

Mandatory Evaluation Components

Report 2019-02: Economic Development Partnership of North Carolina Should Increase Private Funding and Improve Formal Coordination with Department of Commerce

N.C. Gen. § 120-36.14 requires the Program Evaluation Division to include certain components in each of its evaluation reports, unless exempted by the Joint Legislative Program Evaluation Oversight Committee. The table below fulfills this requirement and, when applicable, provides a reference to the page number(s) where the component is discussed in the report.

N.C. Gen. § 120-36.14 Specific Provision	Component	Program Evaluation Division Determination	Report Page
(b)(1)	Findings concerning the merits of the program or activity based on whether the program or activity		
(b)(1)(a)	Is efficient	The Economic Development Partnership of North Carolina (EDPNC) is efficient because 94.2% of expenditures are used to support programs ; only 5.8% goes toward administration. Charity Navigator rates community foundation group highest if they spend less than 10% of funds on administrative activities. The EDPNC is less efficient in terms of fundraising: 17% of every unrestricted dollar raised was spent on fundraising.	12, 14
(b)(1)(b)	Is effective	The Department of Commerce has contracted with the EDPNC to perform several functions: business attraction, tourism, business assistance, international trade, and marketing. Overall, the EDPNC performs these functions more or as effectively as the Department of Commerce did in previous years.	10, Appendix A
(b)(1)(c)	Aligns with entity mission	The EDPNC's mission is focused on recruiting new businesses to the state, supporting the needs of existing businesses, connecting exporters to global customers, helping small business owners get their start, and attracting tourists and visitors from all over the world. This mission aligns with the Department of Commerce's mission to improve the economic well-being and quality of life for all North Carolinians.	3-4
(b)(1)(d)	Operates in accordance with law	The EDPNC does operate in accordance with law. However, Recommendation 7 states that the General Assembly should clarify G.S. 143B-431A(b)(1) to allow the EDPNC to award federal grant funds for the State Trade and Export Promotion and Manufacturing Extension Partnership programs.	27-28, 37-38
(b)(1)(e)	Does not duplicate another program or activity	Although the potential for market research duplication exists, the Program Evaluation Division found no evidence that this type of duplication is occurring. Finding 3 determined that management of the tourism program is split between both the EDPNC and the Department of Commerce.	16, 33-34 17-19
(b)(1a)	Quantitative indicators used to determine whether the program or activity		
(b)(1a)(a)	Is efficient	The Program Evaluation Division determined efficiency of the EDPNC because 94.2% of expenditures are used to support programs ; only 5.8% goes toward administration. The EDPNC is less efficient in terms of fundraising: 17% of every unrestricted dollar raised was spent on fundraising.	12, 14
(b)(1a)(b)	Is effective	The Program Evaluation Division determined effectiveness of the EDPNC by comparing the EDPNC's average performance from	Appendix A

		<p>FY 2015-2018 to the Department of Commerce's reported performance between FY 2009-2013 on the same measures.</p> <ul style="list-style-type: none"> The EDPNC performed better than the Department of Commerce on capital investment (\$3.5 billion versus \$3.1 billion) foreign direct investment (\$1.6 billion versus \$.83 billion), and number of companies receiving export assistance (509 versus 394). The EDPNC performed worse than the Department of Commerce on overall job creation (16,540 versus 16,906) and the number of existing businesses receiving assistance (964 versus 1,363). 	
(b)(1b)	Cost of the program or activity broken out by activities performed	<p>EDPNC activities had the following state costs in Fiscal Year 2017-18:</p> <ul style="list-style-type: none"> Travel and tourism = \$12,853,799 Administration and investor relations = \$854,112 Research and marketing = \$2,403,282 International Trade = \$1,652,836 Business support = \$1,177,623 Business recruitment = \$1,287,157 Business development = \$922,187 	
(b)(2)	Recommendations for making the program or activity more efficient or effective	<p>Recommendation 1 states the General Assembly should direct the EDPNC to increase private fundraising to better support the organization's mission and reinforce the public-private nature of the entity. If private funding becomes extensive, there is the potential to reduce state funding, making programs more efficient for the State.</p> <p>Recommendation 2 states the General Assembly should require the EDPNC and Department of Commerce to work with a third party to develop a communication plan for areas such as marketing, business development, and market research to improve the overall flow of communication between organizations and reduce potential duplication or requests for information.</p> <p>Recommendations 4, 5, and 6 aim to make the strategic planning and communication processes between the EDPNC and the Department of Commerce stronger. These actions may improve coordination between organizations and reduce potential for duplication.</p> <p>Recommendation 8 states the General Assembly should direct the EDPNC to improve the buildings and sites database in order to make it more competitive with other states' databases.</p> <p>Recommendation 9 directs the EDPNC to work with an academic organization to suggest more nuanced and additional program performance metrics to better measure what it actually accomplishes.</p>	<p>32-33</p> <p>33-34</p> <p>36-37</p> <p>38</p> <p>39</p>
(b)(2a)	Recommendations for eliminating any duplication	<p>The functions of the tourism division are split between the EDPNC and the Department of Commerce. For this reason, there is duplication in administration. Recommendation 3 is for the General Assembly to consider whether these functions should be consolidated in one organization</p>	<p>17-19, 34-36</p>
(b)(4)	Estimated costs or savings from implementing recommendations	<p>Recommendations entail costs and savings. One-time costs include</p> <ul style="list-style-type: none"> Estimated \$7,000 for facilitation that will be paid for by the agencies. <p>Recurring costs include</p> <ul style="list-style-type: none"> Approximately \$200,000 for the Department of Commerce to redirect existing resources towards two positions to assist with strategic research and planning; and 	

		<ul style="list-style-type: none">• Approximately \$85,000 for maintaining the buildings and sites database. <p>If private funds for EDPNC operations increase, there may be a potential to reduce state funding.</p>	
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