

Transitioning Florida's Economy: Recommendations for Recovery



**Panel presentation to the
Select Committee on Florida's Economy
January 13, 2009**

Chair: Senator Don Gaetz

Vice Chair: Senator Jeremy Ring

Florida's Economic Recovery and Transition



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Recommendations for Florida's Economic Recovery and Transition



Susan Story



***RECOMMENDATIONS FOR
FLORIDA'S ECONOMIC
RECOVERY AND
TRANSITION***

We Believe...



1. We are at an **Economic Crossroads**
 - ✦ The economic dynamics of Florida have changed
2. **Talent** is the most important economic development tool
3. **One Agenda** for Florida's future
4. **Focus Resources** (both public and private) to achieve Florida's priorities for the future
 - ✦ Six economic drivers
5. **Measure Results** and continuously close gaps

Six Key Drivers



- 1. Talent**
- 2. Infrastructure**
- 3. Business Climate**
- 4. Governance & Government Systems**
- 5. Innovation & Economic Development**
- 6. Quality of Life**



Susan Story



1. Talent

2. Infrastructure

3. Business Climate

4. Governance & Gov. Systems

5. Innovation & Econ. Development

6. Quality of Life

Talent Recommendations



1. Promote and incent STEM education and the “21st Century” skills of critical thinking and writing, problem-solving, research, out-of-the-box thinking. Maximum incentive for STEM degrees in science, technology, engineering and math
2. Align high school graduation standards with college and career-readiness standards to build on the success of the A+ Plan

Talent Recommendations



3. Freeze implementation of class size and, instead, lead nation in teacher “pay for performance”
 - ✦ look to limit its scope in terms of level of applicability (stop at school-level)
 - ✦ period of applicability (true-up once per year)
 - ✦ grades of applicability
4. Ensure all students in our schools have access to a high quality teacher, through certification reform, tenure reform, and differentiated pay

Talent Recommendations



5. Allow higher education tuition increase up to 15% annually, up to national average
 - ✦ Dedicate 30% of the increased tuition revenues toward need-based student aid
6. Attract and keep the best and brightest university professors and researchers
7. Pay-for-performance appropriation to Board of Governors
 - ✦ In exchange for specific outcomes and output measures

Talent Recommendations



8. Bright Futures improvements:

- ✦ Increase need-based assistance
- ✦ Decouple from tuition (tuition differential)
- ✦ Eliminate payment for taking same class more than once
- ✦ Target Bright Futures funding toward course hours required for students to acquire degree. Stop payment for non-essential courses beyond those needed for graduation requirement
- ✦ Provide 100% Bright Futures scholarships only for STEM students

9. Prepaid college tuition improvements:

- ✦ Decouple from tuition increases
- ✦ Decouple from differential
- ✦ Protect current contract holders

Talent Recommendations



10. Prioritize and fully fund public school programs key to our new top-10 status, including College Board Partnership, FCAT, funding for reading, and School Recognition Program
11. Higher education funding should be the last resort for budget reductions

Infrastructure Recommendations



1. Leverage anticipated federal stimulus package to modernize our transportation, education, technology, energy, water, ports, airports and sewer infrastructure
 - ✦ Focus on projects that create jobs and attract investments
 - ✦ Provide preference to Florida contractors where feasible to maximize Florida jobs
2. Comprehensive energy policy for consumers that is environmentally responsible, affordable and reliable

Infrastructure Recommendations



3. Transition from growth management to growth leadership, balancing incentives and regulations

- ✦ Encourage and incent urban infill and redevelopment projects
- ✦ Reform and revisit transportation and school concurrency requirements
- ✦ Embrace growth that creates more high-wage jobs
- ✦ New employers and employees create more tax revenue

Infrastructure Recommendations



4. Temporarily suspend school concurrency and financial feasibility for 3 years and lift transportation concurrency for 3 years in targeted urban areas
5. Protect natural resources by returning rural land stewardship program to its original legislative intent
6. Incent broadband access in rural communities



Allan Bense



1. Talent

2. Infrastructure

**3. Business
Climate**

**4. Governance &
Gov. Systems**

5. Innovation &
Economic
Development

6. Quality of Life

Business Climate Recommendations



1. **Stable and predictable taxes and insurance**
 - ✦ Restore attorney fee cap to keep workers' compensation rates competitive
 - ✦ Lower burden of proof in property tax challenges
 - ✦ Permanent fix to Corporate Income Tax glitch
 - ✦ Reduce Citizens' assessment base
 - ✦ Reduce CAT Fund exposure
 - ✦ Require actuarially sound rates for Citizens' policyholders
 - ✦ Enact non-homestead assessment cap
 - ✦ Moratorium on impact fees

Business Climate Recommendations



2. Reduce permitting review time by at least 50%

- Maximum 60 days for permitting review process
- Missed permit processing deadlines will force issuance of the permits and be reflected on government employees' job reviews
- Consider outsourcing permitting to certified private sector planners (Privatize permitting to save time & money)
- City/County pay applicants daily fines for delays

3. Uniform permitting processes and expedited approvals at state and local level

Business Climate Recommendations



4. Extend all state and local permits and approvals for 3 years
5. Emergency permitting (max 30 days) for targeted clusters
 - ✦ Extension of QTI contract requirements similar to those granted after 2004-05 hurricanes to account for economic downturn

Business Climate Recommendations



6. Development of Regional Impact (DRI)

- ✦ Streamline the process
- ✦ Extend approvals for three years - not a doubling of prior 3-year extensions that was afforded some projects, but not others
- ✦ Increase the non-residential construction thresholds (such as double office and retail space)
- ✦ Delete parking space requirements for residential
- ✦ Allow opt-in for local communities that meet an urban infill exception/requirement

Governance Recommendations



1. Require revenue estimators to provide legislators a cost and benefit economic analysis (ROI) on critical policy
 - ✦ Objective fiscal review of individual sales tax exemptions, evaluating economic development incentives
2. Modernize or eliminate burdensome regulations and outdated regulatory structures based on old technology
3. Agency Peer Review
 - Industry-style cross agency review

Governance Recommendations



4. Assure adequate court funding
5. Stop amending our state's constitution by initiative with policy that can be passed by statute, CRC or TBRC
6. Improve proportion and ratio of federal funds received (from donor state to parity or better)
 - ✦ Transportation (increase from \$0.86 to \$0.95 on the dollar)
 - ✦ Medicaid reimbursement rates (increase from 55% to 65%)

Marshall Criser, III



1. Talent
2. Infrastructure
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- 6. Quality of Life**

Innovation & Econ. Development Recommendations



1. Leverage Florida's targeted clusters for jobs of the future. Examples include:

- ✦ **Aerospace** - creation of a commercial launch zone and incentives for space-driven business
- ✦ **Life Sciences** – accelerate growth of spin-offs and research centers by continuing to invest in the Florida Opportunity Fund, which provides early stage venture capital financing to leading-edge start-up companies
- ✦ **Clean Energy** – grow Florida's leadership for emerging green technologies by leveraging the Florida Energy Systems Consortium

*Florida's targeted clusters include: Clean Energy, Life Sciences, Information Technology, Aviation & Aerospace, Homeland Security/Defense, Financial/Professional Services, Manufacturing

Recommendations for Florida's Economic Recovery and Transition

Innovation & Econ. Development Recommendations



2. Begin initial steps for formal preparation for future Base Realignment and Closure (BRAC) rounds to protect Florida's more than \$50 billion defense industry

Innovation & Econ. Development Recommendations



3. Preserve and expand high-wage job creation incentives including:

- ✦ Qualified Targeted Incentives (QTI)
- ✦ Qualified Defense and Space Contractor Tax Refund (QDSC)
- ✦ Economic Development Transportation or Road Fund
- ✦ Quick Action Closing Fund (QUAC)
- ✦ Capital Investment Tax Credit (CITC)
- ✦ High Impact Performance Incentive (HIPI)
- ✦ Additional incentives for manufacturing
- ✦ According to a recent study, 63% of Floridians support incentives for businesses expansion or relocation

Innovation & Econ. Development Recommendations



4. **Make economic development Quick Action Closing Fund recommendations presumptively valid 30 days after LBC noticed for review unless LBC meets and decides otherwise within 30 days**
5. **Add economic gardening concept to “toolkit”**
 - ✦ **Grow Florida-based small businesses into medium and larger employers in targeted clusters**
6. **Create a transferable R&D tax credit to incent research and development**

Innovation & Econ. Development Recommendations



7. Create a commercialization matching grant program

- ✦ Jump-start new company formation and leverage federal funding
- ✦ Grants to help small business win matching awards – Small Business Innovation Research (SBIR) & Small Business Technology Transfer (STTR)

8. Fully leverage SB 2310 (Sen. Ring 2008) venture capital initiative

- ✦ SBA to invest a maximum of 1.5 percent of the net asset value of the Florida Retirement System Trust Fund in technology and growth investments

Innovation & Econ. Development Recommendations



9. Your leadership is needed to fight for increased trade opportunities for Florida employers, such as Colombia Free Trade Agreement, Doha World Trade Organization talks and others
10. Prepare for Panama Canal expansion – port expansion and investment, high tech & security
11. Prepare Florida employers for a post-embargo Cuba

Quality of Life Recommendations



1. Improve health care quality and lower costs through use of state-of-the art technology solutions to reduce paperwork and administrative overhead (maximize electronic medical records)
2. Promote Florida's improved education ranking to attract creative class talent (new top 10 ranking)

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