

Economic Development Programs – Year 12

Report 24-06

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OPPAGA

Office of Program Policy Analysis and Government Accountability

TABLE OF CONTENTS

| | |
|---|----|
| Executive Summary | i |
| Chapter 1: Space and Defense Industry Financial Incentives..... | 1 |
| Background..... | 1 |
| Findings..... | 2 |
| Chapter 2: Military Base Protection Program..... | 3 |
| Background..... | 3 |
| Findings..... | 6 |
| Recommendations..... | 10 |
| Chapter 3: Veterans Florida Programs: Entrepreneurship, Workforce Training Grants, and SkillBridge | 12 |
| Background..... | 12 |
| Findings..... | 15 |
| Recommendations..... | 20 |
| Chapter 4: Quick Response Training and Incumbent Worker Training Programs..... | 22 |
| Quick Response Training Program..... | 22 |
| Background..... | 22 |
| Findings..... | 26 |
| Incumbent Worker Training Program..... | 29 |
| Background..... | 29 |
| Findings..... | 34 |
| Chapter 5: International Trade and Development Programs..... | 41 |
| Background..... | 41 |
| Findings..... | 45 |
| Recommendations..... | 50 |
| Agency Responses..... | 51 |

Florida Economic Development Program Evaluations – Year 12

EXECUTIVE SUMMARY

REPORT SCOPE

Section 288.0001, *Florida Statutes*, requires the Office of Program Policy Analysis and Government Accountability (OPPAGA) and the Office of Economic and Demographic Research (EDR) to provide a detailed analysis of state economic development programs according to a recurring schedule. OPPAGA must evaluate each program for effectiveness and value to the state’s taxpayers over the previous three years and include recommendations for consideration by the Legislature; EDR must evaluate and determine the economic benefits, as defined in s. 288.005(3), *Florida Statutes*, of each program over the same period. Six incentives administered by four entities were scheduled for review by January 1, 2025.

- Tax exemption for semiconductor, defense, or space technology sales
- Military Base Protection Program
- Veterans Employment and Training Services Program
- Quick Response Training Program
- Incumbent Worker Training Program
- International Trade and Development Programs

The review period covers Fiscal Years 2020-21, 2021-22, and 2022-23.

New laws enacted in 2023 addressed Florida’s economic development programs. Notably, the 2023 Legislature enacted Ch. 2023-173, *Laws of Florida*, which made changes to economic development programs included in this cycle of OPPAGA’s reviews.¹ Among the changes, the law eliminates Enterprise Florida, Inc. (EFI), and transfers its responsibilities to the Department of Economic Opportunity (DEO) and renames DEO as the Florida Department of Commerce (FloridaCommerce).² In addition, the law

- eliminated the qualified defense contractor and space flight business tax refund program; and
- created a direct support organization, SelectFlorida, which is responsible for international economic development within FloridaCommerce.

Additionally, Ch. 2023-161, *Laws of Florida*, expanded veterans employment services to include veteran spouses.

Laws enacted in 2024 made further changes to Florida’s economic development programs. The 2024 Legislature enacted Ch. 2024-234, *Laws of Florida*, which made additional administrative and

¹ Chapter [2023-173](#), *Laws of Florida*.

² Because the statutory timeframe for the review is Fiscal Years 2020-21, 2021-22, and 2022-23, this report refers to the entities as the entities were named during those years: EFI and DEO.

programmatic changes to Florida’s economic development programs.³ The law

- revised Incumbent Worker Training Program funding priorities to include health care facilities operated by nonprofit or local government entities that provide opportunities in health care; and
- replaced the Florida Defense Support Task Force with a direct support organization of FloridaCommerce.

Furthermore, Ch. 2024-251, *Laws of Florida*, revised the focus of Veterans Employment and Training Services to include marketing, awareness, and outreach activities and assistance for veterans and their spouses seeking employment in target industry businesses.⁴ Additionally, the law allows veteran grant programs to prioritize funding for training that leads to certifications or licenses deemed relevant or necessary by Veterans Florida.

The economic development programs OPPAGA reviewed provide a variety of incentives and services

The economic development programs and services offered through the programs under review provided a range of benefits to businesses and employees in Florida. These benefits included sales tax exemptions, support for military communities, veteran employment assistance, training grant programs, and promotion and marketing for Florida goods and services.

Space and Defense Tax Exemption

The space and defense tax exemption is administered by the Florida Department of Revenue, after a business is certified by FloridaCommerce to receive the exemption. Certified businesses in Florida engaged in semiconductor, defense, or space technology production may receive a tax exemption for certain industrial machinery, equipment, and building materials. (s. 212.08(5)(j), *Florida Statutes*)

During the review period, businesses reported \$29.7 million in taxes exempted through the Semiconductor, Defense, and Space Technology Sales Tax Exemption (SDST). Tax-exempt purchases under the SDST program decreased, as did investments in real and tangible property.

Military Base Protection Program

The Military Base Protection Program is administered by DEO and EFI. The program is intended to secure non-conservation lands to serve as a buffer to protect military installations against encroachment and support local community efforts to engage in service partnerships with military installations. (s. 288.980, *Florida Statutes*)

During the review period, the Military Base Protection Program (MBPP) identified base buffering encroachment lands as required by statute, but process improvements are needed to increase program utilization. The MBPP conducted numerous activities to identify base buffering encroachment lands; however, DEO and military installations did not maximize the identification and acquisition of base buffering lands. At least 40% of the military installations contacted by DEO each year did not submit proposals to identify base buffering encroachment lands, and of those who submitted proposals, most did not provide the statutorily required management and monitoring agreements for each recommended parcel. No base buffering lands were acquired during the review period. Further, DEO

³ Chapter [2024-234](#), *Laws of Florida*.

⁴ Chapter [2024-251](#), *Laws of Florida*.

reported that other grant programs secure lands to protect military installations and support community efforts to establish service partnerships with military installations.

Because these other grant programs are performing MBPP land acquisition and community engagement functions, the Legislature could consider eliminating the program. If the Legislature chooses to continue MBPP, FloridaCommerce could improve the program by allocating appropriated funds to secure non-conservation lands and support local community efforts to engage in service partnerships with military installations. Additionally, the department could improve MBPP engagement by maintaining a comprehensive contact list for the state's military installations and consistently contacting all relevant military installations each year.

Veterans Employment and Training Services Program

The Veterans Employment and Training Services Program is administered by Florida Is For Veterans, Inc. (doing business as Veterans Florida). The program links veterans searching for employment with businesses seeking to hire dedicated, well-trained workers. The program's goal is to meet the workforce demands of businesses in Florida by facilitating access to training and education in high-demand fields for servicemembers, veterans, and their spouses. (s. 295.22(3), *Florida Statutes*)

The number of Veterans Florida Entrepreneurship Program (VFEP) participants increased during the review period, as did the number of Florida companies offering internship opportunities through the SkillBridge program. However, the number of Workforce Training Grant Program (WTG) participants varied. Specifically, 3,323 veterans participated in the VFEP, 837 veterans completed the WTG program, and 162 veterans were trained through SkillBridge.

While Veterans Florida collects some program participant and program cost information for VFEP, WTG program, and SkillBridge, the organization lacks a formal system to measure performance after program completion. To address this issue, Veterans Florida should consider developing performance measures and related data collection mechanisms to formally track program outcomes.

Quick Response Training and Incumbent Worker Training

The Quick Response Training and Incumbent Worker Training grant programs are administered by CareerSource Florida. Quick Response Training provides new or expanding businesses in Florida's target industries state grant funding for customized, skills-based training. (s. 288.047, *Florida Statutes*) Incumbent Worker Training provides for-profit companies operating in Florida federal funding to support employee training needs. Businesses applying for these grants must demonstrate a commitment to retain or avert the layoff of employees receiving the training. (s. 445.003(3)(a)3., *Florida Statutes*)

During the review period, the number of Quick Response Training (QRT) grants awarded increased, but the average amount awarded and number of employees trained decreased. CareerSource Florida awarded 55 QRT grants totaling \$23.2 million. Most QRT grant recipients were medium-sized businesses, and most grant awards were for industry-specific training.

Ch. 2021-164, *Laws of Florida*, modified Incumbent Worker Training (IWT) grant eligibility to support health care and other high wage industries. Additionally, the law required CareerSource Florida to appoint a committee to identify degree and non-degree credentials of value for inclusion on the Master Credentials List. Businesses that provide employees with opportunities to acquire new or improved skills by earning a credential on the Master Credentials List receive top funding priority for IWT grants. During the review period, the number of IWT grants awarded decreased. CareerSource Florida awarded 277 IWT grants totaling \$10.5 million. Most IWT grant recipients were small-sized businesses, and most awards were for certifications and continuing education.

International Trade and Development

Florida's international trade and development programs are administered by EFI's International Trade and Development Department. These programs provide international trade and export development assistance to small and medium-sized businesses or businesses that are new to exporting. Additionally, EFI maintains trade offices in other countries that promote Florida exports and attract foreign direct investment to the state. (s. 288.012, *Florida Statutes*)

OPPAGA's review of international trade and development programs found that during the review period, EFI awarded \$3.3 million in grants to 436 Florida businesses to help expand overseas operations and diversify markets. The most frequently awarded grants were Target Sector Trade Show Grants, which reimburse qualified Florida businesses for select participation fees and exhibition costs for international trade shows; these grants accounted for 68% of all grants awarded.

EFI exceeded most performance standards but did not consistently assist the required number of Florida-based businesses. Beginning in Fiscal Year 2021-22, EFI modified performance measures for its International Trade and Development Department; EFI's contracts include two new performance measures: business participant satisfaction with international events and number of events conducted. FloridaCommerce and SelectFlorida should consider updating the performance measure standard for number of businesses with export sales attributable to activities conducted by SelectFlorida and routinely conducting studies on the accuracy of expected sales data.

Chapter 1: Space and Defense Industry

Financial Incentives

OPPAGA reviewed the Semiconductor, Defense, and Space Technology Sales Tax Exemption (SDST) established under s. 212.08(5)(j), *Florida Statutes*. Prior OPPAGA reviews of space and defense industry financial incentives also included the Qualified Defense Contractor and Space Flight Business Tax Refund (QDSC) Program established under s. 288.1045, *Florida Statutes*. Because the QDSC program expired in 2014, OPPAGA previously recommended that the Legislature consider eliminating the program. Chapter 2023-173, *Laws of Florida*, removed the QDSC from state law. The review period was Fiscal Years 2020-21 through 2022-23.

BACKGROUND

Florida Semiconductor, Defense, and Space Technology Exemption

Created in 2000, the Semiconductor, Defense, and Space Technology Sales Tax Exemption Program supports retention and growth of semiconductor, defense, and space technology businesses in Florida. The SDST tax exemption applies to certain industrial machinery and equipment used in semiconductor, defense, and space technology facilities, and building materials purchased for use in manufacturing or expansion of clean rooms in semiconductor-manufacturing facilities.⁵ Examples of tax-exempt industrial machinery and equipment used in semiconductor technology facilities include molds, dies, machine tooling, and test equipment. Industrial machinery and equipment used to design, manufacture, assemble, process, compound, or produce defense or space technology products are also exempt.^{6, 7}

To receive the tax exemption, qualifying businesses must apply to the Department of Commerce (FloridaCommerce).⁸ The Division of Economic Development within FloridaCommerce then reviews applications and recommends approval or disapproval. Upon department approval, certifications for the exemption are valid for two years but can be renewed for another two years. Once the exemption certifications are granted, the Department of Revenue is responsible for issuing the tax exemption certificate to each qualifying business. Per s. 212.08(5)(j)5.d., *Florida Statutes*, applications and renewals for the SDST exemption are required to indicate the value of the investments made in real and tangible personal property, and the value of tax-exempt purchases and taxes exempted during the previous calendar year.^{9, 10}

⁵ Clean rooms are manufacturing facilities enclosed in a manner that meets clean manufacturing requirements, such as preventing outdoor pollution from entering the facility, necessary for high-technology, semiconductor-manufacturing environments.

⁶ Defense technology refers to products that have a military application and are manufactured in performance of a contract or subcontract related to matters of national defense with the U.S. Department of Defense or the military branch of a recognized foreign government. Examples include weapons, surveillance systems, and communications or information systems.

⁷ Space technology refers to products that are specifically designed or manufactured for application in space activities. Examples include space launch and flight vehicles, missiles, and satellites. The exemption does not extend to products that are designed for general commercial aviation, including those that have incidental uses in space applications.

⁸ Chapter [2023-173](#), *Laws of Florida*, eliminated Enterprise Florida, Inc., and transferred its responsibilities to the Department of Economic Opportunity (DEO). Additionally, this law renamed DEO the Florida Department of Commerce.

⁹ Under s. [212.08\(5\)\(j\)5.d.](#), *F.S.*, certificate applicants and renewals were also required to indicate the average number of a facility's full-time equivalent employees and wages and benefits paid to those employees over the preceding calendar year.

¹⁰ The SDST exemption continues to allow businesses to make retroactive refund claims. Two businesses received \$743,004 in refunds during calendar years 2020 and 2021 for claims made in calendar years 2014, 2015, 2017, and 2020 prior to the review period.

FINDINGS

Reported exempted sales taxes and purchases declined over the review period, as did tax-exempt investments

Twenty-five businesses were certified to participate in the SDST program during the review period. However, three of these businesses did not make any exempt purchases or claim investment activity. Some businesses had taxes exempted or made tax-exempt purchases but did not make investments and vice versa.

The SDST is a calendar year program, meaning that program exemption and investment data is reported on a calendar year basis. From calendar year 2020 through calendar year 2022, the majority of businesses receiving the SDST exemption were located in Brevard County (37%) and Orange County (16%). Together, businesses in these counties accounted for 53% of all businesses receiving the exemption and over 90% of tax-exempt purchases and investments in real and tangible property occurring for calendar years 2020 through 2022.

For calendar years 2020 through 2022, businesses reported that the total value of taxes exempted under the SDST program was \$29.7 million. SDST applications request information concerning business' activities during previous calendar years; applications cover two years at a time, and as a result, delays occur in obtaining data associated with more recent years due to the two-year lag in reporting. About 48% of the total value exempted during the review period was claimed in calendar year 2020. The total value exempted declined in each year of the review period. (See Exhibit 1-1.)

Exhibit 1-1

Reported Sales Taxes Exempted Totaled \$29.7 Million for Calendar Years 2020 Through 2022

| | 2020 | 2021 | 2022 | Total |
|-------------------------------|--------------|--------------|-------------|--------------|
| Total Value of Taxes Exempted | \$14,206,952 | \$10,214,336 | \$5,280,895 | \$29,702,183 |

Source: OPPAGA analysis of FloridaCommerce data.

Over the review period, tax-exempt purchases under the SDST program decreased, as did investments in real and tangible property. SDST program participants reported \$439.4 million in tax-exempted purchases and \$267.8 million in real and tangible property investments between calendar years 2020 and 2022. (See Exhibit 1-2.) Like the trend seen for figures in Exhibit 1-1, the total value of tax-exempted purchases declined year-over-year. Because of the reporting lag, 48% of the total value of exempted purchases for the review period was attributed to the 2020 calendar year. Two businesses accounted for 70% of both the value of taxes exempted and the total value of tax-exempted purchases. Investments in real and tangible property totaled approximately \$5.5 billion.

Exhibit 1-2

SDST Program Participants Reported \$439.9 Million in Tax-Exempted Purchases and \$5.5 Billion in Capital Investments for Calendar Years 2020 Through 2022

| | 2020 | 2021 | 2022 | Total |
|--|-----------------|-----------------|-----------------|-----------------|
| Total Value of Tax-Exempted Purchases | \$210,824,546 | \$148,529,652 | \$80,040,063 | \$439,394,262 |
| Real and Tangible Property Investments | \$2,216,783,531 | \$1,897,839,804 | \$1,413,233,042 | \$5,527,856,377 |

Source: OPPAGA analysis of FloridaCommerce data.

Chapter 2: Military Base Protection Program

OPPAGA reviewed the Military Base Protection Program (MBPP) established under s. 288.980, *Florida Statutes*, and administered by the Florida Department of Economic Opportunity (DEO) and Enterprise Florida, Inc. (EFI). The 2023 Legislature consolidated the responsibilities and resources of EFI into DEO and made a number of administrative changes to Florida's economic development programs and incentives, including renaming DEO the Florida Department of Commerce (FloridaCommerce).¹¹ The review period was Fiscal Years 2020-21 through 2022-23.

BACKGROUND

The defense industry is the third leading economic driver of Florida's economy after tourism and agriculture. A 2022 economic impact study estimated that in 2020, federal defense spending in Florida supported more than 860,000 jobs and contributed more than \$96.0 billion to the state's economy, which represents 8.5% of the state's gross state product.^{12,13} Per the study, the state's military installations are responsible for 50% of these economic impacts.¹⁴ Florida is home to 20 major military installations, three unified combatant commands, 2 U.S. Coast Guard air stations, 12 other U.S. Coast Guard stations, and, as of 2022, nearly 140,000 U.S. Department of Defense and U.S. Coast Guard personnel.¹⁵ Additionally, the Florida National Guard is comprised of 128 military units in 55 communities, 63 armories, and over 12,000 personnel.¹⁶

Due to increased development, Florida's military installations face a growing number of encroachment challenges. Encroachment is the cumulative impact of urban and rural development that can hamper the military's ability to carry out testing and training missions due to incompatible uses of land, air, water, and other resources. Such development can also threaten public safety because of the possibility of accidents occurring within the areas surrounding military installations. The negative effects of encroachment could reduce installations' military value, making the installations vulnerable to potential federal closure.¹⁷

Florida law recognizes that encroachment is a critical threat to military installations and acknowledges the unique need to secure lands that have no conservation value but may present encroachment threats to military installations.¹⁸ These base buffering encroachment lands limit or prohibit use and development around military installations to create a buffer between the installation and incompatible land uses that threaten installations' missions.

¹¹ Chapter [2023-173](#), *Laws of Florida*.

¹² [Florida Defense Industry Economic Impact Analysis](#). Enterprise Florida – Florida Defense Task Force, January 2022.

¹³ Federal spending is comprised of expenditures from the U.S. Department of Defense, U.S. Department of Veterans Affairs, and U.S. Department of Homeland Security. These federal expenditures help support the military, National Guard/Reserve, and the U.S. Coast Guard.

¹⁴ The remainder of the annual economic impacts are comprised of administrative impacts such as procurement contracts, veterans' benefits, and military pensions.

¹⁵ Program representatives reported that the terms base and installation can be used interchangeably.

¹⁶ An armory is a structure that houses one or more units of a reserve component and is used for training and administering those units.

¹⁷ The federal Base Realignment and Closure (BRAC) process recommends closure or realignment of military installations based on specific criteria, such as the availability and condition of land, facilities, and associated airspace. The BRAC process resulted in base closures in 1988, 1991, 1993, 1995 and 2005.

¹⁸ Section [288.980\(1\)\(c\)](#) *F.S.*

In 2012, the Legislature created the Military Base Protection Program to preserve and protect military installations. During the review period, DEO was responsible for coordinating and implementing the MBPP. The program is one of several entities that have a role in supporting Florida’s military installations. (See Exhibit 2-1.)

Exhibit 2-1

Several State Entities Support Military Installations in Florida

| | |
|------------------------------------|---|
| Florida Governor | <ul style="list-style-type: none"> • Base Commanders Meetings - Convenes the state’s executive office and its agencies as well as military installation commanders to evaluate current operations and strategize collaboratively for the future |
| Department of Military Affairs | <ul style="list-style-type: none"> • National Guard - Provides management oversight and administrative support to the Florida National Guard |
| Department of Economic Opportunity | <ul style="list-style-type: none"> • Florida Defense Alliance - Serves as an overall advisory body for defense-related activity for DEO and focuses on the importance of base retention, development of best practices guides, sponsoring joint land use studies to identify specific actions to remedy encroachment, and coordinating land acquisition through various funding sources; composed of representatives of defense-related organizations including government, defense industry, and economic development organizations • Military Base Protection Program - Secures non-conservation lands to serve as a buffer to protect military installations against encroachment and supports local community efforts to engage in service partnerships with military installations • Defense Infrastructure Grant Program - Supports local infrastructure projects that make a positive impact on the military value of installations within the state • Defense Reinvestment Grant Program - Supports community-based activities that protect existing military installations or diversify the economy of a defense-dependent community |
| Florida Defense Support Task Force | <ul style="list-style-type: none"> • Provides the Florida Defense Support Task Force Grant Program, a non-statutory program to promote, preserve, or enhance military installations, and makes recommendations to preserve and protect military installations; composed of the Governor and 12 members appointed by the Governor, President of the Senate, and Speaker of the House of Representatives |
| Enterprise Florida, Inc. | <ul style="list-style-type: none"> • Supports and manages the work of the Florida Defense Support Task Force and the Florida Defense Alliance |

Source: OPPAGA review of state military installation support programs.

The statutory functions of the MBPP include but are not limited to (1) acquiring non-conservation lands to serve as a buffer to protect military installations against encroachment, and (2) supporting local community efforts to engage in service partnerships with military installations.¹⁹

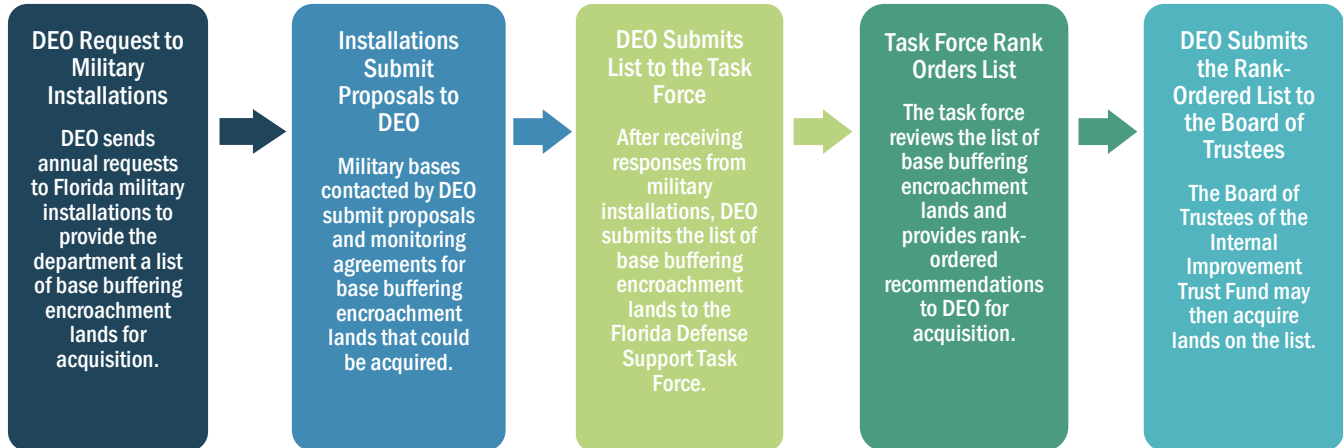
Section 288.980(2)(b), *Florida Statutes*, provides annual requirements for the MBPP’s first function—land acquisition related activities. These activities are performed in partnership with military installations, the Florida Defense Support Task Force, and the Board of Trustees for the Internal Improvement Trust Fund; these entities assist DEO in selecting and acquiring base buffering parcels.²⁰ (See Exhibit 2-2.)

¹⁹ Non-conservation lands are lands acquired for uses other than conservation, outdoor resource-based recreation, or archaeological or historical preservation.

²⁰ The Board of Trustees of the Internal Improvement Trust Fund is comprised of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture.

Exhibit 2-2

DEO Coordinates and Implements the MBPP Process to Secure Land with Assistance from Several Other Entities



Source: OPPAGA review of the Military Base Protection Program.

The Board of Trustees for the Internal Improvement Trust Fund is authorized to acquire, administer, manage, control, supervise, conserve, protect, and dispose of all lands owned by the State of Florida or any of its agencies, departments, boards, or commissions. The final list of base buffering encroachment lands that DEO provides to the board must contain a legal description and map of each parcel as well as a management and monitoring agreement to ensure that the land serves a base buffering purpose. If the board decides to acquire recommended parcels, the Department of Environmental Protection (DEP), which serves as staff to the board, performs all duties and functions related to the acquisition, administration, and disposition of state lands as provided in the state land acquisition process.²¹ (See Exhibit 2-3.) Funding for the MBPP is appropriated to DEP to allow the Board of Trustees to acquire non-conservation land.

Exhibit 2-3

When Funds Are Available, the Board of Trustees Directs DEP to Purchase Base Buffering Lands



Source: OPPAGA review of the Military Base Protection Program.

MBPP's second function is to support local community efforts to engage in service partnerships with military installations. According to program representatives, service partnerships refer to the relationships between military base leaders and organizations that work with the community to develop the base. These organizations are usually defense-oriented, such as the Tampa Bay Defense Alliance, or economic development organizations, such as the Economic Development Commission of Florida's Space Coast. Through these partnerships, the bases report needs (e.g., improvements to a road, workforce initiative programs) to community organizations, which may have access to grant funding.

²¹ Section 253.025, F.S.

FINDINGS

During the review period, the MBPP identified base buffering encroachment lands, but process improvements are needed to increase program utilization

The Military Base Protection Program identified base buffering encroachment lands and submitted a ranked list to the Board of Trustees for acquisition for each year of the review period. However, MBPP staff did not contact all military installations in the state. Further, not all military installations that DEO staff contacted submitted proposals to identify base buffering encroachment lands, and most did not provide the statutorily required management and monitoring agreements for each recommended parcel.

During the review period, the MBPP conducted numerous activities to identify base buffering encroachment lands

The entities associated with the MBPP annually conducted activities related to the program. In each year of the review period,

- DEO staff contacted and requested a list of base buffering encroachment lands for acquisition;
- military installations submitted non-conservation lands for consideration to DEO;
- DEO staff compiled all lands proposed for acquisition and associated documentation received from the military installations and submitted a list to the Florida Defense Support Task Force for review and ranking;
- the task force reviewed the list of base buffering encroachment lands submitted by the military installations and provided recommendations for ranking the lands for acquisition to DEO; and
- DEO submitted the list of base buffering encroachment lands to the Board of Trustees of the Internal Improvement Trust Fund.

In each year of the review period, DEO staff contacted 15 to 19 military installations to request a list of base buffering encroachment lands for acquisition and received responses from 9 to 11 military installations. DEO representatives reported that each year, these installations submitted up to 68 potential encroachment lands for consideration. The task force recommended 18 base buffering encroachment land parcels for acquisition in Fiscal Year 2020-21, 23 parcels in Fiscal Year 2021-22, and 22 parcels in Fiscal Year 2022-23.²² DEO submitted the list of parcels to the Board of Trustees each year, however, no land was acquired during the review period.

²² In some cases, multiple adjacent parcels submitted by a base had the same owner and were grouped as one recommendation for simplicity. Other parcels submitted by the bases were ineligible under the MBPP.

However, DEO and military installations do not maximize the identification and acquisition of base buffering lands, with only one parcel and two easements purchased since 2012

The Department of Economic Opportunity does not maintain a comprehensive contact list for the state's military installations, and statute does not specify which installations in the state are included in the MBPP. Consequently, DEO representatives reported using a list of military installations provided in s. 163.3175, *Florida Statutes*, as a baseline to determine which installations to contact under the MBPP. This statutory section addresses local government comprehensive planning and identifies a list of military installations that have a greater potential for experiencing compatibility and coordination issues than others due to specific missions and activities.²³ The list does not include every military installation in Florida.

As a result, MBPP staff did not contact all military installations in the state during the review period. For example, the program did not solicit a list of base buffering encroachment lands from the U.S. Southern Command in Miami-Dade or the U.S. Navy's installation at the Pinecastle Range Complex. In addition, MBPP staff contacted only one National Guard installation during the review period, despite a 2021 Florida Defense Support Task Force progress report suggesting that it would be advantageous to contact National Guard and Coast Guard airfields, because these installations are often overlooked with so many other military installations in the state. The MBPP contacted the Coast Guard only once during the review period, the U.S. Coast Guard District Headquarters in Miami in Fiscal Year 2020-21.

According to DEO's records, at least 40% of the military installations contacted by DEO staff each year did not submit proposals to identify base buffering encroachment lands. MBPP representatives noted that, in many cases, military installations were unresponsive to DEO's annual requests due to the workload required to submit a proposal.²⁴ At least once during the review period four military installations reported that there were no lands for submission. MBPP representatives reported that additional military installations responded by requesting that prior years' recommendations be carried over as new recommendations the next year, with no change in status.

Of the military installations that responded to DEO, most did not provide the statutorily required management and monitoring agreements for each recommended parcel. These agreements identify the entity responsible for managing the property to ensure that the land serves a base buffering purpose after it is acquired. The sample agreement provided by DEO indicates that the military installation is responsible for managing the acquired parcel, unless the installation and DEP mutually agree that another entity will manage the parcel. DEP representatives reported that these agreements are necessary for the state to take ownership of a land parcel. DEO provided a sample management and monitoring agreement to each military installation the department contacted, and installation commanders could execute the sample agreement or prepare one of their own.²⁵ In Fiscal Year 2020-21 and Fiscal Year 2021-22, out of 41 total recommendations, the list of recommendations submitted to the Board of Trustees included only two signed management and monitoring agreements. Similarly,

²³ The military installations listed in s. 163.3175, *F.S.*, are Avon Park Air Force Range, Camp Blanding, Eglin Air Force Base and Hurlburt Field, Homestead Air Reserve Base, Jacksonville Training Range Complex, MacDill Air Force Base, Naval Air Station Jacksonville, Naval Air Station Key West, Naval Support Activity Orlando, Naval Support Activity Panama City, Naval Air Station Pensacola, Naval Air Station Whiting Field and its outlying landing fields, Naval Station Mayport, Patrick Space Force Base and Cape Canaveral Space Force Station, Tyndall Air Force Base, and U.S. Southern Command.

²⁴ Section [288.980\(2\)\(b\)4](#), *F.S.*, requires that proposals include a legal description of each parcel identified, a detailed map of the parcels identified, and a management and monitoring agreement.

²⁵ The sample management and monitoring agreement was developed by DEO in consultation with DEP's Bureau of State Lands.

the final list for Fiscal Year 2022-23 contained 22 recommendations but did not contain any signed management and monitoring agreements.

MBPP representatives reported that military installations often choose not to submit these agreements due to the lengthy internal review process that installations must follow for agreement approvals, especially if the installations believe that it is unlikely that requests will be funded. One military installation noted that legal staff was unsure if the agreement could be entered into and who had the signatory authority within the organization for this type of agreement. Another military installation stated that it could not provide management and monitoring of the properties it submitted for consideration.

No lands were acquired through the MBPP during the review period. Although funding specific to land acquisition has not been appropriated to DEP for the MBPP since Fiscal Year 2014-15, the Legislature appropriated MBPP funding to DEO for salaries, operational expenditures, and fixed capital outlay during each year of the review period.²⁶ While statute allows the MBPP to utilize matching federal funds, no federal matching funds were utilized during the review period. Since the MBPP's inception in 2012, only one parcel of land totaling 8.4 acres and two easements have been purchased via the program.

According to MBPP representatives, the program is underutilized because other state programs fulfill the program's functions

During the review period, the Military Base Protection Program identified base buffering lands for acquisition but did not acquire parcels or engage in service partnerships with military installations as directed by statute. Program representatives reported that many military installations did not participate in the program and that the MBPP's functions are served by other programs, such as the Defense Infrastructure Grant (DIG), Defense Reinvestment Grant (DRG), and Florida Defense Support Task Force Grant programs.

DEO representatives reported that other programs secure lands to protect military installations and support community efforts to establish service partnerships with military installations

According to DEO representatives, one of the purposes of the Defense Infrastructure Grant Program is to secure non-conservation lands to serve as a buffer to protect military installations against encroachment. Program grants support local infrastructure projects that address encroachment, transportation and access, housing, utilities, communications, environment, and security needs. Funds are used for projects that benefit local communities and military installations. Eligible applicants include defense-dependent local governments and local economic development councils representing local governments with a military installation that could be adversely affected by federal actions. DEO representatives reported awarding at least \$1.4 million in DIG funds each year of the review period. Projects supported by the DIG program during the review period included the following.

²⁶ Of the \$7.5 million appropriated for the MBPP in Fiscal Year 2014-15, \$3.7 million was unspent and reverted to the Legislature in Fiscal Year 2019-20.

- City of Jacksonville: \$500,000 to acquire restrictive-use easements of properties in the Military Influence Zone at Naval Air Station Jacksonville
- Santa Rosa County Board of County Commissioners: \$483,000 to continue restrictive-use easement property purchases around Naval Air Station Whiting Field
- Escambia County: \$300,000 to continue easement purchases around Naval Air Station Pensacola to ensure operational sustainability
- Polk County: \$500,000 to acquire parcels around Avon Park Air Force Range

DEO representatives also reported that the Defense Reinvestment Grant Program's purpose is to support local community efforts to engage in service partnerships with military installations. The DRG program was established to respond to the state's need to collaborate with defense-dependent communities to develop and implement strategies and approaches that will help communities support military installations' missions. DEO representatives reported awarding at least \$765,000 in DRG funds in each year during the review period. Projects supported by the DRG program during the review period included the following.

- Bay Defense Alliance: \$125,000 to continue Hurricane Michael rebuilding efforts and assist Tyndall Air Force Base and Naval Support Activity Panama City with community support and partnerships as the base implements new aircraft programs
- Greater Pensacola Chamber of Commerce: \$125,000 to partner with the West Florida Defense Alliance to develop relationships with local contractors and community organizations to streamline contract execution
- One Okaloosa Economic Development Council: \$125,000 to perform community-based activities to sustain existing military installations and diversify a defense-dependent community
- Orlando Economic Partnership: \$85,000 to support Naval Support Activity Orlando, a nontraditional military base that is home to 14 federal government organizations with activities representing each of the four military branches
- Tampa Bay Defense Alliance: \$70,000 to promote, protect, and develop initiatives in the Tampa Bay area

In addition to the DIG and DRG programs, DEO contracts with the Florida Defense Support Task Force to fund a non-statutory grant program. The Florida Defense Support Task Force Grant Program funds local initiatives to promote, preserve, or enhance military missions and installations. This grant program augments the Defense Infrastructure Grant and Defense Reinvestment Grant; since 2012, the program has awarded 78 grants for more than \$18.5 million to strengthen military installations and prevent encroachment. During the review period, the grant program awarded 16 grants totaling \$3.96 million in funding to local organizations. Projects supported by task force grants during the review period included the following.

- City of Jacksonville Military Affairs and Veterans Department: \$500,000 for encroachment protection for Naval Station Mayport, Naval Air Station Jacksonville and Outlying Field Whitehouse
- Emerald Coast Regional Council: \$161,810 to use intergovernmental service agreements to allow military installations to partner with local and state governments and provide a variety of services
- Clay County Development Authority: \$500,000 to buffer Camp Blanding from incompatible land development
- Polk County Board of County Commissioners: \$500,000 to protect Avon Park Air Force Range from encroachment through a conservation easement

DEO proposed elimination of program funding

Each year during the review period, DEO awarded between \$3.0 million and \$3.4 million to support Florida’s military communities through the Defense Infrastructure Grant Program, Defense Reinvestment Grant Program, and Florida Defense Support Task Force Grant Program. DEO did not allocate funds to the Military Base Protection Program during the review period. In Fiscal Year 2020-21 the Legislature appropriated \$150,000 for the MBPP and \$850,000 for the Defense Reinvestment Grant Program. The \$150,000 appropriated to the MBPP was not expended and reverted back to the fund from which it was appropriated. In Fiscal Years 2021-22 and 2022-23, the Legislature combined appropriations for the MBPP with appropriations for the DRG program and designated an annual pooled amount of \$800,000 for both programs.²⁷ DEO utilized these funds exclusively for the DRG program in both fiscal years. Program representatives reported that the funds used for the DRG program were deemed essential for supporting, growing, and providing for military installations under that program.²⁸

As a part of the Agency Amended Legislative Budget Request for Fiscal Year 2021-22, DEO proposed eliminating funding for the MBPP as part of a strategy to improve department efficiency and effectiveness. DEO representatives reported that the elimination of MBPP funding would have a minimal impact on the program as the current recurring MBPP appropriation was not being utilized.

RECOMMENDATIONS

Because other grant programs are performing Military Base Protection Program land acquisition and community engagement functions, the Legislature could consider eliminating the program. FloridaCommerce officials reported that the Defense Infrastructure Grant Program helps fulfill the MBPP’s objective of securing non-conservation lands to serve as a buffer to protect military installations against encroachment. Similarly, FloridaCommerce officials reported that the Defense Reinvestment Grant Program fulfills the MBPP’s function of supporting local community efforts to engage in service partnerships with military installations. Additionally, the Florida Defense Support Task Force Grant Program that is funded by FloridaCommerce augments both of these grant programs.

If the Legislature chooses to continue the Military Base Protection Program, FloridaCommerce could improve the MBPP by allocating appropriated funds to secure non-conservation lands and support

²⁷ This resulted in an annual net reduction of \$200,000 for the two programs.

²⁸ DEO is authorized to award grants on a competitive basis from any funds available to it to support activities related to the DRG and DIG programs.

local community efforts to engage in service partnerships with military installations. The department could take steps to improve MBPP engagement by maintaining a comprehensive contact list for the state's military installations and consistently contacting all relevant military installations each year. Additionally, FloridaCommerce could work with military installations to identify opportunities for improving military installation engagement with and participation in the MBPP and to ensure that the military installations submit all required documents.

Chapter 3: Veterans Florida Programs: Entrepreneurship, Workforce Training Grants, and SkillBridge

OPPAGA reviewed two Veterans Florida programs: the Veterans Florida Entrepreneurship Program (VFEP) established under s. 295.22(3)(e), *Florida Statutes*, and the Workforce Training Grant Program (WTG) established under s. 295.22(3)(d), *Florida Statutes*. The review period was Fiscal Years 2020-21 through 2022-23.

BACKGROUND

In 2022, the United States had approximately 18.4 million veterans, constituting about 7% of the population age 18 and older. According to the U.S. Bureau of Labor Statistics, the unemployment rate for veterans in the United States was 2.8% in 2022. During the same period, Florida had 1.4 million veterans, 44% of whom were in the labor force. Notably, Florida's unemployment rate for veterans was 1.5% in 2022, which is lower than the national unemployment rate for veterans.

Veterans Florida is a nonprofit corporation within the Florida Department of Veterans Affairs (DVA) created to provide veterans and their spouses with employment opportunities and to promote their hiring by the business community.²⁹ Veterans Florida is a separate budget entity from DVA and is not subject to the department's control, supervision, or direction. Veterans Florida is governed by a nine-member board of directors with the Governor, President of the Senate, and Speaker of the House of Representatives each appointing three members.

Veterans Florida is statutorily directed to administer two 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. Veterans Florida is also required by statute to serve as the state's principal assistance organization under the U.S. Department of Defense's (DOD) SkillBridge program for employers and service members transitioning out of active duty service. As the state's principal veterans assistance organization, Veterans Florida works to increase the number of employee offerings and service member matches to the SkillBridge program.

Activities

Veterans Florida Entrepreneurship Program

The Veterans Florida Entrepreneurship Program provides entrepreneurship training to veterans through various formats. The purpose of VFEP is to provide participants with a comprehensive suite of training options designed to enhance their entrepreneurial abilities, giving veterans the skills to create, operate, and grow their own businesses. VFEP is implemented by entrepreneur partners, which

²⁹ Section 295.21, *F.S.*, requires the creation of a nonprofit corporation called Florida Is For Veterans, Inc. The corporation is doing business as Veterans Florida and that is how it is referenced in this report.

include public and private organizations. In Fiscal Year 2022-23, the program had eight entrepreneur partners.³⁰

Not all VFEP partners offer veterans every training program. Veterans Florida allows partners to provide various programs, including cohort training (for both start-up and growth businesses), workshops, networking events, and shared office space. Cohort training offers modules on entrepreneurial topics for veterans seeking to either grow or start their businesses, delivered through facilitated discussions with small groups of pre-screened participants. There is a cap on how many veterans may sign up for a cohort, and veterans who sign up are expected to attend at least 75% of the cohort classes to successfully graduate from the cohort. Workshops offer training opportunities in various business topics, while networking provides veterans the opportunity to grow their professional connections. Cohort program participants can attend workshops and networking events hosted by cohort partners. However, the VFEP partner must count their participation at these events separately from their cohort participation. Veterans Florida reported that tracking the number of participants in each program allows it to better monitor participation for each VFEP program. Additionally, as a part of the VFEP, Veterans Florida organizes an annual exposition to highlight all employment, entrepreneurship, and quality of life resources for veterans and their families. Veterans Florida offered this exposition in a virtual format in summer 2021 and in person in summer 2022 (Orlando) and summer 2023 (Tampa).

Veterans Florida staff duties related to the VFEP include reviewing applications from entrepreneur partners, arranging an entrepreneur pitch competition during the Veterans Florida Expo, and organizing the annual Veterans Florida Expo that showcases veterans the benefits of living and working in Florida.

Workforce Training Grant Program

The Workforce Training Grant Program helps veterans translate their military experience to comparable civilian workforce requirements by providing grant funding to Florida businesses to train full-time veteran employees. The program's goal is to give veterans technical skills that are marketable, usable, and transferable. Veterans Florida reimburses Florida businesses for 50% of the incurred training costs, up to a maximum of \$8,000 per veteran employee. For-profit businesses and qualified non-profit organizations that provide permanent, full-time positions requiring specialized training beyond basic employment skills can participate in the program.

Eligible businesses may select their preferred training modules and providers, including educational institutions, private trainers, or internal staff. Partners have the flexibility to conduct training at the company's facility, training provider's facility, online, or a combination of these options. Training can encompass a broad spectrum of subjects tailored to meet the immediate and strategic needs of the business, ranging from technical skills and occupational capabilities to professional development and business operations strategies.

Veterans Florida staff duties related to the WTG program include reviewing and managing grant applications, ensuring applying businesses adhere to program standards, and providing ongoing support to veterans and businesses.

³⁰ The eight entrepreneur partners are Action Zone, Inc.; Beachworx, LLC; Florida Association of Veteran-Owned Businesses, Inc.; Florida Atlantic University; Florida Gulf Coast University; Southwest Florida Foundation Incorporated; University of North Florida; and Veterans Entrepreneurship Initiative, Inc.

SkillBridge

The U.S. DOD's SkillBridge program allows service members to intern with a civilian employer in their final six months of active duty. Service members may be granted up to 180 days of permissive duty to focus solely on training full time with approved industry partners that offer real-world training and in-demand work experience. The program is designed to reduce the employment gap for veterans between their military separation and civilian life. Service members participating in SkillBridge can maintain their military compensation and benefits. This arrangement benefits industry partners by providing access to a highly skilled workforce without incurring full training costs. Florida's SkillBridge initiative provides a job pipeline for transitioning service members, which encourages them to relocate to the state and establish permanent residency.

SkillBridge was first piloted by U.S. DOD in 2011, and in 2020, Veterans Florida worked with the department to become an authorized SkillBridge provider by offering training for service members as part of an agricultural program in partnership with the University of Florida. The agriculture program was designed to provide veterans with skills to succeed in agricultural industries and at county agricultural extension offices such as the university's Institute of Food and Agricultural Science offices. In 2021, Veterans Florida became the first statewide organization to become an authorized SkillBridge provider and the Legislature designated Veterans Florida as the state's principal organization for the SkillBridge initiative.³¹ Veterans Florida then worked with businesses and state government agencies to offer SkillBridge transition opportunities to service members.

Veterans Florida staff match eligible service members interested in the SkillBridge program with SkillBridge opportunities. The organization also supports employers by assisting those with existing SkillBridge programs in recruiting efforts and helping employers without a program to develop an approved training plan under Veterans Florida's memorandum of understanding with the U.S. DOD.³²

Resources

From Fiscal Years 2020-21 through 2022-23, Veterans Florida received \$4.7 million in appropriations to fund its programs. In Fiscal Year 2020-21 and Fiscal Year 2021-22, the Legislature made separate appropriations for the VFEP and WTG program. However, in Fiscal Year 2022-23, appropriations were combined to fund all Veterans Employment and Training Services (VETS). Veterans Florida reported that the combined appropriations allowed for greater flexibility in program spending and allowed the organization to meet its statutory requirements. During the review period, combined appropriations for Veterans Florida's programs and services decreased from about \$1.4 million in Fiscal Year 2020-21 to \$1.3 million in Fiscal Year 2021-22 but returned to \$2.0 million in Fiscal Year 2022-23. (See Exhibit 3-1.)

³¹ Chapter [2021-66](#), *Laws of Florida*

³² The memorandum of understanding is between the DOD and Veterans Florida and is valid between January 2020 and September 2024.

Exhibit 3-1

The Legislature Appropriated \$4.7 Million for Veteran Florida Programs During Fiscal Years 2020-21 Through 2022-23

| Fiscal Year | Veterans Florida Entrepreneurship Programs | Workforce Training Grants | Veterans Employment and Training Services | Total Appropriation |
|--------------|--|---------------------------|---|---------------------|
| 2020-21 | \$625,000 | \$750,000 | - | \$1,375,000 |
| 2021-22 | \$650,000 | \$650,000 | - | \$1,300,000 |
| 2022-23 | \$0 | \$0 | \$2,000,000 | \$2,000,000 |
| Total | \$1,275,000 | \$1,400,000 | \$2,000,000 | \$4,675,000 |

Source: OPPAGA analysis of Veterans Florida data.

During the review period, program expenditures for VETS ranged from \$1.3 million to \$2.0 million. Due to reduced appropriations in Fiscal Year 2021-22, Veterans Florida decreased partner reimbursements by 46% (\$630,253) from Fiscal Year 2020-21 to Fiscal Year 2021-22. Partner reimbursements remained the largest program expenditure in all three years of the review period. Direct program costs increased by 19% (\$89,181) during the review period. (See Exhibit 3-2.)

Exhibit 3-2

Veterans Florida Spent \$5.2 Million for VETS During Fiscal Years 2020-21 Through 2022-23

| Fiscal Year | Partner Reimbursements | Program Related Administrative Costs | Direct Program Costs | Total |
|----------------------|------------------------|--------------------------------------|----------------------|--------------------|
| 2020-21 ¹ | \$1,363,922 | \$63,234 | \$470,696 | \$1,897,852 |
| 2021-22 | \$733,669 | \$56,697 | \$510,369 | \$1,300,735 |
| 2022-23 ² | \$1,403,325 | \$62,209 | \$559,877 | \$2,025,411 |
| Total | \$3,500,916 | \$182,140 | \$1,540,942 | \$5,223,998 |

¹ For Fiscal Year 2020-21, Veterans Florida processed an invoice for an entrepreneurship program from Fiscal Year 2019-20 for \$119,849.

² For Fiscal Year 2022-23, Veterans Florida received a \$50,000 grant award to support the Florida Expo and VETS program initiatives.

Source: OPPAGA analysis of Veterans Florida data.

Veterans Florida increased its full-time staff from 11 to 14 employees during the review period. (See Appendix A for a list of Veterans Florida staff positions.) The organization reported that the additional staff were to enhance the number of staff available to support veterans seeking assistance in entrepreneurship training, workforce training, and SkillBridge. In addition, Veterans Florida staff provided a Career Services Program that offered employment services such as resume assistance, interview preparation, and career goal setting.

FINDINGS

In Fiscal Year 2020-21, Veterans Florida began to combine its entrepreneurship and workforce programs. In Fiscal Year 2021-22, the Workforce Training Grant program offered enhanced flexibility for employers, similar to the entrepreneurship program, allowing employers to choose between signing agreements for workforce training, workforce recruitment, SkillBridge assistance, or all three, which broadened the WTG program's accessibility for employers. In Fiscal Year 2022-23, the Legislature granted unified funding for Veterans Employment and Training Services. This merger enabled VETS staff to manage both programs under one system, a change designed to use staff and resources more efficiently. Under this unified system, WTG program employers are allowed to independently report veteran training start and completions, which allows Veterans Florida to scale its efforts without a corresponding resource increase.

Veterans Florida Entrepreneurship Program

Veterans Florida modified VFEP procurement processes to better meet the needs of veteran entrepreneurs

In Fiscal Year 2021-22, Veterans Florida changed its procurement process from an invitation to negotiate (ITN) to a request for qualifications (RFQ). This allowed the organization to request quotes for specific types of training opportunities for veteran entrepreneurs, including workshops, networking events, and cohort training events for both start-up and growth cohorts. RFQs allow Veterans Florida and its partners to focus on quality and capabilities instead of just program costs. Additionally, this change allowed VFEP modules to start earlier by eliminating the time to negotiate program contract payments for costs that were similar for all VFEP partners. The change to an RFQ process also allows program partners to specialize in different program components (such as networking events or cohort-based training) and match partner strengths to these specific components or to mix and match VFEP offerings based on partner expertise.

In addition, consistent with previous OPPAGA recommendations, Veterans Florida reported taking action in Fiscal Years 2021-22 and 2022-23 to provide earlier notification to VFEP partners by issuing the RFQ on August 16, 2021, and July 26, 2022, respectively.³³ Veterans Florida changed from an ITN to using an RFQ fixed fee format that reduced the time required to negotiate pricing, cost structures, and payments to VFEP partners. Veterans Florida also reported evaluating and accepting proposals as received, resulting in earlier contract start times for agreements with VFEP partners.

The overall number of VFEP participants increased during the review period, but Veterans Florida lacks a formal system to gauge post-program outcomes

Overall, VFEP participation increased during the review period. The total number of participants in the VFEP grew from 601 in Fiscal Year 2020-21 to 1,712 in Fiscal Year 2022-23. Veterans Florida attributed this growth to increased collaboration and networking between partner organizations participating in the VFEP. However, Veterans Florida reported that the decrease in VFEP available funding (from \$881,719 to \$650,000) from Fiscal Year 2020-21 to Fiscal Year 2021-22 resulted in fewer partners and participants. Specifically, the number of partners during the review period ranged from 13 in Fiscal Year 2021-22 to 8 in Fiscal Year 2022-23. Similarly, the number of participants in cohort programs decreased from 333 in Fiscal Year 2020-21 to 153 in Fiscal Year 2021-22. (See Exhibit 3-3.)

³³ Florida Economic Development Program Evaluations Year 9, OPPAGA Report [21-09](#), December 2021.

Exhibit 3-3

The Total Number of VFEP Participants Increased From Fiscal Year 2020-21 Through Fiscal Year 2022-23

| Fiscal Year | Number of VFEP Partners | Number of Veterans in Cohort Programs | Percentage of Veterans Who Completed the Cohort Training | Number of Veterans in Training Programs | Total Number of Participants |
|---------------|-------------------------|---------------------------------------|--|---|------------------------------|
| 2020-21 | 12 | 333 | 79% | 525 | 601 |
| 2021-22 | 13 | 153 | 86% | 989 | 1,010 |
| 2022-23 | 8 | 227 | 76% | 1,614 | 1,712 |
| Totals | | 713 | | 2,610 | 3,323 |

Source: OPPAGA analysis of Veterans Florida data.

Veterans Florida collects VFEP participant information before and during program participation but lacks a formal system to measure performance after program completion.

During the review period, Veterans Florida tracked the completion rates of veterans participating in VFEP’s cohort entrepreneurship programs. Completion rates ranged from 76% in Fiscal Year 2022-23 to 86% in Fiscal Year 2021-22. (See Exhibit 3-3.) However, Veterans Florida does not have benchmarks for these outcomes and does not systematically or routinely collect this information.

Veterans Florida surveys VFEP participants to collect key metrics, such as the number of new businesses opened, the number of employees hired by new businesses, and financial details like capital investments and reported revenues (See Exhibit 3-4.) In Fiscal Year 2020-21, Veterans Florida employed multiple survey methods, such as emailing and calling participants and collaborating with entrepreneur partners to obtain information on participant outcomes. In Fiscal Year 2021-22 and Fiscal Year 2022-23, Veterans Florida refined the surveys to include ranges for revenues and employees to improve the precision of the metrics collected.

Veterans Florida reported that its methods of assessing program performance post-completion include surveys and calling veterans making it difficult to gather detailed data on long-term outcomes such as salary and employment stability from participants of the VFEP programs. Additionally, the Veterans Florida team has reported difficulties capturing comprehensive career information post-program.

Exhibit 3-4

Veterans Florida Collected Some Outcome Data From VFEP Completers Including Business Revenues and Annual Employees

| Fiscal Year | When Business Began | Number of Participants | Businesses Reporting Revenue | Businesses With Annual Employees |
|---------------|---------------------------------|------------------------|------------------------------|----------------------------------|
| 2020-21 | Before Starting Cohort Training | 80 | 55 | Not Reported |
| | After Starting Cohort Training | 59 | 31 | Not Reported |
| 2021-22 | Before Starting Cohort Training | 107 | 92 | 42 |
| | After Starting Cohort Training | 24 | 21 | 3 |
| 2022-23 | Before Starting Cohort Training | 79 | 53 | 43 |
| | After Starting Cohort Training | 25 | 10 | 6 |
| Totals | | 374 | 262 | 94 |

Source: OPPAGA analysis of Veterans Florida data.

To explore participants’ post-program experiences, OPPAGA emailed a questionnaire to 39 veterans who applied for VFEP during the review period. The questionnaire asked veterans to rate their overall experience with the VFEP, provide any recommended improvements, and indicate if they would participate in VFEP again. Four veterans responded to the questionnaire. All of the veterans who replied to OPPAGA’s questionnaire stated that they were satisfied with their overall experience and that they would participate in VFEP again.

Workforce Training Grant Program

The number of veterans supported through the WTG program varied significantly each year of the review period

From Fiscal Year 2020-21 through Fiscal Year 2022-23, 837 veterans completed the WTG program. The number of veterans served by the WTG program varied during the review period, from a low of 127 in Fiscal Year 2021-22 to a high of 398 in Fiscal Year 2020-21. (See Exhibit 3-5.) The industry sectors with the most WTG program participants were aerospace and defense (43), manufacturing (29), and telecommunications (19), all of which are target industry sectors.³⁴ Companies that were not in target industries could become a WTG program partner if company program provided transferable skills.

Exhibit 3-5

The Number of Veteran Training Grants Awarded Varied Significantly During the Review Period

| Fiscal Year | Workforce Training Grant Appropriations | Number of Grants |
|--------------|---|------------------|
| 2020-21 | \$750,000 | 398 |
| 2021-22 | \$650,000 | 127 |
| 2022-23 | \$0 ¹ | 312 |
| Total | \$1,400,000 | 837 |

¹ For Fiscal Year 2022-23, appropriations for the Workforce Training Grants and Veterans Florida Entrepreneurship programs were combined into one appropriation for VETS for \$2.0 million.

Source: Veterans Florida.

During the review period, Veterans Florida measured the effects of the WTG program using training costs. Specifically, the organization calculated the cost per trainee, positing that greater costs and longer training equated to better results and higher quality training. Veterans Florida requires participating businesses to submit reports detailing the start and expected end dates of the training, along with training costs at the beginning and conclusion of the training periods. To facilitate the reimbursement process, these reports must include direct training-related costs and necessary documentation, such as training certificates. Veterans Florida recognized that tracking training costs to gauge program effectiveness did not ensure the veterans were receiving quality training.

To address this concern, Veterans Florida officials reported that they are planning to take steps use the completion of industry-recognized certifications as a measure of successful WTG program outcomes. This approach is consistent with the Florida Legislature's increased focus on non-degree training opportunities. Specifically, Ch. 2024-251, *Laws of Florida*, authorizes the VETS program to prioritize grant funds to training opportunities that will result in the veteran receiving a certificate, a license, or non-degree training credentials. Thus, obtaining a certificate will be a new way for Veterans Florida to verify the quality of the training. This will be a more reliable measurement of quality instead of just cost of training.

³⁴ Target industries, as defined by s. 288.005(7), *F.S.*, must offer future growth, stability, high wages, market and resource independence, industrial base diversification and strengthening, and positive economic impact. As of 2022, target industry sectors include corporate headquarters, research and development, manufacturing, global logistics and trade, financial and professional services, information technology, aviation and aerospace, defense and homeland security, life sciences, and clean technology.

Skillbridge

The number of Florida companies providing SkillBridge internship agreements increased during the review period, but Veterans Florida lacks a formal system to track performance after program completion

Veterans Florida initiated 343 SkillBridge agreements with businesses to provide internships during the review period. Most of the agreements were initiated in Fiscal Year 2021-22 (49%) and Fiscal Year 2022-23 (44%). (See Exhibit 3-6.) The number of SkillBridge agreements initiated grew from 25 in Fiscal Year 2020-21 to 151 in Fiscal Year 2022-23. Veterans Florida attributed this significant growth to becoming the authorized provider of the nation’s first statewide SkillBridge initiative. This makes it easier for Florida companies to participate in the program because companies with qualified work opportunities can become part of Veterans Florida’s agreement with the U.S. Department of Defense rather than having to apply for an individual agreement. During the review period, 162 service members completed their SkillBridge training. As of June 2023, 70% of the service members who completed their training came to Florida from out of state. Veterans Florida attributed the increase in SkillBridge opportunities to its proactive outreach and heightened visibility after becoming a statewide authorized DOD SkillBridge provider.

Exhibit 3-6

The Number of SkillBridge Agreements and Veterans Trained Increased During the Review Period

| Fiscal Year | Number of SkillBridge Agreements | Number of Veterans Trained in SkillBridge Programs |
|---------------|----------------------------------|--|
| 2020-21 | 25 | 3 |
| 2021-22 | 167 | 65 |
| 2022-23 | 151 | 94 |
| Totals | 343 | 162 |

Source: OPPAGA analysis of Veterans Florida data.

Veterans Florida expanded SkillBridge opportunities to include the public sector, starting with the Florida Highway Patrol in Fiscal Year 2021-22. The following year, the Department of Veterans Affairs, Department of Commerce, Department of Children and Families, sheriffs’ offices and police departments, and local municipalities also joined the initiative. The involvement of the Florida Highway Patrol was significant because it was the first state agency to join the initiative, and it was the nation's first statewide law enforcement agency available for SkillBridge training.

Veterans Florida tracks service members participating in SkillBridge throughout their tenure with the program but lacks a formal system to measure performance after program completion.

The SkillBridge program tracking process involves multiple checkpoints—at the start, midway, and completion of the program—to ensure that placements are beneficial and to assess participant satisfaction. Veterans Florida staff members gather information from SkillBridge participants at the end of the program, including asking completers if they were offered positions by their internship providers or found employment elsewhere after completing the program.

Veterans Florida data from Fiscal Years 2020-21, 2021-22, and 2022-23 shows that 162 veterans completed their SkillBridge training and 25 did not. Veterans Florida identified the reasons for non-completion for all 25 veterans. These reasons ranged from the service member being recalled to active duty, the service member resigning from the program, and the business partner terminating the internship. Of the 162 veterans who completed the training, Veterans Florida reported a program

midpoint check-in with 12 completers, with no further information provided for the remaining 148 completers.³⁵ Veterans Florida reported that its primary method of reviewing program outcomes for SkillBridge is calling veterans, making it difficult to gather detailed data on long-term outcomes such as salary and employment stability from SkillBridge participants.

RECOMMENDATIONS

Veterans Florida gauges its performance using a number of informal metrics but does not have a uniform, consistent system with defined outcome measures and standards. A formal measurement system would allow the organization to periodically review program outcomes, make program improvements based on outcome data, add or remove data elements as needed, and automate periodic outreach requesting information from current and former program participants.

Veterans Florida should consider developing performance measures and related data collection mechanisms to formally track program outcomes. The organization could identify ways for its partners and training grant recipients to uniformly and periodically request information from program graduates to record and report program outcomes. Program performance measures could include the following for each program.

- **Veterans Florida Entrepreneurship Program:** Number of new company employees, annual new company revenue, age of new company, equity of new company
- **Workforce Training Grant Program:** Number of participating employees, number of participating veterans, number of industry certifications earned, starting salary, and salary five years after program completion
- **SkillBridge:** Number of participating employers, number of participating service members, number of service members hired by SkillBridge partners, starting salary, and salary after five years

³⁵ Veterans Florida reported that of the 162 service members who completed their training, one accepted a position with an employer unrelated to their SkillBridge training, and one completed their training a year later than originally agreed. Veterans Florida did not report whether it completed a midpoint check-in with these two service members.

APPENDIX A

Veterans Florida Staffing

Over the review period, Veterans Florida's staff positions increased from 11 full-time employees to 14 full-time employees. During this time, the number of staff positions providing direct support to Veterans Employment and Training Services (VETS), which includes the Veterans Florida Entrepreneurship Program, Workforce Training Grant Program, SkillBridge, and Career Assistance Services, increased from 4 full-time equivalent (FTE) employees to 8.5 FTE employees. Exhibit A-1 lists the number of Veterans Florida positions at the end of each fiscal year of the review period.

Exhibit A-1

Veterans Florida Staff

| Fiscal Year | Position Title | Full-Time VETS Support Staff Postion |
|--|--|--------------------------------------|
| 2020-21 11 FTE 4 FTE VETS Staff | Executive Director | |
| | Director of Administration | |
| | Communications and Marketing Director | |
| | Office and Board Manager | |
| | Grants Manager | |
| | Information Technology Manager | |
| | Social Media and Content Specialist | |
| | VETS Program Director | |
| Partner Development Manager | ✓ | |
| Veteran Service Specialist (2 positions) | ✓ | |
| 2021-22 13 FTE 6 FTE VETS Staff | Executive Director | |
| | Director of Administration | |
| | Communications and Marketing Director | |
| | Office and Board Manager | |
| | Grants Manager | |
| | Information Technology Manager | |
| | Social Media and Content Specialist | |
| | VETS Team Director | |
| | Partner Development Manager | ✓ |
| Senior VETS Specialist | ✓ | |
| VETS Specialist (2 positions) | ✓ | |
| VETS Coordinator | ✓ | |
| 2022-23 14 FTE 8.5 FTE VETS Staff | Executive Director | |
| | Director of Administration | |
| | Communications and Marketing Director | |
| | Communications and Marketing Coordinator | |
| | Office and Board Manager | |
| | Grants Manager | |
| | VETS Manager (2 positions) | |
| | VETS Specialist (3 positions) | ✓ |
| VETS Coordinator (3 positions) | ✓ | |

Source: OPPAGA analysis of Veterans Florida data.

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 development board: Quick Response Training (QRT) a state-funded program established under s. 288.047, *Florida Statutes*, and Incumbent Worker Training (IWT), a federally funded program established under s. 445.003, *Florida Statutes*.^{36,37} The review period was Fiscal Years 2020-21 through 2022-23.

QUICK RESPONSE TRAINING PROGRAM

Background

QRT provides new or expanding businesses in Florida’s target industries state-funded grants for customized, skills-based training

QRT is for new employees in target industries.³⁸ The Legislature established the Quick Response Training Program to meet the workforce needs of existing, new, and expanding industries.³⁹ The program is state funded and provides grants to qualifying businesses to train new, full-time employees; grants are performance based with funding provided for reimbursable expenses.⁴⁰

QRT guidelines define eligible businesses as those creating high-quality jobs in target industries with an average wage at least 125% above state or local private sector wages, whichever is lower. Participants trained under the QRT program must be employed at a job paying at or above the state’s minimum hourly wage. QRT applicants must also be for-profit businesses and create a net increase in 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.⁴¹ (See Appendix A, Exhibit A-1 for detailed QRT eligibility criteria.)

Quick Response Training Grants

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

Source: CareerSource Florida and Florida Statutes.

QRT offers grant recipients flexibility regarding providers and types of training. Grant recipients choose training courses and providers, which can be educational institutions, private training

³⁶ Chapter 93-187, *Laws of Florida*, created QRT, and Ch. 99-251, *Laws of Florida*, implemented the Federal Workforce Investment Act of 1998.

³⁷ CareerSource Florida does not offer direct services to individuals. However, throughout the state there were 24 local workforce development boards to assist businesses with finding applicants, providing education and training, and establishing apprenticeship programs. Effective July 1, 2024, certain local workforce boards were consolidated resulting in 21 boards.

³⁸ Florida’s target 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.

³⁹ Section 288.047, *F.S.*

⁴⁰ Section 288.046, *F.S.*

⁴¹ CareerSource Florida requires a tax clearance letter from the Department of Revenue and a letter of good standing for at least six-months from the applicant’s bank. Tax clearance letters are mandated for federal grants to show that the applicant does not currently have outstanding audit assessment notices, tax delinquencies, or bills.

companies, company employees, 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. Some trainings are prohibited from being funded with QRT grants, including CPR and first aid, new hire orientation, and Occupational Safety and Health Administration training. (See Appendix A, Exhibit A-2 for the full list of disallowed trainings.)

Funding availability and training proposals affect the amount awarded for QRT grant contracts.

CareerSource Florida begins processing QRT grant applications on July 1st each year, and the application window remains open until June 30th of the next year or until all appropriated funds for that fiscal year have been awarded. Businesses submit applications that include information such as a detailed summary for each training course, proposed budget, and projected new hire counts. To determine grant award amounts, CareerSource staff evaluates the information provided in the application for potential economic impact of the business as well as potential costs and training outcomes.⁴² Businesses are selected on a first-come, first-served basis; however, first time applicants receive funding priority, as do businesses that offer jobs located in a distressed area, urban inner city, rural area, opportunity zone, or brownfield area. Applicant proposals with the greatest potential for economic impact that contribute in-kind or cash matches also receive funding priority. Grant recipients are awarded 12-month contracts. These contracts outline the terms of the award, including information on trainer qualifications, training duration, all direct training-related costs, and any special program needs.⁴³

The QRT grant process includes numerous administrative activities and requirements that are facilitated through the CareerSource Florida Application Portal

CareerSource Florida administers QRT grants through an online application portal that facilitates application submission and review as well as communication with applicants. The application must be completed via the portal, and applicants upload required supporting documentation and receive status updates through the portal.⁴⁴ In addition, applicants continue to use the portal for required reporting if they receive a grant award. Specific reporting and evaluation requirements include quarterly reports that provide information on training expenses and participation and a final report that includes the number of credentials earned as a result of training. (See Exhibit 4-1.)

⁴² The approved amount per trainee is based on the industry, wages, location, and reimbursable expense amount.

⁴³ Section [288.047\(5\)](#), *F.S.*

⁴⁴ Applicants can request application or technical assistance by contacting the CareerSource Florida grants manager, online using the CareerSource Florida website, or through contacting a local workforce development board.

Exhibit 4-1

Quick Response Training Administrative Activities and Requirements Include an Application Review Process and Recipient Reporting

| Activity/Requirement | Description |
|-----------------------------|---|
| Application review | <ul style="list-style-type: none">• Review proposed training plans• Complete budgetary analysis• Review external support letters• Conduct due diligence review using Department of Revenue information |
| Award cap | <ul style="list-style-type: none">• None |
| Maximum contract term | <ul style="list-style-type: none">• 12 months from commencement date¹ |
| Reporting forms and process | <ul style="list-style-type: none">• Quarterly reports• End of contract evaluation• Trainee information |
| Reimbursement basis | <ul style="list-style-type: none">• Pre-approved, direct training-related costs as listed in the grant contract |
| Reimbursement requests | <ul style="list-style-type: none">• Reimbursements are made in direct correlation to hiring and training progress• All requests must be submitted within 60 days after 12-month contract term |

¹ Awards are allocated during the fiscal year, but CareerSource Florida QRT grant contracts do not end on June 30th; the end date is 12-months from the contract commencement date.

Source: CareerSource Florida.

All QRT grant funding is provided on a reimbursement basis. The recipient may request reimbursement for pre-approved, direct training-related costs such as instructor wages, curriculum development, textbooks or manuals, and domestic travel for trainees. However, trainee wages are not eligible for reimbursement. CareerSource staff reviews these reimbursement requests for alignment with the training activities and budget in the approved contract. Via the portal, grant recipients are required to submit quarterly reports whether or not training occurs, but may report and request reimbursement more frequently. Reimbursements to businesses are 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 of the contract end date.

Grant recipients must also complete a Quick Response Training Evaluation in the portal, through which recipients provide training outcome data as well as information about their experience and suggestions for process improvements. The training evaluation must be completed and submitted to CareerSource prior to the final payment being made. In addition, grant recipients are required to submit certain information, such as social security number and hire date, to CareerSource Florida for all employees who received QRT grant-funded training.

Fiscal agents are collaborative resources for CareerSource Florida, grant recipients, and training providers. A fiscal agent is responsible for receiving program funds and processing reimbursements as stipulated in the approved costs of the grant contract. Fiscal agents can be a community or state college, state university, or career/technical center. Private postsecondary institutions can also serve as fiscal agents after a review that includes, but is not limited to, accreditation and licensure documentation and prior approval by CareerSource Florida. The use of fiscal agents is optional for grant awards of less than \$750,000. Fiscal agents receive compensation for services (known as indirect or overhead costs). These non-training program costs are paid from the grant award at the end of the contract but may not exceed 5% of the grant amount.⁴⁵

⁴⁵ Section [288.047\(5\)\(c\)](#), F.S.

During the review period, appropriations for QRT grants decreased

In Fiscal Year 2020-21, the Legislature appropriated \$9.0 million to the QRT program. Appropriations decreased to \$7.5 million in Fiscal Year 2021-22 and Fiscal Year 2022-23. (See Exhibit 4-2.)

Exhibit 4-2

QRT Appropriations Decreased During the Review Period

| | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 | Total |
|----------------------|---------------------|---------------------|---------------------|--------------|
| Appropriation Amount | \$9,000,000 | \$7,500,000 | \$7,500,000 | \$24,000,000 |

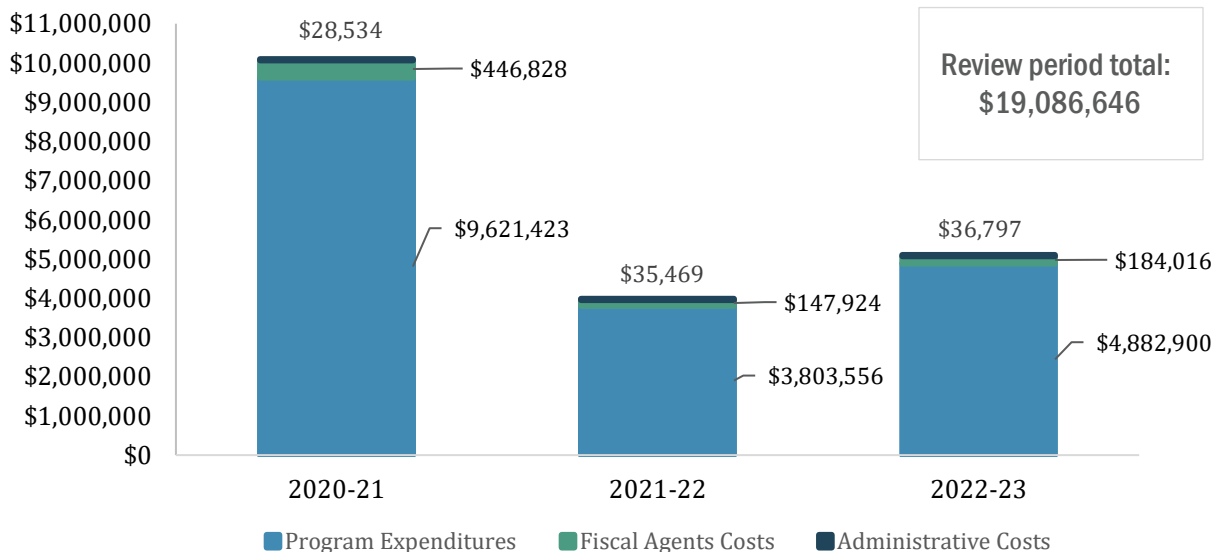
Source: CareerSource Florida.

Funding for the QRT program and operations are provided in three categories: program expenditures, CareerSource Florida administrative costs, and fiscal agent costs. Program expenditures include payments to grant recipients reimbursing direct program costs. Administrative costs are expenses incurred by CareerSource Florida as part of its operations. Fiscal agent costs may include overhead or indirect costs for application services and contract management.⁴⁶ During the review period, total expenditures for the QRT program were \$19.1 million.⁴⁷ (See Exhibit 4-3.) Total program expenditures for training in Fiscal Year 2020-21 were approximately \$9.6 million, with just over \$3.5 million in awarded funds unused. In Fiscal Year 2021-22, program expenditures decreased to approximately \$3.8 million, but the unused award amount, \$3.4 million, was similar to Fiscal Year 2020-21. The total amount of unused awards in Fiscal Year 2022-23 is not yet available, as almost \$4.4 million remains in open awards.

QRT administrative costs varied during the review period, with the lowest administrative costs in Fiscal Year 2020-21 (\$28,534) and the highest in Fiscal Year 2022-23 (\$36,797). From Fiscal Year 2020-21 to Fiscal Year 2022-23, fiscal agent costs decreased from \$446,828 to \$184,016.

Exhibit 4-3

During the Review Period, Expenditures for the QRT Grant Program Decreased¹



¹ The program expenditures in Fiscal Year 2022-23 (\$4,882,900) reflect closed awards only.

Source: OPPAGA Analysis of CareerSource Florida Data.

⁴⁶ Section 288.047(5)(c), F.S.

⁴⁷ Because QRT grants have a 12-month active period that begins when the grant is awarded, expenditures for Fiscal Year 2020-21 include almost \$2.5 million for three Fiscal Year 2019-20 grant recipients. Contracts allow grant recipients to submit reimbursement documentation within 60 days after the contract ends.

Findings

During the review period, the number of QRT grant contracts awarded increased, but average award amount and number of employees trained decreased

In Fiscal Years 2020-21 through 2022-23, CareerSource Florida received 59 completed grant applications. Of the completed applications, 55 were awarded grant contracts and 4 were declined.⁴⁸ CareerSource Florida representatives reported that applications were typically declined because program wage requirements were not met; these requirements mandate that employee wages are equivalent or above the state's minimum hourly wage. Changes in wage requirements may have affected the number of applications. Effective July 1, 2021, the minimum wage requirement for QRT grant applicants participating in the Welfare Transition Program (Florida's Temporary Assistance for Needy Families) changed from \$6 per hour to greater than or equal to Florida's minimum wage.⁴⁹ ⁵⁰ This resulted in an increase of \$2.65 per hour to the QRT grant minimum wage requirement. Additionally, a statewide plan to gradually increase minimum wages resulted in an increase to \$10.00 per hour effective September 30, 2021, and an increase to \$11.00 per hour effective September 30, 2022.⁵¹ These changes resulted in total increases of \$4.00 per hour and \$5.00 per hour to the QRT grant minimum wage requirement during the last two years of the review period.

During the review period, CareerSource Florida awarded QRT grant contracts totaling \$23.2 million. The number of grant contracts awarded increased from 16 in Fiscal Year 2020-21 to 24 in Fiscal Year 2022-23, a 50% increase. Although the number of grant contracts awarded increased, the total amount awarded decreased in each year of the review period. (See Exhibit 4-4.) The average amount awarded per grant decreased as program funding declined. The decrease in appropriations for QRT was associated with a 42% decrease in the average amount granted per award, from an average of \$523,983 per award in Fiscal Year 2020-21 to an average of \$306,324 per award in Fiscal Year 2022-23. Businesses in 17 of Florida's 67 counties received QRT grants during the review period, with those located in Broward County receiving the largest number (14). Lee County businesses received the largest amount of award funds (\$4.5 million), while those in Palm Beach County received the smallest amount of award funds (\$17,500). (See Appendix A, Exhibit A-3 for QRT grant awards by county.)

⁴⁸ Two applications were declined in Fiscal Year 2021-22, and two were declined in Fiscal Year 2022-23.

⁴⁹ Florida's Welfare Transition Program emphasizes work, self-sufficiency, and personal responsibility to enable participants to move from welfare to work. The program provides cash benefits to eligible families with dependent children. Additional support may include assistance with childcare and transportation, education and job training, and employment services.

⁵⁰ At the time of this change, Florida's minimum wage was \$8.65.

⁵¹ Effective September 30, 2021, a constitutional amendment increased the minimum wage to \$10 per hour with annual increases of \$1.00 per hour until minimum wage reaches \$15 on September 30, 2026. Starting on September 30, 2027, the minimum wage will be adjusted annually for inflation every September 30th.

Exhibit 4-4

QRT Average Grant Awards and Number of Employees Trained Decreased for Fiscal Year 2020-21 Through Fiscal Year 2022-23

| Quick Response Training Grant Contracts | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 |
|---|---------------------|---------------------|---------------------|
| Number of QRT grant contracts awarded | 16 | 15 | 24 ¹ |
| Number of employees trained | 2,075 | 1,393 | 709 ² |
| Average grant amount per award | \$523,983 | \$496,258 | \$306,324 |
| Average number of employees trained per award | 130 | 93 | 64 ³ |
| Total amount awarded | \$8,383,725 | \$7,443,871 | \$7,351,755 |

¹ Of the 24 grant contracts awarded in Fiscal Year 2022-23, 11 closed during the review period and 13 remain open; the 709 trained employees were from the 11 closed grant contracts.

² The number of employees trained in Fiscal Year 2022-23 reflects only the closed grant contracts for the fiscal year.

³ The average number of employees trained per award is calculated based on closed grant contracts.

Source: OPPAGA analysis of CareerSource Florida data.

The number of employees trained per year also decreased during the review period; most employees' wages increased after training. The total number of trainees for Fiscal Year 2022-23 is not yet available, because some grant contracts are still open.⁵² However, from Fiscal Year 2020-21 to Fiscal Year 2021-22, the number of employees trained decreased by 33%. (See Exhibit 4-4.) Additionally, the average number of employees trained per grant decreased during the review period. Specifically, from Fiscal Year 2020-21 to Fiscal Year 2021-22, the average number of employees trained per grant decreased by 28%, from 130 in Fiscal Year 2020-21 to 93 in Fiscal Year 2021-22.

OPPAGA used Florida Education and Training Placement Information Program (FETPIP) data to compare the average wages of trainees before and after training. In both Fiscal Year 2020-21 and Fiscal Year 2021-22, wages for QRT trainees increased following training.⁵³ This is consistent with previous review periods, in which QRT trainee wages increased post training.

Most QRT grantees were medium-sized businesses, and most grant awards were for industry-specific training

OPPAGA categorized grant recipients as small, medium, and large businesses based on the number of full-time employees reported by each business.^{54, 55} During the review period, medium-sized businesses received the largest portion of QRT grant contracts. Of the 55 QRT grant contracts awarded during the review period, medium-sized businesses received 26 grant contracts (48%), large-sized businesses received 14 grant contracts (26%), and small-sized businesses received 14 grant contracts (26%).⁵⁶

As funding decreased over the review period, the number of QRT awards to large-sized business decreased, from 31% of awards in Fiscal Year 2020-21 to 13% of awards in Fiscal Year 2022-23. As award amounts are partially determined by the number of expected trainees, grant opportunities for larger businesses seeking to train a larger number of employees are more limited when appropriations are smaller.

⁵² OPPAGA used only closed grants from Fiscal Year 2022-23. Because not all grants are closed, the total and average number of employees trained reported may underestimate the number of employees trained during the review period.

⁵³ FETPIP data for Fiscal Year 2022-23 is not yet available.

⁵⁴ Small businesses are those with 50 or fewer full-time employees. Medium businesses are those with more than 50, but fewer than 500 full-time employees. Large businesses are those with 500 or more full-time employees.

⁵⁵ One business did not provide a count for full-time employees and one business reported having no full-time employees.

⁵⁶ The industries most frequently represented by QRT grant recipients were aviation and aerospace (15%), finance and professional services (29%), homeland security/defense (2%), information technology (13%), life sciences (15%), logistics and distribution (15%), and manufacturing (13%).

OPPAGA also analyzed the types of training QRT grant recipients conducted. Most QRT grant contracts were awarded to businesses offering multiple types of training. Grant recipients reported 106 training opportunities across six categories of training.⁵⁷ The most frequently reported type of training was industry specific training (93%). Businesses also used QRT grants for leadership and management training (40%), computer hardware and software training (31%), and certification and continuing education (16%). The least frequently offered types of training were customer service training (7%) and safety and equipment training (5%).

When optional, nearly half of QRT grant recipients still chose to use a fiscal agent

Despite administrative changes that made fiscal agents optional for smaller grant awards, most grant recipients still chose to use a fiscal agent. Prior OPPAGA reports noted that fiscal agents may no longer be needed given the increased use of technology in the application and reimbursement process.⁵⁸ Beginning in 2019-20, CareerSource Florida made the use of fiscal agents optional for grant awards of less than \$750,000. Of the 55 grant contracts awarded during the review period, 48 grant contracts did not require the use of a fiscal agent. Despite not being required, 23 grant recipients used a fiscal agent. Of these recipients, 48% were medium-size businesses, 33% were large-size businesses, and 19% were small-size businesses.

Ten of the 11 fiscal agents selected during the review period were state colleges, while 1 was a local school board.⁵⁹ The total amount granted in awards with fiscal agents during the review period was \$17.9 million. No fiscal agent reimbursements exceeded 5% of the total reimbursements for the grant contracts.

⁵⁷ CareerSource Florida collects information on training type from grant applications. Using this information, OPPAGA classified training as at least one of seven categories: certification and continuing education; computer hardware/software; industry specific; leadership/management; customer service; safety and equipment; and sales and marketing. A single grant award may be included in more than one training category. During the review period, no grants were awarded for training related to sales and marketing.

⁵⁸ *Florida Economic Development Program Evaluations–Year 3 Report*, OPPAGA Report [15-11](#), November 2015 and *Florida Economic Development Program Evaluations–Year 6 Report*, OPPAGA Report [18-07](#), December 2018.

⁵⁹ Fiscal agents included the Broward College District Board of Trustees, Chipola College, the College of Central Florida, Daytona State College, Eastern Florida State College, Florida Southwestern State College, the Hillsborough County School Board, Indian River State College, Pensacola State College, Polk State College, and St. Petersburg College/Gibbs Campus.

INCUMBENT WORKER TRAINING PROGRAM

Background

IWT provides federally-funded grants for continuing education and training current employees

IWT is for current employees working for eligible businesses in any industry. CareerSource Florida administers Florida’s Incumbent Worker Training program pursuant to the Federal Workforce Innovation and Opportunity Act. The program addresses current employee training needs by providing grant funding for continuing education and training for incumbent employees at existing Florida businesses.⁶⁰ The program provides grants to reimburse businesses for preapproved, direct, training-related costs. Businesses receive reimbursement from the program with preapproval from CareerSource Florida.

IWT grant applicants must be for-profit companies operating in Florida for a minimum of one year prior to application.⁶¹ Applicants must describe how the training is related to the competitiveness of both the business and the employees receiving the training and must demonstrate a commitment to retain or avert the layoff of employees receiving the training. Eligible applicants must demonstrate financial viability by uploading supporting documentation as part of an online application. Other requirements include having at least one full-time employee and not receiving an award in the previous or current program year. (See Appendix B, Exhibit B-1 for detailed IWT eligibility criteria.)

IWT offers grant recipients flexibility regarding providers and types of training. Similar to the QRT program, IWT grant recipients can choose training courses and providers, which can be educational institutions, private training companies, company employees, or a combination of these.⁶² 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. Some trainings are prohibited from being funded with IWT grants, including CPR and first aid, new hire orientation, and training that includes the purchase of equipment in the cost of the training. (See Appendix B, Exhibit B-2 for the full list of disallowed trainings.)

Incumbent Worker Training Grants

- Federal appropriation
- Any occupational or technical skills training
- Any industry qualifies¹
- For existing businesses in operation for at least one year²
- For current employees

¹ With the exception of not-for-profit agencies or organizations; retail establishments; entities with administrations comprised only of volunteers; local workforce development boards and board administrative entities; labor unions; and federal, state, county, or city government entities.

² Grants are to for-profit businesses but include hospitals or healthcare facilities operated by nonprofit or local government entities which provide nursing opportunities to acquire new or improved skills.

Source: CareerSource Florida and s. 445.003, *Florida Statutes*.

⁶⁰ Section 445.003(3)(a)3, *F.S.*

⁶¹ In Fiscal Year 2021-22, non-profit hospitals and hospitals operated by local government entities in Florida also became eligible for the IWT grants.

⁶² Private training companies or instructors may be utilized only after accreditation and licensure review and approval from CareerSource Florida, as the IWT grant program prioritizes providing employees with opportunities to earn credentials on the Master Credentials List.

Funding availability, type of training proposed, and business characteristics affect the amount awarded for IWT grant contracts. Similar to QRT grants, CareerSource Florida follows a process for determining IWT award amounts based on available funding and number of applications received. Processing IWT grant applications begins on July 1st, and applications remain open until June 30th the next year or until all funding appropriated in that fiscal year has been awarded.⁶³ CareerSource Florida sets a cap on the total amount per award each year based on funding allocations, funding priorities, and the amount of funding requested. Applications are reviewed and prioritized based on the training outcomes and business characteristics identified in the application. CareerSource Florida staff reviews applications for training proposals that increase the business's competitiveness, viability, and/or profitability and allow the company to create or save jobs, reduce turnover, and/or increase the trainee(s) short- or long-term wages.

The IWT grant process includes numerous administrative activities and requirements that are facilitated through the CareerSource Florida Application Portal

CareerSource Florida administers IWT grants through an online application portal that facilitates application submission and review as well as communication with applicants. The portal also provides data security for businesses when uploading required documentation and data.⁶⁴ Grant recipients access and submit six-month status reports and related information as well as training plans through the portal. Final reimbursements are released after grant recipients, via the portal, complete an evaluation of the IWT grant program. In addition, grant recipients are required to submit certain information, such as social security number and date of hire, to CareerSource Florida for all employees who received IWT grant-funded training. (See Exhibit 4-5.)

⁶³ CareerSource Florida specifies the amount of funding available for all IWT training projects in an annual guide available on its website; a notification is posted on the website when funds are no longer available.

⁶⁴ Grant recipients are required to provide certain information to CareerSource Florida for all employees who received the grant-funded training as part of long-term follow-up and accountability studies

Exhibit 4-5

Incumbent Worker Training Grant Administrative Activities and Requirements Include an Application Review Process and Recipient Reporting

| Activity/Requirement | Description |
|-----------------------------|---|
| Application review process | <ul style="list-style-type: none"> • Review proposed training plans • Complete budgetary analysis • Conduct financial due diligence review using Department of Revenue and bank letters • Verify company eligibility |
| Award cap | <ul style="list-style-type: none"> • \$50,000 in Fiscal Year 2022-23 |
| Maximum contract term | <ul style="list-style-type: none"> • 12 months from commencement date¹ |
| Reporting forms and process | <ul style="list-style-type: none"> • Monthly reports • Six-month status report • Final training evaluation • Trainee information |
| Reimbursement basis | <ul style="list-style-type: none"> • Up to 50% of approved, direct training costs • Up to 75% of approved, direct training costs for qualifying businesses |
| 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 within 60 days after 12-month contract term |

¹ Awards are allocated during the fiscal year, but CareerSource Florida IWT grant contracts do not end on June 30th; the end date is 12-months from the date the contract starts.

Source: OPPAGA analysis of CareerSource Florida data.

Businesses awarded IWT grants are eligible for different levels of reimbursement based on size and location, with a maximum reimbursement rate of 75% of pre-approved direct training costs. During the review period, CareerSource Florida modified reimbursement levels to align with Florida’s Reimagining Education and Career Help Act and meet the needs of small employers. Beginning in Fiscal Year 2021-22, the 75% reimbursement level changed from businesses with 50 or fewer full-time employees to businesses with 25 or fewer full-time employees. Businesses in rural areas or distressed areas remain eligible to receive 75% reimbursement.⁶⁵ Grant recipients that do not meet the size or location requirements for the 75% reimbursement are eligible to receive 50% reimbursement of pre-approved training costs.

Businesses are required to provide a minimum of 50% of the amount requested for direct training costs, unless the businesses meet the criteria to receive a 75% reimbursement. The IWT grant program allows reimbursement for direct training costs and expenses such as tuition, training, course costs and instructor wages, curriculum development, textbooks or manuals, and training DVDs. Some costs are not eligible for reimbursement, including trainee wages, travel, food, conferences, and equipment. (See Appendix B, Exhibit B-2 for more information on allowable costs.) All reimbursement requests must use specific reimbursement request forms provided by the CareerSource Florida grants specialist and must be submitted within 60 days of the contract end date.

⁶⁵ Distressed areas, per s. [290.002\(1\)](#), F.S., chronically display extreme and unacceptable levels of unemployment, physical deterioration, and economic disinvestment.

In Fiscal Year 2021-22, the Legislature changed IWT eligibility and funding priorities to support health care and other high wage industries

Chapter 2021-164, *Laws of Florida*, changed the eligibility and funding priorities of the IWT grant program.⁶⁶ Prior to the eligibility changes, only for-profit business could receive an IWT grant.⁶⁷ The new law added hospitals operated by a non-profit or local governments in the businesses eligible for an IWT grant. The act also made hospitals providing skill development in nursing eligible for grants; according to recent reports, 16% of registered nurses and 12% of advanced practice registered nurses in Florida are over the age of 60 and may leave the workforce in the next 5 to 10 years.⁶⁸

In addition, the law changed to grant funding priorities. Previously, IWT grants did not have an established order of funding priorities. Instead, priority was given to applications based primarily on applicant business characteristics (e.g., businesses in a target industry) and proposed trainee characteristics (e.g., employees with employment barriers). Chapter 2021-164, *Laws of Florida*, established a ranked order of funding priorities for IWT grant recipients.

1. Businesses that provide employees with opportunities to acquire new or improved skills by earning a credential on the Master Credentials List⁶⁹
2. Hospitals operated by nonprofit or local government entities that provide nursing opportunities to acquire new or improved skills
3. Businesses with grant proposals that represent a significant upgrade in employee skills
4. Businesses with 25 employers or fewer, businesses in rural areas, and businesses in distressed inner-city areas
5. Businesses in a qualified target industry or businesses with grant proposals that represent a significant layoff avoidance strategy

The Legislature also updated s. 445.004(4)(h), *Florida Statutes*, to require CareerSource Florida to appoint a Credentials Review Committee to identify degree and non-degree credentials of value for inclusion on the Master Credentials List. The IWT program uses the list to establish policies and priorities for funding and resources.

⁶⁶ These statutory changes coincided with a monitoring report by the U.S. Department of Labor, Employment and Training Administration that directed the Florida Department of Economic Opportunity to update policies and definitions to determine eligibility for the IWT program. See [FY20 Comprehensive Monitoring Report: Florida Department of Economic Opportunity, Florida Department of Elder Affairs](#), U.S. Department of Labor, Employment and Training Administration, January 2021.

⁶⁷ Previously, only for-profit businesses were eligible for IWT grants and priority was given to first time applicants; businesses in a qualified target industry; businesses with grant proposals that represented a significant upgrade in employee skills; businesses seeking to utilize the program to train individuals with barriers to employment; and businesses with grant proposals that represented a significant layoff avoidance strategy.

⁶⁸ [Florida's 2018-2019 Registered Nurse \(RN\) Workforce Supply, Characteristics and Trends](#), Florida Center for Nursing, June 2020; [Florida's 2018-2019 Advanced Practice Registered Nurse \(APRN\) Workforce Supply, Characteristics and Trends](#), Florida Center for Nursing, June 2020.

⁶⁹ The Master Credentials List is an inventory of state-approved credentials that have value in the current or future job market.

During the review period, appropriations for IWT grants decreased

During the review period, the Legislature appropriated a total of \$12.0 million for the IWT grant program. The Fiscal Year 2020-21 appropriation was \$6.0 million, and appropriations decreased to \$3.0 million in Fiscal Years 2021-22 and 2022-23. (See Exhibit 4-6.)

Exhibit 4-6

IWT Appropriations Decreased During the Review Period

| Program | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 | Total |
|---------------------------|---------------------|---------------------|---------------------|--------------|
| Incumbent Worker Training | \$6,000,000 | \$3,000,000 | \$3,000,000 | \$12,000,000 |

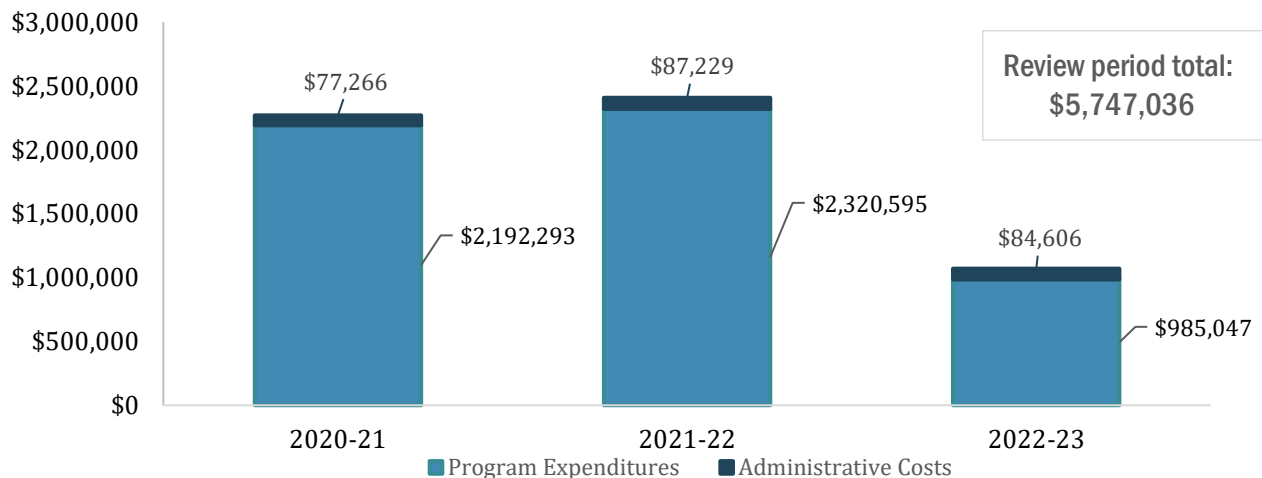
Source: CareerSource Florida.

Costs to fund and operate the IWT program are provided in two categories: program expenditures and CareerSource Florida administrative costs. Program expenditures include payments to grant recipients reimbursing direct program costs, and administrative costs are expenses incurred by CareerSource Florida as part of its operations.

During the review period, total expenditures for the IWT program were \$5.7 million. (See Exhibit 4-7.) Total program expenditures for training in Fiscal Year 2020-21 were approximately \$2.2 million, with just over \$3.1 million in awarded funds unused.^{70,71} Program expenditures in Fiscal Year 2021-22 increased to approximately \$2.3 million, but the unused award amount dropped to approximately \$1.1 million. The total amount of unused awards is not yet available for Fiscal Year 2022-23, as almost \$1.2 million remain in open awards. Total IWT grant administrative expenditures are available, with an increase from \$77,266 in Fiscal Year 2020-21 to \$84,606 in Fiscal Year 2022-23.

Exhibit 4-7

During the Review Period, Expenditures for the IWT Grant Program Fluctuated¹



¹ The program expenditures in Fiscal Year 2022-23 (\$985,047) reflect closed awards only.

Source: OPPAGA analysis of CareerSource Florida data.

⁷⁰ Of the \$6.0 million in legislative appropriations, approximately \$83,000 was obligated to grants awarded in the previous year and therefore not available for Fiscal Year 2020-21.

⁷¹ Funds awarded that are not spent by a grant recipient by the contract completion date are de-obligated. In Fiscal Year 2020-21, the de-obligated amount was just over \$3.1 million.

Findings

During the review period, the number of IWT grant contracts awarded decreased

In Fiscal Years 2020-21 through 2022-23, CareerSource Florida awarded 277 IWT grant contracts totaling \$10.5 million.⁷² CareerSource Florida received 448 IWT applications during the review period. Of the 171 applicants that did not receive grant contracts, 136 did not meet application requirements before the end of the program year and 35 were declined. Applications that did not meet submission requirements were not completed during the program year or before program funding was expended. CareerSource Florida representatives reported that the most common reason for declined applications was that the employees to be trained were employed through professional employment organizations, which is not allowed under IWT grant guidelines.⁷³

The total amount awarded and the average amount awarded per grant decreased in each year of the review period.⁷⁴ The total amount awarded decreased from \$5.9 million in Fiscal Year 2020-21 to \$2.1 million in Fiscal Year 2022-23, a 64% decrease. Similarly, the average amount awarded per grant decreased from \$48,762 in Fiscal Year 2020-21 to \$24,442 in Fiscal Year 2022-23. (See Exhibit 4-8.) Although the total amount awarded and average award per grant decreased in each year of the review period, the number of grant contracts awarded increased from 68 in Fiscal Year 2021-22 to 87 in Fiscal Year 2022-23. As a result of reduced appropriations in Fiscal Year 2021-22, CareerSource Florida decreased the maximum award amount from \$200,000 to \$50,000 and maintained that limit in Fiscal Year 2022-23. This change allowed more, but smaller, IWT grant contracts in the final year of the review period. The average amount awarded in Fiscal Year 2020-21 was \$48,762, which decreased to \$35,923 in Fiscal Year 2021-22 and dropped to \$24,442 in Fiscal Year 2022-23.⁷⁵ Businesses in 27 of Florida’s 67 counties received IWT grants, with businesses in Miami-Dade County receiving the largest number (50), followed by Broward County (47), and Palm Beach County (29). Businesses in Miami-Dade County also received the largest amount of award funding (\$2.3 million). (See Appendix B, Exhibit B-3 for IWT grant award amounts and number of trainees by county.)

Exhibit 4-8

IWT Average Grant Awards and Number of Employees Trained Decreased for Fiscal Year 2020-21 through Fiscal Year 2022-23

| Incumbent Worker Training Grant Contracts | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 |
|--|---------------------|---------------------|---------------------|
| Number of IWT grant contracts awarded | 122 | 68 | 87 ¹ |
| Number of employees trained | 1,923 | 1,128 | 340 ² |
| Average grant amount per award | \$48,762 | \$35,923 | \$24,442 |
| Average number of employees trained per award ² | 16 | 17 | 10 ³ |
| Total amount awarded | \$5,948,971 | \$2,442,736 | \$2,126,473 |

¹ Of the 87 IWT grant contracts awarded in Fiscal Year 2022-23, 52 remain open; the 340 employees trained were from 34 closed grant contracts.

² The number employees trained in Fiscal Year 2022-23 reflects only the closed grant contracts for the fiscal year.

³ The average number of employees trained per award is calculated based on closed grant contracts.

Source: OPPAGA analysis of CareerSource Florida data.

⁷² Of the 277 grants awarded during the review period, 224 grant contracts are closed, meaning no information on the number of employees trained is available for the remaining 53 grant contracts.

⁷³ A professional employment organization contracts its employees to another, separate, business. Under IWT Guidelines, the employee’s W-2 must match the company name that is on the application. Additionally, the Federal Employer Identification Number on all documents must be the same.

⁷⁴ In Fiscal Year 2020-21, this resulted in almost \$83,000 in reimbursements for 10 grants awarded in the prior year. These grants are not included in the award counts.

⁷⁵ According to feedback CareerSource Florida received from larger businesses, the cap in award amounts that occurred in Fiscal Year 2021-22 reduced the utility of the grant and impacted application counts from larger businesses.

A CareerSource Florida representative reported that awards reflect funding availability and number of application requests received, where smaller appropriations result in either a smaller number of grant contracts awarded or a decrease in the amount granted per award. Similar to the QRT grant program, the number of expected trainees partially determines the IWT award amounts. As a result, grant opportunities for larger businesses are more limited when funding decreases.

The number of employees trained per year also decreased during the review period; most employees' wages increased after training. The number of employees trained through IWT grants decreased from 1,923 in Fiscal Year 2020-21 to 1,128 in Fiscal Year 2021-22, a 41% decrease. (See Exhibit 4-8.) The number of trainees for Fiscal Year 2022-23 is not yet available because some grant contracts are still open.

OPPAGA used FETPIP data to compare the average wages of trainees before and after training. In both Fiscal Year 2020-21 and Fiscal Year 2021-22, wages for IWT trainees increased.⁷⁶ This is consistent with previous review periods, in which IWT trainee wages increased post training.

Most IWT grantees were small businesses, and most awards were for certifications and continuing education

OPPAGA categorized grant recipients as small, medium, and large businesses based on the number of full-time employees reported by each business.⁷⁷ During the review period, small-sized businesses received the largest portion of IWT contracts. Of the 277 IWT grant contracts awarded, small-sized businesses received 202 grant contracts (73%), medium-sized businesses received 67 grant contracts (24%), and large-sized businesses received 8 grant contracts (3%).

OPPAGA also analyzed the types of training IWT grant recipients conducted. Nearly half of IWT grant contracts awarded during the review period went to businesses offering more than one type of training. IWT recipients offered 552 training opportunities across seven categories of training, with 48% of recipients offering more than one type of training.⁷⁸ The most frequently reported type of training was certification and continuing education (54%). Leadership and management and industry-specific training were offered by 39% of businesses, followed by sales and marketing (25%), customer services (22%), and computer hardware and software (17%). The least frequently offered type of training was safety and equipment (4%).

⁷⁶ FETPIP data for Fiscal Year 2022-23 was not yet available at the time of our review.

⁷⁷ Small businesses are those with 50 or fewer full-time employees. Medium businesses are those with more than 50, but fewer than 500 full-time employees. Large businesses are those with 500 or more full-time employees.

⁷⁸ CareerSource Florida collects information on training type from grant applications. Using this information, OPPAGA classified training as at least one of seven categories: Certification and Continuing Education; Computer Hardware and Software; Industry Specific; Leadership and Management; Customer Service; Safety and Equipment; and Sales and Marketing. A single grant award may be included in more than one training category.

APPENDIX A

Quick Response Training Grant

Section 288.047, *Florida Statutes*, created the Quick-Response Training (QRT) Program to meet the workforce-skill needs of existing, new, and expanding industries. CareerSource Florida, Inc., is responsible for adopting guidelines for the administration of QRT, providing technical services, and identifying businesses that seek services through the program. To qualify for program grants, businesses must meet a number of requirements. In addition, QRT has several funding priorities and program guidelines. (See Exhibits A-1 and A-2.) The number of grants and award amounts vary by county. (See Exhibit A-3.)

Exhibit A-1

Eligibility Criteria and Funding Priorities for QRT Grants

| Eligibility Criteria and Funding Priorities | |
|---|---|
| Eligibility Criteria | <ul style="list-style-type: none"> • Be for-profit and create new, permanent, full-time (37.5+ 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) ○ Goods and services produced must be exportable (beyond regional markets) • Provide sufficient documentation for identification of all participants that would allow access through the automated student databases pursuant to s. 288.047(5)(e), <i>F.S.</i>, or electronic listings by social security number for calculation of performance measures and any other outcomes as specified in s. 1008.39, <i>F.S.</i>, or deemed pertinent to CareerSource Florida • May not qualify for funding if relocating from one Florida community to another Florida community, pursuant to s. 288.047(2) <i>F.S.</i> • Demonstrate financial viability by providing the following documents <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 |
| Funding Priorities | <ul style="list-style-type: none"> • First time applicants • Businesses that offer jobs located in a distressed, urban inner city, rural area, opportunity zone, or brownfield area • Businesses that submit grant proposals with the greatest potential for economic impact that contribute in-kind and/or cash matches |

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

Exhibit A-2 QRT Grant Program Guidelines

| Program Guidelines |
|--|
| Reimbursement Amount Basis |
| <ul style="list-style-type: none"> Reimbursement amount based on the number of new hires completing the training and the approved amount per trainee |
| Reimbursable Expense |
| <ul style="list-style-type: none"> Portion of instructors'/trainers' salaries Curriculum development Textbooks/manuals Other costs Customized, skills-based, online training Travel for trainers and trainees |
| Program Guidelines |
| Disallowed Costs |
| <ul style="list-style-type: none"> Trainee wages |
| Disallowed Trainings |
| <ul style="list-style-type: none"> CPR and first aid New hire orientation Diversity and sexual harassment English as a second language Degree programs Workplace literacy or soft skills Conferences Occupational Safety and Health Administration and safety training |

Source: CareerSource Florida.

Exhibit A-3 QRT Grant Awards by County

| County | Number of Grant Contracts | | Amount Awarded |
|--------------|---------------------------|--|---------------------|
| | Awarded | Number of Employees Trained ¹ | |
| Lee | 8 | 714 | \$4,492,688 |
| Marion | 2 | 1,311 | 3,896,550 |
| Broward | 14 | 511 | 2,969,000 |
| Polk | 4 | 223 | 2,767,275 |
| Pinellas | 4 | 329 | 1,820,280 |
| St. Lucie | 1 | TBD | 1,367,100 |
| Brevard | 1 | 0 | 1,249,500 |
| Escambia | 2 | 289 | 1,098,300 |
| Hillsborough | 7 | 180 | 938,553 |
| Collier | 1 | 346 | 908,775 |
| Miami-Dade | 3 | 143 | 432,000 |
| Madison | 2 | To be determined | 372,900 |
| Orange | 2 | 96 | 320,500 |
| Seminole | 1 | 0 | 251,250 |
| Holmes | 1 | 18 | 161,700 |
| Volusia | 1 | 17 | 115,500 |
| Palm Beach | 1 | 0 | 17,500 |
| Total | 55 | 4,177 | \$23,179,371 |

¹ Where the number of employees trained is 0, no funds were used; in instances where the grant contract has not closed the number of employees trained is to be determined as it is not yet available.

Source: OPPAGA analysis of CareerSource Florida data.

APPENDIX B

Incumbent Worker Training Grant

Section 445.003(3), *Florida Statutes*, created the Incumbent Worker Training (IWT) Program to provide grant funding for continuing education and training of incumbent employees at existing Florida businesses. CareerSource Florida, Inc., is responsible for publishing guides for the administration of IWT. To qualify for program grants, businesses must meet a number of requirements. In addition, IWT has several funding priorities and program guidelines. (See Exhibits B-1 and B-2.) The number of grants and award amounts vary by county. (See Exhibit B-3.)

Exhibit B-1

Eligibility Criteria and Funding Priorities for IWT Grants

| Eligibility Criteria and Funding Priorities | |
|---|---|
| Eligibility Criteria ¹ | For reimbursement of up to 50% of training costs <ul style="list-style-type: none"> • Be a for-profit company or be a hospital operated by nonprofit or local government entities 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 the following documents <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 90 days of application submittal ○ A letter 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 Innovation and Opportunity Act; Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Age Discrimination Act of 1975; Title IX of the Education Amendments of 1972; and 29 C.F.R. Part 38 • 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 |
| | Funding Priorities² <p>Funding priority shall be given in the following order</p> <ul style="list-style-type: none"> • Businesses that provide employees with opportunities to acquire new or improved skills by earning a credential on the Master Credentials List • Hospitals operated by nonprofit or local government entities that provide nursing opportunities to acquire new or improved skills • Businesses with grant proposals that represent a significant upgrade in employee skills • Businesses with 25 employees or fewer, businesses in rural areas, and businesses in distressed inner-city areas • Businesses in a qualified target industry or businesses with grant proposals that represent a significant layoff avoidance strategy |

¹ In Fiscal Year 2021-22, the eligibility criteria changed to include hospitals operated by nonprofit or local government entities in Florida.

² In Fiscal Year 2020-21, the criteria for business size was 50 employees or fewer. For Fiscal Year 2022-22 and Fiscal Year 2022-23, the business size was lowered to 25 employees or fewer.

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

Exhibit B-2

IWT Grant Program Guidelines

| Program Guidelines |
|--|
| Reimbursable Expenses |
| <ul style="list-style-type: none"> • Tuition/training/course cost and/or instructors' wages <ul style="list-style-type: none"> ○ Capped at \$35/hour for company employees delivering the training ○ Capped at \$200/instructor hour for vendor training • Curriculum development: No more than 25% of each approved course cost will be allowed for curriculum development • Textbooks/manuals: capped at \$100 per textbook and/or manual (limited to course content only) – no certification or exam preparation materials; no more than 50% of each approved course cost will be allowed for textbooks • Related costs limited to copies or slides at \$0.03 per copy, training DVDs or tapes |
| Disallowed Costs |
| <ul style="list-style-type: none"> • Employee/trainee wages and fringe benefits • Compensation or consultant fees • Capital improvements • Travel • Food • Membership fees/dues • Conferences • Test/exam Fees • Company website design and development, website hosting and maintenance, software upgrade, advice on computer selection for purchase and upgrade • Purchase of employee assessment systems or systems usage licenses • Equipment • Annual membership for online courses |
| 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 takes place where food and/or beverages are included • Training that includes the purchase of equipment (such as iPads or other equipment/supplies/devices that can be used outside of training) in the cost of the training. |

Source: CareerSource Florida.

Exhibit B-3

IWT Grant Contracts by County

| County | Number of Grant Contracts Awarded | Number of Employees Trained ¹ | Amount Awarded |
|--------------|-----------------------------------|--|----------------|
| Miami-Dade | 50 | 789 | \$2,271,885 |
| Broward | 47 | 505 | 2,070,739 |
| Orange | 27 | 344 | 1,349,847 |
| Palm Beach | 29 | 292 | 1,165,540 |
| Hillsborough | 22 | 348 | 698,418 |
| Brevard | 13 | 462 | 510,890 |
| Lee | 7 | 131 | 386,239 |
| Alachua | 8 | 80 | 359,817 |
| Pinellas | 14 | 79 | 293,371 |
| Duval | 12 | 48 | 273,433 |
| Pasco | 9 | 43 | 195,807 |
| Volusia | 4 | 100 | 147,314 |
| Leon | 3 | 33 | 124,800 |
| Indian River | 1 | 13 | 110,475 |

| County | Number of Grant Contracts Awarded | Number of Employees Trained ¹ | Amount Awarded |
|--------------|-----------------------------------|--|---------------------|
| St. Lucie | 4 | 6 | 99,140 |
| Seminole | 10 | 27 | 95,066 |
| Marion | 2 | 14 | \$91,850 |
| Martin | 5 | 36 | \$77,550 |
| Levy | 1 | 13 | \$45,375 |
| Santa Rosa | 1 | 0 | \$44,711 |
| Polk | 2 | 4 | \$28,875 |
| Okaloosa | 1 | 0 | \$27,360 |
| Collier | 1 | 7 | \$24,000 |
| Flagler | 1 | 3 | \$10,500 |
| Sarasota | 1 | To be determined | \$7,250 |
| Manatee | 1 | 4 | \$5,625 |
| St. Johns | 1 | 10 | \$2,303 |
| Total | 277 | 3,391 | \$10,518,180 |

¹ Where the number of employees trained is 0, no funds were used; in instances where the grant contract has not closed the number of employees trained is to be determined as it is not yet available.

Source: OPPAGA analysis of CareerSource Florida data.

Chapter 5: International Trade and Development Programs

OPPAGA reviewed Florida's international trade and development programs established under s. 288.012, *Florida Statutes*, and administered by Enterprise Florida, Inc. (EFI). The review period was Fiscal Years 2020-21 through 2022-23.

BACKGROUND

Florida continues to be a hub for international trade. In 2022, the state ranked sixth among all states in merchandise export value with over \$67.7 billion in exports. Additionally, as most recently measured in 2021, the export industry in Florida consisted of 41,308 companies that exported goods and supported over 183,000 jobs.

During the review period, Enterprise Florida, Inc., was the principal economic development organization for the state, with its International Trade and Development Department overseeing international commercial activities and programs. The 2023 Legislature abolished EFI and established SelectFlorida as a direct support organization for the Florida Department of Commerce (FloridaCommerce), making SelectFlorida the state's new international trade and investment promotion agency.⁷⁹

EFI's International Trade and Development Department provided a variety of programs and services to Florida businesses during the review period. These programs and services included the following.

- **International trade shows**, through which EFI represented the state and managed a pavilion for Florida business participants.
- **Export sales missions**, wherein EFI's primary focus was targeting specific international markets with business matchmaking, which serves as a market development tool for new or infrequent exporters to meet with potential partners interested in certain business products or services.
- **Export diversification and expansion programs**, through which EFI offered grants to Florida's small and medium-sized manufacturers and service providers that are designed to help companies new to exporting engage in business overseas and help more experienced exporters to diversify sales in new markets.
- **Education and training programs**, through which EFI's international trade staff provided educational webinars and promoted its trade programs and services.

EFI operated in-state trade offices serving as the primary point of contact for promotion and marketing export assistance to Florida companies, with six offices located in Coral Gables, Jacksonville, Orlando, Pensacola, Tampa, and West Palm Beach. EFI staff provided free export counseling to small and

⁷⁹ Chapter 2023-173, *Laws of Florida*, eliminated EFI and transferred its responsibilities to the Department of Economic Opportunity. Additionally, this law renamed the Department of Economic Opportunity to the Florida Department of Commerce.

medium-sized companies interested in expanding globally.⁸⁰ Other available services included evaluations of a company’s market readiness, gathering information and selecting target markets for distribution of products or services, and facilitating connections to international offices.

During the review period, EFI operated 19 international trade offices. Under s. 288.012, *Florida Statutes*, the Department of Economic Opportunity was authorized to establish offices in other countries for promoting trade and economic development for the state internationally and to contract with EFI to oversee operations of these offices. EFI operated 19 international trade offices during the review period. These offices included 12 full-service offices, 5 satellite offices, and 2 pro-bono offices.⁸¹ (See Exhibit 5-1.)

Exhibit 5-1

EFI Operated 19 International Trade Offices in Fiscal Years 2020-21 Through 2022-23

| Office Type | Number of Offices | Office Description | Office Locations |
|--------------|-------------------|--|---|
| Full-Service | 12 | Provide the complete array of EFI services to Florida businesses seeking to export to foreign markets; generate foreign direct investment leads support and coordinate trade missions; some operate on a regional basis serving multiple countries | Brazil, Canada ¹ , France ² , Germany, Israel, Japan, Mexico, Singapore, South Africa, Spain ³ , United Kingdom ⁴ |
| Satellite | 5 | Consist of subcontractors or are affiliates of full-service offices that do not have a contractual relationship with the state; provide limited, part-time services on Florida’s behalf | Belgium, Germany, Hong Kong, Indonesia ⁵ , Kenya |
| Pro-Bono | 2 | Operate in markets on Florida’s behalf without compensation, except for specific tasks performed (e.g., representing Florida at a trade show or event) or incurring out-of-pocket expenses on Florida’s behalf | Czech Republic, Taiwan |

¹ There are two full-service offices in Canada.

² The full-service office in France also serves Italy and the Benelux region, which includes Belgium, the Netherlands, and Luxembourg.

³ The full-service office in Spain also serves Portugal.

⁴ The full-service office in the United Kingdom also serves Ireland.

⁵ Satellite offices in Hong Kong and Indonesia were consolidated with the Asia-Pacific Regional Office in Fiscal Year 2022-23, which is located in Singapore.

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

International offices assisted Florida companies to export products or services and attract foreign direct investment. International office staff provided Florida businesses access to foreign market information, facilitated relationships with potential trading partners, offered regulatory and import requirements guidance, and supported trade events and exhibitions. The international offices also served as a platform to facilitate visits and contacts between high-ranking officials and business representatives from Florida and other countries; these interactions are intended to strengthen Florida’s relationships with foreign countries and countries’ sub-national units.

Each international office’s operational plan outlines the policies and procedures of the office.⁸² The annually updated operational plans also define performance measures for each international office. In addition, s. 288.012, *Florida Statutes*, requires each international office to submit an annual report detailing its activities and accomplishments during the previous fiscal year. Among other requirements, the annual reports must provide information concerning an international office’s generated trade leads and investment projects announced.

⁸⁰ Small and medium-sized companies are defined by the International Trade Administration, U.S. Department of Commerce as enterprises with fewer than 500 employees.

⁸¹ The 12 full-service offices operated through 11 contracts; EFI’s international offices in Montreal and Toronto were covered under a single contract.

⁸² The operational plan is statutorily required for each international office per s. 288.012(2), *F.S.*

State appropriations were the largest source of revenue for EFI's International Trade and Development Department and international offices. During the review period, EFI's International Trade and Development Department received \$13.8 million in revenues from various sources including state funds and event fees.⁸³ (See Exhibit 5-2.) State funds received during the review period amounted to \$9.4 million and comprised 68% of revenues. State funds declined by \$2.7 million (60%) from Fiscal Year 2020-21 to Fiscal Year 2021-22, before increasing to \$3.1 million in Fiscal Year 2022-23. FloridaCommerce representatives attributed these fluctuations to the COVID-19 pandemic, which brought about budget cuts and service and program restrictions as determined by EFI's leadership.

An additional revenue source during the review period was fees from certificates of free sale. A certificate of free sale is a document that may be required by some importing countries as a condition of entry. Obtained through an application process, the certificates provide evidence that a business has received the proper approval to sell or distribute certain goods (e.g., food items, cosmetics, biologics, and medical devices) without restriction in the United States. FloridaCommerce representatives reported that during the review period, EFI and other non-public entities issued certificates of free sale. Revenue from certificates of free sale was highest in Fiscal Year 2021-22 at \$685,785, a 145% increase from Fiscal Year 2020-21; revenue decreased to \$389,112 in Fiscal Year 2022-23.⁸⁴

Exhibit 5-2

State Funds Were the Largest Source of Revenue for EFI's International Trade and Development Department

| Revenue | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 | Total |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| State Funds ¹ | \$4,550,000 | \$1,812,500 | \$3,050,000 | \$9,412,500 |
| Event Revenue ² | \$306,280 | \$1,119,006 | \$1,617,616 | \$3,042,902 |
| Other Income ³ | \$279,579 | \$685,785 | \$389,112 | \$1,354,476 |
| Total Revenues | \$5,135,859 | \$3,617,291 | \$5,056,728 | \$13,809,878 |

¹ State funds include legislative appropriations. EFI's contracts with the Department of Economic Opportunity provided that EFI allocate portions of its state funding for international programs, maintaining international offices, and trade grants.

² Event revenue includes funds generated from trade missions and international events.

³ Other income includes revenues from issuing certificates of free sale.

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

EFI also reported receiving \$5.5 million in revenues for international offices during the review period; state funds comprised nearly all revenues for the offices, with event revenue representing a very small portion of the funding. (See Exhibit 5-3.) State funding for EFI's international offices declined by 25% in Fiscal Year 2021-22 before increasing to \$1.9 million in Fiscal Year 2022-23.

Exhibit 5-3

State Funds Accounted for Most International Office Revenues

| Revenue | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 | Total |
|-----------------------|---------------------|---------------------|---------------------|--------------------|
| State Funds | \$2,050,000 | \$1,537,500 | \$1,950,000 | \$5,537,500 |
| Event Revenue | - | - | \$2,000 | \$2,000 |
| Total Revenues | \$2,050,000 | \$1,537,500 | \$1,952,000 | \$5,539,500 |

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

Trade and development expenditures often exceeded revenues, making net income negative. During the review period, expenditures for EFI's International Trade and Development Department totaled \$16.1 million. (See Exhibit 5-4.) Total expenditures increased by \$4.5 million (152%) from Fiscal Year 2020-21 to Fiscal Year 2022-23, mainly due to program cost increases. Program costs are

⁸³ EFI received operational funds from the Florida International Trade and Promotion Trust Fund established under s. 288.826, F.S. This trust fund receives 4.25% of the proceeds from the state's surcharge tax on rental cars.

⁸⁴ FloridaCommerce did not provide an explanation for fluctuations in revenues from certificates of free sales.

the expenses associated with providing grants, trade shows, trade missions, and events, and accounted for 32% of expenses in Fiscal Year 2020-21 and 71% in Fiscal Year 2022-23. In response to the COVID-19 pandemic, EFI revised guidelines for grant eligibility to distribute more funds to Florida manufacturers, which likely explains the increase in these expenditures following Fiscal Year 2020-21.

Payroll, which includes salaries, benefits, and taxes, was the second largest expenditure category during the review period overall but was the largest expenditure category in Fiscal Year 2020-21. Rent for office space for EFI's international team was consistently the third largest expenditure category during the review period.

In Fiscal Year 2021-22 and Fiscal Year 2022-23, expenses for EFI's International Trade and Development Department exceeded total revenues, which resulted in a negative net income as low as -\$2.5 million in the final year of the review period.⁸⁵

Exhibit 5-4

Net Income for EFI's International Trade and Development Department Was Negative for Two Years of the Review Period

| Expenditures | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 | Total |
|---|---------------------|---------------------|---------------------|---------------------|
| Program Costs | \$962,552 | \$3,454,531 | \$5,330,516 | \$9,747,599 |
| Payroll | \$1,683,874 | \$1,689,482 | \$1,771,064 | \$5,144,420 |
| Rent | \$244,628 | \$220,301 | \$223,054 | \$687,983 |
| Office and Corporate Expenses | \$82,971 | \$107,702 | \$74,980 | \$265,653 |
| Professional Fees | - | \$104,500 | \$84,612 | \$189,112 |
| Marketing and Advertising Expenses | \$15,850 | \$23,104 | \$17,258 | \$56,212 |
| Travel | \$3,095 | \$7,174 | \$24,917 | \$35,186 |
| Business Meetings/Conferences | -\$335 | \$4,374 | \$12,005 | \$16,044 |
| Total Expenditures | \$2,992,635 | \$5,611,168 | \$7,538,406 | \$16,142,209 |
| Total Revenues | \$5,135,859 | \$3,617,291 | \$5,056,728 | \$13,809,878 |
| Net Income (Revenues Minus Expenditures) | \$2,143,224 | -\$1,993,877 | -\$2,481,678 | -\$2,332,331 |

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

During the review period, expenditures for EFI's international offices totaled approximately \$7.0 million. (See Exhibit 5-5.) Expenditures remained stable during this time, at \$2.3 to \$2.4 million annually. Professional fees were the largest expenditures for EFI's international offices, which accounted for 86% of the expenses during the review period.⁸⁶ On average, EFI's annual payments for full-service office contracts during the review period were \$181,574.⁸⁷ Payroll was the second largest expense incurred by international offices.

In all three years of the review period, expenses for EFI's international offices exceeded total revenues, which resulted in a negative net income of -\$1.4 million for the review period overall.⁸⁸

⁸⁵ FloridaCommerce did not provide an explanation for how this deficit was covered.

⁸⁶ Professional fees are the expenses associated with EFI's contracts for international offices. Full-service international offices are EFI's direct contractors for international trade services.

⁸⁷ EFI established agreements with independent contractors for the administration of international offices, which are renewed on an annual basis.

⁸⁸ FloridaCommerce did not provide an explanation for how this deficit was covered.

Exhibit 5-5

Total Annual Expenditures for EFI's International Offices Were Generally Consistent but Exceeded Revenues During the Review Period

| Expenditures | Fiscal Year 2020-21 | Fiscal Year 2021-22 | Fiscal Year 2022-23 | Total |
|---|---------------------|---------------------|---------------------|---------------------|
| Professional Fees-International Offices | \$2,018,728 | \$2,018,728 | \$1,954,500 | \$5,991,956 |
| Payroll | \$284,702 | \$285,935 | \$318,207 | \$888,844 |
| Program Costs | \$101 | \$6,205 | \$77,099 | \$83,405 |
| Travel | \$114 | \$1,123 | \$5,870 | \$7,107 |
| Office and Corporate Expenses | \$325 | \$1,005 | \$336 | \$1,666 |
| Business Meetings/Conferences | \$33 | \$243 | \$68 | \$344 |
| Total Expenditures | \$2,304,003 | \$2,313,239 | \$2,356,080 | \$6,973,322 |
| Total Revenues | \$2,050,000 | \$1,537,500 | \$1,952,000 | \$5,539,500 |
| Net Income (Revenues Minus Expenditures) | -\$254,003 | -\$775,739 | -\$404,080 | -\$1,433,822 |

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

FINDINGS

Enterprise Florida, Inc., added three international offices during the review period; these offices facilitated over \$523.0 million in foreign direct investment

During the review period, EFI added a full-service office in Singapore, which now serves as the main office for the Asia-Pacific region. The addition of the Singapore office occurred after EFI closed all international office locations in China in 2020. EFI also added two satellite offices in Munich, Germany, and Jakarta, Indonesia, the latter of which served as a satellite office for the Asia-Pacific region. EFI's full-service office in Germany was formerly located in Munich but was relocated in 2021 to Frankfurt where the contractor's headquarters was already located.

Nine of EFI's international offices facilitated foreign direct investment during the review period. EFI's full-service offices facilitated \$523.7 million in capital investment. (See Exhibit 5-6.) The United Kingdom office facilitated the highest number of established projects (28), while the France office facilitated the highest amount of projected capital investment (\$125.8 million).⁸⁹

⁸⁹ The full-service office in France also represents Italy and the Benelux region, which include Belgium, the Netherlands, and Luxembourg.

Exhibit 5-6

EFI's United Kingdom Office Generated the Highest Number of Foreign Direct Investment Projects, While the France Office Facilitated the Highest Percentage of Capital Investment

| International Office Country | Established Foreign Direct Investment Projects | Percentage of All Projects | Total Projected Capital Investment | Percentage of All Projected Capital Investment |
|------------------------------|--|----------------------------|------------------------------------|--|
| United Kingdom | 28 | 24% | \$38,129,800 | 7% |
| France | 19 | 16% | \$125,830,000 | 24% |
| Spain | 19 | 16% | \$99,076,000 | 19% |
| Israel | 16 | 14% | \$29,200,000 | 6% |
| Germany | 12 | 10% | \$84,900,000 | 16% |
| Brazil | 9 | 8% | \$17,333,000 | 3% |
| Canada ¹ | 8 | 7% | \$11,250,000 | 2% |
| Singapore | 3 | 3% | \$105,200,000 | 20% |
| Japan | 3 | 3% | \$12,830,000 | 2% |
| Belgium | 0 | 0% | \$0 | 0% |
| Czech Republic | 0 | 0% | \$0 | 0% |
| Germany | 0 | 0% | \$0 | 0% |
| Hong Kong | 0 | 0% | \$0 | 0% |
| Indonesia | 0 | 0% | \$0 | 0% |
| Kenya | 0 | 0% | \$0 | 0% |
| Mexico | 0 | 0% | \$0 | 0% |
| South Africa | 0 | 0% | \$0 | 0% |
| Taiwan | 0 | 0% | \$0 | 0% |
| Total | 117 | | \$523,748,800 | |

¹ There are two full-service offices in Canada.

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

Foreign direct investment originating from France, represented by the French international office, accounted for the largest portion (23%) of the projected \$523.7 million in foreign direct investment, followed by South Korea, represented by the EFI Asia-Pacific Regional Office, at 19%. EFI's offices in Africa and Mexico did not generate foreign direct investment despite being full-service offices. FloridaCommerce representatives reported that activity generated by international offices is representative of a country's economy, with smaller offices serving smaller economies and larger offices serving more developed countries with larger economies. Although the full-service offices in Africa and Mexico did not generate foreign direct investment, FloridaCommerce reported that the offices are beneficial in other respects. For example, EFI's Africa office provided trade opportunities for small and medium-sized businesses, and EFI's Mexico office worked to direct trade routes to Florida rather than to states like Texas.

EFI awarded \$3.3 million in grants to 436 Florida businesses to help expand overseas operations and diversify markets

During the review period, EFI offered six types of trade grants to help qualified businesses expand overseas and diversify trade markets.⁹⁰

1. **Target Sector Trade Shows** grants reimburse qualified Florida businesses for select participation fees and booth costs for exhibiting at international trade shows and exhibitions.

⁹⁰ With the exception of Export Marketing Plans and Florida Online Global-Website Localization grants, business qualifications for EFI's trade grants included being located and registered in the state of Florida, being established as a business for at least two years, and having products produced or services provided from within the state.

2. **Virtual Business Matchmaker** grants reimburse the full cost of the matchmaker fees for virtual trade missions organized by EFI. These grants allowed exporters to meet virtually with pre-screened buyers, agents, and distributors. FloridaCommerce representatives reported that EFI began to phase out these grants beginning in April 2022 as in-person events resumed following the COVID-19 pandemic.
3. **Gold Key/Business Matchmaker** grants allow new or infrequent exporters to meet in-person with pre-screened buyers, agents, and distributors in foreign markets through EFI export sales missions, the federal Gold Key Service program and trade missions, as well as through other approved service providers.⁹¹
4. **Export Marketing Plans** provide a customized marketing plan to qualified Florida manufacturers and service providers intended to pinpoint ideal countries for products and promotion, as well as proper entry strategies to those markets.
5. **Florida Online Global-Website Localization** offers reimbursement options for website development costs for predefined or fully customized websites for target markets.
6. **International Registration** grants offset the costs of registrations and certifications required to do business in foreign markets. FloridaCommerce reported that these grants were discontinued after Fiscal Year 2022-23 due to low demand and costly registration.

Various limits apply to each of the trade grants. For example, businesses were eligible to apply for only three Target Sector Trade Show grants per year and were only qualified if the business was a new or second-year participant in a particular trade show. Businesses applying for International Registration grants were limited to one per year. Qualified businesses were also limited to one Export Marketing Plan and two Florida Online Global-Website Localization grants per lifetime and could not receive both in the same fiscal year.

EFI awarded 818 grants to 436 unique businesses during the review period. These businesses received \$3.3 million in grant funds. (See Exhibit 5-7.) Fifty-five percent of these businesses received only one grant during the review period, while the remaining 45% received multiple grants. Target Sector Trade Show grants were the most awarded grant type during the review period, both in terms of the number awarded and amount paid. These grants accounted for 68% of all grants awarded and 76% of the total amount awarded from all trade grants. The second highest number of awarded grants were Virtual Business Matchmaking grants, while Export Marketing Plans accounted for the second largest amount paid among all grant types.

⁹¹ The U.S. Department of Commerce's Gold Key Service is a federal program that facilitates identification, outreach, and matchmaking appointments for U.S. businesses with partners in foreign markets.

Exhibit 5-7

Target Sector Trade Show Grants Accounted for 68% of Grants Awarded During the Review Period

| Grant Type | Fiscal Year 2020-21 | | Fiscal Year 2021-22 | | Fiscal Year 2022-23 | | 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 | 200 | \$281,050 | 213 | \$1,362,468 | 147 | \$891,105 | 560 | \$2,534,623 |
| Virtual Business Matchmaking | 33 | \$59,350 | 41 | \$66,670 | 15 | \$28,977 | 89 | \$154,997 |
| Gold Key/Business Matchmaker | 0 | \$0 | 27 | \$36,750 | 49 | \$93,650 | 76 | \$130,400 |
| Export Marketing Plan | 26 | \$117,000 | 13 | \$58,500 | 24 | \$108,000 | 63 | \$283,500 |
| Florida Online Global-Website Localization | 3 | \$24,000 | 5 | \$40,000 | 13 | \$104,000 | 21 | \$168,000 |
| International Registration | 5 | \$28,346 | 2 | \$14,000 | 2 | \$12,120 | 9 | \$54,466 |
| Total | 267 | \$509,746 | 301 | \$1,578,388 | 250 | \$1,237,852 | 818 | \$3,325,986 |

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

FloridaCommerce representatives reported several reasons for the changes in grants during the review period, including impacts associated with COVID-19 and budget reductions. For example, to increase the distribution of grant funds during the pandemic, EFI temporarily suspended eligibility guidelines to allow Florida businesses outside target sectors to receive grants.^{92,93} Prior to the changes made in response to the pandemic, EFI's Target Sector Trade Show and Gold Key/Business Matchmaker trade grants were limited to businesses in defined target sectors. However, the temporary grant guidelines allowed 18 grants to be awarded to companies not in a target sector.

In addition, due to international travel restrictions that precluded the types of travel and meetings facilitated by some grants, no Gold Key/Business Matchmaker grants were awarded in Fiscal Year 2020-21. Moreover, due to budget reductions, from Fiscal Year 2021-22 to Fiscal Year 2022-23, the number of Target Sector Trade Show Grants awarded decreased by 66 grants and the total funds awarded for these grants decreased by \$471,363.

Actual export sales facilitated by EFI increased from \$347,800 in Fiscal Year 2020-21 to over \$192.5 million in Fiscal Year 2022-23

EFI reported export sales from businesses participating in EFI's trade events, including trade missions and trade shows. To gather reported export sales, EFI distributed event reports to companies following these events. The report asked businesses to document actual export sales completed during the event as well as the amount of expected export sales for the next two years.

From Fiscal Year 2020-21 through Fiscal Year 2022-23, EFI reported facilitating over \$321.0 million in actual export sales and almost \$1.5 billion in expected sales. (See Exhibit 5-8.) During the review period, actual export sales accounted for about 18% of total export sales (the sum of actual and

⁹² FloridaCommerce representatives reported the guidelines were reinstated following the review period.

⁹³ The target sectors include service providers in architecture, engineering, construction, aviation, computer (hardware and software), education/training, healthcare, and information/telecommunications services, as well as marketing/communications and public relations.

expected sales). Approximately 85% of total export sales originated from trade shows, while 15% of total export sales were attributed to export sales missions. Both the number of sales and the value of sales reported increased in each year of the review period, and more than half of all export sales were reported in Fiscal Year 2022-23. FloridaCommerce attributed lower total export sales for Fiscal Year 2020-21 to international travel limitations during the COVID-19 pandemic, which led to the cancellation or postponement of trade shows.

Exhibit 5-8

Actual Export Sales Make Up 18% of Total Export Sales Reported by EFI Program Participants

| Fiscal Year | Actual Export Sales | Expected Export Sales | Total Export Sales (Actual and Expected) | Number of Sales Reported | Actual Sales as a % of Total Sales |
|--------------|----------------------|------------------------|--|--------------------------|------------------------------------|
| 2020-21 | \$347,800 | \$34,570,000 | \$34,917,800 | 14 | 1% |
| 2021-22 | \$128,257,490 | \$635,283,000 | \$763,540,490 | 179 | 17% |
| 2022-23 | \$192,500,085 | \$819,274,000 | \$1,011,774,085 | 231 | 19% |
| Total | \$321,105,375 | \$1,489,127,000 | \$1,810,232,375 | 424 | 18% |

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

EFI did not update its practices related to collecting and reporting expected sales data during the review period, and thus expected sales continue to be unconfirmed. OPPAGA's previous review recommended that EFI verify whether expected sales made at trade shows and missions were realized. A 2023 study commissioned by EFI examined the accuracy of expected sales.⁹⁴ The study concluded that roughly half of businesses participating in the survey either met or exceeded initial projections for expected sales. The remaining businesses either reported less than the expected figures or no sales.

EFI exceeded most performance standards during the review period but did not consistently assist the required number of Florida-based businesses

During the review period, pursuant to s. 288.901(3), *Florida Statutes*, EFI's funding agreement contracts with the Department of Economic Opportunity included annual performance measures for EFI and its International Trade and Development Department. Specifically, EFI was subject to five performance measures during the review period for international trade services. (See Exhibit 5-9.) EFI's performance measures and standards changed during the review period. FloridaCommerce representatives were unable to provide an explanation for why these performance measures changed during the review period but noted that the new measures are considered a better reflection of the trade services provided to businesses. Two performance measures remained in each year of the review period: number of Florida-based businesses assisted and export sales attributable to EFI's activities.

After Fiscal Year 2020-21, EFI discontinued its performance measure for amount of projected export sales attributable to activities conducted by EFI, and beginning in Fiscal Year 2021-22, EFI's contracts included two new performance measures.

- Satisfaction among businesses participating in international events
- Number of events conducted by the International Trade and Development Department

⁹⁴ To quantify expected sales, researchers distributed online and telephone surveys to businesses that had participated in EFI's trade events between July 2020 and June 2022.

To measure participating business satisfaction, EFI implemented an end-of-event survey asking participants if their objectives were met during the event. The performance measure reports the percentage of respondents who answered yes to this question.

During the review period, EFI exceeded standards for most performance measures. In Fiscal Year 2020-21 and Fiscal Year 2022-23, EFI was close to, but did not meet, its performance standard for assisting 2,250 Florida-based businesses.⁹⁵ (See Exhibit 5-9.) However, EFI routinely exceeded performance standards for the number of companies with export sales attributable to activities conducted by EFI. During the review period, EFI exceeded this standard by 574 businesses in Fiscal Year 2020-21 and 639 businesses in Fiscal Year 2022-23.⁹⁶

Exhibit 5-9

EFI Exceeded Most Performance Standards Except for Number of Florida-Based Businesses Assisted

| Annual Performance Measures | Fiscal Year 2020-21 | | Fiscal Year 2021-22 | | Fiscal Year 2022-23 | |
|---|---------------------|-----------------|---------------------|----------|---------------------|----------|
| | Standard | Reported | Standard | Reported | Standard | Reported |
| Number of Florida-based businesses assisted by EFI for international trade | 2,250 | 2,025 | 2,250 | 2,315 | 2,250 | 1,939 |
| Number of companies with export sales attributable to activities conducted by EFI | 260 | 834 | 260 | 863 | 260 | 899 |
| Amount (in U.S. dollar value) of projected export sales attributable to the activities conducted by EFI | \$625.0 million | \$713.0 million | | | | |
| Satisfaction of businesses participating in international events | - | - | 85% | 93% | 85% | 96% |
| Number of events conducted by International Trade and Development Department | - | - | 25 | 38 | 25 | 43 |

Source: OPPAGA analysis of Enterprise Florida, Inc data provided by the Florida Department of Commerce.

RECOMMENDATIONS

To better assess the impact of international trade programs and services, FloridaCommerce and SelectFlorida should consider updating the performance standard for the following measure—number of businesses with export sales attributable to activities conducted by SelectFlorida. Actual performance for this measure routinely exceeded the standard during the review period. Further, this performance standard was not updated during the review period.

Additionally, FloridaCommerce and SelectFlorida should consider routinely conducting studies on the accuracy of expected sales data. While the 2023 study found that many businesses met or exceeded expected sales figures, more than half of the respondents did not meet sales expectations or had no actual sales following trade events. Conducting such studies routinely (e.g. every two to three years) would provide additional insight regarding the sales facilitated through trade events and help increase the accuracy of the sales data.

⁹⁵ FloridaCommerce did not provide an explanation for failure to meet this performance measure in Fiscal Year 2020-21 and Fiscal Year 2022-23.

⁹⁶ Each international office is required to report the number of unique business consultations under s. 288.012 (3)(g), *F.S.* FloridaCommerce representatives reported that the number of businesses reported for this performance standard results from unique consultations with Florida businesses as opposed to businesses reporting direct export sales from EFI's trade activities.

AGENCY RESPONSES

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September 25, 2024

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

Dear Ms. Collins-Gomez,

Thank you for this meticulous and collaborative review which OPPAGA staff conducted with the utmost professionalism.

As a result of this year's passage of Florida House Bill 1329 and changes by the Department of Defense in the federal SkillBridge program, we will be gathering new metrics that will be stored in our database which will meet the recommendations noted in this report. And while we do track the number of veterans trained in the Workforce Grant and SkillBridge programs, they may not have been immediately evident in the data we provided.

We are proud to serve the state by ensuring veterans and their families from around the world can pursue their careers and build their businesses in Florida. We appreciate this review's conclusion that we are prudent stewards of public funds.

Sincerely,

DocuSigned by:

ASSOCIATION OF
Joseph Marino
Executive Director
Veterans Florida



Stephanie Smith
Chair

Adrienne Johnston
President & CEO

September 24, 2024

Ms. Kara Collins-Gomez
111 West Madison Street
Tallahassee, FL 32399

Dear Ms. Collins-Gomez,

CareerSource Florida has reviewed the preliminary findings and recommendations of OPPAGA's **Economic Development Program Evaluations – Year 12** report. The report provides an accurate account of both the Quick Response Training (QRT) and Incumbent Worker Training (IWT) grants managed by CareerSource Florida during program years 2020 – 2023.

In accordance with your direction, CareerSource Florida has provided edits and recommendations to Alex Regalado. Our Chief Financial Officer, Walter Copeland, is available to discuss any follow-up questions or to provide additional information as necessary. Please feel free to contact Walter directly at 850-759-4334 or via email at wcopeland@careersourceflorida.com.

We appreciate the opportunity to review the report and provide our recommendations.

Sincerely,

A handwritten signature in blue ink, appearing to read "Adrienne Johnston".

Adrienne Johnston
President & CEO

cc: Walter Copeland, Chief Financial Officer

PO Box 13179
Tallahassee, FL 32317
(850) 792-5242
careersourceflorida.com

