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State Economic Development Institutional Structure and Governance:

The Case of Florida and Pennsylvania

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Advising

This project was advised by Professor Edward Feser, however, Rosa (Hyun Kyong) Lee is solely responsible for its content and the final product.

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Executive Summary

This research paper investigated how different states are structured for their economic development systems. There are several common institutional approaches for the main economic development agency to organize themselves. This paper suggests a framework to comprehend such common institutional approaches. This research documents in particular two states' organizational and political approaches to economic development: Pennsylvania and Florida.

The model of a state-led agency without a board can be relatively vulnerable to political change. In terms of program flexibility, the model show little flexibility when facing a changing economic environment. However, this model ensures a relatively stable stream of funding and political checks and balances.

The model of public-private partnerships allows flexible management in terms of program operation and robustness to political cycle. However, political autonomy could mean that the key practitioners have less access to the decision makers in the state.

Different organizational structures evolve as they are continually tested. Economic development institutions need to adjust to economic trends and technological advances. Success will depend upon how economic development system are led, legitimized, resourced, managed, and evaluated. It is a daunting task to discover the advantages and disadvantages of different types of economic development system. However, the reader will find out the classification is only a starting point. A good understanding of governance structures and different models must be part of creating effective policy and programs.

This research paper does not suggest any categorical proposition, such as. "Your state should emulate … because this type of organizational structure has benefit of… by doing the following..." No such global recommendation has been made because every state has a different economic development system. Instead, this project poses more questions for readers: What are the critical contingencies that determine the state's economic development? How should these contingencies be taken into account when designing the main economic apparatus?

Further research is needed to discover whether the suggested institutional framework allows for a more meaningful analysis of governance. This groundwork could assist economic development practitioners and state government officials when they initiate further studies regarding the link between different types of organizational structure and policy implications. Without an effective framework, however, the link cannot be understood holistically.

1. Introduction

1.1 Background

How should state governments be led, legitimized, and resourced to support economic growth? Every state within the United States has at least one major economic development organization. However, the subject of how these different agencies organize themselves to support job creation, income growth, and poverty alleviation remains largely unexplored.

Since every state has a different cultural environment, political history, and set of natural resources, the government apparatus of each state is also different. In order to analyze economic development system at state level, it is necessary to examine 50 different types? I do not believe we do. If we utilize an epistemological tool for evaluating their characteristics, we can understand how states pursue their economic development by examining only a small number of basic types. The key framework for this project is the main economic agency and governance reflected in decision making-process.

Governance has been considered an important vehicle to build a capacity of government and inter-agency collaboration. In the academic world, the notion that subtle variations in institutional structure can make a significant difference is widely accepted. Governance has been a seen as a crucial factor for economic growth, especially in the realm of international political economy. However, in the policy world, the importance of subtle variation in institutional structure has been very slow to gain acceptance (Acemoglu, North, Fukuyama, Rodrik, 2008).

Especially in the United States, there has been very little research about how governance is related to the operation of economic development agencies. Governance might play a crucial role in the relationship between institutional structure and policy outcome. Furthermore, the state economic system is not static. The system is constantly changing, whether the changes are recognized it or not. For example, in 2007, New Jersey established the Office of Economic Growth (OEG) as a permanent part of the executive branch in order to coordinate the state's economic development efforts across all sectors and departments. In 2005, Utah's former Department of Community and Economic Development was divided into the two separate agencies: 1) Governor's Office of Economic Development and 2) Department of Community and Culture. Indiana officially established the Indiana Economic Development Corporation (IEDC) in 2005 to replace the former Department of Commerce. As a public-private partnership governed by board, the state's officials expected the new organization to respond quickly to the needs of businesses. Other than the difference of name, what is the essence of the structural re-organization? The economic system of each state changes constantly in order to respond the changing economic environment. However, this changing nature has not been understood within an effective theoretical framework, primarily because it has been considered as individual state matter.

While much research has been devoted to the tools of economic development, the subject of institutional structure and governance has been largely neglected. Isserman's work (1994) on State Economic Development Policy grouped states' effort for economic growth into three distinct orientations (Isserman, 1994). The strategies include: 1) chasing and acquisition, which focuses on bringing new businesses into the state; 2) self-improvement, which focuses on helping businesses and people; and 3) knowledge and process, which focuses on doing things better. State enterprise zone and business incentive programs have been popular topics for discussion among decision makers. However, this strategy-oriented research probably reveals very little about the overall pattern of state's economic development efforts.

The process of identifying economic development structure of states involves multiple observations for different organization in different sectors. Knowing the nature of their relationship will enable economic development practitioners to recognize how they can utilize their resources and time efficiently, and further leverage the power they have available. McQuaid emphasizes the importance of understanding of organizational structure and its network (McQuaid, 2000).

> Indeed, in order to fully understand the behavior and policies of organizations involved in economic development and regeneration it is necessary to consider the nature of their relationships with networks of and partnerships between other actors, including the flows of resources, power, and information within these networks. (Macquaid, 2000)

However, what do we know about states' economic development structure? How are the various states qualitatively different from each other?

1.2 Purpose, Goals and Significance

The goal of this project is to characterize the different economic development decision-making structures of the 50 states within the United States. The purpose is to discover how states are structured to pursue economic development through their main economic agency, and to discover whether there are a few general models of institutional structure. Classification of different types will be introduced in order to help readers understand the range of decision-making models in the state level economic development organization. Policymakers or politicians might receive a better understanding of how they might better organize governance for their own state.

At this point, it would be premature to state what the best organizational model is, or to suggest a single ideal model for every state. There may be no single optimal model which will cause economic development to accelerate in every case. In addition, attempting to follow alternative models without considering local political and historical contexts may stifle innovative approaches to a state's problems – problems which may originate directly from the unique local conditions of a particular state. However, choosing the right model for each state is crucial in order to achieve efficiency and accountability of each state's economic development agency. This project offers a general classification scheme that attempts to capture the overall essence of the practice and lead to a better understanding for future research.

The central research question is this: Can we create an effective framework for understanding state economic development efforts? Investigating the different types of institutions and discovering the rationale for why various states adopt the specific models they do will help answer the research question. Using this research question as a general guide the study explores fundamental questions about institutional structure and governance. These questions include:

- How does a state describe their economic development effort?
- Based on published material, how are the efforts of the 50 different states structured? What are the fundamental differences?
- What can be a plausible category?
- Do some models tend to produce only some kinds of policies?

To conclude, classifying a few models of organizational structure and evaluating their potential advantages and disadvantages is the main objective of this project. Two case studies will satisfy the reader (policymakers or politicians) seeking in-depth knowledge about why some states choose the organizational structure they do.

This project only deals with the main agencies that are responsible economic development at the state level. Due to the considerable variation at local levels, economic development agencies at the level of city and county organizations will not be included. Also, the organizational structure of economic development department at federal level—Economic Department Administration (EDA)—will not be included within of the scope of this project. The classification is based on the assumption that every state has at least one main lead agency for economic development.

This project will lay the groundwork for future research about the role of governance within economic development organizations at the state level. This project will help the reader understand the relevant distinctions among similar concepts, including new types of organizations for economic development which cannot be classified using the sharp distinction between the public and private sector. Numerous types of "hybrid" organizations exist. For example, the economic development agencies of some states are presently established as a public corporation (Michigan), others use what is referred to as a state authority (Virginia) and some are set up as a public-private partnership (Florida). The existence of these types of organizations indicates that some aspects of the economic development function are transferred to or cooperating with private sector. Such economic development agencies in state government often discover it is easier for them to work as a private entity, or at least as some hybrid of public sector and private sector entities. Considering that no other departments within state governments ordinarily choose to be organized in such unconventional forms, it is possible such a merger of the public and private sector *might* turn out be a key factor in the successful pursuit of economic development. However, it would be premature to draw any conclusions on merits of these organizational types without investigating the subject in detail.

Another potential significance of this research is related to the economic cycle. During a period of economic expansion, organizational forms are seldom challenged or questioned. This is because their structures, programs and funding activities are assumed to be working effectively. However, in times of deep economic downturn and budget deficits, the presumption the system is operating optimally is no longer taken for granted. At such times, many questions are asked, challenges are raised, and organizations are frequently subjected to pressure to reform and improve performance. The degree of flexibility within each agency and the speed with which the agency makes decisions and allocates important financial resources is a crucial matter. Worldwide economic change and technological advancement demands institutional changes as well.

This research concerns very practical questions about what forms of governance will best serve different populations and changing economic patterns. Are there any good recipes for effective institutional challenges? If there are, it would serve the interests of the general public to discover what the best models are. However, if there are not currently any effective and successful models in existence now, there needs to be some exploration and investigation about how more successful models might be created. Some people might argue it is economic development strategy that matters most However, at this point, the role of governance is still a largely unexplored topic in the literature of economic development. The significance of this research lies in building the groundwork for the next steps.[1]

1.3 Methodology

The first step in conducting this project was gathering basic information about the lead economic development agencies in each state. Information available on the web can be a preliminary source of what each state claims for themselves. The websites of most state provide information regarding their organizational history and structure of the relevant agency. The classification is based on the information from either state's official website or organization's statue.

In order to obtain a deeper understanding beyond the superficial information available on the web, a case study method will be used. The typologies developed from internet-based research will be supported by case study method. The case study of the two states will include interviews with key personnel from different sectors. The candidates for interview will be drawn not only from the lead agency. Candidates from other institutions, including research institutions and non-governmental organizations, were selected as well. In-depth interviews with five key personnel were conducted, but, due to confidentiality concerns, their names and title will not be disclosed. The case study protocol (See Appendix 3) which describes the procedures in detail is attached at the end of the document.

Every state has different organizational structures for its economic development agency. The challenge for each is how to create effective and accountable institutions to meet the economic development goals based upon their local resources. This research hopes to provide

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[1] This project is part of larger project by Professor Edward Feser intended to investigate the relationship between governance and policy outcome.

state policymakers with more practical lessons for their states by performing an in-depth examination about the methods and procedures of other states.

1.4 Organization of the Report

Chapter two describes the economic development agencies of various different states, and introduces a plausible classification scheme. Since every state has a different focus and structure, an effective framework for cross-comparison is needed. This section will provide the criteria for grouping these agencies into three different types. This will be done in order to illustrate the fundamental differences in terms of how the various programs are structured. Based on organizational type and decision-making processes, the classification will be demonstrated to be a feasible framework with which to examine different economic systems.

Chapter three provides case analysis comparing the two different types of the classification and describing how an economic development system in those two states differs from each other. The two states examined are Pennsylvania and Florida. The basic background and history in the two states will be described, followed by a description of their governance and inter-agency relationships. Following this, their programs and expenditures will be evaluated. Afterwards, the flexibility within the organizations and the employment system of each state will be introduced. The chapter 3 will also evaluate the major strengths and weakness of the two different models.

Chapter four is the conclusion, and describes how this classification scheme can be a valuable framework for economic development practitioners and decision makers. This chapter will show how the evidence reported in this case study supports the initial claim of the author that variations in governance and institutional structure do have important practical consequences. Possible applications and future research topics will be also addressed.

2. The Classification

Most of the states have a main agency which takes charge of economic development activity (See Appendix1). The main economic development agency is defined as the institutions that implements most of the economic development programs at the state level, whether they have the decisive power within the agency or not. Although this agency may not have authority for generating new policy and allocating resources,[2] as long as it is in charge of implementing programs, it may nevertheless still be the main economic development agency within the state. Although their functional focus, such as attracting firms or supporting technology industry, may be different, depending on state's priority and roles, such agencies are responsible for promoting the economic development for the state. Depending on their focus, these agencies may have different names, such as "Department of Commerce" or "Department of Economic Development." Sometimes, the economic development function is blended with community development, housing, tourism, employment, and/or business (See Table 1). The table displayed below shows some different names of main state economic development agencies, and examples of some of the other functions with which they are sometimes blended.

Table 1 The naming of the lead economic development agency in U.S.A

Department of Commerce	Department of Economic Development	Blended within Community Development/Housing/Commerce/ Tourism/ Employment/ Business
Arizona	Arkansas, Colorado	Alaska
Idaho	Delaware, Georgia, Iowa	Connecticut
Kansas	Indiana* (partnership)	Hawaii
North Carolina	Kentucky, Louisiana	Illinois
North Dakota	Michigan* (public corp.)	Massachusetts
Oklahoma	Missouri, Mississippi	Maryland
South Carolina	Montana, Nebraska	Maine
Washington	New Jersey, New Mexico	Minnesota

[2] The Economic Development Administration (EDA) provides the link for "State Economic Development Agencies" (http://www.eda.gov/Resources/StateEconomicDevelopment.xml However, it only includes the public sector, and it sometimes gives wrong links to the users. Therefore, the author had to visit every state's main agency for economic development. The website for every state ED agency can be found in the Appendix.

Wisconsin	Nevada, New York, Ohio, Rhode Island(quasi-public agency), South Dakota, Utah, Virginia, Vermont, West Virginia	New Hampshire Oregon Tennessee Texas Wyoming

The stated purpose varies from state to state. It usually claims to serve the state residents by creating more jobs, attracting business, and therefore facilitating economic growth. Regardless of the name, the lead economic development agency often claims to have a mission to enhance the quality of life and raise the standard of living for the state residents by promoting economic opportunity.

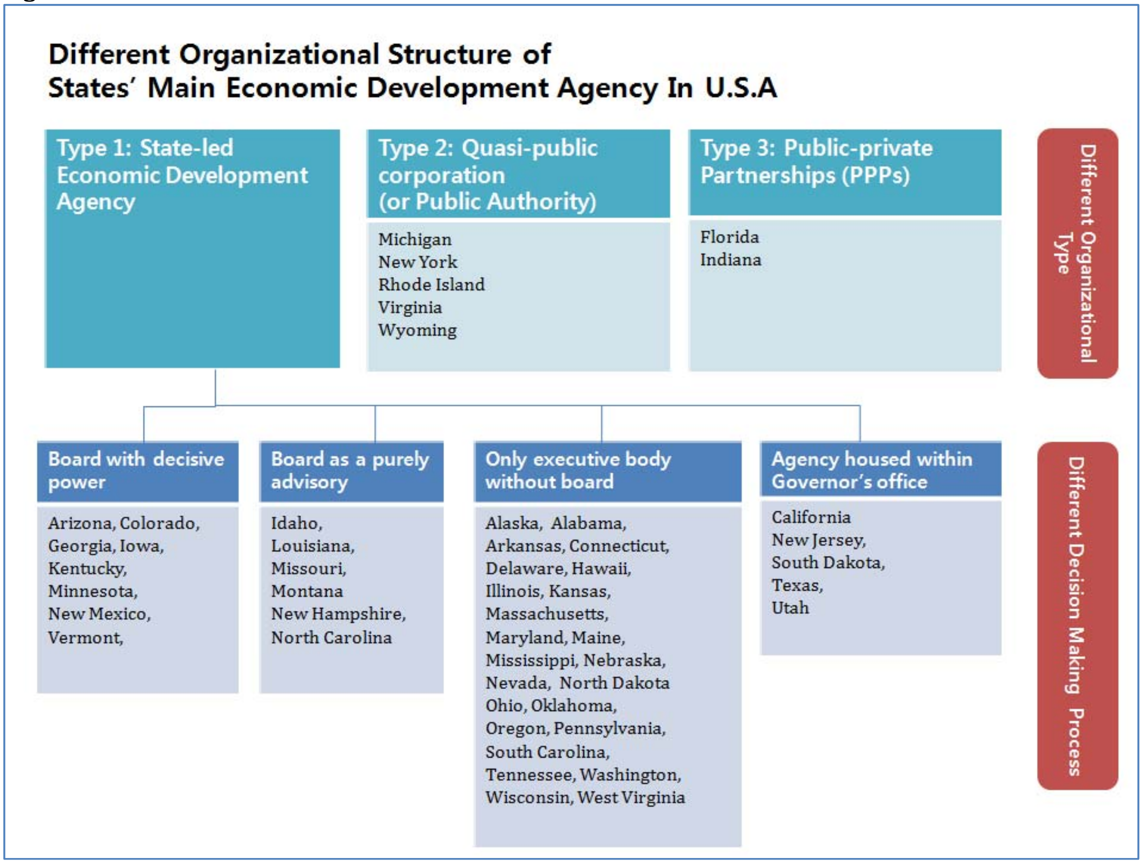
Most ED agencies perform these functions:

- Business attraction, retention, and extension
- State incentive and grant for business
- International trade and investment
- Small business services
- Entrepreneur development
- Planning and mobilizing state's resources for economic development
- Research and dissemination of state economic development information
- Key industry/ workforce/ community development

Economic development agencies can be divided into three groups based on their organization type. Specifically, the category can be differentiated depending on whether the main ED organization belongs to the public or private sector. The three types are: 1) state-led organization, 2) quasi-public agency (including quasi-private corporation), and 3) public-private partnership. Most of the lead ED agencies fall under the realm of state-led organization, which belongs to public sector. The ED organization of five states, including Michigan, New York, Rhode Island, Virginia, and Wyoming, are classified as a quasi-public agency. The ED agencies of at least two states, including Florida and Indiana, are classified as a private-public partnership

(See Figure 1).

Figure 1



There are 42 states whose main ED organizations can be classified as state-led organizational structures, however, this need to be scrutinized more closely because there are additional variations even within this general type. Under state-led ED agencies, four sub-types can be differentiated according to different processes of decision-making within the organization. The four sub-types are: 1) agencies with a board (or commission) with decisive power; 2) agencies with boards having a purely advisory function; 3) agencies without a board as an executive body; and 4) ED agencies housed within the governor's office. Eight states, including Iowa and Georgia, fall under the sub-type 1 category. Missouri, Montana, and New Hampshire are of sub-type 2. Twenty-four states fall under the sub-type 3). Five states have an ED agency of type four (California, New Jersey, South Dakota, Texas, and Utah).

2.1 Type 1: State-led Economic Development Agencies

2.1.1 Agencies with Boards or Commission with Decisive Power

Corresponding States
Arizona, Colorado, Georgia, Iowa, Kentucky, Minnesota, New Mexico, Vermont

In this first type of system, the state ED agency has a board or commission within the organization. The role of this agency varies across the states. Some boards or commissions are purely advisory, but others have more decisive power.[3] Even if the members within the board are usually appointed by the governor, the board's power is not limited by the governor in terms of their decision-making process. For example, the *Kentucky Economic Development Partnership Board (KEDPB)* has the authority to approve or reject the budget request presented by the governor and has the responsibility for hiring the cabinet secretary.[4]

Even if the main ED agency is vested in the public sector, the members of the board might not be limited in the public sector. The KEDPB is an example of an agency which contains a mix of member drawn from both the private sector and the public sector. The private sector members represent state's congressional districts and different sectors of its economy.[5] A state economic development agency of this type can show the following characteristics.

Features

The following are general features of economic development agencies that operate with boards or commissions with decision making or budgetary authority.

- Sometimes, the board or commission is an independent body consisting of members who are appointed by public officials (e.g. Arizona)

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[3] In this paper, the 'decisive power' means the board's ability to allocate resource, including major funding allocation and human resources. In this case, the board also might have a voting power over various issues. The board also might have a voting power over various issues.
[4] The Kentucky Legislature Home Page, 154.10-010 Kentucky Economic Development Partnership http://www.lrc.ky.gov/
[5] Cabinet for Economic Development (CED) http://www.thinkkentucky.com/

- The role of the board or commission includes developing policies, making recommendations to public officials. The authority of the board or commission can be extended to direct and oversee the lead ED agency (e.g. Kentucky).
- Programs are administered by the primary state agency, but strategic direction might come from the boards or commission.
- The board might direct economic programs effectively by allocating necessary funding or resources in time.
- It might bring more people into the decision-making process, which may lead to economic development policies that involve more stakeholders.

2.1.2 Agencies with Advisory Boards

Corresponding State
Idaho, Louisiana, Missouri, Montana, New Hampshire, North Carolina

This type of state primary ED agencies may have a board with an advisory function only. In this case, the agency could have more than one board that is related to many other subjects. For example, within the *Department of Employment and Economic Development (DEED)* in Minnesota, there are eight different boards. The economic development board is just one of them[6]. Unlike a board with decisive power, the advisory boards often take responsibility for recommending economic development policy.

As providing guidance to the governor or the lead ED agency, the advisory board might remain as a place of convergence, a forum in which members from different economic sectors gather. For example, the *North Carolina Economic Development Board* is composed of government officials as well as citizens representing non-profits, ED organizations, and private

[6]http://www.positivelyminnesota.com/About_Us/Who_We_Are/What_Guides_our_Work/Councils_Boards.aspx

industry.[7] The details about difference between sub-types require future research.

Features

The following are general features of economic development agencies that operate with boards or commissions with purely advisory functions.

- The board can advise on policy applications for state ED programs, such as enterprise zones, policies about tax exemption, etc.
- The board can recommend economic development policies and develop a strategic economic development plan.
- The board can recommend biennial and annual appropriations for economic development programs.

2.1.3 Only Executive Agencies without Boards

Corresponding States
Alaska, Alabama, Arkansas, Connecticut, Delaware, Hawaii, Illinois, Kansas, [8] **Massachusetts, Maryland, Maine, Mississippi, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Washington, Wisconsin, West Virginia**

For this third type, the main state ED agency may have no board. In this case, the lead agency functions simply as an executive body. The governor could task the executive body with

[7] http://www.nccommerce.com/en/AboutDOC/CommerceBoardsCommissions/NorthCarolinaEconomicDevelopmentBoard/

[8] Kansas has both a state-owned corporation and a public-private partnership in addition to the main ED agency: the *Department of Commerce. Kansas Technology Enterprise Corporation (KTEC)* was established to promote advanced technology-based economic development as a public corporation. In contrast, Kansas*, Inc.* was designed to be a public-private partnership - an independent and non-partisan agency.
Since both agencies are not technically part of the state government per se, they each have an independent board directing the organization. The board of directors for both organizations does not only include the secretary of *Department of Commerce*. It also includes top-positioned government officials from different agencies, and representatives from the private sector.
Kansas, Inc. conducts ED research and analysis, and it also conducts a privately funded research program. Some of their annually-updated reports are mandated by Kansas law while others have been undertaken voluntarily. This partnership-based organization not only conducts strategic planning but also conducts an evaluation of the Department of Commerce.

the mission of promoting economic growth. However, this does not necessarily mean that the executive entity is the only organization devoted to economic development efforts. The state could have other mechanisms, such as a “public-private partnership,” or “public corporation.”For example, Alaska’s main economic development executive body is the Department of Commerce, Community, and Economic Development. However, Alaska also has a public corporation: *Alaska Industrial Development and Export Authority (AIDEA).*[9] The AIDEA is a state corporation, constituting a political subdivision under the laws of the State. The AIDEA’s major role is to finance Alaskan businesses, and is distinct from the main ED agency’s executive function.

In case of Hawaii, the *Department of Business, Economic Development & Tourism (DBEDT)* is the lead economic development agency. However, Hawaii also has a public corporation: *Hawaii Strategic Development Corporation (HSDC).*[10] The HSDC is created to promote economic development and diversification in conjunction with private enterprises in Hawaii. Another example is Pennsylvania. Pennsylvania’s main economic development agency is the *Department of Community and Economic Development*. Yet, the state is also utilizing the form of public-private partnership: *Team Pennsylvania Foundation*. The case study of Pennsylvania case will be introduced in the later section.

Similar to these examples, this type of ED system might manifest itself as yet another type of economic development organization as a supplemental mechanism. By doing so, it could diversify the resources in the state and engage more practitioners in field of development.

Features

The following are general features of economic development agencies that operate as an executive entity without any boards or commissions.

- It might work closely with the governor’s office in order to implement the state’s vision for economic development. Sometimes, it reveals governor’s vision explicitly, and

[9] http://www.aidea.org/
[10] http://hsdc-hawaii.org/default.aspx

governor's strategy is emphasized. (e.g. Arkansas, Maine)

- When the lead agency does not have another supplementary organization (public corporation or public-private partnership), the agency might become the primary point of contact for business and ED groups.
- This arrangement could maintain stable delivery of economic development programs while freed from the burden of policy making.
- While remaining the central contact point for the execution of economic development effort, it could use other types of supplemental mechanism according to their needs.
- As an executive body, the organization might not have as much decision-making flexibility as a public corporation or a public-private partnership. It usually has the set-aside budget and programs and needs to follow state's requirement to pass any important decision.
- In case the lead agency does not utilize other types of economic development mechanisms, the executive body might be limited in terms of utilization of resources and diverse network of ED groups.

2.1.4 Agencies Housed within the Governor's Office

Corresponding States
California, New Jersey, South Dakota, Texas, Utah

Although many states' main ED agency is an executive entity without board that often represents the governor's vision for the state, few states have their main economic development agency directly under the direction of the governor's office. Often, the governor's office is one of the most important players regarding incentives and grants in the state. Therefore, economic development officials are more likely to contact important policy makers or governor by locating themselves within the center of decision making.

Organizational efficiency might be the main rationale for this organizational type. For example, Texas used to have a separate body for economic development whose members were appointed by governor. However, 10 years ago, for reasons of cost efficiency and organizational efficiency,[11] they decided to bring the economic activity into the governor's office.

This type of ED agency might take more of a "top-down" approach in terms of policy making by representing and seeking to enforce the governor's vision. However, the lead agency might not be the only important player in the state's policy. The state taxation authority might be a more important player. For example, the "Texas Comptroller's office" is another crucial player in Texas' economic development. Their decisions regarding taxation affect the Texas economy more than does the policies established by the Office of Economic Development and Tourism.. Therefore, a top-down approach should not be understood as meaning a single centralized agency is ever able to have total control of the state economy, for the economy of any state is always influenced by very complicated dynamics and numerous players with diverse agendas.

Features

The following are general features of economic development agencies that housed within the governor's office.

- An ED agency housed within the governor's office might oversee the development and implementation of comprehensive strategy for economic development (e.g. New Jersey)
- The executive branch might emphasize governor's leadership, rather than the lead agency's leadership. For example, the strategic plan for New Jersey—Economic Growth Strategy 2007—expressed that "leadership from the governor" is one of the principles they follow.[12]

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[11] The information about the economic system in Texas comes from the interview with the officials in the main economic development agency.
[12] Economic Growth Strategy for the State of New Jersey 2007
http://www.state.nj.us/njbusiness/forms/egs_final.pdf

- The lead ED agency might work with a council which consists of members from private sector. The council provides advice and feedback, not only to the Governor, but also to the main development organization. (e.g. New Jersey).
- The office might focus on providing business resources for recruitment, retention, and expansion. (e.g. Texas & Utah).
- The lead organization might enjoy cost efficiency and organizational efficiency.
- Chief staffs can form close relationships with the main decision-makers, so they are likely to be well aware of organizational limitations as well as duties.
- As a part of the governor's office, the leader has a personal stake in its success. The organization is likely to maximize its resources within the political cycle.
- Since the agency is housed within the governor's office, they might lack staff capacity when they try to achieve state-wide impact.

2.2 Type 2: Quasi-public agency (or Quasi-private Corporation)

Corresponding States
Michigan, New York, The Rhode Island, Virginia, Wyoming

Currently, there are five states that utilize a quasi-public agency as their main economic development organization. This type of organization is included in grey area between the public sector and the private sector. The agencies might use different names to indicate their organizational type (See Table 2).

The different naming sometimes causes confusion about the nature of these agencies. One common characteristic is they are operated as an independent organization. The ED agencies might operate under a congressional charter, but not be treated as if they were a part of the government. Also, employees in the quasi-public corporations do not consider themselves to be government employees.

Table 2 Different organizational label for the type 2

State	Organizational label
Michigan	Public Corporation
New York	Public Authority (Quasi-private corporations)
Rode Island	Quasi-public Agency
Virginia	State Authority

Quasi-public or quasi-private organizations, generally with boards appointed by elected officials, might be exempt from some regulations. For example, the agency may be able to take on their own debts, and thereby allow the state to bypass legal limits on state debt. In this manner, a quasi-public organization can do more than what a purely public sector organization might be able to do. This allows quasi-public or quasi-private agency to make potentially risky capital and infrastructure investments without involving the credit of the state government.

Since a quasi-public agency is not considered to be a government entity, it usually has an independent board that governs the agency. In case of Michigan, *the Michigan Economic Development Corporation* (MEDC) is a public body corporate and a separate legal entity.[13] It was created by the execution of an inter-local agreement between the Michigan Strategic Fund and various public agencies. Within the agency, the MEDC has four different boards and one executive committee. MEDC board is a private sector board of directors comprised of business people, local economic developers and educators. Each board has the capability to authorize incentives for their own programs while the executive committee sets the strategic direction of the corporation. The independent board governs the quasi-public authority.

One reason for adopting a quasi-public agency might be a coordination of the state's economic development programs. One example is the case of Michigan. Michigan uses a quasi-public corporation as its main economic development agency. The Michigan Economic Development Corporation was formed in 1999, and is the successor to the Michigan Jobs Commission, the state's previous economic development department. The by-laws of MEDC

[13] The information regarding the Michigan Economic Development Corporation comes from Third Restated and Amended By-laws of the MEDC.

states the purpose of the Corporation is "*the joint exercise of shared power, privilege or authority or the parties to perform successful, effective and efficient economic development programs*." The rationale behind the shared powers includes the coordination of complimentary state and local economic development programs and functions of both the parties and other public agencies.

Another reason might be the business-like environment. While providing similar functions as the other types of organizations, a quasi-public corporation can employ a more business-friendly approach. The quasi-public corporation probably encourages and solicits private sector involvement and funding for projects. Furthermore, quasi-public or quasi-private agency might try to solve the problem of bureaucracy. By adopting a more private-like approach to the running of the organization, this type of organizational design might improve the responsiveness and eliminate the problems of bureaucracy.

Another rationale for using a quasi-public agency is related to the explicit authority that is devoted to economic development policy. New York's history of economic development organization is a prime example of this rationale. Empire State Development (ESD) originated from two separate organizations: The Division of Commerce (established in 1941), and the Urban Development Corporation, created in 1968.[14] The Division of Commerce was replaced in 1944 by the Department of Commerce. Major reform happened again in 1987 when a new state's act created the Department of Economic Development (DED),[15] which gives explicit authority to the commissioner to create economic related policy and coordinate state activities.

Also, the former New York State Urban Development Corporation (UDC) is another example of such explicit authority. The corporation also has ability to execute complex financial transactions and coordinate public and private resources. The major difference between this corporation and other government entities was that it could exercise powers to obtain federal

[14] For his section, the information has been drawn from *2009 Empire State Development Red Book Listing*, which is available upon request.

[15] The Omnibus Economic Development Act, August 31, 1987. The law stressed the delivery of services at the regional level and the integration of services among the state's economic development-related agencies.

subsidies and grants for projects. With the grants and subsidies, the corporation could invest in real estate at below-market interest rates in a manner similar to that of an individual development agency. Although, in an effort to reduce the size of government and improve efficiency, UDC was not consolidated with DED, its function is a good example of what a quasi-public corporation can look like.

A quasi-public agency might offer direct financial products that lower the overall cost and accessibility of capital. It seems that such management generates more flexibility in terms of resource allocation within the agency. This type of organization might offer grants or loans to businesses, including tax incentives. Like any other types of organization, it offers advice and services in area as diverse as international trade, entrepreneurial assistance and job training.

In addition to the basic functions of a main economic development agency, a quasi-public agency can perform more private sector-like activity, including investing and the leasing of property. For instance, New York's Empire State Development can take title to real property, and, at least in some cases, simultaneously lease it back to a developer. The agency's intention is to receive a real estate tax exemption, which permits the developer and the municipality the freedom to negotiate a payment instead of taxes agreement custom-tailored to the specific project. With this scheme, the developer can purchase construction materials on a tax-free basis if the title transfer occurs prior to construction. The New York State's ESD is the prime example of what quasi-private agency can do to promote economic development.

At least superficially, the rationale behind the "shared power" of a quasi-public agency does not differ from the motivation for public-private partnerships (PPPs). In order to compare the core difference between the two types, a more rigorous case study is needed. However, there is a unique difference between the two types. While quasi-public agencies can implement a more aggressive economic development policy, (such as direct investment in real estate), public-private partnerships (PPPs) do not seem to engage in such aggressive economic development policies.

The cases of Florida and Michigan can be exemplary of the PPPs and Quasi-public agencies, respectively. While Florida's *Enterprise, Inc.* does not have the right to authorize any tax incentives to protect the agency from political pressure, the board within Michigan's MEDC has a responsibility to approve and authorize incentive policy. For example, the Michigan Economic Growth Authority (MEGA) Board within the MEDC can approve tax credit for Brownfield redevelopment, high-tech and rural economic growth. The board can also authorize Brownfield Tax Increment Financing. This is the difference between the two examples, and this fact cannot be generalized until more case studies are done for this project. On the one hand, both are public agencies whose funds are mostly provided by state appropriation and bond proceeds. On the other hand, they are both private agencies that make a bold investment or actions in order to achieve the development goals.

In summary, some states choose quasi-public or quasi-private agencies as their main economic development agency in order to achieve better coordination of state's program and to have a more aggressive economic development policy. This type of economic development organization is operated as an independent body, and is not considered to be a government branch.

Features

The following are general features of economic development agencies that operate as quasi-public or quasi-private organization.

- Quasi-public agencies are not considered to be part of the government, remaining separate entities.
- A quasi-public agency can be funded primarily through appropriation from State General Assembly (e.g. Rhode Island).
- Sometimes, returns from its own investments—not state money—might support operations and new funding programs in the state.
- A quasi-public organization might have a board of directors which has the power to

allocate resources and make and funding decisions.

- Some states mandate that this type of economic development agency needs to provide, upon request, centralized administration of local economic development programs. (e.g. Michigan)
- The quasi-public or quasi-private corporation might have explicit authority to create the state's economic development policy (e.g. New York).
- The organization can execute more complex financial transactions than most typical government organizations (e.g. New York).
- Sometimes, quasi-public agencies provide strategic capital to support special industries, such as energy, bio-technology, etc.
- For the purposes of economic development, the organization can invest in more risky capital or infrastructure, which potentially generates higher return on investment.
- Quasi-public agencies can work closely with individual companies.
- The quasi-public organization can coordinate public and private resources more effectively.
- The independent status might allow the organization to avoid the oversight and reporting regulations which normally apply to government entities.

2.3 Type 3: Public-private Partnership

Corresponding States
Florida, Indiana

Public-private partnerships (PPPs) are an increasingly used as the delivery mechanism for public policies and services throughout the world. Two states have been identified as utilizing PPPs as the main economic development mechanism in the United States. Internationally, the 1990s has seen the establishment of public-private partnerships (PPPs) as a key tool of public policy in the world (Osborne, 2000). Osborne points out that PPPs have been seen not only as a cost-efficient and effective mechanism for implementation of public policy, but also as bringing significant benefits in terms of developing socially inclusive communities. Although the application for economic development agencies might be different in various contexts, PPPs could be an alternative model for organizational structure.

The term "public-private partnerships" covers a wide range of diverse organizational structures and practices. Presented below are different definitions of partnerships in terms of an economic development perspective.

- A scheme with involvement or funding from more than one agency (Sellgren, 1990).
- A means of cooperation between people or organizations in the public or private sector for mutual benefit (Holland, 1984).
- Any action which relies on the agreement of actors in the public and private sectors and which also contributes in some way to improving the urban economy and the quality of life (Harding, 1990).
- A means of cooperation between actors where they agree to work together towards a specified economic-development objective (Bennett and Krebs, 1994).
- If a partnership is described as "exogenous," it may be seen as a strategic, formal, national partnership involving public, "third" and private sectors and operating through a "stand-alone" executive (McQuaid, 2000).
- Partnership configuration as a "contracting regime" in which public and private agencies are involved in a mutually dependent but not equal relationship (Smith and Lipsky, 1993).

The rationale behind the formation of partnerships is diverse. McQuaid laid out some of the reasons why organizations form a partnership with different actors in economic development field (McQuaid, 2000):

- To gain extra resources for an area, project or organization.

- To release synergy through collaboration and joining various types of resources.
- To transform one or more partner organization.
- To improve effectiveness or efficiency.
- To manipulate one of the partners to supporting your activities.
- To overcome local opposition.

In this type of organization, government primarily designs the lead organization in order to achieve better coordination. Specifically, partnership can be formed:

- To establish common supervision.
- To share common resources more efficiently.
- To develop common performance measures.
- To facilitate mutual adjustment.
- To manage interdependencies among activities.

The nature of public-private partnership varies even if states choose PPPs as their main development scheme. PPPs are diverse in terms of theoretical models and the different partners which can be involved in PPPs (Osborne, 2000). Different types of organization and the level of commitment from each participant may result in different forms of partnership. Furthermore, the nature of partnerships is continually changing due to changing global economic patterns, government funding and changing economic structure (Weaver and Dennert, 1987). McQuaid devotes special attention to the changing nature of state-private sector relationships (McQuaid, 2000). He argues that the partnerships may, in some cases, be the result of, but in other cases, the cause of, such changing relationships.

This changing nature could be a challenge for policy makers, perhaps discouraging them from choosing PPPs as the principal apparatus for economic development. Although the definition is complex and multifaceted, the essence of partnership can be found. According to McQuaid, "An agreed strategy; the long-time scale; and agreed contributions of resources to the process" is often said to the essential elements (McQuaid, 2000)

Moulton and Anheier observe that PPPs generally take the form of purchase-of-services contracts in the U.S.A. According to their viewpoint, PPPs are organized by government entities through buying services from non-profit contracting agencies (Moulton and Anheier, 2002). This "contracting regime" brings public and private agencies together, and makes a mutually dependent but not equal relationship. McQuaid points out partnerships are moving towards "a legal basis with formal contracts binding partners to specific inputs and actions (McQuaid, 2000)." Florida has established its economic development organization as a PPP based on this legal basis. The case study in next section will illustrate how Florida pursues economic development.

Features

The following are general features of economic development agencies that adopt public-private partnership.

- Partnership might operate like a business, serving as the lead economic development agency. In this case, the partnership incorporates all state entities with economic development responsibilities into one organizational structure (e.g. Indiana Economic Development Corporation).
- Partnership might function as a research entity, not serving as a main economic development agency. In this case, the corresponding agency might develop a strategic plan for economic development and conduct evaluation for an economic development program. (e.g. Kansas, Inc.)
- A partnership could be created by the legislature as an independent, objective, and non-partisan agency.
- The agency might be able to focus exclusively on economic development, and it might respond quickly to the needs of businesses.
- Partnership can bring wide range of participants, ranging from the community to the private sector, local government, national-government departments and quasi-

autonomous non-governmental organizations (McQuaid, 2000).

- Each partner can gain the benefits from cooperation while still retaining their autonomy (McQuaid, 2000).
- Partnerships may increase the scale of available resources (McQuaid, 2000).
- Partnership may bring different types of resources, such as information and expertise not otherwise available in an organization (McQuaid, 2000). This may include legislative power, land, finance, knowledge, alternative perspectives on the issues, and contacts from different participants or the private sector (McQuaid, 2000).
- Partnerships can allow greater legitimacy for their policies as they may involve participants from the local community directly rather than through the representative democracy of central government (McQuaid, 2000).
- Due to the corporate nature of organizational structure, the organization might have lower transparency and accountability. It may be difficult to discover who is doing what, and what kind of responsibility they have.
- Unless the partnerships are carefully designed and operated, these partnerships might reduce focus and diminish overall efficiency and effectiveness. (McQuaid, 2000)
- Due to the fragmentation of publicly funded agencies, government must deals with the multifaceted nature of issues (McQuaid, 2000)
- The transaction cost may be incurred (McQuaid, 2000).
- The loss of control by the organizations might happen (McQuaid, 2000).

2.4 Summary

There are several possible ways in which the economic development system may be categorized. So far, three main categories for main economic development agency at the state level were explained. Most states fall into the 'state-lead agencies' category. Even within the same category, the types vary in their operational characteristics. 'Quasi-public agencies' and ‘public-private partnerships’ are not the common types of economic development agencies. However, these types have distinctive characteristics in terms of their source of funding and the extent of economic development activities. Since the three different categories provide us a framework to understand state’s economic system better, now economic development practitioners or policy makers can pursue a more proactive and professional economic development organization.

3 Case Analysis: Comparison of Pennsylvania and Florida

As described previously, the case study can help to identify the general features of each category, providing an in-depth investigation of the economic development governance structure. This study used the state of Pennsylvania and Florida as the cases. The reason behind this choice was to compare relatively similar size of two states having different economic development systems. These states make particularly good cases for several reasons. Pennsylvania has long been regarded as one of the best organized states in economic development, as well as one with a comprehensive set of programs. Florida is well-known for making innovative adjustments to its economic development system with the adoption of a semi-privatized model.

The case study in this section illustrates what was learned by categorizing the states in the previous section. This section has two major analytical discussions: 1) where does the power of economic agency lie to make decisions and how are decisions made; 2) what are the states doing in terms of their economic development strategies.

3.1 The Basic Structure of Economic Development Governance in Pennsylvania and Florida

The economic systems in Pennsylvania and Florida take distinctly different approaches in their pursuit of economic development. The main economic development (ED) agency in

Pennsylvania is a state-led organization. It has only an executive function, and has no governing boards. The lead ED agency in Pennsylvania is the Department of Community and Economic Development (DCED) (See Figure 2). DCED has the administrative responsibility for developing economic development policy in partnership with the governor's office. The DCED does not have a governing board and receives its annual operating and programmatic appropriations from the legislature as part of the budget approval process. Along with the DCED, Pennsylvania also has a Public-Private Partnership (PPP) as a supplemental organization.

While the state of Pennsylvania employs a "state-led agency type, the state of Florida uses a public-private partnership (PPP) as its main ED agency (See Figure 3). Enterprise Florida, Inc (EFI) serves as the primary organization for statewide economic development. The EFI is a not-for-profit corporation regulated by Florida statues. In theory, EFI operates under a contract with the Office of Tourism, Trade and Economic Development (OTTED), which is housed within the governor's office. However, the EFI is politically, administratively detached from the government. It has a tax-exempt status and takes no part in the nomination, election or appointment of any candidates for public office.

Figure 2 The lead agency remains public sector, functioning as an executive body.

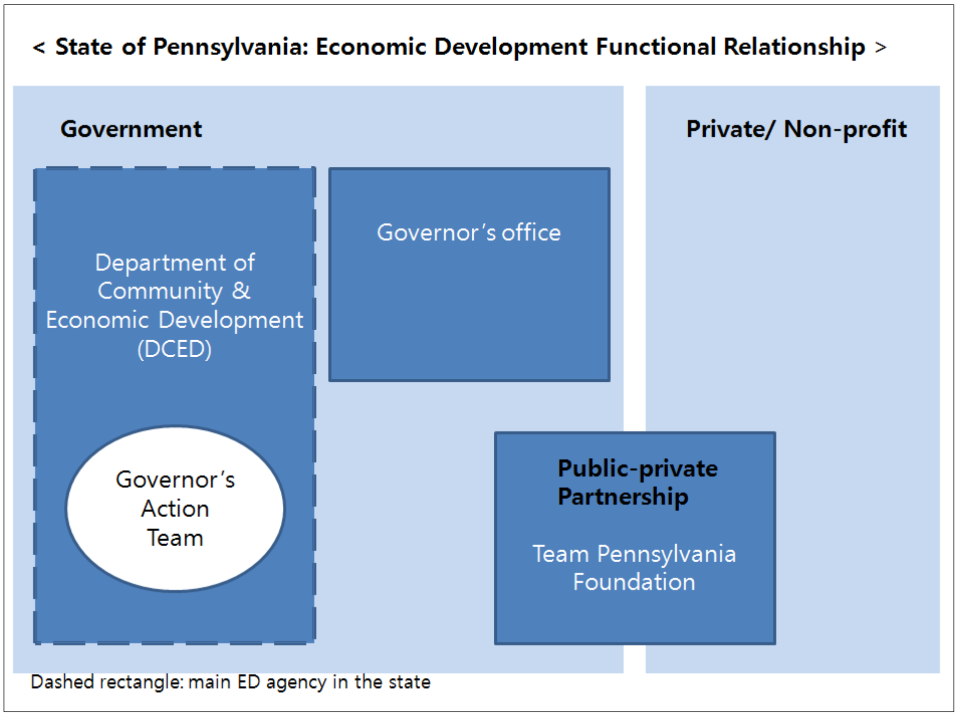
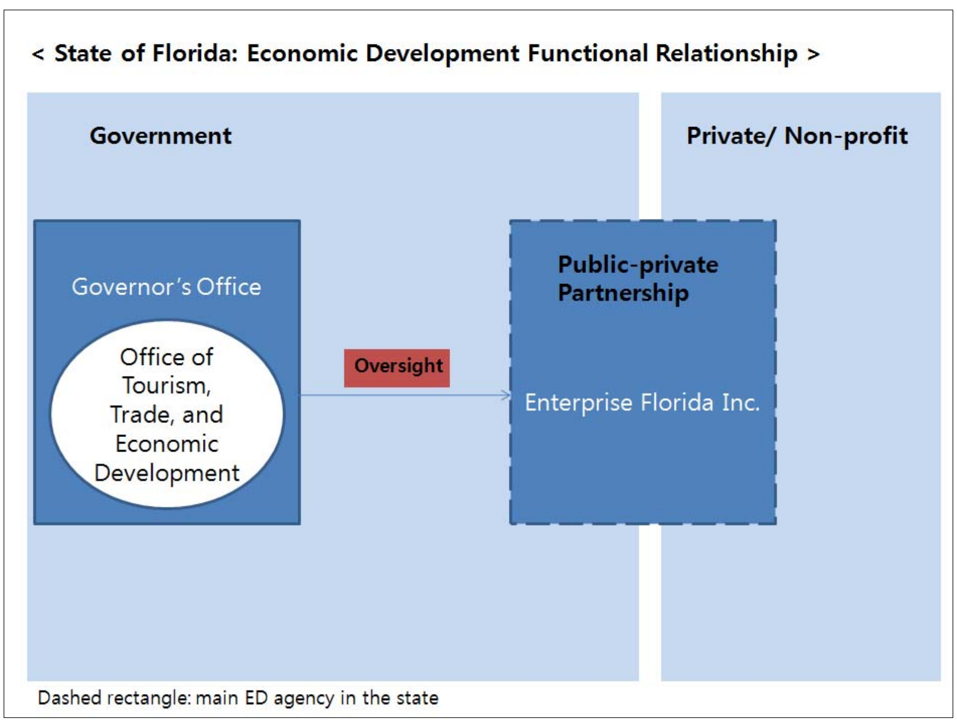


Figure 3 The lead agency remains in both public and private sector.



The two cases display different organizational structure and decision-making ability from each other. In this section, organizational history will be discussed in terms of decision making structures and an organization's relationship with other state agencies.

3.1.1 Major reorganization of the main ED agency

Prior to 1999, DCED was two distinct organizations. During that period, it had been called the Department of Commerce and Department of Community Affairs.[16] The reorganization was intended to merge economic and community development efforts. The main rationale for the reorganization was to achieve more efficient delivery of local services. The new configuration was also intended to maximize community and economic development resources. As a result, economic development activities in Pennsylvania could be promoted in conjunction with housing and community revitalization.

In addition to this major reorganization process, there was also some minor restructuring caused by each governor. Such personal influence by political leaders can change the program title or responsibilities of an internal group. For example, the previous governor, Robert P. Casey,[17] created "Governor's Response Team" in 1986. The team had drawn upon the staff of other agencies that have built-in knowledge about how the regulatory agency works to enhance economic development. The team managed to respond quickly to the needs of business by given the highest priority to business concerns. The next governor, Tome Ridge,[18] wanted to take a more proactive approach to business development rather than merely reacting to the situation. As the name change indicates, the team would not just respond, but would take action to promote business development, starting marketing activity and site selection process. When the

[16] The most of the contents in Case Study Analysis part come from the interviews with key personnel. The citation will not be specified otherwise the contents come from other sources.
[17] He was 42nd governors in Pennsylvania. He had been in the house from January 20, 1987 to January 17, 1995. He was affiliated in Democratic Party.
[18] He was the 43rd governor of Pennsylvania. He had been in the house from January 17, 1995 to October 5, 2001. He was affiliated in the Republican Party.

current governor in Pennsylvania, Ed Rendell,[19]came into office, he had a strong vision for economic development. The governor not only suggested a more proactive business recruitment team, but also created the "Community Action Team," (CAT), claiming to be a "one-stop-shop" for community development.

Along with these changes, there was also the creation of two new organizations, which represented a significant attempt to reform how the state of Pennsylvania pursues economic development. The first of these new organizations was the Team Pennsylvania Foundation (TPF), which was founded in 2001. The other was the Commonwealth Financing Authority (CFA), established in 2004. The former is a public-private partnership, and the latter is a state financing entity created to administer the government's program. The concept of TPF was born in 1997 when business leaders throughout the state were frustrated by Pennsylvania's lagging economic performance in the global marketplace. Business leaders demanded a "real face time" meeting with Pennsylvania's policy makers. During the same period, CFA was created in response to the governor's new economic stimulus package. These two organizations became crucial structures in the current economic development system of Pennsylvania.

The creation of Enterprise Florida, Inc. (EFI) was motivated by the demand for economic diversification. Many economic development practitioners pointed out that the Florida economy had been strongly dependent on three industries: 1) construction, 2) agriculture, and 3) the tourism. Diversifying state's economy has been an important issue in the state. The motivation for creating a new form of economic development institution was very practical: more venture capital was needed in order to broaden the state's economic base.

Even before the Florida Department of Commerce closed, there were already three established partnerships for specific geographical areas which needed improvement: 1) Jobs & Education Partnership, 2) Capital Development Partnership, and 3) Innovation & Technology Partnership. The partnerships were separately operated. Each had its own tax members and

[19] He is the 45th governor and he is the incumbent. He is affiliated of the Democratic Party.

business sectors. It was initially the governor's idea to form a partnership. The response seemed to be positive because the states already had an existing model. Finally, in 1996, Florida became the first state in the U.S.A to adopt a business-government partnership for economic development, international trade, research and business marketing.[20]

The Office of Tourism, Trade, and Economic Development (OTTED), within the Executive Office of the Governor, has a very small staff. When the Department of Commerce closed in 1996, most of its functions were assigned to EFI. The remaining role of the office is to assist the governor in formulating policies and strategies to promote economic opportunities for Floridians. Specifically, the OTTED provides executive direction and staff support to develop policies and to advocate for economic diversification. Under their oversight, various public-private partnerships implement the economic development program.

The functions of PPPs are growing, and have now developed a different organizational scheme. Currently, there are seven PPPs, and each partnership focuses on a unique area of economic development. These seven PPPs are: 1) Enterprise Florida, Inc., 2) Florida Black Business Investment Board, Inc., 3) Florida Space Programs, 4) Florida Commission on Tourism, 5) VIST FLORIDA, 6) Florida Sports Foundation, and 7) Office of Film and Entertainment.

3.1.2 Public-Private Partnerships as a Main ED Agency vs. a Supplemental Agency

In Pennsylvania, public-private partnership (PPP) is not the lead agency, but serves as a strategic economic development apparatus. Team Pennsylvania Foundation (TPF) is a non-for-profit, public-private partnership in Pennsylvania. It is a significant organization in terms of strategic management of resources. As a stand-alone executive body, TPF is based on a loose network of public and private sector organizations. Business leaders and senior government officials are brought together and coordinate efforts with other economic development and civic organizations.

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[20] http://www.eflorida.com.

The public-private partnership started with two separate organizations. One is a private entity (non-government organization) and the other is public entity (state-government). The two entities shared the facility, and co-funded the economic development projects. Under the Ridge administration, the governor decided to make the non-government entity into fully private program. Instead of having two separate entities, however, it now takes the form of a public-private partnership, maintaining a co-chair system from the two sectors.

The original intention behind the creation of TPF was to enhance the effectiveness the economic development. The decision makers in public sectors wanted a venue in which the business sectors directly bring their concerns to the governor and senior staff members. In addition, the TPF was intended to reduce the burden of government by leveraging public and private capital to drive economic development. This was because, each time a new governor takes office, and there has been a tendency to restructure the DCED.   The people inside the government wanted to find another model, and decided upon the public-private partnership. Thus, this partial privatization is the result of state's efforts to prevent total reconstruction of its main economic development organization.

The TPF is based on loose networks of different organizations. It is not based on a legally-binding contract of any sort. The TPF does not consider themselves as a traditional economic development agency. They typically work with local business groups and regional economic development agencies. Therefore, the TPF is the only linking organization that brings all the other economic development players together, creating program continuity as an umbrella organization.

Functionally, the TPF is a strategic vehicle for the state government to accomplish it goals. The TPF generally supports the DCED, but more importantly, the partnership can support some programs that the DCED cannot easily support on its own.   Tax analysis is an example of one such activity. When new companies want to relocate in Pennsylvania, they seek out information about tax laws and policies. Therefore, the state needs to provide tax analysis, while simultaneously extolling the advantages of relocating in the state. However, the main economic development agency might not respond rapidly enough to the job done. Therefore, the DCED has delegated the tax analysis function to the TPF. Eventually, the DCED uses their services, but the contract is run through the partnership. Other areas which the state government uses PPPs strategically are marketing effort, international export and import, and oversight activity. Because TPF can contract more freely than can the state government, it is strategically beneficial for state's economic development efforts to do so.

In terms of the underlying basis of the partnership, there is trust relationship between the TPF and the state government. The trust relationship is possible due to its organizational structure and staffing. Because of the co-chair system, the TPF works closely with the governor's office. The board of directors is comprised of members from the private sector. In addition to representing the state's major industries and economic development leaders, these directors also include key legislators, the commonwealth's CEO, and the governor of Pennsylvania.[21] Also, in terms of general staffing, quite a few people who worked for the state government in the past currently work for the TPF. Thus, the personal acquaintance among the staff could bolster the trust relationship between the PPPs and state's main economic development institution.

Although there is a cooperative relationship between the TPF and DCED, the TPF is not a subordinate organization to the DCED. While the DCED sets state-wide marketing effort, the TPF sponsors those marketing efforts. While the DCED manages the network of regional partners, the TPF provides support for the network and actually implements the programs. Although the secretary of the DCED and the governor sit on the board of the TPF, the DCED does not control the TPF.

In Florida, public-private partnership (PPP) is the main economic development apparatus. Enterprise Florida, Inc. is a formal and stand-alone executive entity, having a staff of about 80 people. The motivation to form EFI was to maximize the efficient use of existing resources and

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[21] Team Pennsylvania Foundation website http://teampa.com

synergy between the sources. In other words, the EFI is a more endogenously focused partnership. Existing partnerships and the desire for diversifying Florida's economy to bring in more venture capital lead to the major institutional reform. The three partnerships eventually turned into three different boards: 1) Workforce Development Board, 2) Capital Development Board, and 3) Technology Board. Each board of directors has a separate line-item appropriation and separate performance measure. By locating these different types of board within the same agency, the EFI seeks synergy among resources. Also, the EFI coordinates its activities through a statewide network of regional and local economic development organizations. The network of economic development organization is not just based on a loose network, but depends on legally binding contracts among participants.

Ever since the creation of EFI, except for the granting of business incentives, all the economic development programs of the state are managed by EFI. EFI coordinates all policy making while working with the legislature and the Office of Tourism, Trade and Economic Development (OTTED) which has been the main economic development agency. For instance, the EFI receives business incentive applications, and makes recommendation to the OTTED. Then, the OTTED makes a decision about the distribution of the tax base. The rationale for not allowing the EFT to offer business incentives was to keep the organization away from the influence of political pressures. If EFI were to have the power to approve business incentives, the decision- maker within EFI would subject to serious pressure from business.

3.2 Strategies, Programs, and Spending

The impact of the institutional structure on policy-making varies by state and context. In this section, different institutional structures will be evaluated based upon the stated economic development strategy and programs, and their link to the institutional design. First of all, the type of economic development programs the two state are pursuing and the state's expenditure on economic development activities will be examined. To investigate the institutional design in the two states, the following criteria will be examined: the degree of program flexibility, and the role of employment relationship.

3.2.1 Strategy: What are their priorities?

Attracting new businesses and sustaining existing economies has been the top priority for economic development in Pennsylvania. When the governor, Edward G Rendell, came into office, the state had a disturbing economic trend, growing unemployment and dormant business development. In 2003, Pennsylvania ranked 42nd of 50 states in job creation, and 48th of 50 states in economic development.[22] Confronting this trend, they set a priority on generating job growth and assisting businesses. As a result, Governor Rendell developed an "Economic Stimulus Program," working concurrently with the Governor's Action Team (GAT).

Establishing on effective financial entity was another priority. With the launch of governor's new economic program, Pennsylvania created the new independent agency of the Commonwealth to administer the economic stimulus packages.[23] The Commonwealth Financing Authority (CFA) was founded in 2004 to invest in infrastructure projects, key tourism and agriculture projects, and high-growth companies.[24] The CFA holds fiduciary responsibility over the funding of programs and investments. The authority has the right to approve projects and ability to allocate funds. According to the 2007 annual report, the CFA has approved nearly $900 million in grants, loans, and guarantees for 598 projects since its creation.[25] The funding for these approved projects has secured commitment for more than $2.7 billion in matching funds. It is said that the CFA's investment had played an integral part in the economic turnaround of the Commonwealth.

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22 Pennsylvania Office of the Governor's Web Site http://www.governor.state.pa.us/
23 http://www.newpa.com
24 Commonwealth Financing Authority 07 Annual Report http://www.newpa.com/find-and-apply-for-funding/commonwealth-financing-authority/index.aspx
25 Commonwealth Financing Authority 07 Annual Report

Economic development policy makers in Florida prioritized diversifying its economy and creating better-paying jobs for its citizen.[26] Therefore, targeting specific industries and supporting them has been their main strategy for economic growth. In order to support, attract, and create business in Florida, the main economic development agency focused upon expanding and recruiting businesses in innovative, high-growth industry sectors. From the time of creation of Enterprise, Florida, Inc, diversification has been a continuing priority for Florida.

These priorities are claimed to have guided Florida toward its goal of economic diversification. Their *2007-2012 Roadmap to Florida's Future*, which is a five-year, statewide strategic plan for economic development, the vision for economic development is revealed.[27] Along with the vision statement, Enterprise Florida, Inc. highlighted six priority recommendations for the state's economic development. The stated priorities are mainly focused upon on ensuring a competitive business climate, accelerating economic diversification, and eventually establishing Florida as a superlative global hub. Specifically, the economic development system is designed to pursue a highly-skilled workforce, which they believe to be top economic development issue for a knowledge-based economy.

3.2.2 What Are Their Programs?

The State of Pennsylvania's economic development programs are mainly conducted by three important organizations (See Table 3). As a main economic development agency, DCED takes administrative responsibility while coordinating different organizational resources. Their programs include infrastructure improvement, housing assistance, and enterprise zones as well as other projects. As a public-private partnership, the Team Pennsylvania Foundation bridges government and civic organizations. Their programs focus on education and workforce development. Furthermore, as a main financial organization, the Commonwealth Financing

[26] Government Program Summaries
[27] Roadmap to Florida's Future http://www.eflorida.com/FloridasFuture.aspx?id=2104

Authority administers loan and capital investment programs in Pennsylvania.

Table 3 Three major economic development agencies in Pennsylvania

<table>
<tr><th>Economic development institution</th><th>DCED (Main ED agency)</th><th>Team Pennsylvania Foundation</th><th>Commonwealth Financing Authority (CFA)</th></tr>
<tr><td>Institution type</td><td>Government: Executive body</td><td>Public-Private Partnership</td><td>Independent Authority</td></tr>
<tr><td>Role</td><td>Administrative responsibility
Providing local services
Coordinating community and economic development resources
Marketing and local planning assistance</td><td>Coordinating efforts with other economic development and civic organization
Providing seed funding for innovative projects</td><td>Providing loans and grants to companies</td></tr>
<tr><td>Programs</td><td>2003 Economic Stimulus Package
Core Industries
Elm Street
Enterprise Zones
Home Ownership Choice Program
Housing Redevelopment Assistance
Infrastructure Facilities Improvement Program
Keystone Innovation Zones
Main Street
Research and Development Tax Credit
Section 108 HUD Loan Pool
Etc.</td><td>Business attraction/ Growth
Education/ Workforce development
Government efficiency</td><td>Business in our Sites (BOS)
Building PA
Pennworks
Second Stage Loan Program
New PA Venture Capital Investment program
Tax Increment Financing Gaurantee
First Industries Fund
H2O PA program
Energy program</td></tr>
</table>

The *2003 Economic Stimulus Plan* is the main program of the DCED. The plan focuses on generating new capital through public and private investments, creating more jobs, and improving infrastructure and housing.[28] Some of programs guidelines are approved by the

[28] 2003 Economic Stimulus Plan http://www.newpa.com/find-and-apply-for-funding/economic-

Commonwealth Finance Authority (CFA). These programs can be managed jointly by the CFA and the DCED. The program engages in diverse activities, ranging from the provision of capital for developers for real estate assets in Pennsylvania communities to the provision of low-interest loans for agriculture and tourism related enterprises. It also targets the revitalization of residential and mixed-use neighborhoods (Elm Street), and allocates grants to financially disadvantaged communities.

DCED and CFA jointly work for the state economic programs. The main difference between the two organizations is whether the agency has the power to approve funding allocation for a specific program. CFA is able to issue limited obligation revenue bonds and other types of revenue financing.[29] CFA's economic development program is dedicated to finance and support development players and the organization have the ability to borrow money, issue bonds, and incur debt.

Florida's economic development programs promote competitive economic climates with minimal government interference. Hoping to diversify its economic base, Florida's economic development program focuses on major industry clusters. Enterprise Florida, Inc (EFI) targets eight different industries,[30] and EFI's programs support those businesses by coordinating financing and assistance (See Table 4). For example, EFI administers programs with titles such as "High Impact Performance Incentive Grants," and the "Economic Development Transportation Fund." Those programs offer counseling and advice along with financial incentives, such as tax credits, grants, and bonuses.

Rural development is another major program focus in Florida. When EFI was initially created, there had been a continuous dissatisfaction in rural area because the former Department of Commerce had focused nearly all of their attention on the larger cities. Therefore,

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stimulus-plan/index.aspx

[29] Pennsylvania State Legislature: Chapter 15, Title 64, Public Authorities and Quasi-public corporations, Subchapter C: Bonds

[30] The industries include clean energy, life sciences, information technology, aviation/aerospace, homeland security/defense, financial/professional services, manufacturing, and emerging technologies.

the new system tried to devote extra attention to the rural sector. As a result, new programs, such as the Rural Community Development Loan Fund, and the Rural and Urban Job Tax Credits, were established. However, it is difficult to whether the earlier governmental apparatus, the state-led economic development organization, had actually limited rural policy. Although increased attention to rural development emerged with the creation of PPPs in Florida, this increase attention does not necessarily stem from new organizational structure.

Table 4 Two major economic development agencies in Florida

Economic development institution	**OTTED**	**Enterprise Florida, Inc (Main ED agency)**
Institutional type	Government: Governor's office	Public private partnership
Role	◆ Directing oversight to public-private partnership ◆ Approving grants and business incentives	◆ Coordinating financing programs and assistance ◆ Determining a company's eligibility for incentives and assisting applications ◆ Offering export counseling and advice ◆ Organizing overseas trade missions and shows ◆ Developing the statewide strategic plan for economic development
Program	◆ Qualified Target Industry Tax Refund Program (QTI) ◆ Qualified Defense Contractors Tax Refund Program ◆ Economic Development Transportation Fund (Road Fund) ◆ Rural Community Development Revolving Loan Fund ◆ Florida First Business Bond Pool ◆ Florida Enterprise Zone Program ◆ High Impact Performance Incentive Grants ◆ Rural and Urban Job Tax Credits ◆ Semiconductor, Space, and Defense Sales and Use Tax Exemption ◆ Capital Investment Tax Credit ◆ Brownfield Redevelopment Bonus ◆ Community Contribution Tax Credit Program	

3.2.3 Budget: Where is the Money Going Actually?

Detached from the official claims of economic development agencies, it is necessary to examine where the money is actually going in order to comprehend what state agencies actually do. For this section, I will use the secondary data on economic expenditure from the Council for Community and Economic Research (C2ER). The C2ER has kept track on *State Economic Development Expenditure Database* since 2007. In order to determine the amount of the budget of each state was spent for economic development activity, C2ER developed 15 functional areas, showing how states allocate their resource into different functional activities. This data base provides a way of comparing state investments in an "apples-to-apples" format.[31] C2ER recognized that each state's budget for economic development may not come entirely from the primary ED agency, so some of the state data is derived from several different agencies, depending on the economic development structure in the respective state. In order to analyze data more easily, I aggregated 15 functional categories into 10 categories (See Appendix 2 for the detailed components).

Pennsylvania's average economic development expenditure for one fiscal year between 2007 and 2010 is $906,270,500 (See Table 5). Although there have been significant cutbacks on the budget for special industry and minority development in 2010, the average expenditure for ten different categories shows the overall spending structure in the state (See Figure 4). The economic development system in Pennsylvania tends to focus on community development and business finance. The state has spent approximately 27% of the total budget on community assistance, for projects such as housing, infrastructure assistance, and capacity building activity. The states' economic development system respectably spent more than fifteen percent of its total expenditure on business finance (18%), business development (16%), and economic development enhancement activities (16%).

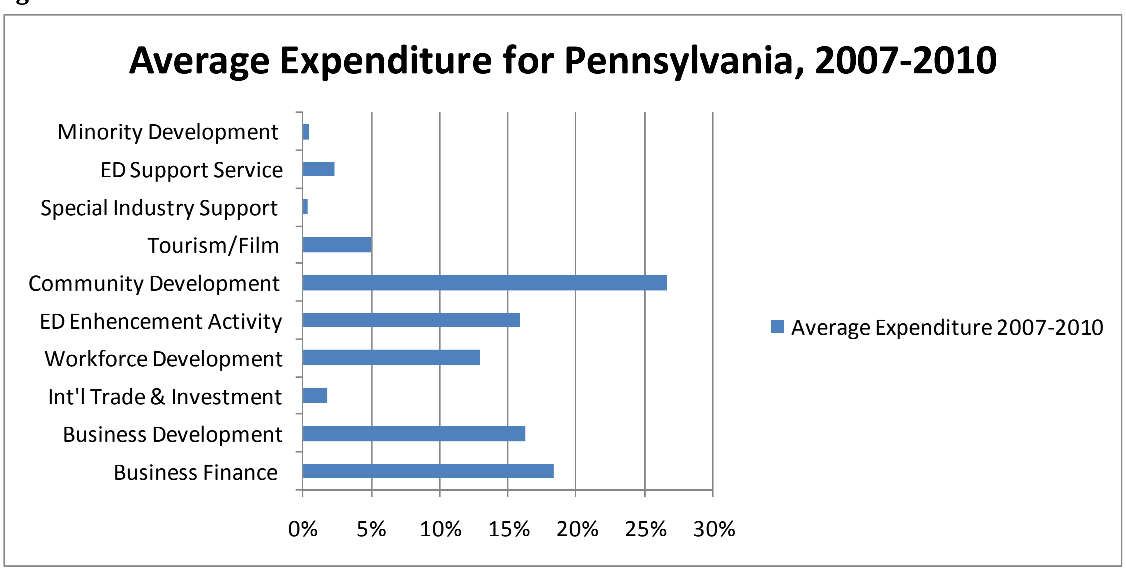
[31] http://members.c2er.org/expenditure.asp C2ER is a membership based organization, and the data is not available for the public.

Table 5 Economic development expenditures, 2007-2010, Pennsylvania

Different Functional Activity	4 years Average	Percentage
Business Finance	$165,809,250	18.3%
Business Development	$147,821,000	16.3%
Int'l Trade & Investment	$16,309,750	1.8%
Workforce Development	$117,860,250	13.0%
ED Enhancement Activity	$144,196,750	15.9%
Community Development	$240,991,000	26.6%
Tourism/Film	$45,656,000	5.0%
Special Industry Support	$2,968,000	0.3%
ED Support Service	$20,866,750	2.3%
Minority Development	$3,641,750	0.4%
Others	$150,000	0.0%
Total	$906,270,500	100.0%

Source: The Council for Community and Economic Research, State Economic Development Expenditure Database

Figure 4

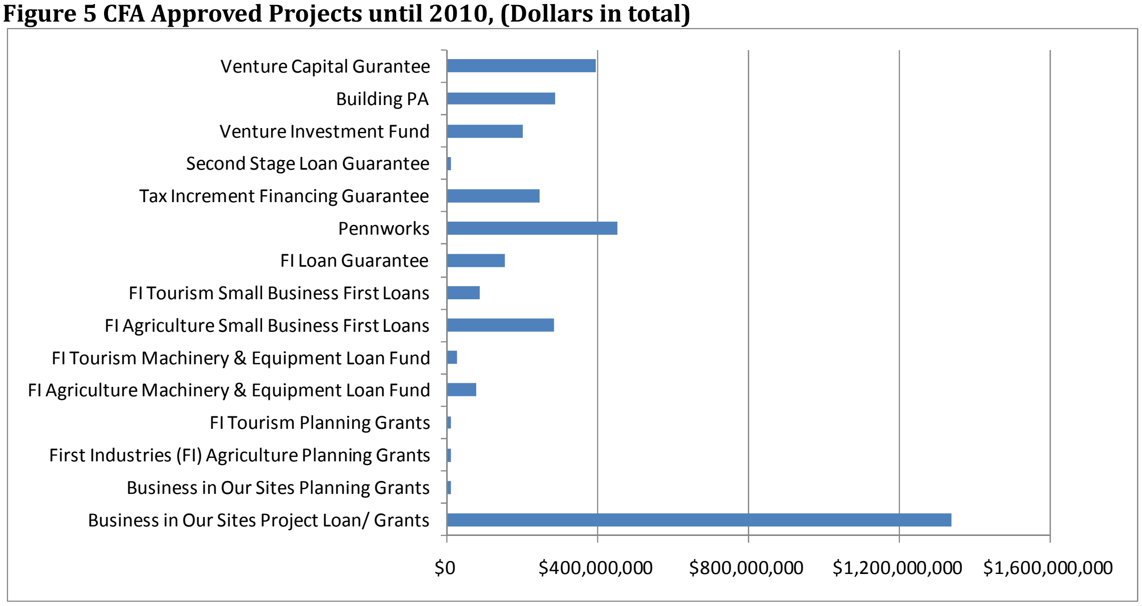


Source: The Council for Community and Economic Research, State Economic Development Expenditure Database

As stated earlier, the Commonwealth Financing Authority (CFA) was created in order to administer Governor Rendell's new economic stimulus package program. The approved projects under the energy program in the CFA reflect the current governor's political will to foster alternative energy sources in Pennsylvania. The CFA approved energy projects, specifically focusing on solar energy, renewable energy (geothermal and wind energy), and alternative clean energy. Until March, 2010, out of 97 energy-related projects, 47 solar energy-related projects were approved.[32] Out of the total expenditure for the Energy Program, which was $ 76,789,623, approximately 60% of the money was used for the solar energy industry.

In addition to energy programs, a significant amount of money was invested in business site location programs (See Figure 5). Prior to March, 2010, approximately 1.3 billion dollars were used for the *Business in Our Sites Project Loan/Grants*, which represents almost 37% of the entire expenditure for the CFA projects.[33] This expenditure shows that the State of Pennsylvania has actually spent their economic development money according to their priority: job retention and creation.

Figure 5 CFA Approved Projects until 2010, (Dollars in total)



Source: Commonwealth Financing Authority www.newpa.com

Florida's average economic development expenditure for one fiscal year between 2007 and 2010 was $483,748,421 (See Table 6). The economic development system in Florida tends

32 Commonwealth Financing Authority Approved Projects-Energy Programs
33 Commonwealth Financing Authority Approved Projects (excluding H2O PA and Energy Programs)

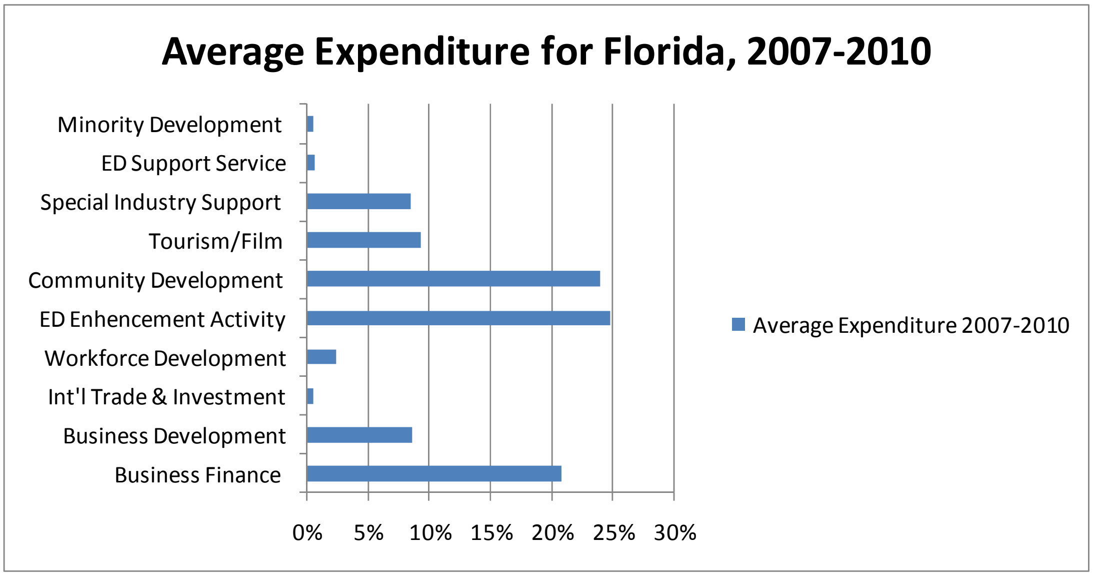
to focus on community development and economic development enhancement activity (See Figure 6). The state spent about 25% of their entire expenditure for economic development enhancement activities, which includes technology commercialization, research and development, company quality enhancement, and entrepreneurial development. Specifically, the Florida spent most of its money for innovation incentives within the state. The state has also spent approximately 24%of their total expenditures on community assistance, including housing, Brownfield redevelopment projects, and rural community development. Another area that Florida has spent significant quantities of money for is business finance, consisting of about 21%of their total expenditures.

Table 6 Economic development expenditures, 2007-2010, Florida

Different Functional Activity	4 years Average	Percentage
Business Finance	$100,648,475	20.8%
Business Development	$41,701,515	8.6%
Int'l Trade & Investment	$2,520,772	0.5%
Workforce Development	$11,490,582	2.4%
ED Enhancement Activity	$120,000,000	24.8%
Community Development	$115,938,670	24.0%
Tourism/Film	$44,788,735	9.3%
Special Industry Support	$41,134,146	8.5%
ED Support Service	$3,081,796	0.6%
Minority Development	$2,443,731	0.5%
Others	$0	0.0%
Total	$483,748,421	100.0%

Source: The Council for Community and Economic Research, State Economic Development Expenditure Database

Figure 6



Source: The Council for Community and Economic Research, State Economic Development Expenditure Database

3.3 Locus of Power and Decision Making

3.3.1 Governance: Where Does the Power Lie to Make Decisions?

The economic system of a state can be understood through the agent who actually grants power to the rest of the organization. Whether it is a single person or a group of people, the agent and its methods of decision-making is the key to understanding the organizational culture. Because it reflects decision-making structure, the power and capability of the agents can be a useful criterion for understanding an organization. Usually, this power includes allocating and granting of incentives for businesses. Thus, discovering who decides the funding distribution and who give the incentives are also important steps towards understanding governance.

The legislature decides where the money goes in Pennsylvania. The main economic development institution, the Department of Community and Economic Development (DCED), has no board of any sort. When the governor presents the annual budget to the general assembly, the legislature makes a final decision about the total operating budget and the amount of funding funds which shall be allocated to specific ED programs.

Since the final decision is made by the legislature, this sometimes limits the amount of money for the economic program. Especially, when the national economy is in recession or the state is experiencing budget deficits, the legislature often protects the "essential" major expenditures first. This "untouchable" money usually goes into education, health and welfare, and correction. During such periods, the economic development funding is significantly reduced, and some elimination of the ED budget is inevitable.

Similarly, the availability of funding determines the initiation or termination of programs. When there are no funds available for a program, the program is terminated. For example, most of the programs in the Governor's Action Team (GAT) are based on incentive programs, providing grants and loans for businesses. Whenever the budget is severely reduced, the GAT has often needed to adjust their approach. Such a budget circumstance and economic climate affects the state's economic policies. The budget for specific programs may not be increased by the new administration. To summarize, the governance in a state-led agency without a decisive board is very much affected by the political leader and the legislature.

In Florida, a board of directors decides where the money goes. Florida law clearly declares that Enterprise Florida, Inc. shall not be a unit or entity of state government.[34] Florida's main economic development organization is governed by a board of directors chaired by the governor. The board decides where the funding goes except decisions regarding business incentives. The board consists of top business, economic development and government leaders from throughout Florida. All corporate powers within Enterprise Florida are exercised by or under the authority of the board of directors. Although the legislature monitors the agency's a public policy to make sure the EFI operated in the most open and accessible manner consistent with its public purpose, the board does not need legislature's approval. Thus, the boards and advisory committees or any functional groups created by EFI are subject to its own organizational provision, while maintaining meetings and records

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[34] The contents in this section are from 'The 2009 Florida Statutes, Title XIX: Public Business, Chapter 288: Commercial Development and Capital Improvement, 288.901 Enterprise Florida, Inc.' http://www.leg.state.fl.us/statutes (Online Sunshine)

The organization is funded by the State of Florida, as well as by cash and in-kind donations from private business. Approximately 80% of the operating budget comes from the state. The remaining 20% of the budget comes from the private sector. The ultimate decision-making is done by each board of directors in every public-private partnerships. Each board has a separate line-item appropriation from the legislature, and a separate performance measure.

In terms of governance, Enterprise, Florida, Inc. seems to have relatively higher autonomy than other types of economic development structures. EFI is certainly the decisive entity for initiating or terminating development program or policy. There is no need to negotiate with the legislature regarding programs. There are two important factors for them to initiate new program: the internal consensus about the goal of the program, and the availability of funding. In this manner, as long as the agency preserves the necessary funding for specific program, the program will survive.

3.3.2 The Relationship with the Governor's Office

The Pennsylvania economic development system promotes uniformity and consistency by directing economic development efforts in accordance with the governor's office. As an executive entity, the DCED, the lead economic agency in Pennsylvania, follows the vision of the governor. Due to the structural set-up, the governor's influence is not negligible. The personal influence of the elected governor was frequently mentioned during the interview with officials in Pennsylvania. The current governor (Ed Rendell), for example, is very interested in economic development activity. He is said to involve himself in most of the economic development activity.

In the case of Team Pennsylvania Foundation, (strategic public private partnership, the relationship with the governor's office is still close, but it has autonomy from the DCED. Since TPF's funding stream is divided into a public and a private sector, TPF does not have to follow the main economic development agency's decisions. However, the governor is still an important player, since he or she sits on the board of the TPF. Such a relationship is manifested in different ways, depending on who the governor is and what kind of projects TPF is engaged in. All in all, the close relationship with the governor's office promotes the organization to pursue a consistent program with the state's main economic development agency. For example, when the main economic development agency wants to apply for federal programs, they need a partner in the private sector. In this situation, the state government asked the TPF for support. This kind of push and pull in the relationship with the state agency makes the partnership involved in the core of decision making process, resulting in consistent, state-wide economic development activities.

The state of Pennsylvania has a specialized team for business development: the governor's Action Team. The team was created to provide up-to-date information, a rapid response, and focused action when a potential company's growth demands expansion or relocation.[35] As expressed in their title, this GAT also works closely with governor's office. The direct link to the governor's office itself is the greatest advantage in their economic development system. The direct linkage empowers GAT to interact with other state agencies that are involved in economic development. This empowered advantage also brings attention of the highest priority attention to the GAT's mission.

For instance, state regulatory agencies, such as the Environmental Protection Agency or the Department of Transportation, are usually involved with economic development projects. As mentioned earlier, the GAT has had a strong working relationship with these regulatory agencies ever since its inception. When the GAT encounters any difficulty for a business expansion or relocation matter, the GAT staff can manage to have the issue be prioritized with corresponding agencies. In the most cooperative fashion, the issues receive the highest level of attention. As a result, the permitting or pre-application meeting can be dealt with more rapidly.

Such a close working relationship with the governor's office has its own advantages and disadvantages. In terms of advantages, the secretary and governor can create a cohesive strategy.

[35] http://www.newpa.com

The vision is set by the governor, and it is the executive entity's job to make the vision implementable as tactics and strategy. Since governor is the person who finally gives the DCED its "marching orders'," maintaining a close relationship with the governor's office generates uniformity in policy making and program delivery.

The uniformity and efficiency in the state economic system of Pennsylvania should not be understood as basic characteristic for this type of structure. It does not necessarily mean that the state-led agency without a board always brings uniformity and efficiency to the state. Again, many interviewees addressed the issue of the personal influence of current governor. When he first came into the office, the governor had a strong vision for economic development, and was deeply involved in creating an effective and efficient government system. There is a possibility that the outcome could be different if Pennsylvania had a different governor.

In case of Florida, the main economic development agency (EFI) work with governor's office, but the relationship is rather formal. The Office of Tourism, Trade, and Economic Development (OTTED) is housed within the Executive Office of the Governor. The OTTED is authorized to make and to enter into contracts with EFI.[36] Such contracts can include provisions for cooperative agreements or strategic alliances between state entities, foreign entities, local entities, and private businesses to operate foreign office. Although the governor's office provides executive directions, it cannot dominate the details of economic development programs of EFI.

3.4 Important System Features and Differences

3.4.1 Florida's Model is Adaptable and Flexible

As a stand-alone, non-partisan organization, the main economic development organization in Florida is not so much affected by the political cycle as would be a state-led agency. The presidents of Enterprise Florida, Inc (EFI) are not appointed by the governor. Therefore, the

[36] The 2009 Florida Statues http://www.flsenate.gov/statutes/ Chapter 288, Part I: General Provisions, 288.012 State of Florida foreign offices

elections and administration change at the state level do not have a significant impact on the operation of the main economic development institution in Florida. Instead of being appointed by governor, the board of directors vote for the president, whose role is managing the programs of the EFI. For the election of the presidents for EFI, the organization forms a "staff selection committee" and hires a consulting company. After this, the company advertises the position nationally, and accepts applications.

In terms of new program initiation, there are no serious impediments from the state government. The EFI can expedite the process and use whatever methods they want. This organizational autonomy ensures some degree of immunity from externally-imposed change. When the board of directors agrees on some specific program, and they believe that this program is the best way of pursuing economic development goals, they can initiate it. The promptness of the development of new program is dependent on how rapidly the EFI can prepare the necessary funding.

The Stakeholder Council is the vehicle for organizational adaptability. The council is comprised of economic development professionals from relevant development organizations, universities, and representatives from the county. The Stakeholder Council has a spokes-person who attends the board of directors' meeting. Since most of the members of board of directors are business people, they do not always understand the overall economic development efforts. With the assistance of spokesperson from the council, the board of directors can stay in touch with the economic development practitioners.

According to McQuaid's distinction (McQuaid, 2000), the EFI is a strategic organization, covering the broad aims of the institution and dealing with major long-term economic development issues. As a broad development strategy, the EFI is different from the partnership in Pennsylvania, which is more program driven, involving only specific programs.

The primary advantage of having a PPP as a main economic development organization includes following factors: 1) cost savings, 2) organizational autonomy, and 3) a flexible employment system. First of all, the financial benefit comes mainly from not having a state pension plan for employees. The organization previously had approximately 180 employees who receive pension plan when it had been the Department of Commerce. After the creation of EFI, there are only three people, including the president, who are enrolled in the pension fund. Another aspect of the financial benefit comes from less "paperwork." Because the EFI does not provide civil service, the same degree of record keeping efforts in other state government is not necessary.

Secondly, organizational autonomy can be one advantage of having PPPs as main economic development agency. As a non-partisan institution, the operation of EFI is free from the legislature. Just as any other organization, the EFI is politically sensitive. However, they nevertheless still enjoy a relatively higher level of political autonomy. No superior government entity directs the behavior or operations of the EFI.

Thirdly, another substantial advantage of having PPPs is flexible employment. EFI has maintained a "performance-based staffing" system. The rationale for this is to retain the best professional staff members within the organization. Unlike government organizations, in which it is generally very difficult to lay people off, the EFI system frequently dismisses employees for poor performance. As a result, the EFI motivates employees to display good performance.

However, the stated advantages revealed in the interviews do not necessarily reflect reality. The organizational autonomy might mean less controlling power within state economic system. As an organization, autonomy may bring about a certain degree of freedom when it comes to day-to-day decision-making, and by doing so, the organization might strategically change its policies and programs without serious impediments from outside pressure. Even so political autonomy can also be seen as isolation from the central locus of the power. Evan (1966) studied the autonomy of related organizations, finding that the less autonomous organizations had more political power. His finding is consistent with observation of Pfeffer and Salancik (1978) that power is mostly gained by controlling resources. Kochan et al. (1975) found that public sector organizations with low autonomy were characterized by more interdependence among units. In this manner, political autonomy might lead to less interdependence, which leads the organization to be detached from the main centers of decision-making. Therefore, a high level of political autonomy is not necessarily good for an economic development organization.

The staffing issue also has its costs along with its benefits. While a flexible employment system enables the organization to retain the best people within it, this could also mean that membership might change relatively frequently compared to the regular government bureaucracy system. Human resources may carry important organizational wisdom, despite their performance having diminished. As a consequence, an organization with a high turnover rate among its membership may suffer a loss of overall performance.

To summarize, Florida uses PPPs as their main economic development apparatus. This approach seeks to create a broad development scheme for economic growth by endogenously maximizing synergy between existing resources. Due to their organizational structure, the public-private partnership in Florida seems to remain relatively immune from political pressures and changes.

3.4.2 Pennsylvania's Model Utilizes Various Methods to Confront External Changes

The state of Pennsylvania uses PPPs as their supplemental economic development apparatus, bringing different actors to the same table for the purposes of enhancing the economic development of the state. In case of Team Pennsylvania Foundation (TPF), the implicit purpose for the partnership is both exogenous and endogenous. McQuaid (2000) distinguishes different focuses within the partnership. The implicit purpose of partnership could be described as either an exogenous factor or an endogenous factor:

> *The focus of a partnership may hence range from being exogenous to being endogenous. In broad terms then a purely exogenously focused partnership may seek solely to attract extra resources from outside the partnership, while a purely endogenously focused*

> *partnership would seek only to maximize the efficient use of existing resources and the synergy between these resources. Of course, most partnerships will have a combination of these purposes, but the relative importance of each will vary.*

The partnership seeks to attract extra resources from outside of the partnership. However, at the same time, the TPF is involved all major policy decisions through the relationship with the governor's office. In other words, it is also endogenously focusing *the efficient use of existing resources.*

The main advantages of having PPPs as a supplemental, strategic organization can be summarized as follows: 1) it can be more innovative than the government, 2) it can be faster-paced than the government, 3) it can leverage private funding. First of all, the PPPs can be relatively more creative than a government economic development agency. They can use the advocacy strength of the private sector, and it can directly invest in community events. For example, the TPF is involved in a "strategic education" program because they believe education is an effective intervention for economic development. Their role can be more broadly defined than the traditional role of economic development agency. The TPF is involved in education, workforce development, international development, and environmental issues.

Secondly, the process can be expedited without being subject to excessive amounts of "red-tape." This is because most of its projects are funded by the private sector. The revenue source of the partnership from the private sector can actually expedite their economic development projects. The main economic development agency in Pennsylvania sometimes come to the TPF, and asks to take over some of their project. This is because the project might be perceived as being too risky for the government or the government agency think partnership can undertake the project in much faster way.

Thirdly, the partnership can raise the necessary funds for the DCED's program. Its main role can be understood as a way of leveraging public dollars to get greater private investment.

Due to the statutory requirement, the TPF can raise funds that the DCED cannot raise.

Pennsylvania's economic development system as a whole does not seem to have much flexibility regarding funding appropriation, however, a significant amount of internal adjustment does seem to happen when the economic environment changes. To overcome political cycle, Pennsylvania strategically utilizes the existence of PPPs to keep consistency and continuity within their economic development program. Faced with a new election, the DCED handed over (or privatized) some programs that they really wanted to continue. Ensuring the continuity of economic development program is important because local business often become cynical if a new administration comes into the office and changes every detail of the existing structures or agreed-upon policies. Thus, the DCED hands over some programs to PPPs so that the programs can have continuity across the political cycle. By doing so, the state can avoid the total restructuring after each election, and make its programs less politicized.

The *Business Climate Program* is an example of such a "handed-over" program. It is a research-focused program, which includes a very detailed survey. The TPF built a data base which included approximately 9000 businesses a year. The program provides a snapshot of the overall picture of the economic development activity in the state. The state government was able to generate a policy from the data. Although the program was actually developed by the TPF, it was transferred to the DCED for a time. Later, it was moved backed to the TPF for better transparency and a less politicized environment. As a result, the program could have continuity despite the changes in the person occupying the governor's office.

Although the state government recently has required some formal processes for the privatization of programs, there were no formal agreements for the handover process between the TPF and the DCED. The state's economic development officials realized that written documents are needed in order to for them to remember what happened in the prior administration. Each time a new administration comes into office, there is usually is a considerable amount of staff turnover, which can lead to capacity loss. Therefore, the existence of written documents will help to preserve organizational knowledge. In summary, the economic development system in Pennsylvania tries to overcome the effects of the political cycle by using program transition between the agencies.

In addition, the process of legislature approval mitigates the impact of political change in Pennsylvania. Generally, the direction of the economic development effort is susceptible to changed when a new governor takes office. A few important development initiatives in Pennsylvania are influenced by current governor. For example, current emphasis on the alternative energy industry in Pennsylvania was motivated by governor Rendell's vision. After the governor came into office, the administration started focusing on alternative energy sources. However, the governor's office and the main ED agency needed to negotiate with the legislature, and it took almost a year to make the vision happen. The DCED finally gained enough support, and they managed to pass the bill. As a result, the current energy policy and new investment is geared toward solar, wind, and geo-thermal industry. In a like manner, other economic development programs may reflect a governor's vision.

However, this does not necessarily mean that the Pennsylvania model is vulnerable to political cycle. Because the vision—whether it is from the governor or from other economic development players—needs to be scrutinized by legislature, one individual's personal agenda cannot dominate the policy making process without consensus.

3.4.3 Workforce Rules Brings Different Advantages: Civil Service System vs. Flexible Workforce

Depending on the different types of economic development organizations, there are different types of employment systems. The state-led ED agency in Pennsylvania uses a civil service system, while the public-private partnership in Florida has flexible employment system. The employment system affects organizational efficiency. An interviewee from Florida stated that the flexible employment system is one of the strengths of their organization. This is due to the reduced cost achieved by not providing a pension fund for their employees.

The distinctive employment system can be understood with two different approaches. One system promotes a high commitment workforce, and the other advocates a flexible workforce. These two different approaches generate different results in terms of organizational structure. Employment practices are related to the organizational culture, and organizational culture is nurtured by different types of organizational structure. The question is whether different employment systems have different policy implications.

In the civil service system, government officials can enjoy employment security by having a long-term commitment. This employment security is supported by an overarching coherent policy vision provided by the upper management. Another advantage of the civil service system is the cross-utilization of staff. Staff people from various subject areas can be teamed together for specific programs. In the case of Pennsylvania, the Governor's Action Team was the venue that brought together different government staff members for a project involving the site location of prospective businesses. The initial staff member was selected from the regulatory division, the environmental agency, and various other related agencies in order to create a more effective team.

On the other hand, the public-private partnership in Florida has a flexible workforce system. This PPP does not represent the state government. Therefore, the organization can have a more flexible size and type of workforce. This system might have a flexible division of labor and assign flexible tasks to the staff. This flexible employment system might be different from civil service system in two ways. First, the selectivity in recruitment might promote higher-quality employees. The interviewee pointed out that this flexible employment system in Enterprise, Florida, Inc helps the organization to retain talented employees.

This flexible employment system means that the organization could have flexible boundaries. The organization is independent from the government bureaucratic system, and it can therefore make contracts with third parties more easily. Through outsourcing, the economic development organization does not necessarily hire new human resources, but is still able to utilize them.

In conclusion, two different approaches in employment are observed in the main economic development agencies at the state level. The civil service system promotes a highly committed workforce, and the flexible workforce system tends to promote a workforce of highly talented employees. Different motivations operate to build employee appreciation and commitment. The economic development agencies of different states might utilize different employment systems, and may work in different ways with the private sector.

3.4.4. The methods of outsourcing are different in the two systems.

As a main economic development organization, the organization may contract out some of its activities in order to maintain the organization in a manageable and efficient state. When the state level organization does not have enough staff to handle specific tasks at the local level, or they are not able to respond rapidly enough to the certain types of problems, the organization often resorts to the option of outsourcing. Furthermore, when the main ED agency does not have a similar level of expertise with other economic development organizations, it might find it value to use outsourcing. In order to provide an adequate level of service in a limited time, outsourcing can be a critical tool for the main economic development organization.

Without further case studies, it is difficult to make general statements about the ways different organizational types use different types of services when the organizations use outsourcing. The reason for outsourcing in the two states is related to the organizational capacity. However, the methods of outsourcing are different for Pennsylvania and Florida. In the case of Pennsylvania, the Department of Community and Economic Development (DCED) out sources tax analysis through a public- private partnership. Although the DCED uses the services of a private tax analysis company, the actual contract is conducted through the Team Pennsylvania Foundation (TPF). This is done because a public-private partnership (PPP) can contract with the third party more freely than the government.

The DCED also contracts out technical assistance for the local level of service, such as with the Main Street project. Because the DCED does not have enough staff at this level, they contracted the service out to the Pennsylvania Downtown Center' The DCED provides administrative support for many small networks of organizations and guides for the program.

In case of Florida, the rationale for outsourcing is related to political reasons. Enterprise Florida, Inc (EFI) uses outsourcing for the presidential selection process. Because the presidents are not appointed by the governor or by any agency of the state government, the process needs to be fair and open to the public. Therefore, the EFI hires a consulting company in order to select the president of the organization. Likewise, with the same rationale, EFI employs outsourcing for the staff of its foreign office.

In general, other aspects of outsourcing are similar to the practices used by other state-led agencies. For example, the EFI also used to contract out technical assistance, such as its Geographical Information System. The EFI has twelve foreign offices around the world, and hires employees who are independently contract with the EFI every year. In conclusion, different institutional designs between the two states do affect the method of outsourcing which are used by the main economic development agency.

3.4.5 Strategic Economic Development Function: Stable Planning Process vs. Staying in the Core of Decision-Making

Strategic economic development planning in the two states is also different. As a type of public-private partnership, the EFI does not outsource its planning function. In Enterprise, Florida, Inc (EFI), basically the Board of Directors takes charge of strategic plan. Specifically, the Marketing & Strategic Intelligence division within the Strategy Council develops the plan. Every three years, the members of the council travel all parts of the state, and conduct local focus groups in order to discover critical issues related to economic development. After the initial survey, the council writes a five-year plan, and updates the plan every two years.

As one of the state-led types, the main ED agency in Pennsylvania does not have a independent board purely for the strategic planning function. Instead, the economic system in Pennsylvania strategically uses the existence of a public-private partnership. Although the institution does not publish an official economic development plan, it prepares internal document related to its strategies. When the new governor came into office, the Team Pennsylvania Foundation (TPF) was funded to develop a strategic plan. The TPF actually manages all related process to prepare the strategic documents. This includes such activities as inviting all the different economic development professionals, and traveling across the state for survey purposes. Finally, the TPF created the so-called "strategic policy document," which was the document that established the basic policies in the governor's office.

Planning functions in the state-led economic development agency seem to be affected by the political change. This is because the internal document might change when a new governor takes office. On the other hand, strategic planning within public-private partnerships seems to be less affected by elections. However, the observation cannot be generalized for other cases. Some state-led economic development agencies can have their own independent strategic planning programs by contracting out this function to other agencies. For example, in Kansas, the main economic development agency contracts out its strategic plan-creation function to another public-private partnership: Kansas, Inc. The organization leverages state investments with other funds in order to maintain a strong research portfolio. In general, the planning elements of state-led organizations might be affected by political circumstance, but each case is different.

In addition, the existence of a strategic planning program should not itself be considered equivalent with good policy-making or better results. The success of any strategic economic plan is a function of many factors, including the details of its execution, implementation, and revision. Furthermore, if the lead agency does not have power over taxation and other incentive programs, the impact of their plans will probably be minimal. Therefore, most practitioners believe it is more important for them to have close access to the decision-makers rather than to merely have an ambitious plan or strategy.

One lesson from the case study is that the strategic planning function is closely related to the local economic development system. However, more research is needed if we wish to discover the correlation between the different types and strategic planning. When the economic development system is changed every few years or following each election, an official strategic plan might be a burden for the new government. In this case, internal development strategy might be more valuable than having official strategic plan. When an economic development organization's staff is independent from the government system, however, it might be easier for the organization to develop and conduct the planning process regardless of political cycle.

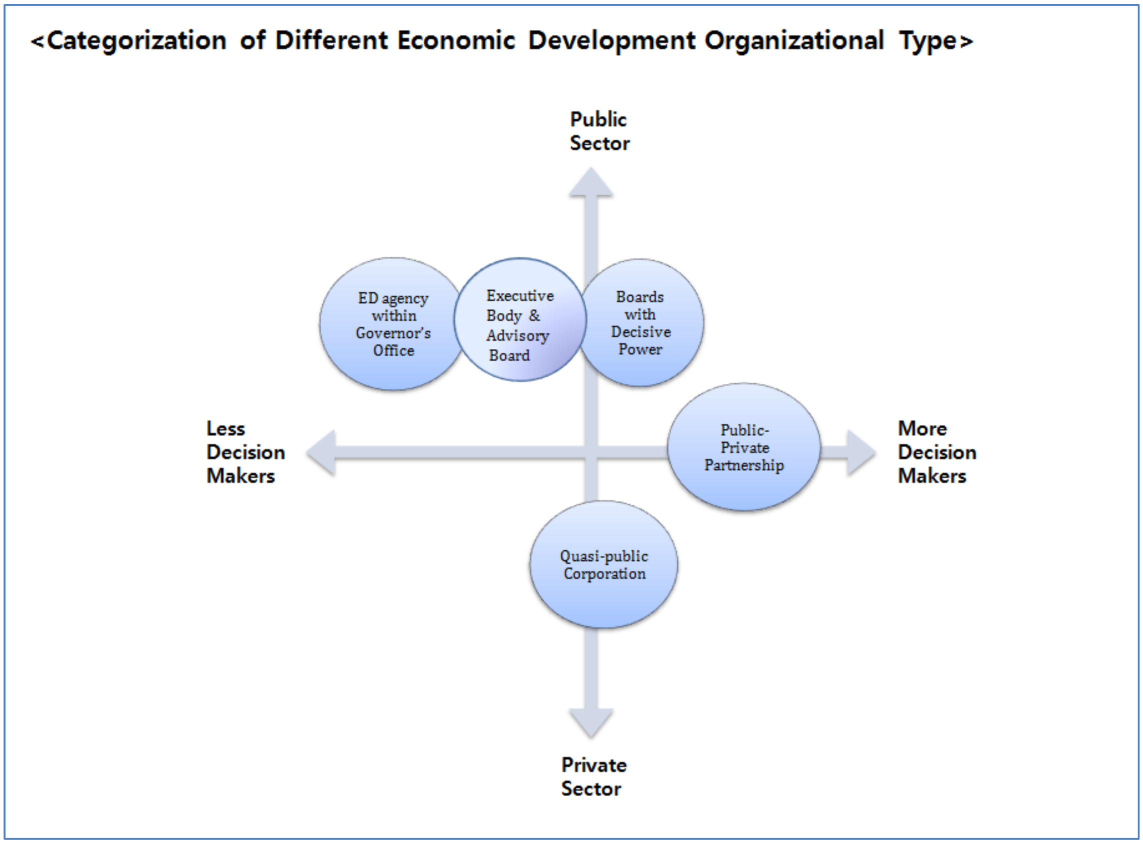
3.5 Summary

There are several common institutional approaches to economic development across the states. Different state' system can be understood by grouping the similar institutional approaches. There are two main criteria by which organizational structure can be classified. Based on the sector the main ED organization belongs to-public or private sector, it can be classified as 1) state-led organization, 2) quasi-public agency, and 3) public-private partnership. In this paper, two different economic development systems were introduced in-depth. Below is a displayed conceptual matrix which locates different organizational types, and shows whether the organizational type belongs to the public or the private sector, and show roughly how many decision makers are in the system (See Figure 7).

The public-private partnership, of which the state of Florida is an example, might be located in the middle of public- and private-sector. Because it has a board of directors within the organization, the number of decision makers might be more than the number in an organization that is not governed by a board. An economic agency as an executive body, of which

Pennsylvania is an example, can be located in the public sector. Although this is not an exact science, this matrix can help people recognize different types of organizational structure.

Figure 7 Conceptual matrix for understanding main economic development agency



The two case studies show a trade-off between political autonomy and real power of economic policy in practical application. In the case of Florida, Enterprise Florida, Inc. does not have authority to grant any incentives to business in order to protect them from outside pressure. The PPPs has a limitation on the kinds of tax generating and incentive policy in the state. Other government agencies are in charge of incentive policy. It would be hasty to conclude that all arrangements of the public-private partnership type preclude these kinds of decision-making over incentive policy. Another case study is needed if we wish to understand the nature of PPPs as a lead economic development agency.

On the other hand, the Pennsylvania economic system is not entire free from the influences of the political environment, but the main ED agency can be involved in important decision making processes, such regarding as taxation and incentive policies. Political checks and balances sometimes limit the ultimate efficiency in the system, but it ensures legitimate decision-making processes by obtaining consensus from various participants. The below table summarizes the two states' economic development system.

Table 7 Comparison of the two cases for economic development system

Economic Development System	Florida	Pennsylvania
Main Economic Development Agency Type	Public-Private Partnership (PPPs)	State-led agency (only executive function without board)
Major Reform	The closing of Department of Commerce	Integration of economic and community development Department
Priority	Diversifying State's economy	Retaining and creating jobs in the State
Funding Source	Public and private	Public
Important Decision Making Agent	Board of Directors within Enterprise, Florida, Inc/ Office of Tourism, Trade, and Economic Development within Governor's office	Legislature/ Governor's office/ Department of Community and Economic Development
Relationship with Governor's Office	Formal, Independent	Formal & Informal, Inter-dependent
Use of Public-Private Partnerships	Main economic development apparatus	Supplemental/strategic economic development apparatus
Outsourcing Functions	Foreign office, president selection process, technical assistance	Technical assistance, Tax analysis
Staffing System	Flexible workforce	Civil service system
Driving Forces for Change	Economic cycle, Organizational & administrative capabilities	Political cycle, Human resource
Critical barriers to change	Lack of decisive power regarding tax and incentive policy	Consensus from legislature (Political checks & balances)
Institutional Adjustment from External Change	Flexible initiation of programs	Program transition among economic development agencies

To conclude, the comparison between the two different states' models is helpful to understand different organizational structures at the state level. In Florida, the main economic development organization maintains an independent status from the state government. A public-private partnership (PPP) might be deployed to utilize existing resources efficiently and to leverage private funding. As a development scheme, the PPPs in Florida deal with long-term economic development issues. In Pennsylvania, the main economic development organization maintains a close relationship with the governor's office. The system can promote uniformity and consistency across the agencies. A PPP might be used as a supplemental apparatus.

Each organizational structure evolves as it is continually tested, and eventually creates its own system. While governance is one important element affecting the long-term sustainability of economic government system, it is only a part of the larger economic context in which organizations operate. Governance of the lead agency is affected by the relationship among participants in the economic system, corporations, investors, politicians, local advocacy groups, and so on.

Although this project cannot suggest which of the two models works better, it provides a general awareness about organizational structure. Incremental changes often happen within the organization through structural improvement and management processes. This incremental change affects some parts of the organization, and could be understood as continuous progression. However, when states face more serious external and internal challenges, they might consider transforming their entire economic development system. A state might create a new structure and a completely new management style for their economic development system. The consequences can be serious if policy-makers do not understand the larger picture of how different state level economic development systems pursue their goals.

To further distinguish various types of decision-making processes, the comparison of the benefits and costs of each type will be necessary. Such research will be a beneficial resource for the decision makers who desire to make their state economic system more effective. Also, researchers or economic development planners can study how other models effectively adjust their behavior in response to the economic recession in terms of their flexibility and adaptability.

Some research questions are critical. How do different structures of economic development organizations affect policy outcomes? If some models generate better policy outcomes than others, the issue of how states are structured to pursue economic development becomes critical information. By answering such question, such future research can possibly assist decision makers when they try to change their organizational structure.

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- Alaska Industrial Development and Export Authority http://www.aidea.org/
- Council for Community and Economic Development http://www.c2er.org/
- Department of Community & Economic Development (DCED) http://www.newpa.com/index.aspx
- Enterprise Florida Inc. (EFI) http://eflorida.com
- Government Program Summaries (GPS): The Florida Legislature's Office of Program Policy Analysis & Government Accountability http://www.oppaga.state.fl.us/profiles/6097/
- Governor's Office of Tourism, Trade, and Economic Development (OTTED) http://www.flgov.com/otted_home
- Hawaii Strategic Development Corporation http://hsdc-hawaii.org/default.aspx
- Kentucky Cabinet for Economic Development (CED) http://www.thinkkentucky.com/
- Michigan Economic Development Corporation http://www.michiganadvantage.org/
- Minnesota Department of Employment and Economic Development http://www.positivelyminnesota.com/About_Us/Who_We_Are/What_Guides_our_Work/Councils_Boards.aspx
- Official Internet Site of the Florida Legislature http://www.leg.state.fl.us/statutes
- Pennsylvania General Assembly http://www.legis.state.pa.us
- Pennsylvania Office of the Governor's Web Site http://www.governor.state.pa.us/
- Team Pennsylvania Foundation (TPF) http://www.teampa.com/aboutUs.aspx
- The Economic Development Administration (EDA)'s State Economic Development Agencies List http://www.eda.gov/Resources/StateEconomicDevelopment.xml
- The Kentucky Legislature Home Page http://www.lrc.ky.gov/
- The Keystone Research Center http://www.keystoneresearch.org/
- The North Carolina Department of Commerce http://www.nccommerce.com/en/AboutDOC/CommerceBoardsCommissions/NorthCarolinaEconomicDevelopmentBoard/
- The Pennsylvania Budget and Policy Center (PBPC) http://pennbpc.org/

Useful Resources

- 2009 Empire State Development Red Book Listing
- Commonwealth Financing Authority 07 Annual Report http://www.newpa.com/find-and-apply-for-funding/commonwealth-financing-authority/index.aspx
- Economic Growth Strategy for the State of New Jersey 2007 http://www.state.nj.us/njbusiness/forms/egs_final.pdf
- Good Jobs, Strong Industries, A better Pennsylvania: Towards a 21st-Century State Economic Development Policy, Keystone Research Center
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- Pennsylvania 2003 Economic Stimulus Plan http://www.newpa.com/find-and-apply-for-funding/economic-stimulus-plan/index.aspx
- Pennsylvania 2010-2011 Budget Document
- Roadmap to Florida's Future: 2007-2012 Strategic Plan for Economic Development http://www.eflorida.com/FloridasFuture.aspx?id=2104

Appendix

Appendix 1 The Lists of the lead economic development agency in U.S.A, State-level

State	Lead agency	Organizational Type
Alaska	Department of Commerce, Community, and Economic Development < Office of Economic Development	Government
Alabama	Alabama Development Office (ADO)	Government
Arkansas	Arkansas Economic Development Commission (AEDC)	Government
Arizona	Arizona Department of Commerce <Commerce and Economic Development Commission (CEDC)	Government
California	Governor's Office of Economic Development	Government
Colorado	Office of Economic Development and International Trade	Government
Connecticut	Department of Economic and Community Development (DECD)	Government
Delaware	Delaware Economic Development Office (DEDO)	Government
Florida	Enterprise Florida Inc. (EFI)	Public-private partnership
Georgia	Georgia Department of Economic Development (GDED)	Government
Hawaii	Department of Business, Economic Development & Tourism (DBEDT)	Government
Iowa	Department of Economic Development	Government
Idaho	Department of Commerce	Government
Illinois	Department of Commerce and Economic Opportunity (DCEO)	Government
Indiana	The Indiana Economic Development Corporation (IEDC)	Public-private partnership
Kansas	Department of Commerce	Government
Kentucky	Cabinet for Economic Development (CED)	Government
Louisiana	Louisiana Economic Development (LED)	Government
Massachusetts	Executive Office of Housing and Economic Development < The Department of Business Development	Government
Maryland	Department of Business & Economic Development (DBED)	Government
Maine	Department of Economic and Community Development	Government
Michigan	The Michigan Economic Development Corporation (MEDC)	Public Corporation
Minnesota	Department of Employment and Economic Development (DEED)	Government
Missouri	Department of Economic Development	Government
Mississippi	Mississippi Development Authority (MDA)	Government
Montana	Governor's Office of Economic Development	Government
Montana	Department of Commerce	Government

North Carolina	Department of Commerce	Government
North Dakota	Department of Commerce	Government
Nebraska	Department of Economic Development	Government
New Hampshire	The Department of Resources and Economic Development	Government
New Jersey	Governor's office <Office of Economic Growth (OEG) (the lead agency)	Government
New Mexico	Economic Development Department (EDD)	Government
Nevada	Nevada Commission on Economic Development (NCED)	Government
New York	Empire State Development (ESD)	Public Authority (Quasi-private corporations)
Ohio	Ohio Department of Development (ODOD)	Government
Oklahoma	Oklahoma Department of Commerce	Government
Oregon	Oregon Business Development Department	Government
Pennsylvania	Department of Community & Economic Development (DCED)	Government
Rhode Island	The Rhode Island Economic Development Corporation (RIEDC)	Quasi-public agency
South Carolina	South Carolina Department of Commerce	Government
South Dakota	Governor's Office of Economic Development (GOED)	Government
Tennessee	Department of Economic & Community Development	Government
Texas	Office of the Governor <Economic Development & Tourism Division (EDT)	Government
Utah	Governor's Office of Economic Development	Government
Virginia	Virginia Economic Development Partnership (VEDP)	State Authority
Vermont	Department of Economic Development	Government
Washington	Department of Commerce	Government
Wisconsin	Department of Commerce	Government
West Virginia	Department of Commerce < West Virginia Development Office	Government
Wyoming	Wyoming Business Council	Government

Appendix 2

The original 'State Economic Development Agency Budget Survey' contains source of revenues for each budgeted activity. Basically, it estimate state's budget by category, including pass-through and staff costs.

< Modified state economic development budget for each functional area >

Category	Specific components
Business Finance	1. Business Finance • Fund management • Loans available to business • Grants to businesses 2. Strategic Business Attraction Fund • Grants for strategic projects • Loans for strategic projects • Other strategic business attraction fund activities
Business Development	1. Business Assistance • Procurement (government or business to business) • Small business development • Business retention/ expansion • Industry association support • Others 2. Domestic Recruitment/ Out-of-State • Advertising (domestic) • Marketing/ prospect development • Prospect site location assistance
International Trade & Investment **Workforce Development**	• Export promotion • Foreign direct investment • Overseas representation • Advertising (international) • Others
Economic Development Enhancement Activity	1. Technology Transfer • Technology commercialization • Research & development • Modernization/ Manufacturing Extension Partnership (MEP) • Company quality enhancement • Other technology 2. Entrepreneurial Development • Assistance to start-ups • Incubator development/ operations support • Seed/venture capital • Others
Community Development	Community Assistance • Infrastructure (e.g. road/sewer)

	• Project-specific infrastructure • Housing • Community development • Technical assistance/ capacity building to communities • Grants to local/ regional development organizations • Funding for targeted geographic zones
Tourism/Film	• Tourism advertising • Tourism promotion • Tourism development • Film promotion • Major events/ festivals
Special Industry Support	• Energy-related industry • Environmental • Telecommunications • Agriculture/agribusiness • Biotechnology/ life sciences • Advanced manufacturing • Nanotechnologies • Economic diversification • Other target cluster/ industry initiatives
Economic Development Support Service	1. Administration • e.g. information systems, accounting, human resources, etc 2. Program Support • Policy and planning • Economic research • Data dissemination/ web site • Public relations/ intergovernmental • Secretary/ Director's offices • Other program support
Minority Development	Small Disadvantaged Business Enterprise • Bonding and contracting assistance • Business development assistance • Business lending assistance • Business grant assistance
Others	Not elsewhere classified

Appendix 3

CASE STUDY INTERVIEW PROTOCOL

OVERVIEW

Goal of the interviews

- To gather sufficient information to document the given state's organizational and political approach to economic development
    - The lead development agency and its relation to other government agencies
    - Other organizations and agencies related to economic development
    - The principal policy making apparatus

Target of the interviews

- Officials of public, private, and non-profit organizations familiar with the economic development planning and policy making apparatus of the given state

Length

- Approximately 30-40 minutes

Record

- Audio recording, supplemented with written notes

QUESTIONS/TOPICS

The interview consists of three major elements:

1) Organizational structure
2) Power and influence in decision making
3) Organizational adaptability and flexibility

ORGANIZATIONAL STRUCTURE

The state's basic governmental or quasi-governmental economic development structure (the agencies assigned to pursue economic development, related private and quasi-public players, key *stakeholders, links to governor's office).*

- Which organizations and agencies in the state play the most important role in influencing economic development policy making and program delivery?
- What is your organization's relationship with other important economic development agencies and organizations in the state?
- Are economic development policies and programs typically substantially changed when a new governor is elected?
- How does your organization interact with the governor's office?
    - Which of the following best explains the relationship between your organization and the governor's office: 1) cooperative; 2) top-down, from governor's office, 3) bottom-up (governor's office defers to agency for guidance).
- Have you recognized that other states take a different approach to economic development? Do you think it matters?
- What do you see as the main advantages of your state's organizational structure? What are the main disadvantages?
- Has there ever been a significant attempt to reorganize or reform how the state pursues economic development?
- In your view, how effective are the government-led ED agencies in the state? Would the state be better off if it restructured how it pursues economic development?
- Do you think the way the state is structured to undertake economic development limits the kinds of programs and policies it considers and implements?
- Do you think different type of decision making generate different level of commitment of employees in terms of idea generation?
- If the governor asked you to recommend changes to your organizational structure, what would those changes be?
- How each structure is particular to the problems facing each state?

- What are the institutional constraints on these organizations?

POWER AND INFLUENCE IN DECISION MAKING

How resources are allocated, who has the power to influence decisions, what is the decisive entity for initiating or terminating development program or policy?

- Where do new ideas for new economic development policies and programs in your state typically come from?
- Who determines how funds are allocated? Is there a strategic planning board of some sort and does it have real power to influence resource allocations?
- How is the performance of your organization evaluated?
- How much political autonomy does your organization have?
- Are economic development policies and programs typically substantially changed when a new governor is elected?
- Is the planning for this organization's programs typically done within the organization? Is the planning often out-sourced to other organizations?
- Would you describe the economic development decision making in this state as "highly politicized"? Does research and analysis play a significant role in influencing decisions?

ORGANIZATIONAL ADAPTABILITY AND FLEXIBILITY

Flexibility, accountability, efficiency, privatization.

- How rapidly can new economic policies or programs be initiated in your state?
- Does your organization partner with private or non-profit organizations? What kinds of partnerships?
- Do you contract out some functions of your organization? If so, why?

Appendix 4

< Lists of Interviewees >

State	Interviewee's Name	Organization	Interview Method	Dates
Florida	Michele R. Miller (Vice President)	Enterprise Florida, Inc.	Phone Interview	18th, March
Texas	Amir Mirabi (Director)	Office of the Governor <Economic Development & Tourism Division (EDT)	Phone interview	1st , April
Pennsylvania	Maria Herrera (Research and Policy Assistant) and Stephen Herzenberg (Executive Director)	Keystone Research Center	Face to face Interview	22nd , March
	Bryce Maretzki (Director of Policy)	Department of Community & Economic Development (DCED)	Face to face Interview	23rd , March
	Matt Zieger (Chief Operating Officer)	Team Pennsylvania Foundation	Face to face Interview	23rd , March
	Michael E. Rossman (Director)	Governor's Action Team, Department of Community & Economic Development (DCED)	Face to face Interview	24th, March

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