

*oppaga*

# Progress Report



June 2000

Report No. 99-55

## The Florida Export Finance Corporation Has Improved Its Performance Measurement System

### *at a glance*

The Florida Export Finance Corporation has continued to be self-supporting and has increased its services for Florida exporters. The corporation has taken actions recommended by OPPAGA to improve measurement of corporate performance and customer satisfaction.

### Purpose

In accordance with state law, this follow-up report informs the Legislature of actions taken by the Florida Export Finance Corporation (FEFC) in response to a 1998 OPPAGA report.<sup>1,2</sup> This report presents our assessment of the extent to which FEFC addressed the findings and recommendations included in our report.

### Background

The Legislature created the Florida Export Finance Corporation as a not-for-profit corporation in 1993. The FEFC's purpose is to expand employment and income opportunities for residents of Florida by

promoting the increased export of goods and services. The FEFC's activities include

- providing loans and loan guarantees to small- and medium-sized Florida businesses in support of their export sales;
- disseminating information and technical assistance to Florida businesses on exporting and export related financing; and
- coordinating with various state and federal entities designed to provide export assistance.

The majority of FEFC's activities involve providing short-term financing (one year maximum) to export businesses. The FEFC provides three major types of financing assistance to Florida businesses.

- **Loan Guarantees.** The FEFC will guarantee up to 90% of a bank loan or \$500,000, whichever is less, to a business conducting export sales. To qualify for a FEFC guarantee, a business must demonstrate that it is unable to qualify for a conventional bank loan.
- **Direct Loans.** If an exporter cannot obtain a loan even with a guarantee, the FEFC can provide a direct loan of up to \$100,000.
- **Coordination with the Federal Export-Import Bank.** The FEFC works with the

<sup>1</sup> Section 11.45(7)(f), F.S.

<sup>2</sup> *Review of the Florida Export Finance Corporation*, OPPAGA Report No. 97-59, March 1998.

## Progress Report

United States Export-Import Bank that also provides export-related financing assistance. The FEFC is a member of the Export-Import Bank's City/State Program, which allows Florida exporters to directly access the programs administered by the bank. As a City/State Program partner, the FEFC helps exporters prepare and submit applications for loan guarantees that exceed the FEFC's maximum amount (\$500,000). In addition, the FEFC has the ability to jointly guarantee loans with the Export-Import Bank.

The FEFC's office is located in Miami. It is governed by a 15-member board of directors and currently has five full-time employees.

## Prior Findings

In our prior review, we concluded that the FEFC had effectively leveraged its resources with those of the private sector and federal government. We further noted that the FEFC had become financially self-sufficient and no longer needed state funding support.

However, we also recommended that the FEFC improve its performance measurement system. Specifically, we recommended that it develop more appropriate methods to estimate the number of jobs supported by its loan-related activities, which it was calculating by a ratio based on the level of export sales it assisted. The U.S. Department of Commerce discourages this approach due to concerns regarding the ratio's reliability and validity.

We also recommended that the FEFC improve its performance measurement system by surveying client businesses to determine the impact of its programs and to assess client satisfaction with its services.

## Current Status

The Florida Export Finance Corporation (FEFC) has acted to implement our recommendations related to improving its performance measurement system. The FEFC is now surveying client businesses to obtain information on the number of jobs created as a result of its assistance and customer satisfaction with its services. This provides more valid information on the outcomes of its activities.

The FEFC has also continued its efforts to help Florida exporters.

- The FEFC reports that it issued 28 loan guarantees totaling \$9,700,000 and made 12 direct loans totaling \$1,151,000 in 1999. However, since our prior report, the FEFC experienced its first losses (\$123,448) from defaults.
- The FEFC reported helping Florida exporters secure 11 loan guarantees from the Export-Import Bank in 1999.

The FEFC has continued to remain financially self-sufficient, with 1999 reported income from fees and interest of \$489,721 exceeding expenses of \$418,072.

OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision making, to ensure government accountability, and to recommend the best use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

*The Florida Monitor:* <http://www.oppaga.state.fl.us/>

Project supervised by Tom Roth (850/488-1024)

Project conducted by A.B. Verhine (850/487-9276)