



Project Sunrise

An economic competitiveness strategy for the State of Florida



Executive Summary

Formed in 1961 at the request of Governor Farris Bryant, the Florida Council of 100 is a private, nonprofit, nonpartisan organization of business and civic leaders, which exists to promote the economic growth of Florida and improve the economic well-being and quality of life of its citizenry. Council members have achieved a high degree of success and recognition in their business or profession; have demonstrated involvement in Florida public policy issues; and possess the personal qualities of character, personality, and leadership ability. The Council of 100 works closely with the Governor and the state agencies, the Legislature, the judicial branch, federal leaders and officials, and other private organizations to effect positive change in the state and achieve quality of life improvements for the citizens of Florida.

Through our reports, position statements, policy letters, issue advocacy, and public relations, we keep state leaders and policymakers apprised of key topics relevant to today's Florida, and make recommendations for enhancing state policies and programs in ways beneficial to all Floridians.

In late 2016, the Council established Project Sunrise through its Business Climate and Policy Committee. It was determined that the Council of 100 would lead this project to develop a set of recommendations for the Governor and the Legislature in collaboration with key partners and stakeholders with a mission to promote economic competitiveness and improve Florida's business climate.

The preamble to this work was based on an established set of facts and beliefs by the Council as to why Project Sunrise was necessary: ***We believe we stand at the doorway of a critical juncture when it makes sense for the Council of 100 to step forward and reassume leadership of the business community's efforts to influence economic development policy for Florida.***

Consider the following:

- FLORIDA continues to ascend from the Great Recession as an economic powerhouse and lead in a number of key measures of economic productivity and higher quality of life;
- BUT we struggle with policy conflict relating to economic development strategy, which might already be resulting in missed opportunities to improve Florida's business climate—a negative trend that will only grow worse if not addressed sooner rather than later;
- AND we continue to be more downside sensitive than many economies to episodic to important sectors, such as construction, tourism, and agriculture (e.g., Zika, hurricanes, terrorism, citrus greening);
- AND we continue to see indications of longer-term warning signs about Florida's economic sustainability (e.g., lack of economic diversity, questions about market/brand identity, longer-term impact of demographics);
- AND we near the end of the one term-limited gubernatorial term and approach a new one in 2019.

Ultimately, the project was set to address the top imperative goals that would ensure a strong Florida into the next decade, to include effective economic competitiveness strategies; the prioritization of sectors and clusters to support diversifying the economy; strategies and communication tools to increase investment attractiveness; approaches to improve the business climate; effective labor supply and demand strategies to better connect workforce efforts to industry; and expected economic outlooks and perspectives on key trends.

Through this lens, the project targeted the following questions:

- 1) How effective are today's economic competitiveness strategies and what other strategies can Florida pursue?
- 2) How can Florida prioritize sectors and clusters to further diversify the economy?
- 3) How can Florida leverage communications best practices to attract greater private investment?
- 4) How can Florida make its business climate more competitive through more effective public investment, and what set of economic development approaches should Enterprise Florida, Inc. (EFI) consider?
- 5) How can Florida close the gap between labor supply and demand, and best position the state's labor force for the jobs of the future?

With the election of a new Governor, the Council's focus allows for using this report as a post-election policy agenda for the elected Governor's full term. In its efforts to be precise and to thoroughly understand the current economy, the Council retained McKinsey & Company to conduct research and data analysis to inform the Council's decisions. While many assisted in the development of new thought, all ideas and recommendations are those of the Council alone, and not any third party.

The outcome of the nearly 18-months' worth of work included numerous workgroup meetings, a macroeconomic analysis of the state, the creation of an economic impact model, a review of best practices in other states, numerous surveys, and interviews with economic sector policy leaders, site-selectors, and business and industry leaders. The result was the development of six key strategic goals that we believe an incoming administration and Legislature should focus on to truly move the needle to achieve top-line economic growth: GDP, jobs, labor participation, productivity, wages/income, and economic resiliency to guard against the impact of a down-turn in the economy.

The six key strategic goals collectively have twenty policy changes that should be implemented to achieve the maximum effect on said goals. And, following each policy option is an outline of initiatives that provide the reader with specific programs that can be implemented to achieve each policy.

Beginning on page 71 is an outline containing each strategy, policy, and initiative presented in this report. While we believe each strategy should be implemented to maximize the intended impact of the report and believe that each policy change made to implement the suggested strategies well insulates each from failure to achieve the goal, we have selectively identified those policy objectives that we believe should be given first priority while implementing the entire report over the next three years. The following slide provides details of the multi-year approach for policy implementation that the FC100 is suggesting.

STRATEGIES						
Year of Prioritization & Implementation	I. Human Capital: Make Florida the Place where talent thrives	II. Strategically reposition Florida's image and reputation as a place to thrive	III. Create high-performance organizational capabilities	IV. Public Investment: Grow the pie and maximize ROI	V. R&D and innovation: make innovation thrive	VI. Health: Make Florida the world's healthiest place to live in the world
2019 1st 100 Days	<p>1: Adopt the PreK→Job model of the future to improve the organic talent pipeline and create a strategy that addresses these gaps, including training the talent required for the future in our PreK→Job system today</p> <p>5: Identify labor market mismatches (especially in middle skills occupations) by region, sector and/or time horizon</p> <p>4: Leverage the existing university and college system to increase the output of high-caliber talent</p>	<p>6: Invest in building a world-class marketing engine with top talent, analytics and funding that develops and executes data-driven branding strategies</p>	<p>11: Reorganize and re-brand Enterprise Florida, Inc. (EFI) to pursue a more focused mandate</p>	<p>14: Make targeted infrastructure investments to catalyze certain regions and/or sectors</p>	<p>16: Improve the predictability of the real estate development and land use process</p>	<p>18: Create the right human capital and leverage the EDO structure to win at Health</p>
	<p>2: Develop new sources of talent by attracting outside talent, increasing the labor force participation rate, and creating pathways to higher-purpose opportunities</p> <p>3: Retain and engage Florida's top talent through retention incentives</p>	<p>8: Focus business attraction efforts with a targeted mix of sector-specific, and sector and region-specific, strategies and periodically refresh them</p> <p>9: Position and promote Florida as the "it place" for younger talent seeking meaningful opportunities to make a difference</p> <p>7: Aggressively promote Florida's identity globally as a hemispheric hub for trade and investment</p>		<p>13: Spur tax-neutral growth of economic development funding</p>	<p>15: Enable and encourage public and private investment in R&D (research and development) and innovation to ensure sufficient access to capital, and create an environment that fosters and supports organic innovation</p>	<p>19: Establish goals and policies that lead to Florida being recognized as the healthiest place to live in the world</p> <p>20: Increase R&D and innovation to stimulate technology development</p>
2021			<p>10: Put the "private" back in private-public partnership</p> <p>12: Invest in giving EFI the tools and flexibility to succeed</p>			<p>17: Incent investment in policies and projects that improve the health of our cities and communities</p>

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Florida's Chance to Grow

Today, the Future, and How to Get There

Florida today is a story of “good” ready to be “great”

Government agencies, top business leaders, and local nonprofit organizations' efforts have made Florida one of the most economically competitive states



Fastest projected GDP and population growth



Leader in some emerging verticals (e.g., #1 virtual reality, #4 financial technology)



Generally high-quality transportation infrastructure



Low unemployment rate and positive job growth



Highly ranked business climate; ranked 7th in US by *Forbes* magazine



Low tax burden: #4 overall tax climate, #1 individual tax climate

The Florida of the future thrives and leads in business climate and talent

By focusing our mindset and objectives on strategies that make Florida recognized worldwide as the place where the talent can thrive above anywhere else, we will transform Florida to an economy that doesn't just grow...but excels by achieving the vision for the future



Diversified economy that easily withstands economic shocks



World-renowned business climate that attracts top talent and companies



High salaries driven by growth in high wage jobs and sectors



Economy tooled with emerging technologies to keep pace with the US and global markets



Talent pipeline that fully delivers a competitive workforce



Optimized labor market that matches supply and demand across skills with minimal unemployment and underemployment

Goals to Accomplish this Journey

Human capital—*Make Florida the Place where talent thrives.* Develop the state’s talent pipeline and better match talent supply with economic demand

- Adopt the PreK→Job model of the future to improve the organic talent pipeline and create a strategy that addresses these gaps, including training the talent required for the future in our PreK→Job system today
- Develop new sources of talent by attracting outside talent, increasing the labor force participation rate, and creating pathways to higher-purpose opportunities
- Retain and engage Florida’s top talent through retention incentives
- Leverage the existing university and college system to increase the output of high-caliber talent
- Identify labor market mismatches (especially in middle skills occupations) by region, sector and/or time horizon

Strategic repositioning—*Strategically reposition Florida’s image and reputation as the place to thrive.* Shape the national narrative on Florida using a comprehensive re-branding strategy focused on proof points that Florida is the place to thrive

- Invest in building a world-class marketing engine with top talent, analytics and funding that develops and executes data-driven branding strategies
- Aggressively promote Florida’s identity globally as a hemispheric hub for trade and investment
- Focus business attraction efforts with a targeted mix of sector-specific, and sector and region-specific, strategies and periodically refresh them
- Position and promote Florida as the “it place” for younger talent seeking meaningful opportunities to make a difference

Economic development organizations (EDOs)—*Create high-performance organizational capabilities.* Rethink the structure and role of the state’s EDO to maximize effectiveness based on best practices

- Put the “private” back in private-public partnership
- Reorganize and re-brand Enterprise Florida, Inc. (EFI) to pursue a more focused mandate
- Invest in giving EFI the tools and flexibility to succeed

Public investment—*Grow the pie and maximize ROI.* Apply public funding in a way that maximizes economic impact, and increase available funds without raising taxes

- Spur tax-neutral growth of economic development funding
- Make targeted infrastructure investments to catalyze certain regions and/or sectors

R&D and innovation—*Make innovation thrive.* Make Florida known as one of the most desirable, predictable, and highest yielding opportunities for capital investment in the world

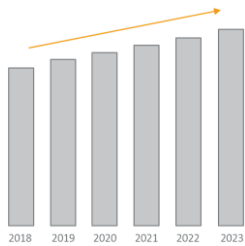
- Enable and encourage public and private investment in R&D (research and development) and innovation to ensure sufficient access to capital, and create an environment that fosters and supports organic innovation
- Improve the predictability of the regulatory processes related to capital investment

Health—*Make Florida the world’s health capital and the healthiest place to live in the world.* Establish goals and policies that lead to Florida being recognized as the healthiest place to live in the world, including leveraging the state’s existing strengths and assets to create a high-performing, high-talent healthcare, healthy communities, and health innovation sector that competes at the global scale

- Incent investment in policies and projects that improve the health of our cities and communities
- Create the right human capital and leverage the EDO structure to win at Health
- Establish goals and policies that lead to Florida being recognized as the healthiest place to live in the world
- Increase R&D and innovation to stimulate technology development

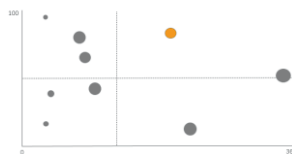
With this roadmap, Florida can apply the state’s talents, efforts, and resources to make the state’s economy thrive, and improve our citizens’ quality of life

Florida's Future Economy—Begins Now



Path for growth

Florida can leverage existing assets and invest in areas with high projected growth and higher wages



Expanding sectors

The state can deepen talent and increase productivity to attract new employers in targeted subsectors

Florida is one of the fastest growing states in near-term GDP (gross domestic product) and population. To be competitive in the future, however, the state could position itself to continue growing during economic downturns and be the most attractive US state for business. Doing so will entail positioning the state as the place where talent wants to live and invest.

This assessment pinpointed the state's strengths as well as areas to improve to be more competitive in the national economy.

Areas of strength



High number of startup companies



Fastest growing state economy



Well-developed healthcare network



Growing information and tech subsectors

Opportunities to become more competitive



Increase in-state talent



Develop virtual and information networks



Attract talent in key sectors



Invest in innovation

With Project Sunrise, Florida has a roadmap for applying the state's talents, efforts and resources to actions that will grow the state's economy and improve citizens' quality of life.

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How Florida is Performing Today

Florida's Current Economic Health

The state can shore up its economic stability in five key areas

1

Susceptibility to shocks

When the national economy has a downturn, is Florida's economy able to weather the storm?

Right now, it takes a hit

In the last recession, Florida's GDP declined 4.4% versus the national average of 0.3%. If the state were to experience a protracted slump in the near term, it would cause an annual loss of \$72 billion

2

Infrastructure

Is the state's IT and physical infrastructure good enough to support businesses' and the workforce's needs?

It could use improvement

Florida's current virtual infrastructure is ranked 20th nationally while employee transit time is ranked 39th nationally

3

Small business growth

How challenging is it for small businesses to start up and grow in Florida?

Small businesses are forming, but not many survive

Florida has a high startup rate (2nd nationally), but the small businesses' survival rate is low, partly due to limited university R&D investment

4

Economic productivity

How much effort does the state need to expend to earn a living? Does the state apply technology as efficiently as other states?

Technology investment is needed

Florida's GDP per worker is currently lower than the national average, and our economy has not adopted technology and efficiencies as much as other places, making higher wage jobs scarce

5

Availability of talent

Does the state have the right skills to staff higher level jobs?

The technical workforce is small

Florida currently has lower talent availability due to an underdeveloped pipeline of workers with Science, Technology, Engineering and Math (STEM) skills. Each month, an average of 80,000 high-skilled and 30,000 middle-skilled jobs are left unfilled

1 Resiliency

A more diverse economy and increased exports will further stabilize the state

When a state economy sells primarily to its own market, shocks to its economy disproportionately impact businesses across sectors and industries. This is exacerbated if a state’s employment is concentrated in too few industries, as is the case for Florida (ranked 49th out of 50 states in the latest Industry Diversity Index from the Council for Community and Economic Research). In terms of employment and job numbers, less diverse state economies are 20% more volatile, according to recent research from Emsi. Selling goods and services to other markets within the US and internationally, while ensuring a diversified sector mix, can balance the risk associated with a financial downturn or other economic shocks.

In fact, if Florida’s sector mix were more diversified, the state could more than double its one-year GDP growth during a moderate recession.

“Tradeable” sectors are those that sell goods or services that can be easily exported to national and international markets, versus sectors that service the local market and are not exposed to cross-regional competition. Historically, tradeable sectors have been less volatile and can make the economy more stable during recessions. These sectors have the highest recession-time GDP growth. They also tend to be more productive, have higher wages, and help stimulate innovation.

Diversifying the economy for Florida means shifting to produce more in tradeable sectors to increase the current share (32%) to a level closer to peer states (around 45%) and the US average (42%). Many of the tradeable sectors are areas in which Florida has existing assets and/or specialized knowledge. Other areas are opportunities for the state to invest to develop a robust set of sectors.

Tradeable

60% exported

Good or services can be easily exported to other regions (e.g., agriculture, scientific/technical services, transportation and warehousing)

Semi-tradeable

20-60% exported

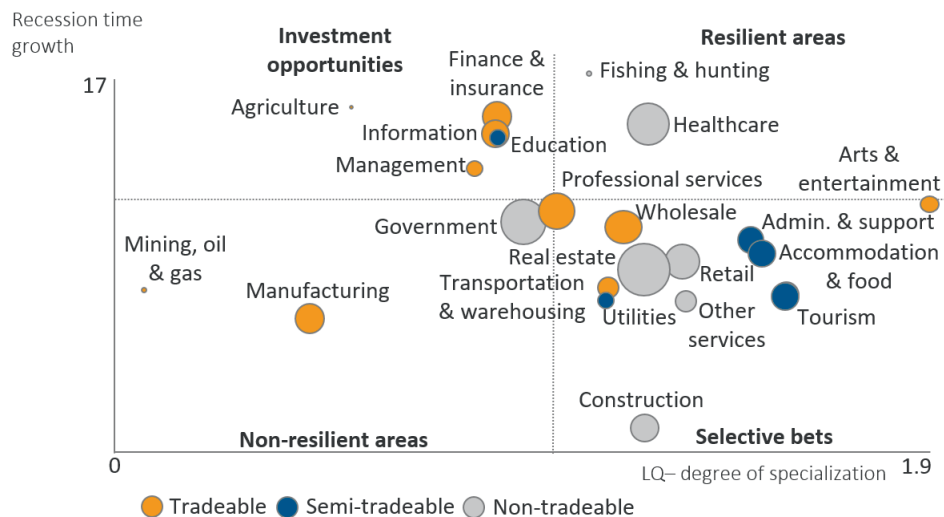
Some can be exported (e.g., administrative functions, food services, mining, utilities)

Non-tradeable

<20% exported

Most are only sold in-state (e.g., construction, repair and maintenance, healthcare, real estate, retail)

Florida Sector GDP Growth During Last Five Recessions
(Compound annual growth rate % with 2016 GDP bubble size)



2 Infra-structure

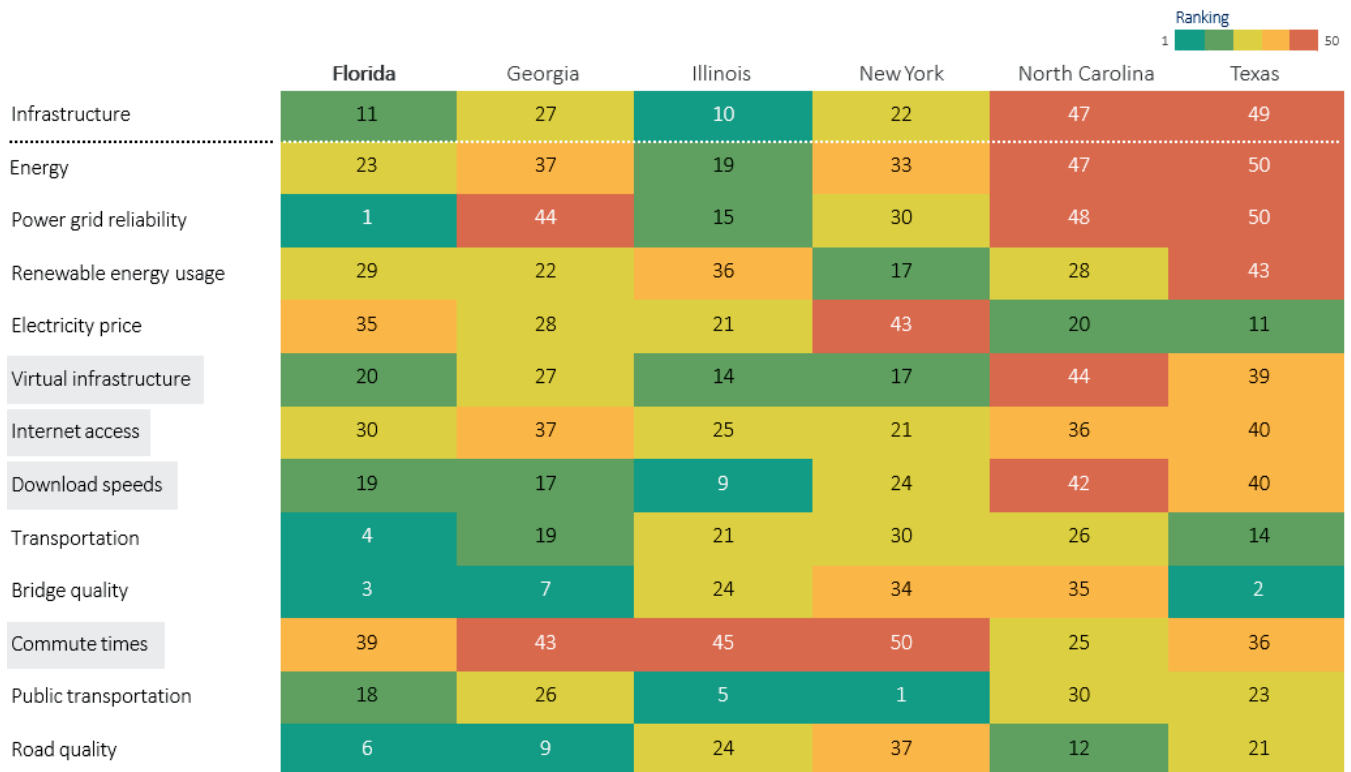
An improved virtual infrastructure would better support business and citizen outcomes

Florida’s overall infrastructure ranks well nationally, but there is an opportunity to improve the virtual infrastructure. Increased broadband supports an array of social, economic and environmental benefits:

- **Social** – Technology enables world-class basic services (e.g., SmartSchools, E-rate, ConnectED), and the participation of inactive population segments (e.g., e-literacy for elderly and FirstNet for Public Safety)
- **Economic** – A smart grid adds intelligence to the electricity network to induce changes to power transmission and distribution, while intelligent buildings increase operating efficiency (lighting, asset management); a strong information infrastructure can also stimulate new healthcare delivery tools, such as remote monitoring, image transmission, and video consultation
- **Environment** – Virtual infrastructure can support resources such as smart wastewater systems, and reduce CO₂ emissions

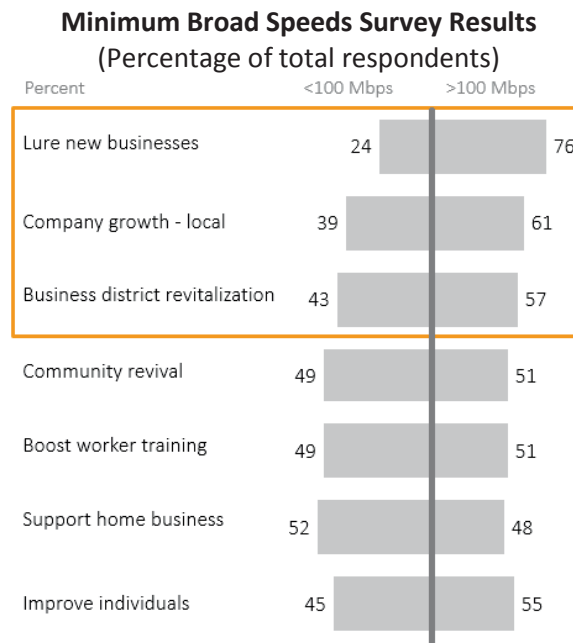
In the 2017 ranking of best states by *U.S. News & World Report*, which measures outcomes for citizens against more than 60 metrics, Florida’s infrastructure ranked well nationally. However, the state’s virtual infrastructure and related areas revealed needed improvements.

U.S. News & World Report Best States
(2017 ranking for selected metrics)



Source: U.S. News & World Report, Best States Ranking, 2017

There is a strong correlation between broadband readiness and global economic competitiveness. Combining research from the International Telecommunications Union and World Economic Forum, there is an estimated 0.25% to 1.38% of GDP growth per 10% broadband penetration increase. Having a strong virtual infrastructure also impacts the state’s ability to attract investments. According to the International Economic Development Council’s 2012 survey of members and affiliates, businesses indicated that greater than 100 Mbps (megabits per second) and increasingly, over 1 Gbps (gigabit per second) is becoming a minimum requirement for company attraction and growth. Currently Florida ranks 39th in connectivity of this kind, with only 5.4% of households having access to 1 Gbps internet speeds.



Private players in the infrastructure market are most interested in denser areas with lower deployment costs per household. If left entirely to market forces, investment happens only in attractive areas or where players are forced to upgrade due to competitive pressure.

Florida should consider the use of use public-private partnership models to achieve the state’s overall speed and access goals. These models involve either subsidizing a group of providers or a single provider, or creating a government fiber company with public equity as was done in Australia, Singapore, New Zealand and Qatar. The state can target subsidies to consumers or sellers, and focus on capital or operating assistance.

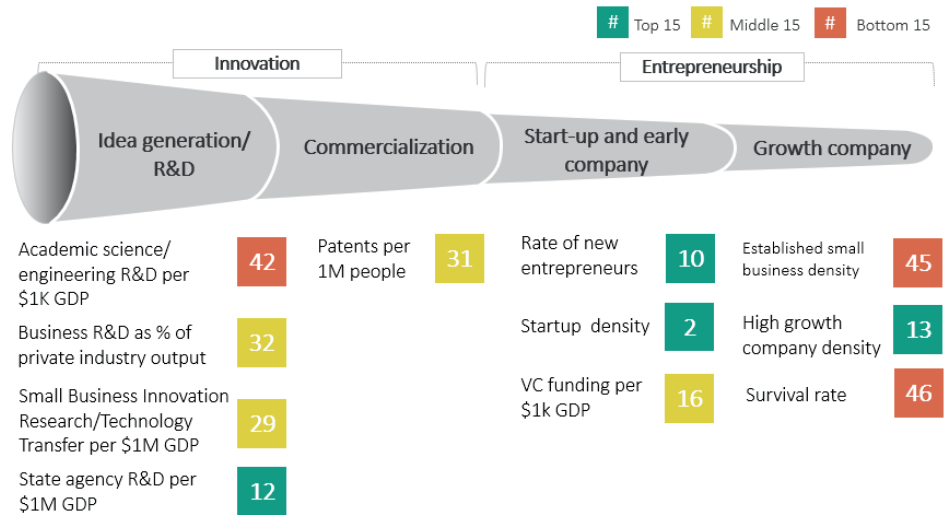
The faster Florida acts, the more likely it can capture billions of dollars of federal broadband grants, loans, and loan guarantees from the Federal Communications Commission (FCC) through Internet access programs (e.g., Rural Infrastructure Opportunity Fund, Rural Economic Development Loan and Grant Program, Distance Learning and Telemedicine, Community Connect), and the U.S. Department of Agriculture through rural economic development (e.g., Connect America Fund, Universal Service Schools and Libraries Program, and Healthcare Connect Fund).

3
Small business

Small businesses are starting, but they are not surviving

Florida has an entrepreneurial population as evidenced by the rate of new entrepreneurs and startup density in the state. However, most of these new companies do not survive. Because of this, Florida has a low density of thriving small businesses.

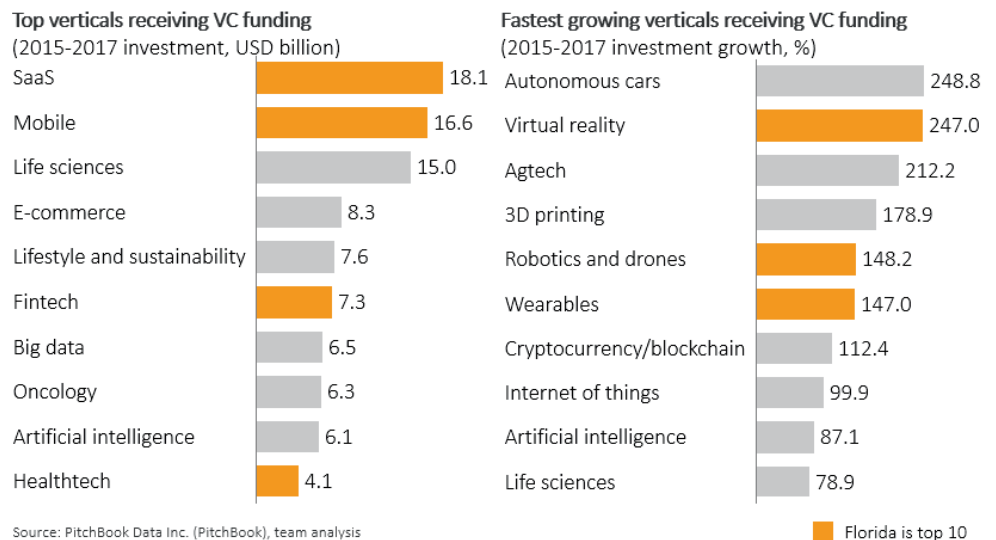
Florida’s Startup Survival Rates and Density Rankings



Source: Kauffman Foundation, National Science Foundation (NSF), United States Census, U.S. Patent and Trademark Office (USPTO)

Florida is a leader in many of the emerging sectors where venture capitalists are investing, such as SaaS, mobile, financial technology (fintech), and health technology. Virtual reality (VR), fintech and health technology dominate the state’s startup ecosystem by total venture capital (VC) and private equity (PE) investment.

Florida’s Top and Fastest Growing Verticals Receiving VC Funding



New startups face challenges with weakened idea generation and R&D, low talent availability due to K-12 lower college readiness, shortages in STEM talent, and a lack of sophistication. Regional inputs also indicate that a lack of access to legal and financial professional services exacerbates new companies’ inability to mature and succeed.

4
Productivity

Increasing labor productivity to the national average would raise the GDP by 19%

Forbes magazine ranks Florida as a top place to conduct business (#7 overall), although the state was also ranked as having high business costs at #39, which may deter investors.

Forbes 2017 Best States for Business Ranking

	Florida	Georgia	Illinois	New York	North Carolina	Texas
National rank across metrics	7	6	37	29	1	2
1. Business cost (cost of doing business, state taxes)	39	18	30	36	2	3
2. Labor supply (local educational attainment, union participation, population 20-34)	16	10	36	31	11	9
3. Regulatory environment (labor regulations, tax incentives, health insurance mandates, occupational licensing)	5	7	40	27	9	21
4. Economic climate (income, GDP, unemployment, Fortune 1000 HQs)	4	7	28	15	18	1
5. Growth prospects (jobs, income, GDP forecasts, business births/deaths, VC investments)	1	13	35	21	10	2
6. Quality of life (cost of living, school test performance, crime rate, weather, top ranked colleges, commute times)	19	33	15	24	16	30

Source: *Forbes Best States for Business*

Ranking: 1 (dark green) to 50 (red)

Florida’s high cost of business is primarily driven by high labor costs (worker compensation by dollar of output). While the state’s workforce has lower wages, it also has low labor productivity relative to other states across most sectors, which drives up the cost of doing business (Florida’s GDP per worker ranked 34th in 2016). The healthcare, transportation, utilities, and other sectors have higher labor workforce productivity. Labor productivity is calculated based on currently employed, so the high share of retirees in Florida does not affect the low GDP output per worker.

Productivity in Florida Compared to US Average by Sector

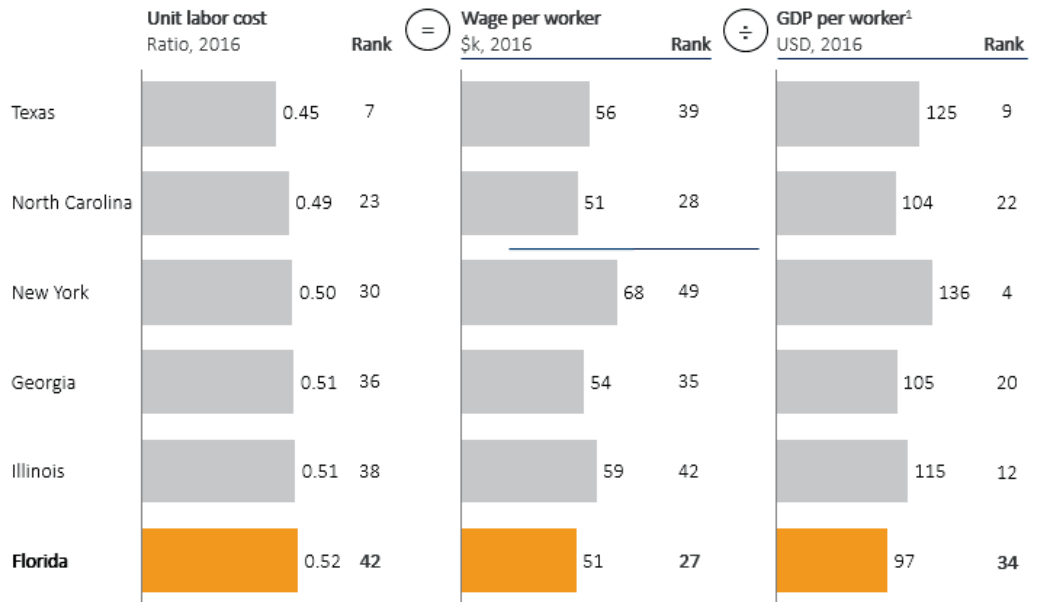
	Florida GDP \$ billion, 2016	Florida GDP per worker \$ thousand, 2016	US GDP per worker \$ thousand, 2016
Real estate	136	751	1,032
Government	94	85	93
Healthcare	70	65	63
Retail	65	59	64
Professional services	59	111	136
Wholesale	55	163	169
Finance and insurance	45	123	171
Manufacturing	42	118	155
Construction	39	83	97
Information	38	277	334
Accommodation and food	35	36	35
Admin and support	34	53	57
Transportation	24	93	92
Other services	21	61	60
Arts and entertainment	15	65	74
Management	14	144	158
Utilities	14	633	494
Education	7	45	47
Agriculture	6	58	56
Mining and oil	1	326	545

Source: U.S. Bureau of Economic Analysis (BEA), U.S. Bureau of Labor Statistics

Legend: Florida is more productive than US (dark green)

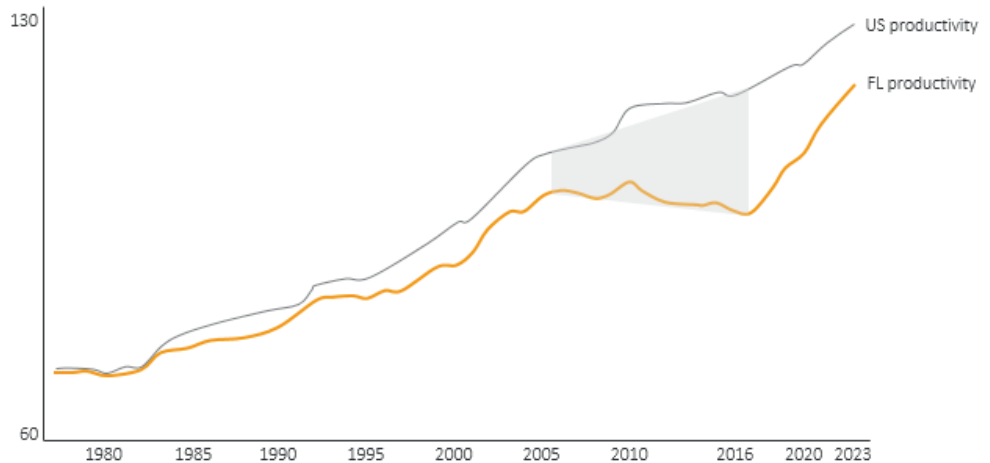
The state’s current low labor productivity makes its unit labor costs higher as compared to what they would be in other states. While the nation’s productivity level has been rising since the recession, Florida’s productivity has been flat. The US-wide spike in home foreclosures hit Florida’s GDP especially hard.

Comparison of Labor Costs in Selected States Across All Economic Sectors



¹ Uses employment from the establishment survey
 Source: U.S. Bureau of Labor Statistics, Moody's Analytics

If Floridian workers had the same productivity as the average American, the state’s GDP would be higher by 19% or \$136 billion¹ (roughly the size of the Tampa metro area).



¹ Real Annual GDP per worker in \$ thousand (2009 dollars) divided by employment from the establishment survey
 Source: Moody's Analytics, BEA

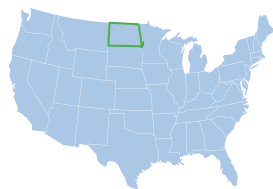
Foreclosure inventory has stabilized, which should help the state’s home building economy improve in the coming years. The housing and construction turnaround is expected to grow mid-wage jobs (like electricians and plumbers) and high wage jobs (like real estate sales and architects).

The state is projected to begin closing the productivity gap over the next five years. Still, Florida will need to make changes to meet or exceed the average US productivity across all sectors. The state's low share of tradeable sectors is one of the main drivers of its low productivity and will constrain sectors' economic performance. Without action, Florida's sector mix will remain unchanged in 2023.

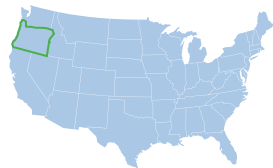
The following are levers that can be used to increase the GDP per worker:

- Increase the share of high productive sectors
- Increase hours worked
- Improve skills through training
- Adopt managerial best practices
- Embrace new technologies, such as automation

While many states have faced economic slowdowns over the past 5 to 10 years, some states have successfully increased their GDP per worker:



North Dakota¹ – A significant oil boom began in North Dakota in the mid-2000s, bringing a large influx of capital and giving the state the opportunity to incorporate new technologies. Labor productivity growth averaged 5%.



Oregon¹ – The state's gross state product more than doubled between 1998 to 2015 while employment increased by 14%. This improved labor productivity is attributed to the downward pressure of recessions causing businesses to reduce the workforce in lower skilled areas to save costs and invest in information technology to become more efficient.

¹ Source: Brookings Institution, BEA, U.S. Bureau of Labor Statistics, CNBC, Information Technology & Innovation Foundation (ITIF), United States Census, *US News & World Report*

5 Talent

Talent scorecard:

Scientists and engineers

Availability as share of total occupations

Education

Number of universities, funding, class size, test scores, and school technology infrastructure

Labor market flexibility

Minimum wage, government employment, and union density

Labor productivity

Measured as GDP per worker

Labor supply

College and high school attainment, migration, and projected population growth

Quality of life

Poverty level, cost of living, crime rate, school quality, healthcare, recreation, and weather

Talent is the most critical factor in attracting business.

While Florida has challenges with K-12, the state scores high on many categories of higher education in the *U.S. News & World Report* Best States ranking.

U.S. News & World Report Best States – 2017 Education Ranking

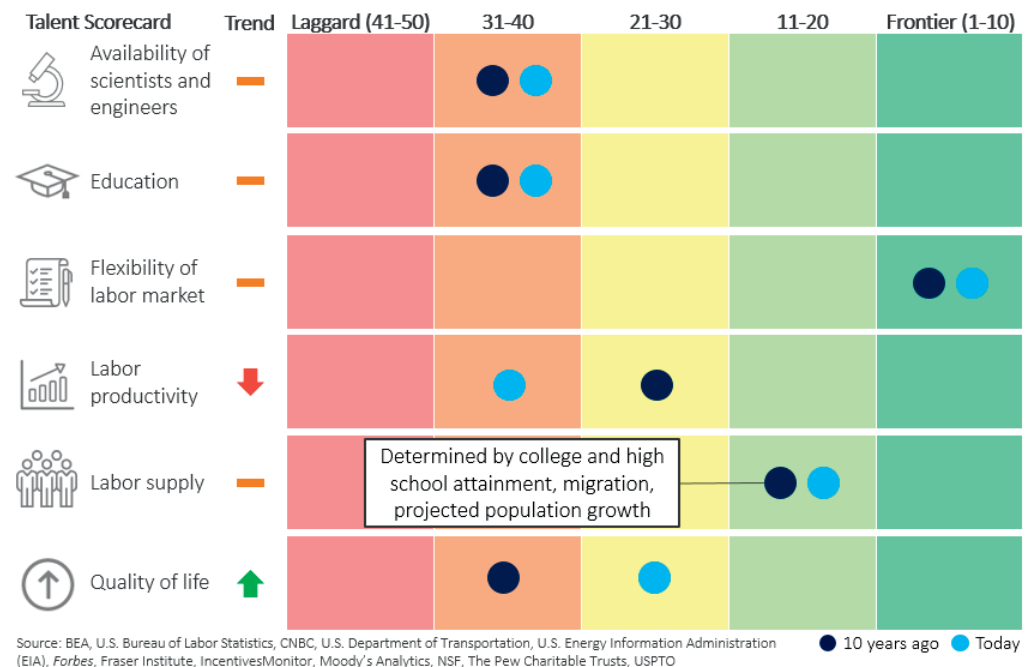
	Florida	Georgia	Illinois	New York	North Carolina	Texas
Education	29	37	20	19	21	41
Higher Education	1	32	35	15	12	33
2-Year College Grad. Rate	3	29	18	26	40	45
4-Year College Grad. Rate	32	46	12	27	9	33
Educational Attainment	28	31	15	11	25	39
Low Debt at Graduation	11	26	34	31	13	23
Tuition and Fees	2	11	47	17	10	22
Pre-K-12	46	37	10	23	34	41
College Readiness	41	24	25	4	45	29
High School Grad. Rate	43	46	20	39	26	5
NAEP Math Scores	42	36	28	33	30	22
NAEP Reading Scores	32	37	26	33	39	38
Pre-K Quality	42	16	16	25	1	43
Preschool Enrollment	12	10	4	19	41	36

Source: US News & World Report

Ranking 1 50

The talent picture is not fully gleamed from the higher education rankings, that are somewhat driven by the low tuition rates. For example, Florida is not producing enough STEM graduates, ranking 38th in the US. Low education attainment along with an aging population are likely driving Florida’s low labor force participation.

Florida’s Talent Scorecard Ratings – 10 Years Ago and Today



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Comparison to Other States

Factors used to select states to compare:



Size of the economy

Comparable size measured by GDP



Workforce size

Comparable size measured by employment and population

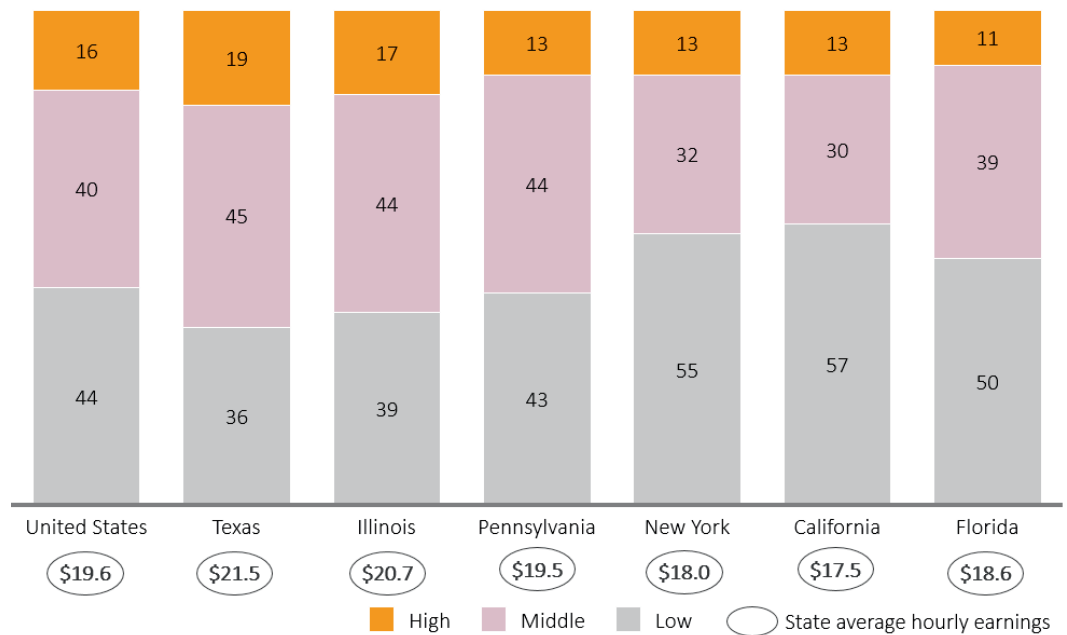


Industry mix
Similar mix as Florida's key sectors

Comparing Florida to peers provides the state perspective on the competition within its targeted areas of growth. In this analysis, Florida's default peer set is both regional (Georgia and North Carolina) and national (Illinois, New York, Texas and California) peers based on economy size in GDP. However, peer comparisons vary depending on data availability and the nature of the analysis (e.g., at times, Florida is compared to all US states).

This comparison finds that despite having low labor force participation, Florida has one of the largest labor supplies in the country due to the size of its population. When adjusted for cost of living, Florida has the lowest share of workers in high wage occupations among large states.

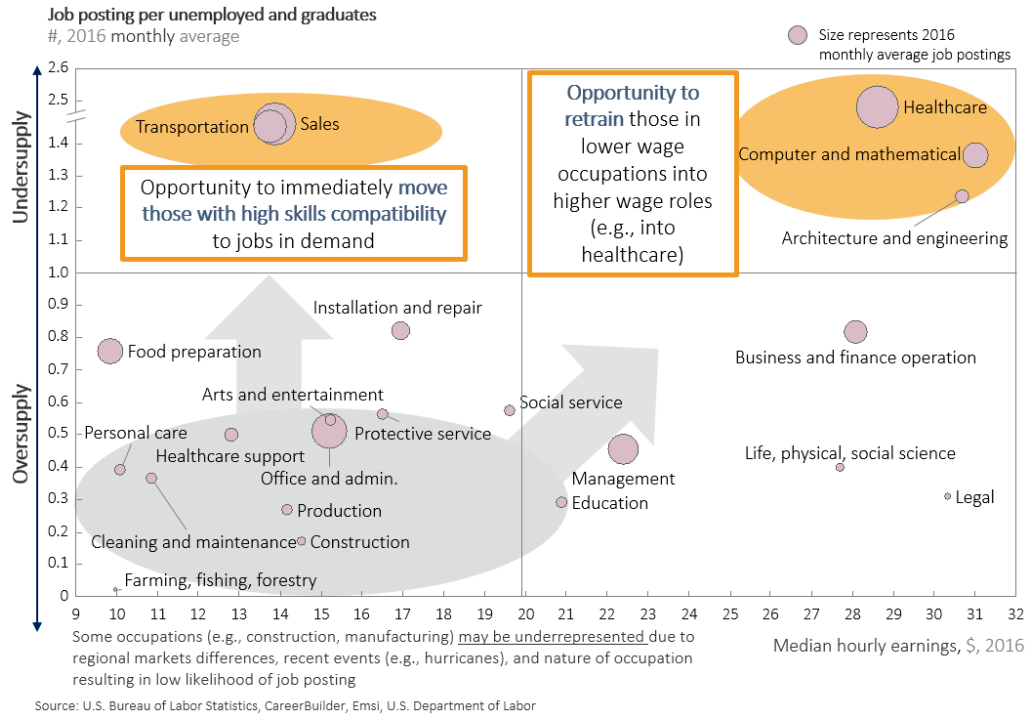
Employment by Cost of Living Adjusted Earnings Categories
(% of all workers, 2016¹)



¹ Number of people in occupations earning less than \$15/hour (low), \$15-30/hour (middle), and greater than \$30/hour (high)
Source: Economic Modeling Specialists International (Emsi)

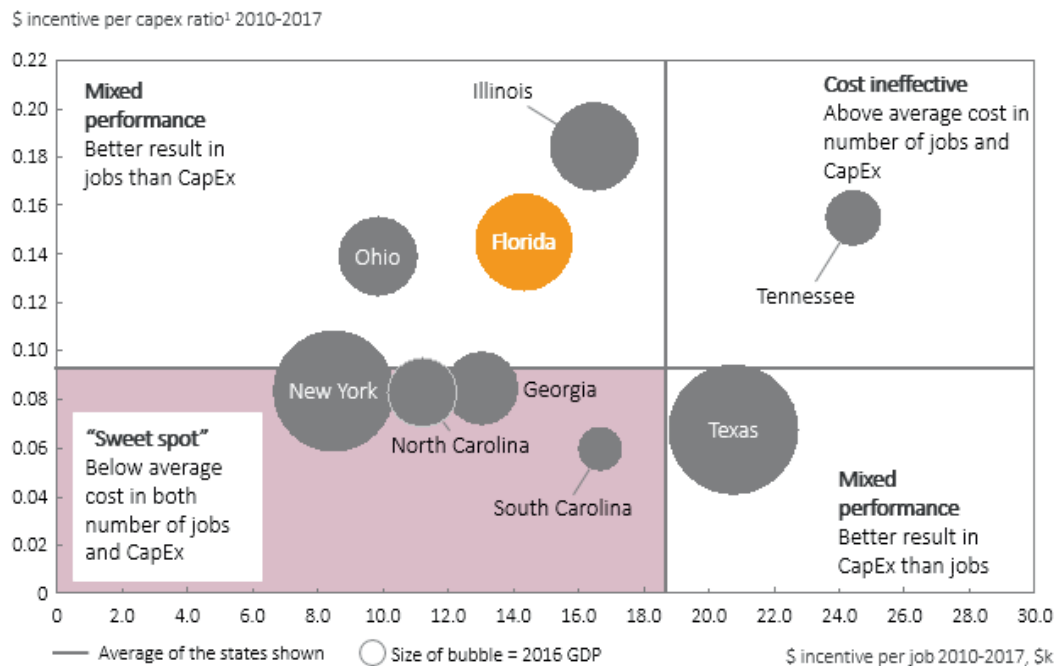
Though unemployment is low, the state has challenges with underemployment and long-term unemployment. Current mismatches in Florida's labor market present the opportunity to shift resources among occupations to close gaps.

Job Posting per Unemployed and Graduates (Monthly average number of postings in 2016)



Florida performs in the top 10 in absolute number of deals and jobs, and is 17th for capital expenditure (CapEx); adjusting for state size, Florida is in the bottom third of US states for deals and CapEx, and 10th place for number of jobs. In terms of return on incentive spend, the state does much better on jobs than CapEx.

CapEx and Jobs Returns for Selected States



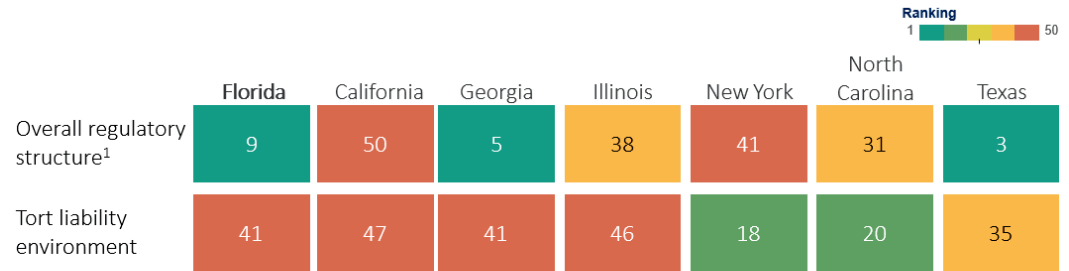
1 Considers total incentives divided by sum of capex announced at deal announcement

2 Considers total incentives divided by the sum of jobs (created and retained) announced on deal announcement

Source: IncentivesMonitor, BEA

In terms of overall regulatory structure, Florida is a top 10 state in lack of regulatory burden. However, Florida is considered “significantly burdened” by its tort liability environment according to Pacific Research Institute (PRI), which ranks Florida as one of the worst 10 states in the US for tort liability.

Ranking of Regulatory Burdens in Selected States
(2015, 1 = least burdensome, 50 = most burdensome)

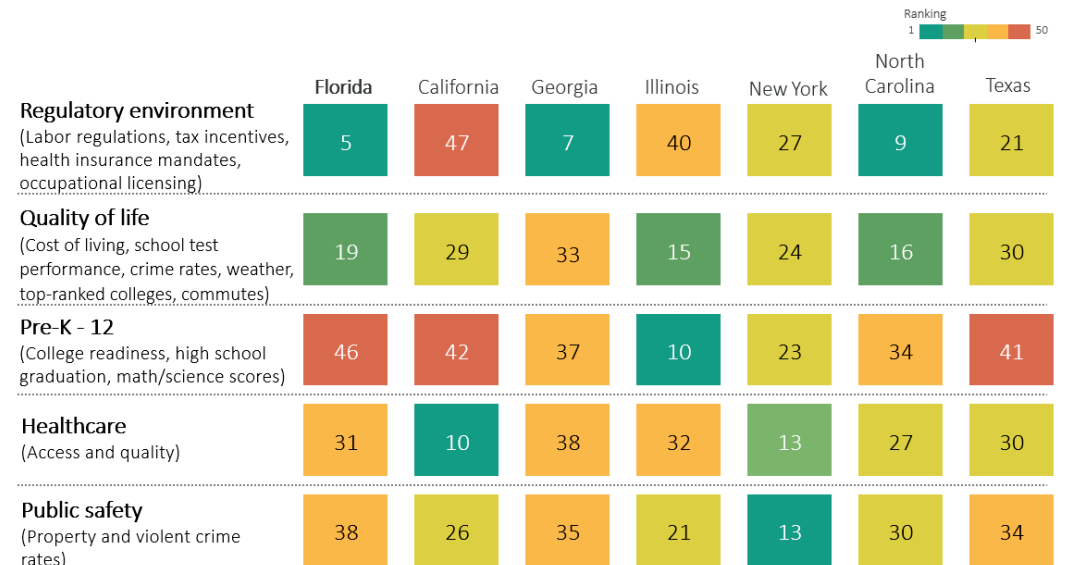


¹ PRI calculates a regulatory index based on various metrics, including workers compensation insurance requirements, right-to-work state, tort liability environment, regulatory flexibility implementation, and more (14 components in total)

Source: Pacific Research Institute (PRI)'s 2015 "50-State Small Business Regulation Index"

While there is a favorable regulatory environment in Florida, selected quality of life metrics could be improved. Raising the quality of its schools, healthcare, and public safety would make Florida a more attractive destination for top talent according to *Forbes* magazine.

State Attractiveness for Top Talent for Selected States

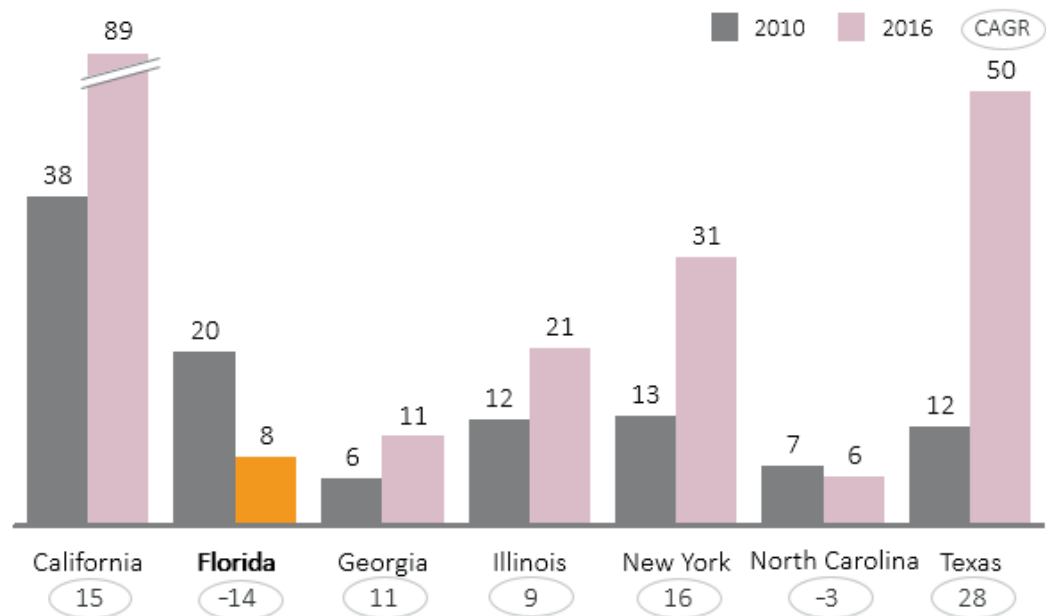


Source: *Forbes* Best States for Business; CNBC, Emsi, National Oceanic and Atmospheric Administration (NOAA), *U.S. News & World Report*, WalletHub

Most deals closed in Florida were in manufacturing (32%), headquarters (25%) and business services (22%). On a per deal basis, the services, aerospace and defense and consumer goods sectors showed the highest number of jobs and capital investments between 2010 and 2017 (255, 177, and 157 jobs and \$16 million, \$16 million and 34 million, respectively).

Private equity and venture capital investments since 2010 revealed opposite trends—negative CAGR of 20% and positive CAGR of 32%, respectively. Commercial services and healthcare services were the main sectors for private equity.

Private Equity Investment by State
(2010-2016, USD billion¹)

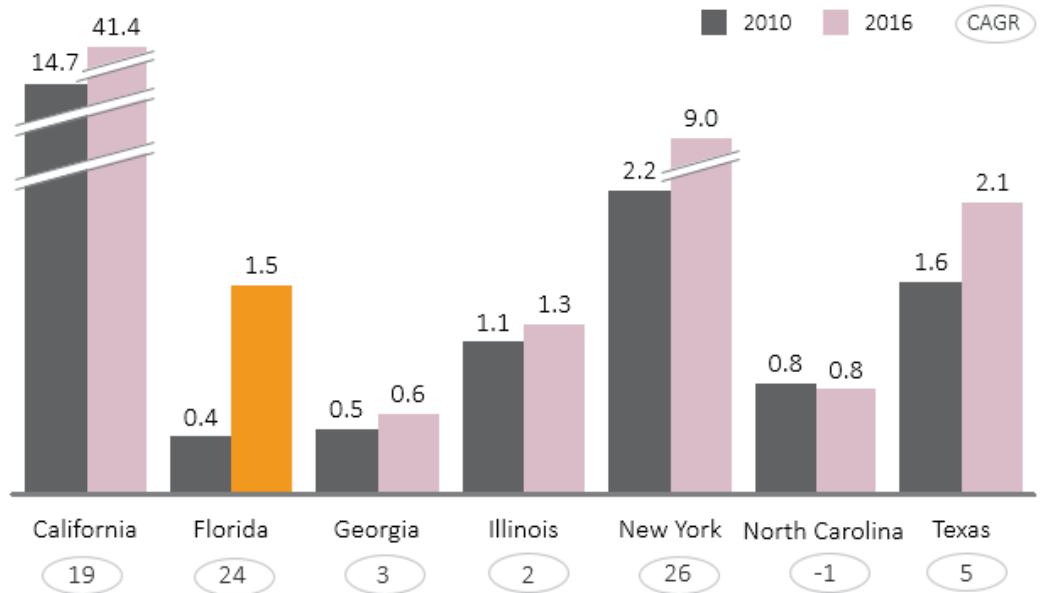


¹ Excludes add-ons (when a company that is backed by a PE firm acquires another company in the same line of business)

Source: PitchBook (as of March 29, 2018)

Virtual reality, health technology and fintech were the primary sectors for venture capital. In total venture capital investment, Florida presented one of the highest growth rates with 24% per year since 2010.

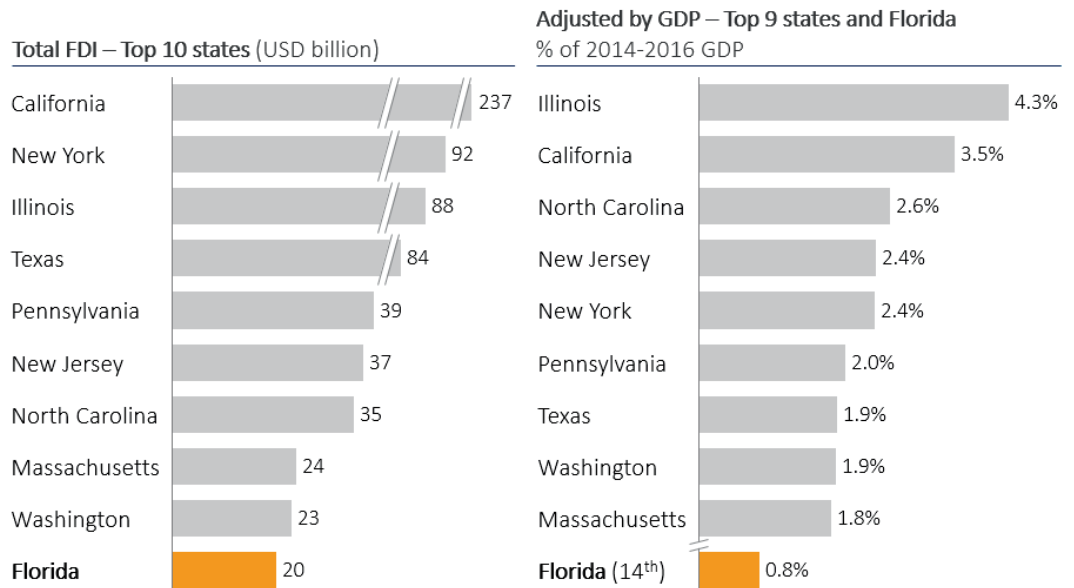
Venture Capital Investment in Selected States (USD billion from 2010 to 2016)



Source: PitchBook (as of March 29, 2018)

Florida is 10th in the US for attracting foreign direct investment (FDI); however, adjusting by GDP, the state drops to 14th place. Canada, Germany and Japan are the primary foreign investors in the state.

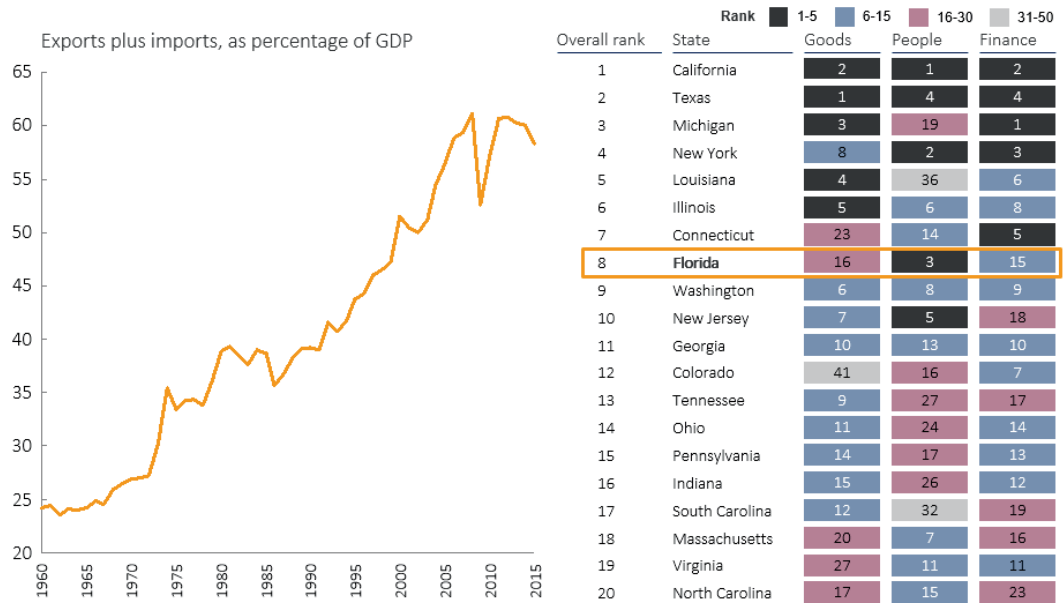
Foreign Direct Investment in Selected States (2014-2016 foreign direct investments per state¹)



¹ Considers first year expenditures realized from 2014 to 2016; considers both M&A deals and greenfield projects
Source: BEA

World trade has nearly tripled in the past 50 years, and Florida is among the most connected states in flow of people (foreign born residents); however, the state lags in goods (total exports) and finance (capital inflows and outflows).

State Connectedness to World Trade (selected states)



1 Goods are defined as total exports, people as number of foreign born residents, and finance as capital flows (inflows and outflows)
Source: BEA, McKinsey Global Institute, Moody's Analytics, United Nations, United States Census

Florida could leverage its well-known brand as a tourism destination to promote the state as a business destination in ways that it is not doing today, such as taking advantage of tourism events to deliver business-focused marketing messages.

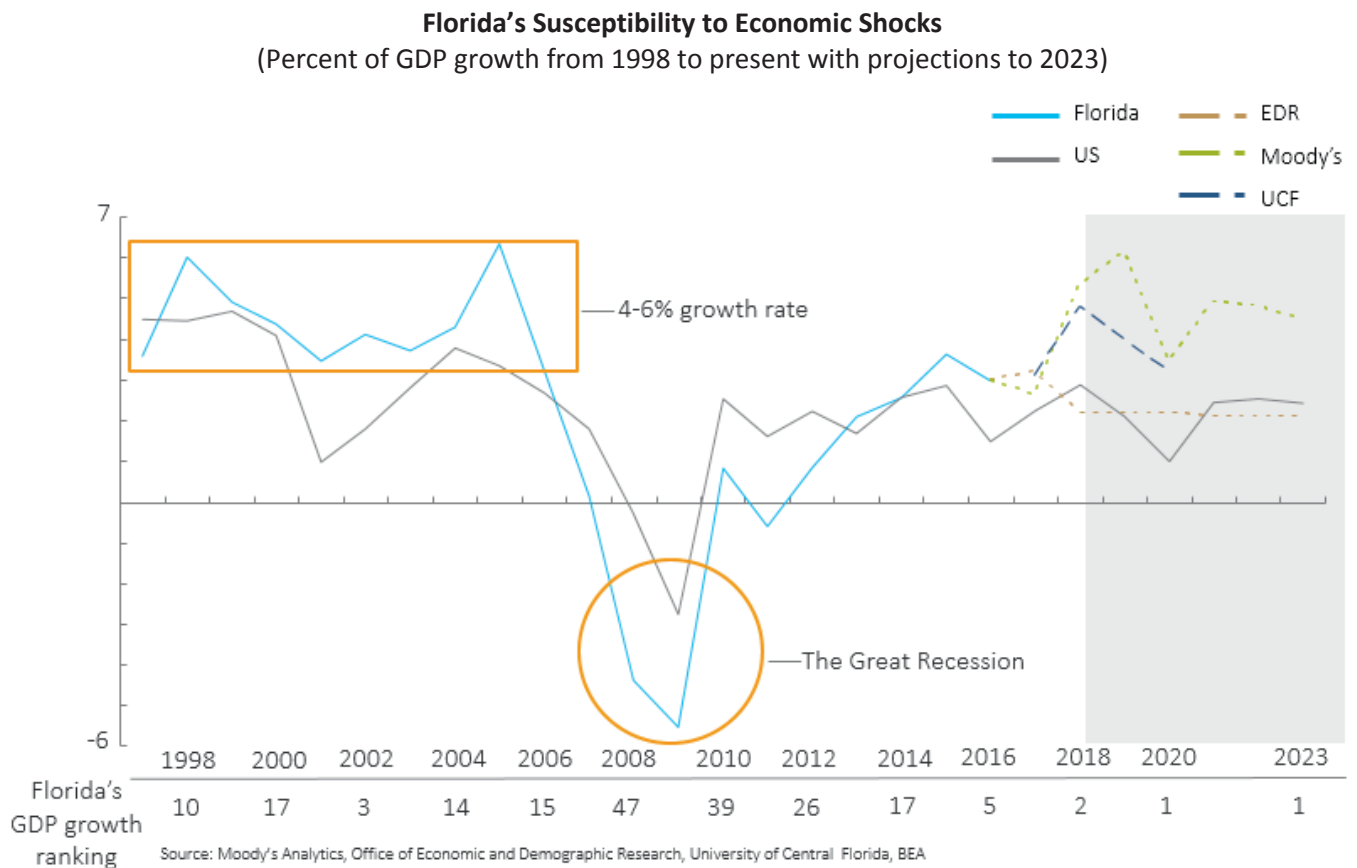


Source: Visit Florida, press search

Results from the Current Economy

While Florida's economy is projected to be the fastest growing in the nation, it is susceptible to external shocks, which can dampen growth.

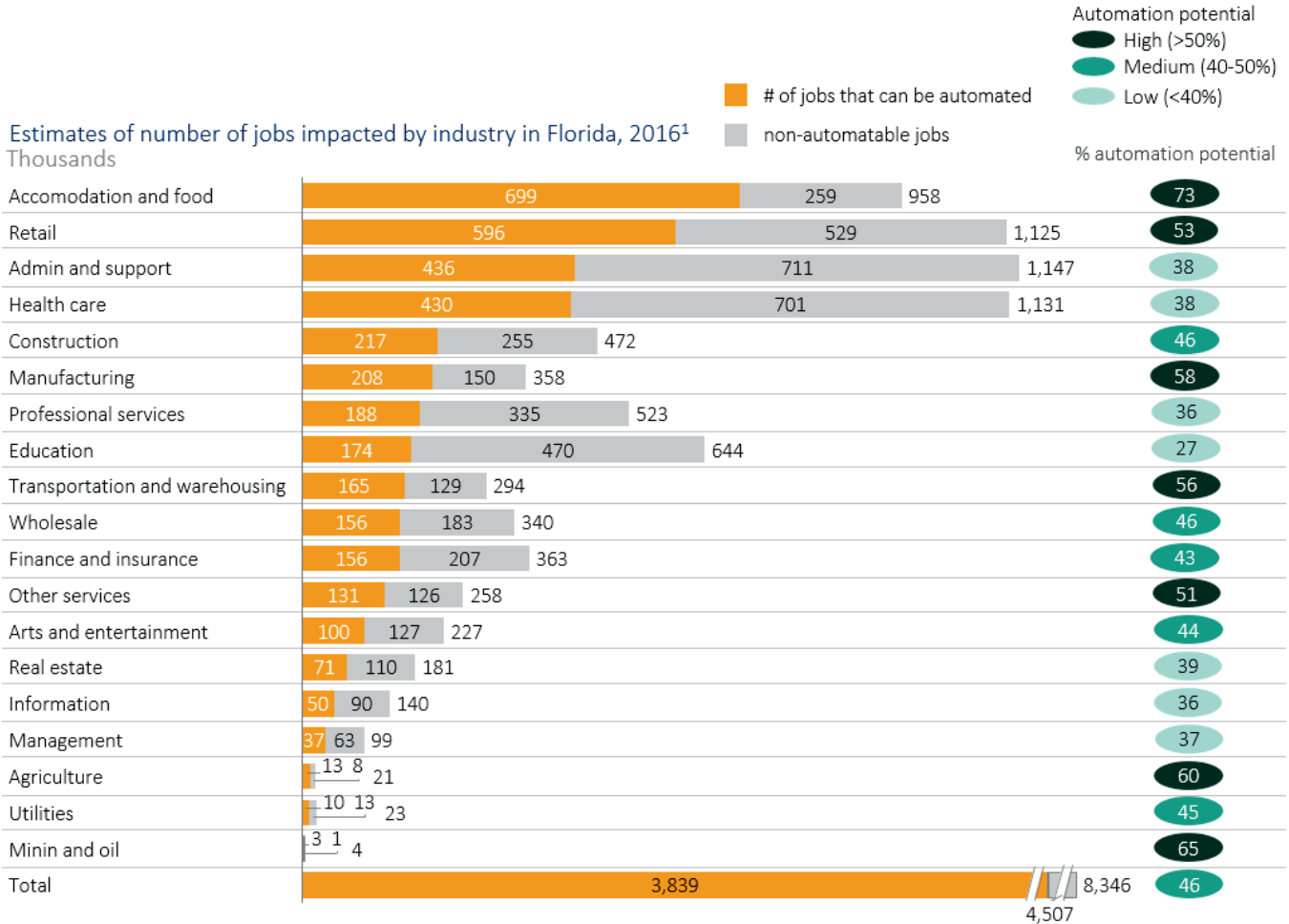
A protracted slump would translate into \$72 billion in lost GDP per year, which is roughly equivalent to 9% of Florida's total GDP in 2016, or the GDP of the state's entire healthcare sector.



Productivity remains a limiting factor. If Florida's productivity level were to match the US average, the state's GDP would be 19% higher today. With the state ranking 34th in GDP per worker (in 2016) and projected to be ranked 22nd in 2023, if left unchanged, Florida will continue to see productivity affect economic growth.

Automation alone has the potential to disrupt the equivalent of 4 million jobs in Florida today. This could be viewed as an opportunity, as early adoption of automation is one of the fastest means of increasing productivity, according to a recent study by the McKinsey Global Institute.

Potential Impact of Automation on Florida's Economy
(Estimated number of jobs in thousands)



1 Employment data from the Occupational Employment Statistics from the Bureau of Labor Statistics and hence total employment by industry data may differ from other surveys
Source: McKinsey Global Institute

Florida's Future Economy

Prioritizing Where to Focus

Potential targets:



Strengthen existing assets and help **move high-performing sectors up** the value chain



Help priority sectors that need a push to **grow roots and thrive**



Make the state economy **more resilient** by diversifying it



Increase employment in sectors that have **job growth and high wages**



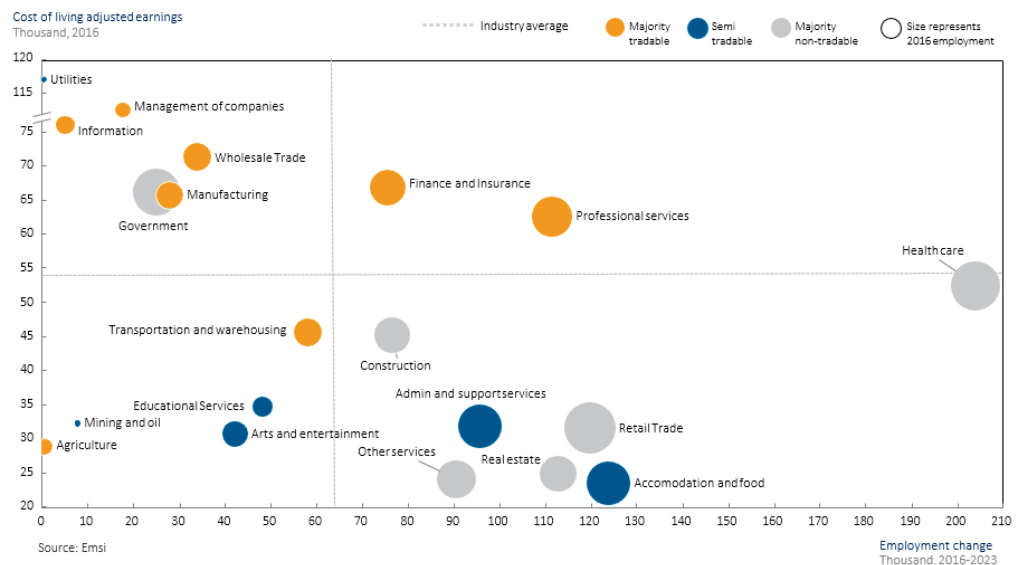
Leverage emerging trends and breakthroughs to **position Florida for tomorrow's needs**

To make best use of finite efforts and funds, the state should anchor initiatives on sectors and regions that are positioned for growth and provide the highest impact for the state's overall economy.

In some cases, these are existing sectors that may need intervention or support; in other cases, this may require investing in sectors that align with Florida's strengths and market areas, and have a high potential for success.

Most of Florida's employment is in semi- or non-tradeable sectors, which may limit the state's economic prosperity.

Florida's Cost of Living Adjusted Earnings
(USD thousands)



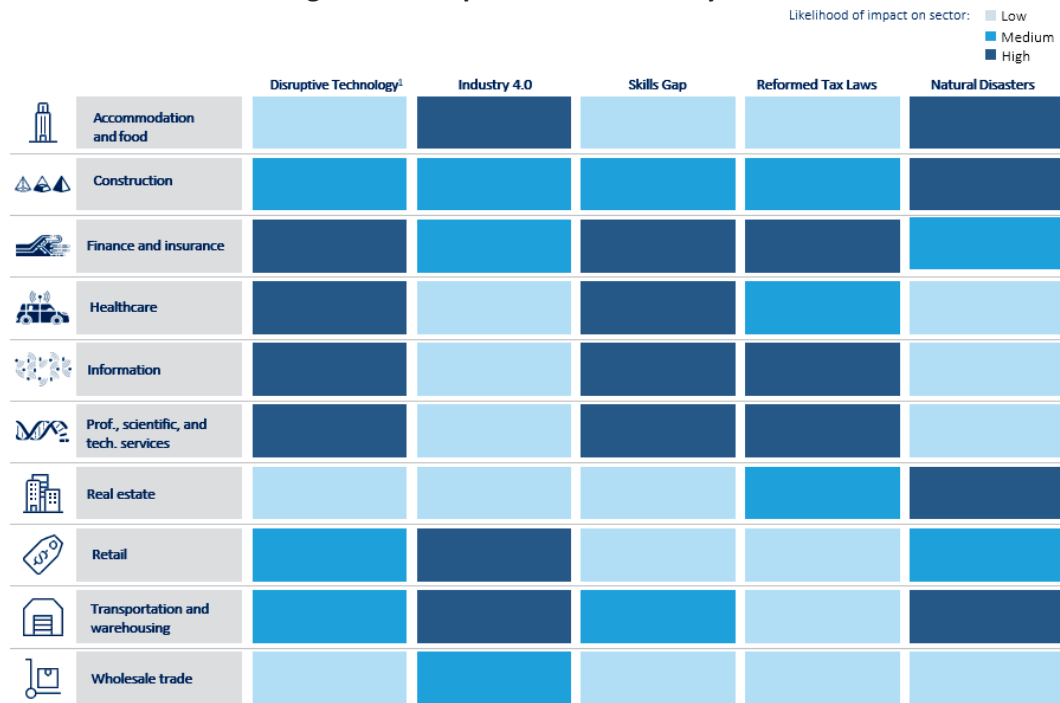
The sectors in Florida that are most resilient to economic shocks are the ones that are less specific to the state—for example, finance and insurance, and professional services—versus sectors such as tourism and real estate. These sectors also overlap with the ones that have high wages and high projected employment growth, as exhibited in the above chart.

Many trends threaten to disrupt the local and global landscape:



While these trends could impact all the state's sectors, the service-oriented sectors will likely be least disrupted. Given this, those sectors may present more opportunities for the state's economic development.

Degree of Disruption from Trends by Sector



¹ Such as process improvements, R&D-based advancements, technological breakthroughs

Source: McKinsey Global Institute

The state should focus efforts and resources on sectors that are resilient, advance productive and high paying employment, incorporate technological disruptions, and make sense given Florida's demographic and economic profile.

The following sectors fit these characteristics:

- **Healthcare** – Significant existing asset (3rd largest sector) that is resilient to recessions and has strong projected job and GDP growth
- **Information and Technology** – An emerging area of strength (the state is 1st in virtual reality and augmented reality), this sector has high wages and is resilient to recessions, and Florida has the potential to lead it given market disruption
- **Professional/scientific/technical services** – This is a high wage sector that is resilient to recessions and has strong projected job growth
- **Finance and insurance** – With high wages and high growth employment, this sector is also resilient to recessions and incorporates disruptions

Florida can use the following guiding principles to determine where to focus, such as.

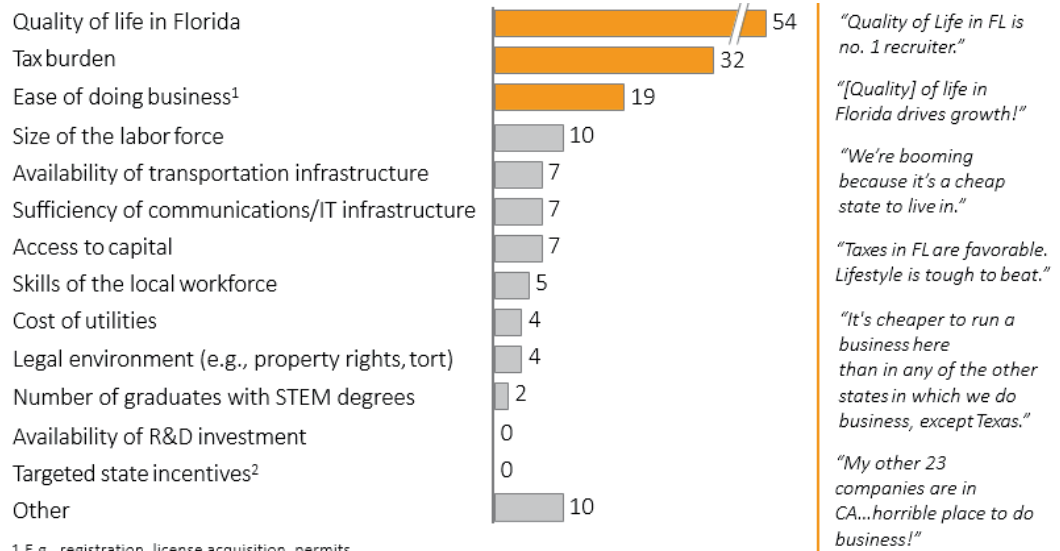
1. **Strengthen assets** – Further support high-performing sectors (those highly specialized to Florida, projected to have high GDP growth and/or strategically important)
2. **“Push” as needed** – Highlight sectors that may benefit from additional intervention
3. **Boost resilience against shocks** – Identify opportunities to diversify economy
4. **Advance employment** – Focus on sectors with high potential for jobs and wages
5. **Incorporate disruptions** – Seize opportunities to capitalize on upcoming trends and emerging sectors

Guiding Principles Aligned to Sectors

Prioritized sector	Guiding Principles					Rationale
	Strengthen asset	Push as needed	Boost resilience	Advance employment	Incorporate disruptions	
Healthcare	✓		✓	✓	✓	<ul style="list-style-type: none"> ▪ High location quotient (LQ) and high GDP ▪ Resilient to economic shocks ▪ Mid-pay, high-growth employment ▪ 5th in health tech investments ▪ Aging demographics
Professional, scientific, and tech services	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> ▪ Mid-level LQ and GDP ▪ High-pay, high-growth employment ▪ Low productivity versus US average
Finance and insurance		✓	✓	✓	✓	<ul style="list-style-type: none"> ▪ Mid-level LQ and GDP ▪ Resilient to economic shocks ▪ High-pay, high-growth employment ▪ 4th in fintech investments ▪ Low productivity versus US average
Information & technology		✓	✓	✓	✓	<ul style="list-style-type: none"> ▪ Mid-level LQ and GDP ▪ Resilient to recessions ▪ High-pay, low-growth employment ▪ 1st in VR and 7th in IoT VC funding

The state could leverage its strengths to thrive. Council members note Florida’s high quality of life, lower tax burden, and ease of doing business as factors cited as contributing to superior business climate.

Florida’s Top Business Advantages
(Number of responses by category)



¹ E.g., registration, license acquisition, permits

² E.g., tax incentives, grants, loans

Source: Florida Council of 100 surveys (December 19, 2017-January 12, 2018) and interviews

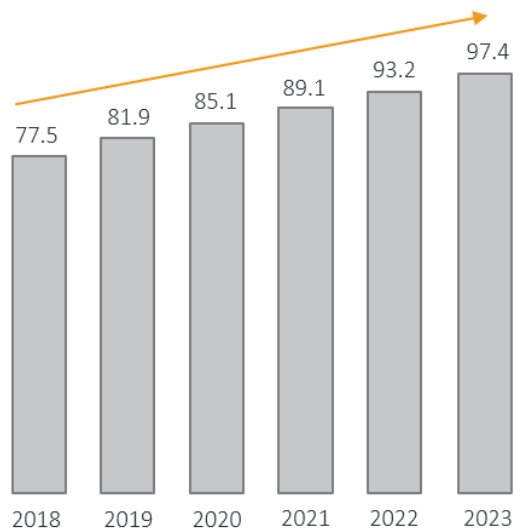
The following is a discussion of these opportunities by sector. The list of subsectors included in each is provided at the end of this report (see “Subsectors by NAICS Code”).

Sectors to Target

Healthcare

Healthcare is one of Florida’s biggest assets: At 8.4% of the state’s GDP, the sector is the third largest in the state and a large part of Florida’s current economy. This sector is projected to create over 200,000 new jobs by 2023, about 60% more jobs than the next largest sector, accommodation and food. The average annual wage for this sector is \$52,400.

Projected GDP for Florida’s Healthcare Sector
(USD billions by calendar year)



Source: Bureau of Economic Analysis; Bureau of Labor Statistics; Moody's Analytics

Florida has existing healthcare and life sciences networks that the state can use to meet the population’s changing demographics and needs.

Expansive life sciences clusters



1.09 million employed in healthcare (12% of 2016 employment)

Relatively well-developed healthcare network



2.6 hospital beds per 1,000 population and 700+ hospitals and care facilities

Growing population with a larger percentage of seniors



19.4% of the population is over the age of 65 as of 2015

Current and projected shortage of healthcare personnel

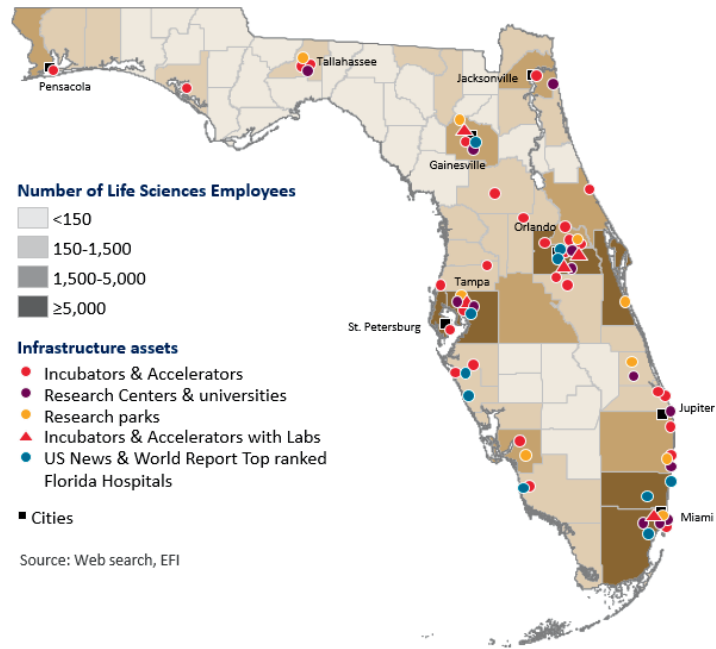


72% of adults have dedicated healthcare providers

Source: Press search, expert interviews, U.S. Health Resources & Services Administration, Florida public health data, American Hospital Association (AHA), Florida Chamber of Commerce, EFI, Kaiser Family

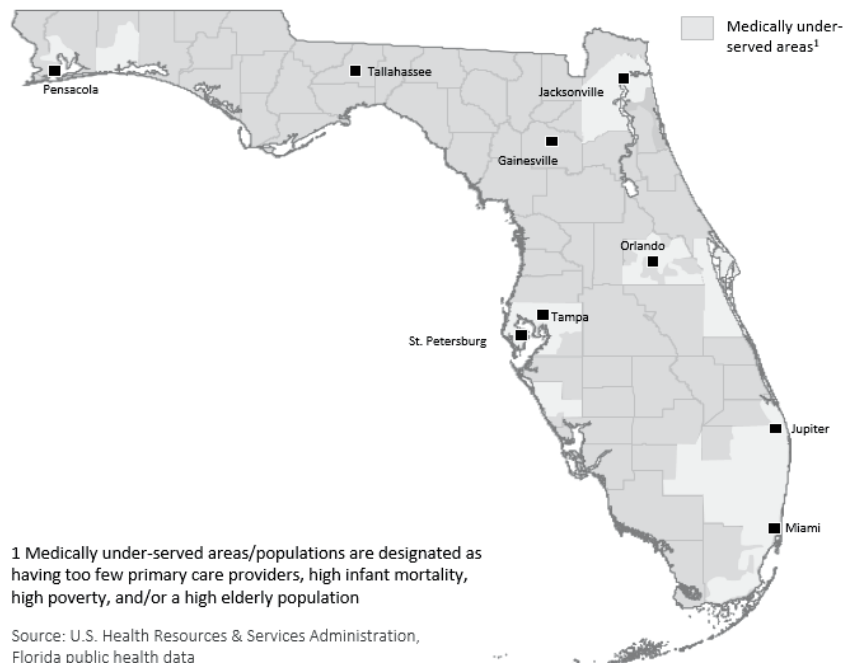
Florida also has a relatively well-developed life sciences ecosystem. Organizations and clusters are distributed through the state, though they are concentrated around larger metro areas. The organizations are a mix of incubators and accelerators, research centers and universities, research parks, and hospitals.

Life Sciences Employee Density and Asset Locations



Non-metro areas offer opportunities to improve healthcare access and coverage. Many of these areas are classified as “medically under-served,” meaning they have too few primary care providers and high infant mortality, high poverty and/or a high elderly population.

Medically Under-served Areas within the State



Geriatric healthcare services:

Genetic testing

Better predict, diagnose and treat disease

Caregiver services

Support patients in home settings

Meal delivery services

Deliver pre-cooked meals to customers' homes tailored to dietary requirements

Urgent care market

Provide more convenient and lower cost community-based urgent care

Continuity of care management

Coordinate across care sites

Home health providers

Deliver services at customers' homes (no advanced or specialized care)

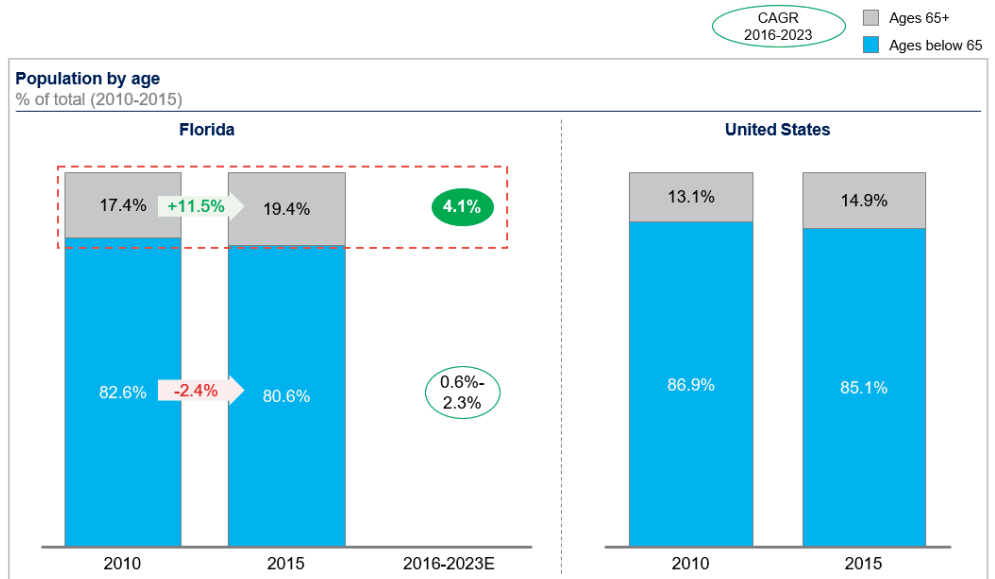
Clinical staffing market

Fill providers' temporary, direct, or full-time staffing needs

Florida's population is aging. The 65 and older age group is the fastest growing segment—it increased by 11.5% from 2010 to 2015.

Florida's Aging Population

(State population age as % of total population compared to US average)

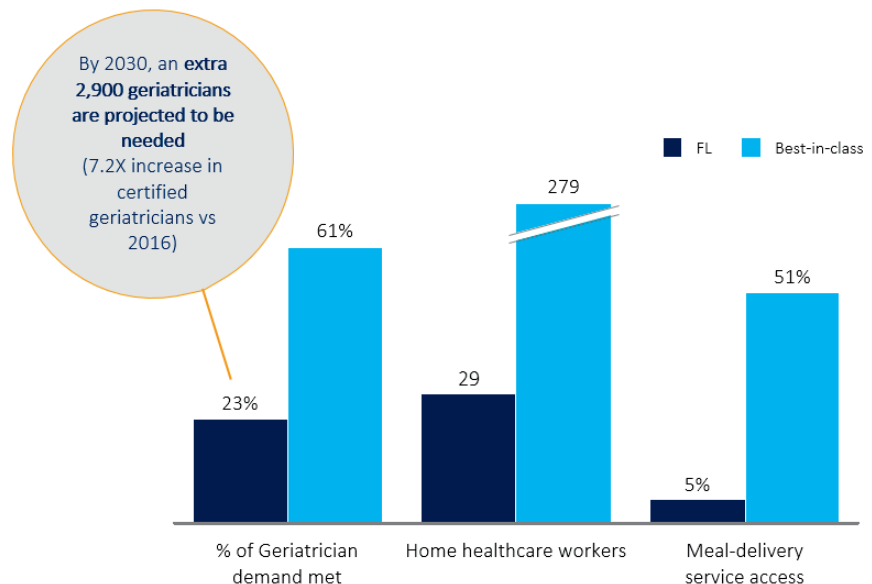


Source: Moody's Analytics

The state's geriatric healthcare workforce size is not keeping pace with this changing demographic. By 2030, an additional 2,900 geriatricians are expected to be needed—this means the state's 2016 workforce level will need to increase more than 7 times.

Florida versus Best-in-class Geriatric Healthcare Workforce Size in 2017

(Workers needed per 1,000 aged 75+ and % adults aged 60+ with independent living difficulty)



By 2030, an extra 2,900 geriatricians are projected to be needed (7.2X increase in certified geriatricians vs 2016)

1 Selected best-in-class states for geriatrician shortfall, home healthcare workers, and home-delivered meals are MA, AK, and WY, respectively
 2 These include 258 primary care health professionals, 165 mental health professionals, and 232 dentists
 Source: CDC, BLS, United States Census, American Medical Association, American Dental Association, US Department of Human & Health Services, American Geriatrics Society

This workforce demand can propel Florida to expand its healthcare sector. The state could also take advantage of changing preferences in healthcare staffing and delivery models to innovate. For example, Florida could develop “extended care” teams made up of home workers, nutritionists, and other professionals who can better meet the older population’s needs.

Market Opportunity for Geriatric Patient and Provider Healthcare Services
(Degree of match to guiding principles)

Opportunity	Estimated market	Potential for FL ¹	
Patient Services	Genetic testing	~\$15B	~\$960M
	Caregiver services	~\$43B	~\$2.7B
	Meal delivery services	~\$12B	~\$770M
Provider Services	Urgent care market	~\$15B	~\$960M
	Home health providers	~\$54B	~\$3.4B
	Clinical staffing market	~\$23B	~\$1.5B

- 1 Assuming could capture ~6.4% of the market (proportional to its population relative to the US)
- 2 Calculated by assuming the productivity of these market segments would match Florida’s healthcare sector productivity (i.e., ~\$65K per worker per year)

Potential impact: ~\$10B in GDP
~154K jobs²

Source: Team analyses, experts

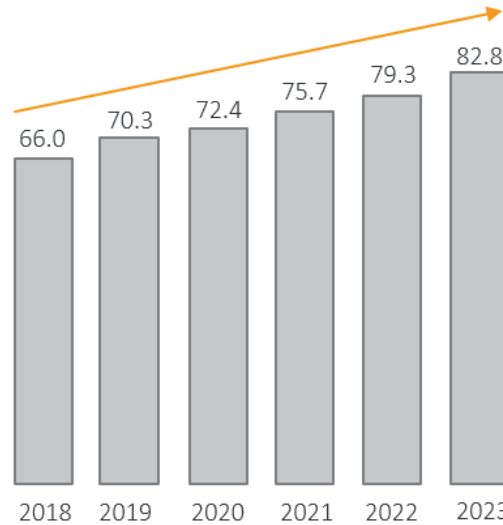
Rough estimates indicate that Florida could increase its GDP by approximately \$10 billion by expanding services in these areas, which would grow the current healthcare sector by about 14%. These estimates do not consider the projected growth of opportunities. Given the state’s aging demographics and healthcare specialization, Florida may be able to capture an even larger portion of this market.

While the Healthcare sector, as traditionally defined in the economic development nomenclature (i.e., NAICS industry codes), is an important value driver for the state, there are also a number of tangential opportunities relevant for Florida. By positioning itself as the “health state,” Florida should capitalize on recent trends in health food and fitness. The North American market for fitness alone represents about \$167 billion in 2017 according to Statista. Given its strengths in weather and in various outdoor activities, as evidenced by rankings such as #1 for Golf Courses according to *Golf.com*, Florida should work toward building a coherent case as the premier state for health.

Professional, Scientific and Technical Services

Professional services form 7% of Florida’s GDP, making it the 5th largest sector. It will add an estimated 112,000 workers by 2023, including high paying jobs (the average wage in 2016 was \$62,500).

Projected GDP for Florida’s Professional Services Sector
(USD billions by calendar year)



Source: Bureau of Economic Analysis; Bureau of Labor Statistics; Moody's Analytics

The best opportunity for Florida to further develop this sector is to improve workforce productivity and the availability of needed talent.

Relatively diversified GDP distribution among subsectors



No single subsector dominates this portion of the GDP

Large fraction of employees with higher wages on average



530,000 employed in the sector (6.2% of 2016 employment) with an average wage of \$63,000

Lagging sector productivity in Florida



None of the professional services subsectors matches the average US productivity

Lagging talent development in Florida

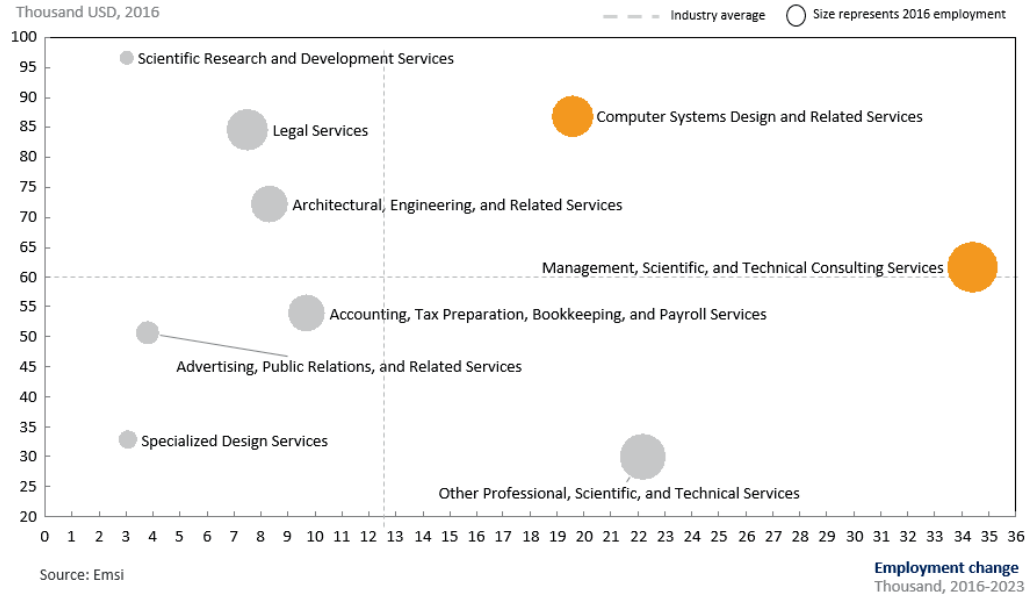


Florida underperforms in talent development and retention

Source: Press search, expert interviews, CompTIA, U.S. Bureau of Labor Statistics, BEA, USPTO, Emsi, Burning Glass Technologies, D&B Hoovers, EFI

Among the subsectors within professional services, consulting is an existing asset with the largest projected number of new jobs. The computer system design subsector also has growth potential given its low specialization and higher wages.

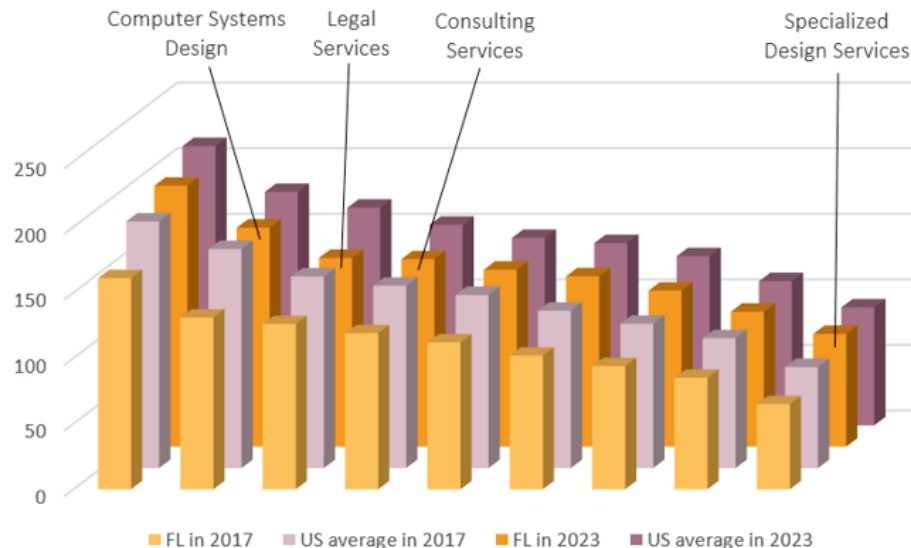
Cost of Living Adjusted Earnings



Today, Florida’s professional, scientific and technical services sector’s average productivity is 15% below the US national average. All subsectors have lower productivity than the US average.

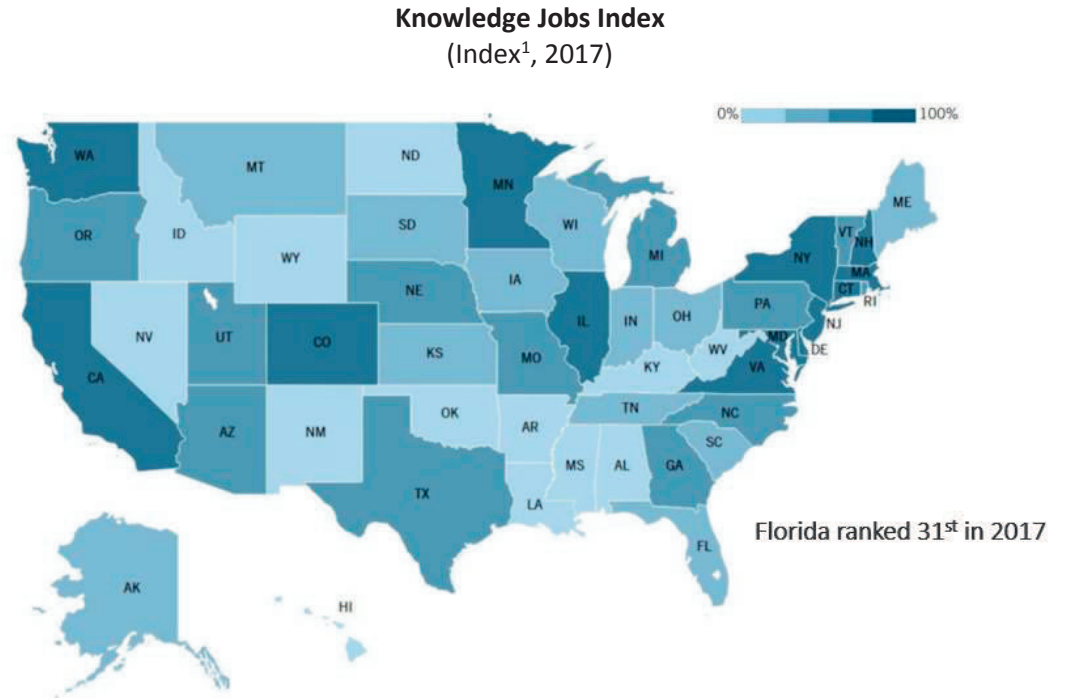
While Florida’s productivity is expected to increase over the next several years, without a change, this will not be enough to reach or exceed the national average by 2023, and will remain 7% lower on average.

Labor Productivity in Professional, Scientific and Technical Services Subsectors for Florida versus the US Average in 2017 and 2023 (Productivity per worker per annum in USD thousand)



With professional services, talent is the most critical success factor and the top consideration for professional services firms.

Florida ranked 31st in knowledge jobs in 2017. The state could improve its standing in the knowledge economy to better compete and attract professional services employers.



¹ Employment in IT occupations in non-IT sectors, share of the workforce in managerial, professional, and technical occupations, education level of workforce, educational attainment of recent immigrants, educational attainment of recent inter-state migrants, worker productivity in the manufacturing sector, employment in high-wage traded services

Source: ITIF, 2017 State New Economy Index

Florida also could improve its ability to recruit and retain workforce talent from universities:

- **Retain in-state graduates following degree completion** — The state currently retains 59% of its graduates while Texas retains 71% and California retains 68%
- **Attract talent from top universities outside the state** — Florida is currently home to 3.2% of graduates from “elite” universities (defined as Top20 US News) while New York has 19% and California has 15%. At a city level, Miami attracts the most talent within Florida (the city is ranked 21st among metropolitan areas); in comparison, New York City retains 21 times more talent than Miami, and Washington DC and San Francisco attract 9 times the talent.

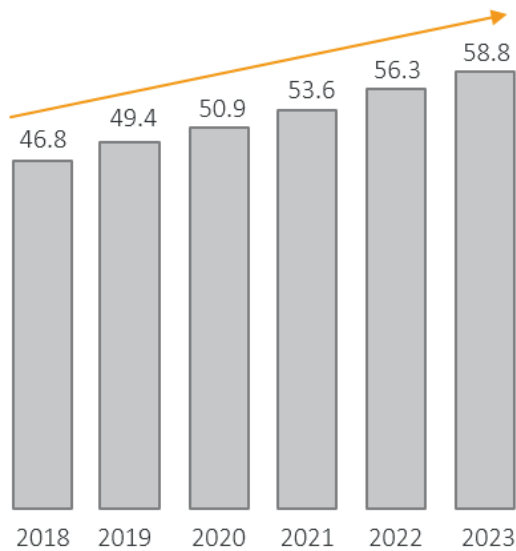
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Finance and Insurance

The finance and insurance sector is currently 5.2% of Florida’s GDP, making it the 7th largest sector. It will add 76,000 new jobs by 2023, including high paying positions (the average wage in 2016 was \$66,800).

As a tradeable sector, finance and insurance is also resilient to recessions, making it an important asset for the state.

Projected GDP for Florida’s Finance and Insurance Sector
(USD billions by calendar year)



Source: BEA, U.S. Bureau of Labor Statistics, Moody's Analytics

Florida can strengthen this sector by diversifying it and leveraging its high-quality employment and emerging technology.

GDP is concentrated in two major subsectors



A combined 59% of sector GDP comes from agencies and brokerages, and insurance carriers

Specialization in under-performing subsectors



Given that 4 of the 7 subsectors are small and/or shrinking, the state would benefit from growing in other subsectors

Relatively small fraction of employees but higher wages



366,000 employed in finance and insurance (4.3% of employment) with an average wage of \$67,000 (in 2016)

High ranking in emerging innovations

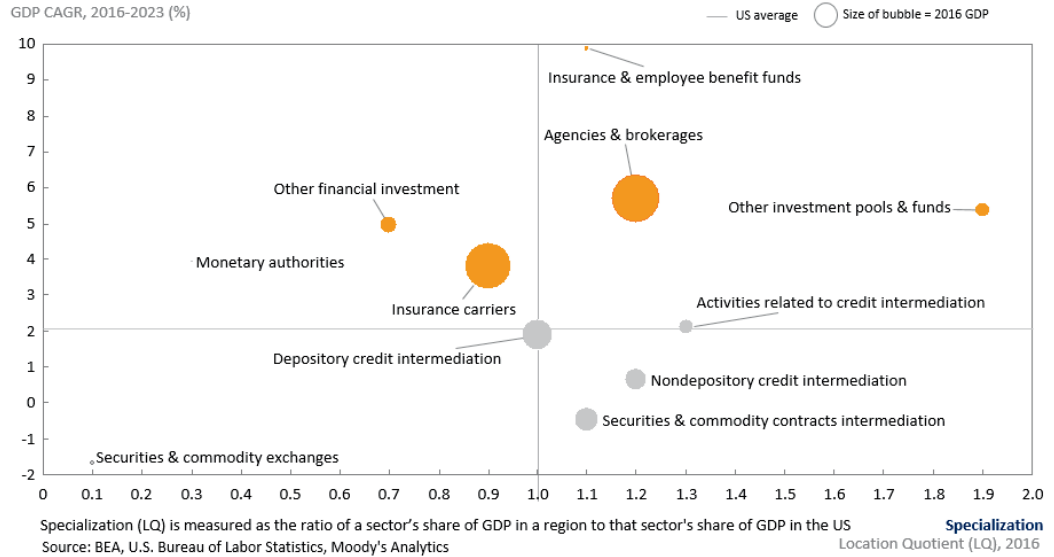


4th in nation for VC/PE funding in fintech

Source: Press search, expert interviews, Emsi

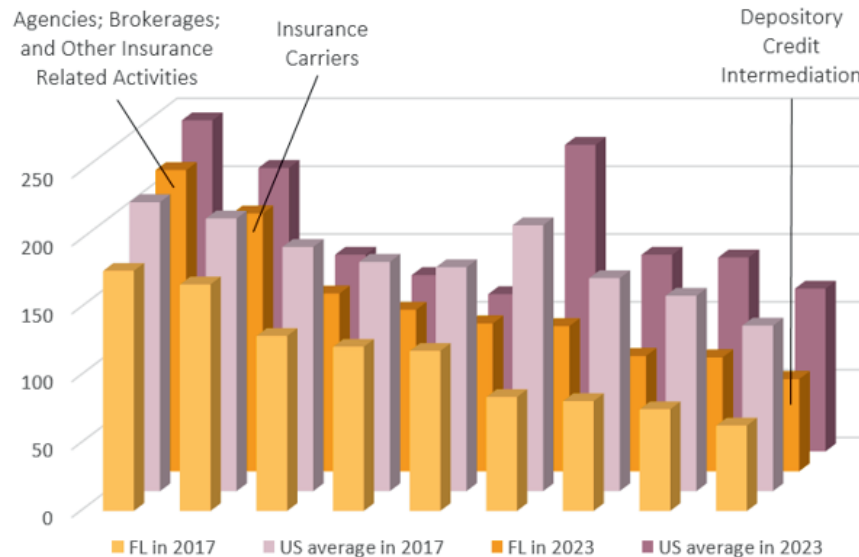
The agencies and brokerages subsector will continue to be important to the economy; however, several other subsectors are small and/or shrinking. To continue growth, Florida could focus on expanding in the insurance and investment subsectors. While the finance sector is projected to create a high number of high wage jobs, these positions are limited to the highest paying subsectors.

Projected GDP Growth and Specialization (Percent GDP CAGR, 2016 to 2023)



Florida has significant variation in productivity across the finance and insurance subsectors. On average, the state is underperforming by 36% compared to the US average. While productivity is projected to increase across the subsectors in the coming years, this improvement will not close the gap. Without intervention, by 2023, this sector will be underperforming by 29%.

Labor Productivity in Finance and Insurance Subsectors – 2017 and 2023 (Per worker per annum in USD thousand)

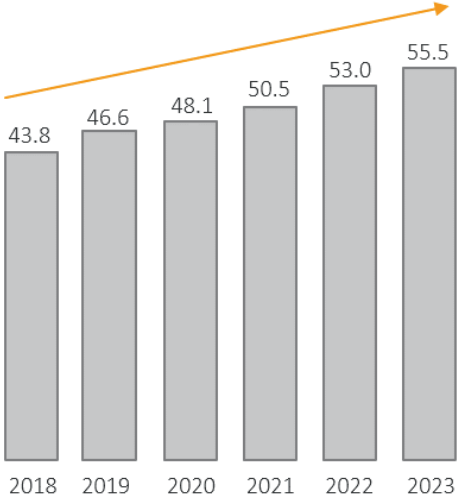


Source: BEA, U.S. Bureau of Labor Statistics

Information and Technology

At 4.6% of the state’s GDP, information and technology is the 9th largest sector. It is one of Florida’s most resilient sectors and is positioned to become an asset. It is expected to add 53,000 more jobs by 2023 and create high wage employment by raising the average salary of the state’s existing positions (the average wage in 2016 was \$75,900).

Projected GDP for Florida’s Information and Technology Sector
(USD billions by calendar year)



Source: Bureau of Economic Analysis; Bureau of Labor Statistics; Moody's Analytics

Florida’s information and technology infrastructure is still developing and would benefit from increased investment in employment and innovation.

<p>Developing virtual and information-related network</p>	<p>Growing information and tech subsectors and clusters</p>	<p>Fewer employees but higher average wage</p>	<p>Middling productivity and innovation</p>	<p>High ranking in emerging industries</p>
<p>275 data center locations in 2016 (4th in US) but average virtual infrastructure</p>	<p>Projected growth for software publishing (9.0%) and data processing (4.0%)</p>	<p>137,000 employed in information (1.6% of 2016 employment) but average wage of \$76,000</p>	<p>978 tech patents granted in 2016 (23rd in US)</p>	<p>Top 5 state in VC/PE funding for virtual reality, financial technology, and health technology</p>

Source: CompTIA, U.S. Bureau of Labor Statistics, BEA, USPTO, Emsi, Burning Glass Technologies, EFI

Information and technology verticals:

Artificial intelligence/machine learning

Devices that perceive their environment and adapt to achieve the objectives

Clean tech

Processes, products, or services that reduce environmental impact

Fintech

New technology and innovation to deliver financial services

Health tech

Technology that improves health services delivery, payment, and/or care consumption

Life sciences

Companies and institutions that research, develop, transfer and commercialize products and services that impact organisms (e.g., biotechnology, pharmaceuticals)

Florida’s virtual infrastructure is average, with almost a quarter of the state households still lacking Internet access.

Comparison of Virtual Infrastructure Rankings – Selected States

Internet access ¹ %, 2015			Fiber optics access %, 2015			Broadband speed MBPS, 2017		
		Rank			Rank			Rank
New York	77.8%	19	New York	11%	6	New York	22.0	6
Florida	77.5%	22	Texas	7%	10	Illinois	18.6	17
Illinois	76.9%	27	Florida	6%	15	Florida	18.2	19
Georgia	74.8%	35	Georgia	3%	30	Georgia	17.9	22
Texas	74.3%	37	Illinois	3%	38	Texas	17.9	24
North Carolina	74.1%	38	North Carolina	3%	39	North Carolina	17.5	26

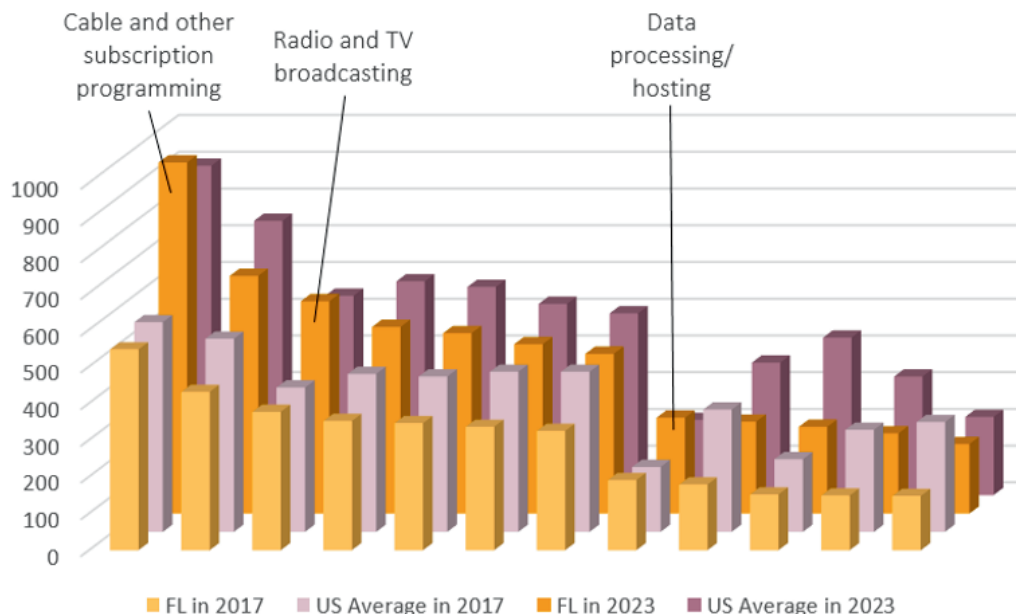
¹ Defined as percentage of households with a broadband internet subscription (one or more of the following: DSL, cable, fiber optic, mobile broadband, satellite, or fixed wireless)

Source: Akamai Technologies, Inc., United States Census

Today, Florida’s information and technology sector productivity is about 22% below the US national average. Data processing/hosting is the state’s only subsector that outperforms the US average.

By 2023, Florida is projected to still be below the US national average, although the gap is expected to narrow to 12%. The cable and other subscription programming, and radio and TV broadcasting subsectors are projected to join data processing/hosting in surpassing the national average.

Labor Productivity in Information and Technology Subsectors for Florida versus the US Average in 2017 and 2023
(Productivity per worker per annum in USD thousand)



Source: BEA, U.S. Bureau of Labor Statistics

Information and technology verticals:
(continued)

Internet of things

Computing devices embedded in everyday objects and connected via the Internet to send and receive data

Nanotechnology

Research and application that manipulates nanometer-sized matter (e.g., organic chemistry, molecular biology)

Robotics and drones

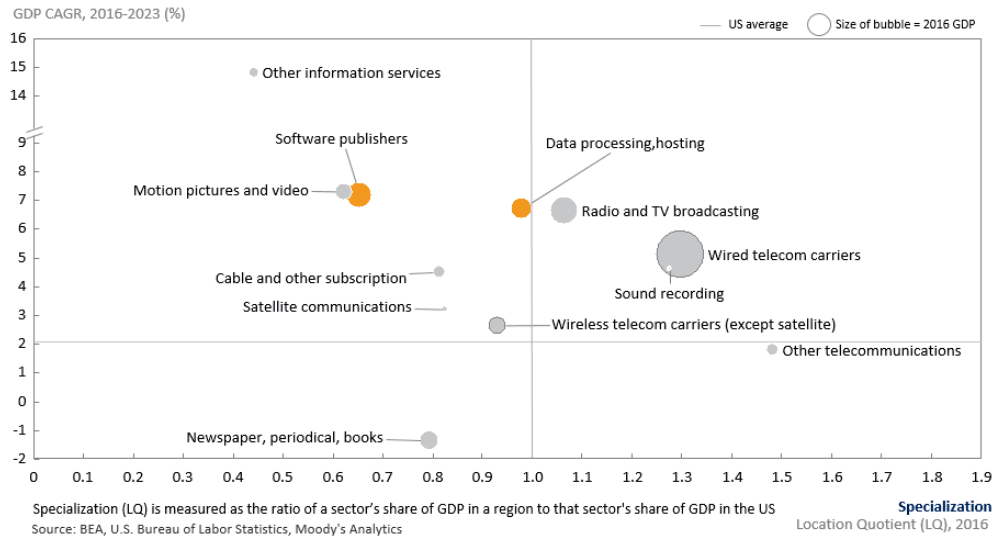
Design, construction, operation, and use of robots and computer systems for control, sensory feedback, and information processing tasks

Virtual reality

A computer-generated scenario that simulates a realistic experience

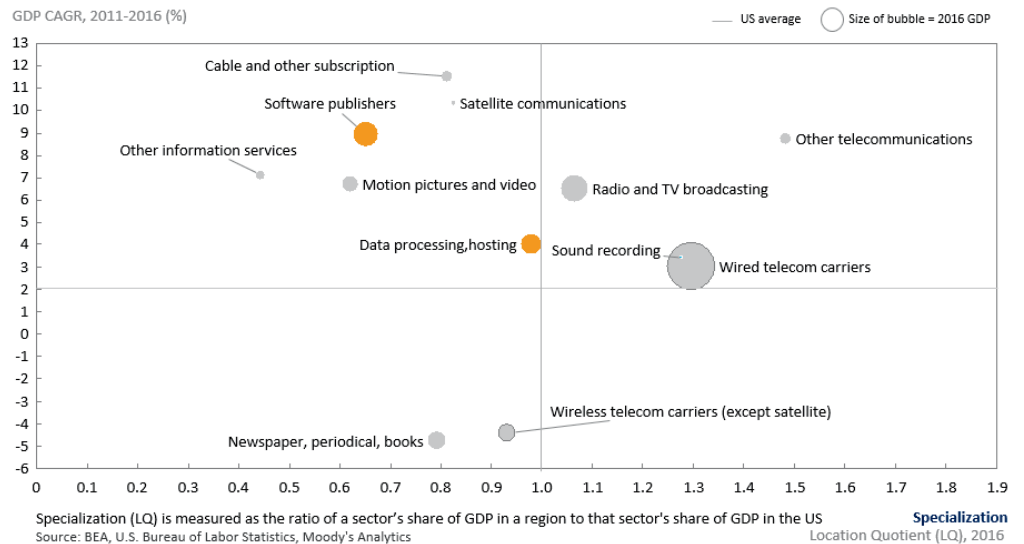
Software publishing and data processing/hosting could become assets given their large sizes, growth rates, and less reliance on specialized, local assets, which means greater economic resilience.

Projected GDP Growth and Specialization for Information Sector
(Percentage of GDP CAGR, 2016 to 2013)



This portion of the sector is projected to create a large number of high wage job opportunities.

Cost of Living Adjusted Earnings
(USD thousands, 2016)



Since 2010, Florida has ranked 6th in overall investment in innovative industries. Three verticals dominate the Florida startup ecosystem by total investment:

- Virtual reality (VR)
- Financial technology (fintech)
- Health technology (health tech)

Florida ranks in the top 5 nationally in these areas.

Investment Ranking by Verticals for Selected States (2010 to 2016)

States	Overall investments ranking 2010-2016	Investment ¹ ranking by verticals ²								
		Artificial intelligence machine learning	Clean Tech	Fintech	Health Tech	Internet of things	Life Sciences	Nano-technology	Robotics and drones	VR
California	1	1	1	1	2	1	1	1	1	2
New York	2	3	5	2	1	2	4	8	6	5
Massachusetts	3	4	3	7	4	3	2	2	2	8
Texas	4	5	2	5	15	4	6	9	9	3
Illinois	5	2	7	3	11	20	10	6	24	4
Florida	6	19	10	4	5	7	8	18	15	1
North Carolina	7	12	15	13	16	22	3	3	5	18
Utah	8	9	4	10	7	8	23	7	17	17
New Jersey	9	15	6	8	22	17	11	28	29	31
Pennsylvania	10	7	8	14	9	10	7	15	10	15
Ohio	11	14	14	22	3	12	13	4	16	19
Washington	12	6	24	11	12	6	5	5	4	6
Colorado	13	18	13	9	6	5	12	11	3	14
Georgia	14	10	21	6	18	14	20	29	11	10
Connecticut	15	29	11	18	10	21	21	33	42	42
Maryland	16	17	17	27	21	18	9	12	18	16
Oregon	17	22	9	17	31	29	28	17	13	12
Arizona	18	30	18	28	8	35	18	10	22	26
Tennessee	19	31	20	24	19	11	15	27	38	38
Delaware	20	13	12	12	34	31	33	37	31	13

1 Based on VC/PE investments only

2 Emerging defined as "next in line" states by total level of investments

Source: PitchBook

Regional Economies that Support State Quality of Life and Economic Productivity

Specific regions within Florida can focus on economic development efforts that will not only improve their regional economic health, but contribute to the state’s economy, overall.

Approximately 70% of the state’s GDP is concentrated in four metropolitan areas: Jacksonville, Miami, Orlando, and Tampa. The following regions were selected for further assessment to define how their existing assets and capabilities can support the state’s growth.

Tampa and Orlando (I-4 corridor)	I-4 corridor with focus on the Tampa Bay and Orlando areas	Has the potential to invest in IT infrastructure and support growth in the information sector
Miami, Broward and Palm Beach (Tri-county)	Also known as South Florida or the I-95 area, the Palm Beach, Broward, and Miami-Dade counties on the Atlantic coast	Has a higher concentration of top-ranked hospitals, pharmaceutical firms, research centers, and universities, which can be leveraged to grow R&D and innovation clusters
Pensacola, Tallahassee and Jacksonville (I-10 corridor)	The northern region with emphasis on the I-10 corridor connecting the Pensacola, Tallahassee and Jacksonville metropolitan areas	Offers strong potential for growth in finance and insurance, and professional services
Southwest Region	Region along the Southwest Gulf Coast	Has potential for development through manufacturing and land sale transactions

Within each region, economic clusters are an essential tool for driving regional competitiveness and leveraging economic growth. A cluster is a geographically proximate group of companies and associated institutions in a particular field that are linked by commonalities and complementarities. Regional clusters can trade outside the state or be local to Florida. They boost competitiveness by improving productivity, fostering innovation, and facilitating the commercialization of new ideas.

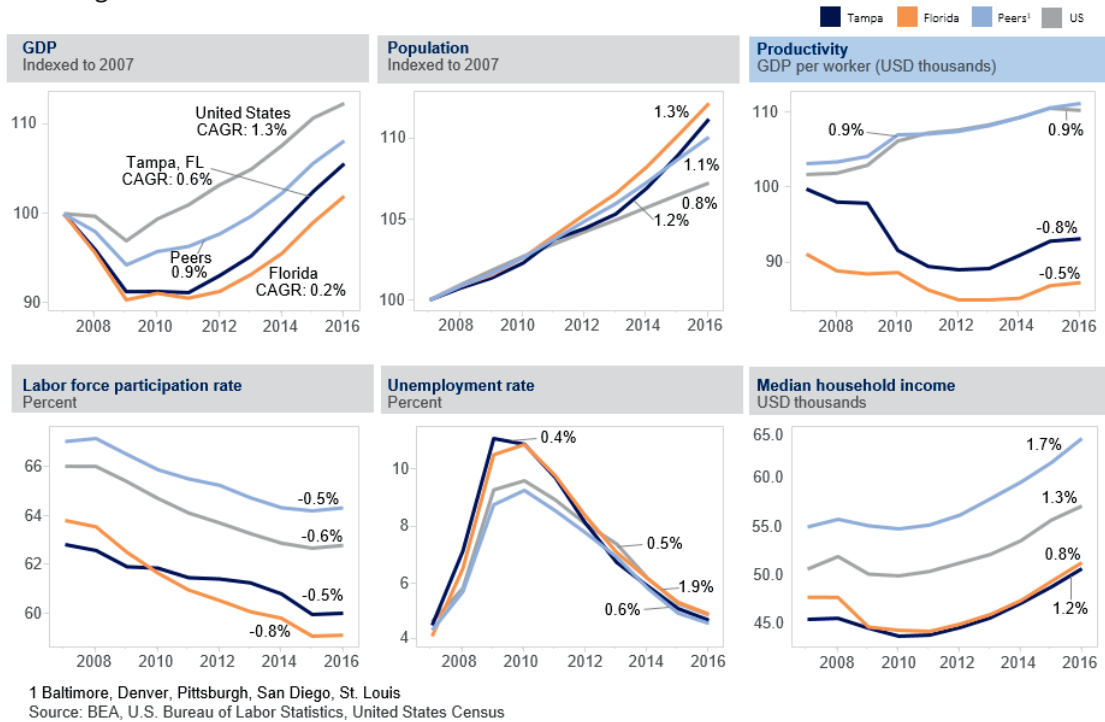
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Tampa and Orlando (I-4 Corridor)

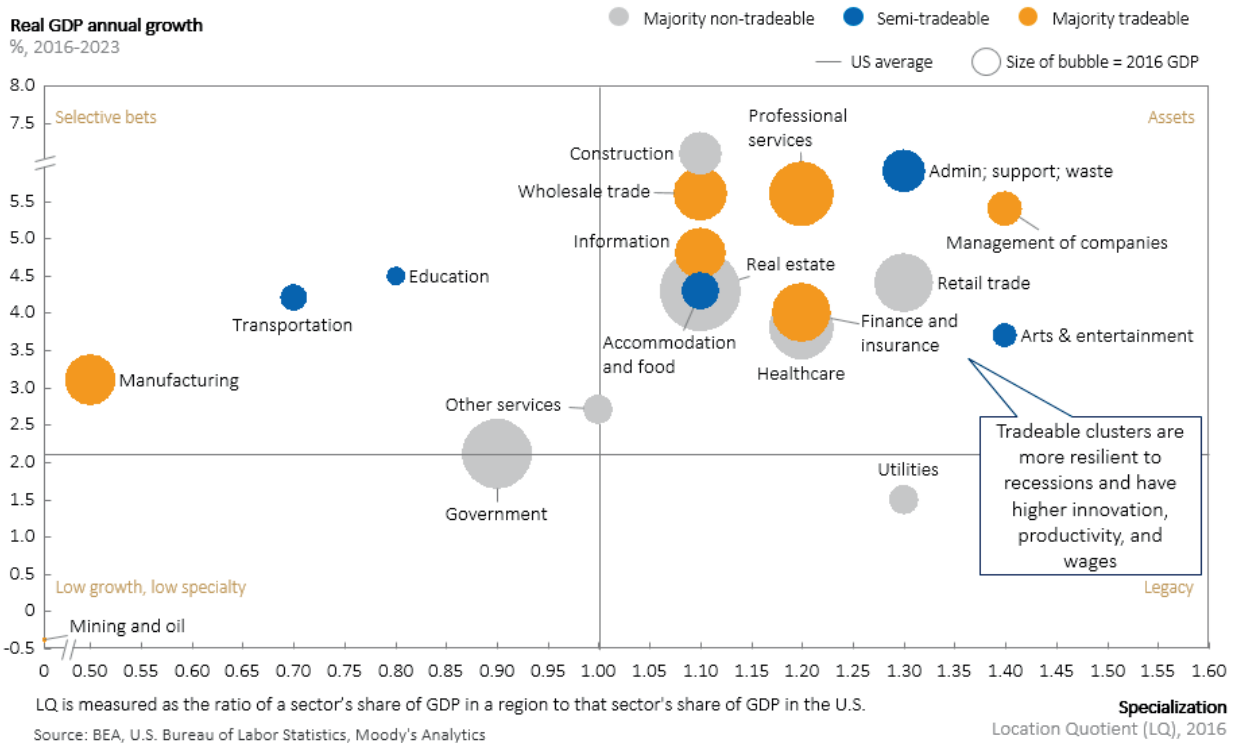
Economic snapshot:

- **Lukewarm historic economic growth and decline.** Despite having higher population growth, Tampa's and Orlando's GDPs grew at half the pace of the national GDP due to low and declining productivity
- **Bright economic forecast.** Tampa is projected to grow at more than twice the pace of the US economy; Orlando's growth is expected to be 2.6 times the US economy
- **Growing sectors.** Tampa's economy is diversified with multiple tradeable sectors, and is projected to have strong growth across sectors. Orlando is also expected to grow at a fast pace; however, the city does not specialize in many tradeable sectors, placing it at greater risk of recession
- **Growing population with some migration loss.** Tampa's population is growing in large part because it attracts domestic migration from other states (less than 1% is from other metropolitan areas within the state). Orlando's population growth is driven by international migration, although some of the city's population is leaving for other parts of the US
- **College graduates needed in Tampa area.** Tampa could increase its number of college graduates to have sufficient talent for the knowledge economy. Orlando has a relatively low high school dropout population, which helps with higher labor participation
- **Varying cost of doing business.** Tampa's cost of doing business is in line with the US average and is lower than most of its peers' cost. Orlando's cost is higher than peers due to high labor and energy costs

Tampa's economy is projected to grow at more than twice the pace of the US economy, with 1.6% employment growth. While the metro area's productivity is expected to increase by 2.7%, productivity will still constrain overall economic growth.

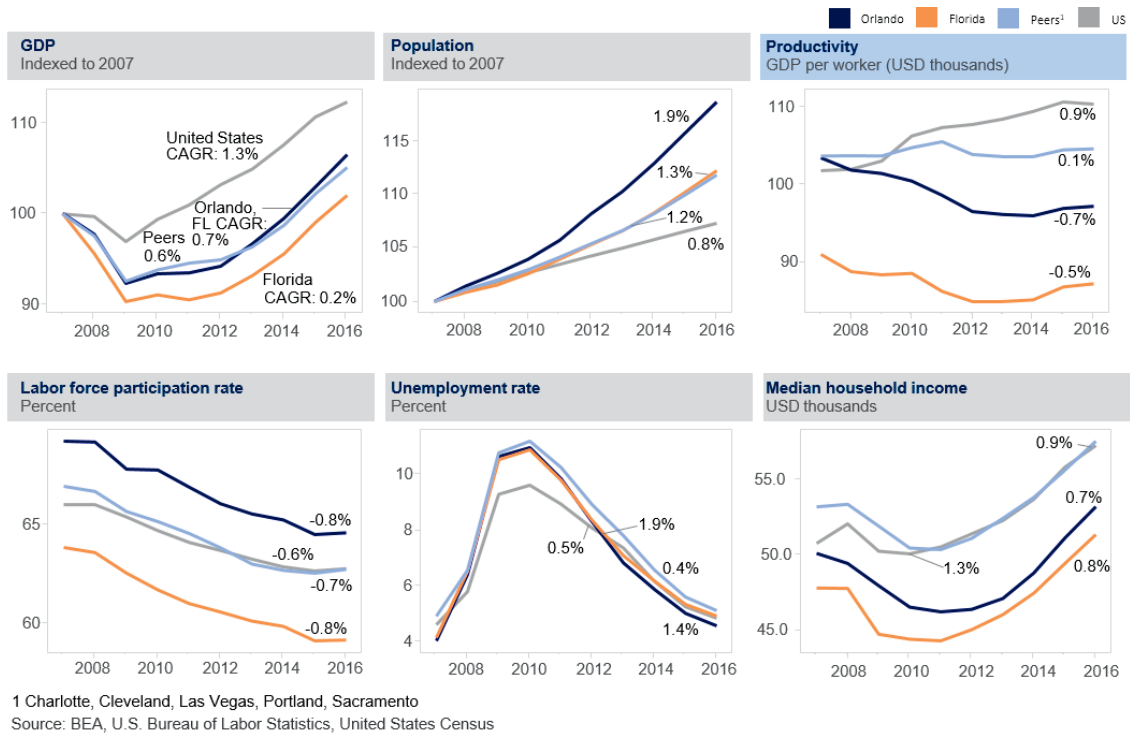


Tampa's economy is well diversified with specialization in several tradeable sectors, with strong projected growth across all sectors.

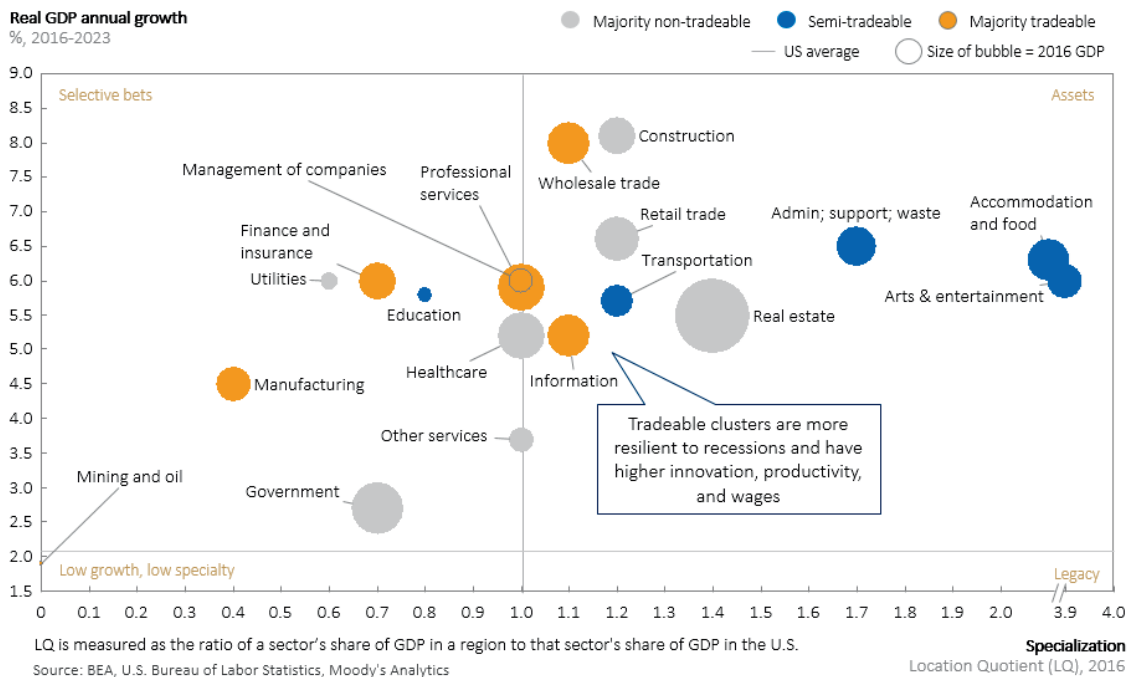


The Tampa metro area's population growth is due in large part to its ability to attract domestic migration. However, it could increase its share of college graduates to have the right talent for its labor market.

Like Tampa, Orlando's economy is expected to grow at more than twice the pace of the US economy, with 2.5% employment growth.



While Orlando's economic sectors are projected to grow at a fast pace, the metro area's economy does not specialize in many tradeable sectors.



Orlando's population growth is well balanced among domestic and international migration, and the population has a relatively higher proportion of completion of high school and higher education course and degree programs.

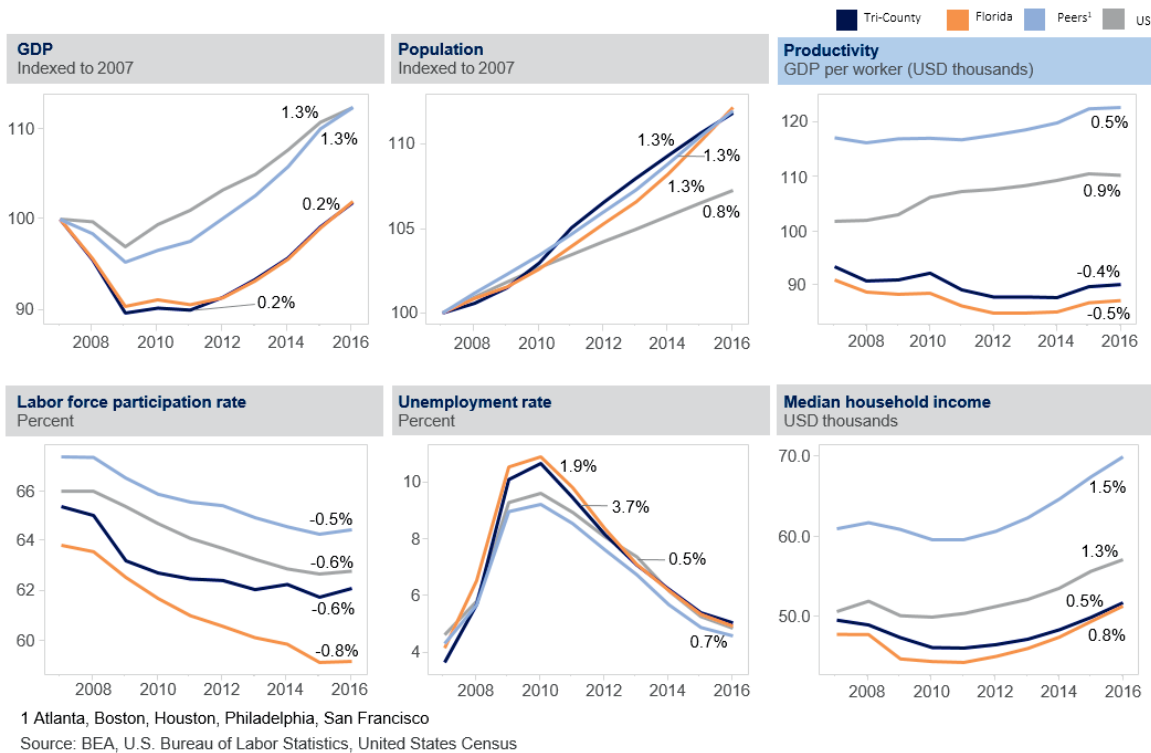
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Miami, Broward and Palm Beach (Tri-county)

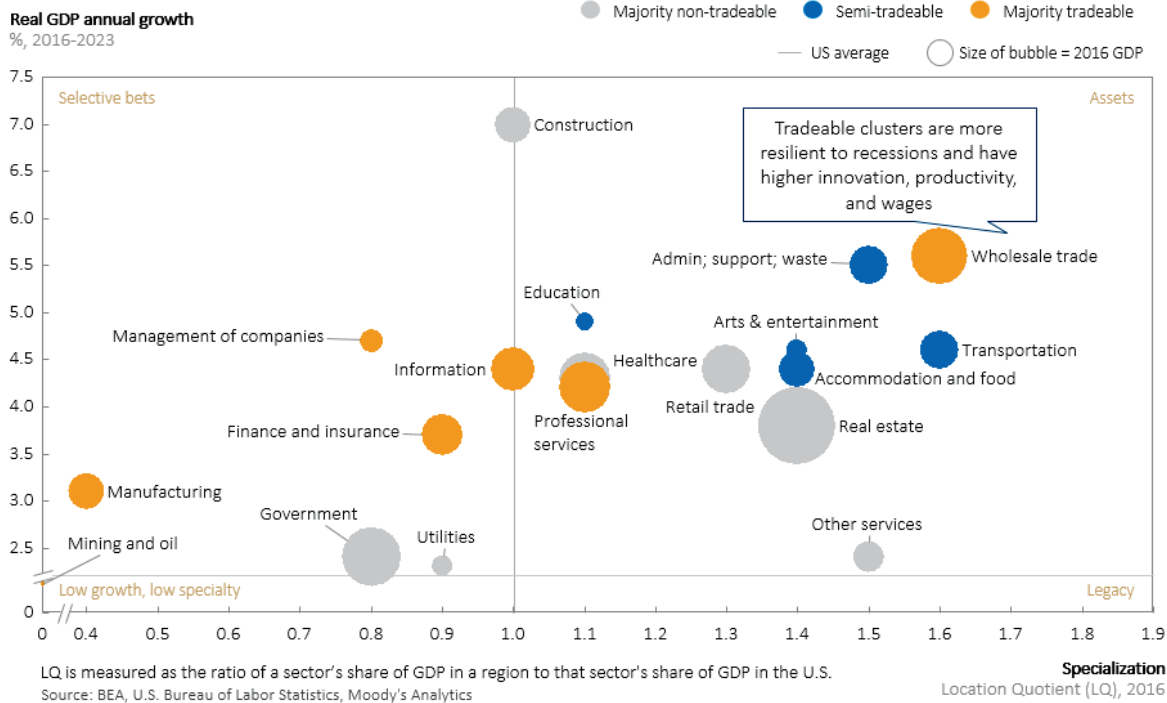
Economic snapshot:

- **Lukewarm historic economic growth and decline.** The Tri-county's economy was negatively impacted by the 2008 financial crisis, largely due to negative productivity growth
- **Bright economic forecast.** The county is projected to grow twice as fast as the US GDP in the next five years, ahead of most of its peers
- **Growing sectors with some recession risk.** Most of the county's sectors are expected to grow ahead of the US average; however, only two sectors are tradeable
- **Growing populations.** The Tri-county's population growth is driven by international migration, although some of the population is moving to other parts of the US
- **Core college graduates are needed.** The county can better achieve labor outcomes if it increases its share of college graduates
- **High cost of doing business.** The county's cost of doing business is higher than the US average but lower than Boston's and San Francisco's

The Tri-county's economy was negatively impacted by the 2008 financial crisis, largely because of negative productivity growth.



The Tri-county is projected to grow twice as fast as the US in the next five years, reversing the recent trend. While most of the region's sectors are growing above the US average, only two are tradeable, which introduces greater risk of recession. There is also a significantly lower median household income compared to peers.



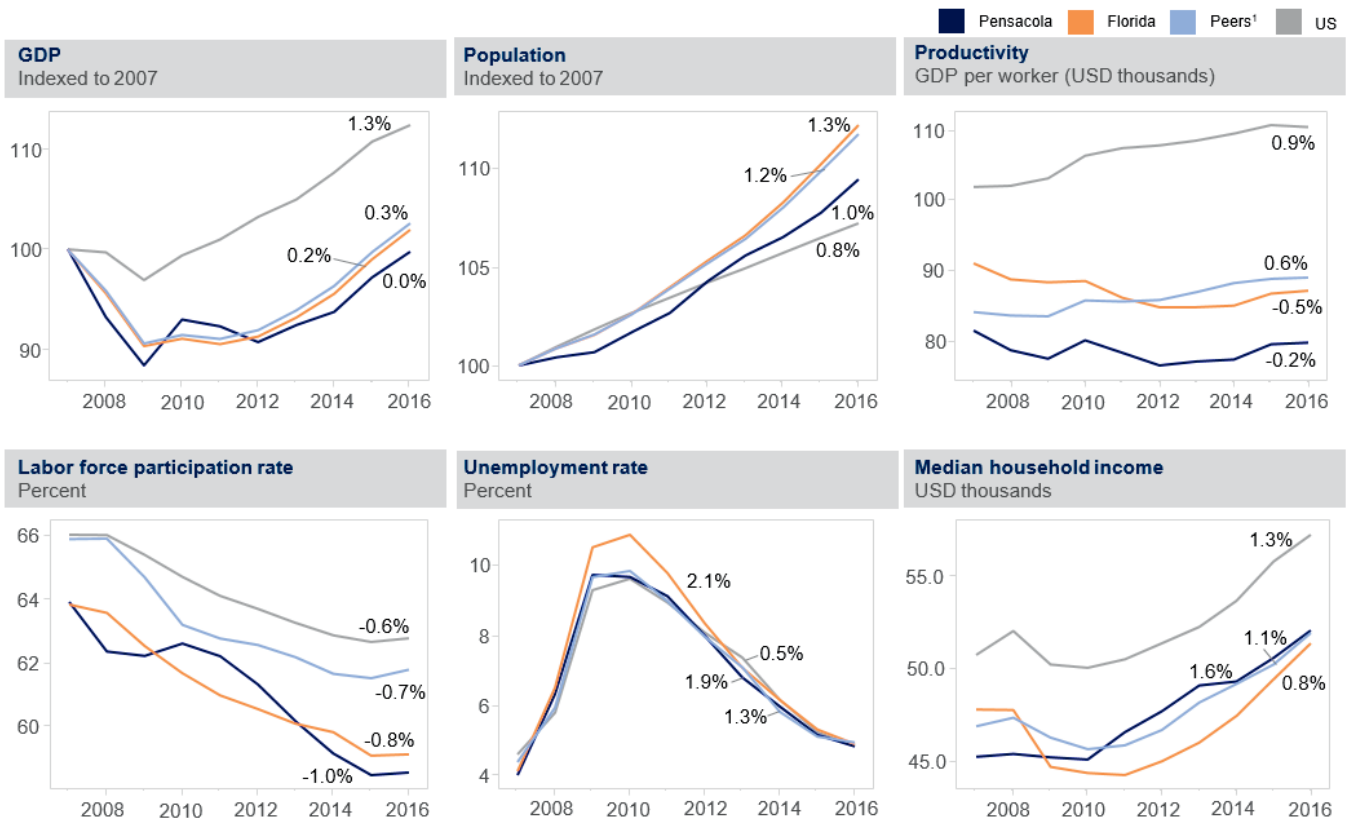
The Tri-county's population growth is driven by international migration but this is countered by people moving to other places in the US. Increasing the share of college graduates will help the region achieve its labor goals.

Pensacola, Tallahassee and Jacksonville (I-10 corridor)

Economic snapshot:

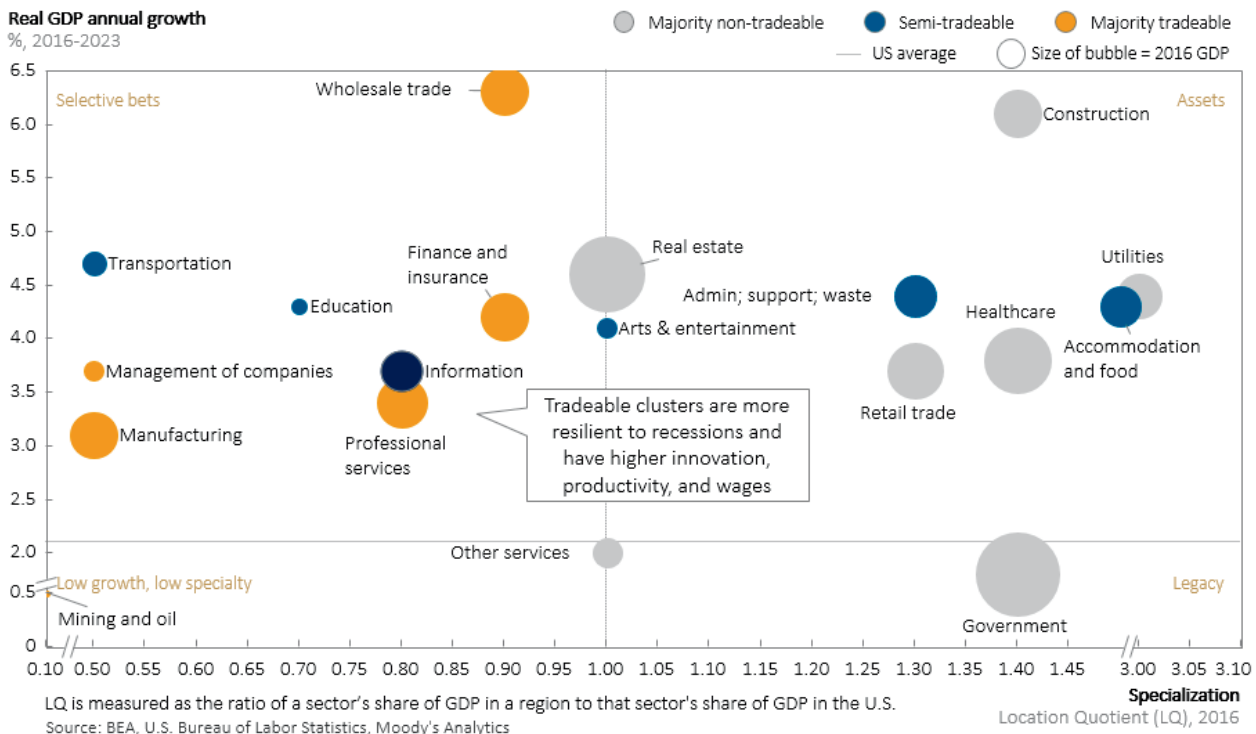
- **Lukewarm economic growth and decline.** Despite higher population growth, Pensacola's economy did not grow because of flat productivity. Tallahassee's economy contracted due to negative productivity growth and low population growth. Like Pensacola, Jacksonville's population grew but it had low and declining productivity; its GDP grew less than peers and the US average
- **Bright economic forecast.** Both Pensacola and Jacksonville are projected to grow at nearly twice the pace of the US economy in the next five years. Tallahassee's GDP is expected to grow 3.6% annually over the next five years versus the national average of 2.2%
- **Growing sectors.** All three areas have a low specialization in tradeable sectors. Pensacola's lack of specialization could make it susceptible to economic shocks. Tallahassee's economy is driven by non-tradeable government spending. Jacksonville's sectors are expected to grow faster than the US average. However, the low concentration of tradeable sectors could make this growth unsustainable in the longer-term
- **Growing populations.** Pensacola's population has grown in large part by attracting domestic migration. Tallahassee's migration from other states is lower—most of the population growth is from births. Jacksonville's population is growing in addition from people moving from other parts of the US (from 2,900 in 2011 to 17,900 in 2015)
- **Slightly higher educational attainment.** Pensacola has a smaller share of college graduates than the state level, but more middle skill talent. Tallahassee has a high educational completion rate while Jacksonville's high school dropout rate is relatively low compared to peers and the national average—both factors lead to better labor market outcomes
- **Cost of doing business varies.** Tallahassee has a high cost of doing business, which is driven by high unit labor and energy costs. Pensacola's and Jacksonville's costs of doing business are below the US average, although they are above peers; Jacksonville's level is mainly due to high unit labor cost

Despite higher population growth, Pensacola's economy did not grow because of flat productivity.

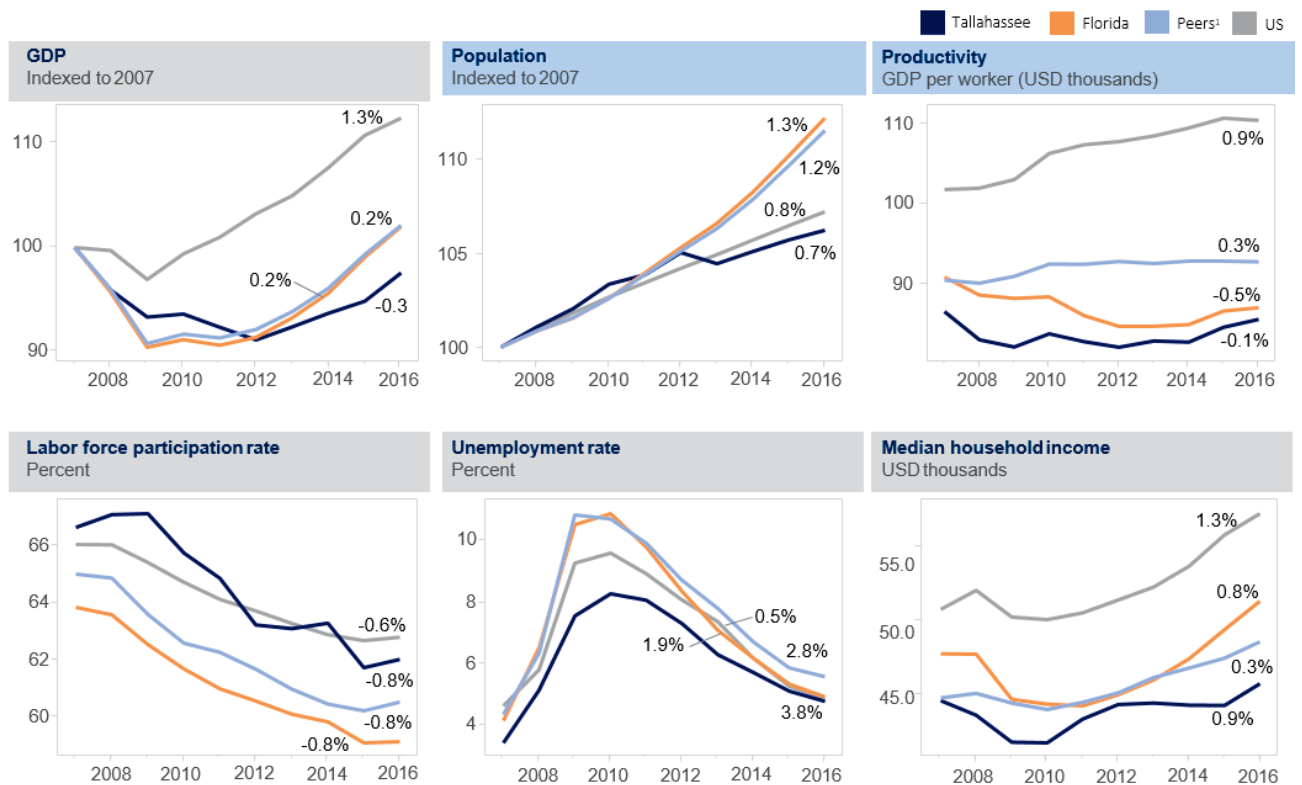


1 Asheville, Canton, Reading, Savannah
 Source: BEA, U.S. Bureau of Labor Statistics, United States Census

Pensacola has a low specialization in tradeable sectors, which could make it susceptible to economic shocks.

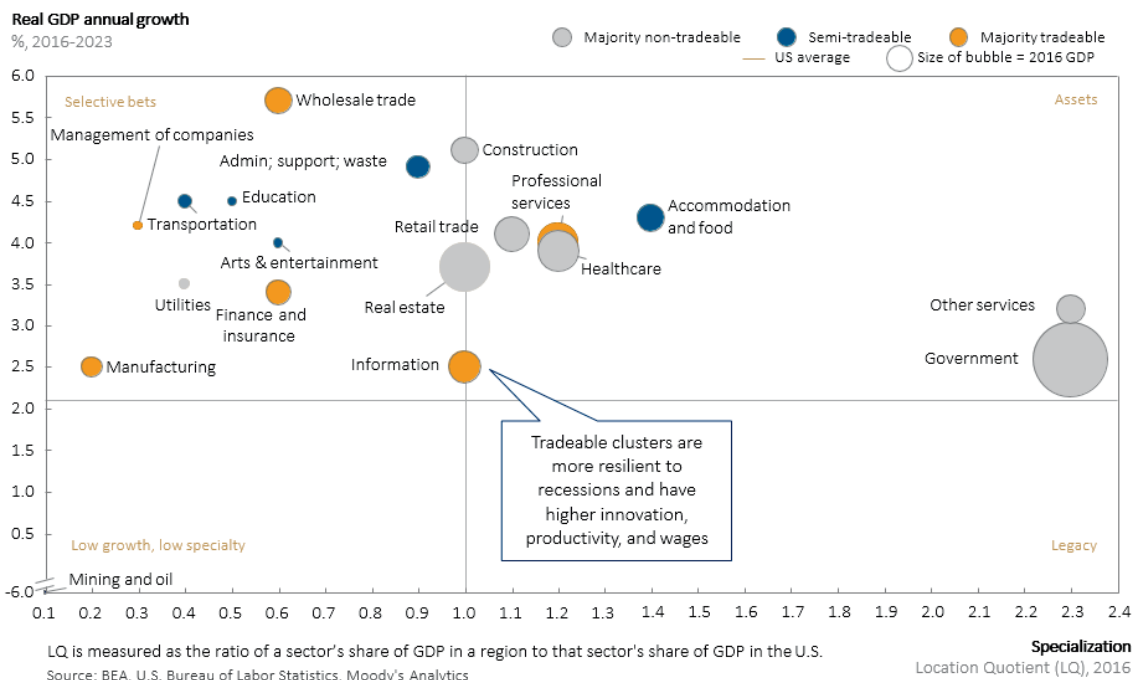


Tallahassee's worsening productivity and low population growth caused the economy to contract in 2012. The city's GDP is expected to grow over the next five years and experience 1.4% employment growth and 2.2% productivity growth.

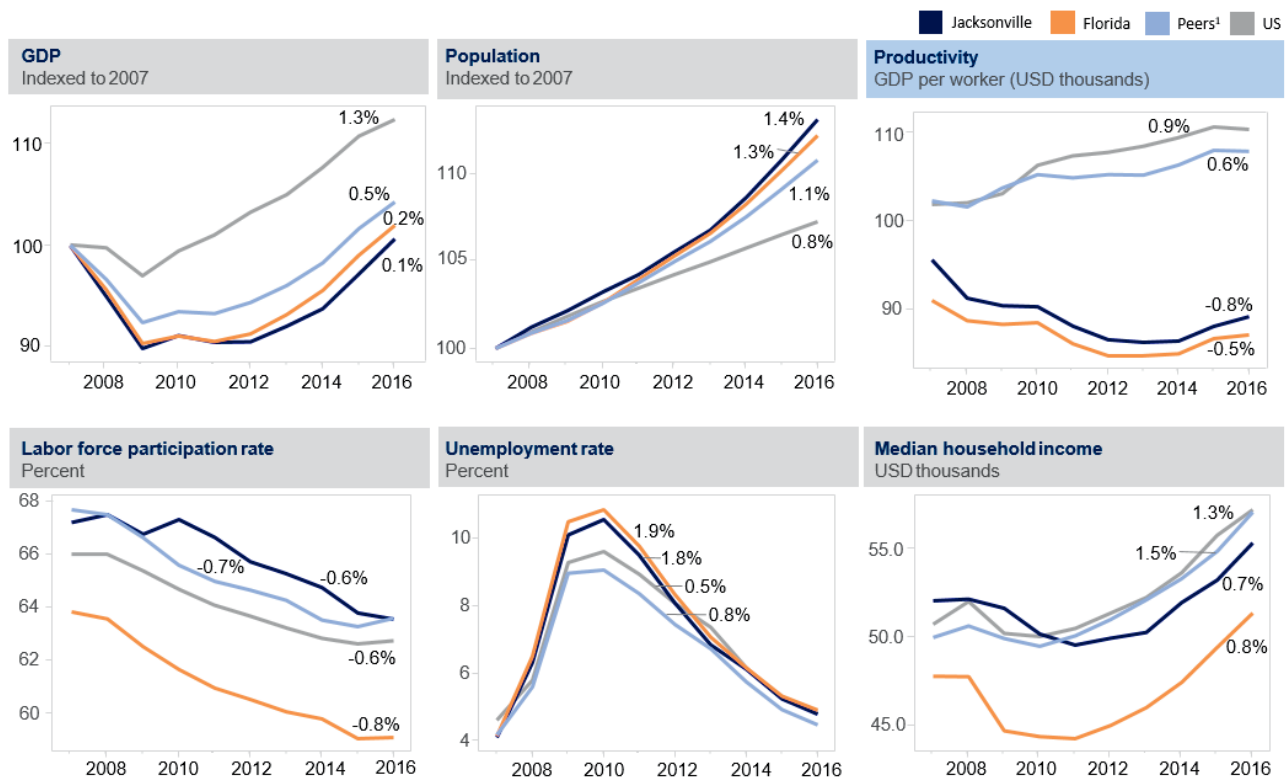


¹ Asheville, Mobile, Montgomery, Rockford, Savannah
 Source: BEA, U.S. Bureau of Labor Statistics, United States Census

Tallahassee's economy is highly specialized in government business and has a low concentration of tradeable sectors.

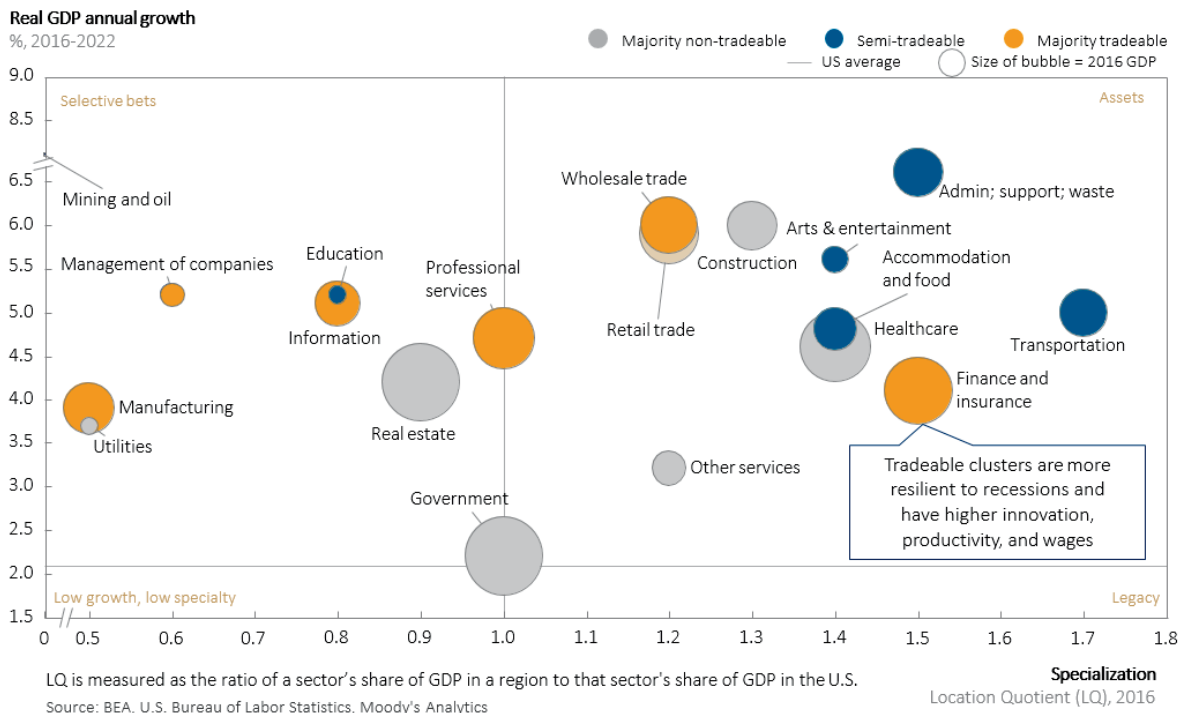


To take best advantage of its economic momentum, Jacksonville could increase its workforce productivity.



1 Buffalo, Louisville, Memphis, Richmond, Salt Lake City
 Source: BEA, U.S. Bureau of Labor Statistics, United States Census

The area could also consider increasing economic activity in tradeable sectors. This would help sustain growth by making the economy more resilient during downturns.



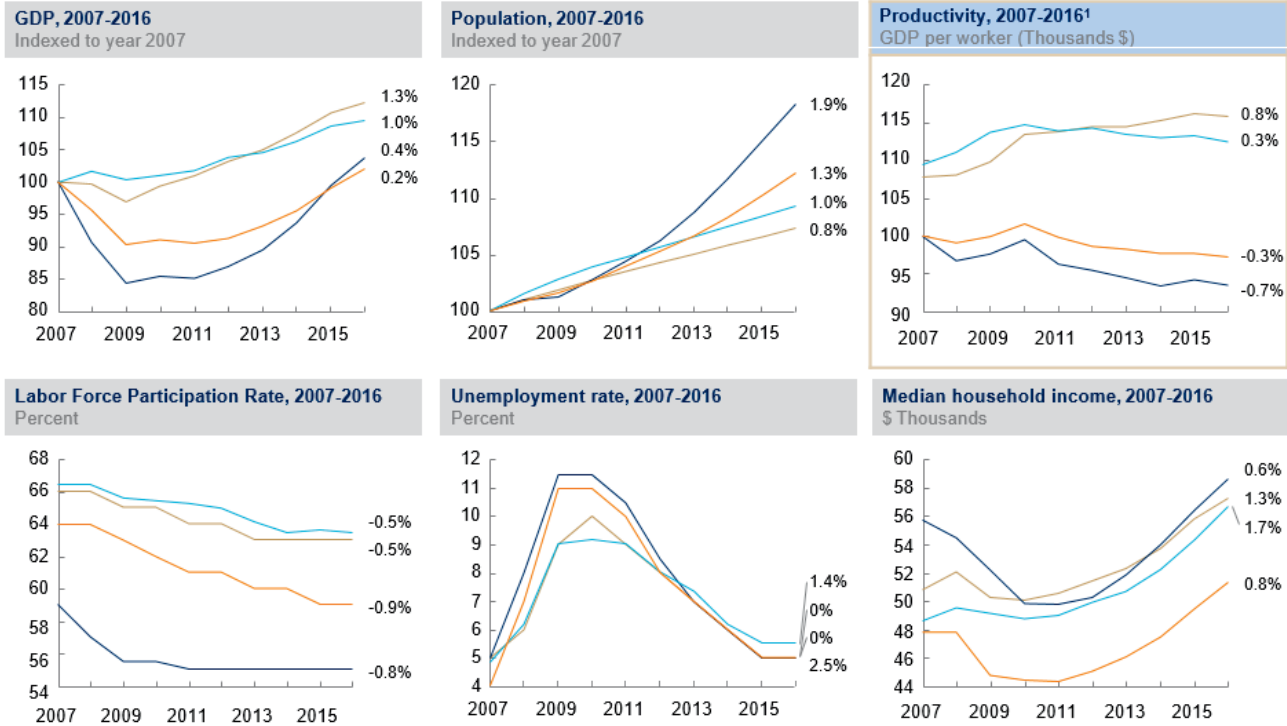
Southwest Region

Economic snapshot:

- **Lukewarm economic growth.** Despite strong population growth, the region had tepid GDP growth due to declining productivity
- **Bright economic forecast.** Southwest Florida is projected to grow nearly three times as fast as the US economy and faster than the state economy over the next five years
- **Non-diversified economy.** The region does not specialize in tradeable sectors, which poses potential downside risk during recessions
- **Growing population.** The region is growing, mainly due to domestic migration
- **Slightly lower educational attainment.** Southwest Florida's education completion rate is in line with the state's but is below most of its peers'
- **Higher than average unit labor costs.** The cost of doing business in the region is lower than the national average in every category except unit labor cost, which is likely due to low labor productivity (i.e., GDP per worker)

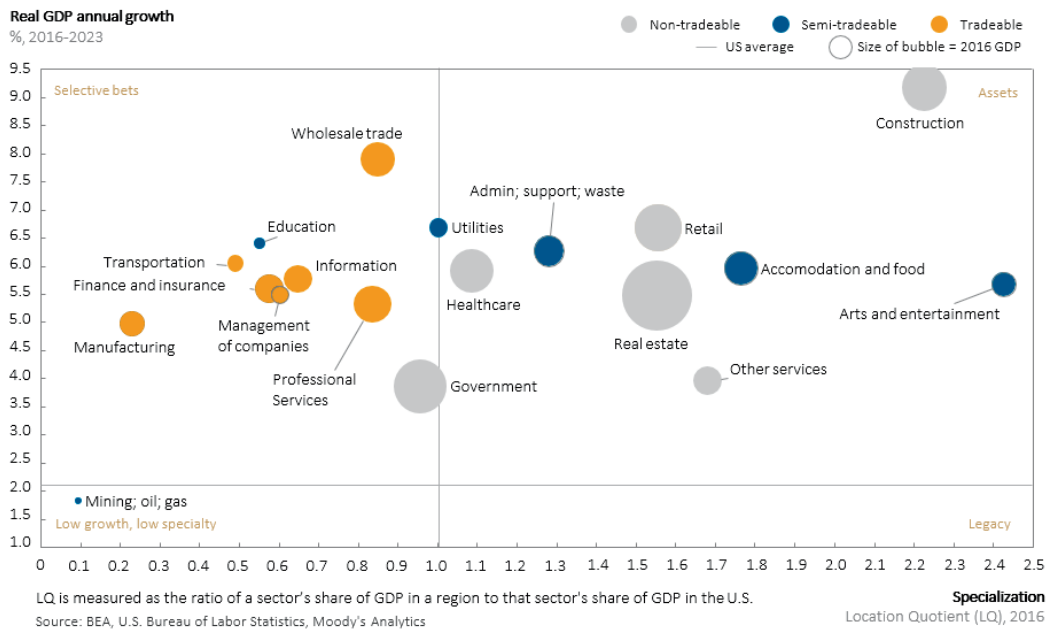
Despite strong population growth, Southwest Florida¹'s GDP growth was not strong due to declining productivity.

■ Southwest Florida ■ Florida ■ Peers¹ ■ US



1 Total output (GDP) divided by payroll employment
 2 Bakersfield, Columbia, Durham-Chapel Hill, Knoxville, Madison, Syracuse
 Source: BEA, U.S. Bureau of Labor Statistics, United States Census

Because it does not specialize in tradeable sectors, Southwest Florida carries a higher risk of economic decline during recessions.



¹ Combination of the Cape Coral-Fort Myers and Naples-Immokalee-Marco Island metropolitan statistical areas.

Moving Forward, A New Mindset

The Place Where Talent Thrives

Florida's Labor Market Shifts:
(% of employment from 1990-2016)



- Healthcare (increased by 30%)
- Administrative Services (increased by 60%)



- Government (decreased by 19%)
- Retail (decreased by 13%)

Human capital is a key enabler of economic growth across all sectors. Florida's current challenges with producing, attracting and retaining talent weaken the economy. While the state has a large labor force (3rd nationally), its labor participation rate is low (43rd nationally).

Most sectors have lower labor productivity (GDP per worker) relative to the US and peers. The state's labor market has skill gaps across multiple occupations. These gaps are particularly acute in high-skill occupations (such as in the healthcare sector) and middle-skill occupations (such as in the transportation sector).

While unemployment is low (25th nationally), Florida has high underemployment² (37th nationally). As described previously, automation has the potential to disrupt the equivalent of nearly 4 million jobs in the state today.

Florida has challenges on K-12 but a high rank on many categories of higher education. In the *U.S. News & World Report's* Best States ranking in 2017, Florida was ranked 46th nationally for Pre-K-12, 43rd for high school graduation rate, and 41st for college readiness. Florida has an average level of graduates (26th), which is lower when looking at STEM-specific graduations (38th). Currently, the state is struggling to attract top talent, particularly graduates of elite institutions. Florida does not have any top-30 ranked universities. In trying to draw in these professionals, low quality of life (notably education levels, public safety, healthcare access and quality, and cost of living) and lack of high paying jobs are the main deterrents.

Comparison of State Talent
(Graduates of two- and four-year institutions)

	Total graduates Thousand, 2015	Rank	Total graduates Per 1K people, 2015	Rank	STEM graduates % graduates, 2015	Rank
California	428	1	11	33	18.2	22
New York	290	2	15	10	16.8	32
Texas	261	3	9	45	17.7	26
Florida	238	4	12	26	15.7	38
Illinois	163	6	13	18	16.6	33
North Carolina	107	12	11	36	18.3	19
Georgia	91	13	9	47	19.1	15

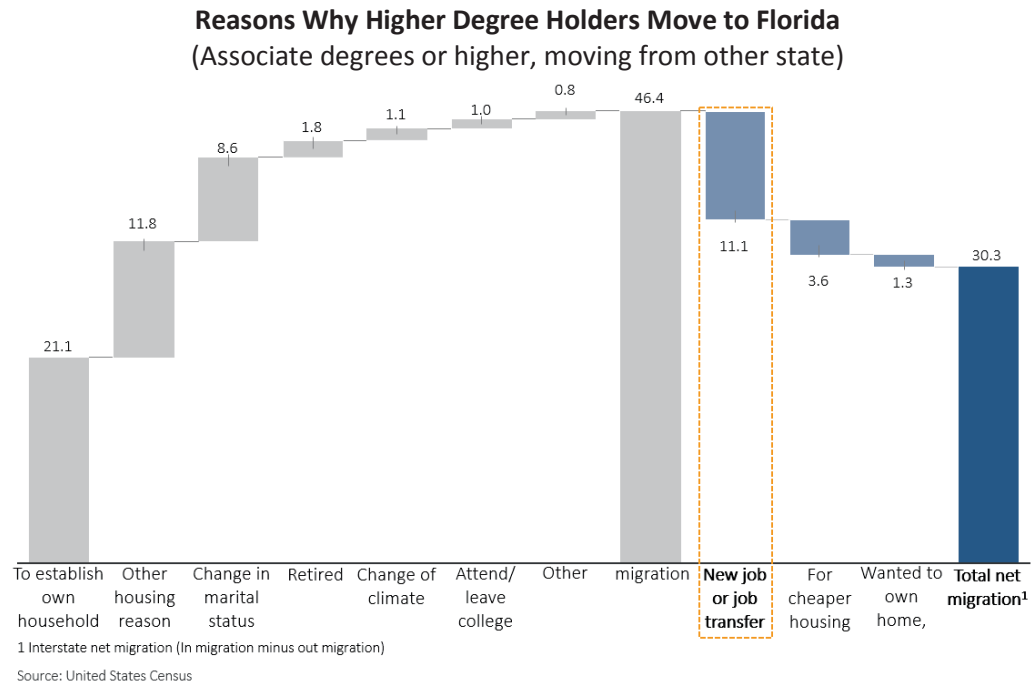
Source: National Center for Education Statistics

² Includes unemployed, marginally attached to the labor force, and employed part-time for economic reasons.

Florida's US ranking in workforce education:

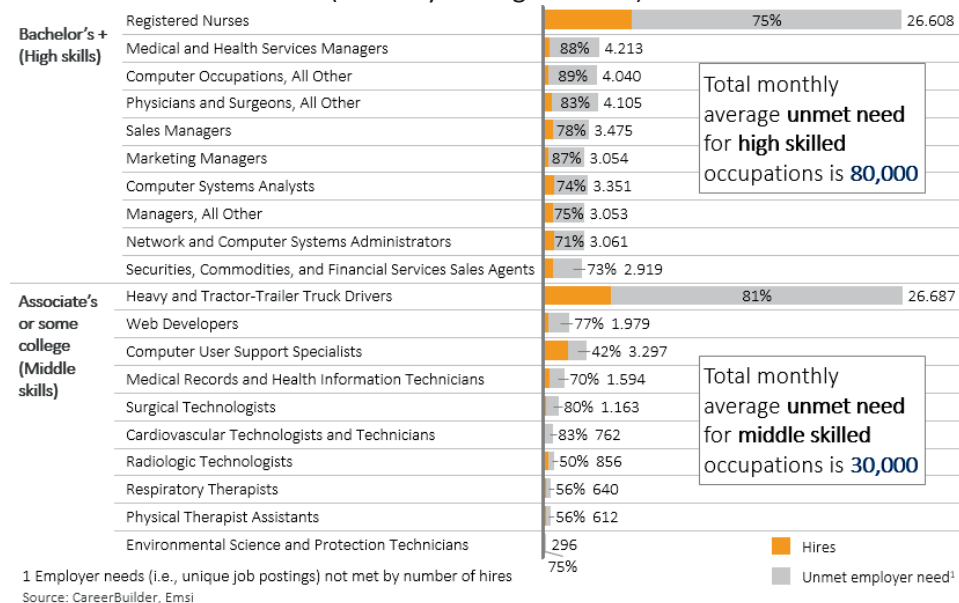
- 29 Education
- 1 Higher education
- 3 2-year college graduation
- 32 4-year college graduation
- 28 Education attainment
- 11 Low debt at graduation
- 2 Tuition and fees
- 46 Pre-K – 12
- 41 College readiness
- 43 High school graduation
- 42 NAEP math scores
- 32 NAEP reading scores
- 42 Pre-K quality
- 12 Preschool enrollment

In addition to having fewer graduates, Florida is not retaining them at the highest level; the state's retention rate in 2016 was 59%, versus other states like Texas (71%) and California (68%). More people are moving out of Florida for job-related reasons than are moving to the state.



Florida's high and middle skill occupation categories reveal acute gaps in needed skill sets. Both categories will be in high demand over the next 5 to 10 years. The healthcare sector is projected to be the largest job creator, in large part because of demographic trends with the aging baby boomer population, longer life expectancies, and the growing rate of chronic conditions.

Unique Job Postings in Florida by Top-10 Occupations with Unmet Needs (Monthly average in 2016)



Occupation education level categories:

High skill

Bachelor’s degree and higher (e.g., surgeon, chief executive, information systems manager, petroleum engineer, airline pilot)

Middle skill

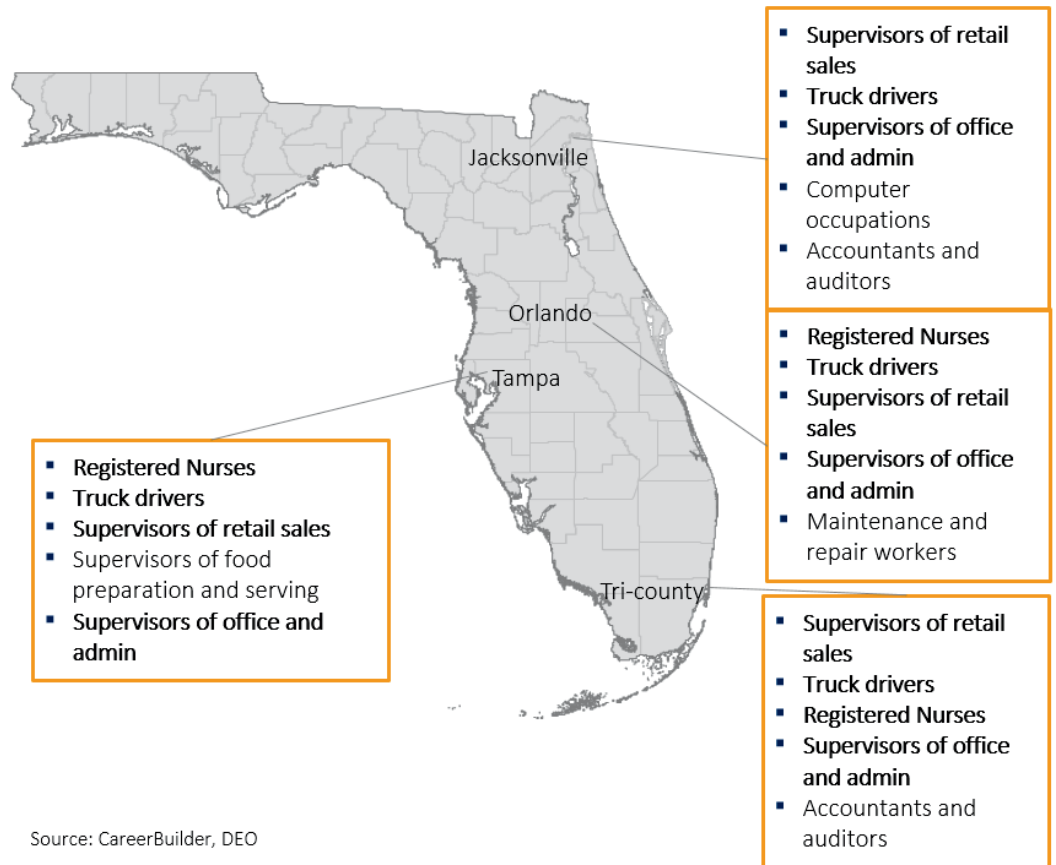
Associate degree or some college courses (e.g., air traffic controller, ship engineer, radiation therapist, aerospace engineering technician)

Low skill

High school diploma or less education (e.g., first line police and detective supervisor, transit and railroad police, transportation manager)

The gaps vary by region based on local economies. The regions can target talent pools for development, attraction and retention to better support their specific business needs and economic growth.

Top Occupational Gaps by Region
(commonalities in **bold**)



Despite potential risk to employment, automation presents an opportunity for higher productivity growth and prosperity. If adopted, automation could easily increase productivity faster than any other technology, with 2.6 compound annualized growth for early adoption, and 0.2 growth for late adoption.

Challenges in today's workforce ecosystem:

Poor fits

Job seekers and employers are not best fits (hiring credentials versus needed skills)

Lack of coaching

Inconsistent access and quality of support services

Public financing

Fragmented with limited results transparency

Siloed

stakeholders

Redundant effort, no best practice sharing, and inefficient funding and focus

Limited

actionable data

Uninformed decision-making, due to lack of data

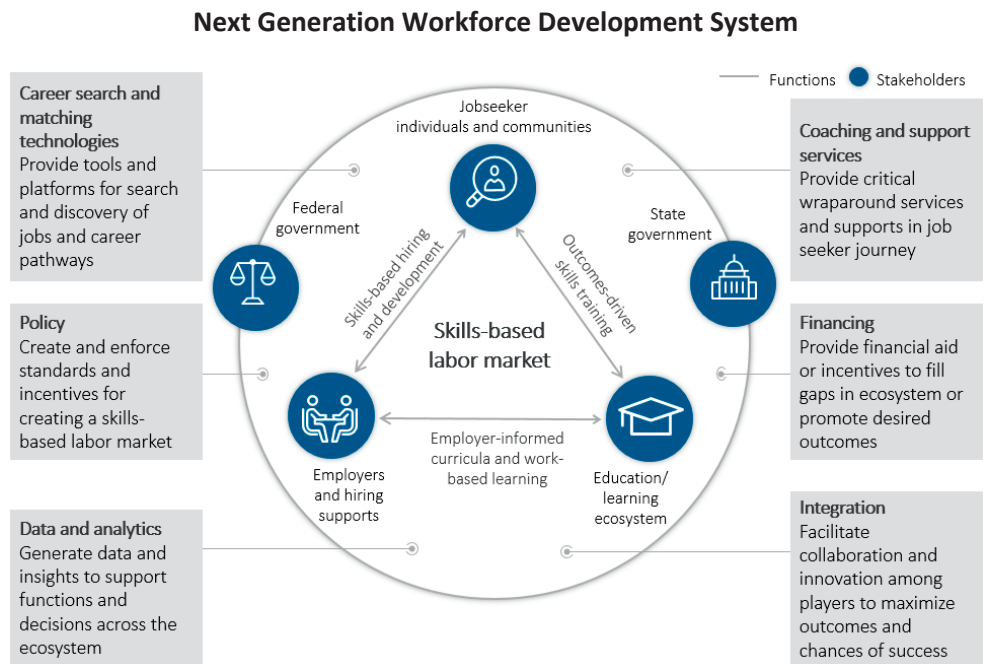
Federal and state policies

Lack of incentive for desired behaviors or program outcomes

Poor or irrelevant training

Curricula outdated or disconnected from needs or without applicable outcome

The next generation workforce development system uses a skills-based labor market.



Source: McKinsey & Company

Various models have been used to address workforce challenges:

- **Public-sector led initiatives** such as Singapore's "SkillsFuture credit initiative," which pays approximately \$400 to all Singaporeans 25 and above for approved work-skills courses aligned with promoting growth in 23 targeted industries
- **Employer-led efforts or partnerships** such as Starbucks' partnership with Arizona State University to allow eligible employees to earn a Bachelor's degree with full coverage through the university's online program
- **Nonprofit-based efforts** like Year Up, which trains young professionals in comprehensive skills development (IT, business operations, software development, workplace mindsets) and matches them to internships
- **Coalition-based efforts** like Skillful, a coalition of businesses (including Microsoft and LinkedIn), the Colorado state government, nonprofits, and educators, that uses data and technology to increase the transparency of skills supply and demand in the area
- **Education and apprenticeships**, such as CareerWise, that provide high school students with professional and on-the-job training for industry certification and college credits

No state has fully solved all workforce issues, but some initiatives have shown promise:

- Data and analytics-based efforts and categories (e.g., Virginia’s Open Data, Open Jobs, which gives researchers and programmers an open job dataset to develop tools and platforms)
- Career search and matching tool (e.g., Launch My Career funded by the U.S. Chamber of Commerce Foundation in partnership with Gallup to provide college-seeking students return on investment [ROI] and “hot jobs” information)
- Career coaching (e.g., Colorado’s Skillful training and innovative job and training tools and community of practice)
- State-led effort for training and work-based learning (e.g., Wisconsin’s Apprenticeship System that implements and monitors in-state apprenticeship programs and encourages adult workers to participate)
- Supportive financing initiatives (like Washington’s Upskill-Backfill grant program to upskill workers to move their careers forward and help new workers “backfill” the newly created openings).

The following are opportunities for Florida to improve its workforce status and make Florida the place where talent thrives:

- Adopt the PreK→Job model of the future to improve the organic talent pipeline
- Increase retention of graduates by providing incentives to stay in state
- Increase labor force participation by providing female professionals incentives
- Become a talent hub by improving further the higher education ecosystem
- Close the skills gaps by creating better matching mechanisms and upskilling professionals

Only a few graduates of elite institutions choose to live in Florida, with 6 times as many living in New York, 5 times as many in California, and twice as many in Massachusetts and DC. Improving the quality of Florida’s schools, jobs, healthcare, and public safety would make the state more attractive to top talent.

Quality of Life for Talent for Selected States

	Florida	Georgia	Illinois	New York	North Carolina	Texas
National rank across metrics	7	6	37	29	1	2
1. Business Cost (cost of doing business, state taxes)	39	18	30	36	2	3
2. Labor supply (local educational attainment, union participation, population 20-34)	16	10	36	31	11	9
3. Regulatory environment (Labor regulations, tax incentives, health insurance mandates, occupational licensing)	5	7	40	27	9	21
4. Economic climate (income, GDP, unemployment, Fortune 1000 HQs)	4	7	28	15	18	1
5. Growth prospects (Jobs, income, GDP forecasts, business births/deaths, VC investments)	1	13	35	21	10	2
6. Quality of life (Cost of living, school test performance, crime rates, weather, top-ranked colleges, commute times)	19	33	15	24	16	30

Source: *Forbes Best States for Business*

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Supporting Economic Development and Creating High-Performance Organizational Capabilities

Strategies are worthless without the capability to execute. Economic development organizations (EDOs) are our frontline leadership for execution across all sectors. They serve as a one-stop shop for information, track the deal pipeline end-to-end, and provide ongoing business support.

The following are the typical activities state-level EDOs perform to help the state attract and retain companies:

- **Set strategy and enabling environment** – This includes defining the state’s economic ambition and setting strategic priorities, prioritizing catalytic investments, driving cross-agency and public-private collaboration to improve the business climate, monitoring the strategy implementation, and informing policy decisions with market intelligence
- **Market and promote the state** – EDOs create awareness of the state with domestic and foreign investors, engage businesses in the priority sectors, and generate leads
- **Cultivate partnerships**—They develop business leads, including conducting due diligence, and pitch targeted projects and investment opportunities
- **Manage funds appropriately** – EDOs administer funds and incentives (e.g., loans, grants, tax credits), and facilitate support and services for businesses (such as permitting and relocation support)
- **Stimulate and support** – EDOs execute critical enabler programs and provide technical and/or advisory services, such as feasibility studies for small businesses

To attract and retain companies, a state-level EDO needs a set of economic priorities and a defined structure. This involves detailing the strategy and vision to accomplish the economic goals and structuring the public-private organizations to execute on the strategic plan and improve the business climate. A state-level EDO must operate like a business to quickly respond to companies’ needs. This agility could be further enhanced by not having the funding mechanism impacted by political debate. The efforts of an EDO should be coordinated among regional and state initiatives.




While state-level EDO structure and operations vary greatly, there are some common best practices deployed by the top-tier states (Georgia, South Carolina, Ohio, North Carolina, and Texas have EDOs that are considered “best-in-class” for attracting and retaining private investments).

EDO Best Practices:

- **Set strategy and enabling environment:** Streamline operations by consolidating functions of different state-level economic development-related activities, establish alternative mechanisms of EDO funding, and stimulate competition among regions for state funding
- **Market and promote:** Have a one-stop source for information, improve the state’s brand awareness among key target audiences (e.g., young professionals), and better coordinate marketing for business and tourism
- **Cultivate partnerships:** Use targeted fact-based pitch decks for selected industries and investors to improve actively managing the deal pipeline and business contacts
- **Manage funds appropriately:** Improve funding opportunities for startups in targeted sectors, empower local agencies to develop their own incentives, and better design incentives packages
- **Stimulate and support:** Target workforce development for specific industries and skills (e.g., middle skills employment gap), and link the development of new technologies and businesses

Enterprise Florida, Inc. (EFI), Florida’s state-level EDO, has exhibited many of these at different points in time, though has struggled to remain a consistent high performer, especially given recent political headwinds (see economic development rankings, below).

Economic Development Rankings

<p>Development Counsellors International survey Surveys corporate executives with site-selection responsibilities on the most-effective strategies and techniques in economic development marketing, indicating which regional, state and international EDOs are considered best-in-class</p> 	<p>Area Development awards (states with 3+ gold awards in past 5 years) Analyzes each state’s high-impact economic development projects, awarding “Gold & Silver Shovel Awards” to those that pulled together the winning combination of perfect site, attractive incentives, and collaborative attitudes</p> 	<p>Site Selection’s Governor’s Cup (Top 2 states since 2010) Using yearly project totals as tracked by the Conway Projects Database, awards the Governor’s Cup to the top 2 states that had a minimum capital investment of \$1 million, created 20 or more new jobs, and created 20,000 or more square feet of new space</p> 
<p>1st Georgia</p> <p>2nd South Carolina</p> <p>3rd Ohio</p> <p>4th North Carolina (tied)</p> <p>4th Texas (tied)</p> <p>6th Tennessee N/A Florida</p>	<p>1st Georgia</p> <p>2nd Texas (tied)</p> <p>3rd South Carolina (tied)</p> <p>N/A Florida (5 silver medals since 2013)</p>	<p>1st Texas</p> <p>2nd Ohio</p> <p>9th Florida (2013 ranking)</p>

Source: Development Counsellors International (DCI), “Winning Strategies in Economic Development Marketing,” Area Development magazine, “Gold Shovel Award,” Site Selection magazine’s Governor’s Cup

That said, Florida’s overall economic development structure is more complicated than other states’. The EDO of each peer state is either a state agency, a privatized entity, or the combination of a state agency and a single public-private partnership. However, Florida’s overall economic development structure includes one state agency (the Department of Economic Opportunity, or DEO) and several public-private partnerships.

EDO Name	Type and Appropriations Level (FY 18-19)	Key Characteristics
Department of Economic Opportunity (DEO) 	State agency	<ul style="list-style-type: none"> Economic development overseer in Florida Oversees efforts for business, workforce and community development Created in 2011 to consolidate economic efforts
Enterprise Florida (EFI) 	Public-private partnership (\$16 million)	<ul style="list-style-type: none"> Promotes Florida domestically and abroad to private investment to attract and retain companies Funded by the State of Florida and private sector businesses
VISIT FLORIDA 	Public-private partnership (\$76 million)	<ul style="list-style-type: none"> Works toward statewide tourism goals, such as increasing total visitors and visitor in-state spending Within EFI but operates separately
Florida Sports Foundation 	Public-private partnership (\$4.7 million)	<ul style="list-style-type: none"> Assists and promotes professional and amateur sports teams and events in Florida Within EFI but operates separately
CareerSource 	Public-private partnership (\$22.6 million)	<ul style="list-style-type: none"> Statewide workforce development board (formerly named Workforce Florida) Provides policy direction for talent development programs in Florida’s 24 local workforce development boards and 100 career centers Within DEO but operated separately
Space Florida 	Public-private partnership (\$12.5 million)	<ul style="list-style-type: none"> Independent Special District of the State within DEO Accelerates space-related industry growth Focused on providing support, leasing services, and funding companies in the aerospace and defense sectors

Additionally, Florida is one of the few states with a role carved out for the governor (e.g., the governor chairs EFI).

Florida can continue to refine EFI's structure to implement best practices and increase organizational responsiveness. It will be important for EFI's primary funding mechanism to be immune from political debate. The state should prioritize catalytic investments (e.g., creating clusters in high-value added industries and enablers) and regularly monitor implementation. Florida can inform policy decisions using market intelligence and use defined metrics to measure success and track improvement.

In rethinking the role and structure of EFI within the state in relation to the local EDOs, various state governance models exist. One possibility is for EFI to become a provider of capital, allowing the local EDOs to compete for funding and focus on implementation. Such a model has worked well in other states (e.g., Ohio through its unique model centered on JobsOhio). Through this model, EFI can ensure regional balance and time horizon diversity (i.e., short- versus long-term investments), while placing primary focus on choosing the initiatives with the highest return (in both jobs and GDP).

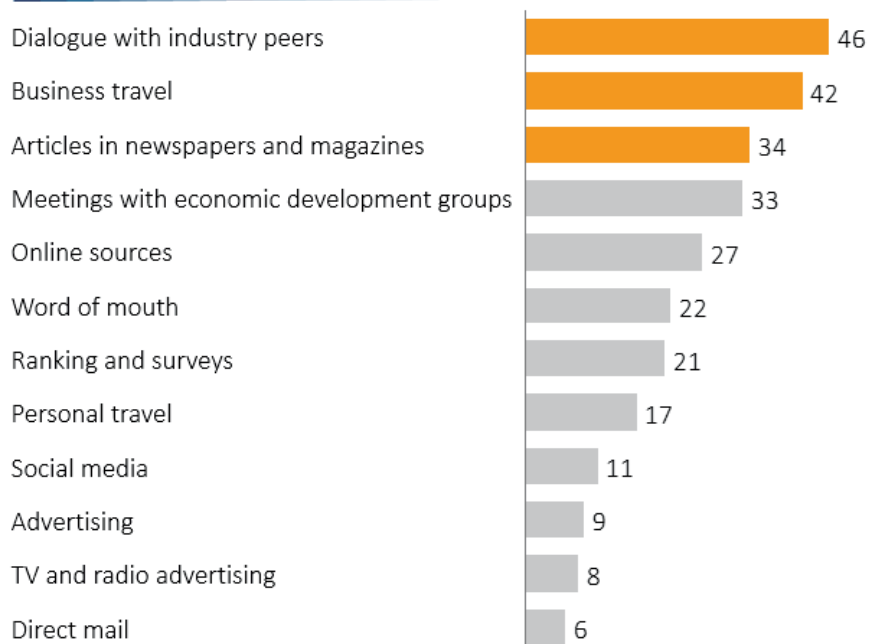
Attracting Investment

In order to thrive, Florida must be known as one of the most desirable, predictable, and highest-yielding opportunities for capital investment. Successful marketing and promoting requires EDOs to have storytelling tailored to the targeted audiences. According to a survey by DCI, most executives are influenced by dialogue with industry peers, followed by business travel and articles in newspapers and magazines.

Top Sources of Information Influencing Executive Perceptions of Business Climate (Percentage of respondents choosing source)

Leading sources of information influencing executive perceptions of an area's business climate

% of respondents choosing source¹



¹ Respondents were asked to choose three from 13 possible responses regarding which source of information influence their perceptions of community's business climate

Source: DCI, "A View from Corporate America: Winning Strategies in Economic Development Marketing" 2017

To effectively implement a campaign to attract investment, Florida should strive to accomplish the following:

- Execute state branding efforts
- Develop and maintain a dynamic website
- Build a repository of company-specific successes as reference cases
- Provide effective representation at industry conferences and international forums
- Prioritize targeted investors by sector/sub-sector
- Attend key conferences and organize investor roadshows and visits

Aligning economic development groups and industry leaders around a single strategy and consistent message is key.

Leveraging Florida's tourism brand to grow in other sectors:

112.4 million
Number of out-of-state and international visitors per year

189 countries
Canada, the UK and Brazil have the highest number of tourists to Florida

1.9 million
Average number of visitors in Florida on any given day

Top US tourism state
CNBC named Florida 2nd for tourism

Popular state
Business Insider named Florida 2nd in the most popular state ranking

To stimulate greater dialogue with industry peers, best-in-class states leverage ambassador programs and online communication and social media to connect business people with specific communications. The content should contain clear information on incentives, demographics, workforce and sites available for relocations and/or expansions. DCI found that the most effective marketing channel for an EDO is a complete website that includes incentive and demographics information, followed by a searchable database of available building, workforce statistics, and comparison to competitor locations.

Advertising during conventions and conferences for relevant priority industries can help reach business travelers. Many states have been slow to redirect to this medium for low ROI activities, such as generic conferences and roadshows.

Across these efforts, Florida should consider the following improvements:

- Consolidate information that is currently spread across various reports and websites (DEO, Enterprise Florida, Space Florida, Florida Sports Foundation, and CareerSource)
- Promote Florida to the younger population as a desirable place to live
- Leverage Florida's brand name from tourism to promote it as a business destination
- Effectively coordinate efforts among stakeholders to have consistent business messaging on Florida

Developing business opportunities and cultivating deals requires a technical staff and systematic outreach strategies targeted at sub-sectors. Best-in-class states rigidly manage a pipeline of business leads and contacts backed by fact-based pitch decks for selected industries and investors, and serve as thought partners in financial modelling and pitch development. Several states are even leveraging completely integrated online platforms (e.g., Salesforce) to provide better data integrity and real-time tracking across the deal process.

Real Estate Development

Without a doubt, Florida has an opportunity to become more attractive to investment capital seeking, higher yielding real estate projects and assets. While Florida is a top state in absolute number of "shovel-ready" sites (approximately 9,300 sites listed) qualified and positioned to compete for new projects, it was ranked outside the top 10 in the quality of site portals by ZoomProspector. Moreover, despite being the 4th largest state economy, Florida is outside the top 10 in total number of site projects, and is 18th in site projects adjusted for size of population. Clearly, a significant contributor to the state's underperformance in attracting new investment for projects can be attributed to its land use policies.

In the depths of the Great Recession when many states were struggling with declining financial output and budget deficits and were looking for economic development strategies, it became clear that Florida's reputation as a "place to do business" was poor. Over the years, Florida had earned the unfortunate reputation as a challenging and unpredictable business climate largely due to the swelling of policies intended to

manage growth that had become bureaucratic, unpredictable, expensive and time consuming.

Recognizing this, newly elected Governor Scott made “getting Florida back to work” a high priority in 2010 and immediately focused on revising the comprehensive planning act and changing the regulatory mindset and culture in state agencies to promote growth and economic development. In 2011, the Community Planning Act decentralized land use, giving much of the authority back to local governments. This was largely in response to growing concerns that the Department of Community Affairs (DCA) was curtailing development with an onerous process at the state level. While the intent behind this policy shift was positive, it had the unintended consequence of making the real estate development and land use process less coherent and unpredictable, and arguably more prone to corruption.

Given Florida’s diversity, there is a vast range of growth management challenges, opportunities and capabilities, and the priorities and needs change dramatically from one local government and market to the next. Given this, the process to amend land use or zoning to accommodate a new project or acquire a development permit often varies widely from location to location. This can make the process difficult to navigate, especially for out-of-state entities looking to invest capital in development projects. In addition, as real estate markets have improved in recent years with the health of the economy and new growth opportunities have become increasingly robust, many local planning staffs have become overwhelmed and struggle to provide a clear and predictable process and timeframe for new capital seeking project approvals. In the most unfortunate situations, local politicians or empowered staffers have chosen to leverage or strong-arm applicants, refusing to process or support proposals unless the applicant agrees to certain exactions or contributions believed to be politically beneficial. This behavior threatens to further impair Florida’s already poor reputation for business climate and, even worse, direct investment capital to opt out of Florida for better business environments and opportunities elsewhere.

Florida should take quick action to improve the predictability of the real estate development and land use process by:

- 1) Defining fundamental planning and regulatory terms
- 2) Establishing decision timeframes
- 3) Uniformly and equitably applying mandatory exactions and contributions
- 4) Providing clear, understandable planning policies and regulatory standards

[See also, Robert M. Rhodes, “Florida’s Community Planning Act: Bridging the Predictability Gap,” to be published in the Fall 2018 issue of the *Florida Bar Environmental and Land Use Law Section Reporter*.”]

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Optimizing the Impact of Public Funds

Effectively managing public funding involves enabling startup funding, targeting specific industries, and providing businesses the right support. To optimize the use of public funds, the state should target the strategic industries and companies that will provide Florida the greatest economic impact, and manage the incentive programs based on ROI analysis. As a central point for facilitation and business services (e.g., permitting, business relocation support), the state should serve as a liaison between companies and government agencies to identify needed inputs and partnerships (e.g., utilities, infrastructure, suppliers). The state can also better help businesses navigate the regulatory processes, such as permitting and zoning.

To foster growth, Florida should incorporate leading edge practices, such as enabling private-led financing to small companies and startups in targeted sectors, and helping to promote transferring new technologies to businesses. The state should also empower regional agencies to make flexible funding available to companies and local agencies to develop their own incentive programs. Some leading edge practices require very minimal change, for example, like how Georgia helped improve its project execution time by modifying one of its default mechanisms: granting a business the assumption of approval if the government did not respond in a timely manner.

In looking at workforce development initiatives, Florida's business support efforts should be impactful when using flexible programming linked to industry needs and opportunities. For example, the state could link private sector needs and the state's education system. Initiatives should target specific industries and skills where the economy has workforce gaps, and tie the development of new technologies and businesses. In implementing workforce development programs, Florida should drive workforce-industry alignment programs (such as through matching and apprenticeships), and provide technical support to businesses to help them retain talent and grow operations.

Florida should also finance incentive deals through one or more incentive types:

- **Grant/subsidy:** Non-refundable funds that are typically conditional upon certain qualifications for use, maintenance of specified standards, or a proportional contribution by the grantee or grantor(s); subsidies cover many forms of funding to offset operating and management costs
- **Loan/credit:** Repayable financial aid in the form of soft loans, forgivable loans, or low-interest loans; this can include company equity and some types of preferred stock (preference shares)
- **Non-financial:** Recruitment and relocation services, and fee waivers
- **Tax incentive:** Most commonly used incentive in the US that allows certain taxpayers to subtract the amount of the credit from the total they owe the state; common occurrences are job creation, tax holiday, tax refund or rebate, payment in lieu of taxes (PILOT), and tax increment financing (TIF)

Incentive Deals in Selected States (2010 to 2017)

Destination State	Incentives USD billion	Incentive per deal USD million	Incentive spend % of GDP ²	\$ of incentive per \$ of CapEx (#)	Incentive per job ³ \$000
Florida	1.9	2.4	0.04	0.14	14.3
New York	5.0	3.3	0.06	0.08	8.5
Tennessee	3.5	4.3	0.19	0.15	24.4
Ohio	2.9	2.0	0.08	0.14	9.9
Texas	2.5	7.2	0.03	0.07	20.8
North Carolina	1.7	1.9	0.06	0.08	11.2
Illinois	1.4	3.8	0.03	0.18	16.5
South Carolina	0.9	3.8	0.08	0.06	16.7
Georgia	0.8	4.3	0.03	0.08	13.1
		Average ⁴ : 3.7	Average ⁴ : 0.06	Average ⁴ : 0.11	Average ⁴ : 15.0

1 Examples of incentive deals include tax discounts, loans, grant, subsidies 2 Considers sum of GDP per state from 2010 to 2016
 3 Includes new jobs and retained jobs 4 Values in average deals refer to arithmetic, non-weighted means
 Source: IncentivesMonitor, BEA

Like North Carolina, Florida targeted about two-thirds of its incentives to manufacturing (35%) and R&D (32%) from 2010 to 2017. Within manufacturing, 36% was in consumer goods and 17% was in aerospace and defense; in R&D, 92% was in aerospace and defense. Florida, Georgia and North Carolina provide more packages that include grants to companies.

Loans are often viewed as the most fiscally responsible incentive type since they ultimately recapture public funds. Similarly, state-linked deposit programs can help small businesses obtain financing at more favorable rates. While tax credits and tax deductions/exemptions are both tied to additional income brought into the state, the deduction and exemption amounts differ based on the payor’s income and profile. Grants use taxpayer funds and are not inherently tied to new income, and enforcing clawback provisions can often entail costly and timely litigation.

Policy Options and Example Initiatives

Guiding principles for selecting initiatives:

Potential impact

Focus on initiatives that will truly “move the needle” for productivity and job growth

Time to impact

Prioritize initiatives that can be launched within first 100 days and initial impact realized within 2 years

Locus of control

Select initiatives that can be executed, or at least substantially championed, by the Governor and/or the FC100

Policy lens

Focus on delivering the best policy direction toward action

Performance

Favor initiatives that will deliver the highest returns

Florida should focus state efforts and resources on supporting and accelerating future economic engines. These engines—the targeted sectors and regions—will support economic development across the state and strengthen Florida’s economy.

Opportunity

Build on historic strengths

Leverage the state’s existing assets

Build on today

Use the state’s current potential to grow in adjacent sector

Build for the future

Invest where strengths dovetail with a large market opportunity

Regions

- Tampa and Orlando (I-4 corridor)
- Miami, Broward and Palm Beach (Tri-county)
- Pensacola, Tallahassee and Jacksonville (I-10 corridor)
- Southwest

Sector

Healthcare

Professional services
Finance and insurance

Information and
Technology

To facilitate an economy that thrives above all others, Florida should develop the following improvement initiatives:

- **Human capital: *Make Florida the Place where talent thrives***—Develop the state’s talent pipeline and better match talent supply with economic demand
- **Strategic repositioning: *Strategically reposition Florida’s image and reputation as a place to thrive***—Shape the national narrative on Florida using a comprehensive re-branding strategy
- **EDOs: *Create high-performance organizational capabilities***—Rethink the structure and role of the state’s EDO to maximize effectiveness based on external best practices
- **Public investment: *Grow the pie and maximize ROI***—Apply public funding in a way that maximizes economic impact, and identify ways to increase available funds without raising taxes
- **R&D and innovation: *Make innovation thrive***— Make Florida known as one of the most desirable, predictable, and highest yielding opportunities for capital investment in the world
- **Health: *Make Florida the world’s health capital and the healthiest place to live in the world***—Establish goals and policies that lead to Florida being recognized as the healthiest place to live in the world, including leveraging the state’s existing strengths and assets to create a high-performing, high-talent healthcare, healthy communities, and health innovation sector that competes at the global scale

The following pages describe policy options and examples of initiatives.

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Human Capital

Make Florida the Place where talent thrives

Potential policy options

Example initiatives

1

Adopt the PreK→Job model of the future to improve the organic talent pipeline and create a strategy that addresses these gaps, including training the talent required for the future in our PreK→Job system today

- Expand Florida’s current Education Savings Account (“ESA”) system (Gardiner Scholarship program for children with disabilities) to all public school students (e.g., Florida just passed ESAs for students with below average reading scores)
- Create an apprenticeship style, four-pathway public high school model (college-ready, career-ready, combined college- and career-ready, and military paths), culminating in employment post-grad or sponsorship for post-secondary education
- Invest in career-tech programs for priority sectors that culminate in associate degrees (5-6 year programs)
- Allow and incentivize creating public schools with relationships with private companies that engage in the curriculum and guarantee employment if students meet the course completion criteria
- Aggressively phase-out certain low/negative ROI degrees (i.e., taking the next step past ‘awareness’ from Launch My Career)
- Leverage the college system to have company-specific programs (e.g., Tesla START program). The company is able to incorporate 2 to 4 years of customized training and improve its workforce planning/forecasting and retention; students receive employment if they meet defined criteria (e.g., grades); and the school increases its enrollment and publicity

2

Develop new sources of talent by attracting outside talent, increasing the labor force participation rate, and creating pathways to higher purpose opportunities

- Using a talent reserves program, offer student loan repayment in exchange for a blind, binding commitment to work where matched
- Create a new category for Bright Futures for nonresident talent/students that has long-term work/live in Florida requirements; explore changing 10% out-of-state cap for select universities
- Leverage relocation incentives/programs (e.g., housing rebates) to attract out-of-state talent in prioritized sectors
- Increase labor force participation by women and the elderly using incentive programs (e.g., tax breaks for women in middle skills gap occupations, tax incentives for companies that offer “returnships” to the elderly or mothers returning to the workforce)

- 3** Retain and engage Florida’s top talent through retention incentives
- Promulgate a top-1000 program for STEM and other high need areas (e.g., accounting) that targets top students with incentives to accept employment in Florida and gives companies tax incentives for offering them above market pay
 - Create a new category of Bright Futures that requires students to stay in state, either by adding a new medallion level or having each medallion have Florida-commit and non-commit sublevels. The Florida commit category could offer more funding and/or lower criteria
- 4** Leverage the existing university and college system to increase the output of high-caliber talent
- Increase efforts to add two (2) Florida public universities to the top-30 by 2030 by adding public and private incentives for certain expensive degrees (e.g., STEM); increasing R&D expenditures, Nobel and National Academy professors/scholarship, and acceptance criteria; expanding the pool of “preeminent funds”; and reconfiguring performance funding metrics to effectuate
 - Provide incentives for top-tier satellite campuses (e.g., Kellogg has campus in Miami) and joint/virtual programs
- 5** Identify labor market mismatches (especially in middle skills occupations) by region, sector and/or time horizon
- Place short-term regional focus on attraction, workforce credits (as done in Singapore), and retraining/awareness programs (for example, the I-4 region needs retail supervisors, Registered Nurses, software developers, and computer analysts)
 - Place long-term sector focus on increasing targeted degree programs and certifications (for example, the finance and insurance and professional services sectors need accountants, auditors, securities and financial sales agents, and bookkeeping clerks)
 - Champion an EDR-led recommissioning of the Workforce Estimation Conference, with a clear charter to align on a common estimation methodology and a demand-driven model

Human Capital Initiatives by Region



	Attract outside talent to fill short-term labor needs	Invest in retraining and awareness programs to increase the supply of skilled labor	Raise awareness, create incentives and build certification programs to train a workforce to alleviate the long-term supply gap
Tampa and Orlando (14 corridor)	Registered nurses, truck drivers, first-line supervisors (retail, food, office and administration, non-retail), maintenance/repair workers, software developers, medical and health service managers, computer occupations, and accountants and auditors	Truck drivers, software developers, and sales supervisors	Customer service representatives, cooks, maintenance/repair workers, security guards, accountants and auditors, sales representatives, first-line supervisors (retail, food), registered nurses, teachers (elementary and secondary), childcare workers, human resources specialists, business operations specialists, and teacher assistants
Miami, Broward, Palm Beach (Tri-county)	First-line supervisors (retail, office and administration), truck drivers, registered nurses, accountants and auditors, financial managers, computer occupations, medical and health services managers, sales agents, software developers	Truck drivers and sales supervisors	Customer service representatives, accountants and auditors, first-line supervisors (retail), sales representative, security guards, maintenance/repair workers, teachers (elementary), business operations specialists, cooks, and insurance agents
Pensacola, Tallahassee and Jacksonville (I10 corridor)	First-line supervisors (retail, office and administration), truck drivers, computer occupations, accountants and auditors, software developers, and financial managers, maintenance/repair workers, sales representatives, and registered nurses	Truck drivers, software developers, and sales supervisors	Customer sales representatives, accountants and auditors, first-line supervisors (retail), cooks, teachers (elementary), childcare workers, automotive service technicians/mechanics, business operations specialists, software developers, and carpenters
Southwest	First-line supervisors (retail, office and administration), registered nurses, maintenance/repair workers, cooks, medical and health services managers, customer service representatives, administrative assistants, accountants and auditors, and computer systems analysts	Sales supervisors, maintenance/repair workers, carpenters	Cooks, maintenance/repair workers, carpenters, accountants and auditors, teachers (elementary and secondary), childcare workers, electricians, and automotive service technicians

Strategic Repositioning

Strategically reposition Florida's image and reputation as the place to thrive

	Potential policy options	Example initiatives
1	Invest in building a world-class marketing engine with top talent, analytics and funding that develops and executes data-driven branding strategies	<ul style="list-style-type: none">• Out-fund peers in business marketing budgets• Coordinate tourism and business marketing efforts (i.e., joint campaigns with VISIT FLORIDA)• Create VISIT FLORIDA analog within EFI that specializes in business marketing• Leverage marketing channel effectiveness data and sector specific "pitch packs" to execute a targeted business attraction strategy
2	Aggressively promote Florida's identity globally as a hemispheric hub for trade and investment	<ul style="list-style-type: none">• Leverage the state's international profile to continue attracting F500 business headquarters and talent from other nations• Target domestic and foreign F500 companies that want to expand their international and foreign investment footprint to this hemisphere (e.g., search annual filings for mentions of expansion plans)• Use social media and adware to aggressively target online-based foreign business owners and entrepreneurs in other states to encourage relocation to Florida
3	Focus business attraction efforts with a targeted mix of sector-specific, and sector and region-specific, strategies and periodically refresh them	<ul style="list-style-type: none">• Capitalize on federal tax changes to target finance, insurance and professional services businesses, especially those in higher tax states• Target companies that provide business services to startups (e.g., Basecamp) for the Gainesville and Jacksonville area given startup activity and lack of entrepreneurial sophistication• Target machine learning companies for Tampa given its robust shared service center presence• Attract educational technology for education heavy I-4 and Gainesville, health tech for retiree heavy West Palm Beach, and manufacturing technology for the land available Southwest
4	Position and promote Florida as the "it place" for younger talent seeking meaningful opportunities to make a difference	<ul style="list-style-type: none">• Leverage entertainment events (e.g., sporting events, music festivals, Art Basel) to promote the state as a place to both live and work; offer discounts/incentives to people who retweet "FL for business" and cross-promote with the event• Develop a "true income" calculator that highlights Florida's relative tax benefits• Create a job board for professionals that has comparative salary information and can be linked to Florida business marketing campaigns

EDOs

Create high-performance organizational capabilities

	Potential policy options	Example initiatives
1	Put the “private” back in private-public partnership	<ul style="list-style-type: none">• Increase private funding at the state EDO level using mechanisms that create value (e.g., bond issuance, first ‘dibs’ on equity positions in state assets or economic development projects)• Remove caps/controls for top positions to attract premier leadership talent• Consider increasing private involvement in EFI (e.g., building on the JobsOhio model) and an asset monetization funding mechanism to insulate EDO from politics
2	Reorganize and re-brand EFI to pursue a more focused mandate	<ul style="list-style-type: none">• Rebrand EFI (e.g., modify the name) to distance the revamped organization from recent negative publicity and ongoing political debate• Restructure EFI to use a matrix organization structure that includes regional liaisons and priority sector teams• Create a special projects internal consulting team that can quickly prepare executive documents, generate insights from data analytics, and develop strategy• Redefine the role of EFI in relation to local EDOs by:<ul style="list-style-type: none">○ Shifting primary responsibility for business attraction execution to local EDOs and focusing on coordination for “Amazon situations” and generating leads○ Providing enabling tools, such as streamlined state licensing, pitch packs, special projects team analytical support, and talent acquisition team support○ Focusing on cross-regional enablers like infrastructure projects and business marketing• Rethink the umbrella organization structure to allow more flexibility in re-prioritizing sectors (i.e., Sports Florida and Space Florida may not always be the right focus areas)
3	Invest in giving EFI the tools and flexibility to succeed	<ul style="list-style-type: none">• Explore ways to de-mingle private versus public funds to allow for fewer restrictions on the former• Change tax incentives (e.g., caps on Qualified Target Industry [QTI] refunds) to increase the leaders’ flexibility in structuring deals• Arm EFI with the latest software and technology• Task country and/or commodity specific ‘brokers’ with increasing foreign trade in growth country-commodity combinations (e.g., medical devices to Germany), especially given Miami International Airport’s (MIA’s) recent free-trade zone (FTZ) designation

Public Investment

Grow the pie and maximize ROI

Potential policy options Example initiatives

1

Spur the tax-neutral growth of economic development funding

- Apply new tax analytics technology to close the tax gap
- Implement a new tax enforcement regime for remote sellers given the recent Supreme Court of the United States (SCOTUS) decision (potential additional \$486-758 million in revenue)
- Increase the use of private economic development funding mechanisms (e.g., Florida Growth Fund using less than 50% of authorized investment funding)
- Leverage asset monetization to create new (tax-neutral) sources of economic development funding (e.g., tolls, energy)
- Expand the ‘high average salary tax’ refund beyond the QTI context, and refine the criteria to narrow the priority sectors and use national benchmarking (versus the current local benchmark)
- Repurpose local Tourist and Convention Development taxes being used for non-tourism purposes to economic development
- Increase the use of periodic bond issuances, especially for innovation initiatives (e.g., Ohio Third Frontier’s Pre-Seed, Seed, and Growth Fund Capitalization Programs)

2

Make targeted infrastructure investments to catalyze certain regions and/or sectors

- Invest in statewide virtual infrastructure improvements directly or by partnering and/or incentivizing private projects (e.g., Google Fiber)
- Invest in the necessary infrastructure to expand Brightline connectivity, especially given the potential increase in federal funding for infrastructure and funding from RRIF and bonds; Jacksonville, Tampa, and Gainesville are initial candidates
- Invest in the infrastructure (e.g., roads, water/sewage) needed to increase manufacturing (especially advanced and/or healthcare manufacturing, such as pharmaceuticals and medical devices) in Southwest Florida
- Offer inter vivos cash incentives (from either EDOs or private companies) to older land owners in Southwest Florida in exchange for land inheritance to increase land availability for manufacturing
- Invest in fiber optics for the I-4 corridor
- Leverage EB-5 investments to fund economic development projects; aggressively target the regions with the largest volume and growth in EB-5 investment (e.g., Latin America/Brazil)
- Leverage the Opportunity Zones program to increase private investment in areas that need revitalization

R&D and Innovation

Make innovation thrive

1

Potential policy options

Enable and encourage public and private investment in R&D (research and development) and innovation to ensure sufficient access to capital, and create an environment that fosters and supports organic innovation

Example initiatives

- Leverage the state’s entrepreneurial nature to innovate using R&D and resource sharing, especially in areas with fast growing populations
- Create an innovation fund that leverages project financing, asset-based lending, mezzanine financing, and equity investments to pay for private R&D efforts
- Streamline the current fund qualification by removing restrictions on Florida’s various economic development funds (e.g., Florida Growth Fund, Florida Opportunity Fund); instead of requiring firms to be a Florida company or have an in-state presence, allow participation by companies that can articulate a “Florida strategy” (as Michigan’s Renaissance Venture Capital Fund uses “Michigan strategy” criteria)
- Allow universities to invest their reserves (or require them to invest a specified percentage of reserves) in select private-university partnerships for R&D and innovation; Florida could also allow universities to use reserves to provide venture debt for qualifying R&D or innovation projects
- Increase the available tax breaks for automation uptake, provide grants for investing in data processing technology, and allow angel investor tax credits for information-related startups
- Increase startups’ access to financial and legal services in priority sectors (e.g., provide incentives for firms that do a designated percentage of their pro bono efforts with startups and/or technology sectors)
- Create a linked deposit program through which small business owners can capitalize on existing state banking practices to obtain more favorable financing terms
- Develop innovation clusters in major metro areas based on the current footprint (e.g., innovation centers or corporate parks that relate to a priority sector), and incentivize the development of more clusters like Orlando’s Lake Nona Medical City
- Encourage private-public partnerships that link innovative startups with large companies with related technological needs, like the PULSE@MC incubator for digital health startups

2

Improve the predictability of the regulatory processes related to capital investment

- Clearly define fundamental development and land-use planning and regulatory terms so applicants can determine upfront the standards with which they must comply to secure approvals
- Establish government development and land-use decision timeframes to provide applicants certainty in the process
- Ensure that development and land-use approval processes are predictable and equitable for all applicants by requiring the uniform application of mandatory exactions and contributions
- Adopt a level playing field standard by legislating that development conditions may not be imposed unless the condition has been adopted by local ordinance and is generally applicable to everyone
- Provide clear, easy to understand development and land-use planning policies and regulatory standards that do not use jargon and are specific

Health

Make Florida the world's health capital and the healthiest place to live in the world

	Potential policy options	Example initiatives
1	Incent investment in policies and projects that improve the health of our cities and communities	<ul style="list-style-type: none">• Provide incentive programs that encourage communities to facilitate safe and affordable physical activity opportunities (e.g., expedited permitting for organizations that include active transportation designs into new development; increasing the network of bicycle routes, walking trails and parks)• Emphasize food access and nutrition by increasing or sponsoring efforts such as farmers markets and community garden initiatives• Provide incentives to companies that emphasize employee wellness• Expand and raise awareness of Southwest Florida's Blue Zones Project
2	Create the right human capital and leverage the EDO structure to win at Health	<ul style="list-style-type: none">• Increase the availability of in-state residencies and attract outside talent in high skills healthcare occupations (e.g., Registered Nurses, physicians, surgeons)• Support awareness and training programs to close middle skills gaps (e.g., medical records technicians, radiology technicians)• Provide incentive programs (e.g., scholarships, loan forgiveness) tied to students in healthcare-related majors or certificates who stay in Florida after graduation• Create a Health Florida (analog to Space Florida) EFI umbrella organization to grow into high wage healthcare subsectors, and attract related business (e.g., caregiver services, genetic testing)• Provide targeted site selection aid to businesses looking to relocate pharmaceutical or health manufacturing operations to Florida, such as through a centralized website• Use roadshows, tradeshow, and targeted individual pitches to healthcare and pharmaceutical companies to advertise Florida's manufacturing sector advantages• Target medical device and pharmaceutical companies with global operations given MIA's designation as a FTZ magnet, and co-invest in capital expansions to grow operations in the state (e.g., joint venture or tax incentives for new manufacturing sites within FTZ 281 and/or in Southwest Florida)

3

Establish goals and policies that lead to Florida being recognized as the healthiest place to live in the world

- Provide incentives (e.g., housing rebates, loan reimbursement) for healthcare workers to live and work in medically underserved areas
- Provide incentives to encourage investment in healthcare innovation related to alternative delivery models (e.g., telemedicine, in-home care)
- Invest in targeted marketing campaigns to bring medical tourism from Canada and Europe (for example, offer free flights)

4

Increase R&D and innovation to stimulate technology development

- Incentivize development and growth of healthcare innovation and startups through angel investment tax credits (for example, angel investors in healthcare or a related industry could receive a tax credit of up to 25% of the investment amount), and startup competitions (e.g., PULSE@MC)
- Advance regulatory changes to encourage health tech innovation and development (such as parity law for private insurance coverage of telemedicine, which is already in place for Medicaid)
- Review and pursue innovative policy options (e.g., value-based healthcare), which lowers cost while improving service outcomes

Subsectors by NAICS Code

(North American Industry Classification System)

Healthcare Sector

- 6211 Offices of Physicians
- 6212 Offices of Dentists
- 6213 Offices of Other Health Practitioners
- 6214 Outpatient Care Centers
- 6215 Medical and Diagnostic Laboratories
- 6216 Home Health Care Services
- 6219 Other Ambulatory Health Care Services
- 6221 General Medical and Surgical Hospitals
- 6222 Psychiatric and Substance Abuse Hospitals
- 6223 Specialty (except Psychiatric and Substance Abuse) Hospitals
- 6231 Nursing Care Facilities (Skilled Nursing Facilities)
- 6232 Residential Intellectual and Developmental Disability, Mental Health, and Substance Abuse Facilities
- 6233 Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly
- 6239 Other Residential Care Facilities
- 6241 Individual and Family Services
- 6242 Community Food and Housing, and Emergency and Other Relief Services
- 6243 Vocational Rehabilitation Services
- 6244 Child Day Care Services
- 3254 Pharmaceutical and Medicine Manufacturing
- 3391 Medical Equipment and Supplies Manufacturing

Information Sector

- 5111 Newspaper, Periodical, Book, and Directory Publishers
- 5112 Software Publishers
- 5121 Motion Picture and Video Industries
- 5122 Sound recording industries
- 5151 Radio and Television Broadcasting
- 5152 Cable and Other Subscription Programming
- 5173 Wired and Wireless Telecommunications Carriers
- 5174 Satellite Telecommunications
- 5179 Other Telecommunications
- 5182 Data Processing, Hosting, and Related Services
- 5191 Other Information Services

Professional, Scientific and Technical Services Sector

- 5411 Legal Services
- 5412 Accounting, Tax Preparation, Bookkeeping, and Payroll Services
- 5413 Architectural, Engineering, and Related Services
- 5414 Specialized Design Services
- 5415 Computer Systems Design and Related Services
- 5416 Management, Scientific, and Technical Consulting Services
- 5417 Scientific Research and Development Services
- 5418 Advertising, Public Relations, and Related Services
- 5419 Other Professional, Scientific, and Technical Services

Finance and Insurance Sector

- 5211 Monetary Authorities-Central Bank
- 5221 Depository Credit Intermediation
- 5222 Nondepository Credit Intermediation
- 5223 Activities Related to Credit Intermediation
- 5231 Activities Related to Credit Intermediation
- 5232 Securities and Commodity Exchanges
- 5239 Other Financial Investment Activities
- 5241 Insurance Carriers
- 5242 Agencies, Brokerages, and Other Insurance Related Activities
- 5251 Insurance and Employee Benefit Funds
- 5259 Other Investment Pools and Funds

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