



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

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# Economic Development Partnership of North Carolina Should Increase Private Funding and Improve Formal Coordination with Department of Commerce

## Summary

The Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to analyze the effectiveness and efficiency of the Economic Development Partnership of North Carolina (the EDPNC), a non-profit organization that operates as the sales and marketing arm of the State.

**The majority of the EDPNC's budget (89%) is funded by state appropriations.** Much of this appropriation is restricted to specific activities such as tourism marketing, which limits the EDPNC's ability to strategically allocate funds. There has been no growth in the amount of private funds raised in recent years and the current fundraising requirement does not provide an incentive for the EDPNC to continue fundraising once the required amount has been pledged.

**The EDPNC and the Department of Commerce lack effective communication and coordination.** The two agencies do not coordinate their strategic plans and the Department of Commerce has little formal oversight of the EDPNC's activities.

Other issues noted include: the tourism division having minimal synergy with the rest of the EDPNC; the EDPNC's below-market salaries being coupled with a bonus system that is unusually generous compared to similar organizations; the EDPNC operating without a strategic plan; the EDPNC's administration of discretionary federal grant funds going against the intent of existing state law; the buildings and sites database and associated web tool not being competitive with those used by other states; and the EDPNC's performance measures not adequately capturing true project involvement and performance.

### To address these findings, the General Assembly should

- direct the EDPNC to increase private funding to \$2 million per year;
- charge the EDPNC and Commerce with engaging a facilitator to create a communication protocol and resolve coordination issues;
- create a legislative commission to consider the best way to organize and manage the tourism division;
- abolish the Accountability and Standards Committee and entrust the Secretary of Commerce with these responsibilities;
- make the Secretary of Commerce an ex-officio, voting member of the EDPNC's Board of Directors and require agencies to coordinate strategic plans;
- modify existing state law to specify that the EDPNC Board of Directors is responsible for creating an organizational strategic plan;
- specify in state law that the EDPNC may award federal grant funds;
- instruct the EDPNC to improve the buildings and sites database; and
- consider recommendations for additional or alternative performance measures.