

Outline of GOC Approach to Develop Long-Term Strategic Economic Improvement Plan and Improve Effectiveness and Efficiency of Evaluation of State Investments in Economic Development

Part I – Maine Economic Growth Council Develop, Maintain and Monitor Progress On Strategic Plan

Step	Date	Resources Needed
MEGC develop initial strategic plan	By Dec. 31, 2018	Annual appropriation of \$175,000 (\$350,000 per biennium) to the Maine Economic Growth Council beginning for FY18 Plus one time appropriation of \$150,000 to MEGC for FY18 to get development of first plan underway All appropriations need to be to a non-lapsing account since expenditures in any given year will be less than or exceed the annual appropriation based on whether it is a year for plan updates and revisions (Note that MEGC’s current annual appropriation is \$55,000 so the proposed appropriation is an additional \$120,000 per year or \$240,000 per biennium. This is still substantially less than MEGC’s original budget in the early 1990’s which was \$250,000 per year.)
MEGC assess progress and prepare progress report on strategic plan	By Dec. 31 every year thereafter	
MEGC update plan	By Dec. 31, 2020 and every 4 years thereafter (2024, 2028, 2032)	
MEGC develop full revision of strategic plan	By Dec. 31, 2022 and every 4 years thereafter (2026, 2030)	
MEGC formally submit initial plan, progress reports, updated plans and revised plans in writing to the Governor and Legislature	By their due dates (see above)	
MEGC present initial plan, progress reports and updated and revised plans in public meetings to <ul style="list-style-type: none"> • the Joint Standing Committee on Appropriations and Financial Affairs; • the Joint Standing Committee on Labor, Commerce and Economic Development; and • other Joint Standing committees whose policy areas are captured in key components of the plan. 	Initial plan presented by Jan. 31, 2019 and current progress reports, updated plans or revised plans by Jan. 31 every year thereafter	
MEGC distribute written copies of initial plan, progress reports and updated and revised plans to commissioners of relevant State Depts (i.e. DECD, DOL, DOE, DOT), to heads of the State’s institutes of higher education (i.e. UMS, MCCS, MMA), to heads of regional economic development agencies and other stakeholders as appropriate.	By Dec. 31, 2018 and every year thereafter	
State and quasi-state entities, including institutes of higher education, and non-State entities to provide information as requested by MEGC for progress monitoring	Annually as requested by MEGC	

Part II – OPEGA Evaluate Individual Programs that are in State’s Portfolio of Investments in Economic Development (Programs Intended to Encourage and Support Research and Development and Economic Development in the State)

The process for these evaluations would mirror that currently established for OPEGA evaluations of tax expenditure programs some of which are also economic development programs.

OPEGA would determine the population and maintain on-going inventory of these programs in concert with GOC similar to what is currently required for tax expenditure programs. The most recent inventory of economic development programs developed by Maine Development Foundation would be used as the starting population. Additions and deletions would be made over time as legislative changes to programs are made. OPEGA would also propose, and the GOC would approve, which of the programs should receive full evaluations. OPEGA would also propose a schedule for review that incorporates the additional evaluations of economic development investments into the current 6-year cycle schedule for Tax Expenditure evaluations. OPEGA estimates this will result in approximately 8 evaluations per year. The GOC would review and approve the schedule annually.

Objectives for each individual program evaluation may include an assessment of:

- (a) The fiscal impact of the tax expenditure, including past and estimated future impacts;
- (b) The extent to which the design of the tax expenditure is effective in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;
- (c) The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;
- (d) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;
- (e) The extent to which it is likely that the desired behavior might have occurred without the tax expenditure, taking into consideration similar tax expenditures offered by other states;
- (f) The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;
- (g) The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purposes, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated, complementary or duplicative;
- (h) The extent to which the tax expenditure is a cost-effective use of resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and
- (i) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals

The evaluation reports would include conclusions regarding the extent to which the program is meeting its purposes, intent or goals and may include recommendations for continuation or repeal of the program or modification of the program to improve its performance.

Step	Date	Resources Needed
<p>Specific steps for review of economic development programs would mirror those for the tax expenditure reviews which are established in 3 MRSA §§998 – 999.</p>	<p>Dates would align with those for tax expenditure reviews. OPEGA is currently determining what to propose for reasonable timelines in the future given the Office’s experience with the 2016 tax expenditure evaluations.</p>	<p>There are currently 2 full time staff dedicated to tax expenditure reviews. OPEGA estimates need for at least 2 more Analysts and 1 Senior Analyst in the Office to take on this additional workload. Two of those staff would be dedicated to economic development/tax expenditure reviews and the other would be for the overall Office to allow for structuring the office so that some of the current roles and responsibilities the Director handles in evaluations can be shifted to another upper level staff position. Very rough estimate of additional funding required for the positions is \$332,000.</p>
		<p>Additional staff would require additional office space for OPEGA as our current location is maxed out and already not well suited for the work we need to perform. This would require additional one time funding for creating, furnishing and equipping the additional space. Do not have a reasonable estimate of this additional cost at this time.</p>

Part III – DECD Contract for Macro-level Evaluation of State’s Portfolio of Investments in Economic Development

Objectives of this evaluation may include an assessment of:

1. the extent to which the state’s portfolio of economic development investments, particularly in terms of level and types of investments, aligns with and supports the state economic development strategic plan;
2. the extent to which individual activities and programs, or groups of activities and programs, within the state’s portfolio are contributing to the achievement of particular goals, measurable objectives and performance targets associated with the state economic development strategic plan;
3. how the state’s portfolio of economic development investments, particularly in terms of level and types of investments, compares to investments in other states;
4. the impact of the state’s economic development investments in improving the competitiveness the state’s established and emerging technology and industry sectors in regional, national and global arenas; and
5. the extent to which the overall framework for the state’s economic development investments provides for sufficient transparency and accountability, effective and efficient coordination among the state’s activities and programs, and easy access for interested businesses and other entities.

Evaluation reports would include recommendations on:

- a. opportunities to modify the current portfolio of state economic development investments, particularly with regard to level of investment or types of activities and programs, in order to better align resources with the state economic development strategy; more cost-effectively support achievement of goals, objectives and performance targets associated with the strategy;
- b. opportunities to shift investments from economic development activities and programs to other state efforts in order to better align resources with the state economic development strategy; more cost-effectively support achievement of goals, objectives and performance targets associated with the strategy;
- c. opportunities to improve transparency and accountability for state economic development investments, coordination among economic activities and programs in the portfolio, or accessibility of businesses and other entities to those activities and programs; and
- d. any other areas for improvement.

Step	Date	Resources Needed
DECD contracts with independent evaluator to conduct comprehensive evaluation of State economic development investments and submits results/report to Governor, Legislature and MEGC.	Still Working on what the best timing would be for these steps to coordinate with MEGC work on Strategic Plan	\$150,000 - \$200,000 per evaluation. DECD currently has a funding source established that should cover these needs, though the current structure of the funding source is not ideal and should be reconsidered.
DECD Commissioner presents evaluation report and any planned actions on the included recommendations in public meeting to LCRED	February 1, 2020 and every four years thereafter	
DECD Commissioner submits to Governor, LCRED and AFA a progress report on the implementation of recommendations from the most recent evaluation	February 1, 2022 and every four years thereafter.	