the ITN online program is a small, interactive group facilitated by entrepreneur partners via communication technology, such as Zoom.

Veterans Florida reported that these online classes resulted in higher participation rates. Further, partners reported that veterans were active in the online coursework. The online courses that partners provided during the COVID-19 pandemic have also led to a larger geographic footprint for VFEP throughout the state. Some partners reported participation by veterans well outside of partner counties.

Update methods for collecting data from entrepreneur partners. OPPAGA's review of VFEP data found inconsistencies between the numbers reported in Veterans Florida's annual report and the raw data, as the total sum in the VFEP data shows duplicated counts for veterans that participated in multiple fiscal years and programs. Additionally, the current VFEP data varies depending on what report or fiscal year is the focus of inquiry. These differences could occur due to changing program requirements and definitions (e.g., changing the VFEP cohort attendance requirement to 75% during the review period). In addition, Veterans Florida attributes these differences to multiple software changes over the review period.⁵⁰

Moreover, Veterans Florida asks different questions each fiscal year on the annual survey sent to VFEP veterans, so the organization has no single standardized method of collecting data from entrepreneur partners. Also, Veterans Florida did not ask for industry details on its annual VFEP survey. Collecting industry type could allow entrepreneur partners to better target training to focus on the industries in which veterans are most likely to establish businesses.

Other organizations have addressed similar data collection issues by creating a standardized mechanism for collecting information, with data quality checks included. For example, Veterans Florida could use an Excel file with limits on the type of information that can be added or collect data through a survey instrument. Collecting data in a consistent format from the various entrepreneur partners would allow Veterans Florida to accurately track veteran participation and business growth.

Recommendation for the Workforce Training Grant Program

Conduct a business satisfaction survey. While the WTG program collects consistent data on the number of businesses participating and veterans trained, it does not conduct an annual survey to evaluate the program, as Veterans Florida does for VFEP. OPPAGA's triennial review is the only systematic assessment of end user satisfaction. A WTG program survey could be conducted once per year to gather qualitative information from WTG participating businesses. For example, Veterans

⁵⁰ In Fiscal Year 2017-18, Veterans Florida used Bullhorn for software services and then transitioned to Salesforce during Fiscal Year 2018-19. Veterans Florida transitioned to Podio in March 2020.

Florida could survey businesses on program satisfaction and suggested improvements, which would allow the organization to make evidence-based improvements to the program.

APPENDIX A

SkillBridge

SkillBridge, a new U.S. Department of Defense (DOD) program, allows service members in their final six months of active duty to intern with a private employer while still receiving their DOD salary and benefits. The purpose of the program is to allow the service members to more easily transition into civilian life.

SkillBridge does not require state funding because employers are not able to reimburse the SkillBridge participants through either wages or gifts. The only funding required is for the service member's military salary and benefits, which they retain, and they move to a different duty station of the employer's as opposed to a military base. While there are costs to the employer to provide training, the employer does not have to pay for salary and benefits.

Veterans Florida became SkillBridge certified by using its agriculture pilot program as a blueprint. Under this certification, Veterans Florida can provide service members with training in the agriculture industry through a partnership with the University of Florida's Institute of Food and Agricultural Sciences. During OPPAGA's review period, Veterans Florida mainly worked on converting the agriculture program into SkillBridge and received the first SkillBridge participants in late Fiscal Year 2019-20.

During the review period, Veterans Florida worked with the U.S. Department of Defense to establish a memorandum of understanding for the program and to discuss how to expand the program into other industries. One program expansion that started during the review period was introducing the program to the Florida Highway Patrol.

In Fiscal Year 2020-21, which is after OPPAGA's review period, Veterans Florida started having Veterans Workforce Training Grant employers signing up to be employers under SkillBridge. After the review period, the Legislature passed Ch. 2021-66, *Laws of Florida*, which created a statewide SkillBridge initiative led by Veterans Florida.

Since the beginning of SkillBridge, there have been 122 service members interested, 22 service members placed, and 3 completions. There are nine service members with upcoming internship start dates.

APPENDIX B

Veterans Florida Entrepreneurship Program and Veterans Workforce Training Grant Program Staffing

Staff positions for the Veterans Florida Entrepreneurship Program (VFEP) and Veterans Workforce Training Grant Program (WTG) grew between the first and second year of OPPAGA's review period. During the last year of the review period, Veterans Florida revised the staffing structure to have more shared positions between the two programs. (See Exhibit B-1.)

Exhibit B-1
Staff for VFEP and WTG

Fiscal Year	Title	Hired or Filled Date	Program of Work	Position Notes
FY 2017-18 6 FTEs, 1 OPS, and 1 vacant	Executive Director		Shared	
	Career Services Director		Shared	
	Entrepreneurship Director	Vacant	Shared	
	Budget and Grants Director		Shared	
	Office Manager		OPS	
	Entrepreneurship Program Coordinator	2/2018	VFEP	New position
	Employer Outreach Specialist		WTG	
FY 2018-19 12 FTEs, 1 part-time, and 1 vacant	Veteran Employment Specialist		WTG	
	Executive Director		Shared	
	Director of Administration		Shared	Formerly Budget and Grants Director
	Agriculture Program Manager	9/2018	Shared	New position, part-time
	Communications Director	8/2018	Shared	New position
	Office and Board Manager		Shared	Formerly Office Manager
	Entrepreneurship Program Coordinator		Shared	
	Entrepreneurship Director		VFEP	
	Employer Outreach Specialist		WTG	
	Web Developer	9/2018	Shared	New position
	Social Media Specialist	9/2018	Shared	New position
	Veteran Employment Specialist	7/2018	WTG	New position
	Veteran Employment Specialist		WTG	
FY 2019-20 13 FTEs	Veteran and Employer Outreach Specialist		WTG	Combined Employer Outreach and Veteran Employment Specialist
	Career Services Director	Vacant	WTG	
	Executive Director		Shared	
	Veterans Employment and Training Services Director		Shared	Combined Entrepreneurship Director and Career Services Director
	Director of Administration		Shared	
	Communications and Marketing Director		Shared	Formerly Communications Director
	Office Manager		Shared	Formerly Office and Board Manager
	Grants Manager		Shared	Formerly Entrepreneurship Program Coordinator
	Information Technology Manager		Shared	Formerly Web Developer
	Veterans Service Coordinator		Shared	Formerly Veteran Employment Specialist
	Veterans Service Coordinator		Shared	Formerly Veteran Employment Specialist
	Social Media and Content Specialist		Shared	Formerly Social Media Specialist
	Entrepreneurship Development Manager and Agriculture Program Manager		VFEP	Added Entrepreneurship Development Manager to previous part-time position
	Development Manager		WTG	Formerly Employer Outreach Specialist
	Workforce Development Manager		WTG	Formerly Veteran and Employer Outreach Specialist

Source: Veterans Florida.

APPENDIX C

Changes Made to Veterans Florida's Entrepreneurship and Workforce Grant Programs During the Review Period

During OPPAGA's review period, Veterans Florida made several changes to the Veterans Florida Entrepreneurship Program (VFEP) and the Veterans Workforce Training Grant (WTG) Program to facilitate program efficiencies and improve support for veterans. (See Exhibits C-1 and C-2.)

Exhibit C-1

Changes to the Veterans Florida Entrepreneurship Program

Fiscal Year 2017-18	Hosted the first statewide veteran entrepreneur pitch competition. The purpose of this competition was to display the success of the program and its participants.
	Hired a program manager to improve grant fund utilization. The program manager better utilized funds by signing up network partners, managing relationships, and managing the disbursement of funds.
	Recommended statutory changes to improve delivery of training to veterans. Statutory changes included Ch. 2018-7, <i>Laws of Florida</i> , which removed requirements that only universities could be VFEP vendors.
Fiscal Year 2018-19	Expanded entrepreneur training beyond universities to other entities, such as state colleges and non-profit organizations.
Fiscal Year 2019-20	Transitioned from a RFP to ITN process for network partners for the VFEP. Additionally, changed the VFEP program structure so that vendors could select from a menu of services to apply for and provide training. These services include workshops, networking, startup cohorts, and growth cohorts.

Source: Veterans Florida.

Exhibit C-2

Changes to the Workforce Training Grant Program

Fiscal Year 2017-18	Changed contracts from a two-year contract with an obligated and fixed amount with fiscal agents to a one-year contract with employer annual caps. Previously, WTG employers had to estimate the number of employees they could train within a year.
	Recommended statutory changes to better reflect how employers conduct training. Statutory changes included Ch. 2018-7, <i>Laws of Florida</i> , which made several changes including requiring an employer to pay the full cost of training before reimbursement; removing employer match requirements; and removing contracts with three parties, limiting the parties to Veterans Florida and the employer.
Fiscal Year 2018-19	Started hiring new employees. These employees better utilized grant funding by signing up more businesses for WTG and connecting the businesses with veterans.
	Received a U.S. Department of Agriculture (USDA)/National Institute of Food and Agriculture (NIFA) subcontract to operate a pilot program. The purpose of the pilot was to train veterans in agriculture at farms under the University of Florida's Institute of Food and Agriculture Sciences. The pilot program was successful and helped Veterans Florida receive a USDA/NIFA Prime contract in the summer of 2020.
	Started a stronger focus on veteran workforce training in the aerospace, manufacturing, logistics, and information technology industries.
	Expanded the statewide veteran entrepreneur pitch competition into the Veterans Florida Expo. This showcased employment, entrepreneurship, benefits, and quality of life resources for veterans and their families in Florida. The event was held in Orlando and hosted over 300 attendees, employers, resource partners, and exhibitors. Veterans Florida marketed the expo to WTG employers and veterans. The expo was funded through VISIT FLORIDA funds and exhibitor sales.

Fiscal Year 2019-20	<p>Reverted the lowest amount of appropriations since the program began in 2016. This was due to a continued, strong focus on veteran workforce training in the aerospace, manufacturing, logistics, and IT industries, which provide higher wages.</p> <p>Explored SkillBridge, a new U.S. Department of Defense (DOD) program. This program allows service members who are in their final six months of active duty to intern with a private employer while still receiving their DOD salary and benefits. The purpose of the program is to allow the service members to more easily transition into civilian life.</p> <p>Became SkillBridge certified during the review period by using the agriculture pilot program as a blueprint. Under this certification, Veterans Florida can provide service members with training in the agriculture industry through a partnership with the University of Florida's Institute of Food and Agricultural Sciences. Veterans Florida received the first SkillBridge participants in late Fiscal Year 2019-20. During the review period, Veterans Florida worked with the U.S. Department of Defense to establish a memorandum of understanding for the program and to discuss how to expand the program into other industries. One program expansion that started during the review period was expanding the program to the Florida Highway Patrol.</p>
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Source: Veterans Florida.

APPENDIX D

Other Programs

Across the country, there are many entrepreneurship and job training programs available to veterans, and some of these programs are available to Florida veterans, either in-person or online. Exhibit D-1 provides more information on other entrepreneurship programs, and Exhibit D-2 provides information on additional job training programs for veterans.

There are also entities that provide resources to veterans through websites. For example, My Next Move for Veterans is sponsored by the U.S. Department of Labor, Employment and Training Administration and developed by the National Center for O*NET Development and offers career searches and the ability for veterans to find jobs similar to a military career. Additionally, Vet Fran provides educational resources for veterans interested in franchises; this includes an interview series on franchising, an opportunities portal, and events. The Veteran and Military Transition Center with CareerOneStop is also a website that provides skill assessments, information about certifications, apprenticeships, and licensing, job search skills, and assistance in finding government benefits such as unemployment compensation for veterans. Finally, the U.S. Department of Labor provides information on federal government hiring opportunities for veterans, careers with certain departments, employment resources by state, and interstate licensing options through the website veterans.gov.

Exhibit D-1

Other Entrepreneurship Programs Available to Veterans in Florida

Program(s)	Entity Providing Program	Purpose	Eligibility
Entrepreneurship Bootcamp for Veterans	The Institute for Veterans and Military Families at Syracuse University manages a consortium of schools, which includes Florida State University.	Develops entrepreneurial skills. Phase one is online, phase two is a nine-day residency, and phase three is 12 months of ongoing small business support.	Post 9/11 veterans with an honorable discharge
Veterans Business Outreach Center (VBOC) Program and Boots to Business	U.S. Small Business Administration has a cooperative agreement with 22 outreach centers located throughout the U.S. with a center at Gulf Coast State College located in Panama City, Florida that has statewide coverage	VBOC provides Boots to Business, which is an entrepreneurial development program for starting or growing a small business. Services include pre-business plan workshops, concept assessments, comprehensive feasibility analysis, entrepreneurial training and counseling, mentorship, and other business developmental related services.	Current transitioning service members, veterans, National Guard and Reserve members and military spouses
The National Veterans Entrepreneurship Program	University of Florida	Three phase program on entrepreneurship. Phase one is a five-week self-study, phase two is an eight-day training program at the University of Florida and a five-month mentorship with online peer networking. Phase three is practical training in venture creation and growth.	<p>Veterans who meet the following three requirements:</p> <ul style="list-style-type: none"> Have separated from active duty service (or are in the administrative process of separating) with an honorable discharge; Are either identified as disabled by the Veterans Administration or the U.S. Department of Defense based on a "service connected" disability or is "service distinguished" based on exemplary military conduct; and Demonstrate an intense interest in entrepreneurship and small business ownership/management.

Program(s)	Entity Providing Program	Purpose	Eligibility
Startup Training Resource to Inspire Veteran Entrepreneurship (STRIVE), Operation StartUp, and Veterans Entrepreneurship Training Symposium	Hillsborough Community College	<p>Entrepreneurship training, in three programs for veterans, including STRIVE, Operation StartUp, and Veterans Entrepreneurship Training Symposium.</p> <ul style="list-style-type: none"> • STRIVE is a six-week training program for veterans, active duty, Reserve/Guard, and their spouses, with an early stage business or business idea. • Operation StartUp is a lab and co-working space that provides mentoring, educational programs, and networking to early stage entrepreneurs, students, and the military veteran start-up community. • Veterans Entrepreneurship Training Symposium is an annual training event on how to grow a business. 	Eligibility requirements vary for each of the three programs.
Veteran Entrepreneurship Training and Resource Network (VETRN)	VETRN, with the option for an online program for Florida residents.	Entrepreneurship program to develop skills and find resources, mentoring, and networking necessary to grow a small business. It is a fourteen-week program based on strategic business planning, business cash flow and financial management. The program is free of charge.	Prior service veterans or family members who are small business owners. Individuals must have been in business for one or more years and have annual revenues of \$75,000 or greater.

Source: OPPAGA analysis of other programs.

Exhibit D-2

Additional Employment Programs Available to Veterans in Florida

Program	Entity Providing Program	Purpose	Eligibility
On-The-Job Training/Apprenticeship	U.S. Department of Veterans Affairs and employers. Federal program with apprenticeships in Florida.	Maintains a list of employers who offer apprenticeships by state.	Eligibility requirement information unavailable
Veteran Employment Through Technology Education Courses (VET TEC)	U.S. Department of Veterans Affairs approved training provider with in-person training sites in Jacksonville, Miami, West Palm Beach, and Plantation	Training program that links veterans with an approved training provider to gain skills in technology fields including computer software, computer programming, data processing, information science, and media applications. Training can be either in-person or online. Participants receive tuition for full-time housing and money for housing during the program.	Those who are not on active duty or are within 180 days of separating from active duty qualify for Veterans Affairs' (VA) education assistance under the G.I. Bill, have at least one day of unexpired G.I. Bill entitlement, and are accepted into a program by a VA-approved training provider
Hire Heroes USA	Hire Heroes USA, with partners in Florida and online resources available to Florida residents.	Offers scholarships or job training through partners throughout the county. The program also provides online events related to job searching, specific employment industries, and other topics as well as an online job board.	Service members, veterans, and military spouses
CareerSource Florida	CareerSource Florida	CareerSource offers training on soft skills, such as interview writing, resume development, and training referrals. CareerSource provides assistance to homeless veterans at Stand Down events.	Veterans, current service members, and their families
Careers and Employment Section	U.S. Department of Veterans Affairs	Provides help in both finding work for veterans with a service-connected disability and with starting or growing a business, educational and career counseling, and information on	Veterans and spouses

Program	Entity Providing Program	Purpose	Eligibility
		U.S. Department of Labor's resources for veterans and military spouses.	
Veteran Readiness and Employment Program (VR&E), formerly known as Vocational Rehabilitation and Employment	U.S. Department of Veterans Affairs	Provides help to current service members and veterans with a service-connected disability that affects their ability to work. Provides help with job accommodations, job-seeking skills coaching, career counseling, starting a business, and independent living services for veterans with severe disabilities.	Veterans and current service members
VA for Vets	U.S. Department of Veterans Affairs	Provides help to veterans transitioning from military service into civilian life through skill-building services, including career assessments, resume building, career coach consults, and job searching.	Veterans
Educational and Career Counseling	U.S. Department of Veterans Affairs	Provides free educational and career guidance and resources.	Service members who meet any of the following criteria: active duty service member who will be discharged from active duty under conditions that are other than dishonorable within six months, separated from active duty under conditions other than dishonorable not more than one year prior, qualify as a veteran or service member for educational assistance under a VA educational program, or is a service member, veteran, or dependent currently eligible for the VA education benefits.
Vets First Verification Program	U.S. Department of Veterans Affairs	Offers advantages to small businesses that are bidding on government contracts and access to other resources and support. Advantages include priority when bidding on federal or state agency contracts and access to capital.	Veteran must own 51% or more of a company, have full control over the day-to-day management, have managerial experience, be the highest-paid person in the company, work full time for the company, and have the highest company officer position. To be considered a veteran, at least one of these must be true: served on active duty with the Army, Air Force, Navy, Marine Corps, or Coast Guard for any length of time and did not receive a dishonorable discharge. Alternately, one who served as a Reservist or member of the National Guard and was called to federal active duty or became disabled from a disease or injury that started or got worse in the line of duty or while in training status.
Employ Florida Vets	Florida Department of Economic Opportunity and CareerSource Florida	Florida's online job portal for Florida veterans. It connects service members to employment and training opportunities that suit the skills they learned while serving in the military. Veterans can enter information such as military branch and personnel category in the job search.	Veterans

Program	Entity Providing Program	Purpose	Eligibility
Health License Fee Waivers	Florida Department of Health (DOH)	Assists veterans in finding health-related employment. DOH offers expedited health care practitioner licenses via the Veterans Application for Licensure Online Response (VALOR) system. DOH also offers licensure fee waivers for veterans and spouses applying for health care licensure in Florida. Finally, DOH assists county health departments in recruiting veterans and their spouses to work in health-related fields.	Veterans, current service members, and their spouses
Veterans Program	Florida Department of Economic Opportunity	The Network of Disabled Veterans Outreach Program (DVOP) provides intensive case management services to disabled veterans who have barriers to employment. Local Veterans Employment Representatives (LVER) conduct employer outreach for veteran employment opportunities. LVER staff also ensures that veterans receive the full range of workforce services at career centers.	Veterans, current service members, and eligible spouses
Transition Assistance Program	Cooperative effort among the Department of Labor, and the Departments of Defense, Education, Homeland Security and Veterans Affairs, the Small Business Administration, and the Office of Personnel Management.	Mandatory one-day training for all transitioning service members on employment preparation. There are two optional two-day workshops on career exploration and technical career preparation or general employment preparation.	Transitioning service members

Source: OPPAGA analysis of other programs.

Chapter 4: Quick Response Training and Incumbent Worker Training Programs

OPPAGA reviewed two training grant programs available to Florida businesses through CareerSource Florida, the business-led statewide workforce investment board: the Quick Response Training (QRT) a state-funded program, established under s. 288.047, *Florida Statutes*, and the Incumbent Worker Training (IWT), a federally funded program, established under s. 445.003, *Florida Statutes*. The review period was Fiscal Year 2017-18 through Fiscal Year 2019-20.

QUICK RESPONSE TRAINING PROGRAM

Background

QRT provides new or expanding businesses in Florida's target industries state grant funding for customized, skills-based training

QRT is state funded and targeted to new employees in particular industries. The Legislature established the Quick Response Training program to meet the workforce needs of existing, new, and expanding industries.^{51,52} The program is state funded and provides grants to qualifying businesses to train their new, full-time employees; grants are performance based and reimbursable. (See Exhibit 4-1.)

Eligible businesses are in high-skill targeted industries with an average of wages at least 125% above state or local private sector wages, whichever is lower.⁵³ QRT applicants must be for-profit businesses and create net new, permanent, full-time jobs requiring 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. Program funds may be allocated to a fiscal agent, which can be a community or state college, area technical center, or state university. The fiscal agent collaborates on grant contracts between CareerSource Florida and recipients. The majority of fiscal agents are community or state colleges, while a few are local school boards or state universities

Exhibit 4-1

Quick Response Training Program Characteristics

Quick Response Training

- State funded
- Customizable and skill-based training
- Only state qualified target industries
- Only new or expanding qualifying businesses
- For new employees



Source: CareerSource Florida and Florida Statutes

⁵¹ Section 288.047, *F.S.*

⁵² Chapter 93-187, *Laws of Florida*.

⁵³ 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 research and development, and global logistics.

(e.g., the Suwannee County School Board and the University of North Florida).⁵⁴ Fiscal agents may keep up to 5% of the grant award amount for performing contract management.⁵⁵

QRT offers grant recipients flexibility regarding training types and providers. Grant recipients choose training courses and providers, 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. However, some trainings are disallowed for the QRT grant, such as CPR and first aid, new hire orientation, and OSHA training. (See Appendix A for the full list of disallowed trainings.)

Data from CareerSource Florida indicated that during the review period (Fiscal Year 2017-18 through Fiscal Year 2019-20), most QRT grant recipients (75%) used an employee instructor to train staff, with just 7% using an external vendor and 19% using a combination of both. QRT grant recipients conducted a variety of trainings, including leadership and management, certification and continuing education, customer service, and computer hardware and software. The most frequently reported type of training was leadership and management (39%), followed by computer hardware and software (14%).

QRT grant award amounts are based on several factors. Grant award amounts 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. The QRT grant program allows reimbursable expenses such as instructor wages, curriculum development, textbooks or manuals, and domestic travel for trainees. However, trainee wages are not eligible for reimbursement.

QRT recipients must submit quarterly reports whether or not training occurs, but may report and request reimbursement more frequently. CareerSource Florida reimburses businesses in proportion to recipient hiring and training progress (i.e., the percentage of funds reimbursed equals the percentage of employees hired and trained to date, relative to the projected total number of employees submitted for the grant).

Businesses must submit reimbursement requests within 60 days after the contract end date. Grant recipients are required to provide certain information to CareerSource Florida on all employees who received the grant-funded training. Required information for QRT trainees includes legal name, social security number, date of hire, and job title. (See Exhibit 4-2.)

⁵⁴ Fiscal agents used during this review period included the Broward College District Board of Trustees, Chipola College, the College of Central Florida, Daytona State College, Eastern Florida State College, First Coast Technical Institute, Florida Panhandle Technical College, Florida State College at Jacksonville, Gadsden Technical Institute, Gulf Coast State College, Gulf Coast State College, Hillsborough Community College, the Hillsborough County School Board, Indian River State College, Lake-Sumter State College, the Marion County School Board, Miami Dade College, Northwest Florida State College, Palm Beach State College, Pasco-Hernando State College, Pensacola State College, Polk State College, Santa Fe College, Seminole State College, South Florida Community College, St. Johns River State College, St. Petersburg College/Gibbs Campus, the State College of Florida, Manatee-Sarasota, the Suwannee County School Board, Tallahassee Community College, the Taylor County School Board, the University of Central Florida, the University of North Florida, and Valencia College.

⁵⁵ Section [288.047\(5\)\(c\)](#), F.S.

Exhibit 4-2

Quick Response Training Administrative Processes

Requirements	Quick Response 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 Revenue information
Award cap	<ul style="list-style-type: none">• None¹
Maximum contract term	<ul style="list-style-type: none">• 12 months
Reporting requirements	<ul style="list-style-type: none">• Quarterly reports• End of contract evaluation• Trainee information
Reimbursement basis	<ul style="list-style-type: none">• Pre-approved per-trainee amount
Reimbursement requests	<ul style="list-style-type: none">• At least quarterly while training is occurring• All requests must be submitted 60 days after 12-month contract term

¹ As of Fiscal Year 2019-20, there was no cap on QRT program awards.

Source: CareerSource Florida.

QRT grant funding significantly decreased during the review period

In Fiscal Year 2017-18, the Quick Response Training grant program was appropriated \$15 million in state general revenue. However, the appropriations decreased significantly over the next two fiscal years, with only \$9 million appropriated in Fiscal Years 2018-19 and 2019-20. (See Exhibit 4-3.)

Exhibit 4-3

QRT Appropriations Decreased Significantly From Fiscal Year 2017-18 Through Fiscal Year 2019-20

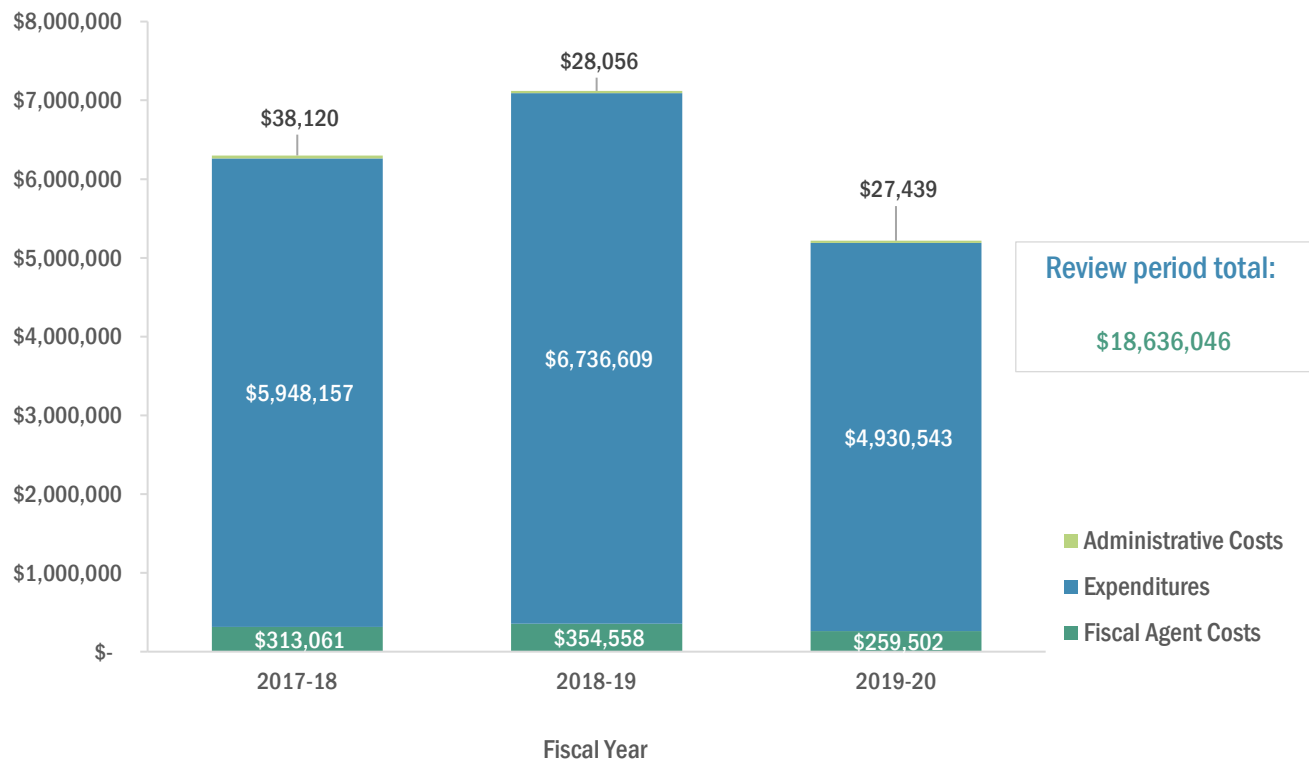
Program	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Total for Fiscal Years 2017-18 Through 2019-20
Quick Response Training	\$15,000,00	\$9,000,000	\$9,000,000	\$33,000,000

Source: OPPAGA analysis of CareerSource Florida data.

CareerSource Florida divides expenses for the QRT program into two categories: expenditures and administrative costs. Total expenditures and administrative costs during the review period were slightly more than \$18 million; this is a nearly 50% decrease in total expenditures relative to the previous review period. (See Exhibit 4-4.)

Exhibit 4-4

From Fiscal Year 2017-18 Through Fiscal Year 2019-20, CareerSource Florida's Expenditures and Costs for the QRT Grant Program Decreased



Source: OPPAGA analysis of CareerSource Florida data.

The expenditure category includes program costs and payments to the award recipients. QRT expenditures increased from approximately \$6 million to roughly \$7 million from Fiscal Year 2017-18 to Fiscal Year 2018-19, but decreased to roughly \$5 million in Fiscal Year 2019-20. The major expenditure is the award payments to recipients, which include the payments to fiscal agents. By statute, fiscal agents may receive up to 5% of the grant award total as an administrative fee, which CareerSource Florida distributes to fiscal agents. CareerSource Florida reported that during the review period all fiscal agents received the full 5% fee. However, the cost of fiscal agents fluctuated during the review period with a slight increase in Fiscal Year 2018-19 and then a decrease in Fiscal Year 2019-20. The total cost of fiscal agents during the review period was \$927,122. This is likely attributable to lower appropriations, fewer training awards made, and a policy change that made use of fiscal agents optional for some grant award recipients.

During the review period, the QRT administrative costs also gradually decreased. These costs include payroll salary and benefits for CareerSource Florida staff. The total administrative costs during the review period were approximately \$93,615.

Findings

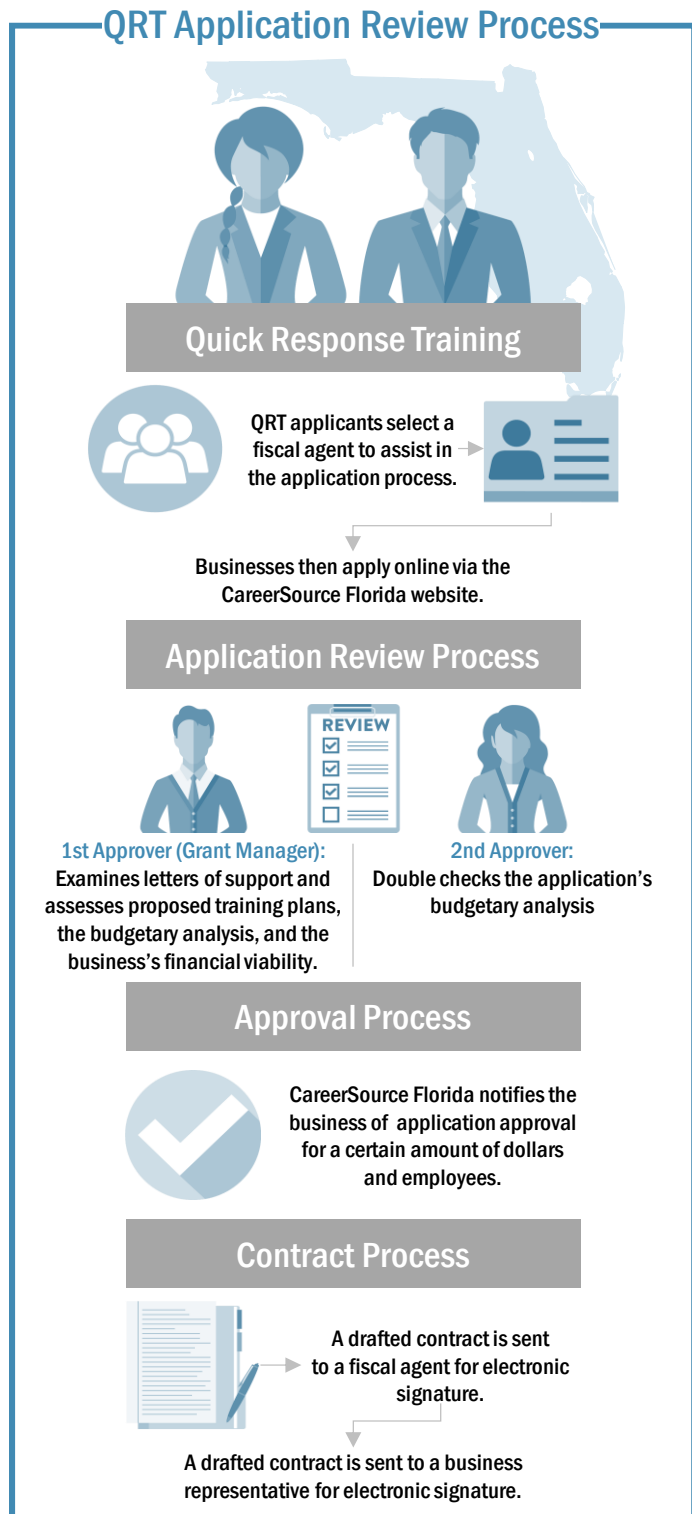
QRT grant review and approval processes have been streamlined since OPPAGA's last report

CareerSource Florida has streamlined the application review process. Quick Response Training grant applications are first reviewed by a grant manager at CareerSource Florida. The grant manager reviews letters of support from local economic developments organizations, fiscal agents, and local workforce development boards. The fiscal agent, if being utilized, also submits a letter certifying that courses are not available at the local level. Lastly, a regional workforce development board's letter will support the application by acknowledging assistance offered to the business and a description of those services available to businesses.

Since OPPAGA's last report, CareerSource Florida has modified the application review process. Historically, CareerSource Florida assigned staff to particular applications and had to await an application's arrival. In addition, the process would be delayed if the assigned reviewer was out of the office. Now, once a grant manager (first approver) approves the application, it is placed into a queue where any second approver can select an application and review its financial information. This second approver then provides final approval.⁵⁶ CareerSource Florida staff reported that placing applications into a queue has expedited the process because it allows the second approver to select the next application ready for review from a consolidated repository of applications rather than wait to be assigned an application. For additional details on the approval process, (See Exhibit 4-5.)

Exhibit 4-5

CareerSource Florida Application Review Process for QRT Grants



Source: CareerSource Florida.

⁵⁶ During the review period, five applications were not funded. Two applications did not meet the minimum requirements, one application was withdrawn, one was incomplete, and one was declined because of the company's attrition rate.

CareerSource Florida also changed which staff reviews applications. Beginning in Fiscal Year 2019-20, the second reviewer is from the Operations and Administrative unit rather than the Business and Workforce Development unit. Staff reported that the Operations and Administration unit can better attest to the financial aspects of grant management, as this unit is familiar with financial viability documentation. In contrast, the Business and Workforce Development unit's focus is on ensuring state agencies and businesses are knowledgeable about the grant program.

During the review period, CareerSource Florida changed contract commencement dates to improve contract management. CareerSource Florida changed the contract commencement dates to start at the time the contract is signed. Prior to Fiscal Year 2019-20, contract commencement dates were the date the application was approved. This created two concerns. First, CareerSource Florida noted that businesses were slow to sign contracts because a signature was not required for contract commencement. Second, and more generally, CareerSource Florida reported that the commencement dates did not align with best practices of contract management, and this allowed for a situation that could have put CareerSource out of compliance with Florida Administrative Code.⁵⁷ Prior to this change, CareerSource Florida's policy allowed for the possibility that companies could be reimbursed for training that occurred before the contract was signed.

CareerSource Florida reported that changing commencement dates increased the rate of contractual signatures from businesses. CareerSource Florida further reported that this improved contract management because, subsequently, trainings began only when contracts were finalized.⁵⁸ During the review period, the number of QRT grant contracts awarded, payment amounts, and trainees decreased compared to the previous review period.

CareerSource provided \$22 million in grant funding during the review period. During the review period, CareerSource Florida awarded 76 Quick Response Training grants and paid more than \$22 million dollars in grant funding. Compared to the last review period (Fiscal Year 2014-15 through Fiscal Year 2016-17), the number of QRT grant awards decreased by 40% and total payments decreased by 31%. Further, during the current review period, there were 60% fewer trainees. CareerSource Florida reported that the decrease in trainees and grant awards was due to a 40% decrease in appropriations for the grant program from \$15 million in Fiscal Year 2017-18 to \$9 million in Fiscal Years 2018-19 and 2019-20.

The average grant award during the review period was \$367,203 which was 20% more than the past review period. The average number of trainees per award was 100, which represents a decrease of 33% compared to the last review (See Exhibit 4-6.) CareerSource Florida reported that the increase in award amount was the result of removing a cap on award amounts that was in place during the previous review period.

⁵⁷ Rule [60A-1.016](#), *Florida Administrative Code*, Contract and Purchase Order Requirements, states that an Agency that fails to have a signed contract by an agency head or designee and the contractor before rendering contractual services in excess of CATEGORY TWO shall submit to the Department a completed Form PUR 1010, "Notice of Non-Compliance." Some QRT contracts were in amounts in excess of that threshold.

⁵⁸ Completed contracts are sent to the Department of Economic Opportunity monthly from CareerSource Florida for monitoring purposes.

Exhibit 4-6

QRT Grant Awards, Payment Amounts, and Trainees Decreased Compared to the Previous Review Period

	Fiscal Years 2014-15 Through 2016-17	Fiscal Years 2017-18 Through 2019-20	Percent Change Between Review Periods
Quick Response Training Grants			
Number of QRT grant contracts awarded	127	76	-40%
Number of employees trained	18,997	7623	-60%
Average grant amount per award	\$305,980	\$367,203	20%
Average number of employees trained per award	150	100	-33%
Total grant payments made	\$32,161,311	\$22,181,453	-31%

Source: OPPAGA analysis of CareerSource Florida data.

Most individuals who received QRT training during the previous review period are still employed in Florida; training had a positive effect on wages

Most QRT trainees from the previous review period were still employed in Florida as of 2020, many with the same employer. To understand the impact of the Quick Response Training program on the Florida workforce, OPPAGA reviewed the employment history of QRT grant-funded trainees from the previous review period (Fiscal Year 2014-15 through Fiscal Year 2016-17) to determine if trainees were still employed in Florida, with the same employer, and/or working in the same industry as of calendar year 2020.

As of 2020, 75% (17,620) of trainees from the previous review period were still employed in Florida. Of those who were still employed in Florida, 42% (7,384) were still with the same employer and 10% (1,773) still worked in the same industry, but were with a new employer.⁵⁹ The largest portion of trainees still employed in Florida, 48% (8,463), were with a new employer and in a new industry in 2020.

QRT training had a significant positive effect on wages for trainees in 2017-18. To describe the impact of the QRT program on individuals, OPPAGA reviewed information on trainees from the current review period and analyzed trainee wage outcomes.

Since a range of factors can affect wages, OPPAGA conducted a case-control analysis to determine the specific effects of QRT on the wages of trainees. The analysis used Florida Education and Training Placement Information Program (FETPIP) data to compare the wages of individuals who received training to the wages of similar individuals who did not receive training.^{60,61} Individual matching was accomplished by selecting characteristics of individuals in FETPIP data that resembled relevant features of individuals who received QRT training. These characteristics include starting salaries, years in the workforce, whether the individual was a new hire, and the industry in which they are employed.⁶² The case-control analysis compared the changes in wages for trainees over the next year.⁶³

⁵⁹ The industries in OPPAGA's analysis were tracked by North American Industry Classification System (NAICS) codes at the two-digit level.

⁶⁰ 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.

⁶¹ Over the two fiscal years, the total number of individuals included in the QRT trainee analysis ranged from 1,400 in Fiscal Year 2018-19 to 3,117 in Fiscal Year 2017-18. The same counts were used to build the comparison groups for the case-control analysis.

⁶² OPPAGA primarily collapsed the industry codes to the four-digit level, but also collapsed to the two-digit level to increase the number of individuals captured for a match.

⁶³ OPPAGA's analysis tested whether the difference in wage growth between the groups was statistically significant at a 5% level. Since wage growth distributions are skewed, the median of the groups was compared instead of the mean, through non-parametric statistical methods. The results

The analysis showed that in Fiscal Year 2017-18, QRT trainee wages increased 12% a year after training, while the median wage growth for the comparison group was 7%. The comparison group represents the statewide average during this period for similar individuals employed in similar industries.⁶⁴ This pattern did not persist the following year. During Fiscal Year 2018-19, the industries in which QRT trainees were employed did not experience much overall growth, which could have affected wage growth during that year.⁶⁵ In Fiscal Year 2018-19, wage growth of QRT trainees was around 6.2%, similar to the comparison group at 5.6%. (See Exhibit 4-7.)

Exhibit 4-7

QRT Trainee Wage Increases Associated With Training

	Fiscal Year 2017-18 ¹	Fiscal Year 2018-19 ²
Median annual wages of trainees before training ³	\$47,191	\$41,945
Median annual wages of trainees one year after training	\$53,603	\$46,959
Median increase in wages	\$5,268	\$3,057
Percent increase in wages	12%	6%
Does the training have a positive, statistically significant effect on the following year's wages when compared to a group from similar industry with similar wages and experience?	Yes	No

¹ The Consumer Price Index for Fiscal Year 2017-18 was 246.2.

² The Consumer Price Index for Fiscal Year 2018-19 was 250.2.

³ Median annual wage of trainees during training was used for employees new to the workforce in Florida.

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

Despite QRT recipients reporting that COVID-19 affected scheduled trainings, all said that the grant had a positive impact on business

Most QRT grant recipients reported that training was affected by COVID-19. OPPAGA surveyed Quick Response Training grant recipients to understand the value and benefits to businesses of the QRT grant and to determine the grant's impact on businesses.⁶⁶ OPPAGA surveyed businesses that received the QRT grant during the review period, Fiscal Year 2017-18 through Fiscal Year 2019-20. This period included the onset of the COVID-19 pandemic in the first and second quarters of 2020. Most QRT grant respondents reported that the training execution was affected by the COVID-19 pandemic. For example, QRT recipients reported that they altered training execution by moving trainings to a virtual platform. Many respondents also reported the planned start of training was rescheduled and others indicated the training was resumed later.

indicate that the training is associated with higher wage growth, when comparing to people in the same industry with similar measured characteristics (e.g., starting salaries, new hires, and years in the workforce). However, it is possible that individuals who entered the training program had unmeasured characteristics that contributed to their wage growth, such as higher motivation or ability. Furthermore, it is possible that individuals in the comparison group from the same industries received similar training that was not federal or state funded through QRT.

⁶⁴The industries most frequently represented by QRT grant recipients were aerospace products manufacturing, grocery wholesalers, medical equipment manufacturing, and management of companies and enterprises. QRT recipients represented several additional industries, including finance and insurance, textile and fabric finishing, software publishers, and medical and diagnostics laboratories.

⁶⁵In Fiscal Year 2018-19, 46% of QRT grant recipients were from the following industries: building equipment contractors, grocery and related product merchant wholesalers, textile and fabric finishing and fabric coating mills, and professional and commercial equipment and supplies merchant wholesalers, accordingly with the FETPIP classification with basis on NAICS (North American Industry Classification System). These industries did not show an overall wage growth during Fiscal Year 2018-19. The large concentration of trainees in these industries may have affected wage growth results for QRT trainees, especially since there were 55% fewer trainees in the QRT program in Fiscal Year 2018-19 compared to Fiscal Year 2017-18.

⁶⁶ OPPAGA surveyed 47 businesses that received a QRT grant during the review period and received complete survey responses from 8 businesses. The response rate was 17%.

Respondents indicated that direct benefits of the training included increased employee knowledge and productivity as well as job creation. QRT recipients reported a variety of general benefits from the grant. When asked to select the top three benefits of the QRT grant to the recipient's business, the most frequently reported benefit was increased employee knowledge. Other reported benefits included increased productivity and creating new jobs within the business. Additionally, all survey respondents characterized the impact of the grant on their business as either "positive" or "very positive."

Some respondents indicated that the QRT grant affected business decisions. Half of the respondents indicated that had the business not received the QRT grant, it would have modified the training by postponing training, scaling back training, or both. Additionally, half of respondents indicated that the QRT grant played a role in the decision to establish or expand business in Florida. Respondents also reported overall satisfaction with the grant process and indicated that the business would apply for a QRT grant again in the future.

QRT grant recipients reported fiscal agents were a valuable part of the grant administration process; fiscal agents indicated a need for better communication from CareerSource Florida

Fiscal agents assist in the grant administration process from the application stage through training and reimbursement. At the application stage, fiscal agents generate and submit letters of support for the business's Quick Response Training grant application and works with the company to complete the application. Once a grant is awarded, the fiscal agent helps the company complete and submit quarterly reports containing reimbursement information and trainee data. After training is completed and the final report is submitted, fiscal agents receive the reimbursement funds from CareerSource Florida and then disburse the funds to the business.

In its previous review, OPPAGA recommended that CareerSource Florida explore ways to make the use of fiscal agents optional for QRT grant recipient businesses. In response, CareerSource Florida modified the fiscal agent role. Specifically, beginning in Fiscal Year 2019-20, QRT recipients receiving less than \$750,000 may opt out of using a fiscal agent. As of May 2021, 34 fiscal agents were available to assist local businesses in the application, reporting, and reimbursement processes.

QRT grant recipients reported that fiscal agents were a valuable part of the grant administration process. To better understand the impact of fiscal agents on the grant process, OPPAGA surveyed QRT grant recipients. Most survey respondents indicated the value added of having a fiscal agent as part of the grant administration process was "extensive" or "substantial." Additionally, half of the respondents reported they were "very satisfied" with all aspects of the fiscal agent's services, including provision of training, fulfilling reporting requirements, and reimbursement processes.

Although businesses receiving less than \$750,000 could opt out of using a fiscal agent, both respondents who were not required to use a fiscal agent still opted to use one. Those that opted to use a fiscal agent reported doing so because the business wanted the help a fiscal agent provides in the grant process.

Fiscal agents, however, indicated a need for training and better communication from CareerSource Florida. OPPAGA interviewed five fiscal agents sampled from various regions of the state and from varying types of educational institutions. Each interview covered topics related to the

grant application, reporting, and reimbursement processes, as well fiscal agent training for their roles and their communication with CareerSource Florida. Several fiscal agents indicated a need for regular training for the fiscal agent role, guides, or other documentation on the grant administration process. Additionally, fiscal agents noted that a lack of communication regarding policy changes or regular updates from CareerSource Florida enhanced the need for training and guidance. Of the five fiscal agents interviewed, only one was aware that fiscal agent use is now optional for some grant recipients.⁶⁷

CareerSource Florida is not required by statute or rule to provide particular training for QRT fiscal agents, nor are key features of the fiscal agent role outlined in law. However, CareerSource Florida reported that during 2017-18 and 2018-19, it provided fiscal agents with an optional training webinar once a quarter. Yet, fiscal agents OPPAGA interviewed reported confusion about their required role and interactions with economic development offices and businesses that they serve. For example, some fiscal agents reported unclear expectations about recruiting companies to the QRT grant program, while others indicated that local business and economic development entities are the exclusive source of business referrals.

Additionally, fiscal agents noted a lack of communication regarding policy and role changes. Fiscal agents proposed solutions to address the quality of communication. For example, regular updates to fiscal agents' CareerSource Florida point of contact, or re-establishing quarterly calls with fiscal agents that CareerSource Florida previously held, would offer opportunities to provide information to all fiscal agents and respond to fiscal agent inquiries.

RECOMMENDATIONS

Support fiscal agents through regular communications and training with documented guidance.

Businesses are often repeat recipients of the Quick Response Training grant. In addition, despite fiscal agent use now being optional, 70% of grantees in Fiscal Year 2019-20 still chose to utilize a fiscal agent. Thus, the need for fiscal agents may be ongoing, making it likely that fiscal agent concerns regarding their role will persist. To address these concerns, we recommend that CareerSource Florida consider making training mandatory, or maintaining it on a website so fiscal agents can access it on an as-needed basis; and providing fiscal agents with guidance on best practices on an annual basis. This could be as simple as an FAQ document or something more complex, such as a detailed guidance handbook or other trainings. These resources would help fiscal agents serve companies and remain up-to-date on grant requirements.

CareerSource Florida could also consider improving routine communication with fiscal agents to facilitate consistent implementation of program goals and further clarify fiscal agent roles. This could include holding at least a yearly information session with fiscal agents to communicate policy changes. A yearly forum may provide an efficient platform for fiscal agents to ask questions, learn about legislative program changes, and provide feedback to CareerSource Florida on current grant processes.

⁶⁷Two of the five fiscal agents interviewed had not administered a grant since the change took place, and thus, were unaware of the change.

INCUMBENT WORKER TRAINING PROGRAM

Background IWT provides funding that can be used for continuing education and training current employees

IWT is federally funded and can be used for current employees. CareerSource Florida administers Florida's Incumbent Worker Training (IWT) program pursuant to the federal Workforce Innovation and Opportunity Act. The purpose of the program is to address current employee training needs by providing grant funding for continuing education and training for incumbent employees at existing Florida businesses.⁶⁸ The program provides grants to reimburse businesses for preapproved, direct, training-related costs. Businesses receive reimbursement from the program with preapproval from CareerSource Florida, and there is no fiscal agent involved in the process as there is with the Quick Response Training (QRT) program. (See Exhibit 4-8.)

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 employees 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 B for detailed IWT eligibility criteria.)

IWT grant recipients can choose training courses and providers, 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. However, some trainings are disallowed for the IWT grant, such as CPR and first aid, new hire orientation, and training that includes equipment in the cost of the training. (See Appendix B for the full list of disallowed trainings.)

Data from CareerSource Florida indicated that during the review period, most IWT grant recipients (80%) used an external vendor to train staff, with just 13% using a company employee and 6% using a combination of both. IWT grant recipients conducted a variety of trainings, including certification and continuing education, customer service, computer software and hardware, and industry-specific

Exhibit 4-8

Incumbent Worker Training Program Characteristics

Incumbent Worker Training

- Federal appropriation
- Any occupational or technical skills training
- Any industry qualifies¹
- For existing businesses and/or in operation for at least one year
- For current employees

² With the exception of retail establishments, labor unions, local workforce development boards or government entities

Source: CareerSource Florida.

⁶⁸ Section [445.003\(3\)\(a\)3](#), F.S.

instruction. About half of the IWT recipients conducted certification and continuing education trainings, and 44% conducted industry-specific training. Fewer than 20% of IWT grantees held trainings on sales and marketing; safety and equipment, and customer service were among some of the other trainings.

Businesses may request reimbursement as frequently as needed during the 12-month grant period. The IWT program allows reimbursable expenses such as instructor wages and tuition, curriculum development, and textbooks or manuals. Businesses are required to provide a minimum of 50% of these requested direct training costs. Reimbursements are made in direct correlation with the business's training progress. The percent of funds reimbursed must be equal to or less than the percent of trainees that have been trained to date. All reimbursements must be submitted within 60 days of the contract end date. Reimbursement requests received after the 60-day cutoff are not processed. (See Exhibit 4-9.)

Exhibit 4-9

The Incumbent Worker Training Grant Administrative Process

Requirements	Incumbent Worker Training
Application review process	<ul style="list-style-type: none"> • Review proposed training plans • Budgetary analysis • Due diligence review using Department of State and Revenue information • Review the submitted anticipated outcomes • Verify company eligibility
Award cap	<ul style="list-style-type: none"> • \$200,000¹
Maximum contract term	<ul style="list-style-type: none"> • 12 months
Reporting requirements ²	<ul style="list-style-type: none"> • Monthly reports (quarterly if no training is occurring) • Six-month status report • Final training evaluation • Trainee information
Reimbursement basis	<ul style="list-style-type: none"> • 50% of approved, direct training costs
Reimbursement requests	<ul style="list-style-type: none"> • At least monthly while training is occurring, but businesses may request reimbursement as frequently as needed during the 12-month period. All requests must be submitted 60 days after 12-month contract term

¹ Beginning in July 2020, the maximum amount awarded for IWT grants is \$200,000 per grant, per company.

² Beginning in Fiscal Year 2017-18, United States Department of Labor reporting requirements of trainee data is no longer required.

Source: CareerSource Florida.

IWT grant funding remained steady during the review period

In contrast to Quick Response Training grant funding, appropriations for the Incumbent Worker Training grant remained the same, at \$4 million, for each year of the review period. (See Exhibit 4-10.)

Exhibit 4-10

IWT Appropriations Remained the Same Throughout the Review Period

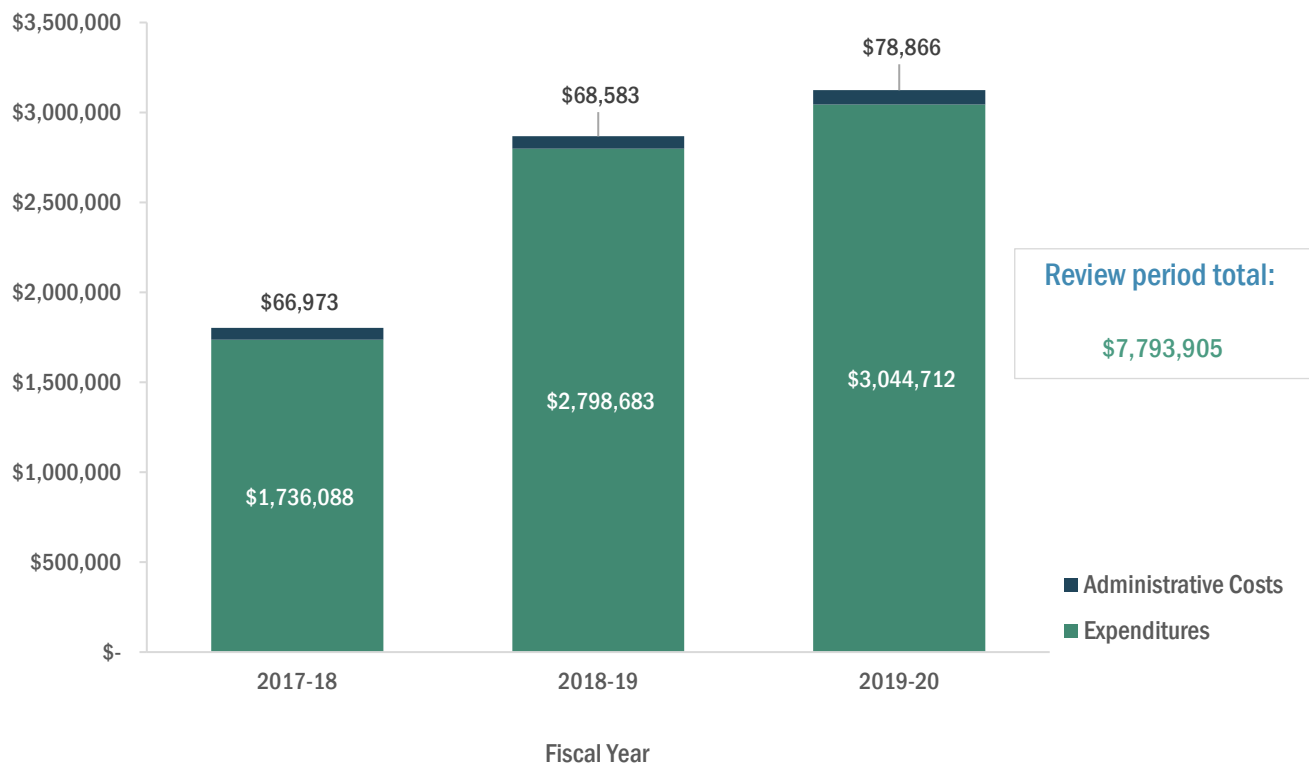
Program	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Total for Fiscal Years 2017-18 Through 2019-20
Incumbent Worker Training	\$4,000,000	\$4,000,000	\$4,000,000	\$12,000,000

Source: OPPAGA analysis of CareerSource Florida data

Similar to QRT, expenditures for IWT are largely program costs or payments to grantees, while administrative costs are payroll-salary and benefits. During the review period, IWT expenditures and administrative costs steadily increased. In Fiscal Year 2017-18, total costs were approximately \$1.8 million, which rose to approximately \$3 million in Fiscal Year 2019-20. Administrative costs averaged \$71,474 per year during the review period. (See Exhibit 4-11.)

Exhibit 4-11

IWT Expenditures and Administrative Costs Steadily Increased Throughout the Review Period



Source: OPPAGA analysis of CareerSource Florida data

Findings

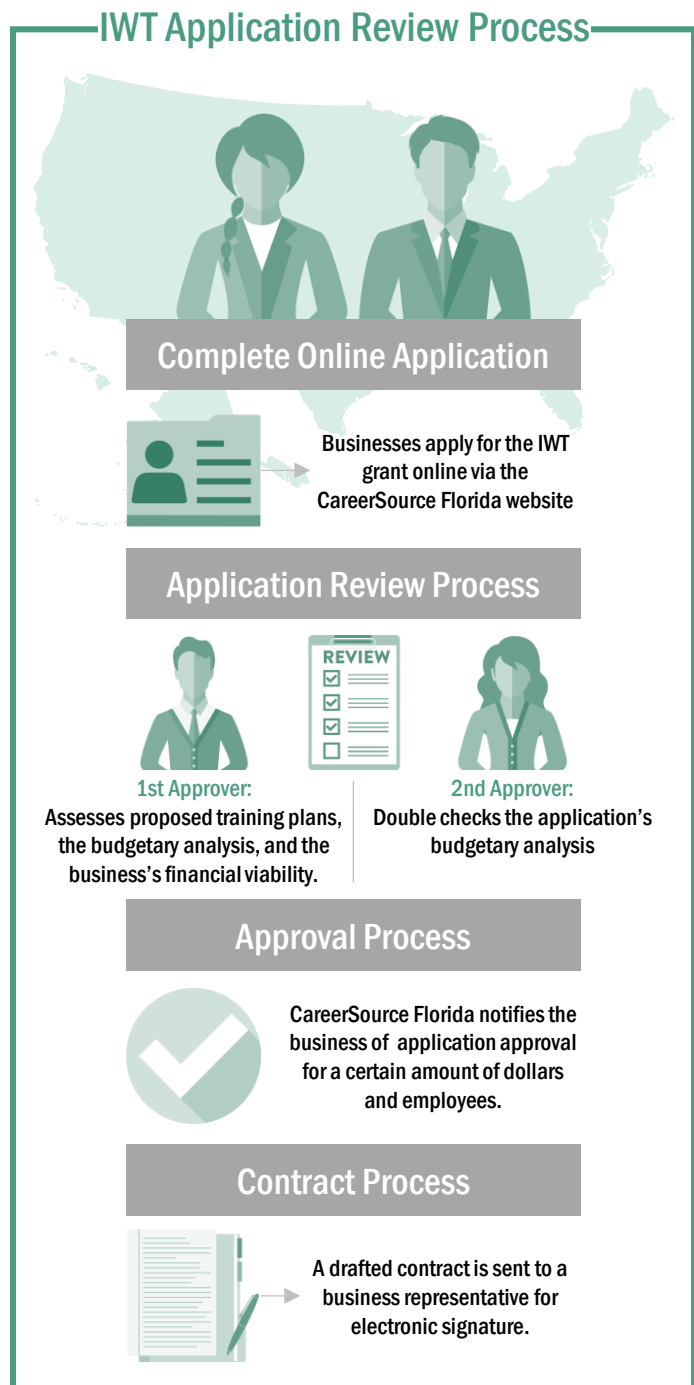
IWT administrative processes and reporting requirements have been streamlined since OPPAGA's last report

CareerSource Florida has streamlined the application review process. Similar to the changes made to the Quick Response Training application approval process, during the review period the Incumbent Worker Training grant application approval process was modified to include an application queue. Under the revised process, a grant manager (first approver) first assesses applications. Once a grant manager approves the application, it is placed into a queue where any second approver can select an application and review its financial information. The second approver then provides final approval.⁶⁹ As with QRT, CareerSource staff reported that placing applications into a queue has expedited the process because it allows the second approver to select from a consolidated repository of applications rather than wait to be assigned an application.

In addition, as with QRT, in Fiscal Year 2019-20 CareerSource Florida changed the IWT grant second approver from the Business and Workforce Development unit to the Operations and Administrative unit. Staff reported that the Operations and Administration unit can better attest to the financial aspects of grant management, while the Business and Workforce Development unit focuses on ensuring businesses are knowledgeable on various program highlights. For additional details on the approval process, (See Exhibit 4-12.)

Exhibit 4-12

CareerSource Florida Application Review Process for IWT grants



Source: CareerSource Florida.

⁶⁹ During the review period, a total of 54 applications were rejected. The majority of applications were rejected because the applications were withdrawn or not completed or companies did not meet the requirements. However, four applications were rejected because the company was under audit (1), had a federal lien (2), or had delinquent taxes (1).

CareerSource Florida also made changes to IWT reporting requirements. In Fiscal Year 2017-18, the U.S. Department of Labor modified reporting requirements related to trainee information by reducing the required amount of information on trainees. Prior to this change, to comply with federal requirements, CareerSource Florida required trainees to register their personal information through Employ Florida.⁷⁰ CareerSource Florida reported this requirement created problems with verifying trainee data for the reimbursement process. For example, if trainees did not register their information with Employ Florida, CareerSource Florida would not be able to verify that the trainees received the training. Therefore, companies would not be reimbursed for those trainees. However, federal reporting requirements were revised in Fiscal Year 2017-18, and CareerSource Florida subsequently removed the requirement for trainees to register with Employ Florida. Currently, CareerSource Florida requires businesses to provide trainee information, via a secure link, and a training attendance sheet to verify that trainee information matches.

During the review period, IWT grant awards and trainees increased compared to the previous review period

CareerSource Florida provided \$7,670,085 in grant funding during the review period. During the review period, the number of grant contracts awarded increased by just 7% compared to the previous review period (Fiscal Year 2014-15 through Fiscal Year 2016-17), though total grant payments doubled. The total number of employees trained increased by 52%, with 6,788 employees trained during the last review period and 10,323 employees trained during the current review period. The average grant award during the review period was \$32,618, which is 72% higher than the last review period's average. (See Exhibit 4-13.) CareerSource Florida reported that the increases in expenditures employees trained, and average grant amount per award were a result of the change in reporting requirements, indicating this change led to more trainees being accounted for allowing companies to receive more of the awarded grant.

Exhibit 4-13

IWT Grant Awards, Grant Amounts, and the Number of Employees Trained Increased Compared to the Previous Review Period

	Fiscal Years 2014-15 Through 2016-17	Fiscal Years 2017-18 Through 2019-20	Percent Change Between Review Periods
Number of IWT grant contracts awarded	368	393	7%
Number of employees trained	6,788	10,323	52%
Average grant amount per award	\$18,969	\$32,618	72%
Average number of employees trained per award	18	26	44%
Total grant payments made	\$3,331,100	\$7,670,085	130%

Source: OPPAGA analysis of CareerSource Florida data.

Most individuals who received IWT training during the previous review period are still employed in Florida; training had a positive effect on wages

The majority of IWT trainees from the previous review period were still employed in Florida as of 2020. To understand the impact of the Incumbent Worker Training program on the Florida

⁷⁰ Employ Florida links all of Florida's state and local workforce services and resources through a partnership of the Department of Economic Opportunity and CareerSource Florida, Inc.

workforce, OPPAGA reviewed the employment history of IWT grant-funded trainees from the previous review period (Fiscal Year 2014-15 through Fiscal Year 2016-17) to determine if trainees were still employed in Florida, with the same employer, and/or working in the same industry as of calendar year 2020.

As of 2020, 81% of trainees (8,458) from the previous review period were still employed in Florida. Of those who were still employed in Florida, 51% (4,327) were still with the same employer and 11% (970) still worked in the same industry, but were with a new employer. Fewer than half (37% or 3,161) of the previous trainees still employed in Florida were with a new employer and in a new industry in 2020.

IWT training had a significant positive effect on wages for both years analyzed. To describe the impact of the IWT program on individuals, OPPAGA reviewed information on trainees from the current review period and analyzed trainee wage outcomes.

Since a range of factors can affect wages, OPPAGA conducted a case-control analysis to determine the specific effects of the IWT on the wages of trainees. The analysis used Florida Education and Training Placement Information Program (FETPIP) data to compare the wages of individuals who received training to the wages of similar individuals who did not receive training.^{71,72} Individual matching was accomplished by selecting characteristics of individuals in FETPIP data that resembled relevant features of individuals who received IWT training. These characteristics include starting salaries, years in the workforce, whether the individual was a new hire, and the industry in which they were employed.⁷³ The case-control analysis compared the changes in wages for these two groups over the next year.

The analysis showed that receiving training through an IWT grant had a significant positive effect on trainee wages for Fiscal Years 2017-18 and 2018-19.⁷⁴ Specifically, IWT trainee wages increased 9% to 11% a year after training for each of the fiscal years examined, and these increases were attributable to the grants when comparing to similar individuals who did not receive IWT grants and are employed in similar industries that had median statewide wage growth of 7%.⁷⁵ (See Exhibit 4-14.)

⁷¹ 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.

⁷² Over the two fiscal years, the total number of individuals included in the IWT analysis for trainees ranged from 1,711 in Fiscal Year 2017-18 to 4,357 in Fiscal Year 2018-19. The same counts were used to build the comparison groups for matching pair analysis.

⁷³ OPPAGA primarily collapsed the industry codes to the four-digit level, but also collapsed to the two-digit level to increase the number of individuals captured for a match.

⁷⁴ OPPAGA's analysis tested whether the difference in wage growth between the groups was statistically significant at a 5% level. Since wage growth distributions are skewed, the median of the groups were compared instead of the mean, through non-parametric statistical methods. The results indicate that the training is associated with higher wage growth, when comparing to people in the same industry with similar measured characteristics (e.g., starting salaries, new hires, and years in the workforce). However, it is possible that individuals who entered the training program had unmeasured characteristics that contributed to their wage growth, such as higher motivation or ability. Furthermore, it is possible that individuals in the comparison group from the same industries received similar training that was not federal or state funded through IWT.

⁷⁵ The industries most frequently represented by IWT grant recipients were computer systems services, restaurants, building equipment contractors, and other manufacturing. IWT recipients represented several additional industries, including aerospace product and parts manufacturing; other electrical equipment and component manufacturing; navigational, measuring, electro-medical, and control instruments manufacturing; machine shops; beverage manufacturing; and others.

Exhibit 4-14

IWT Trainee Wage Increases Associated With Training

	Fiscal Year 2017-18 ¹	Fiscal Year 2018-19 ²
Median annual wages of trainees before training ³	\$47,753	\$41,530
Median annual wages of trainees one year after training	\$53,219	\$46,801
Median increase in wages	\$4,743	\$4,590
Percent increase in wage	9%	11%
Does the training have a positive, statistically significant effect on the following year's wages when compared to a group from similar industry with similar wages and experience?	Yes	Yes

¹ The Consumer Price Index for Fiscal Year 2017-18 was 246.2.

² The Consumer Price Index for Fiscal Year 2018-19 was 250.2.

³ Median annual wage of trainees during training was used for employees new to the workforce in Florida.

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

Despite IWT recipients reporting that COVID-19 affected scheduled trainings, nearly all said that the grant had a positive impact on business

Many IWT grant recipients reported impacts on training due to COVID-19. OPPAGA surveyed Incumbent Worker Training grant recipients to understand the value and benefits to businesses of the IWT grant and to determine the impact of the grant on businesses.⁷⁶ Because the end of the current review period coincided with the onset of the COVID-19 pandemic, OPPAGA asked grant recipients about the pandemic's impact on the trainings provided by the IWT program. Slightly less than half of the respondents reported that the COVID-19 pandemic affected the training. Of the respondents who did report an impact, the most frequently reported impacts were to the execution of training and to the planned start of training. Many respondents reported cancelling training due to the pandemic and not yet rescheduling, while a few reported that trainees did not complete the training.

Many respondents reported that the grant had a very positive impact, with many reporting the grant increased employee knowledge. Some respondents also reported that the IWT grant helped to achieve process efficiency gains and increase productivity. A few respondents also reported an improvement in employee wage levels and staff credentials, as well as reduction in employee turnover. More than half of the respondents reported that employee retention, productivity, and team relationships improved, with some respondents indicating that they greatly improved.

⁷⁶ OPPAGA surveyed 260 businesses that received an IWT grant during the review period and received complete survey responses from 39 businesses. The response rate was 15%.

APPENDIX A

Quick Response Training Grant Award Eligibility Criteria

Exhibit A-1

Businesses Must Meet Several Criteria to Qualify for QRT 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. Other 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. , <i>Florida Statutes</i>, or electronic listings by social security number for calculation of performance measures, and any other outcomes as specified in s. , <i>Florida Statutes</i>, or deemed pertinent to CareerSource Florida • May not qualify for funding if relocating from one Florida community to another Florida community, pursuant to s. <i>Florida Statutes</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) ○ A letter of Tax Clearance from the Department of Revenue dated within 45 days of application submittal ○ A W-9 Form
	<p>Funding priority given to businesses</p> <ul style="list-style-type: none"> • First time applicants • Offer jobs located in a distressed, urban inner city, rural area, opportunity zone, 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

Source: CareerSource Florida and s. [288.047](#), F.S.

Exhibit A-2

QRT Grant Program Guidelines

Quick Response Training

Reimbursement Amount Basis

- Reimbursement amount based on number of new hires projected to complete the training and the approved amount per trainee

Reimbursable Expense

- Instructor wages
- Curriculum development
- Textbooks/manuals
- Other costs
- Customized, skills-based, online training
- Domestic travel for trainers and trainees

Disallowed Costs

- Trainee wages

Disallowed Trainings

- 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

Source: CareerSource Florida.

Exhibit A-3
QRT Grant Awards by County

County	Number of Grants Awarded	Number of Employees Trained	Total Grant Payments Made
Bay	1	2	\$5,250
Brevard	6	1,047	6,625,500
Broward	13	61	172,035
Charlotte	2	736	1,048,950
Collier	5	969	2,384,550
Duval	4	5	10,500
Escambia	1	111	231,525
Hendry	1	0	0
Hillsborough	10	264	850,290
Jackson	1	249	392,175
Lee	10	702	1,486,433
Marion	1	1,280	3,200,400
Miami-Dade	1	27	94,500
Orange	1	28	112,000
Palm Beach	1	75	275,625
Pinellas	4	632	1,706,985
Polk	6	912	2,498,825
Seminole	5	315	611,835
Volusia	2	208	474,075
Walton	1	0	0
Total¹	76	7,623	\$22,181,453

¹ Of the 76 grants awarded, 17 awards totaling \$2,075,135 were not used by grantees.

Source: OPPAGA analysis of CareerSource Florida data.

APPENDIX B

Incumbent Worker Training Grant Award Eligibility Criteria

Exhibit B-1

Businesses Must Meet Several Criteria to Qualify for IWT Grants

Program	Eligibility Criteria
Incumbent Worker Training	For reimbursement of up to 50% of training costs <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 training • Demonstrate a commitment to retain or avert the layoff of employees receiving training • 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 copy of the 1040 Income Tax Return with Schedule SE (if the business is a sole proprietorship) ○ A letter of tax clearance from the Department of Revenue dated within 45 days of application submittal ○ A 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 a Florida resident and a 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
	For reimbursement of up to 75% of training costs, additional requirements include <ul style="list-style-type: none"> • Have 25 or fewer employees • Be located in a rural area or a distressed inner-city area

Source: CareerSource Florida and s. [445.003](#), F.S.

Exhibit B-2

IWT Grant program Guidelines

Incumbent Worker Training
Reimbursement Amount Basis
<ul style="list-style-type: none">• 50 to 75% of total preapproved direct training costs
Reimbursable Expense
<ul style="list-style-type: none">• Instructor wages• Curriculum development• Textbooks/manuals• Tuition/training/course costs• Other costs (training DVDs or tapes)
Disallowed Costs
<ul style="list-style-type: none">• Trainee wages and fringe benefits• Compensation or consultant fees not directly related to training• 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
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• Training that take place where food and/or beverages are included• Training that includes the purchase of equipment in the cost of the training

Source: CareerSource Florida.

Exhibit B-3
IWT Grants by County

County	Number of Grants Awarded	Number of Employees Trained	Total Grant Payments Made
Alachua	10	71	\$89,400
Bay	1	16	18,150
Brevard	27	1,228	899,987
Broward	68	1,001	1,081,412
Charlotte	3	236	52,163
Collier	7	134	76,599
Columbia	9	165	124,768
DeSoto	1	0	0
Duval	19	486	287,531
Escambia	2	15	34,147
Flagler	1	0	0
Gadsden	1	0	0
Hernando	6	44	73,714
Hillsborough	33	2,318	777,951
Lake	2	35	122,116
Lee	15	415	151,339
Leon	2	15	30,938
Manatee	3	55	92,096
Marion	5	403	81,563
Martin	4	46	42,488
Miami-Dade	31	501	625,076
Orange	26	602	1,187,234
Osceola	1	5	4,800
Palm Beach	39	542	498,468
Pasco	8	67	117,000
Pinellas	36	438	376,668
Polk	1	11	3,890
Sarasota	7	503	80,159
Seminole	11	222	224,871
St. Johns	5	644	393,595
St. Lucie	1	11	1,800
Volusia	6	76	95,761
Total^{1,2}	391	10,305	\$7,645,683

¹These totals do not include companies for which county information was not provided.

²Of the 391 grants awarded for which we have county data, 86 awards, totaling \$1,872,992 were not used.

Source: OPPAGA analysis of CareerSource Florida data.

Chapter 5: International Trade and Development Programs

OPPAGA reviewed Florida's, international trade and business development programs established under s. 288.826, *Florida Statutes* and administered by Enterprise Florida, Inc. The review period was Fiscal Years 2017-18 through 2019-20.

BACKGROUND

Trade Industry in Florida

Florida's export levels during this review period remained consistent with previously reported export levels before declining during the COVID-19 pandemic. Small businesses continue to be a large percentage of Florida's exporters. Manufactured goods make up a large portion of Florida's exports, and many of Florida's top export markets are in Latin America and the Caribbean.

Compared to other states, Florida consistently ranks very high for the number of exporting companies and high for the value of exports and number of export-supported jobs

Florida's export activity has remained stable since the last review period. In OPPAGA's previous review, using 2015 and 2016 U.S. Department of Commerce data, Florida ranked second among U.S. states for the number of companies that export but ranked seventh for total value of merchandise exported. OPPAGA analysis of updated U.S. Department of Commerce data found that these rankings remained the same in 2019. Since the last review period, the number of companies that export in Florida increased from 41,786 in 2015 to 57,846 in 2019 (a 38% increase), while Florida's total value of merchandise exported increased by 8%.⁷⁷ (See Exhibit 5-1.) Although Florida's total number of export-supported jobs declined by 4% since the last review period, Florida's ranking for the total number of export-supported jobs increased during this review period.⁷⁸ An analysis of U.S. Department of Commerce International Trade Administration data on jobs supported by exports found that Florida ranked seventh in the total number of jobs supported by exports in 2019. This ranking is up from eighth in the 2016 data reviewed in the last report.

While Florida's export levels rank highly compared to other states overall, Florida continues to trail other states with large populations in the total value of merchandise exported and the total jobs supported by exports. However, 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.

Like exports nationally, Florida's exports declined during the COVID-19 pandemic. Analysis of U.S. Department of Commerce International Trade Administration data found that in 2020, Florida exported approximately \$46 billion in goods to foreign markets, down from \$56 billion in 2019.

⁷⁷ Florida's total value of merchandise exported increased from \$52 billion in 2016 to \$56 billion in 2019.

⁷⁸ Florida's total jobs supported by exports declined from 232,253 jobs in 2016 to 223,233 jobs in 2019.

Exhibit 5-1

States Ranked by Export Measurements

	Number of Companies that Export (2019)		Total Value of Merchandise Exports (2019)		Total Jobs Supported by Exports (2019)	
	Rank	Amount	Rank	Amount	Rank	Amount
California	1	68,987	2	\$174,026,000,000	2	677,238
Florida	2	57,846	7	55,995,000,000	7	223,233
Texas	3	40,501	1	328,864,000,000	1	1,127,564
New York	4	35,721	3	75,653,000,000	4	260,024
Illinois	5	23,133	6	59,724,000,000	3	290,129
New Jersey	6	20,619	14	35,675,000,000	16	131,611
Ohio	7	16,343	9	53,229,000,000	6	231,604
Pennsylvania	8	15,515	10	42,722,000,000	12	176,488
Georgia	9	15,099	12	41,252,000,000	10	181,563
Michigan	10	14,773	8	\$55,802,000,000	5	249,430

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

Small and medium-sized enterprises continue to make up a significant portion of Florida's total export activity. The U.S. Department of Commerce defines a small or medium-sized enterprise as a business that has fewer than 500 employees. In 2019, small and medium enterprises comprised 95% of all exporters in Florida, and exports from these businesses made up 57% of the total value of Florida's exports.

Many of Florida's top export markets are in Latin America and the Caribbean; most exports are manufactured goods

In 2020, nearly half (48%) of all Florida exports were bound for markets in South America, Central America, and the Caribbean. Similarly, Latin America and the Caribbean contained 6 of the top 10 countries for Florida exports: Brazil, Chile, Colombia, the Dominican Republic, Mexico, and Peru. (See Exhibit 5-2.) Other top export destinations for Florida products included Canada, China, Germany, and the United Kingdom.

Exhibit 5-2

Florida's Top 10 Export Destinations

Rank	Country	Region	2020 Total Export Value
1	Brazil	South America	\$3,514,159,562
2	Canada	North America	3,472,965,385
3	Mexico	North America	2,642,423,778
4	United Kingdom	Europe	1,819,510,381
5	Colombia	South America	1,809,123,420
6	Dominican Republic	Caribbean	1,515,165,172
7	Chile	South America	1,478,150,153
8	Germany	Europe	1,279,818,871
9	Peru	South America	1,255,284,271
10	China	Asia	\$1,216,351,300

Source: OPPAGA analysis of 2020 U.S. Department of Commerce data.

OPPAGA’s analysis of 2020 U.S. Department of Commerce International Trade Administration data on exports found that the majority of exports from Florida during this time were manufactures exports.⁷⁹ In 2020, manufactures exports accounted for 92% of Florida’s total export value.⁸⁰ By value, Florida’s largest categories of merchandise exports in 2020 were Computer and Electronic Products (\$10.9 billion, 24% of total exports), Transportation Equipment (\$8.2 billion, 18% of total exports), and Chemicals (\$5.2 billion, 11% of total exports).

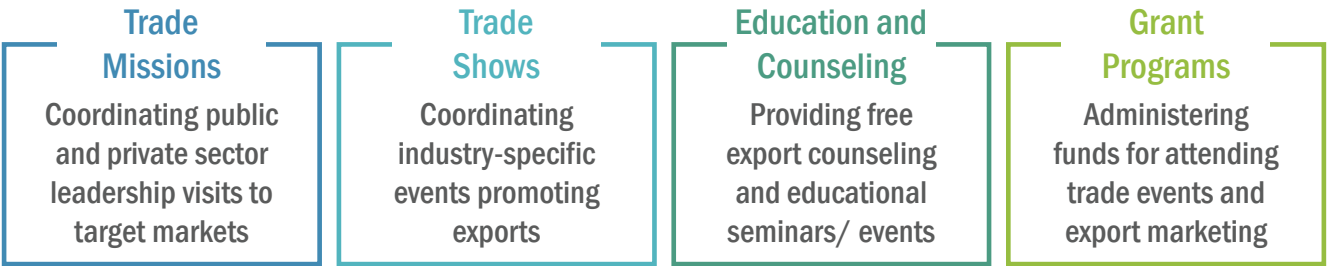
Enterprise Florida, Inc. International Trade and Development Department

Enterprise Florida offers a variety of services to both Florida businesses seeking to export and foreign businesses seeking to locate in Florida

To promote continued economic growth, Florida provides international trade and export development assistance to businesses through a public-private entity, Enterprise Florida, Inc. (EFI). The Department of Economic Opportunity (DEO) contracts with EFI to provide a range of export assistance activities for Florida businesses and to contract with offices in other countries that attract foreign direct investment (FDI) into the state.

EFI offers a variety of economic incentives and trade development services for Florida businesses. Through these programs and services, EFI primarily aims to assist companies that are currently infrequent exporters or new to exporting. EFI’s International Trade and Development Department conducts a range of activities to support trade development for Florida businesses.⁸¹ (See Exhibit 5-3.)

Exhibit 5-3
EFI Offers a Variety of Services and Economic Development Incentives to Florida Businesses



Source: OPPAGA analysis of Enterprise Florida, Inc. data.

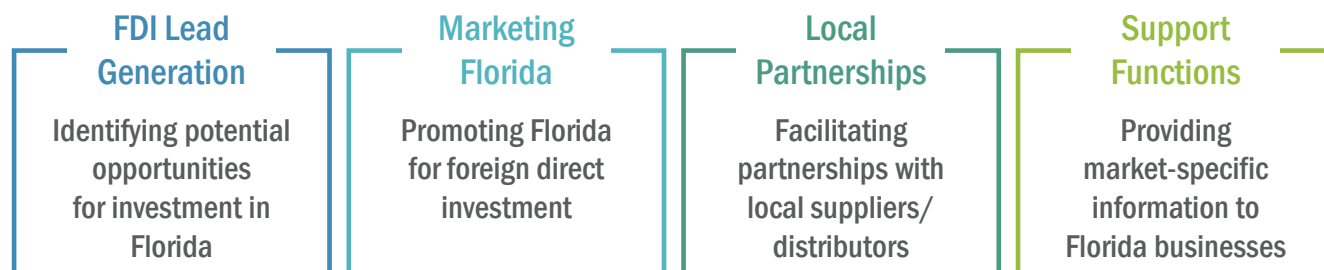
EFI’s international representative offices provide a variety of services to foreign businesses seeking to locate in Florida and support services for Florida businesses in foreign countries. EFI maintains international offices in 18 international locations in 15 countries.^{82,83} EFI international office

⁷⁹ OPPAGA used the United States Census Bureau 3-digit North American Industry Classification System (NAICS) codes for these analyses.
⁸⁰ NAICS code descriptions for Florida’s top 10 types of merchandise exports in 2020 are: Computer and Electronic Products (334); Transportation Equipment (336); Chemicals (325); Machinery, Except Electrical (333); Miscellaneous Manufactured Commodities (339); Food Manufactures (311); Electrical Equipment, Appliances & Components (335); Fabricated Metal Products (332); Paper (322); and Used or Second-Hand Merchandise (930).
⁸¹ EFI’s trade development programs and services focus on small and medium-sized businesses as well as businesses who are new to exporting.
⁸² Sao Paulo, Brazil; Montreal and Toronto, Canada; Mexico City, Mexico; Paris, France; Brussels, Belgium; Madrid, Spain; London, United Kingdom; Munich, Germany; Tel Aviv, Israel; Durban, South Africa; Nairobi, Kenya; Tokyo, Japan; Hong Kong, Beijing, and Shanghai, China; Prague, Czech Republic; and Taipei, Taiwan.
⁸³ EFI’s international offices are administered through 11 separate representation contracts. There are also liaison offices in the Czech Republic and Taiwan, which operate pro-bono.

staff assists with promoting Florida exports in foreign markets and attracting foreign direct investment into Florida. The focus of each international office differs. For example, offices in Western Europe tend to focus on attracting investment into Florida, while in emerging markets, such as Africa, the focus is trade. (See Exhibit 5-4.)

Exhibit 5-4

EFI Also Offers Assistance to Foreign Businesses Seeking to Locate in Florida and Market-Specific Support for Florida Businesses Through International Offices



Source: OPPAGA analysis of Enterprise Florida, Inc. data.

During the review period, EFI annually received \$6.6 million in state funding to support international trade and development activities; foreign offices remain the largest expenditure

During the review period, Enterprise Florida, Inc.'s International Trade and Development Department received funding from a variety of sources. (See Exhibit 5-5.) The Legislature provides state funding for grant and operating assistance as part of its allocation to the international trade program.⁸⁴ This state funding—\$6.6 million—accounted for 85% of the department's total budget in Fiscal Year 2019-20.

Revenue levels for non-state funding varied during the review period. EFI's second largest source of funds was event revenues; this revenue is typically in the form of participation fees. During the review period, EFI received an additional \$1 million in funding, annually, through state grant assistance.

EFI's revenue from other income, which consists of revenue from the Certificates of Free Sale, also increased by \$322,153 (958%) from Fiscal Year 2017-18 to Fiscal Year 2019-20. EFI attributed this increase to assuming responsibility for the Certificate of Free Sale program from the Department of Agriculture and Consumer Services (DACS).^{85,86}

In contrast, while event revenue increased by 12% from Fiscal Year 2017-18 through Fiscal Year 2018-19, in Fiscal Year 2019-20, EFI saw a 29% decrease in event revenue. This decrease in event revenue contributed to a 4% decrease in total revenue from Fiscal Year 2018-19 through Fiscal Year 2019-20. EFI reports that this decline occurred because EFI cancelled three trade missions, and three trade shows were cancelled by show organizers due to the COVID-19 pandemic.⁸⁷

⁸⁴ The department receives 4.25% of the state's rental car surcharge tax.

⁸⁵ Prior to assuming sole responsibility for the Certificate of Free Sale program, EFI was one of several entities that issued certificates.

⁸⁶ Certificates of Free Sale (CFS) are evidence that goods, such as food items, cosmetics, biologics, or medical devices, are legally sold or distributed in the open market, freely without restriction, and approved by the regulatory authorities in the country of origin.

⁸⁷ EFI expects a return to the traditional levels of event revenue as in-person overseas events resume.

Exhibit 5-5

Total Revenue was Lower in Fiscal Year 2019-20 Than Fiscal Year 2018-19, Although It Was Higher Than Fiscal Year 2017-18 Levels

Revenue Source	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
State Operating Assistance	\$5,600,000	\$5,600,000	\$5,600,000
Event Revenue	1,075,436	1,203,953	850,637
State Grant Assistance	1,000,000	1,000,000	1,000,000
Other Income	33,616	288,814	355,769
Total	\$7,709,052	\$8,092,767	\$7,806,406

Source: Enterprise Florida, Inc.

During the review period, expenditures for the International Trade and Development Department increased from \$5.9 million in Fiscal Year 2017-18 to nearly \$8 million in Fiscal Year 2018-19, but decreased to \$7.2 million in Fiscal Year 2019-20. (See Exhibit 5-6.) In Fiscal Year 2019-20, EFI saw decreases in expense categories that were affected by the COVID-19 pandemic, including travel and events.

Exhibit 5-6

Annual Expenditures for EFI's International Trade and Development Department Increased During the Review Period

Revenue Source	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Professional Fees—Foreign Offices	\$1,736,694	\$1,991,273	\$2,054,102
Payroll and Related Costs	1,585,948	1,819,019	2,071,454
Event Expenses	1,397,430	1,818,188	1,146,111
Grants & Program Costs	751,836	1,707,100	1,427,718
Rent	270,802	306,064	306,703
Travel	21,401	31,007	18,999
General & Administrative	40,354	42,999	45,824
Professional Fees	500	29,262	5,064
Telecommunications	13,745	24,161	52,351
Sponsorships	64,500	204,840	119,051
Total Expenditures	\$5,883,210	\$7,973,913	\$7,247,377

Source: Enterprise Florida, Inc.

FINDINGS

Enterprise Florida expanded programs and services during the review period

EFI established new international offices and expanded its export assistance services during the review period, launching an International Registration Service pilot program and assuming responsibility for issuing all of Florida's Certificates of Free Sale. In response to the COVID-19 pandemic, EFI also established several virtual programs and services.

EFI established new international offices during the review period. In September 2018, EFI opened an Asia-Pacific regional office in Hong Kong, reestablishing EFI's presence in China. In 2017, during the previous review period, EFI closed its international office in China in response to a Governor-directed review by an external consultant. However, EFI felt that the closure came at an inopportune time, as EFI was expanding trade activities with China at the time of the closure. In July

2020, EFI relocated the Asia-Pacific regional office from Hong Kong to Singapore. EFI now maintains satellite offices for the Asia-Pacific office in Hong Kong and Shanghai. Additionally, in November 2018, EFI formalized a trade associate in Kenya as a satellite office of EFI's South Africa office.

Since the last review, EFI launched an International Registration Service pilot program and an additional grant program to accompany the service. EFI launched an International Registration Service pilot program to assist qualified companies seeking international certification to sell products in certain countries. Examples of certifications covered by the program include CE marks, UL and ISO certifications, and sanitary certifications.⁸⁸ These certifications often cost \$50,000 to \$100,000 per company. EFI reported that the program can open new markets and is highly appreciated by participating companies.

The International Registration Service program is designed to help small to medium-sized manufacturers offset those costs. The reimbursable trade grant covers 50% of the international registration/certification application fee, up to a maximum of \$10,000. During Fiscal Year 2019-20, EFI provided four international registration grants totaling approximately \$28,000. However, EFI reported that demand for the program was low, in part because the registration is costly, and that EFI was considering suspending the program.

EFI is now the state of Florida's official organization charged with issuing Certificates of Free Sale. Certificates of Free Sale (CFS) are evidence that goods, such as food items, cosmetics, biologics, or medical devices, are legally sold or distributed in the open market, freely without restriction, and approved by the regulatory authorities in the country of origin. During the previous review period, EFI, the Department of Agriculture and Consumer Services (DACS), and the Department of Health (DOH) issued Certificates of Free Sale.

In 2017, DACS contacted EFI to discuss combining the agencies' CFS programs. The rationale for the merger was that 98% of companies using the program were located in Miami and providing certificates through EFI's office in Miami would be more efficient than providing these services through DACS's office in Tallahassee. On August 1, 2018, the two programs were consolidated under EFI. The combined CFS program included a new online-automated service that decreased the turnaround from one week to one day. The cost of the program remained \$15.00 per certificate and an additional \$10.00 for notarized printed copies, the same price both EFI and DACS had charged before the merger. As a result of this merger, the Governor decided to merge the DOH CFS program with EFI as well. On December 18, 2018, DOH's CFS program was also consolidated under EFI.

EFI offered virtual options for trade show grants and business matchmaking services during the COVID-19 pandemic. EFI made virtual trade grants available to businesses to participate in virtual trade shows. During Fiscal Year 2019-20, EFI provided 16 virtual trade show grants totaling nearly \$13,000.⁸⁹ While the virtual trade show grants program is separate from the trade show grant program, EFI uses the same grant criteria for both programs.

EFI also began providing virtual business matchmaking services. During Fiscal Year 2019-20, EFI provided two virtual business matchmaking grants totaling \$5,000. During OPPAGA's review, EFI was evaluating virtual programs and services month-by-month to determine if there was a continued need

⁸⁸ CE (Conformité Européenne) marks certify that a product has met European Union health, safety, and environmental requirements. UL product certifications demonstrate that products have been tested to applicable standards.

⁸⁹ OPPAGA classified grants awarded in Fiscal Year 2019-20 as virtual grants if the grants were awarded for events identified as virtual in EFI's data. Virtual grant figures would not include any grants for virtual events not identified as virtual in EFI's data.

for these virtual options. Demand for virtual trade shows has declined, and EFI anticipates that virtual trade shows will be discontinued as in-person trade events return. However, EFI noted that virtual business matchmaking might continue to be an attractive alternative in regions where in-person meetings are not possible. Therefore, EFI expects to discontinue the virtual trade show grant programs, but may continue virtual business matchmaking.

During the review period, EFI awarded \$3.6 million in grant funds to Florida companies for its established export assistance activities

EFI offered five types of grants during the review period to help Florida businesses seeking to enter or expand to foreign markets.

- **Export Marketing Plan Grants**, which subsidize the cost of an Export Marketing Plan for qualified businesses.⁹⁰
- **International Registration Grants**, which help offset the costs of obtaining international product registrations, certifications, or markings to do business overseas.
- **Gold Key/Matchmaker Grants**, which subsidize the cost of meetings with potential overseas partners.
- **Target Sector Trade Show Grants**, which help businesses offset the costs of exhibiting at trade shows.
- **Website Localization Grants**, which subsidize the creation of customized websites for target markets.

During the review period, EFI awarded 763 grants to 417 unique businesses. (See Exhibit 5-7.) OPPAGA analysis of EFI grant data found that 244 (59%) companies received only one grant, while 173 (41%) businesses received two or more grants. Additionally, recipients of multiple grants received 68% of all grants awarded. The International Registration Grant, which EFI launched during the review period, has been awarded to 10 businesses. The number of awards for the Website Localization Grant, which launched at the end of the previous review period, has increased each fiscal year since the grant's inception.

The Target Sector Trade Grant continues to be EFI's most frequently awarded grant. Target Sector Trade Show Grants accounted for 64% of all grants awarded and 79% of all grant funding awarded. Notably, during the review period, EFI awarded \$2.9 million through Target Sector Trade Show Grants; this is more than double the amount awarded for this grant in the previous review period. EFI reported that this increase was the result of temporarily increasing the maximum reimbursement allowed for the Target Sector Trade Grant in Fiscal Year 2017-18, which increased the number of companies participating in the grant program as well as the dollar amount of reimbursements.⁹¹

⁹⁰ EFI develops an Export Marketing Plan in partnership with the Florida Small Business Development Center Network and U.S. Commercial Service to identify customized, overseas growth strategies for the company.

⁹¹ During this temporary increase, the maximum reimbursement for the Target Sector Trade Grant was increased from \$6,000 to \$7,500 and up to \$10,000 for companies with fewer than 100 employees that were targeting non-traditional markets (i.e. markets outside of Latin America and the Caribbean). This increase was discontinued in Fiscal Year 2019-20.

Exhibit 5-7**EFI Offered New Types of Grants and Increased the Overall Number of Grants Awarded Since the Previous Review Period**

Grant Type	Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20		Total	
	Number of Grants	Amount Paid	Number of Grants	Amount Paid	Number of Grants	Amount Paid	Number of Grants	Amount Paid
Target Sector Trade Show	130	\$563,249	224	\$1,479,347	137	\$808,553	491	\$2,851,149
Gold Key/ Matchmaker	67	96,850	78	146,389	35	49,800	180	293,039
Export Marketing Plan	17	59,500	23	97,500	25	112,500	65	269,500
Website Localization	2	12,000	5	40,000	10	80,000	17	132,000
International Registration	—	—	6	35,173	4	28,022	10	63,195
Total	216	\$731,599	336	\$1,798,409	211	\$1,078,875	763	\$3,608,883

Source: OPPAGA analysis of Enterprise Florida, Inc. data.

International offices in 15 countries report generating \$333.8 million in foreign direct investment projects during the review period.

During the review period, EFI's international offices reported generating \$333.8 million in foreign direct investment from 121 established projects. (See Exhibit 5-8.) These outcomes are similar to those reported by EFI's international offices during the previous review period.⁹² However, in some instances, the capital investment or job creation figures for established FDI projects include future estimates. For example, the job creation figures reported by EFI may include the expected number, rather than actual number of jobs created once a new facility is fully operational. Data on the actual number of jobs created is not available.

Because not all international offices focus on generating FDI leads, the FDI projects and the associated capital investments are primarily facilitated by offices in nine countries. Investments facilitated by international offices in Canada, Spain, and France account for more than 75% of the total projected investment value reported by international offices during the review period. Notably, although the offices in Canada generated a smaller number of leads, the total projected capital investment was greater for those offices than that of both the Spain and United Kingdom offices combined.

Exhibit 5-8**International Offices in 15 Countries Generated \$333.8 Million in Established FDI Projects from Fiscal Year 2017-18 through Fiscal Year 2019-20**

International Representative Office Country	Established FDI Projects	Percentage of All Projects	Total Projected Capital Investment	Percentage of All Projected Capital Investment
Spain	25	21%	\$81,845,000	25%
United Kingdom	25	21%	21,680,900	6%
France	24	20%	61,744,595	18%
Germany	13	11%	15,543,400	5%
Canada (Montreal and Toronto offices)	12	10%	114,743,000	34%
Israel	10	8%	16,930,000	5%

⁹² In the previous review period, EFI's international offices generated 121 announced FDI projects totaling approximately \$319.7 million in anticipated investment.

International Representative Office Country	Established FDI Projects	Percentage of All Projects	Total Projected Capital Investment	Percentage of All Projected Capital Investment
Brazil	9	7%	7,180,000	2%
Mexico	2	2%	2,150,000	1%
Japan	1	1%	12,000,000	4%
Belgium	0	0%	0	0%
China (Hong Kong, Beijing, and Shanghai offices)	0	0%	0	0%
Czech Republic	0	0%	0	0%
Kenya	0	0%	0	0%
South Africa	0	0%	0	0%
Taiwan	0	0%	0	0%
Total	121		\$333,816,895	

Source: OPPAGA analysis of Enterprise Florida, Inc. data.

EFI exceeded its contractual performance standards and has taken steps to improve its performance measures, but problems with performance measures remain

EFI has performed well relative to its contractual performance standards. However, problems with EFI's performance measures remain, including concerns about EFI's use of expected sales data and uncertainty regarding the attribution of foreign direct investment outcomes.

EFI far exceeded its contractual performance standards during the review period. EFI's contract with DEO includes performance measures and standards, such as number of businesses assisted and the dollar amount of projected export sales attributable to its activities. EFI exceeded its contractual performance standards in each year of the review period, in some cases by over 175%. For example, EFI set a standard of \$625 million for the dollar amount of project export sales attributable to its activities for Fiscal Year 2019-20 and the actual number was \$1.8 billion, a difference of almost \$1.2 billion (188%). (See Exhibit 5-9.)

Exhibit 5-9

Enterprise Florida, Inc. Exceeded Standards Each Year of the Review Period

Annual Performance Measures	FY 2017-18		FY 2018-19		FY 2019-20	
	Standard	Reported	Standard	Reported	Standard	Reported
Number of Florida based businesses assisted by EFI for international trade	2,250	2,338	2,250	2,458	2,250	2,595
Number of companies with export sales attributable to activities conducted by EFI	230	348	260	724	260	804
Amount (in U.S. dollar value) of projected export sales attributable to the activities conducted by EFI	\$625.0 Million	\$712.5 Million	\$625.0 Million	\$1.18 Billion	\$625.0 Million	\$1.8 Billion

Source: Enterprise Florida, Inc.

EFI also plans to make additional improvements to its contractual measures for trade programs. EFI noted that due to ongoing concerns about the validity of sales data, it plans to work with DEO to recommend new measures for Fiscal Year 2021-22. Examples of possible new measures EFI is considering include the number of events conducted by EFI, additional customer satisfaction measures, and objectives met during trade events.

EFI's use of expected sales as a performance measure continues to be problematic. EFI asks companies to report actual sales made at trade events or following the provision of EFI services, as well as asking companies to report sales the companies expect to make over the subsequent two years. Companies submit actual and expected sales information to EFI on a single form following an event. Including the expected sales in performance measures ensures that measures reflect full program benefits, capturing both present and future impacts.

However, EFI does not follow up with companies to determine whether expected sales are realized. As a result, it is unclear whether reported expected sales are an accurate reflection of future sales. In EFI's Fiscal Year 2019-20 annual report, EFI provided a single export sales metric –the total projected sales– that combines actual and expected sales. Most of the sales value that EFI reports under the total projected sales comes from expected sales. During the review period, EFI reported over \$2.1 billion in total export sales from its programs. Of this amount, \$177 million (8%) was actual sales and more than \$1.9 billion (92%) was expected sales. (See Exhibit 5-10.)

Exhibit 5-10

Actual Export Sales Made Up 8% of the Total Export Sales Reported from EFI Programs⁹³

Fiscal Year	Actual Export Sales	Expected Export Sales	Combined Actual and Expected Sales (Total Sales)	Number of Sales Reported	Actual Sales as a Percentage of Total Sales
2017-18	\$61,875,701	\$595,346,499	\$657,222,200	282	9%
2018-19	\$53,031,780	\$755,286,017	\$808,317,797	353	7%
2019-20	\$62,268,876	\$621,400,985	\$683,669,861	281	9%
Total	\$177,176,357	\$1,972,033,501	\$2,149,209,858	916	8%

Source: OPPAGA analysis of Enterprise Florida, Inc. data.

EFI still does not verify sales data, despite OPPAGA's previous recommendation to do so. OPPAGA's previous review recommended that EFI verify actual sales made at trade shows and missions. However, EFI continues to collect self-reported sales figures from companies. EFI noted self-reported estimates of export sales are a good outcome measure and that the same metric was previously used by the U.S. Department of Commerce. In EFI's response to OPPAGA's 2018 report, EFI asserted that companies would not be willing to share sales documentation because of concerns regarding proprietary information and that many companies emphasized a requirement for such documentation would be grounds to not participate in EFI's programs.

EFI's performance measures do not show whether EFI's assistance was directly responsible for reported outcomes. While EFI attributes investments and export sales to EFI's activities, EFI's performance measures do not establish a clear causal link between EFI's activities and reported outcomes. As a result, it is sometimes unclear whether reported export sales and investments are properly attributed to EFI's activities.

This problem is particularly relevant for attributing credit for foreign direct investment. EFI credits FDI outcomes to the international office that facilitated the investment, but some foreign businesses assisted by EFI during the review period suggested that the investments would have occurred regardless of EFI's assistance.⁹⁴ Moreover, this concern has persisted historically. During the previous review period, the Legislature's Office of Economic and Demographic Research's analysis of EFI's

⁹³ Based on sales information from EFI trade shows, virtual trade shows, non-EFI trade shows for which a Target Sector Trade Show Grant was received, EFI trade missions, consultations, business matchmaking services, website localization services, and international registration services.

⁹⁴ OPPAGA surveyed 104 foreign businesses that received EFI's assistance, and 6 provided information.

foreign direct investment activities found that 38 of 122 companies recruited by international offices had to locate in Florida because company clients were primarily based in Florida or because the business was dependent on resources in Florida. Thus, it is difficult to attribute the location of company investments to EFI's assistance, and many of these investments may have occurred without EFI's assistance.

The absence of measures showing whether EFI's assistance was responsible for outcomes may be somewhat less problematic for certain export activities. For example, when EFI introduces a Florida company to a foreign company through its business matchmaking service, export sales resulting from the meeting are likely attributable to EFI's activities. For EFI's trade grant program, sales made at trade events similarly appear attributable to EFI, provided that the company would not have attended the trade event had it not received the grant from EFI. For future sales and ongoing activities, such as export counseling, a variety of factors may influence outcomes, and it may not be possible to attribute outcomes to specific EFI activities.

EFI did not implement OPPAGA's recommendation to collect additional business information that would improve performance evaluation. In the last review period, OPPAGA recommended that EFI establish annual reporting requirements for businesses that receive grants or technical assistance, including number of employees, average salaries, and sales. When asked about changes made to address the recommendation, EFI identified several reasons why it decided not to conduct an annual survey. First, EFI raised the concern that survey information could include outcomes that were not properly attributable to EFI. Second, EFI claimed that implementing a survey would require significant changes to its data management process. Third, EFI asserted that annual surveys would be burdensome for companies. According to EFI, 43% of grant recipient businesses had 10 or fewer employees, and these companies might be particularly burdened by annual reporting requirements. Finally, EFI expressed confidence that the information it currently collects allows it to evaluate the success of its programs.

Florida businesses report that working with EFI had a positive impact

OPPAGA surveyed Florida businesses that utilized EFI's programs and services during the review period.⁹⁵ About half of the respondents reported utilizing more than one program or service. Of EFI's various programs and services, the largest portion of respondents reported utilizing grant programs (43 of 147). Additionally, 91% of the respondents (113 of 124) reported that EFI's programs and services are "beneficial" or "very beneficial." Furthermore, 82% (111 of 136) of the respondents reported being "satisfied" or "very satisfied" with the services EFI provided. EFI's research during each year of OPPAGA's review period showed similar results. Most businesses that responded to EFI's survey were satisfied with EFI's services. For example, according to EFI's 2020 Client Satisfaction Survey, 98% of EFI's international trade clients reported that they were satisfied or very satisfied with the overall service they received.

Businesses reported that EFI's international trade and development programs and services helped their businesses increase or begin export activities, as well as diversify into new export markets. EFI's international trade and development programs and services seek to help Florida companies grow by finding new clients, diversifying markets, and exporting products and services globally. Many of the survey respondents (65 of 137) indicated that they experienced increased export activities, diversified

⁹⁵ OPPAGA surveyed 4,581 businesses and received completed responses from 149 businesses. These businesses received questions based on the EFI programs and services the businesses reported participating in or receiving. The overall response rate was 3%.

into new export markets, or began exporting for the first time since working with EFI. Of the respondents who indicated increased export activities, 57% (20 of 35) reported that had they not received EFI's assistance, they would not have increased their export activity to the same extent and/or within the same period. Additionally, 50% (47 of 94) of Florida businesses that worked with EFI during the review period reported that working with EFI had a large or very large impact on increasing export activities.

Foreign businesses reported that EFI's assistance is beneficial

OPPAGA also surveyed 104 foreign businesses that received EFI's assistance, and 6 provided information. These foreign businesses reported receiving a variety of information from EFI's international representative offices, including information about establishing a company in Florida, Florida's tax and regulatory environment, and incentive programs. Respondents also reported receiving information from EFI's international representative offices on two or more topics.

Providing information on Florida's economy, market, regions, key industry sectors, demographics, workforce, and growth opportunities is one of the core services EFI's international offices provide to foreign businesses. Foreign businesses that responded to our survey indicated most of the information received from EFI's international offices was beneficial or very beneficial. All foreign business survey respondents indicated that overall, they were satisfied or very satisfied with the services provided.

EFI's international offices also provide assistance with site selection and property searches for foreign businesses seeking to locate in the United States. Although respondents indicated overall satisfaction with the assistance provided by EFI's international offices, most (4 of 6) reported that without this assistance, the business would still have made a capital investment in Florida.⁹⁶ Notably, 3 of the 4 that responded reported they also considered Georgia for capital investment.⁹⁷ Generally, these foreign businesses reported that access to key markets was one of the three most important factors in the decision to locate in Florida rather than another state; availability of facilities was also cited as an important factor.

Grant recipients showed business growth over the review period

Because the sales data collected by EFI is self-reported estimates of sales from trade shows and trade missions, OPPAGA assessed grant recipient businesses' sales, employment, and wage growth using Department of Revenue (DOR) and Department of Economic Opportunity data. To assess change during the review period, OPPAGA designated businesses that received grants in Fiscal Year 2018-19 as the evaluation group and compared the businesses' performance in Fiscal Year 2017-18 to their performance in Fiscal Year 2019-20.⁹⁸ Analysis of DOR tax data between Fiscal Year 2017-18 and Fiscal Year 2019-20 for 149 businesses showed that the average total sales increased by 17% from \$1.39 billion to \$1.62 billion. To assess the impact of the COVID-19 pandemic on sales, OPPAGA assessed the same business sales by quarter and found a sharp decrease in sales (32%) between the third and fourth quarter of Fiscal Year 2019-20, a decrease from \$4.9 million to \$3.31 million. To evaluate sales growth without the impact of the fourth quarter of Fiscal Year 2019-20, OPPAGA

⁹⁶ OPPAGA asked foreign companies, "Had your business not received assistance through an EFI International Trade Office, would your business still have made this capital investment in Florida?" Three respondents replied "yes," one respondent replied "probably yes," and two respondents replied "unsure."

⁹⁷ Respondents also indicated California (2), New York (1), and Texas (1) were considered for investment locations.

⁹⁸ A total of 243 businesses received grants in Fiscal Year 2018-19. After excluding businesses that did not have at least six months of sales data in the first fiscal year, Fiscal Year 2017-18, OPPAGA analyzed DOR data for 149 grantees and DEO data from 191 grantees.

assessed the first three quarters of each fiscal year and found average total sales grew by 30%, from \$9.97 million to \$1.29 billion. (See Exhibit 5-11.)

OPPAGA also analyzed employment and wage data from DEO for 191 businesses that received a trade grant during Fiscal Year 2018-19. From Fiscal Year 2017-18 to Fiscal Year 2019-20, these businesses showed average annual growth in both wages and employment by 4% and 10%, respectively. Average annual employment also increased from 6,714 employees to 7,354 employees, and the average wage increased from \$53,327 to \$55,362. Of the 191 businesses analyzed, 125 businesses had positive wage growth and 101 had positive employment growth from Fiscal Year 2017-18 to Fiscal Year 2019-20. No sharp decreases in wages or employment occurred in the fourth quarter of Fiscal Year 2019-20, during the onset of the COVID-19 pandemic.

Exhibit 5-11

Grant Recipient Business' Sales, Wage, and Employment Growth from Fiscal Year 2017-18 to Fiscal Year 2019-20

Performance Measure	Fiscal Year 2017-18	Fiscal Year 2019-20	Percent Change
Total Sales (first three quarters)	\$9.97 million	\$1.29 billion	30%
Average Annual Wages	\$53,327	\$55,362	4%
Average Annual Employment	6,714	7,354	10%

Source: OPPAGA analysis of Department of Revenue and Department of Economic Opportunity data.

RECOMMENDATIONS

Enterprise Florida may wish to consider the following recommendations to better assess the impact of its programs and services.

EFI should update contractual performance standards. EFI exceeded its contractual performance standards by large margins. The extent to which EFI exceeded its performance standards may indicate that its standards are not a helpful guide for assessing performance. Better calibrating these performance standards with actual performance may make the standards a more useful performance evaluation tool. In addition to changes in performance measures, which EFI plans to make in consultation with DEO, OPPAGA recommends that EFI consider making its standards more ambitious by basing them on historic performance levels.

EFI should confirm whether expected sales are realized. EFI may consider following up with companies to determine whether reported expected sales were realized. Uncertainty about whether expected sales come to fruition makes it difficult to evaluate the effect of EFI's efforts on export sales, particularly given that expected sales account for a large percentage of the total sales that EFI attributes to its programs.

EFI could resolve this problem by implementing a one-time follow up with companies to ask what expected sales were realized. Such a follow up would likely occur after the period for which EFI asks companies to project sales, currently two years after an event.

While EFI expressed concern that annual sales reporting could be unduly burdensome for small companies, a one-time follow up to confirm whether expected sales were realized is unlikely to be burdensome. In EFI's response to OPPAGA's information request, EFI asserted that small companies "cannot be expected to annotate in their accounting/bookkeeping systems whether a specific export

sale over a two-year period (or even a single year) was made due to a lead generated during an event held in the last 24 months.” However, reporting whether expected sales were realized is unlikely to require sophisticated bookkeeping practices. Florida companies likely know the foreign business to which they expect to make sales. In many cases, confirming whether these expected sales were made could be accomplished by adding up the sales made to those foreign businesses during a two-year period. Some other states’ international development offices confirm sales information in annual surveys, suggesting that the practice is not prohibitively difficult.

EFI also expressed concern that additional reporting requirements would result in improper attribution, but this concern poses no problem for efforts to confirm expected sales figures. EFI currently attributes reported expected sales to EFI activities. While sales made after an event are likely attributable to several factors, confirming expected sales that have already been attributed to EFI does not require companies to make difficult attribution decisions. EFI also raised the possibility that reporting requirements could have inconsistent responses, particularly because EFI asserted that it cannot require companies to respond to requests for additional information. EFI could make reporting a condition of receiving assistance or grants. Moreover, it is not necessary that all or even most companies confirm expected sales data to provide insight about the usefulness of expected sales. Over time, even responses from a relatively small percentage of companies may be helpful for determining whether expected sales figures are generally reliable.

EFI may wish to clearly distinguish between actual sales amounts and expected sales amounts in its reports. Failing to do so may obscure the extent to which EFI’s total projected sales rely on uncertain expected sales.

EFI should assess the extent to which outcomes are attributable to EFI’s assistance. The extent to which foreign direct investment outcomes are attributable to EFI’s international offices is unclear. To better assess the effectiveness of international offices, EFI may consider establishing performance measures that demonstrate whether its activities were responsible for investments. Foreign companies assisted by EFI announce investments in Florida by submitting a form to EFI. EFI could include a question on this form asking how likely the company would have been to invest in Florida absent EFI’s assistance. Adding one question to the form is unlikely to be burdensome to either EFI or the foreign company, and EFI’s investment reporting form may have a higher response rate than OPPAGA’s triennial survey.

Establishing measures that demonstrate whether EFI’s export assistance was responsible for sales may be more challenging. For many trade programs, determining attribution could be difficult. However, there may be certain programs where EFI could take steps to demonstrate the extent to which sales are attributable to its activities. For example, EFI could ask trade grant recipients how likely they would have been to attend a trade event absent an EFI grant. EFI could include such a question on its trade event forms, where it would pose little additional burden to participating businesses.

In addition to facilitating evaluation of EFI’s programs and services, determining the extent to which reported outcomes are attributable to EFI’s assistance may be helpful to EFI. Information from such performance measures may help EFI identify and expand its most effective programs and services. Understanding the extent to which investment outcomes are attributable to EFI’s assistance may also help EFI make more informed decisions about opening new international offices and setting contractual performance standards for existing international offices.

Agency Responses

Ron DeSantis
GOVERNOR



Dane Eagle
SECRETARY

December 22, 2021

Ms. PK Jameson
Coordinator
Office of Program Policy Analysis and Government Accountability
111 W. Madison St., Pepper Building
Tallahassee, FL 32399-1475

Dear Coordinator Jameson:

Pursuant to section 11.51(2), Florida Statutes, this letter serves as the Department of Economic Opportunity's (DEO) response to the preliminary report titled: Economic Development Program Evaluations – Year 9 (Report). This letter includes concerns found in the Space and Defense Industry Financial Incentives and the Military and Defense sections of the report.

Space and Defense Industry Financial Incentives

A. Specific Concern

1. Page seven of the Report contains the following statement:

"Businesses would continue to be eligible to receive financial assistance under the Qualified Target Industry Program, which provides tax refunds similar to those awarded through the expired QDSC program. The Qualified Target Industry Program continues to be available to qualified businesses that create high wage jobs in target industries, but businesses under the QDSC program were also able to receive tax refunds for retained jobs."

DEO's response: Pursuant to the program's statutory sunset, effective June 30, 2020, DEO may not issue new certifications under the Qualified Target Industry Program. DEO continues to administer existing awards made prior to June 30, 2020.

Military and Defense

A. General Concerns

1. The Report confuses the Military Base Protection Program (MBPP), the Defense Infrastructure Grant Program (DIG), the Defense Reinvestment Grant Program (DRG), and the grant programs administered by the Florida Defense Support Task Force (TF) through Enterprise Florida, Inc. (EFI).

DEO's response: DEO requests that the grant programs listed above be given the same specific treatment in this Report as they were in Report 18-07. The MBPP is a different program from the DIG and DRG programs. The Report as currently written infers that the DIG and DRG programs are within the MBPP. Each program is treated differently within the statute and by DEO. Please see section 288.980(2), Florida Statutes, through section 288.980(5), Florida Statutes.

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2. The Report does not afford adequate explanation of the relative roles of DEO, EFI/TF, and EFI/Florida Defense Alliance (FDA).

DEO's response: Similar to DEO's response in item A.1., above, DEO requests that this Report follow the form and substance of Report 18-07 with respect to the specific treatment given to the roles and duties of DEO, EFI, TF, and FDA.

B. Specific Concerns

1. Page one of the Report contains the following statement:

1.A. "These programs awarded 62 grants totaling \$11.7 million during the review period; recipients expended \$10 million of these grant funds."

DEO's response: DEO corrects the amount of funding awarded under the DIG program. A grant in the amount of \$282,500 awarded outside of the review period was included. Further, DEO believes that OPPAGA has incorrectly included \$150,000 of MBPP awards that were made in FY17-18 in the DIG award calculation. See Exhibit 2-5 on page 16 of the Report.

DEO requests that the statement on page one be revised to read as follows: "The Department of Economic Opportunity awarded \$7,850,000 for 46 projects through the Defense Infrastructure and Defense Reinvestment Grant programs, and \$150,000 through the Military Base Protection Program. The Florida Defense Support Task Force awarded \$3,460,400 for 16 projects through its grant programs."

- 1.B.** Page 15 of the Report contains a similar statement:

"The Department of Economic Opportunity awarded \$11.7 million for 62 projects for the three grant programs—Defense Reinvestment, Defense Infrastructure, and Florida Defense Support Task Force."

DEO's response: DEO requests that the statement on page 15 be revised to read as follows: "The Department of Economic Opportunity awarded \$7,850,000 for 46 projects through the Defense Infrastructure and Defense Reinvestment Grant programs, and \$150,000 through the Military Base Protection Program. The Florida Defense Support Task Force awarded \$3,460,400 for 16 projects through its grant programs."

- 1.C.** Page one (and page 15) of the Report also contain the following statement:

"DEO and EFI do not have a consolidated process to identify the needs of military installations."

DEO's response: DEO requests that the statement be revised to reflect the collaborative relationship that exists between DEO and EFI. DEO and EFI work closely to ensure that the needs of military communities are supported through their respective grant programs. Further, DEO and EFI are currently engaged in planning and discussions as to the best methods to increase communication and collaboration in the implementation of the respective grant programs.

2. Page 12 of the Report gives Exhibit 2-2 the title of "Florida has 21 military installations."

DEO's response: DEO requests this statement be revised to read: "Florida has 21 major military bases, three unified commands, and one coast guard headquarters."

3. Page 15 of the Report contains the following statement:

“The Legislature appropriated approximately \$7.5 million in Fiscal Year 2014-15 for land acquisition. DEP spent \$3.7 million in 2016 and 2019 for land purchases. The remaining appropriated funds of \$3.7 million reverted to the state in 2019. No new funding was appropriated from Fiscal Year 2014-15 through the present.”

Similarly, page 17 of the Report contains the following statement:

“Over the current review period, DEP acquired only one of the properties, totaling 8.4 acres, for \$1.7 million in Fiscal Year 2019-20. This property was ranked in Tier 1 and is located adjacent to Naval Support Activity Panama City.”

DEO's response: The statements regarding land purchases in 2016 and 2019 are confusing, unattributed to a source, and conflict with information contained in Report 18-07. Exhibit 2-8 in Report 18-07 states that 8.4 acres of property adjacent to NSA Panama City was purchased in FY16-17 for \$1,716,392. The statement in the Report indicates that 8.4 acres of property adjacent to NSA Panama City, which appears to be the same property, was purchased in FY19-20 for \$1.7 million, which appears to be the same dollar amount.

DEO believes the following information to be accurate:

- Section 38 of Chapter 2014-1, L.O.F., provides:
For the 2014-2015 fiscal year, the sum of \$7,489,975 in nonrecurring funds is appropriated from the General Revenue Fund to the Department of Environmental Protection to allow the Board of Trustees of the Internal Improvement Trust Fund to acquire, pursuant to s. 288.980, Florida Statutes, nonconservation land adjacent to the following installations for the purpose of securing and protecting the installations against encroachment:
 - (1) MacDill Air Force Base.
 - (2) Naval Support Activity Panama City.
 - (3) Naval Station Mayport.
- Funding tracking from the Florida Department of Environmental Protection (DEP) provides that funding appropriated for the purchase of the land near Mayport NS was used and the transaction closed on February 26, 2016; for MacDill AFB the transaction closed on September 30, 2016; and for NSA Panama City the transaction closed on August 11, 2019.
- Funding tracking from DEP also provides that reversion of remaining funds (\$3,709,986.25) occurred in FY20-21.

DEO requests that the above information be considered and the statements in the Report and Report 18-07 be re-evaluated accordingly.

4. Page 15 of the Report also contains the following statements:

4.A. “During the review period, the number of grants, total grant awards, and expended amounts decreased compared to the previous review period.”

DEO's response: This statement is not entirely accurate. Please see a comparison of tables below. Please note that while the number of grants awarded by DEO may have decreased, DEO awarded all funds it was appropriated for the DRG and DIG programs in each fiscal year during the review period. Please review a comparison of tables from Report 18-07 and Report 21-09. The amounts

expended by grantees during the review period in Report 21-09 increased relative to the amounts expended by grantees during the review period in Report 18-07.

Report 18-07 contains the following table:

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.

Report 21-09 contains the following table:

Exhibit 2-5

Three Military and Defense Grant Programs Provided \$11.7 million for 62 Projects in Fiscal Years 2017-18 Through 2019-20¹

Grant	Number of Grants	Amount Awarded	Amount Expended
Defense Reinvestment Grants	31	\$2,550,000	\$2,321,683
Defense Infrastructure Grants	15	5,732,500	5,572,459
Defense Task Force Grants	16	3,460,400	2,319,924
Total	62	\$11,742,900	\$10,214,067

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.

4.B. “While some military base stakeholders perceived benefits to the grants, DEO and EFI do not have a consolidated needs identification process that would help ensure that the program meets statutory goals.”

DEO’s response: DEO requests that the statement be revised to reflect the collaborative relationship that exists between DEO and EFI. DEO and EFI work closely to ensure that the needs of military communities are supported through their respective grant programs. Further, DEO and EFI are currently engaged in planning and discussions as to the best methods to increase communication and collaboration in the implementation of the respective grant programs.

4.C. “The total number of grants awarded was 26% less than the 84 noted in OPPAGA’s previous report. (See Exhibit 2-4.)”

DEO’s response: This statement is unnecessary and seemingly attributes fault to DEO in the administration of its programs. DEO has received the same amount of appropriations since the review period examined in Report 18-07 and has awarded the total amount of funding appropriated to the DIG and DRG programs each year. The number of grants may have decreased due to 1) larger individual grant awards in certain years, 2) fewer applicants, or 3) fewer awards based on eligibility and content of grant applications. DEO requests that this statement be removed.

5. Page 16 of the Report contains the following statements:

5.A. “Similarly, the total amount awarded for grants during this review period (\$11.7 million) decreased 10% from the amount awarded during OPPAGA’s previous review period (\$13.0 million). This corresponds to a decline in total appropriations.”

DEO's response: This statement seemingly attributes fault to DEO in the administration of its programs. The decrease in appropriations is why the total amount awarded for grants decreased for this review period. DEO requests that this statement be revised to more clearly reflect that fact.

5.B. "In addition, grant recipients expended \$10.0 million of these funds, or approximately 87%. Awarding agencies reported that funds were not fully expended during the review period because of multi-year contract terms, funding forfeitures, or cancelled projects. (See Exhibit 2-5.)"

DEO's response: DEO requests that the statement be revised to remove the percent calculation. DRG grantees expended approximately 91 percent of awards made during the review period. DIG grantees expended approximately 105 percent of outstanding awards examined during the review period when the total amount is corrected to remove \$432,500 in awards included in error.

The calculation error noted by DEO includes:

- A FY20-21 DIG award for \$282,500; and
- A FY17-18 MBPP award for \$150,000 made to EFI to conduct an economic impact analysis of Florida's military and defense industry.

6. Page 17 of the Report contains the following statement:

"None of these properties were ranked on the state's tiered land purchasing list."

DEO's response: DEO requests that this statement be revised. First, the tiered list is based on information conveyed to the state by the military bases and reflects specific identified needs that may not be achieved without state financial assistance with respect to purchasing non-conservation lands. Second, while a property may not be on the tiered list, this does not mean that it is not a priority to the local community or even to the military base. These parcels may be very low priority to the base, but an achievable cost for the local community if DIG/TF grant funds are used. Third, the tiered list is only effective insofar as the Legislature has appropriated funds sufficient to achieve the purpose. During the review period the recurring appropriation for MBPP was \$150,000. Finally, the MBPP money may only be used for purchase of non-conservation lands, while DIG/TF grant funds may be used to match federal Readiness and Environmental Protection Integration funds to purchase conservation lands as buffers.

7. Page 18 of the Report contains the following statements:

7.A. "However, while the agencies require grantees to ensure that grant project objectives are complete, they do not assess whether any intervention achieves a program goal, such as avoiding a base closure or adding a mission."

DEO's response: "Avoiding base closure" and "adding a mission" are not appropriate program goals, as those goals would be difficult or impossible to measure and achieve. Base Realignment and Closure (BRAC) processes commence upon an act of the U.S. Congress, and the last BRAC occurred in 2005. Therefore, any attempted data collection with respect to avoiding BRAC would not yield meaningful results, as DEO does not know if or when a BRAC will occur. Similarly, "adding a mission" would be difficult to forecast or measure in a meaningful way, as there is not a predictable and steady source of "mission" flow ready to be competed over. DEO requests that this statement be removed.

7.B. "What could be evaluated is whether state funding is being directed to needs that the military perceives as critical to avoiding closure or adding new missions."

DEO's response: DEO relies on the statements and actions of the local communities when making awards, which must demonstrate that those communities are communicating and working with the military installations those communities support. Therefore, in making an award, DEO has evaluated whether an applicant will be directing funds "to needs that the military perceives as critical to avoiding closure or adding new missions." DEO requests that this statement be revised.

7.C. "A consolidated process of identifying military base needs would help facilitate such an assessment."

DEO's response: DEO agrees with this statement. DEO further agrees with the spirit of the recommendation on page 19 of the Report that consolidated, standardized processes to identify and understand the needs of bases and military communities would lead to efficiencies of scale in the administration of Florida's various military and defense grant programs. DEO and EFI are currently engaged in planning and discussions as to the best methods to increase communication and collaboration in the implementation of our respective grant programs which will lead to increased efficiencies without Legislative action.

8. Page 19 of the Report contains the following statement:

"Despite these communication mechanisms, there is currently no consolidated effort to identify military base needs related to keeping bases open and adding missions. While individual stakeholders may find the current mechanisms valuable, the separate processes, each with different stakeholder groups, mean that military needs are communicated to the DEO and EFI through a fragmented approach. In contrast, the Military Base Protection Program's land acquisition efforts are guided by an established process for identifying and prioritizing needs for base buffering against encroachment."

DEO's response: Please see DEO's response to item 7.D., above.

9. Page 20 of the Report contains an appendix of projects funded under the DIG, DRG, and EFI/TF grant programs.

DEO's response: This table contains 29 grants that were awarded outside of the review period. DEO requests that the appendix be formatted in the same manner as Report 18-07, specifically that the appendix only include those grants from within the review period.

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

Sincerely,



Dane Eagle
Secretary



December 22, 2021

PK Jameson, Coordinator
The Florida Legislature
Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Room 312
Tallahassee, FL 32399

Dear Ms. Jameson,

Thank you for allowing us to review and respond to the draft Florida Economic Development Program Evaluations Report No. 21-09 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 the Military & Defense, International Trade and Development, and Florida Direct Investment 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.

EFI will take OPPAGA's recommendations into consideration as part of our on-going internal process improvement activities.

Military & Defense

Regarding findings related to Military and Defense programs, EFI has worked in tandem with the Florida Department of Economic Opportunity (DEO) to develop common areas of agreement for the feedback you have requested. To that end, we share these jointly held observations:

- (1) The draft report could be improved by offering clarity regarding the Military Base Protection Program (MBPP), the Defense Infrastructure Grant Program (DIG), the Defense Reinvestment Grant Program (DRG), and the grant programs administered by the Florida Defense Support Task Force (TF) through EFI.

The descriptions used in Report 18-07 offer a remedy. The MBPP is a different program from the DIG and DRG programs. The Report as currently written infers that the DIG and DRG programs are within the MBPP. Each program is treated differently within the statute and by both



*Governor Ron DeSantis,
Chairman*

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DEO and EFI. Please see section 288.980(2), Florida Statutes, through section 288.980(5), Florida Statutes.

Regarding the observation that DEO and EFI do not have a consolidated process to identify the needs of military installations (pages 1 and 15), we believe a more accurate rendering would reflect the collaborative relationship that exists between DEO and EFI. DEO and EFI work closely to ensure that the needs of military communities are supported through their respective grant programs. Further, DEO and EFI are currently engaged in planning and discussions as to the best methods to increase communication and collaboration in the implementation of the respective grant programs.

- (2) Page 15 of the Report contains the following statement: *“The Legislature appropriated approximately \$7.5 million in Fiscal Year 2014-15 for land acquisition. DEP spent \$3.7 million in 2016 and 2019 for land purchases. The remaining appropriated funds of \$3.7 million reverted to the state in 2019. No new funding was appropriated from Fiscal Year 2014-15 through the present.”*

Similarly, page 17 of the Report contains the following statement: *“Over the current review period, DEP acquired only one of the properties, totaling 8.4 acres, for \$1.7 million in Fiscal Year 2019-20. This property was ranked in Tier 1 and is located adjacent to Naval Support Activity Panama City.”*

The statements regarding land purchases in 2016 and 2019 conflict with information contained in Report 18-08. Exhibit 2-8 in Report 18-07 states that 8.4 acres of property adjacent to NSA Panama City was purchased in FY16-17 for \$1,716,392. The statement in the Report indicates that 8.4 acres of property adjacent to NSA Panama City, which appears to be the same property, was purchased in FY19-20 for \$1.7 million, which appears to be the same dollar amount.

We believe the following information to be accurate:

- Section 38 of Chapter 2014-1, L.O.F., provides:
For the 2014-2015 fiscal year, the sum of \$7,489,975 in nonrecurring funds is appropriated from the General Revenue Fund to the Department of Environmental Protection to allow the Board of Trustees of the Internal Improvement Trust Fund to acquire, pursuant to s. 288.980, Florida Statutes, nonconservation land adjacent to the following installations for the purpose of securing and protecting the installations against encroachment:
 - (1) MacDill Air Force Base.
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- Funding tracking from the Florida Department of Environmental Protection (DEP) provides that funding appropriated for the purchase of the land near Mayport NS was used and the transaction closed on February 26, 2016; for MacDill AFB the transaction closed on September 30, 2016; and for NSA Panama City the transaction closed on August 11, 2019.
- Funding tracking from DEP also provides that reversion of remaining funds (\$3,709,986.25) occurred in FY20-21.

We request that the above information be considered and the statements in the Report and Report 18-07 be re-evaluated accordingly.

- (3) Page 15 of the Report observes that *"While some military base stakeholders perceived benefits to the grants, DEO and EFI do not have a consolidated needs identification process that would help ensure that the program meets statutory goals."*

We suggest that it be revised to reflect the collaborative relationship that exists between DEO and EFI. DEO and EFI work closely to ensure that the needs of military communities are supported through their respective grant programs. Further, DEO and EFI are currently engaged in planning and discussions as to the best methods to increase communication and collaboration in the implementation of the respective grant programs.

- (4) Additionally, it notes *"The total number of grants awarded was 26% less than the 84 noted in OPPAGA's previous report. (See Exhibit 2-4.)"*

This statement seems to attribute fault to DEO in the administration of its programs. However, DEO has received the same amount of appropriations since the review period examined in Report 18-07 and has awarded the total amount of funding appropriated to the DIG and DRG programs each year. The number of grants may have decreased due to 1) larger individual grant awards in certain years, 2) fewer applicants, or 3) fewer awards based on eligibility and content of grant applications. We suggest a revision that reflects these facts.

- (5) Page 17 of the Report contains the following statement: *"None of these properties were ranked on the state's tiered land purchasing list."*

We request that this statement be revised in view of the following: First, the tiered list is based on information conveyed to the state by the military bases and reflects specific identified needs that may not be achieved without state financial assistance with respect to purchasing non-conservation lands. Second, while a property may not be on the tiered list, this does not mean that it isn't a priority to the local community or even to the military base. These parcels may be very low priority to the base, but an achievable cost for the local community if DIG/TF grant funds are used.

Third, the tiered list is only effective insofar as the Legislature has appropriated funds sufficient to achieve the purpose. During the review period the recurring appropriation for MBPP was \$150,000. Finally, the MBPP money may only be used for purchase of non-conservation lands, while DIG/TF grant funds may be used to match federal Readiness and Environmental Protection Integration funds to purchase conservation lands as buffers.

- (6) Page 18 of the Report contains the following statements: *"However, while the agencies require grantees to ensure that grant project objectives are complete, they do not assess whether any intervention achieves a program goal, such as avoiding a base closure or adding a mission."*

"Avoiding base closure" and "adding a mission" are not appropriate program goals, as those goals would be difficult or impossible to measure and achieve. Base Realignment and Closure (BRAC) processes commence upon an act of the U.S. Congress, and the last BRAC occurred in 2005. Therefore, any attempted data collection with respect to avoiding BRAC would not yield meaningful results, as we do not know if or when a BRAC will occur. Similarly, "adding a mission" would be difficult to forecast or measure in a meaningful way, as there is not a predictable and steady source of "mission" flow ready to be competed over. We suggest a revision that reflects this.

- (7) Page 18 also contains the following: *"A consolidated process of identifying military base needs would help facilitate such an assessment."*

We agree with this statement. We further agree with the spirit of the recommendation on page 19 of the Report that consolidated, standardized processes to identify and understand the needs of bases and military communities would lead to efficiencies of scale in the administration of Florida's various military and defense grant programs. DEO and EFI are currently engaged in planning and discussions as to the best methods to increase communication and collaboration in the implementation of our respective grant programs which will lead to increased efficiencies without Legislative action.

- (8) Our feedback shared in #7 holds for the following statement on Page 19: *"Despite these communication mechanisms, there is currently no consolidated effort to identify military base needs related to keeping bases open and adding missions. While individual stakeholders may find the current mechanisms valuable, the separate processes, each with different stakeholder groups, mean that military needs are communicated to the DEO and EFI through a fragmented approach. In contrast, the Military Base Protection Program's land acquisition efforts are guided by an established process for identifying and prioritizing needs for base buffering against encroachment."*

International Trade & Development

EFI's International Trade & Development unit consistently exceeds its annual Performance Measures established in conjunction with DEO, and we consider those to be significant benchmarks of the support we provide and common to the work of cultivating export opportunities. EFI clearly adds value to the Florida-based business clients we serve, a fact consistently cited by companies participating in our programs and reporting export sales.

Refining the quantitative value of that work, DEO and EFI have agreed on a new measure implemented for fiscal year 2021-22. Two new measures are taking the place of the existing measure in our DEO contract. These include tracking two key data points, "Were your objectives met?" and "Number of trade events conducted." As we are already collecting this information, we will be ready to share a full three years-worth of data for the next review.

While Enterprise Florida will no longer report on "Projected export sales attributable to activities conducted by EFI", our intent is to retain this longstanding measure for internal quality assurance. Export sales data offers an insight into the power and positive impact our professional services are having on the export capabilities of Florida businesses – businesses that would largely be unable to overcome the logistical and regulatory hurdles of international trade.

Moreover, export sales data for both executed and expected sales, is a "hard data point" in the moment Enterprise Florida facilitated the activity between at Florida-based seller and a foreign-based purchaser. The companies can execute actual sales and/or agree upon anticipated sales during the facilitated activity and Enterprise Florida's value can be objectively, immediately measured. Thereafter, when the exchange of goods and services occurs, it would be wrong to fully credit Enterprise Florida with both the ups and downs (increases or decreases to expected sales) that can occur thereafter for reasons unrelated to Enterprise Florida's work to facilitate the activity and agreement.

OPPAGA's recommendations include suggestions for following-up with Florida businesses regarding their actual sales and future assessment of Enterprise Florida's contributions. Follow-up with Florida-based companies certainly has value, we do this, and we will continue to pursue this data as OPPAGA has suggested. Although the expectation must be clear that such data is more subjective (far less objective) than the "hard data" – executed and expected sales captured in the moment when Enterprise Florida facilitated the activity.

Moreover, as Enterprise Florida maximizes the information it collects from Florida-based businesses, Enterprise Florida will be equally sensitive to the

"tipping point" of data collection and grant obligations that may cause a Florida-based company to pass entirely on a grant opportunity if the data collection could become more bureaucratic than a company is willing to ensure. Grant obligations have no value if they inhibit the grantee from ever applying for the grant.

Ultimately, we are very pleased to see the results of OPPAGA's survey of Florida businesses that utilized our programs and services. These results speak for themselves and reflect the incredible contribution that Enterprise Florida is making for Florida's businesses and target industries.

- Ninety-one percent (91%) of the respondents found our services to be "beneficial" or "very beneficial."
- Eighty-two percent (82%) reported being "satisfied" or "very satisfied" with our services.
- Nearly half (47%) of the respondents reported that they experienced increased export activities, diversified into new export markets, or began exporting for the first time since working with EFL.
- Fifty-seven percent (57%) who reported an increase in export activities would not have done so without EFL's assistance to the same extent and/or within the same period.

Other responses were equally positive, and they clearly mirror the results of our own annual [Customer Satisfaction Survey](#). It is encouraging to see further endorsements of our programs and services to help Florida companies enter and expand in new markets overseas.

Again, thank you for the opportunity to offer feedback and to further improve processes.

Sincerely,



Marc Adler
Acting President & CEO



December 27, 2021

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

Dear Coordinator Jameson,

Thank you for the opportunity to formally respond to your office's draft report titled, "Florida Economic Development Program Evaluations – Year 9" (the "Report"). We appreciate the diligence and professionalism of your staff thoroughly analyzing our application of statutory requirements through our Programs.

The Report period covers the timeframe Veterans Florida evolved from a startup organization to a more mature business. This time period involved a substantial amount of internal and external discussion, experimentation, and continuous improvement with different methods of service and training delivery to best meet the needs of Florida's veterans, their families, and the business community. Various staffing levels, titles, and duties; procurement methods; operational tools; statutory changes; and more were tested during the Report period to develop streamlined services with reduced barriers and efficient delivery of positive impacts for all clients. We believe the Report reflects that while we have been in a period of change and growth, the delivery of services to our clients, and to taxpayers, never dropped and in effect improved to make our organization the gold standard for other states to attempt to emulate.

We appreciate OPPAGA staff noting we addressed the recommendations from the prior 2018 Report, and we present our responses to the 2021 Report's recommendations as follows:

1) OPPAGA recommends that Veterans Florida make these changes to the Veterans Florida Entrepreneurship Program (VFEP):

- communicate earlier with entrepreneur partners about contracts;

Response: We agree and have begun addressing this important matter. Timely discussions with our entrepreneur training partners at the beginning of a new fiscal year makes for a more robust entrepreneur training program for our veterans. Prior to the start of the current fiscal year, not included in the Report, we held a webinar with FY 2020-21 training providers to inform them of our expected funding levels for the FY 2021-22 program and of any programmatic changes. This allowed training to begin earlier than during the Report years. Additionally, as we look toward FY 2022-23 we anticipate using the renewal option in the contracts with current training providers to allow a smooth start to the next fiscal year of training.

- require entrepreneur partners to disclose administrative cost ratios in contract proposals and consider the ratio when selecting entrepreneur partners;

Response: Geographic distribution, experience with the target audience, and prior history with the VFEP are primary considerations for selecting entrepreneur training partners. I will consult with our board to consider how we may factor in training provider administrative costs into the decision matrix. Although, through our procurement method experimentation, as detailed in this Report, we believe we have determined the standard market rates for purchasing training services from providers across the state, and administrative costs may not be as important if the purchase rate is standardized across all providers. Additionally, we believe this predictability of purchase rates will not only allow us to continue to spend down funds efficiently, but also allow providers to plan for future years of training even though the funding is nonrecurring in the annual state budget. We anticipate this predictability to further help address the concern noted above regarding earlier communication with partners.

- allow entrepreneur partners to continue providing online courses;

Response: We agree and have plans to address this during the current fiscal year and in the future since the market is ripe for this training delivery method.

- and update the method for collecting contractual data from entrepreneur partners.

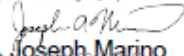
Response: We agree and have been working hard to address this as it is a concern internally for us as well. We experimented with different databases during the Report years, and have settled upon the database we will use going forward. All the data from previous databases are securely stored, and we have plans to import historical data into the new database. Additionally, we will survey program participants with standardized questions. The survey itself has undergone experimentation during the Report period as we determined what data is most important to understanding the impact of the program balanced against what veteran entrepreneurs are willing to tell us about their business activities.

2) OPPAGA recommends that Veterans Florida conduct a survey of participating businesses for the Workforce Training Grant program.

Response: We agree and will implement this recommendation at the end of this fiscal year with a satisfaction and performance survey like the end of year surveys we do with veteran entrepreneurs who participate in our training.

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,



Joseph Marino
Executive Director
Veterans Florida



Stephanie Smith
Chair

Michelle Dennard
President & CEO

December 21, 2021

Ms. Patricia (PK) Jameson, Coordinator
Office of Program Policy Analysis and Government
Accountability
111 West Madison Street, Room 312
Tallahassee, FL 32399

Dear Ms. Jameson

CareerSource Florida sincerely 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. Training that enhances skills of new or existing employees boosts business competitiveness and overall workforce quality.

The analysis of the federally funded Incumbent Worker Training program documents benefits to existing Florida businesses. The analysis shows IWT grants have a significant positive effect on trainee wages, with trainee wages increasing 9 percent to 11 percent a year after the training - greater than average statewide wage growth. Moreover, most Incumbent Worker Training trainees are still employed in Florida (81 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.

Similarly, OPPAGA's analysis of the state's Quick Response Training program proves its benefit to both Florida businesses and Florida employees. The grant program leads to higher wages for individuals receiving customized training and greater productivity for the businesses that employ them. Like the Incumbent Worker Training grant, the majority of Quick Response Training grant trainees are still employed in Florida (75 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 12 percent a year after training.

The report provided recommendations to enhance training opportunities and communications with grant recipients. CareerSource Florida is planning to develop a training protocol that provides multiple opportunities for recipients and fiscal agents to ask questions and receive guidance on program goals and grant recipient responsibilities. This will provide a way to understand legislative changes and create a continuous feedback loop for grant processes.

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In closing, the OPPAGA report further demonstrates Quick Response Training and Incumbent Worker Training grants play a vital role in Florida's economy. Both programs encourage growth and prosperity and enable Florida's businesses to be more competitive.

Respectfully,



Michelle Dennard
President and CEO



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OPPAGA

Office of Program Policy Analysis and Government Accountability

OPPAGA provides performance and accountability information about Florida government in several ways.

- [Reports](#) deliver program evaluation and policy analysis to assist the Legislature in overseeing government operations, developing policy choices, and making Florida government more efficient and effective.
- [Government Program Summaries](#) (GPS), an online encyclopedia, provides descriptive, evaluative, and performance information on more than 200 Florida state government programs.
- [PolicyNotes](#), an electronic newsletter, delivers brief announcements of research reports, conferences, and other resources of interest for Florida's policy research and program evaluation community.
- Visit [OPPAGA's website](#).

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PK Jameson, Coordinator