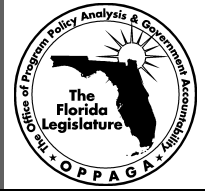




Office of Program Policy Analysis And Government Accountability



John W. Turcotte, Director

January 1999

Review of the International Trade and Economic Development Board of Enterprise Florida, Inc.

Abstract

- The Legislature should continue to fund the International Trade and Economic Development Board's programs and activities.
- The board reported that its international trade programs exceeded its standards for Fiscal Year 1997-98, but it expects deteriorating economic conditions in Latin America and Asia to limit its ability to match these results in Fiscal Year 1998-99.
- The board also reported that it exceeded its standards for creating jobs in targeted industries, but most of these results occurred in urban areas where the board's direct assistance may be less necessary. The board has not implemented significant strategies for enhancing economic development in rural areas and distressed urban areas.

Purpose

Florida law directs the Office of Program Policy Analysis and Government Accountability to review Enterprise Florida, Inc., and its boards prior to the Legislature's 1999 regular session. In this review of the Enterprise Florida International Trade and Economic Development Board (ITED), we assessed:

- the International Trade and Economic Development Board's progress towards achieving established program outcomes;
- the circumstances contributing to the ability of the board to achieve its established outcomes; and
- whether it would be sound public policy to continue or discontinue funding the board and the consequences of discontinuing them.

This is one of seven reports related to OPPAGA's review of Enterprise Florida, Inc., the state's primary economic development organization. Other OPPAGA reports assess Enterprise Florida Inc.'s Technology Development Board, Capital Development Board, Workforce Development Board, Cypress Equity Fund, and solicitation of private sector matching contributions. A final report will address OPPAGA's overall assessment of Enterprise Florida, Inc.

Background

The International Trade and Economic Development Board (ITED) was created in 1996 as one of four boards affiliated with Enterprise Florida, Inc. The board's mission is to conduct economic and trade development functions for the state of Florida and promote Florida as a competitive global business center. The board has one division responsible for international trade and three divisions that collectively are responsible for national and state economic development: business recruitment, expansion and retention, and targeted business recruitment.

International Trade

The board's Division of International Trade (IT Division) has developed programs to assist small to medium size companies in marketing their products and services to foreign markets. The IT Division's programs provide Florida companies with the six services discussed below.

- Export counseling, such as developing export strategies and marketing plans. The IT Division reported that its field offices provided counseling services to 3,390 Florida companies in Fiscal Year 1997-98.
- Trade leads, which are distributed to companies through the Florida Trade Data Center and local economic development organizations.¹ The IT Division reported generating 1,408 trade leads in Fiscal Year 1997-98.
- Participation in trade exhibitions and individual appointments with potential international buyers through trade missions. The IT Division reported conducting 40 of these international events in Fiscal Year 1997-98.
- Advertisement of products and services through the "Made in Florida" marketing campaign. The IT Division reported generating 608 leads or inquiries from the "Made in Florida" campaign in Fiscal Year 1997-98.
- Instate matching of Florida manufacturers with trading companies. The IT Division reported matching four Florida manufacturers with Florida-based trading companies in Fiscal Year 1997-98.
- Export assistance to companies in targeted foreign markets. The IT Division reported that its foreign offices assisted 1,816 Florida companies in Fiscal Year 1997-98.

The IT Division also maintains a database of over 17,000 Florida companies that it uses to produce mailings to inform businesses of the division's services and upcoming trade events. ITED identifies additional clients from referrals by local economic development organizations, chambers of commerce, and government agencies.

¹ The Florida Trade Data Center is a state entity established by Enterprise Florida, Inc., and the Florida Seaport Transportation and Economic Development Council to provide market research and information on trade opportunities to Florida companies and public organizations.

The IT Division is headquartered in Miami and operates field offices throughout the state as well as foreign offices.² The division recently reorganized its foreign offices in response to recommendations made in a September 1997 report by the Governor's Office of Tourism, Trade, and Economic Development. The foreign offices are presently operated by contractors that are required to regularly report their performance using measures such as the number of Florida companies assisted, trade leads generated, actual and expected sales by assisted companies, and the number of buyer/importers contacted. Division staff use these reports to monitor the foreign offices' performance.

The division has also co-located other field offices with Florida Manufacturing Technology Centers in Fort Lauderdale, Largo, Fort Walton Beach, and Winter Park. The Florida Manufacturing Technology Centers provide technical assistance to Florida's small and medium-sized manufacturers to increase their productivity and competitiveness.

Economic Development

ITED's Divisions of Business Recruitment, Expansion and Retention, and Targeted Business Recruitment are collectively responsible for national and state economic development. These divisions are interdependent and function together to recruit new businesses to Florida, and expand and retain existing Florida businesses. The Divisions of Business Recruitment and Targeted Business Recruitment are located in Orlando, and the Division of Expansion and Retention is located in Tallahassee.

The Division of Expansion and Retention is responsible for coordinating and administering various state incentive programs designed to aid in the retention of existing businesses and jobs as well as the recruitment of new businesses to Florida. The division assists industry, local economic development councils, and Enterprise Florida, Inc.'s Recruitment Unit with processing applications for incentives. The division also administers the Sector Strategies Program, which is intended to strengthen existing business and recruit new businesses in selected industries. These industries are selected by ITED on the basis of having high growth potential, job opportunities, and overall

² Field offices are located in Fort Lauderdale, Jacksonville, Orlando, Pensacola, Tallahassee, and Tampa. Foreign offices are located in Brazil, Canada, Columbia, Germany, Israel, Japan, Korea, Mexico, Spain, Taiwan, United Kingdom, and Venezuela.

economic impact on the state. The program involves coordinating state and local resources to create the conditions necessary to retain, expand, and attract these industries. The program currently includes five sector strategies: health technology; information technology; silicon technology industry; simulation; and transportation equipment (including aviation/aerospace and automotive). ITED is presently assessing plastics for inclusion as a sixth sector.

ITED's Division of Business Recruitment develops and implements project-generating programs to stimulate the creation of new, high impact jobs.³ This division works to increase the state's market share of industrial and capital investment globally, and strengthen the state's partnerships with the business community, regional and local organizations, government entities, and non-profit organizations.

The Division of Targeted Business Recruitment is responsible for carrying out the statutory requirement that Enterprise Florida, Inc., develop a plan for creating jobs and attracting businesses to targeted urban locations and rural areas of the state. The Legislature also required Enterprise Florida, Inc., to assist these areas to help their existing businesses to better compete in Florida as well as internationally.

Resources

For Fiscal Year 1998-99, ITED received \$7,003,425 in state funding. Enterprise Florida, Inc., allocated \$2,462,900 for ITED's operations. The Legislature also appropriated \$4,540,525 to the International Trade and Economic Development Board for specific purposes from the Florida International Trade and Promotion Trust Fund.⁴ The Florida International Trade and Promotion Trust Fund is financed by 4.25% of the proceeds from a \$2 per day surcharge on rental cars. The Florida International Trade and Promotion Trust Fund is administered by the Governor's Office of Tourism, Trade, and Economic Development.

³ Project generation consists of developing new prospects, converting inquiries into projects, and responding to assistance requests. Project management consists of assisting with site selection, providing state incentives information, referring leads to partners, and coordinating economic development partner's project efforts.

⁴ Of the \$4,540,525, the Legislature appropriated \$2,000,000 for trade and intensive export assistance, \$2,000,000 for international offices, \$290,525 for the Florida Trade Data Center, and \$250,000 for international representation and advocacy.

Measures of Program Performance and Standards

We assessed the board's performance using outcome measures and standards for Fiscal Year 1997-98 included in Enterprise Florida, Inc.'s strategic plan for 1998-2003. The strategic plan's measures and projected standards for Fiscal Year 1998-99 are identical to the measures and standards related to the board included by the Legislature in the 1998-99 General Appropriations Act. We therefore concluded that it was appropriate for us to use the strategic plan's measures and standards in assessing the board's performance.

Findings

The International Trade and Economic Development Board reported that its international trade programs exceeded its performance standards for Fiscal Year 1997-98, but results should be interpreted with caution until performance data is verified. The board expects weak economic conditions in Latin America and Asia to limit its ability to match Fiscal Year 1997-98 results in Fiscal Years 1998-99 and 1999-2000.

The Division Reported Exceeding Its Performance Standards for Fiscal Year 1997-98

As shown in Exhibit 1, the Division of International Trade reported exceeding its performance standards for Fiscal Year 1997-98 established in Enterprise Florida, Inc.'s strategic plan. This plan established two performance expectations for ITED, both of which relate to increasing export sales. ITED substantially exceeded both goals. For example, it reported that domestic trade programs and activities resulted in export sales of \$299 million, which exceeded its standard of \$31 million (see Exhibit 1).⁵

⁵ The IT Division requires each trade specialist to submit monthly reports documenting actual and expected sales of assisted companies. Documentation is provided in one of three ways: a letter from the assisted company, a report on sales at the end of a trade mission submitted by participants, or an affidavit from Enterprise Florida, Inc.'s contracted trade representative.

Exhibit 1
ITED's Division of
International Trade's Performance
Exceeded Standards for Fiscal Year 1997-98

| Outcome | Fiscal Year | | Result as a Percentage of standard |
|---|-------------------------------|-----------------------------|------------------------------------|
| | 1997-98 Standard (\$Millions) | 1997-98 Actual (\$Millions) | |
| Documented export sales attributable to EFI programs and activities | \$31 | \$299 ¹ | 964% |
| Documented sales as a result of foreign office activities | 16 | 101 ² | 631% |

¹ Actual and expected sales account for \$27 and \$272 million, respectively.

² Actual and expected sales account for \$51 and \$50 million, respectively.

Source: Governor's Office of Tourism, Trade and Economic Development Fiscal Year 1999-00 Legislative Budget Request and Enterprise Florida, Inc. Program Work Plan, Fiscal Year 1997-98—4th Quarter

However, these reported outcomes need to be interpreted with caution since the majority of the results represent expected future export sales. For example, of the \$299 million in export sales ITED reported as resulting from its domestic trade programs and activities, 93% (\$272 million) represented expected future sales, while the remaining \$27 million represented actual sales. Of the \$101 million the division reported in documented actual and expected sales from foreign offices (see Exhibit 1), \$50 million was expected sales while the remaining \$51 million was actual sales. These performance results would have greater reliability if ITED staff assessed the extent to which expected results were actually achieved. In January and February 1999, IT Division staff plan to contact companies assisted in calendar year 1997 to determine the extent to which the expected sales actually materialized. Once this effort is completed, the IT Division may be able to more reliably report the amount by which client companies' export sales increased.

Division Staff Attribute Positive Performance to a New Initiative

IT Division staff attributed much of the division's performance to a recent initiative to help local and regional economic development organizations sponsor trade events. In Fiscal Year 1997-98, the IT Division established the Certified Trade Events Program

through which it made small grants to local and regional economic development organizations to support their participation in trade missions. During this year, the program helped local and regional economic development organizations sponsor 13 trade events resulting in reported export sales of \$165 million.⁶ During this year, the division organized and conducted 27 of its own trade events resulting in \$122 million in actual and expected export sales.

The Division Is Increasing Coordination With Other Trade Development Organizations

In Fiscal Year 1997-98, the IT Division began developing a Florida Trade Network for the purpose of linking state and federal trade assistance programs. The network is a partnership between Enterprise Florida, Inc., and 11 other organizations including the Florida Chamber of Commerce, Florida Council of International Development, the Florida Economic Development Council, the Florida Export Finance Corporation, the Florida Trade Data Center, Small Business Development Centers, the U.S. Department of Commerce, and the World Trade Association of Florida, Inc. The purpose of the network is to increase the amount of resources available to Florida companies wanting to begin or expand exporting efforts. IT Division staff indicated that the network is not fully implemented and that more communication and training between the participating organizations is needed. However, we interviewed officials from several of the network partners who indicated the IT Division is regularly informing them of upcoming trade events and participating in training sessions with their staff. Consequently, the initiative appears to be resulting in better communication between the participating organizations.

The Board's Reorganization of Foreign Offices May Improve Its Performance in the Future

A factor that may improve the board's performance in the future is its recent reorganization of its foreign offices. In March 1998, the IT Division began to implement changes to its foreign offices in response to recommendations made in a September 1997 report by the Governor's Office of Tourism, Trade, and

⁶ Under the IT Division's Certified Trade Events Program, eligible economic development organizations receive grants from \$2,500 to \$7,500 depending on the type of event. To be eligible, the economic development organization must meet several requirements, including that events do not conflict with ITED scheduled promotions and providing documentation of the mission's accomplishments.

Economic Development. Each of the board's foreign offices is now required to submit a strategic plan, which includes goals, objectives, and performance measures. Enterprise Florida, Inc., has signed performance-based contracts with its foreign offices and renewal of these contracts will be based primarily on results. However, it is still too early to assess the effect of these changes on the foreign offices' performance.

Weak Economic Conditions in Key International Markets May Affect the Board's Ability to Match Its Fiscal Year 1997-98 Performance in Fiscal Years 1998-99 and 1999-2000

ITED officials expect that weak economic conditions in key markets such as Brazil, Venezuela, and Columbia will make it difficult for the board to match its Fiscal Year 1997-98 performance in Fiscal Years 1998-99 and 1999-2000. IT Division officials expect exports by Florida businesses to grow at a slower rate in 1998 and 1999 than any other time in the decade. ITED's outcome standard for Fiscal Year 1998-99 is \$54 million and it has requested a standard of \$58 million for Fiscal Year 1999-2000. Both of these amounts are significantly lower than the results reported for Fiscal Year 1997-98 (\$400 million).

The International Trade and Economic Development Board reported that its economic development efforts also exceeded its standards for creating jobs in targeted industries, but most of these results occurred in urban areas where these efforts may be less necessary. In addition, the board has not implemented significant strategies for assisting economic development in rural areas.

ITED Reported Exceeding Standards

The board reported that its performance in business recruitment, expansion, and retention exceeded the performance standards for Fiscal Year 1997-98 established in its strategic plan. The strategic plan established two outcome standards for its economic development efforts, both of which relate to the number of jobs created. As shown in Exhibit 2, ITED reported exceeding expectations for both of these standards.

**Exhibit 2
ITED Reported Exceeding Its Economic Development Outcome Standards for Fiscal Year 1997-98**

| Outcome | Fiscal Year | | Result as a Percentage of Standard |
|---|------------------|----------------|------------------------------------|
| | 1997-98 Standard | 1997-98 Actual | |
| Permanent jobs created in targeted industries | 2,000 | 10,356 | 518% |
| Permanent jobs directly created/retained | 24,000 | 24,501 | 102% |

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

Much of ITED's performance relating to targeted industries was in the board's newest strategy, Information Technology. ITED's performance report included a footnote that indicated its performance in creating jobs in targeted industries included results for a new strategy (Information Technology), which was approved as a sector strategy during Fiscal Year 1997-98 after the standard was created. The effect of the new strategy was not specifically disclosed in the report, but our analysis determined that Information Technology accounted for 75% of the 10,356 reported jobs created (7,797). If results for this strategy were excluded, ITED's performance would still have exceeded its standard, but by 28% rather than 518%.

However, ITED's reported results should be interpreted with caution. ITED's current outcome measures (total jobs created) do not indicate the extent to which ITED or other federal, state, or local economic development organizations actually contributed to a business deciding to locate in Florida or expand its existing operations.⁷ These measures also do not assess the extent to which ITED supported economic development by coordinating and brokering services available from existing local, state, and federal economic development agencies and organizations as opposed to directly providing services to businesses. ITED officials noted that they would like ITED to serve more of a role in coordinating resources and assisting local economic development organizations than directly provide services to businesses.

⁷ It is important to note that neither ITED nor other economic development organizations actually create jobs; the businesses they assist create jobs.

Although the Legislature should interpret ITED's reported results with caution, we believe that the board's program for targeting specific industries having a statewide impact has potential to add value to Florida's economic development efforts. This approach can also be used in coordinating resources to pursue major projects that would exceed the business recruitment capacity of local economic development organizations.

Board Services Could Be Better Targeted to Some Parts of the State

In our opinion, Enterprise Florida, Inc., could be of the most value by providing services to areas of the state with the greatest need and where job creation will have the greatest impact, such as rural and urban distressed areas of the state. Fiscal Year 1997-98, 94% of the jobs ITED reported helping to create were located in Florida's urban counties. According to ITED officials, four of these urban counties (Dade, Duval, Hillsborough, and Orange) have strong economic development organizations with more resources and capacity than ITED. These four counties alone accounted for 37% of the total number of jobs ITED reported assisting to create.

ITED has not implemented significant strategies for enhancing economic development in rural or urban distressed areas. In 1997, the Legislature directed Enterprise Florida, Inc., to develop a plan for creating jobs and attracting businesses to targeted rural and urban areas of the state. According to ITED officials, the board's efforts to assist these areas during calendar year 1998 were limited as a result of its Targeted Business Recruitment Division allocating most of its resources to implementing the Legislature's Work And Gain Economic Self-sufficiency (WAGES) initiative. Although ITED is in the process of developing strategies to assist rural and distressed urban areas, these strategies have yet to be implemented.

The Legislature should continue to fund the International Trade and Economic Development Board and its activities.

We concluded that the Legislature should continue the International Trade and Economic Development Board's programs and activities. Since the board began operating in January 1997, it has implemented several new initiatives, such as targeted sector strategies and

the Certified Trade Events Program, that have potential for helping in the creation and retention of jobs and increasing export sales for Florida companies.

By discontinuing the board and its related activities, the Legislature could save \$2,462,900 per year in state funds and \$4,540,525 per year from the Florida International Trade and Promotion Trust Fund. However, discontinuing the board's international trade programs and activities could affect efforts to position Florida to take advantage of international markets in the future. Although ITED officials expect export sales to be affected by deteriorating economic conditions in key international markets, they still expect Florida's businesses' export sales to increase, but at a slower growth rate.

Discontinuing the board and its related activities could also affect the creation of some jobs in Florida. However, assessing the effect of discontinuing the board on job creation is problematic. As noted previously, 94% of the jobs ITED reported it created were located in urban counties, some of which have sophisticated economic development councils and organizations that may not need ITED's direct assistance to attract and recruit businesses.

Discontinuing the board is not likely to affect economic development in the state's rural and urban distressed areas. As we noted previously, ITED has not yet implemented any significant strategies for addressing problems in these areas.

Conclusions and Recommendations

ITED reported that its performance exceeded established standards for both International Trade and Economic Development in Fiscal Year 1997-98. However, weak economic conditions in key international markets such as Latin America and Asia may limit the board's ability to match its results in Fiscal Years 1998-99 and 1999-2000. ITED reported that its economic development programs reported exceeding standards for helping to create jobs in targeted industries, but most of these results occurred in urban areas where such assistance may be less necessary. ITED also has not implemented significant strategies for enhancing economic development in rural and urban distressed areas.

We recommend that the Legislature continue funding the International Trade and Economic Development Board's programs for Fiscal Year 1999-2000.

We recommend that the International Trade and Economic Development Board implement strategies incorporating actions discussed below that focus its efforts on providing services that add more value to the state's economic development efforts.

- Emphasize coordinating and brokering services available from existing local, state, and federal economic development agencies and organizations.
- Target economic development in distressed urban and rural areas of the state. Urban counties often have sophisticated economic development organizations capable of effectively conducting general economic development activities. Rural counties, and distressed urban areas, in contrast, need support in developing economic development strategies and initiatives.
- Develop outcome measures that will allow the Legislature to more directly assess the effect of the board's economic development programs and activities' performance. The board's current primary outcome measures provide data on the total number of jobs created, which is not useful in assessing the extent to which board services or the services provided by other local or state agencies and organizations affected businesses' retention, re-location, or expansion decisions. The board's current measures also do not provide information on its performance in improving economic development efforts in targeted areas of the state. The board should also develop measures for assessing the quality of its services and the extent to which other local and state economic development agencies and organizations are satisfied with its services.

Agency Response

Enterprise Florida, Inc.'s written response is reproduced herein, beginning on page 8.



ENTERPRISE FLORIDA

Government & Business Developing Florida's Economy

January 11, 1999

Mr. John W. Turcotte, Director
Office of Program Policy Analysis and
Government Accountability
Claude Pepper Building, Room 312
111 W. Madison Street
Tallahassee, FL 32302

Dear Mr. Turcotte:

ITED generally agrees with OPPAGA's findings and we appreciate OPPAGA's recommendation for continued funding of ITED. We agree that discontinuing funding could affect efforts to position Florida to take advantage of international markets and could affect Florida job creation. And while we cannot dispute that discontinued funding would have little effect on rural and urban distressed areas, ITED has, over the past year, intensified efforts in both of these areas. We are confident that your current assessment will become less and less supportable as we increase and expand implementation of our rural and inner city development strategies.

We agree that ITED should focus on activities where we add the most value to the state's economic development efforts. To date, we have made the most progress in the area of international trade, as indicated below. We are confident that future assessments of ITED will indicate similar progress in recruitment, expansion, and retention efforts.

The comments, which follow, are primarily points of clarification, rather than disagreement:

Issues and recommendations related to International Trade:

- Assessment of trade programs: ITED appreciates OPPAGA's positive comments on the Certified Trade Events and Team Florida Trade Network programs, along with the restructuring of Florida's international representation.

While the report comments on individual initiatives, ITED would like to add that International Trade is the area of activity where ITED has made the most progress in aligning the resources available to Florida companies across the state. This is a clear case of the whole being greater than the sum of the parts.

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The Team Florida Trade Network concept is not limited to the linkage of state and federal export assistance programs, but embodies all of the activities cited by

OPPAGA, along with another important local/regional initiative currently being implemented: the Targeted Market Pilot Project Grant Program. This program provides incentive grants for local and regional consortia of export service providers to assess the quality and scope of export services available in their service area and develop programs to fill gaps, reduce duplication, and increase the number of businesses with successful export transactions.

Where the individual programs are concerned, we would like to comment that the Certified Trade Event program is a good example of the "wholesale" approach, where providing a small amount of extra funding allows local and regional EDO's to conduct missions and participate in events which otherwise would be beyond their means. The results are a Florida presence in more events and markets than EFI could afford on its own and an improved level of coordination statewide.

On the restructuring of Florida's international representation, ITED would like to clarify that, while OPPAGA is correct that implementation began in March, ITED began laying the groundwork in early November of last year. Finally, in addition to the contractual elements cited by OPPAGA, another key element in the reorganization is the upgrading of representation through the choice of contractors. This should lead to the kind of improved performance we are seeing from Taiwan, one of the first to undergo restructuring.

- Use of "expected" as well as "actual" sales for export assistance program reporting: Economic development organizations across the country customarily report "expected" as well as "actual" sales for export assistance programs, due to the fact that trade assistance efforts generally lay the groundwork for successful trade transactions in the future.

However, ITED agrees that there is a need to implement regular, annual follow-up surveys, to better ascertain the percentage of expected sales, which are ultimately realized, although it is unlikely that 100% of actual sales can be captured through this technique.

What could assist in this effort would be legislative language which clearly states that reported sales information (regarded by companies as proprietary), while available to state auditors, could not be released to other parties except in aggregate form.

- Impact of global economic conditions: While export growth should be lower than in recent years, it may not reach the 1993 low point for the decade. However, periods of weakened growth are precisely the times when Florida companies need the most help. In the long run, performance will be impacted by world economic conditions. In the short run, improved programs and the restructured foreign representation may lessen the impacts of global economic declines on ITED's and Florida's economic performance.

Issues and recommendations related to Recruitment and Expansion/Retention:

- ITED's achievement of results in urban counties where EDO's have considerable capacity and the need to target services more toward rural and urban distressed areas: While local economic development organizations in major urban centers have considerable capacity, ITED's assistance is still needed in areas such as national and

international marketing, coordination of projects involving several Florida locations, incentive processing, and permitting assistance.

However, it is true that the areas of the state that need to take the most initiative generally have the least capacity to do so. This represents a challenge, which is as true for inner-city urban centers as it is for rural areas of the state. In March 1998 ITED reallocated resources to create a new division - *Targeted Business Development*. From May to October 1998 this new division's personnel and resources were redirected to the WAGES job development initiative. Since November 1998 we have started to provide more services to these areas. Although the programs are not yet fully developed, we have initiated efforts, such as the "*Crossroads Florida*" national marketing, for new business identification.

A new opportunity, which offers ITED a key role in a coordinated approach to inner-city issues, is the Governor's "Front Porch" initiative. In rural areas ITED is committed to aggressive marketing, infrastructure initiatives, and export assistance to assist local businesses and communities to respond to opportunities.

We would like to stress, however, that it is not a case of either/or. Unless the core sectors of Florida businesses, most of which are in urban areas, are kept healthy, the opportunity for spin-offs (a likely source of rural and inner city job creation) is diminished.

- Sector Strategy and the impact of adding new sectors on performance reporting: ITED appreciates OPPAGA's recognition of the potential of ITED's sector strategy focus. Results are already being achieved, as the OPPAGA report indicates, and we are confident that, as Florida's strength in the selected sectors increases, the positive impact on the economy will be apparent. As OPPAGA correctly notes, the approach is applicable to resource coordination on major projects and is currently being used in that way.

The issue of the impact of adding new sectors on performance reporting will continue to be a potential problem, as additional sectors are added, due to the time frames for adjusting measures. However, in future reports, ITED will provide more clarification of results attributable to added sectors.

- Other measurement issues and recommendations: ITED agrees that it is difficult to assess the relative contribution of different organizations on team projects. This issue is one which economic development agencies and legislative oversight organizations

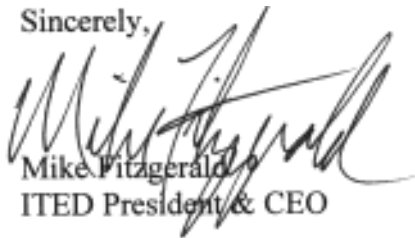
across the country have tried to resolve, thus far without a better measurement agreed to. Increasing the value-added services recommended by OPPAGA will allow ITED's resources to be further focused and leveraged; but, will also make sorting out relative responsibility and value even more difficult. ITED is committed to work with OPPAGA to improve the measurements and better clarify EFI-ITED's value.

We are also committed to working with OPPAGA to develop suitable measures for our impact on targeted areas of the state. Finally, we will expand our customer satisfaction efforts. This is a valuable management tool, allowing us to continuously improve our programs and services. We are somewhat cautious about allocating resources solely on the basis of what is most liked by local EDCs rather than what is most effective.

Items not mentioned by OPPAGA:

- No mention is made of business recruitment's and the foreign offices' role in attracting international company locations to the state - an area where significant improvement is expected due to business recruitment efforts in Florida and the high caliber of Florida's representatives abroad.
- Another EFI/ITED initiative absent from the report is "Team Florida." "Team Florida" designates an effort which typically involves both the state's business and political leaders in a major mission to a critical market with the combined goals of generating significant media coverage to expand Florida's image in the market, as well as recruitment and trade expansion. Team Florida missions to Brazil, Japan and Korea, Brazil, Costa Rica, and the United Kingdom have raised Florida's visibility in these markets, resulted in expanded trade and investment prospects and was the single most important factor for locating the *Free Trade Area of the Americas* first Secretariat in Miami.

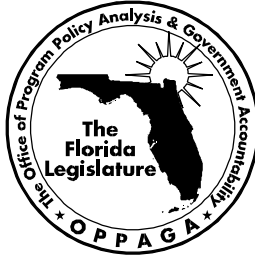
Sincerely,



Mike Fitzgerald
ITED President & CEO

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



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