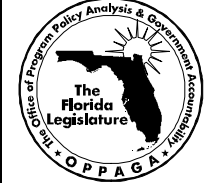




## Office of Program Policy Analysis And Government Accountability

John W. Turcotte, Director

February 26, 1997



### Review of the Florida Entertainment Commission

#### Abstract

- The Florida Entertainment Commission did not develop outcome measures for its major activities.
- Entertainment industry revenues and employment data presented in Commission quarterly reports appear to be overstated.
- The Commission was replaced by a successor entity, the Florida Entertainment Industry Council, in October 1996. However, the Council is essentially the same entity as the Commission. The Council could improve its performance accountability system by developing specific outcome measures for all of its major services

#### Purpose

The Joint Legislative Auditing Committee directed OPPAGA to review the Florida Entertainment Commission in response to a request from the House Committee on Tourism and Cultural Affairs. Our objectives were to review the Commission's performance accountability system, including the establishment and use of performance measures, and evaluate the Commission's progress toward achieving desired outcomes.

Our review did not concentrate on the Commission's compliance with its contracts with the Department of Commerce. Prior reports by the Office of the Auditor General, the Comptroller's Office, and the Executive Office of the Governor's Inspector General extensively commented on contract weaknesses, contract compliance issues, and the need for stronger monitoring by the Department.

#### Background

The Florida Entertainment Commission was established as a direct support organization of the Department of Commerce in December 1993. The Commission operated as a not-for-profit organization headed by a board of directors appointed by the Governor, with day-to-day operations handled by a board-appointed executive director.

The Florida Entertainment Commission's purpose was to help promote and develop Florida's motion picture, television, video, recording, and entertainment industries. Its mission was to be a catalyst for developing Florida's entertainment and production industries, identify new markets offering new jobs and revenues, and protect and develop Florida's existing core entertainment industries.

To accomplish this mission, the Florida Entertainment Commission provided various services, such as:

- Placing advertisements and promotions in nationally recognized industry publications, producing directories of Florida entertainment production services, and producing and distributing publications to promote Florida locations and resources;
- Establishing a liaison office in Los Angeles, California to provide information on Florida and provide leads to Florida's local film offices on upcoming productions;
- Conducting sales missions to major film markets;
- Performing coordinating activities, such as helping production companies obtain permits from various governmental entities; and
- Promoting Florida to specific entertainment industry productions.

The Commission received funds from the state and private contributors to finance its operations. In fiscal year 1995-96,

the Commission was appropriated \$200,401 in general revenue and reported receiving \$345,445 in private funds. The Commission had five positions.

Following the Department of Commerce's abolishment in July 1996, the Office of Tourism, Trade, and Economic Development (OTTED) in the Executive Office of the Governor was given responsibility for overseeing the Commission.

On October 8, 1996, OTTED contracted with the newly created Florida Entertainment Industry Council, a not-for-profit organization, to assist it in promoting and developing Florida's entertainment-related industries. The Florida Entertainment Industry Council is essentially the same entity as the Commission. The Council's board is composed of members who were former board members of the Commission and the Council has the same executive director. The Council was also contracted to perform similar services as the Commission, such as developing a directory of Florida entertainment production services, producing and distributing magazines to promote Florida venues and resources, and providing information and assistance to the entertainment industry.

## Findings

**The Florida Entertainment Commission did not establish an effective performance accountability system. Without such a system, the Legislature cannot assess the Commission's benefits to the state.**

In recent years, Florida has initiated various efforts to redesign government functions and programs. These initiatives have emphasized developing performance accountability systems for holding managers responsible for program outcomes. Outcomes represent measures of the results or quality of a program and are of particular importance in assessing the value of a program or function. To establish an effective performance accountability system, government entities need to develop appropriate performance measures, provide accurate and reliable performance data, and routinely submit performance reports to the Legislature and state officials.

We reviewed the Commission's performance accountability system to determine whether it provided the Legislature with information needed to assess the Commission's progress toward achieving desired outcomes. We identified two major concerns with the Commission's performance accountability system:

- The Commission did not develop outcome measures for its major activities.

- Entertainment industry revenues and employment data presented in the Commission's quarterly reports appear to be overstated.

**The Commission did not develop outcome measures.** For fiscal year 1995-96, the Commission developed several objectives, such as generating more than 400 production leads for Florida production, attending at least four industry trade shows, creating an event to focus attention on independent feature production in Florida, and publishing a resource book in traditional and electronic forms. Examples of objectives the Commission reported achieving included developing at least 2,000 leads, attending five industry trade shows, advertising in *Variety*, completing an Internet site to provide information on Florida, and creating and distributing a newsletter and quarterly magazine.

However, the Commission's objectives represented short-term milestone events or outputs (counts of the number of activities performed). The Commission did not develop outcome measures for assessing the extent to which its products and services helped in generating leads or influenced producers' decisions to use Florida locations, services, and resources. One entertainment industry official we interviewed stated that a production services directory should include a resource's credits and industry experience and that this information is essential for producers to have in determining whether local resources could be used in a project. Because the directory does not contain this information, its usefulness may be limited. The Commission also did not develop measures for assessing customer satisfaction with its products and services.

**The successor entity should develop specific outcome measures.** The Council's contract with OTTED, as amended, does not include any specific performance measures. Instead, it requires the Council to provide a separate document to include performance measures by December 31, 1996, which are to be approved by OTTED with a copy furnished to the Legislature. As of January 28, 1997, OTTED was consulting with appropriate legislative committees regarding the measures proposed by the Council. The contract requires the Council to provide OTTED a report on its performance by June 1, 1997.

**Florida entertainment industry revenue and employment data presented in Commission quarterly reports appears to be overstated.** The Florida Entertainment Commission was required to provide the Department of Commerce with quarterly progress reports providing revenue and employment information on feature films, television shows, commercials, still print, music, and other completed projects in Florida. According to the contract, this information was to be used as a measure of the Commission's marketing efforts.

However, the Commission's quarterly revenue and employment data for some completed feature films and television projects appeared to be overstated. For example, the Commission's report for the fourth quarter of fiscal year

1995-96 listed a film completed in that period as generating revenues of \$7 million and creating 110 jobs. However, this film, along with the same revenue and employment figures, was also listed as being completed in the second quarter and third quarter of that year.

Further, reported Florida entertainment industry employment and revenue data are not valid measures of Commission performance. Industry revenue and employment figures reported by the Commission was compiled from data provided by local film commissions. However, the local film commission data did not indicate whether the Commission contributed to new local productions. Without such information, any increases in industry revenues and employment cannot be validly attributed to Commission activities.

---

## Conclusions

The Florida Entertainment Commission did not establish an effective performance accountability system. The Commission did not develop outcome measures for its major activities. Further, entertainment industry revenues and employment data reported by the Commission appear to be overstated. Without an effective performance accountability system, the Legislature cannot readily assess the Commission's benefit to the state.

The Florida Entertainment Industry Council, the Commission's successor entity, has submitted draft performance measures to OTTED for its review and approval. OTTED should review the proposed measures to ensure that the Council's accountability system addresses all of the Council's major services.

---

## Recommendations

We recommend the Florida Entertainment Industry Council and OTTED work together to develop an effective performance accountability system. The Council and OTTED need to develop outcome measures for the Council's major services and incorporate these measures into the Council's contract. The Council should also ensure that data included in its performance reports is reasonably accurate and reliable. Finally, the Council should report its performance information in a timely manner to the Legislature, OTTED, and other interested parties.

We also recommend the Legislature review the Council's performance over the next year and then decide whether it should continue to fund the Council based on its progress toward achieving desired outcomes.

If the Legislature determines it is not satisfied with the Council's ongoing efforts and performance, it may wish to consider two alternatives, including:

- Incorporating the Council's responsibilities into another public-private partnership, such as Enterprise Florida or the Florida Commission on Tourism. This would have the advantage of placing responsibility for helping expand Florida's entertainment industry under another entity with broader responsibility for expanding segments of Florida's economy, and would help leverage state economic development resources. However, it would have the potential disadvantage of reducing entertainment industry visibility.
- Eliminating the Council and establishing an entertainment industry liaison office under the Office of Tourism, Trade, and Economic Development in the Office of the Governor. This alternative would have the advantage of establishing a high-level contact point to coordinate state support for entertainment industries and allow the state to focus its efforts on performing functions not readily performed by locals, such as serving as a liaison across multiple local jurisdictions. Under this alternative, local entities would be able to share responsibility for supporting the development of Florida's entertainment industries. This would reduce general revenue expenditures by approximately \$125,000. However, it would have the disadvantage of having less private sector involvement and it would be less flexible in the services provided.

---

## Agency Response

The Director of the Office of Tourism, Trade and Economic Development provided the following written response to our review.

<p><b>FINDING 1:</b> The Florida Entertainment Commission did not develop outcome measures for its major activities.</p>
--

**RESPONSE:** Based upon the Services and Funding Agreement between the Department of Commerce and the Florida Entertainment Direct Support Organization Incorporated (FEC), the Florida Entertainment Commission was required to submit a 1995-96 *Strategic Plan*. This plan included details of the FEC's plan of action for fund raising to support operations and detailed plans to expand Florida's development of the entertainment industry (Services and Funding Agreement, Page 2, Section 1(a)).

The FEC was to also submit *quarterly progress reports* which include the status of deliverables and quarterly statistical reports and included the number of new projects each month and other revenue and employment data. These quarterly reports which were submitted

quarterly to the Department of Commerce were summarized in the FEC's Summary and Final Report (June 30, 1996). In addition, an audited financial and compliance report was to be submitted (Services and Funding Agreement, Page 3, Section 2(a)-(c); however, at OTTED's request, this report was expanded to cover an additional four month period after the end of the fiscal year. As of February 18, 1997, this final report has not been submitted to OTTED.

Based upon the FEC's by-laws, the above documents were required in addition to *performance measures* [typically associated with performance based budgeting and identified as outcomes and outputs] (By-laws, Section 4.17, page 10). These requirements were to be submitted to the Governor, the Secretary of Commerce, the President of the Senate, and the Speaker of the House of Representatives.

Although these reports demonstrated the performance and the progress which the FEC had made, these reports were not consistent with typical performance based budgeting techniques. We agree, that in order to properly assess its performance, an effective performance based accountability system should have been in place. The FEIC, the successor entity to the FEC, states that the concept of performance based budgeting performance measures (i.e., outcomes/outputs) were not presented to the FEC as a requirement by the Department of Commerce. The FEIC is in the process of establishing an effective performance based accountability system. **Under the FEIC's contract with OTTED, the FEIC is required to submit performance measures to OTTED which would become part of the contract when its has been approved by OTTED and provided to the Legislature as specified by s.216.177 F.S. and as required by s.14.2015 F.S. These performance measures are currently under consultation with Appropriations and substantive committees.**

**FINDING 2:** Entertainment Industry revenues and employment data presented in the Commission's quarterly reports appear to be overstated.

**RESPONSE:** Based upon the Services and Funding Agreement Between the Department of Commerce and the FEC, the Department of Commerce specified the method by which the revenues and employment data would be gathered and presented. This method was consistent with the data gathering techniques used by the Department of Commerce prior to its contracting with the

FEC. Revenue and employment figures reported by the FEC were compiled from data solicited from local city/county film offices. The FEC would compile this data and report on it in the quarterly reports to the Department of Commerce on a cumulative basis. However, to avoid confusion, future reports from the FEIC will include a breakdown by quarter as well as cumulative.

The OPPAGA report states that the FEC's employment and revenue data cannot necessarily be attributed to the Commission's activities. However, the FEIC is in the process of developing a tracking system for statewide data. This will assist in tracking data on feature films in areas that are not represented by local film offices. This would help avoid duplication. The FEIC and OTTED will continue to work together to develop an effective accountability system. The FEIC has stated that it is in the process of implementing new data collection techniques to ensure that its data is accurate and reliable. The FEIC has also stated that it is committed to reporting its performance information in a timely manner.

**FINDING 3:** The Commission was replaced by a successor entity, the Florida Entertainment Industry Council, Inc., in October 1996. However, the Council is essentially the same entity as the Commission. The Council could improve its performance accountability system by developing specific outcome measures for all of its major services.

**RESPONSE:** The FEC is a Direct Support Organization and the FEIC is a not-for-profit corporation. Although they are different entities, the FEIC assumed many of the responsibilities of the FEC. The FEC remains in existence until all of the corporations assets and liabilities are transferred to the FEIC and the FEC is dissolved.

With regard to the FEIC improving its performance accountability system, the FEIC is in the process of doing so. On December 31, 1996, the FEIC submitted performance measures to OTTED which would become part of the contract when it is approved by OTTED and provided to the Legislature as specified in s.216.177 F.S. and as required by s.14.2015 F.S. **Staff worked very closely with the FEIC in refining its performance measures for all of its major services and they are currently under consultation with Appropriations and substantive committees.**

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302).

Web site: <http://www.state.fl.us/oppaga/>

Project Supervised by: Thomas S. Roth (488-1024)

Project Conducted by: A.B. Verhine (487-9276)