



ECONOMIC DEVELOPMENT STRATEGIES, INFORMATION BRIEF 6

What Do State Economic Development Agencies Do?

Norton Francis

July 2016

States spend billions of dollars every year on economic development activities that range from recruiting new businesses to helping local businesses expand. At the heart of each state's economic development strategy is an agency, department, or government-supported nonprofit that coordinates the state's efforts. More than mere boosters, state economic development agencies (EDAs) are tasked with supporting existing businesses, encouraging entrepreneurship, recruiting new businesses, and coordinating the economic development activities of their local governments and other local EDAs.

Overview of State EDAs

State EDAs budgeted about \$4 billion in fiscal year 2016 (which for most states ended on June 30, 2016). A state EDA may be a government agency that reports directly to the governor or a quasi-public agency that is overseen by appointed boards. For example, Wyoming coordinates all its economic development through the Wyoming Business Council, a state nonprofit corporation with a 15-member board appointed by the governor and confirmed by the state senate (table 1, at end of brief). Several states have similarly structured EDAs to increase participation from the business community and provide flexibility when pursuing business development (Rood, Moore, and Schwartz 2016). Box 1 discusses Ohio's decision to change its traditional EDA to the more corporate structure of JobsOhio.

The EDA business role has changed over the past few decades, shifting from purely marketing the state and recruiting large companies to a more hands-on advisory and support capacity (Sparks and Pappas 2012). This shift was intended to achieve better coordination with regional entities and nonprofit economic development groups and to meet the needs of local businesses (Eberts and Erickcek 2002). But the shift in role came with the cost of losing the ability to coordinate with other agencies, particularly those concerned with housing and training. However, renewed interest in inclusionary

economic development may lead states to restore these connections and perhaps cause a shift back to the agency model, or at least new systems to coordinate programs.

BOX 1

Corporation or Agency?

The decision whether to organize the state EDA as an agency or a corporation is made based on the type of activities it will pursue. As a state agency, the EDA is part of the normal appropriations process and likely receives a reliable and consistent budget. But it is also subject to the same oversight and scrutiny as other agencies, including procurement regulations. Some states have decided that the flexibility needed to compete for new companies is missing under the agency structure and so have opted for a corporate or instrumentality structure. When Ohio switched its state EDA to JobsOhio, for example, the motivation was to allow the EDA to “move at the speed of business”. JobsOhio is not subject to many of the transparency and ethics regulations of its predecessor, the Department of Development, including open meetings, procurement, and collective bargaining. Subsequent legislation created the JobsOhio Beverage System, a conduit for using revenue from the state distilled spirits tax to finance economic development programs. The Ohio Department of Commerce Division of Liquor Control continues to act as the state liquor control agency.

Sources: Office of Governor John R. Kasich, “Kasich Joins Legislators to Begin JobsOhio Legislative Process,” press release, January 20, 2011, <http://www.governor.ohio.gov/Portals/0/pdf/news/01202011.pdf>; Ohio Legislative Service Commission, “Final Analysis: Am. Sub. H.B. 1, 129th General Assembly (As Passed by the General Assembly),” February 18, 2011, accessed July 13, 2016, <http://www.lsc.ohio.gov/analyses129/11-hb1-129.pdf>.

Each EDA has an obligation, usually but not always reinforced by statutory requirement, to report on the successes and failures of its programs. The annual reports compiled by state EDAs vary greatly in content, ranging from a comprehensive accounting of activities, such as Utah’s 162-page 2015 annual report, to a summary of highlights, such as Georgia’s “Year in Review” report (Utah Governor’s Office of Economic Development 2015).¹ Often written as a marketing tool, the reports are universally positive. But when done right, these reports provide relevant data on outcomes, such as jobs promised versus jobs delivered. State policymakers should ensure that they have the right data and reporting in place to effectively monitor EDA activities, particularly with open-ended or long-term contracts (Pew Charitable Trusts 2016). The Nevada Governor’s Office for Economic Development, for example, provides quarterly reports on its largest economic development contract (Tesla Motors) that are used to justify the tax incentives awarded.² But should these offices also be tasked with evaluating how the state fares in the aftermath of these deals? The Tesla reports are audited annually by an independent auditor, addressing this conflict of interest but only for the Tesla contract. Several states use auditors to conduct ad hoc audits of specific programs, but in general the performance of the EDA is only deliberated in those states that include performance reviews as part of the budget process.

Marketing the State and Attracting New Business

The primary mission of an EDA is to market its state to businesses and assist in local business development and relocation. Most EDAs are outward looking and focus on recruitment of large companies currently located in other states. The competition among states is fierce because each state offers hundreds of millions of dollars in tax and other subsidies to attract large manufacturers and corporate headquarters. In 2014, then-Texas Governor Rick Perry famously went to other states personally to recruit companies.³ EDA representatives travel nationally and internationally, attending trade shows where they promote their state to large multinational corporations (Kansas Department of Commerce 2014)⁴ EDAs also assemble trade missions with their governor, mayors, and business representatives to market the state for foreign direct investment and market the state's output for international export.

Marketing

States also advertise extensively online, on television, and in magazines and trade journals. Maryland, for example, spent \$3.5 million in fiscal year 2014 on marketing and communications, including advertising in major site selection trade magazines and other media outlets (Maryland Department of Business & Economic Development 2014). As part of their marketing, states often promote various business rankings. Several organizations rank states for various business characteristics, such as tax burden and regulatory environment. The most widely reported are the rankings from the Tax Foundation, the Council on State Taxation, the Kauffman Foundation, the American Legislative Exchange Council, *Forbes*, and CNBC. The Montana Governor's Office of Economic Development website cites Montana's rank in several surveys.⁵ The Wisconsin Economic Development Corporation lists "improving the state's rank in business climate surveys" as a primary goal.⁶

Attracting New Business

The main goal for most EDAs is recruitment and retention of large businesses. EDAs historically have targeted manufacturers because they generally provide jobs with good wages and benefits, invest in building and equipment, and purchase local goods and services. As a result, EDAs make incredible efforts to recruit a single marquee corporation like Boeing or General Electric: one large manufacturer can drive a whole ecosystem of supply chains and economic activity. As manufacturing has declined nationwide, however, the focus has been on information and technology companies that also provide quality jobs.⁷

Deal-closing funds have also become increasingly popular. These discretionary funds allow an EDA to add an additional incentive to land a company. They often supplement other local or state incentives and are typically upfront cash payments. As of 2015, 21 states had such funds. The Texas Enterprise Fund is the largest of this type of fund, having disbursed almost half a billion dollars since 2006.⁸ Nevada provided a \$1.2 million grant from its recently created Catalyst Fund to convince Solar City to move to Las Vegas.⁹ These discretionary programs typically require some evidence of competition with other

states.¹⁰ New Mexico increased its fund from \$15 million to \$50 million in 2015, but Florida recently defunded its Quick Action Closing fund because of concerns about its effectiveness (New Mexico Economic Development Department 2015).¹¹

Expanding and Retaining Businesses

Business expansion relies on the availability of space, capital, and talent as well as competitive cost structures. Promoting and supporting expansion is both more effective and more efficient than recruiting new business (Bartik 2004). State EDAs address these issues with programs that are customized to individual businesses. State grant and loan programs to local governments can provide the financing to expand infrastructure for a particular business. Training programs can be customized to ensure a business has an adequate labor supply with the right skills.

Customized job training programs as an incentive to new or expanding companies are often housed in the EDA rather than the workforce development agency. The role of the EDA may be administering tax incentives for job training or coordinating with community colleges for customized training. In South Carolina, for example, the readySC program, developed in the 1960s, is operated under the auspices of the Department of Economic Development even though it is a workforce training program.¹² Recognizing this synergy, the US Department of Labor emphasized coordination between workforce programs and economic development programs in the state plans required by the 2014 Workforce Innovation and Opportunity Act (Eyster 2015).

Advanced job training specifically targets certain industries or even individual companies. For example, the state may connect a company with a community college to provide a specific conduit of trained employees with specific skills.¹³ Or the company might train employees with the state picking up all or some of the cost, either through direct subsidy (e.g., New Mexico's Job Training Incentive Program) or through a tax credit. How and which employees get trained varies by program and by state and requires monitoring and evaluation to ensure efficient allocation of resources.

Entrepreneur Development

The main support for new business is through entrepreneur development. Entrepreneurs are usually either small businesses or start-ups. Most entrepreneurs are small sole proprietorships in construction, retail, or food service (Shane 2008). Start-ups, however, can be distinguished from small businesses because of their potential for significant growth. Start-ups are also run by entrepreneurs, but they have a different profile than small-business entrepreneurs. EDAs have to tailor their programs to match both profiles to maximize the benefit of scarce resources.

Programs for Small-Business Entrepreneurs

Small-business entrepreneurs typically enter an established field like food service or construction. They often have extensive experience with their product but don't know how to run a business. The EDA can

step in and address their two main obstacles: business planning and financing. Most EDAs have websites like Montana’s Business Navigator, which helps entrepreneurs understand what it takes to start a business and offers guides for planning, starting, and operating a business along with a pitch to choose Montana.¹⁴ Basic information, such as where to get permits and how to set up tax identification numbers, can also help new entrepreneurs understand and comply with state and local regulations.

A simple role of the EDA is acting as a tour guide of the state for businesses. This guide starts with providing state economic and demographic profiles, summaries of tax laws including available incentives, and other important information. Every state has a guide, but they vary in content and state of business. Some are guides to the administrative process of setting up a business in the state and explain how to register, pay taxes, and get necessary licenses and permits. Others are more comprehensive and discuss business plans, financing, and programs for growing the business. Oregon’s guide to starting a business includes a checklist of all of the legal requirements as well as a comprehensive section on employees and taxes. Nebraska pioneered a program called “economic gardening” that identifies local businesses with potential but needs financial help or general guidance to grow.

Access to capital is critical for a business of any size, but for small businesses, particularly new ones, even small amounts of capital can help them succeed. A new business may not have a sufficient credit history to qualify for traditional bank loans, and financing programs offered by EDAs can fill the gaps (Francis 2016). These programs may be as simple as small grant or microloan programs to buy inventory or purchase a piece of equipment. In most states, with the support of federal programs administered by the US Small Business Administration, programs include loans for working capital to meet payroll or pay rent.

Programs for Start-Ups

Start-ups have a very different profile than small businesses. The typical firm is a high-technology or science company with a product new to the market, usually derived from the founders’ research and patents. Often, these companies also have significant growth potential (Google was a start-up). But start-ups require up-front financing and thus have high risk. And unlike small businesses, they are unlikely to produce revenue for some time. State programs such as investor incentives and direct equity investing by the state can help start-ups by reducing investment risk and up-front costs (Francis 2016).

Research and development and state programs to commercialize technology developed at state universities make up a large part of business assistance. For example, the Maine Economic Improvement Fund uses state funds to support targeted industry research at the University of Maine. Ohio’s Third Frontier program invested more than a quarter of its total budget—almost \$150 million—in technology transfer. For “technology validation,” for example, Third Frontier provides funds to help firms license technology and to seed start-up ventures using Ohio-developed technology.

Increasingly, states are considering “accelerator” programs for start-ups (Hathaway 2016). These programs are launch pads for start-ups to hone their pitch and product through intensive mentoring

and training. In contrast to incubators, which provide permanent space and facilities, accelerator programs are discrete, time-limited programs. The idea is that the accelerator can help start-ups build up enough investor confidence to attract financing.

The most successful accelerators are private—TechStars (Colorado), 1776 (Washington, DC), Y-Combinator (California)—but states are starting to develop their own (box 2).¹⁵ The success of TechStars, which started in Boulder and now has locations around the world, led the state of Colorado to start its own accelerator program. Private accelerators are looking for investment opportunities as well as building a start-up ecosystem; public accelerators join forces with local investors but provide the apparatus. Launch: Alaska, for example, is sponsored by the US Small Business Association and the Alaska Small Business Development Center, but it is structured as a nonprofit and is not restricted to Alaska companies.¹⁶

BOX 2

Wisconsin Accelerator Start-Up Program

The Wisconsin Center for Technology Commercialization is an example of public investments to promote and stimulate new ventures. Its website's home page highlights Lean Startup, Small Business Innovation Research/Small Business Technology Transfer assistance, and business planning. Lean Startup walks a scientist-turned-entrepreneur through the business validity and commercial prospect of a new technology. It assumes that the technical aspects have been validated and asks the question: Does anyone need it? With coaching on the business model, entrepreneurs can develop a workable business plan to obtain financing and other resources.

The Center for Technology Commercialization is jointly funded by the University of Wisconsin-Extension, the Wisconsin Economic Development Corporation, and the federal Small Business Administration.

Coordinating Economic Development Activity

As the state's lead economic development agent, the state EDA has a role in coordinating the efforts of multiple state and local agencies (box 3). At the state level, other agencies, like the workforce development agency or the department of transportation, also have economic development programs. A few states, like South Carolina,¹⁷ have formal relationships with agency heads, but most states have informal or ad hoc connections. In several states, the EDA is a cabinet position, which allows direct coordination with other agency heads and the governor.

As the main representative of the state in national and international competition for jobs, the state EDA needs to coordinate with local and regional EDAs. This coordination ranges from direct oversight of local agencies, as in Alaska, or as a grantor, as many states do with infrastructure revolving loan funds

(Francis 2016).¹⁸ In states with large urban areas, the local EDA may have a larger presence than the state EDA.

BOX 3

Many Players in Economic Development

When Continental Tire announced a new tire-manufacturing facility in Clinton, Mississippi, multiple levels of government were involved. The Mississippi Development Authority, the state EDA, acknowledged collaboration among itself, Governor Phil Bryant, the Mississippi legislature, the Hinds County Economic Development Authority, the Mississippi Department of Transportation, the Hinds County Board of Supervisors, the Greater Jackson Partnership/Alliance, the City of Clinton, the Mississippi Community College System, Atmos Energy, and Entergy Corporation. Mississippi lawmakers approved \$263 million for site acquisition and preparation, infrastructure, and workforce, including \$20 million contributed by Hinds County. The enabling legislation, passed in a special session called by Governor Bryant for this purpose, also included tax exemptions for Continental.

Sources: Mississippi Economic Development Council, “Continental Tire Locating Tire Manufacturing Plant,” press release, February 5, 2016, <http://medc.ms/index.php/announcements/article/3428>; and Mississippi Legislature, “House Bill No. 1 (As Passed the House),” First Extraordinary Session 2016, accessed July 13, 2016, <http://billstatus.ls.state.ms.us/documents/20161E/pdf/HB/0001-0099/HB0001SG.pdf>.

Conclusion

The state EDA plays a critical role in state economic development strategy by actively promoting and advertising the state around the world and providing hands-on support and advice to local businesses. As the strategy evolves from “smokestack chasing” to a more comprehensive strategy that builds human capital and infrastructure planning, the EDA will have to be more collaborative with other agencies, particularly the workforce development agency (Eyster 2015).¹⁹

To this end, the federal government is encouraging comprehensive strategies by funding strategic plans and requiring states to include economic development plans in workforce planning (Economic Development Agency 2016; Eyster 2015). Other coordinated programs like JobsOhio, which is organized as a nonprofit, are attracting attention. More scrutiny of tax incentives and deal-closing funds will focus the strategy on the provision of adequate infrastructure and skilled labor. The perceived gap in workplace skills calls for this renewed emphasis.

For an effective economic development program, the EDA has to report the outcomes, positive and negative, of each program so policymakers can make adjustments in underperforming programs or add resources to effective ones. The EDA should be updating data frequently, particularly on past recipients, to ensure proper targeting of industries and occupations.

Notes

1. "GDECD Annual Report," Georgia Department of Economic Development, accessed July 13, 2016, <http://www.georgia.org/about-us/gdec-d-annual-report/>.
2. "Reports," Nevada Governor's Office of Economic Development, accessed July 13, 2016, <http://www.diversifynevada.com/reports>. See also Nevada Revised Statutes for reporting requirements, NRS 360.900-980, accessed July 13, 2016, <http://www.leg.state.nv.us/NRS/NRS-360.html#NRS360Sec900>.
3. Will Weissert, "Gov. Rick Perry Targets Democratic States for Job-Poaching Effort," *Dallas Morning News*, April 30, 2014.
4. For example, 16 states were official exhibitors at the Paris Air Show in 2015, which attracts 150,000 professional visitors. Kansas' exhibit showcased six local export companies ("Hannah Dixon, "13 Top Economic Development Trade Shows to Attend in 2014," *DCI Blog*, December 16, 2013, <http://www.aboutdci.com/2013/12/13-top-economic-development-trade-shows-to-attend-in-2014/>; Home page, International Paris Air Show, accessed July 13, 2016, <http://www.siae.fr/en/>; "Exhibitors list," International Paris Air Show, accessed July 13, 2016, https://j2c-com.com/planInteractif/le_bourget_2015/travail/plan.php?lang=gb; Kansas Department of Commerce, "Governor Brownback, Secretary George Lead Successful Mission to Paris Air Show," press release, June 25, 2013, <http://www.kansascommerce.com/CivicAlerts.aspx?AID=860>).
5. "Montana Scorecard," Montana Governor's Office of Economic Development, accessed July 13, 2016, <http://business.mt.gov/ChooseMontana/Scorecard>.
6. "Annual Report on Economic Development," Wisconsin Economic Development Corporation, accessed July 13, 2016, <http://inwisconsin.com/inside-wedc/policylegislation/>.
7. Steve Stackhouse-Kaelble, "The Evolution of Economic Development: 1965-2015," *AreaDevelopment Online*, July 20, 2015, <http://www.areadevelopment.com/Print/economic%ADanalysis/Q2%AD2015/evolution%ADof%ADeconomic%ADdevelopment%ADlast%AD50%ADyears%AD191866.shtml?ID=4637&ID1=136>.
8. "Texas Enterprise Fund (TEF) As of January 31, 2016," Office of the Governor of Texas, accessed July 13, 2016, http://gov.texas.gov/files/ecodev/TEF_Listing_1-31-16.pdf.
9. This particular grant was controversial and is the subject of a lawsuit. See Cy Ryan, "Court is Asked to Permit Suit against Nevada's Catalyst Fund," *Las Vegas Sun*, January 5, 2016, <http://lasvegassun.com/news/2016/jan/05/court-permit-suit-against-nevada-catalyst-fund/>.
10. Nevada's agreement with Tesla in 2014 included an application in which Tesla had to list states it was considering. See "Incentive Agreement: A Contract between the State of Nevada and Tesla Motors, Inc.," accessed July 13, 2016, http://www.diversifynevada.com/uploads/reports/Tesla_-_Incentive_Agreement_-_Execution_Package.pdf.
11. Rick Scott, "Letter from Gov. Scott to Board Members of Enterprise Florida," *Florida Trend*, March 29, 2016, <http://www.floridatrend.com/article/19770/gov-scott-on-the-future-of-enterprise-florida-and-job-creation-in-florida>; Marcia Heroux Pounds, "Florida Gives Too Much Incentive Money to Large Companies, Watchdog Group Says," *Sun Sentinel*, March 10, 2016, <http://www.sun-sentinel.com/business/careers/fl-florida-incentives-good-jobs-first-20160310-story.html>.
12. "About Us," ReadySC, accessed July 13, 2016, <http://readysc.org/about.html>.
13. See, for example, "Customized Training Solutions," Mississippi Development Authority, accessed July 13, 2016, <https://www.mississippi.org/home-page/our-advantages/workforce-main/customized-training-solutions/>.
14. "Planning your Business," Montana Governor's Office of Economic Development, accessed July 13, 2016, <http://business.mt.gov/Business-Navigator/Plan>.
15. <http://www.techstars.com/>; www.1776.vc; <https://www.ycombinator.com/>.
16. "Sponsors," Launch: Alaska, accessed July 13, 2016, <http://www.launchalaska.com/sponsors/>.
17. "Economic Development Set-Aside Fund, Governors Closing Fund and Rural Infrastructure Fund Activity for 2015," letter from Alan D. Young, executive director of South Carolina Coordinating Council for Economic Development of the South Carolina Department of Commerce, to Michael McInerney, director of external affairs for South Carolina Department of Commerce, March 11, 2016, http://scccommerce.com/sites/default/files/all/cced_annual_report_2016_final_rev_3-15-16.pdf.
18. "Alaska Regional Development Organizations - ARDORS," Alaska Department of Commerce, Community, and Economic Development, accessed July 13, 2016, <https://www.commerce.alaska.gov/web/ded/DEV/ARDORS.aspx>.

19. Steve Stackhouse-Kaelble, "The Evolution of Economic Development: 1965–2015," *AreaDevelopment Online*, July 20, 2015, <http://www.areadevelopment.com/Print/economic%ADanalysis/Q2%AD2015/evolution%ADof%ADEconomic%ADdevelopment%ADlast%AD50%ADyears%AD191866.shtml?ID=4637&ID1=136>.

References

- Bartik, Timothy J. 2004. "Incentive Solutions." Working Paper 04-99. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=558181.
- Eberts, Randall W., and George A. Erickcek. 2002. "The Role of Partnerships in Economic Development and Labor Markets in the United States." Kalamazoo, MI: W.E. Upjohn Institute. http://research.upjohn.org/up_workingpapers/75.
- Economic Development Agency. 2016. *Comprehensive Economic Development Strategy (CEDS) Content Guidelines: Recommendations for Creating Impactful CEDS*. Washington, DC: US Economic Development Agency.
- Eyster, Lauren. 2015. "Coordinating Workforce and Economic Development under WIOA." *Economic Development Strategies Information Brief 2*. Washington, DC: Urban Institute. <https://www.eda.gov/ceds/files/CEDS-Content-Guidelines-full.pdf>.
- Francis, Norton. 2016. "State Financing Incentives for Economic Development." *Economic Development Strategies Information Brief 4*. Washington, DC: Urban Institute.
- Hathaway, Ian. 2016. "Accelerating Growth: Startup Accelerator Programs in the United States." *Advanced Industry Series*. Number 81. Washington, DC: Brookings Institution. <http://www.brookings.edu/research/papers/2016/02/17-startup-accelerator-programs-hathaway>.
- Kansas Department of Commerce. 2014. *2014 Annual Report*. Topeka, KS: Kansas Department of Commerce. <http://kansascommerce.com/DocumentCenter/View/6208>.
- Maryland Department of Business & Economic Development. 2014. *Growing Business, Marketing Maryland: Fiscal Year 2014 Annual Report*. Baltimore: Maryland Department of Business & Economic Development. <http://commerce.maryland.gov/Documents/ProgramReport/DBEDAnnualReportFY2014.pdf>.
- New Mexico Economic Development Department. 2015. *FY15 Annual Report*. Santa Fe, NM: New Mexico Economic Development Department. <https://gonm.biz/uploads/documents/publications/AnnualReportFY2015WEB.pdf>.
- Pew Charitable Trusts. 2016. "Better Incentive Information." Washington, DC: Pew Charitable Trusts.
- Rood, Sally, David Moore, and Elliot Schwartz. 2016. "Revisiting Top Trends in State Economic Development." Washington DC: National Governors Association.
- Shane, Scott A. 2008. *The Illusions of Entrepreneurship*. New Haven, CT: Yale University Press.
- Sparks, Erin, and Lucas Pappas. 2012. "Redesigning State Economic Development Agencies." Washington, DC: National Governors Association.
- Utah Governor's Office of Economic Development. 2015. *Governor's Office of Economic Development 2015 Annual Report & Resource Guide*. Salt Lake City: Utah Governor's Office of Economic Development. <http://business.utah.gov/wp-content/uploads/Corrected-Final-20152.pdf>.

TABLE 1

State Economic Development Agencies

State	Principal agency, website, and statute	Status	Oversight	2014 budget (millions) ^a
Alabama	Alabama Department of Commerce; http://www.madeinalabama.com/ ; Code of Alabama 41-29	Cab	cabinet secretary	\$57.7
Alaska	Alaska Division of Economic Development; https://www.commerce.alaska.gov/web/ded/ ; Alaska Stat. Ch. 44.33 .010	Subcab	cabinet secretary	\$38.9
Arizona	Arizona Commerce Authority; http://www.azcommerce.com/ ; A.R.S. 41-1502	Q	board—governor chair/shared appointments	\$31.5
Arkansas	Arkansas Economic Development Commission; http://arkansasedc.com/ ; Arkansas Code 25-11-101	Cab	board appointed by governor with consent	\$41.2
California	Governor’s Office of Business and Economic Development; http://www.business.ca.gov/Home.aspx ; Government Code Title 2 [12096 - 12100]	Gov	director appointed by governor	\$20.1
Colorado	Office of Economic Development and International Trade http://www.advancecolorado.com/business-colorado ; C.R.S. 24-48.5-101 (2015)	Gov	director appointed by governor	\$41.3
Connecticut	Connecticut Department of Economic and Community Development; http://www.ct.gov/ecd/site/default.asp ; CT stat 32-1b	Cab	cabinet secretary	\$40.2
Delaware	Delaware Economic Development Office; http://dedo.delaware.gov/ ; Delaware Code 29-5003	Cab	cabinet secretary	\$8.6
Florida	Enterprise Florida; http://www.enterpriseflorida.com/ ; FS Ch. 288, Part VIII	Q	board with governor as chair; secretary of commerce serves as president	\$167.3
Georgia	Georgia Department of Economic Development; http://www.georgia.org/about-us/ ; Georgia Code 50-7	Cab	director appointed by governor with senate confirmation	\$36.4
Hawaii	Hawaii Department of Business, Economic Development, and Tourism; http://dbedt.hawaii.gov/ ; HRS 13.201	Cab	director appointed by governor	\$161.4
Idaho	Idaho Department of Commerce; http://commerce.idaho.gov/ ; ID Stat. 67-47	Cab	director appointed by governor	\$5.7
Illinois	Illinois Department of Commerce and Economic Opportunity; http://www.illinois.gov/dceo/Pages/default.aspx ; 20 ILCS 605/Art.	Cab	director appointed by governor	\$52.3
Indiana	Indiana Economic Development Corporation; http://iedc.in.gov/ ; IC 5-28-3	Q	board with governor as chair; secretary of commerce serves as CEO; president appointed by governor	\$62.8
Iowa	Iowa Economic Development Authority; http://www.iowaeconomicdevelopment.com/WhyIowa ; Code of Iowa 15.105	Cab	director appointed by governor	\$17.8
Kansas	Kansas Department of Commerce; http://www.kansascommerce.com/ ; Kansas Code 74-50	Cab	cabinet secretary	\$55.7

State	Principal agency, website, and statute	Status	Oversight	2014 budget (millions) ^a
Kentucky	Think Kentucky Cabinet for Economic Development; http://www.thinkkentucky.com/ ; KRS Chapter 154.12	Cab	cabinet secretary	\$48.0
Louisiana	Louisiana Economic Development; http://www.opportunitylouisiana.com/ ; LRS 51:2311	Cab	cabinet secretary	\$15.2
Maine	Maine Department of Economic and Community Development http://www.maine.gov/decd/ ; MRS Title 5, Part 18-A, Chapter 383, Subchapter 1, Article 1	Cab	director appointed by governor	\$10.6
Maryland	Maryland Department of Commerce; http://business.maryland.gov/ ; MD Econ. Dev. Code Division I Title 2.5	Cab	cabinet secretary	\$135.3
Massachusetts	Housing and Economic Development; http://www.mass.gov/hed/ ; Mass. General Laws Part I Title II Chapter 6A Section 16G	Cab	cabinet secretary	\$36.1
Michigan	Michigan Economic Development Corporation; http://www.michiganbusiness.org/ ; Executive Order No. 1999 - 1; MI Compiled Laws Section 125.2029e	Q	executive committee appointed by governor	\$218.2
Minnesota	Minnesota Department of Employment and Economic Development; http://mn.gov/deed/ ; MN Stat. 116J.01	Cab	commissioner appointed by governor with board-appointed CEO	\$109.3
Mississippi	Mississippi Development Authority; http://www.mississippi.org/ ; MS Code 57-1	Cab	director appointed by governor	\$21.5
Missouri	Missouri Department of Economic Development; http://www.ded.mo.gov/home.aspx ; MRS Chapter 620	Cab	director appointed by governor	\$58.3
Montana	Montana Governor's Office of Economic Development; http://business.mt.gov/ ; MT Code 2-15-218	Gov	chief business development officer appointed by governor	\$3.0
Nebraska	Nebraska Department of Economic Development; http://www.neded.org/ ; NRS 81-1201.02	Cab	director appointed by governor with consent of majority of legislature	\$32.2
Nevada	Nevada Governor's Office of Economic Development; http://diversifynevada.com/ ; NRS 231.043 -231.139	Cab	director appointed by governor (from Board of Economic Development shortlist)	\$12.2
New Hampshire	New Hampshire Economic Development; http://www.nheconomy.com/ ; NH Stat. Title I Chapter 12-A	Subcab	director nominated by commissioner for appointment by governor	\$4.1
New Jersey	New Jersey Economic Development Authority; http://www.njeda.com/web/default.aspx ; NJPS 34:1B-4	Q	board and CEO	\$137.7
New Mexico	New Mexico Economic Development Department; http://www.gonm.biz/ ; NM Stat. 9-15	Cab	cabinet secretary	\$6.6
New York	Empire State Development Corporation; http://www.empire.state.ny.us/ ; Urban Development Corporation Act 174/68 Section 4	Q	board and president appointed by governor and confirmed by senate	\$207.3
North Carolina	North Carolina Economic Development Partnership; http://edpnc.com/ ; House Bill 1031 Session Law 2014-18; NC Stat § 143B-431.01	Q	board appointed by governor; executive team and CEO	\$70.9
North Dakota	North Dakota Economic Development and Finance Division; http://www.business.nd.gov/ ; ND Century Code 54-34.3	Subcab	director	\$32.2
Ohio	JobsOhio; http://jobs-ohio.com/about/ ; O.R.C. 1-187.01	Q	board appointed by governor	\$226.0
Oklahoma	Oklahoma Department of Commerce; http://new.okcommerce.gov/ ; OK Stat. 74-5003	Cab	director appointed by governor	\$47.4

State	Principal agency, website, and statute	Status	Oversight	2014 budget (millions) ^a
Oregon	Business Oregon; http://www.oregon4biz.com/ ; ORS 285A.070	Cab	director appointed by governor	\$82.8
Pennsylvania	Pennsylvania Department of Community and Economic Development; http://www.newpa.com/ ; P.L. 403, no. 58 Cl. 14	Cab	cabinet secretary	\$236.4
Rhode Island	Rhode Island Commerce Corporation; http://www.commerceri.com/ ; RI General Laws 42-64	Q	board appointed by governor (governor chair)	\$6.6
South Carolina	South Carolina Department of Commerce; http://sccommerce.com/ ; SC Code 1-30-25	Cab	cabinet secretary	\$63.2
South Dakota	South Dakota Governor's Office of Economic Development; http://www.sdreadytowork.com/home.aspx ; SC Codified Laws Chapter 1-53	Gov	commissioner appointed by governor	\$2.5
Tennessee	Tennessee Department of Economic and Community Development; http://tennessee.gov/ecdl/ ; Tenn. Code 4-3-7	Cab	commissioner appointed by governor	\$143.6
Texas	Texas Economic Development and Tourism Division; http://gov.texas.gov/ecodev/ ; Govt Code 4.F.481	Gov	director appointed by governor	\$296.6
Utah	Utah Governor's Office of Economic Development; http://goed.utah.gov/ ; Utah Code 63N	Cab	director appointed by governor with consent of senate	\$35.6
Vermont	Vermont Agency of Commerce and Community Development; http://accd.vermont.gov/business/ ; 3 V.S.A. § 2471	Subcab	commissioner appointed by secretary of commerce and community development	\$5.0
Virginia	Virginia Economic Development Partnership; http://www.yesvirginia.org/ ; Code of Virginia Title 2.2 Article 4 (§ 2.2-2234 et seq.)	Q	board appointed by governor (with board-appointed president)	\$86.4
Washington	Washington Department of Commerce; http://www.commerce.wa.gov/Pages/default.aspx ; RCW 43.330	Cab	director appointed by governor	\$126.6
Washington, DC	Office of the Deputy Mayor for Planning and Economic Development; http://dmped.dc.gov/ ; D.C. Code § 2-1201	Cab	mayor's office	\$8.8
West Virginia	West Virginia Development Office; http://www.wvcommerce.org/business/default.aspx ; WV Code 5B-1-1	Cab	cabinet secretary	\$21.2
Wisconsin	Wisconsin Economic Development Corporation; http://inwisconsin.com/ ; Wisc stat 238	Cab	board	\$40.9
Wyoming	Wyoming Business Council; http://www.wyomingbusiness.org/ ; Wyo. Stat. § 9-12-103	Q	board confirmed	\$42.1

Source: Urban Institute compilation of state budget documents and economic development websites.

Notes: Cab = state agency; Subcab = division of state agency; Gov = part of governor's office; Q = quasi-public or public-private; CEO = chief executive officer.

^a Compiled from state budget documents for primary agency.

About the Economic Development Strategies Project

The Economic Development Strategies project is a three-year project to assemble comprehensive research on state economic development strategies. The scope of the project goes beyond the issues discussed here to include financing, tax incentives, workforce development, and best practices. This brief is the sixth of eight informational briefs that will frame the project.

About the Author



Norton Francis is a senior research associate in the Urban-Brookings Tax Policy Center at the Urban Institute, where he works on the State and Local Finance Initiative. His current work focuses on state finances, economic development, and revenue forecasting. Francis has held senior economist positions in the District of Columbia and New Mexico and has written about and presented on revenue estimating and state tax policy.

Acknowledgments

This brief was funded by the Laura and John Arnold Foundation. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the author and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at www.urban.org/support.

The author gratefully acknowledges comments and suggestions from Richard Auxier, Don Baylor, and Kim Rueben; research assistance from Sarah Gault; and layout and editing from the Urban Institute communications team.



2100 M Street NW
Washington, DC 20037
www.urban.org

ABOUT THE URBAN INSTITUTE

The nonprofit Urban Institute is dedicated to elevating the debate on social and economic policy. For nearly five decades, Urban scholars have conducted research and offered evidence-based solutions that improve lives and strengthen communities across a rapidly urbanizing world. Their objective research helps expand opportunities for all, reduce hardship among the most vulnerable, and strengthen the effectiveness of the public sector.

Copyright © July 2016. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.