

# **Self-Evaluation Report**

## **Texas Economic Development and Tourism**



***Sunset Advisory Commission***  
***September 2019***



## TABLE OF CONTENTS

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I.	Agency Contact Information .....	1
II.	Key Functions and Performance .....	1
III.	History and Major Events.....	9
IV.	Boards & Committees .....	12
V.	Funding .....	17
VI.	Organization.....	21
VII.	Guide to Agency Programs .....	23
VIII.	Statutory Authority and Recent Legislation.....	71
IX.	Major Issues .....	74
X.	Other Contacts .....	76
XI.	Additional Information .....	80
XII.	Agency Comments .....	86
XIII.	Attachments .....	87

## Texas Economic Development and Tourism Office Self-Evaluation Report

### I. Agency Contact Information

A. Please fill in the following chart.

(Office of the Governor)  
Exhibit 1: Agency Contacts

	Name	Address	Telephone & Fax Numbers	Email Address
Agency Head	Luis Saenz	1100 San Jacinto Blvd., Austin, TX 78711	512-463-1762	luis.saenz@gov.texas.gov
Agency's Sunset Liaison	Jordan Hale	1100 San Jacinto Blvd., Austin, TX 78711	512-936-2160	jordan.hale@gov.texas.gov

Table 1 Exhibit 1 Agency Contacts

### II. Key Functions and Performance

Provide the following information about the overall operations of your agency. More detailed information about individual programs will be requested in a later section.

A. Provide an overview of your agency's mission, objectives, and key functions.

The Texas Economic Development and Tourism Office (EDT) located within the Office of the Governor (OOG) coordinates economic development and tourism efforts for the state by working with the Legislature, other state agencies, local government and related organizations. Through a variety of programs and services, EDT works to:

- market and promote the state as a premier business location and tourist destination;
- facilitate the location, expansion, and retention of domestic and international business investment to the state;
- promote and administer business and community economic development programs and services in the state, including business incentive programs;
- provide to businesses and communities in the state assistance with exporting products and services to international markets;
- serve as a central source of economic research and information; and
- establish a statewide strategy to address economic growth and quality of life issues, a component of which is based on the identification and development of industry clusters.

EDT also administers the Texas Economic Development Bank (Bank). The Bank provides globally competitive, cost-effective state incentives to expanding businesses operating in this state and businesses relocating to this state and ensures communities and businesses in this state have access to capital for economic development purposes.

As specified in Texas Government Code, Sec. 481.005, EDT operates under the guidance of a Governor-appointed Executive Director that reports through the OOG's Chief of Staff. The Executive Director provides leadership, directs the activities of the office, and develops long-range plans for the future goals and needs of the office.

EDT accomplishes its missions, objectives, and key functions through two primary divisions: Business and Community Development (BCD) and Travel Texas (Tourism). These divisions work under the guidance of the Executive Director to fulfill the statutory obligations of the office and are composed of various units described later in the Self Evaluation Report. The Community Relations Specialists work in regional offices and support and promote all BCD functions. Additionally, Research staff operate under the Executive Director and support all EDT programs.

**B. Do your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed.**

EDT is statutorily mandated to market and promote the state as a premier business location and tourist destination. The key functions of EDT continue to serve a clear and ongoing objective as described below.

- EDT actively markets Texas as the premier place for business and travel to companies and tourists domestically and internationally through online channels, electronic and print publications, and social media. EDT's BCD program is the only state agency program focused on promoting the state of Texas to foster economic development activities on a statewide scale across all industries. EDT's Tourism program is the only state agency program responsible for tourism promotion to non-Texans. Travel and tourism is a critical component of the Texas economy. The program attracts out-of-state travelers, creates local jobs, and grows state and local economies, and it functions as an important economic development tool because state and local taxes are generated by Tourism's advertising that influences out-of-state travelers to Texas.
- EDT facilitates the location, expansion, and retention of domestic and international business investment in Texas primarily through the Business Development team. The Business Development team works with businesses, consultants, economic development stakeholders, and other local, regional, state, and federal organizations to provide assistance in facilitating location, expansion, and recruitment of businesses. Due to these efforts, Texas was awarded the 2018 and 2019 Golden Shovel by Area Development Magazine, which recognizes the state's efforts to attract high-value investment and large job creating projects. Texas was also named the number one place for firm relocations from other states, according to the most recent data from the Federal Reserve Bank of Dallas. It is imperative that the office continues to administer these functions to ensure the continued growth of businesses in Texas and to maintain a strong, stable economy.

- EDT actively administers and promotes business and community economic development programs that are designed to address a wide range of funding needs by facilitating incentives for companies through loans, grants, and tax refunds. Programs include the Texas Enterprise Fund Program, Enterprise Zone Program, Spaceport Trust Fund, and the Product Development Small Business Incubator Fund. These programs not only support economic development in the state, but they also directly assist in the creation of new jobs and capital investment. Incentive programs are also needed to provide Texas with a competitive advantage and are key tools for luring businesses to Texas and encouraging businesses to expand in Texas.
- The Office of Small Business Assistance complements the efforts of the local economic development community and organizations that help small businesses and entrepreneurs in rural, suburban, and urban areas. Small Business events directly affect community development in each region of the state, and connect entrepreneurs with the resources they need to start, grow, or sustain their businesses in Texas. The Small Business Advocate supports the functions of the Office of Small Business Assistance by providing direct technical assistance to small and historically underutilized businesses. The efforts of this function have assisted Texas in ranking the “Best State to Start a Business” by WalletHub for 2018 and 2019. As small businesses continue to be a main factor in the economic success of Texas, with small businesses accounting for 99.8% of all Texas businesses, it is important that small- to medium-sized enterprises have access to ample resources at the state level. Although there are other agencies at the federal, local, and regional level that support small to medium-sized enterprises, EDT is able to maintain a statewide scope for its programs, supporting each industry and all regions of the state.
- EDT provides assistance to businesses looking to export products and services to international markets through its International Trade Assistance/Export Assistance Program. To complement these efforts, the office also operates a foreign office in Mexico City to promote investment in Texas and increase exports of Texas products, tourism, and international relations. Both the Export Assistance team and the State of Texas Mexico Office attend industry-focused conferences, trade shows and expos domestically and internationally to assist small to large businesses with creating and expanding international sales opportunities. These efforts have supported Texas in ranking as the top exporting state for 17 years in a row with exports valued at \$315 billion in 2018, according to the U.S. Census Bureau. Small businesses in Texas have continued to flourish in international markets as nearly 93% of all Texas exporters are small businesses. Texas also leads the nation in jobs supported by exports at more than 910,000 jobs.
- EDT conducts economic research and analysis and maintains this information on its website: [gov.texas.gov/business](http://gov.texas.gov/business). The website includes reports, fact sheets, and publications on various industries in Texas, as well as information on the economic strength of the state. Research assists EDT with understanding the economics of the state, which in turn guides EDT’s efforts and strategies. This clearinghouse serves as a central source of information and maximizes the accessibility of economic data for Texas’ economic development stakeholders and small, medium, and large enterprises looking to grow their presence in the state.

**C. What, if any, functions does your agency perform that are no longer serving a clear and ongoing purpose? Which agency functions could be eliminated?**

All current agency functions continue to serve a clear and ongoing purpose, although some legislation relating to the office has expired, or is associated with a federal program that has expired. Expired sections include:

- Sec. 481.0215 – Refers to the coordination of economic development efforts with agencies that no longer exist or have been renamed.
- Sec. 481.026 - Refers to the Empowerment Zone and Enterprise Community Programs, which are U.S. Department of Housing and Urban Development programs that have expired.
- Subchapter AA. – Refers to the Workforce Development Initiative for Youth that has expired.

**D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions?**

Generally, EDT's enabling law continues to accurately reflect the agency's mission, objectives, and approach to performing EDT's functions. The mission and objectives of the Tourism program, specifically, have remained virtually unchanged since its inception, and are accurately reflected in enabling law. The approaches to performing functions are also accurately reflected and broad enough to allow changes in specific promotions or other program activities when necessitated by changing travel trends, media trends, consumer preferences or other factors.

However, sections of EDT's enabling law are written for a standalone agency, whereas EDT is an agency that functions within OOG. Sections such as Sec. 481.010 regarding Personnel, and Section 481.012 regarding Public Interest Information and Complaints are under the purview of the Office of the Governor; EDT does not manage these functions separately. Further, as mentioned previously, several sections of enabling statute no longer apply as the corresponding federal programs have expired.

Lastly, when programs within the Texas Department of Economic Development were moved to OOG following the 2003 Sunset Evaluation, some programs' original enabling language was not retained, leading to ambiguity in the operation of the programs. Most notably, this occurred with the Texas Leverage Fund (TLF). For this program, this issue resulted in the removal of EDT's authority to amend the Master Resolution. As such, the program is currently inactive and now has loans scheduled to continue past the expiration of the current Master Resolution. More information on this is provided in Section VII of the SER.

**E. Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?**

The Defense Economic Readjustment Zone (DERZ) program is currently inactive and has not approved a designation application in over a decade. The following recommendations were made to the Legislature in the DERZ report submitted on December 1, 2018:

- Update the provisions in the act relating to the creation of the Zones.
- Allow rebates on state sales and use tax for any state sales and use taxes paid for eligible projects.
- Incorporate the program report into the annual Bank report, due on January 1 of every year, instead of requiring a stand-alone DERZ report due on December 1 of every year.

As noted in section D, the TLF program lacks sufficient authority to operate as originally intended. In the Annual Status Report of the Texas Economic Development Bank submitted to the Legislature for Fiscal Years 2016, 2017, and 2018, EDT recommended statutory changes to strengthen and reestablish the Bank's authority to administer TLF. During the 85<sup>th</sup> and 86<sup>th</sup> Legislatures, legislation was filed to clarify the Bank's authority to administer TLF. The enabling legislation of the program had been previously removed from statute, resulting in the removal of EDT's authority to amend the program's Master Resolution. Legislation was not enacted and, as a result, the program is not issuing new loans.

**F. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?**

The Texas Department of Agriculture (TDA) is also assigned to perform economic development related functions, including the management of economic development incentive programs. Although the programs managed by TDA differ from EDT, there is an overlap of responsibility in matters related to rural communities and projects. All economic development efforts at TDA focus on rural communities, while EDT focuses on economic development efforts in all communities, regardless of size. To minimize overlap, the agencies regularly communicate regarding projects interested in economic development incentives and ensure that incentive programs and functions do not duplicate efforts.

It is appropriate for EDT to continue to oversee economic development and incentive programs, as it is the office's statutory mandate to promote the state of Texas as the premier place to do business. Through economic development project management and relevant incentive programs, EDT is able to directly assist in the creation of new jobs and capital investment that ultimately support economic development efforts in the state and assist in upholding Texas' position as the premier place for business.

While Tourism is the only state agency program responsible for tourism promotion to non-Texans, other agencies are involved in travel and tourism within Texas. In 2003, five state agencies entered into a Memorandum of Understanding (MOU) in accordance with Sec. 481.172, Government Code, led by EDT to identify partnerships and reduce areas of duplication. These agencies conduct a variety of tourism related activities that fall into four distinctly different, yet complementary, functions, essential for achieving an effective statewide tourism effort: marketing, product development, program development, and customer service. This is part of the Tourism MOU process in order to avoid duplication of efforts. For more information on the MOU and Strategic Tourism Plan, please see sections VII. H and I for Tourism.



### **G. In general, how do other states carry out similar functions?**

The top U.S. states (based on GDP, population, and workforce) carry out similar economic development functions. The three common models are: (1) a stand-alone agency, (2) a department within a statewide elected official's office or (3) a hybrid model that varies regarding delegation, operation, and organizational structure. Below are examples of these types and how they relate to Texas' model.

Illinois uses a stand-alone agency approach for facilitating economic development — the Illinois Department of Commerce and Economic Opportunity. Similar to Texas, Illinois has offices for business development, film, tourism, and trade.

Florida has implemented a decentralized approach to economic development, opting for decision-making and leadership at the local level rather than at the state level. The principal economic development organization for Florida is an organization known as Enterprise Florida. Enterprise Florida is similar to the statutorily-created Texas Economic Development Corporation. It is a public-private partnership between Florida's business leaders and state government.

California's structure is similar to Texas in that a department is attached to the Office of the Governor. Like Texas, California has offices for business development, film, tourism, and trade.

Ohio has implemented a hybrid model which applies a public-private partnership approach for facilitating economic development. The Ohio Attorney General's office created the Ohio Economic Development Manual to guide current and prospective businesses, local governments, and economic development practitioners to better understand and navigate the legal landscape of economic development in Ohio. However, Ohio has a statewide economic development program through JobsOhio, a private nonprofit corporation, which works with regional and local partners and the Ohio Development Services Agency.

The majority of states offer some type of incentives and service comparable to the Texas model of incentives and foreign business development. Additionally, most of the top states operate offices outside the U.S.

Forty-eight out of 50 states operate a state tourism office promoting travel to and within the state through advertising, public relations, research, websites, printed materials, and social media with public funding.

### **H. What key obstacles impair your agency's ability to achieve its objectives?**

The nation's leading CEOs continually rank Texas as the "Best State for Business" because of the state's pro-growth economic policies and friendly business climate along with a skilled and growing workforce, robust infrastructure and predictable regulations. It is in this framework that innovation, technology and diverse industries thrive. That is why Texas leads in attracting capital investments and relocation and expansion projects, with startups growing alongside the world's biggest brands, the headquarters of nearly 50 Fortune 500 companies, hundreds of publicly traded firms and more than 2.7 million small businesses. And that's why, with an annual gross

state product of more than \$1.7 trillion, Texas is the 10th-largest economy when compared to the nations of the world. Seeing the success of the “Texas Model,” other states are increasing their efforts to attract and retain businesses and the jobs they create.

Potential obstacles that may impair EDT’s ability to achieve its objectives would include any economic downturn, natural disaster, or other events that may impact overall business spending, consumer spending, and travel. Participation by businesses and entrepreneurs in agency programs may increase or decrease based on overall economic indicators. Workforce readiness and availability is also a major factor in economic development and tourism stability. The ability of Tourism to preserve market share domestically and expand into international markets is impacted by the funds appropriated to the program but also by budgets allocated to growing tourism in other states and countries in a competitive industry. Similarly, the availability of economic development incentives within the state may affect competitiveness, but the incentives offered by other states also have an impact on economic activity within Texas as the state competes with other locations for job creation and capital investment opportunities.

**I. Discuss any changes that could impact your agency’s key functions in the near future (e.g., changes in federal law or outstanding court cases).**

Federal trade negotiations and trade agreements (such as the USMCA) have a significant impact on the ability of Texas businesses to export with other countries. This impacts the type of assistance the office offers Texas companies, particularly those that may be categorized as small-to medium-sized. As the No. 1 exporting state for 17 years in a row, the state has many businesses that rely on the availability of foreign markets. When those markets are no longer available, the businesses must seek other opportunities. This presents a change that may significantly influence the type of assistance offered to both existing and potential new businesses to the state.

Similar to how the Tourism program’s functions can be affected by an economic downturn or natural disaster, any potential federal law or outstanding court cases that may restrict travel to or within the United States may impact the program. Changes in this area would necessitate a review of current strategies and may require an update to the list of markets currently targeted for tourism promotion.

**J. Aside from additional staff or funding, what are your agency’s biggest opportunities for improvement in the future? For example, are there other programs or duties the agency could take on to better carry out its mission?**

EDT continuously strives for improvement and sets aggressive annual goals for increased new business development prospects, project locations assisted, attendee satisfaction at small business events and export assistance trade shows, travel dollars and tourism revenue, and business assistances provided. EDT also continuously works to widen its reach and expand awareness of Texas as a travel destination and the benefits of doing business in the state to both domestic and international audiences.

**K. Overall, how does the agency measure its effectiveness in carrying out its objectives?**

EDT's Key Measures are New Jobs Announced, Jobs Announced by Companies Receiving Enterprise Fund Grants, and Businesses Developed. EDT uses these Key Measures to guide its primary efforts and measure its effectiveness in carrying out its objectives. Each function under EDT relates to creating new jobs and developing businesses.

EDT also has specific Tourism measures. The state measures the total number of domestic leisure travelers who travel to Texas and the return on investment based on state taxes generated by domestic leisure travelers.

**In the following chart, provide information regarding your agency's key performance measures, including outcome, input, efficiency, and explanatory measures. See Exhibit 2 Example. Please provide both performance measures listed in the agency's appropriated bill pattern and other performance indicators tracked by the agency. Please provide information regarding the methodology used to collect and report the data.**

**Trusted Programs, Office of the Governor  
Exhibit 2: Key Performance Measures — Fiscal Year 2018**

Key Performance Measures	Dataset Reference Number* (if applicable)	Calculation applicable) (if	FY 2018 Target	FY 2018 Actual Performance	FY 2018 % of Annual Target
Number of New Jobs Announced by Businesses Receiving Assistance	N/A	{a}	6,000	7,773	129.55%
Number of Jobs Announced by Companies Receiving Enterprise Fund Grants	N/A	{b}	4,000	3,044	76.1%
Number of Businesses Developed as Recruitment Prospects	N/A	{c}	120	161	134.17%

**Table 2 Exhibit 2 Key Performance Measures**

{a} Number of unduplicated new jobs announced by companies resulting from technical assistance, incentives, and recruitment by EDT in participation with local and state economic development partners.

{b} Number of unduplicated jobs announced by companies receiving grants from the Texas Enterprise Fund. It is calculated by the sum the number of jobs identified in the signed project agreements for each project receiving a Texas Enterprise Fund grant.

{c} Number of out-of-state business recruitment prospects seeking to locate to Texas and the number of Texas business recruitment prospects seeking to expand through the exchange of site location information with EDT in participation with local and state economic development partners. A recruitment lead is considered a recruitment prospect developed if a business or its site location consultant expresses verbal or written intent to receive information on a Texas community or specific site in order to evaluate Texas as a business location. Businesses developed as recruitment prospects continue to receive information on Texas business climate and local incentives in order to encourage investment and job creation in the state. Division programs contributing to the measure include the EDT Business Development program, Domestic Expansion & Recruitment, International Expansion & Recruitment, Aerospace & Aviation, and Economic Development Bank programs. It is calculated by manual count of the business recruitment prospects identified as recruitment prospects developed in the databases of the division's programs.

L. Please list all key datasets your agency maintains. Why does the agency collect these datasets and what is the data used for? Is the agency required by any other state or federal law to collect or maintain these datasets? Please note any “high-value data” the agency collects as defined by Texas Government Code, Section 2054.1265. In addition, please note whether your agency has posted those high-value datasets on publically available websites as required by statute.

**Trusted Programs, Office of the Governor  
Exhibit 3: Key Datasets**

Dataset Reference Number	Dataset Name	Description of Data	Data Maintained By	Hyperlink (if publicly available)	Legal Prohibition to Disclosure Y/N
N/A	Enterprise Zone Designations	Listing of Enterprise Zone Designations since FY 2005. See additional description below	EDT – Bank	<a href="https://gov.texas.gov/uploads/files/business/EZPDesignations.xlsx">https://gov.texas.gov/uploads/files/business/EZPDesignations.xlsx</a>	N
N/A	All Texas Enterprise Fund Awarded Projects to Date	Listing of Texas Enterprise Fund Awarded Projects from 2014 to date (As of July 31, 2019). See additional description below.	EDT – Bank	<a href="https://gov.texas.gov/uploads/files/business/TEF_Listing_as_of_7.31.19.pdf">https://gov.texas.gov/uploads/files/business/TEF_Listing_as_of_7.31.19.pdf</a>	N

Table 3 Exhibit 3 Key Datasets

**Enterprise Zone Designations Dataset:** The agency collects this dataset to be available for the public and posted online at gov.texas.gov/business. This is considered a “high-value data set” as defined by Government Code, Section 2054.1265.

**All Texas Enterprise Fund Awarded Projects to Date Dataset:** The agency collects this dataset to be available for the public and posted online at gov.texas.gov/business.

### III. History and Major Events

Provide a timeline of your agency’s history and key events, including

- the date your agency was established;
- the original purpose and responsibilities of your agency; and
- major changes in responsibilities or statutory authority.

Also consider including the following information if beneficial to understanding your agency

- changes to your policymaking body’s name or composition;

- **significant changes in state/federal legislation, mandates, or funding;**
- **significant state/federal litigation that specifically affects your agency's operations; and**
- **key changes in your agency's organization (e.g., the major reorganization of the Health and Human Services Commission and the Department of State Health Services' divisions and program areas, or the Legislature moving the Prescription Monitoring Program from the Department of Public Safety to the Texas State Board of Pharmacy).**

A timeline of EDT's history and key events can be found below:

1959 - State economic development functions, including business recruitment and trade promotion, was first authorized as part of the Texas Industrial Commission.

1963 - The Texas Tourist Development Agency was created and funded to market Texas as a travel destination to people outside the state.

1987 - The Texas Department of Commerce (TDOC) was created to centralize Texas economic development efforts through the merger of economic development, trade, tourism, and job training functions from the Texas Economic Development Commission, Texas World Trade Development Authority, Texas World Trade Council, Enterprise Zone Board, Technology Training Board, Texas Film Commission, Texas Tourist Development Agency, and Texas Music Commission.

A standalone non-profit corporation was created to solicit private donations to support TDOC's international and business development programs.

1989 - TDOC's international trade role was expanded. In addition to Mexico City, foreign offices were established in Taiwan, Japan, Germany, and Korea.

1991 - TDOC's links to the Governor's Office strengthened. The position of Executive Director was made a direct gubernatorial appointee. TDOC's Governing Board was converted to a policy board.

1993 - The Smart Jobs Program was established at TDOC to provide grants to Texas businesses for customized training to promote high-skilled, high wage jobs.

1995 - Administration of the Job Training Partnership Act was transferred from TDOC to the newly-created Texas Workforce Commission, significantly reducing TDOC's budget and staffing. State funding for all foreign offices except the Mexico City office was eliminated.

1997 - TDOC was abolished and its functions transferred to the newly created Texas Department of Economic Development.

Direct link to Governor's Office changed with the establishment of a governing board to oversee the agency and an Executive Director hired by the Board, not appointed by the Governor.

2001 - The agency underwent Sunset review; agency operations were continued until 2003.

2003 – The Texas Department of Economic Development agency underwent the sunset review and was abolished. The successor entity, the Texas Economic Development and Tourism Office (EDT), became a Trusteed Program within the Office of the Governor (OOG).

The Texas Economic Development Bank was established with the following programs: Texas Small Business Industrial Development Corporation, Capital Access program, Texas Leverage Fund, Enterprise Zone program, Industrial Revenue Bond, Empowerment Zone and Enterprise Community grant, Renewal Community program and Product Development and Small Business Incubator fund.

The Texas Enterprise Fund account was established in the 78<sup>th</sup> Legislature, to be used for economic, infrastructure, or community development and job training programs, and business incentives.

The Texas Aerospace Commission was abolished. The Aerospace and Aviation Office and the Spaceport Trust Fund were established within the OOG.

The Small Business Advocate position was enacted to serve as the focal point for assisting small and historically underutilized businesses.

EDT was required to work with industry associations and organizations to identify regional and statewide industry clusters.

2005 - The award and reporting requirements for the Texas Enterprise Fund were amended to include an annual report, an assurance that each applicant is in good standing with laws of the state, and the requirements that grantees meet performance targets and that the OOG conduct an economic impact of projects on the state before approval of an award.

The terms of appointed members of the Product Development and Small Business Incubator Board were replaced from the two-year staggered terms to six-year staggered terms.

2007 - The Texas Economic Development Bank Fund was authorized to provide grants or financing to the Texas Department of Transportation to implement the department's duties relating to rural rail development.

2009 - The Legislature amended statute to allow the Texas Enterprise Fund to make grants to small businesses.

2011 - Texas Economic Development and Tourism Office sunset review date was changed from 2015 to 2021.

2013 - The Small Business Assistance Advisory Task Force was created to advise and assist the Office of Small Business Assistance, the Governor, Lieutenant Governor, and the Speaker of the House of Representatives.

Texas Economic Development Bank was authorized to allocate and transfer money from the Capital Access Fund to the Texas Product Development or the Texas Small Business Incubator Funds.

2015 - The Aerospace and Aviation Office duties were expanded, providing the authority to develop policy initiatives and to recommend reforms.

Two Texas Economic Development Bank programs, the Texas Small Business Industrial Development Corporation and Linked Deposit Program, were abolished.

2019 - SB 649 was passed during the 86<sup>th</sup> Legislative Session requiring the Texas Commission on Environmental Quality and EDT to produce a plan no later than September 1, 2020, to stimulate the use of recyclable materials as feedstock in processing and manufacturing.

## IV. Boards and Committees

### A. Complete the following chart providing information on board or committee members.

**Trusted Programs, Office of the Governor  
Exhibit 4A: Office of Small Business Advisory Task Force  
Texas Government Code, Sec. 481.00681**

<b>Member Name</b>	<b>Term / Appointment Dates / Appointed by (e.g., Governor, Lt. Governor, Speaker)</b>	<b>Qualification (e.g., public member, industry representative)</b>	<b>City</b>
Tina Mims	2 Yrs./ 07-14-15/ Governor	Member of the Small Business Community	Little Elm
Michael Guyton	2 Yrs./ 07-14-15/ Governor	Member of the Small Business Community	Mansfield
Jay Zeidman	2 Yrs./ 07-14-15/ Governor	Member of the Small Business Community	Houston
Cristina Morales Heaney	2 Yrs./ 07-14-15/ LT Governor	Member of the Small Business Community	San Antonio
Mike Jain	2 Yrs./ 07-14-17/ LT Governor	Member of the Small Business Community	Sugar Land
Suzan Deison	2 Yrs./ 07-14-15/ Speaker	Member of the Small Business Community	Houston
Mike Bovier	2 Yrs./ 07-14-15/ Speaker	Member of the Small Business Community	Galveston

**Table 4 Exhibit 4A Advisory Boards, Task Forces and Committees**

**Trusted Programs, Office of the Governor  
Exhibit 4B: Product Development and Small Business Incubator (PDSBI) Board  
Texas Government Code, Sec. 489.202**

<b>Member Name</b>	<b>Term / Appointment Dates / Appointed by (e.g., Governor, Lt. Governor, Speaker)</b>	<b>Qualification (e.g., public member, industry representative)</b>	<b>City</b>
David R. Margrave	6 years/January 2005/Governor	significant business leadership experience in technology, particularly experience with the transfer of research results into commercial applications	San Antonio
Kellilyn Frias	6 years / August 2016/Governor	employed by institutions of higher education of this state who have experience in technological research and its commercial applications	Lubbock
James D. Mize	6 years / August 2016/Governor	experienced and knowledgeable in structuring and providing financing for technological products or businesses	Nacogdoches
Arun Agarwal	6 years / March 2016/Governor	significant business leadership experience in technology, particularly experience with the transfer of research results into commercial applications	Dallas
Jack J. Goehring	6 years /February 2018/Governor	significant business leadership experience in technology, particularly experience with the transfer of research results into commercial applications	Austin
Manuel Salazar	6 years /February 2018/Governor	reside in a county of this state with above state average unemployment and below state average per capita income and who have experience and knowledge in technology-related business growth	Kingsville
Jimmie R. Limon	6 years /February 2018/Governor	employed by institutions of higher education of this state who have experience in technological research and its commercial applications	Harlingen
Melinda A. Moore	6 years /February 2018/Governor	experienced and knowledgeable in structuring and providing financing for technological products or businesses	Lufkin
Colette P. Walls	6 years /February 2018/Governor	reside in a county of this state with above state average unemployment and below state average per capita income and who have experience and knowledge in technology-related business growth	Sinton

Table 4 Exhibit 4B Advisory Boards, Task Forces and Committees



**Trusted Programs, Office of the Governor  
Exhibit 4C: Aerospace and Aviation Advisory Committee  
Texas Government Code, Sec. 481.0066**

<b>Member Name</b>	<b>Term / Appointment Dates / Appointed by (e.g., Governor, Lt. Governor, Speaker)</b>	<b>Qualification (e.g., public member, industry representative)</b>	<b>City</b>
Janine Iannarelli	Term: 4 year / Appt Date: 1/28/16; Term Expires: 9/1/19 / Appt by: Governor	Industry Representative	Houston
Dan Winston	Term: 4 year / Appt Date: 7/10/18; Term Expires: 9/1/19 / Appt by: Governor	Industry Representative	McKinney
Robby Harless	Term: 4 year / Appt Date: 1/28/16; Term Expires: 9/1/19 / Appt by: Governor	Industry Representative	Dallas
Eddie Sikes	Term: 4 year / Appt Date: 3/18/19; Term Expires: 9/1/19 / Appt by: Governor	Spaceport Development Corporation Representative	Brownsville
Jennifer Williamson	Term: 4 year / Appt Date: 6/18/19; Term Expires: 9/1/21 / Appt by: Governor	Industry Representative	Southlake
Aimee Burnet	Term: 4 year / Appt Date: 7/10/18; Term Expires: 9/1/21 / Appt by: Governor	Industry Representative	Southlake
Lauren Dreyer	Term: 4 year / Appt Date: 7/10/18; Term Expires: 9/1/21 / Appt by: Governor	Industry Representative	Eddy
J. Ross Lacy	Term: 4 year / Re-Appt Date: 7/10/18; Term Expires: 9/1/21 / Appt by: Governor	Spaceport Development Corporation Representative	Midland
Robert (Bob) Mitchell	Term: 4 year / Re-Appt Date: 7/10/18; Term Expires: 9/1/21 / Appt by: Governor	Industry Representative	Pearland
Terry Stevens	Term: 4 year / Re-Appt Date: 7/10/18; Term Expires: 9/1/21 / Appt by: Governor	Spaceport Development Corporation Representative	Waco

**Table 4 Exhibit 4C Advisory Boards, Task Forces and Committees**

**B. Describe the primary role and responsibilities of the boards and committees.**

The primary role and responsibility of the Office of Small Business Advisory Task Force is to advise and assist the Office of Small Business Assistance with duties under [Section 481.0068\(b\)](#) to the extent that they relate to small businesses. The Office of Small Business Advisory Task Force advises and assists the Governor, Lieutenant Governor, and Speaker of the House with issues related to small businesses. The Office of Small Business Advisory Task Force provides information to the public, proposes legislation to assist small businesses, and submits a report to

the Legislature not later than January 1 of each odd-numbered year that describes issues related to small businesses.

The PDSBI Board's primary role and responsibility is to perform the tasks necessary and reasonable to carry out the duties outlined in the Texas Government Code Chapter 489, Subchapter D, and to adopt rules, policies, and procedures necessary or reasonable to implement the Subchapter.

The purpose of the Aerospace and Aviation Advisory Committee is to advise the Governor on the recruitment and retention of industry jobs and investment; assist the office of aerospace and aviation in meeting the state's economic development efforts to recruit and retain industry jobs and investment; advise the aerospace and aviation office, EDT and the Governor on appropriate funding level for the spaceport trust fund and on recruitment, retention, and expansion of industry activities; and collect and disseminate information on federal, state, local, and private community economic development programs that assist or provide loans, grants or other funding the industry activities.

**C. How are the chairs selected?**

The Office of Small Business Advisory Task Force chair is selected by a vote of board members.

The PDSBI chair is appointed by the Governor.

The Governor appoints the presiding officer of the Aerospace and Aviation Advisory Committee.

**D. List any special circumstances or unique features about the bodies or their responsibilities.**

Three members of the Office of Small Business Task Force are appointed by the Governor, two members are appointed by the Speaker of the House of Representatives, and two members are appointed by the Lieutenant Governor.

The PDSBI Board consists of nine members: three members having significant business leadership experience in technology, particularly experience with the transfer of research results into commercial applications; two members employed by institutions of higher education of this state who have experience in technological research and its commercial applications; two members experienced and knowledgeable in structuring and providing financing for technological products or businesses; and two members who reside in a county of this state with above state average unemployment and below state average per capita income and who have experience and knowledge in technology-related business growth. All members are appointed by the Governor.

The Aerospace and Aviation Advisory Committee is made up of seven qualified members and one member who represents the interests for each active spaceport development corporation.

**E. In general, how often do the bodies meet? How many times did they meet in FY 2017? In FY 2018?**

The Office of Small Business Advisory Task Force meets as often as is necessary, but at least annually. The Task Force met once in FY17 and once in FY18.

The PDSBI Board met twice during FY17 and three times during FY18. According to Texas Administrative Code, the board shall hold regular meetings, as called by the chair, at least two times per year. The Program Committee and Finance Committees meet only as necessary.

The Aerospace and Aviation Advisory Committee meets at the call of the presiding officer. The committee met one time in FY17 and one time in FY18.

**F. Please list or discuss all training members of the bodies receive. How often do the members receive training?**

The Office of Small Business Advisory Task Force board members receive Open Meeting Act and Public Information Act training upon being appointed. Current members also received comprehensive board member training, provided by the Governor's Appointments Office.

Before an appointed member of the PDSBI Board may assume the member's duties, the member must complete at least one course of the training program established under Texas Government Code, Section 489.205. The training program established under this section shall provide information to the member regarding: (1) the enabling legislation that created the board; (2) the programs operated by the board; (3) the role and functions of the board; (4) the rules of the board, with an emphasis on the rules that relate to disciplinary and investigatory authority; (5) the current budget for the board; (6) the results of the most recent formal audit of the board; (7) the requirements of the open meetings law, open records law, and administrative procedure law; (8) the requirements of the conflict of interest laws and other laws relating to public officials; and (9) any applicable ethics policies adopted by the board or the Texas Ethics Commission. Some current members also went through a comprehensive board member training organized by the Governor's Appointments Office.

Each member of the Aerospace and Aviation Advisory Committee receives ethics training provided by the Texas Ethics Commission and Public Information Act and Open Meeting Act training from the Attorney General's Office.

**G. What information is regularly presented to the bodies to keep them informed about the agency's operations and performance?**

The Small Business Advocate provides an update to the Office of Small Business Advisory Task Force on the Office of Small Business Assistance activities, including business and permit assists, trade assists, updates on the Governor's small business forums and workshops, and other outreach and entrepreneur assistance activities.

EDT staff provide an overview of the PDSBI program activities, such as financial statements review, outstanding loan updates, credit policy updates, as well as current and potential loan applications.

EDT staff coordinating the Aerospace and Aviation Office efforts present an update on the office's industry engagement, recruitment and retention activities, such as located projects, industry trends as observed by the office, sector workforce growth, and industry event participation.

**H. How do the bodies obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?**

The Small Business Advocate gathers data through a variety of public input channels, including outreach, engagement, internal and external data collection, staff engagement, and formal surveys and studies commissioned by the Office of Small Business Assistance. This information is disseminated to the Task Force.

The PDSBI board is subject to the Open Meetings Law, Chapter 551, and the Administrative Procedure Law, Chapter 2001. The board meeting notice is posted at least ten days prior to the meetings. Members of the public have an opportunity to appear before the board and to speak on any issue under the jurisdiction of the board.

The Aerospace and Aviation Committee members are active industry practitioners and representatives. They gather the information from the public through their normal course of business, and incorporate the information by providing recommendations and advice on recruitment, retention, and ways to increase the investment in the industry.

**I. If your boards or committees use subcommittees or advisory committees to carry out its duties, list them below.**

The PDSBI Board has two subcommittees—the Program Committee and the Finance Committee. This is done to allow members to specialize in the recruitment side or the operations side of the Board.

## **V. Funding**

**A. Provide a brief description of your agency's funding.**

**General Revenue**

- GR – Hotel Occupancy Tax Deposits Account No. 5003
- GR Dedicated – Economic Development Bank Account No. 5106
- GR Dedicated – Texas Enterprise Fund Account No. 5107
- Small Business Incubator Fund Account No. 0588
- Texas Product Development Fund Account No. 0589

**Federal Funds**

- Grant from Texas Workforce Commission, CFDA 17.278 WIOA Dislocated Worker

- Grant from TDA, CFDA 59.061 US Small Business Administration , State Trade and Export Promotion (STEP Grant)

**B. List all riders that significantly impact your agency's budget.**

- Rider 7: Administration: Foreign Offices
- Rider 8: Cash Flow Contingency
- Rider 9: Limitation on Expenditures: General Revenue Hotel Occupancy Tax for Economic Development Account No. 5003
- Rider 15: Texas Economic Development Bank
- Rider 29: Create Jobs and Promote Texas

**C. Show your agency's expenditures by strategy. See Exhibit 6 Example.**

**Trusted Programs, Office of the Governor  
Exhibit 6: Expenditures by Strategy — 2018 (Actual)**

Goal / Strategy	Amount Spent	Percent of Total	Contract Expenditures Included in Total Amount
Economic Development and Tourism/Create Jobs and Promote Texas	\$92,437,321	100%	\$20,368,626
<b>GRAND TOTAL:</b>	<b>\$92,437,321</b>	<b>100%</b>	<b>\$20,368,626</b>

Table 6 Exhibit 6 Expenditures by Strategy

**D. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines. See Exhibit 7 Example.**

**Trusted Programs, Office of the Governor  
Exhibit 7: Sources of Revenue — Fiscal Year 2018 (Actual)**

Source	Amount
Texas Enterprise Fund Application Fee	\$34,000
Enterprise Zone Application Fee	\$50,750
Small Business Incubator Application Fee	\$500
Enterprise Zone Tax Refund	\$1,026,328
Enterprise Zone Project Name Change Fee	\$1,500
Tourism Advertising Co-op Receipts	\$23,950
Tourism Public Relations Receipts	\$88,675
License Plate Revenue Daughter of the Republic	\$50,762
License Plate Revenue Tourism	\$8,831
Grant from Texas Workforce Commission CFDA 17.278 WIOA Dislocated Worker	\$681,457
Grant from TDA, CFDA 59.061 US Small Business Administration , State Trade and Export Promotion (STEP Grant)	\$95,748
License Plate Aerospace	\$4,921
License Plate Columbia	\$5,784

Source	Amount
Texas Enterprise Fund Revenue	\$1,189,292
<b>TOTAL</b>	<b>\$3,262,498</b>

Table 7 Exhibit 7 Sources of Revenue

- E. If you receive funds from multiple federal programs, show the types of federal funding sources. *See Exhibit 8 Example.*

**Trusted Programs, Office of the Governor**  
**Exhibit 8: Federal Funds — Fiscal Year 2018 (Actual)**

Type of Fund	State / Federal Match Ration	In-Kind Matching Contribution	Federal Share	Total Funding
Grant from Texas Workforce Commission, CFDA 17.278 WIOA Dislocated Worker	N/A	N/A	N/A	\$681,457
Grant from TDA, CFDA 59.061 US Small Business Administration , State Trade and Export Promotion (STEP Grant)	N/A	\$96,060	\$95,748	\$95,748
<b>TOTAL</b>		N/A	N/A	<b>\$777,205</b>

Table 8 Exhibit 8 Federal Funds

- F. If applicable, provide detailed information on fees collected by your agency. *See Exhibit 9 Example.*

**Trusted Programs, Office of the Governor**  
**Exhibit 9: Fee Revenue — Fiscal Year 2018**

Fee Description/ Program/ Statutory Citation	Current Fee	Fees Set by Statute or Rule?	Statutory Maximum or Minimum	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., <i>General Revenue Fund</i> )
Texas Enterprise Fund Application Fee / Economic Development Bank / See Below*	\$1,000	Tex. Gov't Code § 489.103	N/A	34	\$34,000	GR Dedicated Texas Economic Development Bank Fund
Enterprise Zone Application Fee / Economic Development Bank / See Below*	\$500 - \$1,500	Both; Tex. Gov't Code § 489.103; 10 T.A.C. § 176.1	N/A	70	\$50,750	GR Dedicated Texas Economic Development Bank Fund
Small Business Incubator Application Fee / Economic Development Bank/ See Below*	\$500	Both;Tex. Gov't Code § 489.103.; 10 T.A.C. § 177.6	N/A	1	\$500	GR Dedicated Texas Economic Development Bank Fund

Self-Evaluation Report

Fee Description/ Program/ Statutory Citation	Current Fee	Fees Set by Statute or Rule?	Statutory Maximum or Minimum	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., <i>General Revenue Fund</i> )
Enterprise Zone Project Name Change Fee /Economic Development Bank / See Below*	\$500	Both; Tex. Gov't Code § 489.103; 10 T.A.C. § 177.6	N/A	3	\$1,500	GR Dedicated Texas Economic Development Bank Fund

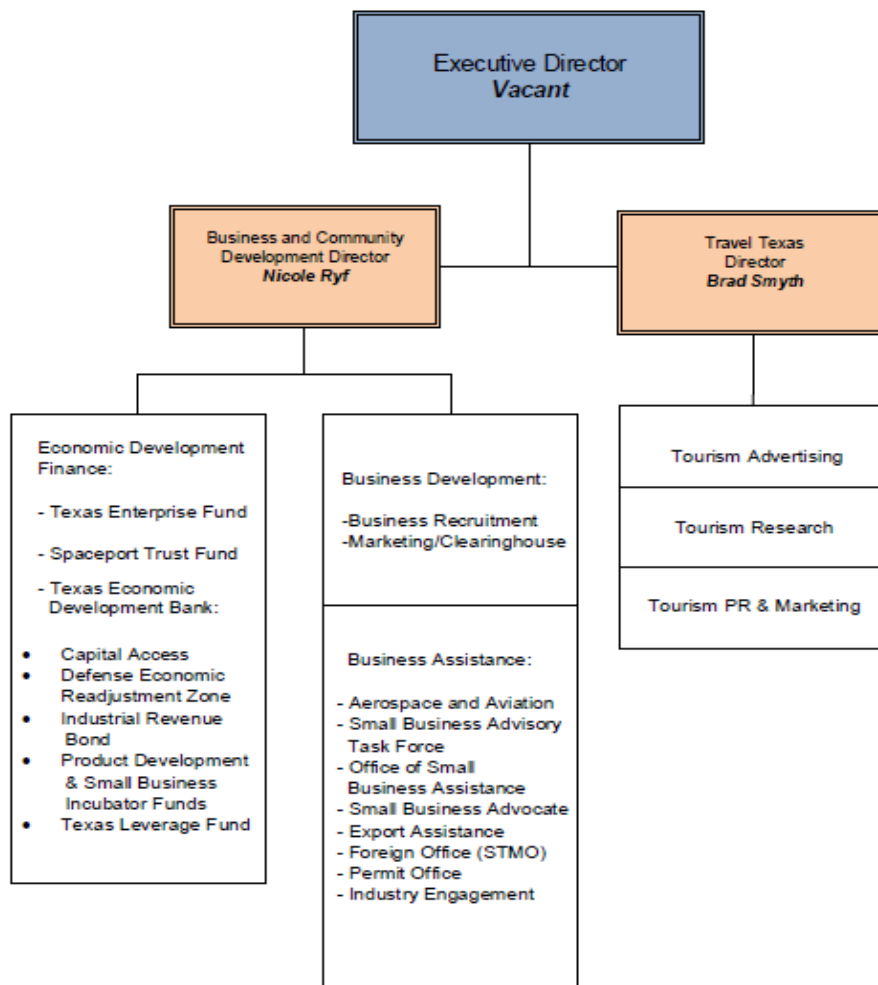
Table 9 Exhibit 9 Fee Revenue

\*Texas Government Code Sec. 489.103. Fees. The bank shall charge fees to the beneficiaries of its services as the Bank determines necessary. Amounts collected under this section may be used to support the administration of the Bank's programs and implementation of the Bank's strategies.

## VI. Organization

- A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division. Detail should include, if possible, department heads with subordinates, and actual FTEs with budgeted FTEs in parenthesis.

### Office of the Governor – Economic Development and Tourism August 2019





B. If applicable, fill in the chart below listing field or regional offices. *See Exhibit 10 Example.*

**Trusted Programs, Office of the Governor  
Exhibit 10: FTEs by Location — Fiscal Year 2019**

Headquarters, Region, or Field Office	Location	Co-Location? Yes / No	Number of Budgeted FTEs FY 2019	Number of Actual FTEs (as of SER submission)
Central Texas	San Antonio	No	1	1
North Texas	Arlington	No	1	1
South Texas	McAllen	No	1	1
East Texas	Conroe	No	1	1
West Texas	Roscoe	No	1	1
Headquarters, Office of the Governor, Trusted Programs	Austin	Yes	65	65
			<b>TOTAL: 70</b>	<b>TOTAL: 70</b>

**Table 10 Exhibit 10 FTEs by Location**

C. **What are your agency's FTE caps for fiscal years 2017–2020?**

Office of the Governor, Trusted Programs:

- 2017: 168.3
- 2018: 193.3
- 2019: 193.3
- 2020: 191.33

D. **How many temporary or contract employees did your agency have in fiscal year 2018? Please provide a short summary of the purpose of each position, the amount of expenditures per contract employee, and the procurement method of each position.**

The Texas Economic Development and Tourism Office used the services of one temporary employee in fiscal year 2018. The temporary employee served as a receptionist while a full-time employee was sought to fill the vacancy. The total expenditure for the temporary employee was \$3,694.89.

The Office of the Governor procured the temporary personnel services through a direct award to Workquest (formerly TIBH) via the Texas Comptroller of Public Accounts Statewide Term Contract #962-M3.

E. **List each of your agency's key programs or functions, along with expenditures and FTEs by program. *See Exhibit 11 Example.***

**Trusted Programs, Office of the Governor**  
**Exhibit 11: List of Program FTEs and Expenditures — Fiscal Year 2018**

<b>Program</b>	<b>Actual FTEs FY 2018</b>	<b>Budgeted FTEs FY 2019</b>	<b>Actual Expenditures FY 2018</b>	<b>Budgeted Expenditures FY 2019</b>
Texas Enterprise Fund	0.00	0.00	\$46,067,600	\$65,907,302
Business Development	20.47	24.97	\$2,072,081	\$1,833,505
Texas Economic Development Bank	11.37	12.48	\$12,434,569	\$7,520,346
Business Assistance	11.44	12.48	\$1,745,579	\$2,250,244
Spaceport Trust Fund	0.00	0.00	\$10,366,644	\$0
Texas Tourism	16.81	18.03	\$19,750,848	\$19,580,296
<b>TOTAL</b>	<b>60.09</b>	<b>67.97</b>	<b>\$92,437,321</b>	<b>\$97,091,694</b>

Table 11 Exhibit 11 List of Program FTEs and Expenditures

## VII. Guide to Agency Programs

### A. Provide the following information at the beginning of each program description.

**Name of Program or Function:** Business Assistance (includes: Aerospace and Aviation Office; Office of Small Business Assistance (which supports the Small Business Advisory Task Force); Small Business Advocate; Export Assistance, Foreign Office; Permit Office; Industry Engagement)

**Location/Division:** Austin/Business and Community Development

**Contact Name:** Nicole Ryf

**Statutory Citation for Program:** Texas Government Code, Sec. 481.0066 (Aerospace and Aviation office); Texas Government Code, Sec. 481.00681 (Small Business Advisory Task Force); Texas Government Code, Sec. 481.0068 (Small Business Assistance); Texas Government Code, Sec. 481.0067 (Small Business Advocate); Texas Government Code, Sec. 481.022 (4) and Sec. 481.043 (Export Assistance); Texas Government Code, Sec. 481.027 (Foreign Offices); Texas Government Code, Chapter 481, Subchapter H (Permit Office); Texas Government Code, Sec. 481.0295 (Industry Engagement).

**B. What is the objective of this program or function?**

Business Assistance is responsible for strengthening the competitiveness of Texas' industries by promoting international business and trade, small business advocacy, and entrepreneurial support, as well as industry engagement, and assisting with permitting, licensing, and regulatory compliance. The department also oversees a foreign office, the State of Texas Mexico Office, which seeks to help Mexican companies enter the Texas market or aid Texas companies looking to do business in Mexico. Further, the Office of Aerospace and Aviation promotes and grows the aerospace and aviation industry in Texas.

Statute requires the Office of Small Business Assistance to examine the role of small and historically underutilized businesses in the state's economy and the contribution of small and historically underutilized businesses in generating economic activity, expanding employment opportunities, promoting exports, stimulating innovation and entrepreneurship, and bringing new and untested products and services to the marketplace. The Office of Small Business Assistance serves as the principal focal point in the state for small and historically underutilized businesses by:

- providing information and assistance relating to establishing, operating, or expanding small and historically underutilized businesses;
- using available resources within the state, such as small business development centers, educational institutions, and nonprofit associations, to coordinate the provision of management and technical assistance to small and historically underutilized businesses in a systematic manner;
- enlisting the cooperation and assistance of public and private agencies, businesses, and other organizations in disseminating information about the programs and services provided by the State that benefit small businesses and how small businesses can participate in or make use of those programs and services;
- developing a "one-stop" approach for all small business needs, including competitive activity with state agencies and political subdivisions; and
- staffing the Small Business Assistance Advisory Task Force, which advises and assists the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives with issues that relate to small businesses and proposing legislation to assist small businesses.

The Small Business Advocate supports the functions of the Office of Small Business Assistance by providing direct technical assistance to small and historically underutilized businesses. It does this by:

- identifying sources of financial assistance and financial barriers for those businesses;

- working with relevant organizations to identify financing programs that aid small businesses in overcoming financial barriers and matching those businesses with sources of financial assistance and credit enhancement;
- assisting those businesses with the preparation of applications for government loans, loan guarantees, and credit enhancement programs; and
- performing research, studies, and analyses of matters affecting the interests of small those businesses.

The Industry Engagement program works with industry associations, organizations, Texas companies, and key state agencies. The program works with industry to identify and address opportunities, trends, hurdles, needs, and issues of common concern. The goal is to gain an understanding of industry insight and trends, and identify how the State can assist Texas companies to continue their growth, expand the economy, and grow their industry.

The International Trade program helps Texas small- and medium-sized businesses with developing new international markets and exporting their products and services around the globe. The program coordinates delegations of Texas small- and medium-sized businesses in a number of export-oriented trade shows and missions throughout the year to connect eligible small- and medium-sized businesses with export opportunities and staff support. The staff coordinates the business-to-business meetings and site visits, answers trade inquiries with the U.S. Commercial Service, and develops export and investment leads. Staff serves as a liaison between the Texas delegation and organizers, as well as provides various support services. Staff also provides organizational and logistics support to delegation members and performs investment lead-generation activities.

Statute requires EDT to maintain and operate offices in foreign countries for the purposes of promoting investment that generates jobs in Texas, exporting of Texas products, tourism, and international relations for Texas (Texas Government Code, Sec. 481.027 (a)). The State of Texas Mexico Office (STMO), located in Mexico City, operates as an arm of this program to achieve the requirements outlined in statute. The STMO provides businesses in the state with technical assistance, information, and referrals related to the export of products and services, including export finance and international business practices, and coordinates the representation of exporters in the state at international trade shows, missions, marts, seminars, and other appropriate promotional venues.

The Business Permits Office assists businesses in navigating Texas' permitting, licensing, and regulatory environment and aids in resolving permitting issues that arise.

The objective of the Aerospace and Aviation Office is to encourage economic development in Texas by fostering the growth and development of aerospace and aviation industries. It does this through various means including marketing Texas as the world's premier business destination for aerospace and aviation, and pursuing business expansion and relocation prospects, with the goal of developing job creation and export opportunities for Texas. The Aerospace and Aviation Office develops strategies and recommendations to promote retention, development, expansion, and

investment in the aerospace and aviation industries in the state. The office also acts as a liaison, providing technical support and expertise to other state and federal entities with related economic, educational, and defense responsibilities to support the marketing of the state and its capabilities. This office supports the Aerospace and Aviation Advisory Committee. The committee advises and assists the Governor and the office in meeting the state's economic development efforts to recruit and retain aerospace and aviation industry investment and expansion. The committee also collects and disseminates information on federal, state, local, and private community economic development programs.

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

**Business Assistance**  
**Exhibit 12: Program Statistics and Performance Measures — Fiscal Year 2018**

Program Statistics or Performance Measures	Dataset Reference Number* (if applicable)	Calculation (if applicable)	FY 2018 Target	FY 2018 Actual Performance	FY 2018 % of Annual Target
Small Business Events	N/A	N/A	14	14	100%
Trade Assistance	N/A	N/A	N/A	88	N/A
Investment prospects generated	N/A	N/A	400	340	85%
Investment projects developed	N/A	N/A	20	2	10%
Businesses/organizations/communities assisted	N/A	N/A	260	216	83%
Permit Assists	N/A	NA	N/A	171	N/A

**Table 12 Exhibit 12 Program Statistics and Performance Measures**

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

1971 - To attract Mexican trade and investment, the State of Texas Mexico Office (STMO) was established, providing comprehensive trade and market research assistance to both Texas and international companies, communities, agencies, and education institutions.

1989 - Business Permit Office was established by the 71<sup>st</sup> Legislature as part of the Texas Department of Commerce (which is now referred to as the Texas Economic Development and Tourism Office).

1993 - The 73<sup>rd</sup> Legislature approved the following amendments to the originally written Business Permits Office program in the 71<sup>st</sup> Legislature:

- The duties of the Business Permits Office were modified to request the State auditor, with the advice and support of the office, to initiate a business permit reengineering review process involving all state agencies.
- The completion date for the business permit review process was to be on or before September 1, 1994, and provide all recommended statutory changes to the legislature on or before January 1, 1995.
- The Environmental Permits section (Sec. 481.129) was added to include consulting and cooperating with the Natural Resource Conservation Commission to conduct an analysis of their permits issuance process.

1997 - The Office of Business Assistance was created by the 75<sup>th</sup> Legislature, under Section 481.0068 of the Texas Government Code. The 78<sup>th</sup> Legislature statute was amended to expand its functions in 1999 and 2003 by the 76<sup>th</sup> and 78<sup>th</sup> Legislature.

2003 - The 78<sup>th</sup> Legislature created the position of the Small Business Advocate, under Section 481.0067 of the Texas Government Code, to serve as the principal focal point for assisting small and historically underutilized businesses in Texas.

2013 - The Small Business Assistance Advisory Task Force was created in by HB 3714, 83<sup>rd</sup> Legislature. There have not been changes to the program since its creation.

2015 - SB 458, the 84<sup>th</sup> Legislature, established the requirement of reporting to the legislature and the Governor the actions taken by the Aerospace and Aviation Office. The legislation also increased the number of members to the Aerospace and Aviation Advisory Committee by adding one member for each active spaceport development corporation who represents the interests of each respective spaceport development corporation. Finally, the legislation established that the Aerospace and Aviation Advisory Committee shall serve staggered four-year terms, and amended the function of the Aerospace and Aviation Advisory committee.

**E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

The services of the Business Assistance program are available to all Texas-based business entities, state agencies, institutions of higher education, economic development organizations, and local governments. The State of Texas Mexico Office also includes Mexico-based companies looking to invest in Texas, government agencies, institutions of higher education, economic development organizations, and local governments in Mexico.

All U.S.-registered and U.S.-operating independent, established, for-profit companies are eligible for the Texas Export Assistance programs if they meet the eligibility requirements. The selection

criteria for exports are determined by U.S. Commercial Service, size guidelines are laid out by the U.S. Small Business Administration, and additional requirements are adapted by EDT to ensure that standard practices are used across the program. The selection criteria are:

- must have at least one year of revenue with a Federal Identification Number tied to a Texas address;
- must have an exportable product/service that fits the trade show industry focus, manufactured, produced, processed or value-added in Texas;
- must meet SBA “Small Business Concern” size guidelines;
- must demonstrate Export Readiness (understand the costs associated with exporting);
- must have a strategic plan for exporting; and
- must remain in good standing with the Texas Comptroller of Public Accounts (CPA) and have not been debarred from receiving state or federal funding.

**F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The Office of Small Business Assistance provides technical assistance to small business owners and entrepreneurs. The office receives inquiries through calls, emails, and in-person meetings. The office researches inquiries, including online research and talking to agency contacts, to obtain the information needed based on their level of business. The office then promptly connects the constituents with the proper resources and information available.

Additionally, staff working within the Office of Small Business Assistance coordinate with regional partners to organize numerous small business events across the state. The team has contracted an event management company that helps with the logistics of planning these events such as booking the venue and registration. The regional partners have the opportunity to become planning partners by helping identify locally relevant topics, speakers, and promotion opportunities. The Office of Small Business Assistance takes that information and coordinates an educational event where the small businesses and entrepreneurs can receive timely, relevant, and actionable advice to help them start or grow. The attendees receive a survey report after each event so that the office may gain feedback. Based on the feedback, the office evaluates the results and makes changes to ensure that the attendees are receiving relevant expert advice.

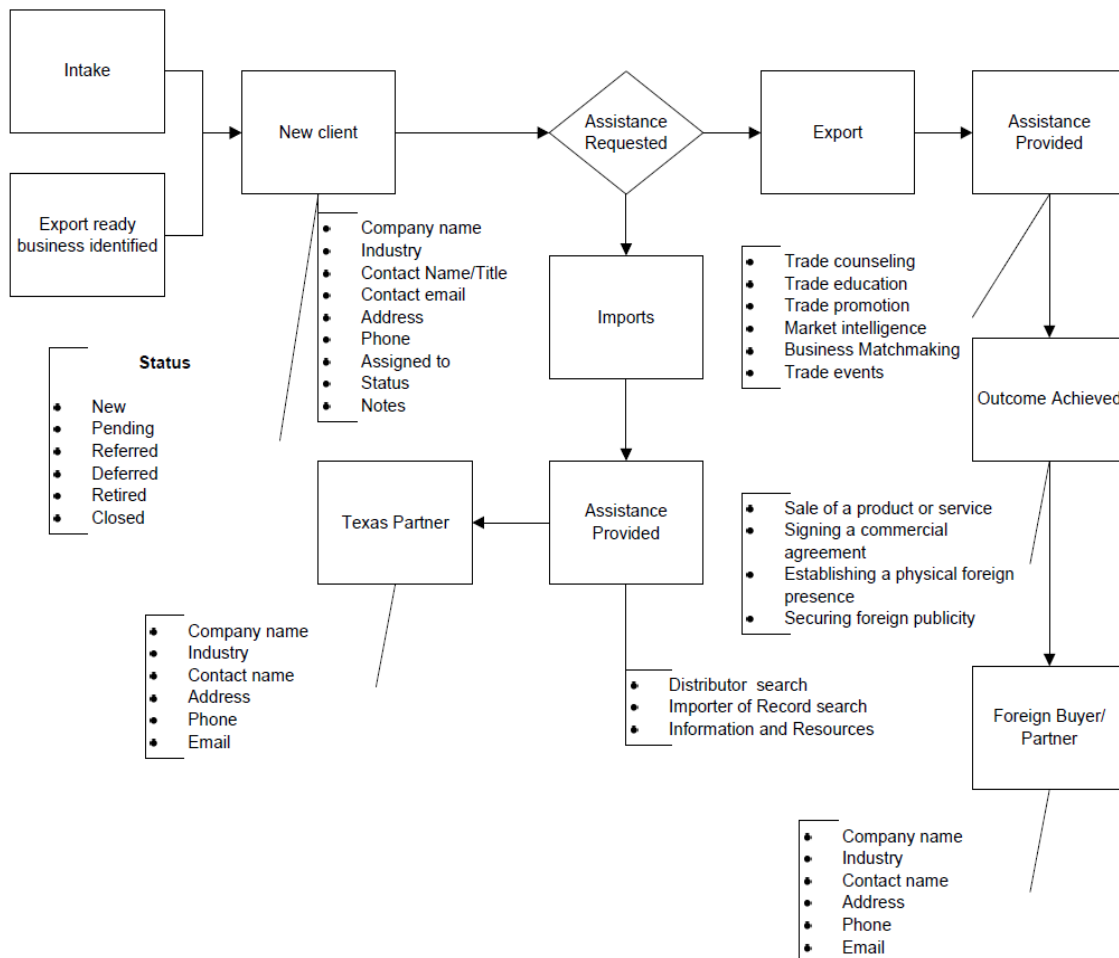
The Small Business Advocate organizes an annual research study to learn and report back on the small business needs across the state. The Small Business Advocate coordinates the annual meeting of the Task Force as well as the biennial report to the Legislature. The Advocate also receives inquiries through calls, emails, and in-person meetings. The Advocate researches inquiries, including online research and talking to agency contacts, to obtain the information

needed based on their level of business. The Advocate then promptly connects the constituents with the proper resources and information available.

The International Trade/Export Assistance program coordinates participation in a variety of exporting events. These events are clearly listed on EDT's website and continuously promoted through social media, email communications, and word of mouth. Interested and eligible Texas companies can apply to join a delegation at one of these events through an online registration, and candidates are evaluated and vetted on a rolling basis. Participants are selected approximately three months before an event, and all selected participants must sign a contract with the office that explains responsibilities and obligations. All candidates must complete four mandatory survey reports prior to the event so the program may gain relevant and actionable feedback. The series of surveys are distributed 30-days, 6-months, 12-months, and 18-months following the trade show. Based on the survey data provided by all participants, the program evaluates the results of these export assistance events. The process can be seen on the following flowchart:

The STMO is operated by a procured vendor that executes the program deliverables, outlined in the contract awarded in FY17. The STMO markets the state of Texas as a premier business investment destination from its location in Mexico City. STMO assists Mexican companies looking to invest in Texas and Texas businesses wishing to export to Mexico. STMO services include, but

## Trade Assistance Process





are not limited to business partner identification/business-to-business matchmaking; customized in-country appointments/key industry contact reports; market assessment, research, and accelerator advisory services; and business, contracts, compliance, regulatory, sales strategy, and cultural consultancy. STMO also organizes participation of Texas companies in several major in-country trade shows under the Texas Pavilion umbrella, covering a wide variety of industry sectors.

The Business Permits Office offers services to businesses of all sizes. The office receives inquiries through calls, emails, and in-person meetings. The office researches inquiries by conducting online research and collaborating with agency contacts to obtain the information needed to understand their regulatory requirements. The office then promptly connects the constituents with the proper resources and information available. The Business Permits Office also publishes the *Texas Business Licenses & Permits Guide*, an online document that highlights the applicable state-level permits, licenses, and regulations required by the most popular business types. The guide is developed by consulting with liaisons from various state agencies and is updated annually. In addition, the Business Permits Office works closely with local government business offices to aid in resolving permitting issues that arise.

The Industry Engagement team researches and engages with entities representing industry. This includes associations, industry support organizations, and companies. The team contacts key staff to schedule introductory and follow-up meetings. Industry visits occur at trade shows, conferences, expositions, summits, forums, and scheduled meetings. During the engagement, the team invites discussions on how the State can assist industry to grow. This includes discussing opportunities, trends, issues, barriers, and hurdles. With the information learned at industry events and meetings, the staff is able to pass along things learned to enable the State to focus on how it can assist in growing industry and businesses. Staff also works to build relationships and become a key point of contact for industry within the office.

The Aerospace and Aviation Office functions as a liaison with the Governor's Aerospace and Aviation Advisory Committee. The Aerospace and Aviation Office provides an administrative role for the committee as it meets its statutory duties. Committee meetings are held at the call of the Committee's presiding officer and are staffed by EDT. Recommendations submitted by the Committee are implemented at the direction of the Governor and/or leadership of EDT (Texas Government Code, Sec. 481.006 (d-1)). The office identifies associations, support organizations, and businesses in the industry by performing research, attending industry events, and meetings. Staff attends trade shows, conferences, exhibitions, summits, forums, and scheduled meetings to learn about opportunities, trends, issues, and gather information about the industry. The team contacts key staff to schedule introductory and follow-up meetings. During the engagement, the team invites discussions on how the State can assist industry to grow. This includes discussing opportunities, trends, issues, barriers, and hurdles. With the information learned at aerospace and aviation events and meetings, the staff is able to pass along things learned to enable the State to focus on how it can assist in growing the aerospace and aviation industry and businesses. Staff also works to build relationships and become a key point of contact for the industry within the office.

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

**Funding source and program amounts by expenditure/encumbrance (AY2018):**

	Method of Finance	Business Assistance
<b>General Revenue</b>		
	General Revenue	\$ 1,002,706
<b>Federal Fund</b>		
	Grant from TX Workforce Commission, CFDA 17.278	\$ 641,341
	Grant from TDA, CFDA 59.061	\$ 95,748
<b>Other Funds</b>		
	Columbia Lic Plates	\$ 5,784
<b>Total Method of Finance</b>		<b>\$1,745,579</b>

- H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

Individual state agencies provide licensing, permitting, and credentialing assistance that is specific to their respective agency. The key difference between the regulatory assistance provided by those agencies and that of the Business Permits Office is the comprehensive nature of the cross-agency insight, assistance, and resolutions that the Business Permits Office's target population receives.

- I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

To avoid duplication and conflict with licensing offices of the various state agencies, the Business Permits Office facilitates contacts between applicants and state agencies responsible for processing and reviewing permit applications. The Business Permits Office works closely with those agencies to identify the scope of their activities and determine the best points of hand off. The Business Permits Office also collaborates with various state agencies when creating the comprehensive *Texas Business Licenses & Permits Guide*. In most instances, the state agencies having jurisdiction over a permit designate an officer or employee to act as permit liaison officer to cooperate with the Business Permits Office.

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The International Trade program works with local, regional, and federal economic development organizations to promote trade shows and conduct due diligence on candidate companies. For

international trade missions, EDT works with the U.S. Commercial Service for trip planning, high-level business meeting arrangement, and gold key service for company matchmaking.

The Office of Small Business Assistance and the Small Business Advocate work with private- and public-sector small business service providers, such as city and county governments, councils of governments, chambers of commerce, economic development organizations, small business development centers, banks, and more to create a mechanism for meaningful handoffs of small business owners and aspiring entrepreneurs from one resource to another, ensuring a continuum of services.

The Foreign Office program collaborates closely with the U.S. Department of Commerce in Mexico, as well as the in-country representatives of Texas Tourism and many Texas municipalities.

The Business Permits Office works with the licensing and permitting offices within the local, regional, and federal units of government. In addition, the Business Permits Office coordinates efforts with chambers of commerce to assist business owners with their regulatory inquiries.

The Industry Engagement team interacts with other state agencies throughout Texas. Specifically, staff will work with state or federal agencies to identify resources that can be of assistance to industry as the need arises.

The Aerospace and Aviation Office continues to support initiatives through the Texas Workforce Commission (TWC) that address the high-technology skills and workforce resources needed to better promote the state's efforts in becoming the leading state for the aerospace and aviation industry. This is accomplished by working with TWC's Skills Development Fund program to help support curriculum development for Texas public community and technical colleges, and supporting the efforts of TWC to supply a highly skilled workforce to the industry. The office also works with the Texas Higher Education Coordinating Board to encourage business support in education efforts in technical and community colleges.

**K. If contracted expenditures are made through this program please provide**

- **a short summary of the general purpose of those contracts overall;**
  - Office of Small Business Assistance - The Office of Small Business Assistance's event management contract helps organize the logistics of the small business events. The Research Study contract assists in conducting the study to learn about small business needs across the state.
  - International Trade - To receive the best price and service for building the exhibit booth at trade shows, OOG's procurement staff posts the service requirement package on the website of CPA's office for bidding purpose.
  - STMO - EDT has a number of contracts associated with operation of the State of Texas Mexico Office.
- **the amount of those expenditures in fiscal year 2018;**

Total Amount of Contracts for fiscal year 2018 - \$866,218

- **the number of contracts accounting for those expenditures;**

34 contracts

- **the method used to procure contracts;**

- Office of Small Business Assistance - Event Management: SPD Texas Multiple Award Schedule (TXMAS) Contracts; Research Study: Competitive Sealed Proposals (RFP)
- International Trade - Competitive Bidding (IFB, Informal Bidding)
- STMO - Representation Contract: Competitive Sealed Proposals (RFP); Office Space Lease: Spot bid; Accounting: Competitive Bidding (IFB, Informal Bidding); Insurance: Competitive Bidding (IFB, Informal Bidding)

- **top five contracts by dollar amount, including contractor and purpose;**

2018		
Name	Expenditures	Comments
Sheraton Maria Isabel	\$52,164.60	Mexico City Rent
Thomas P. Miller and Associates, LLC	\$55,000.00	Contract Small Business Research Study
Innovation Event Management	\$63,029.27	State Term Event Management Contract
Kallman Worldwide, Inc.	\$154,154.00	Tradeshow
Infosurance S. de RL de CV c/o Tx CPA	\$297,722.51	Mexico City Representation

- **a short description of any current contracting problems.**

N/A

- **the methods used to ensure accountability for funding and performance; and**

- Office of Small Business Assistance - Event Management: Weekly calls, onsite presence, and invoice reviewing; Research Study: Weekly calls and reviewing completion.
- International Trade - OOG staff participates in the trade shows and assures the contracted goods and services are delivered as specified.
- STMO - Representation Contract: Monthly and annual reports, continues verbal and electronic communication; Office Space Lease: N/A; Accounting: Monthly reports; Insurance: N/A.

**L. Provide information on any grants awarded by the program.**

N/A

**M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

N/A

**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

N/A

**O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

N/A

**P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

**A. Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Business Development (Marketing, Clearinghouse)

**Location/Division:** Austin/Business and Community Development

**Contact Name:** Nicole Ryf

**Statutory Citation for Program:** Texas Government Code Sec. 481.072 (Business Development); Texas Government Code Sec. 481.022 and Sec. 481.0725 (Marketing); Texas Government Code Sec. 481.167, 481.026, 481.211-481.212 (Clearinghouse)

**B. What is the objective of this program or function? Describe the major activities performed under this program.**

Business Development assists companies in identifying and obtaining the resources needed to relocate or expand their presence in Texas. The program works directly with either the company

or a consultant working on behalf of the company interested in doing business in Texas or expanding their current Texas operations. Although the company or consultant often reaches out to Business Development directly, the Texas Economic Development Corporation (TXEDC) and regional or local partners also provide leads to the program. The program collaborates with local and regional economic development organizations, as well as the company and consultants, throughout the entire site selection timeline to reduce any hurdles that may arise. This includes coordination with other state agencies when necessary. Key contributions to the overall mission of the business development program are the marketing and clearinghouse activities and initiatives summarized below.

The marketing program promotes Texas as the premier location for business, while simultaneously promoting resources and services available through EDT's Business and Community Development (BCD) program. Major activities include communication and outreach through online channels, a website, e-mail, print collateral, publications, and a variety of social media platforms. Marketing engages with and disseminates information to target audiences, which includes economic development organizations, chambers of commerce, convention and visitors' bureaus, site selection consultants/brokers, large corporations, small- and medium-sized businesses, entrepreneurs/startups, venture capitalists, government agencies, regional allies, and foreign consulates/trade commissioners.

The marketing program assists BCD in strengthening relationships with Texas economic development organizations, regional allies, and local community partners by offering relevant marketing collateral and supporting information that can be used by these groups to promote their communities. Marketing provides BCD staff with the marketing materials and consistent messaging they need to be successful in presenting information across the state.

The website for the program, [www.gov.texas.gov/business](http://www.gov.texas.gov/business), serves as a business and community development clearinghouse for Texas business-related information and resources. The program also provides online tools to ensure that the public is able to easily find information throughout the website, interact with the office, and access any service that can be provided effectively through the Internet.

The website provides businesses and communities with information and assistance on the state's business development programs, including financial assistance and business incentive programs; business development services, including technical assistance, workshops, business incubators, training, and useful publications; rural and urban community economic development programs, including loans, grants, and other funding sources; rural and urban community economic development services, including technical assistance, workshops, training, and useful publications; small business programs and services and useful publications; defense economic adjustment programs and services and useful publications; and international trade programs, services, and useful publications.

**C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please**

**provide the calculation or methodology behind each statistic or performance measure. Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

**Business Development (Marketing/Clearinghouse)**  
**Exhibit 12: Program Statistics and Performance Measures — Fiscal Year 2018**

Program Statistics or Performance Measures	Dataset Reference Number* (if applicable)	Calculation (if applicable)	FY 2018 Target	FY 2018 Actual Performance	FY 2018 % of Annual Target
Number of Businesses Developed as Recruitment Prospects	N/A	{a}	120	161	134.2%
Number of New Jobs Announced by Businesses Receiving Assistance	N/A	{b}	6,000	7,773	129.6%
Capital Investment by Projects Receiving Assistance (in Billions \$)	N/A	{c}	5	6.46	129.2%

**Table 12 Exhibit 12 Program Statistics and Performance Measures**

*{a} A manual count of the business recruitment prospects identified as “recruitment prospects developed” in the databases of the division’s programs.*

*{b} Sum of the number of jobs publicly announced by the company and/or community for each project locating to specific Texas sites.*

*{c} Total private capital committed as indicated in the applications submitted to OOG/EDT for program assistance; data is tabulated manually and cumulatively.*

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

2003 - The Business Development Program was established as a program under EDT within the Office of the Governor. Prior to 2003, the Texas Department of Economic Development was a standalone agency.

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

A number of different entities interact with Business Development. Businesses within and outside of the state utilize the program’s assistance for site selection when searching for a new facility location. Consultants acting on behalf of businesses also rely on Business Development’s site search services. Communities engage with the program for state-level support to attract new business.

- F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The program is administered under the Business and Community Development division within EDT.

Initially, the Business Development team receives information about a potential project, typically from a company, business consultant, or community. After careful vetting, a project file is created, and a project coordinator is assigned to the project. If a project requires assistance with site selection, then a lead is sent out requesting proposals from communities with suitable sites. From there, the company or consultant involved with the project must determine the final Texas community and site for the project. The chosen community then assists with local incentive program discussions. If deemed eligible, the community can support applications for state-level incentives on behalf of the project. The Business Development team helps the company or consultant to understand the different requirements of state incentive programs. Ultimately, the company makes a final decision to locate the project, and when appropriate, announcements are coordinated between the company, community, and EDT team. The team also records the outcome via key measurements reported on a quarterly and annual basis.

The Business Development program is supported by five regional team members who represent the Business and Community Development division in North, East, South, West, and Central Texas. They provide direct support and field services on behalf of Business and Community Development. (See Attachment 14 for map of regional office locations.)

**G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

**Funding source and program amounts by expenditure/encumbrance (AY2018):**

<b>Method of Finance</b>	<b>Business Development</b>
General Revenue	\$ 2,072,081
<b>Total Method of Finance</b>	<b>\$ 2,072,081</b>

**H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

Organizations at the local and regional level in Texas perform economic development functions such as providing incentives to companies looking to relocate or expand in Texas, and meeting with those companies and associated consultants; however, the Business Development program has the resources to provide a broader scope of assistance. For example, if a business is interested in a site with specific criteria, the Business Development program can apply that criterion to an unbiased statewide search for the optimal location, rather than just a regional solution. This provides better customer service to a company looking to do business in the state by not requiring them to initiate their site search by reaching out to numerous individual communities directly. It also enables rural and suburban areas to be more competitive in the site



selection process by receiving leads that may otherwise solely be distributed to urban areas. The Business Development team also serves as a conduit between companies and other state agencies to help companies navigate any state-level questions.

The Texas Economic Development Corporation is an independently funded and operated 501(c)(3) nonprofit organization responsible for marketing and promoting Texas as a premier business location. Through national and international investment attraction missions, industry events, media relations, advertising, and other initiatives, TXEDC disseminates information regarding Texas' business advantages among a target audience of corporate decision makers and site selection consultants. EDT and TXEDC make up the cornerstone of the overall economic growth strategy for Texas and work in partnership to lead delegations on investment attraction missions both domestically and internationally. During these missions, the delegation meets with companies to spur continued economic growth and with government leaders in foreign countries to further encourage international relations.

TXEDC's marketing efforts are complementary to the BCD business recruitment and marketing efforts. While there are similar efforts between the groups, the marketing program under BCD differs in that it is also focused on supporting EDT initiatives and promoting resources for businesses already in the state as well as small- and medium-sized enterprises looking to grow their presence in Texas.

**I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

The Business Development program has an explicit directive to provide impartial economic development assistance at the state level. Each governmental entity has a defined purpose and the agencies maintain interdependent relationships, eliminating any duplication of efforts. The designation of a lead economic development agency for the state ensures individual projects receive input and assistance from the appropriate state agencies, without duplication of services. Texas operates under a decentralized model allowing local economic development organizations to play an active role as subject-matter experts on their respective communities. Community economic development officials also help identify local incentives that may be appropriate for a particular project. Local incentives are in some cases required to be eligible for a state incentive.

BCD and TXEDC's marketing programs work closely to share marketing plans and strive to eliminate any duplicated efforts. BCD's leadership team manages a close working relationship with key decision makers within TXEDC. To avoid duplication, EDT and TXEDC work jointly to strategically plan domestic and international business recruitment mission trips.

**J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

The Business Development program works with economic development organizations at the local and regional level in a coordinated effort to place businesses in the most strategically viable site

for long-term success and growth, subsequently creating economic development through corporate investment and new job creation in Texas.

**K. If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;

Total amount of 2018 contracts: \$10,009

- the number of contracts accounting for those expenditures;

5 Contracts

- the method used to procure contracts;

Methods of procurement used include DIR contracting, State Term Contracts, TXSmartBuy and delegated procurement.

- top five contracts by dollar amount, including contractor and purpose;

2018 Contract/Vendor Name	2018	
	Expenditures	Comments
CenturyLink	\$536.52	DIR Conference Calling
Federal Express Corp.	\$852.75	Term Contract
Meyerton's, Hood, Kivlin, Kowert & Goetzel	\$913.00	Outside Counsel
AT&T Mobility	\$7,056.50	DIR Cellphones
Dept. of Criminal Justice	\$650.00	TX Smart Buy Chairs
	<u>\$ 10,008.77</u>	

- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A

**L. Provide information on any grants awarded by the program.**

N/A

**M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

Statute requires the office to establish the Texas Business and Community Economic Development Clearinghouse to provide information and assistance to businesses and communities in the state through the use of a statewide toll-free telephone service (Texas Government Code, Sec. 481.167 (a)). Statute requires the office to establish the Texas Business and Community Economic Development Clearinghouse to provide information and assistance to

businesses and communities in the state through the use of a statewide toll-free service (Texas Government Code, Sec. 481.167 (a)). EDT calls are primarily received through the main EDT phone line and the OOG switchboard. Further, interested parties now increasingly prefer to gain information primarily through websites.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. **Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A

P. **For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

A. **Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Economic Development Bank (Includes: Capital Access Program; Defense Economic Readjustment Zone; Enterprise Zone Program; Industrial Revenue Bonds; Product Development and Small Business Incubator Fund; Texas Leverage Fund)

**Location/Division:** Austin/Business and Community Development

**Contact Name:** Nicole Ryf

**Statutory Citation for Program:** Texas Government Code, Sec. 481.401 (Capital Access); Texas Government Code 489.108(6), Texas Government Code 2310 (Defense Economic Readjustment Zone Program); Texas Government Code Chapter 2303, Texas Administrative Code Title 10, Part 5, Chapter 176 (Enterprise Zone Program); Texas Government Code 489.108(4), Texas Administrative Code, Title 10, Part 5, Chapter 180 (Industrial Revenue Bond); Texas Government Code, Chapter 489, Subchapter D (Product Development and

Small Business Incubator Fund); Texas Government Code, Sec. 489.108(2) (Texas Leverage Fund)

**B. What is the objective of this program or function? Describe the major activities performed under this program.**

The Economic Development Bank provides competitive, cost-effective financial tools to support expanding businesses operating in the state and businesses relocating to Texas. Programs administered by this office include grants, financing, and tax refund programs, which all promote economic development, job creation, and capital investment. The office delivers programs targeted at all sizes of businesses and communities in the state, among other entities. These programs are all part of EDT's key functions to administer business and community economic development programs and facilitate the location, expansion, and retention of business investment in the state. Specific programs include:

- The Capital Access Program (CAP) partners with non-profit lenders to increase access to financing for small- and medium-sized businesses that face barriers to accessing capital. CAP facilitates loans, which are underwritten by the participating non-profit lenders and supported by the State's contributions to a loan loss reserve account.
- The Defense Economic Readjustment Zone Program (DERZ) is a partnership between local governmental entities and the State to encourage capital investment, increase employment opportunities, and reuse vacated property in communities that have been adversely impacted by decreased defense expenditures and decreased defense worker employment.
- The Enterprise Zone Program (EZP) is an economic development tool for local communities to partner with the state to encourage job creation and capital investment in economically distressed areas of the state. An enterprise project is eligible for a refund for state sales and use taxes paid and used at the qualified business site. The total amount of any refund is predicated on the investment amount and number of jobs created/retained.
- Industrial Revenue Bonds (IRB) provide tax-exempt or taxable long-term financing for projects. Under Local Government Code Sec. 501.006, a local unit of government may use a corporation to issue bonds on the unit's behalf to finance the cost of a project, including a project in a federally designated empowerment zone or enterprise community, or an enterprise zone designated under Government Code Chapter 2303, to promote and develop new and expanded business enterprises for the promotion and encouragement of employment and the public welfare. EDT's role in the process is to review bond applications for specific IRBs before issuance.
- The Product Development and Small Business Incubator Funds (PDSBI) offer long-term, asset-backed loans to product development companies and small business incubators/accelerators located in Texas. The loans finance the development and production of new or improved products, or the stimulation of new or existing small businesses in Texas. PDSBI targets those businesses that may be unable to obtain full financing or financing on workable terms in traditional capital markets.

- The program consists of two separate funds— the Product Development Fund and the Small Business Incubator Fund. The purpose of the Product Development Fund is to aid in the development and production, including the commercialization, of new or improved products in the State of Texas. The Small Business Incubator Fund’s purpose is to foster and stimulate the development of new or existing small businesses in the State of Texas.
  - The PDSBI Board consists of nine persons appointed by the Governor (Texas Government Code, Sec. 489.203 (a)). The board may adopt rules, policies, and procedures necessary or reasonable to implement the PDSBI program. The Bank administers the program and the PDSBI funds (Texas Government Code, Sec. 489.202 (b)).
  - The Texas Leverage Fund (TLF) allows Economic Development Corporations (EDCs) established pursuant to Section 4A and/or 4B of the Development Corporation Act to leverage their economic development sales and use taxes for the support of local economic development projects. The TLF program provides loans to EDCs on favorable terms designed to give communities access to capital needed to finance local projects. Examples of eligible projects include land acquisitions, buildings, infrastructure projects, machinery and equipment for manufacturing and industrial operations as well as sports, athletic, entertainment venues, public parks, and events. The State was authorized to issue up to \$25 million in commercial paper notes, which are secured through a pledge of future EDC sales tax revenues, and then repaid by the State from the collection of loan repayments by local EDCs. The program is currently on hold pending necessary statutory updates.
- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

**Texas Economic Development Bank**  
**Exhibit 12: Program Statistics and Performance Measures — Fiscal Year 2018**

Program Statistics or Performance Measures	Dataset Reference Number* (if applicable)	Calculation (if applicable)	FY 2018 Target	FY 2018 Actual Performance	FY 2018 % of Annual Target
Texas Enterprise Zone – New Jobs	N/A	N/A	N/A	3,403	N/A
Texas Enterprise Zone – Retained Jobs	N/A	N/A	N/A	15,653	N/A
Texas Enterprise Zone – Capital Investment	N/A	N/A	N/A	\$5.8 Billion	N/A

**Table 12 Exhibit 12 Program Statistics and Performance Measures**

**D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

1981 - The process for administering the IRB program is not prescribed in statute. Program rules were first adopted to be effective October 31, 1981.

1992 - TLF was established under Article III, Section 52-a, of the Texas Constitution, SB 223, 71<sup>st</sup> Legislature, and September 9, 1992, Master Resolution of the former Texas Department of Commerce. The Master Resolution established a \$300 million commercial paper program, later limited to \$25 million issuance in commercial paper by the First Supplemental Resolution.

1997 - CAP was established by SB 266, 75<sup>th</sup> Legislature and was appropriated \$7 million for the biennium beginning September 1, 1997.

1997 - DERZ was established by SB 226, 75<sup>th</sup> Legislature.

Upon the abolishment of the Texas Department of Commerce and the transfer of the TLF program to the former Texas Department of Economic Development, SB 932, 75<sup>th</sup> Legislature, repealed the original sections of the Government Code under which the program was initially created. The program continued to operate with limited authority under the following statutes:

- Texas Government Code Sec. 481.073(c) - Duties of the Economic Development and Tourism Office relating to financing.
- Texas Government Code Sec. 489.106 - Authorizing the Texas Economic Development Bank all necessary powers to administer the Economic Development Bank Fund.
- Texas Government Code Sec. 489.108 - Establishing the TLF as one of the programs under the direction of the Economic Development Bank.

2003 - The statute was amended by the 78<sup>th</sup> Legislature to move the management of CAP under the Economic Development Bank.

The PDSBI program began in 2003 under SB 275, 78<sup>th</sup> Legislature. There have been no statutory changes to the program since its creation.

2006 - CAP no longer had funding to remain active.

2015 - HB 2667, 84<sup>th</sup> Legislature, was filed relating to the abolishment of certain programs administered by the Texas Economic Development Bank. The legislation originally filed abolished CAP as well as other programs. HB 2667 was enacted; however, the enrolled legislation did not abolish CAP. Members of the House Committee on Economic & Small Business Development requested the program be reactivated. Reserve funds from the Economic Development Bank general revenue-dedicated fund were used to reactive the program. As of September 1, 2015, the reactivated program has two participating lenders.

2016 - EDT requested to contract with a new Letter of Credit holder for TLF, which required an amendment to the Master Resolution. However, in the process of doing so, it was found that current statute outlining the Bank's process to amend the TLF is unclear. Upon this determination, TLF became inactive.

2017 - During the 85<sup>th</sup> Legislative Session, HB 3772 was filed to reestablish the original authorizing TLF statute. The Legislation was not enacted.

2019 - During the 86<sup>th</sup> Legislative Session, HB 31 and SB 132 relating to the operation of TLF were filed with the same purpose as the bills filed in the previous Legislative Session, but neither were enacted. EDT has paid off all outstanding commercial paper, and its current Letter of Credit and Reimbursement Agreement expired on August 31, 2019. EDT is not issuing any new TLF loans, but is actively managing the repayment of outstanding loans.

**E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

Capital Access Program (CAP): In accordance with statute associated with CAP, to participate in the program as a lender, the lender must be a financial institution defined as being a bank, trust company, banking association, savings and loan association, mortgage company, investment bank, credit union, or nontraditional financial institution. Borrowers must be a small- (fewer than 100 employees) or medium-sized business (100-499 employees), domiciled in Texas, or have at least 51% of its employees located in Texas, and formed to make a profit. Currently, 99% of the borrowers are small businesses with fewer than 100 employees.

Defense Economic Readjustment Zone (DERZ): To be designated as a DERZ, as defined by Texas Government Code, Sec. 2310.101, an area must:

- have a continuous boundary;
- be at least one square mile, but not larger than 20 square miles, excluding lakes, waterways, and transportation arteries, of the municipality, county, or combination of municipalities or counties nominating the area as a readjustment zone;
- be located in an adversely affected defense-dependent community;
- have at least 50% of its area located in an existing or former United States Department of Defense facility; and
- be nominated as a readjustment zone by an ordinance or order adopted by the nominating body.

An area is not prohibited from being included in a DERZ because the area is also included in an enterprise zone designated under Texas Government Code, Chapter 2303, Subchapter F. A municipality or county is an adversely affected defense-dependent community if the Bank determines that the municipality or county requires assistance due to the following items outlined under Texas Government Code, Sec. 2310.102 (1):

- the proposed or actual establishment, realignment, or closure of a defense facility;

- the cancellation or termination of a United States Department of Defense contract, or the failure of the Department of Defense to proceed with an approved major weapon system program;
- a publicly announced planned major reduction in Department of Defense spending that would directly and adversely affect the municipality or county; or
- the closure, or a significant reduction of the operations or defense facility, as the result of a merger, acquisition, or consolidation of a defense contractor operating the facility.

In addition to the above, as defined by Texas Government Code, Sec. 2310.102 (2), the municipality or county must be expected to experience, during the period between the beginning of the federal FY (during which an event described by Subdivision 1) is finally approved and the date that the event is to be substantially completed, a direct loss of:

- 2,500 or more defense worker jobs in any area of the municipality or county that is located in an urbanized area of a metropolitan statistical area;
- 1,000 or more defense worker jobs in any area of the municipality or county that is not located in an urbanized area of a metropolitan statistical area; and/or
- one percent of the civilian jobs in the municipality or county.

As defined by Texas Government Code, Sec. 2310, Subchapter C, readjustment zones are designated for a period of seven years with no limitation on the number of zones. A readjustment zone may have no more than two defense readjustment projects. Defense Readjustment projects may be designated for up to a five-year period, in addition to a 90-day window prior to the designation date. Employment and community commitments must be met within this timeframe. At least 25% of the qualified business' new employees in the readjustment zone must be residents of the governing jurisdiction, economically disadvantaged, or dislocated defense workers (Texas Government Code, Sec. 2310.302 (2)).

Enterprise Zone Program (EZP): As defined by Texas Government Code, Sec. 2303.404, a qualified business may request that the governing body of a municipality or county in which the qualified business is located apply to the Bank for designation of a project or activity of the business as an enterprise zone project. The enterprise project designation must be for an expansion or relocation from out-of-state, an expansion, renovation, new construction, or other property to be undertaken by a qualified business; and a predetermined designation period approved by the Bank, with beginning and ending dates for each proposed project or activity. The designation period for an enterprise zone project may not be for less than one year, or more than five years from the date on which the designation is made.

Product Development and Small Business Incubator Fund (PDSBI): This program is for a new or improved product being developed, produced, and/or commercialized in the state of Texas, to include an invention, device, technique, or process, without regard to whether a patent has been or could be granted, that has advanced beyond the theoretical stage and has, or is readily capable of having, a commercial application. Pure research is ineligible. As outlined by Texas Government Code, Sec. 489.213 (h), preference is given to businesses substantially likely to develop and expand the opportunities for small businesses in the state (for example, small business incubators) in the following preferred industries: semiconductors, nanotechnology,



biotechnology, and biomedicine. A small business, defined as a legal entity that is domiciled in the state of Texas, or has at least 51% of its employees located in the state, employs fewer than 100 full-time employees, and is independently owned and operated.

Texas Leverage Fund (TLF): When the program was active, and not pending statutory updates, Type A and Type B Economic Development Corporations (EDCs) would be eligible to apply for financing from TLF. Chapters 501, 504, and 505 of the Local Government Code outline EDCs' ability to authorize cities to adopt sales tax to fund the corporations and define the projects EDCs are allowed to undertake. Currently, there are 211 active Type A Corporations and 513 active Type B Corporations in Texas.

Industrial Revenue Bonds (IRB): The bonds are issued through an Industrial Development Corporation (IDC) for eligible projects included in its jurisdiction. No data is available on the current number of IDCs.

**F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

Capital Access Program (CAP): As defined by Texas Government Code 481, Subchapter BB, CAP is administered through a contract between EDT and participating lenders. When a lender makes a loan, the lender submits an enrollment form for the borrower to EDT. The lender is responsible for conducting due diligence on the borrower and determining the terms of the loan. After enrolled, the borrower and lender contribute 2-3% each to the loan loss reserve account. Their contributions combined must equal 4-6% of the loan amount. The State matches the contribution by submitting 6-8% of the loan amount to the loan loss reserve account.

If a borrower defaults on the loan, the lender may make a claim to EDT. If the lender has made a sufficient effort to recover the loan, then the borrower may make a withdrawal from the loan loss reserve account. Withdrawals from the loan loss reserve account must be evidenced by the submission and approval of a claim form. Only non-recoverable losses (not to exceed 50% of the enrolled amount), plus reasonable and customary expenses, may be removed from the reserve account. The lender must maintain records substantiating the non-recoverable losses, plus reasonable and necessary expenses, for three years following withdrawal from the program. If subsequent to payment of a claim the lender recovers from a borrower, from liquidation of collateral, or from any other source, any amount for which payment of the claim was made, the lender must promptly pay to the loss reserve account the amount recovered, less any out-of-pocket expenses incurred. The Bank receives both monthly and quarterly reports from the lenders participating in the program.

Defense Economic Readjustment Zone (DERZ): As defined by Texas Government Code, Sec. 2310.105, for an area to be designated as a DERZ, the nominating body, after nominating the area as a readjustment zone, must send to the Bank a written application for designation of the area as a readjustment zone. The application must include:

- a certified copy of the ordinance or order, as appropriate, nominating the area as a readjustment zone;
- a map of the area showing existing streets and highways;
- an analysis and appropriate supporting documents and statistics demonstrating that the area qualifies for designation as a readjustment zone;
- a statement that specifies each tax incentive, grant, other financial incentive or benefit, or program to be provided by the nominating body to business enterprises in the area that is not to be provided throughout the governmental entity or entities nominating the area as a readjustment zone;
- a statement of the economic development and planning objectives for the area;
- an estimate of the economic impact of the designation of the area as a readjustment zone on the revenues of the governmental entity or entities nominating the area as a readjustment zone, considering all the financial incentives and benefits and the programs contemplated;
- a transcript or tape recording of all public hearings on the proposed readjustment zone; and
- if the application is a joint application, a description and copy of the agreement between the applicants; and the procedures for negotiating with residents, community groups, and other entities affected by the designation of the area as a readjustment zone and with qualified businesses in the area.

As outlined in Texas Government Code, Sec. 2310.404, designated readjustment projects are eligible to apply for franchise tax credit and state sales and use tax refund on qualified expenditures administered by the Texas Comptroller of Public Accounts (Comptroller). A hard-copy application must be submitted containing all information and documentation required by statute. Each application for designation as a readjustment zone, for readjustment zone boundary amendments, or for a readjustment project must be provided in the form prescribed by the program. Per Texas Government Code, 2310.110, a \$500 application fee is required for a readjustment project designation. Readjustment zone applications may be filed with the Bank on any day. Requests for refunds for readjustment projects should be filed directly with the Comptroller by the company in accordance with the applicable Comptroller rules. A qualified business may be designated as a readjustment project for a maximum of five years. The designation of the qualified business as a readjustment project shall remain in effect during the period beginning on the date of designation and ending on the earliest of five years after the date the designation is made or the last day that completes the original project designation period of a qualified business that has assumed the designation of the readjustment project through a lease or purchase.

Enterprise Zone Program (EZIP): EDT reviews EZIP applications in accordance with Chapter 2303 of the Texas Government Code. On the first business day of December, March, June, and September, until 5:00 p.m., the Bank accepts applications for the EZIP. There are four application

fees: \$500 for a half enterprise project, \$750 for a single enterprise project, \$1,150 for a double jumbo enterprise project, and \$2,250 for a triple jumbo enterprise project. The Bank reviews all applications to ensure all requirements are fulfilled. Any missing requirement is marked as a deficiency. If the application has four or more deficiencies, then the application is deemed incomplete and will automatically be denied a designation. Remaining applications are then graded. The 12 highest scoring applications are approved. In accordance with the Texas Administrative Code, Title 10, Rule § 176.3, the Bank may allocate 109 designations per biennium, with 12 designations available per round. The remaining nine designations may be allocated for applications that do not score in the top 12 of a round, but possess characteristics that warrant a designation, if available. The Bank notifies the applicant via email with an official letter, if the application has been approved or denied. The Comptroller is notified by courtesy copy on the notification emails to applicants.

The Comptroller manages the sales tax refund process for the Enterprise Zone Program. This process will last a maximum of five years from the application deadline of said round. The designation period includes a window of 90 days prior to the quarterly application deadline date. During the 90-day window, the enterprise zone project may begin making capital investments and creating jobs for purposes related to the designation. The designation also includes an 18-month job certification deadline after the designation's expiration date for the applicant to make a claim to the Comptroller for a refund.

Industrial Revenue Bond (IRB): A local unit of government may use a corporation to issue IRBs on the unit's behalf to finance the cost of a project. An Industrial Development Corporation (IDC) issues tax-exempt and taxable bonds for eligible projects in its jurisdiction and acts as a conduit through which bond proceeds are channeled. The primary purpose of an IDC is to issue these bonds. EDT reviews certain IRB applications for completeness pursuant to Chapter 501 of the Local Government Code.

Product Development and Small Business Incubator Fund (PDSBI): The PDSBI program is governed in Chapter 489 of the Texas Government Code. When applying to the PDSBI program, an applicant will reach out to the Bank, and an initial phone call is held with the applicant to determine if the applicant meets program qualifications. An applicant will then submit a program application. If all of the required documents are submitted, the Bank will request a \$500 application fee. The Bank gauges risk and the interest rate for the loan. If the loan amount and collateral criteria are met, the application is reviewed by the Bank. If any of the criteria are not met, then the application is to be reviewed by the Board. The Bank will contact the applicant to present the loan decision. If the application is approved, upon agreement of terms, a loan agreement is prepared and executed.

Texas Leverage Fund (TLF): The TLF program is no longer accepting applications based upon the need to update the program's Master Resolution, which cannot be accomplished without statutory changes. EDT is currently monitoring nine outstanding TLF loans to eight communities. Borrowers are required to make monthly payments to a trustee who transfers funds to the Bank bi-monthly.

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

**Funding source and program amounts by expenditure/encumbrance (AY2018):**

<b>Method of Finance</b>	<b>Texas Economic Development Bank</b>
<b>General Revenue</b>	
General Revenue	\$ 569,986
<b>General Revenue Dedicated</b>	
GR Dedicated - Economic Development Bank Acct	\$ 10,999,453
<b>Other Funds</b>	
Small Business Incubator Fund Account	\$ 384,700
Texas Product Development Fund Account	\$ 480,430
Spaceport Trust Fund	
<b>Total Method of Finance</b>	<b>\$ 12,434,569</b>

CAP is funded through appropriations made for the operation of the Economic Development Bank.

The DERZ project designation application requires a nonrefundable fee of \$500. This fee is credited to the general Economic Development Bank Fund to be used for administration of the program. (Texas Government Code Sec. 489.103).

There is a nonrefundable application fee for consideration of an EZP project designation. EZP projects will be assessed a 3% fee, to be paid to the Bank, on the amount of any refund benefit received by a company with an enterprise zone designation. (Texas Government Code Sec. 489.103; Texas Administrative Code, Title 10, Rule § 176.1).

Administration of the IRB program is funded by a nonrefundable application filing fee in the amount equal to one-tenth of 1.0% of the face amount of the bond issue or \$25,000, whichever is less, but in no event less than \$500. Application fees are deposited into the Bank's general revenue fund. (Texas Government Code Sec. 501.256; Texas Administrative Code, Title 10 Rule § 180.2).

The PDSBI program was initially funded in 2005, through original bond issuances of \$25 million for Product Development and \$20 million for Small Business Incubator. The program is comprised of as a revolving fund, whereby principal and interest payment from previous borrowers re-enter the funds and may be lent to new borrowers. (Texas Government Code Sec. 489.103; Texas Administrative Code, Title 10, Rule § 177.6).

The Master Resolution allows the TLF to hold up to \$25 million in Commercial Paper. TLF must obtain a Letter of Credit to support the Commercial Paper. The current Commercial Paper balance

is \$0. Prior to paying off the balance of the Commercial Paper, it was traded approximately every 30-90 days.

TLF loans also pay interest. The interest rate is consistent for all TLF loans agreements, which is the Federal Funds Rate +3%. Rates are adjusted when the Federal Funds Rate is adjusted.

Texas Government Code Section 489.103 states, “The Bank shall charge fees to the beneficiaries of its services as the bank determines necessary. Amounts collected under this section may be used to support the administration of the bank's programs and implementation of the bank's strategies.”

**H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

The Texas Capital Fund, administered by the Texas Department of Agriculture (TDA), provides grants to support rural business development, retention, and expansion by providing funds for infrastructure, real estate development, or the elimination of deteriorated conditions. The Downtown Revitalization and Main Street Programs award grants from \$50,000 to \$350,000. The Infrastructure and Real Estate Programs award grants from \$100,000 to \$1,000,000. Funds from the Infrastructure and Real Estate Programs can be utilized for public infrastructure or real estate development, respectively, to assist a business that commits to create and/or retain permanent jobs, primarily for low- and moderate-income persons. Only non-entitlement city or county governments are eligible to receive a Texas Capital Fund grant, and therefore this is not a service available to all Texas communities.

The federal government, through the U.S. Small Business Administration (SBA), provides lending assistance to small businesses, a program similar to the purpose of CAP. The SBA works with lenders to provide loans to small businesses. The agency does not lend money directly to small business owners. Instead, it sets guidelines for loans made by its partnering lenders, community development organizations, and micro-lending institutions. The SBA reduces risk for lenders and makes it easier for them to access capital, which in turn makes it easier for small businesses to get loans. The SBA program differs from the CAP because the SBA can set guidelines.

**I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency’s customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

EDT regularly communicates with TDA regarding projects. Some projects may be eligible for both a Bank program and the Texas Capital Fund. Funding from the Texas Capital Fund is likely to serve a different purpose for the project than the funding from the Bank program. A project may not be eligible for a Bank program, but EDT can sometimes refer the project to TDA, if applicable. EDT and TDA do not have an MOU or interagency agreement.

EDT does not coordinate activities with the SBA. Lenders participating in the SBA lending program may also participate in CAP. Since SBA is a nationwide program, CAP can provide Texas-focused assistance to small businesses not participating in the SBA program.

**J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

A community must nominate and receive designation as a DERZ and provide specific information as required by statute. For a company to participate in EZP, the local municipality or county must nominate the company and submit an application on the company's behalf for designation as an Enterprise Project.

The TLF borrowers participating in the program are local EDCs. The local EDCs apply to the program and make their monthly loan payments as described in the loan agreement.

For the IRB program, the local IDCs are the applicants. During the application process, EDT will be in contact with the applicant (or their bond counsel) for clarification and other inquiries relating to the information submitted in the application.

Lenders participating in CAP are usually non-profit organizations that work closely with the communities in which they are located. Communities may refer local small business to a lender participating in CAP.

**K. If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;

Total amount of contracts \$1,436,661

- the number of contracts accounting for those expenditures;

19 contracts

- the method used to procure contracts;

Methods of procurement used include DIR contracting, competitive bidding, competitive sealed proposals, and delegated procurements.

- top five contracts by dollar amount, including contractor and purpose;

Name	2018 Expenditure	Comments
LiftFund, Inc.	\$57,130.74	Cap Access Loan Loss Reserve
U S Bank	\$118,583.85	PDSBI SBPA Fees
JP Morgan Chase Bank	\$165,377.95	TLF Letter of Credit
JP Morgan Chase Bank	\$197,594.45	TLF Interest Expense
Wells Fargo Bank	\$714,552.69	PDSBI Interest Expense

- **the methods used to ensure accountability for funding and performance; and**

All contracts are assigned a contract manager who ensure contract deliverables compliance through consistent performance monitoring and invoice review.

- **a short description of any current contracting problems.**

N/A

**L. Provide information on any grants awarded by the program.**

N/A

**M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

Capital Access Program (CAP): Texas Government Code, Sec. 481.407 states that "the Bank may not determine the recipient, amount, or interest rate of a capital access loan or the fees or other requirements related to the loan." This section does not allow EDT to conduct its own due diligence on borrowers or reject a borrower; therefore, there is a higher risk to the state funds that EDT contributes to the loan loss reserve account. Additionally, not being able to provide input regarding the term of the loan keeps EDT from ensuring the lenders do not participate in unreasonable lending practices. If this program continues, more input regarding the lending practices and creditworthiness of borrowers would better protect state funds and lower risk.

Defense Economic Readjustment Zone (DERZ): Challenges include the current criteria to qualify for a readjustment zone as prescribed by Texas Government Code Sec. 2310.101. To simplify the process, the Legislature may consider updating the definition and requirements, or allow EDT to establish the criteria by rule instead of statute. Additionally, Texas Government Code Sec. 2310.405 prescribes what items are eligible for a sales and use tax refund. Allowing more flexibility through rule would also benefit the program. Further, to eliminate redundancies, EDT recommends the DERZ statute be amended so the program report is incorporated within the annual Bank Report due on January 1 of every year, instead of a stand-alone DERZ report due on December 1 of every year. DERZ is already required to be incorporated into the Bank report.

Texas Leverage Fund (TLF): TLF has been unavailable for new loans to Economic Development Corporations (EDCs) since FY16. Statutory changes are required to continue lending from TLF. In FY 2016, there were concerns with the program when the Bank was negotiating a routine change to the program's letter of credit provider. It was suggested the statute outlining the Bank's process to amend the TLF Master Resolution to extend and update the operation of the program, including replacing the program's current letter of credit provider, was unclear. Additionally, the program's original authorizing statute and the Master Resolution from 1992, required the fund to be held in trust by the Comptroller outside the State Treasury. However, the fund has been operated as a general revenue dedicated subaccount of the Texas Economic Development Bank Fund inside the State Treasury since at least 2003 with the passage of SB 275, 78<sup>th</sup> Legislature;

moving the account outside of the Treasury would be consistent with the program's original structure.. The original sections of the Government Code under which the program was initially created were repealed by SB 932, 75<sup>th</sup> Legislature, when the TLF program was transferred to the former Texas Department of Economic Development. No new loans can be made by the program until statutory changes are enacted. Re-establishing the previously existing statue would allow the TLF to operate again.

**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

N/A

**O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

N/A

**P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

**A. Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Spaceport Trust Fund

**Location/Division:** Austin/Business and Community Development

**Contact Name:** Nicole Ryf

**Statutory Citation for Program:** Texas Government Code, Sec. 481.0069

**B. What is the objective of this program or function? Describe the major activities performed under this program.**

The Spaceport Trust Fund (STF) is a financial tool to support the development of infrastructure necessary or useful for establishing a spaceport in the state of Texas. The objective of the fund is to support any spaceport development corporation, as defined in Local Government Code,



Chapter 507, that intends to locate its facilities at a planned spaceport in the state. The purpose is to promote spaceport activity, industry development, and job creation in the state of Texas.

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

The STF has awarded a total of \$20 million in grants for three projects. According to the information submitted in the applications, these grants are matched by approximately \$102 million in additional funds, with an estimated \$122 million in total funds to be spent in Texas. STF grants account for approximately 16% of all funds invested in the spaceport projects. Matching funds may be provided by the local community, the spaceport development corporation, and other corporate partners.

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

The Spaceport Trust Fund, as part of the Texas Economic Development and Tourism Office (EDT), was established on September 1, 2003 under SB 275, 78<sup>th</sup> Legislature.

On April 1, 2009, under HB 2278, 80<sup>th</sup> Legislature, language regarding the definition of “Spaceport” that referenced Article 5190.6 of Vernon’s Texas Civil was removed from Sec. 481.069 (a)(2) and replaced with the reference of Sec. 507.001, Local Government Code, regarding the creation of a development corporation for spaceport facilities.

HB 1791, 83<sup>rd</sup> Legislature, which became effective September 1, 2013, amended Section 481.0069 as follows:

- Reduced the percentage from 90% to 75% of funding that a spaceport development corporation must be able to demonstrate it has the financial ability to fund the project.
- Modified the requirement stating, “the spaceport or launch operator must have obtained the appropriate Federal Aviation Administration license.” to read “the spaceport or launch operator, if required by federal law, has obtained or applied for the appropriate Federal Aviation Administration license or other appropriate authorization.”

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

Funds in the Spaceport Trust Fund may not be spent unless EDT certifies to the Texas Comptroller of Public Accounts that a viable business entity has been established; has a business plan that demonstrates the financial, managerial and technical expertise; has the capability to launch and land a launch vehicle or spacecraft; and has committed to locating in Texas. EDT must also certify that a spaceport development corporation has established a plan for the spaceport project and demonstrated the financial ability to fund the project. The spaceport or launch operator, if required by federal law, must have obtained or applied for the appropriate Federal Aviation Administration license or other appropriate authorization.

Funds in the Spaceport Trust Fund may be used only to pay expenditures for the development of infrastructure necessary or useful for establishing a spaceport. EDT may contract with a development corporation for infrastructure development of spaceport facilities.

**F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

Following the effective date of legislative appropriation to the fund, EDT seeks a request for proposal for use of the funds. EDT reviews the proposals, sometimes consulting with other offices within the Office of the Governor, to determine if the entity meets the statutory requirements to receive the funds. Upon receipt of said funds, OOG staff verifies the entity is meeting the contractual and statutory requirement for use of the funds. Requests for disbursements are reviewed by the program as well as by the Office of Compliance and Monitoring in the OOG. Entities with approved proposals must enter into a Spaceport Trust Fund grant agreement to provide reasonable contractual controls to ensure that the public purposes of the grant are achieved.

The OOG disburses the grant in accordance with the following basic structure, provided that all conditions precedent and other requirements of the grant agreement have been satisfied:

- **Disbursement Request:** The OOG will reimburse the grantee only for actual costs that are allowable, reasonable, and directly allocable to the project. Disbursement requests must be submitted in the form and manner approved by the OOG and specify the detailed and total expenses for the disbursement.
- **Deadline for Disbursement Requests:** Grant agreements have a deadline for submitting all disbursement requests that is prior to the expiration date of the grant agreement. An amendment must be executed by the OOG and the grantee to extend this deadline.
- **Required Documentation:** Among other contractual requirements, each disbursement request must include a description of the services/costs/expenses and the dollar amount attributable to each; the name of the entity or person providing the service and the cost(s) charged by such entity or person; and an itemization of charges with sufficient detail to permit the OOG to determine if the costs are allowable.

The OOG may request that the grantee submit any additional documentation or an explanation needed for the OOG to sufficiently conduct its review of the disbursement request. Disbursement requests are reviewed by the program and the OOG's Office of Compliance and Monitoring.

Additionally, grantees are required to submit periodic project status reports. Status reports include total expenditures per quarter, percentage of the project completed, a summary of expenditures to state, and the project status.

**G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

Funding source and program amounts by expenditure/encumbrance (AY2018):

	Method of Finance	Spaceport Trust Fund
Other Funds		
	Spaceport Trust Fund	\$ 10,366,644
	<b>Total Method of Finance</b>	<b>\$ 10,366,644</b>

SB 1, 83<sup>rd</sup> Legislature, appropriated \$15 million in general revenue to be transferred to the Spaceport Trust Fund held outside the State Treasury, in accordance with Government Code 481.0069.

SB 1, 85<sup>th</sup> Legislature, appropriated \$5 million in general revenue in FY 2018 to be transferred to the Spaceport Trust Fund held outside the State Treasury, in accordance with Government Code 481.0069.

**H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

N/A

**I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

N/A

**J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

A Spaceport Development Corporation, created in accordance with Local Government Code Chapter 507, is the organization eligible to receive Spaceport Trust Fund monies. The program

works with the Spaceport Development Corporation to verify the organization is meeting the statutory requirements and is spending grant funds on appropriate infrastructure items.

**K. If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A

**L. Provide information on any grants awarded by the program.**

Grants were awarded in 2014 and 2018 after EDT conducted the request for proposal process. Applications were reviewed and approved based on available funding. The listed awards are in various stages of disbursement:

- The Cameron County Spaceport Development Corporation received a \$10 million grant award from the program in 2014
- The Midland Spaceport Development Corporation received a \$5 million grant award from the program in 2014
- The McLennan County Spaceport Development Corporation received a \$5 million grant award from the program in 2018

**M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

N/A

**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

N/A

**O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and

- **procedures for handling consumer/public complaints against regulated entities.**

N/A

- P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

- A. Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Texas Enterprise Fund

**Location/Division:** Texas Economic Development and Tourism Office

**Contact Name:** Nicole Ryf

**Statutory Citation for Program:** Texas Government Code, Sec. 481.078

- B. What is the objective of this program or function? Describe the major activities performed under this program.**

The Texas Enterprise Fund (TEF) aids in fulfilling EDT's function to facilitate location, expansion, and retention of domestic and international business investment in the state. The fund is a cash grant used as a financial incentive tool for projects that offer significant projected job creation, high wages, and capital investment where a single Texas community is competing with another viable out-of-state option. Award amounts are determined using an analytical model applied uniformly to each TEF applicant. This model ensures the State will see a full return on its investment within the period of a project contract through a resulting increase in estimated sales tax revenues. Variations in award amounts are influenced by the number of jobs to be created, the expected timeframe for hiring, and the average wages to be paid.

Eligible companies must submit a complete application packet to be considered for a TEF grant. TEF applicants undergo a thorough screening and due diligence process. Areas of focus include project competitiveness, corporate activity, financial standing, tax status, legal issues, credit ratings, estimated economic impact, and the business climates of competing locations. The Governor, Lieutenant Governor, and Speaker of the House review program applications, and awards are made only when there is unanimous agreement to support the use of TEF.

All TEF grant recipients are required to sign an Economic Development Grant Contract, which contractually obligates the grantee to fulfill certain terms and conditions. The grantee is obligated, among other responsibilities, to create new jobs, meet or exceed the county average wage for these new jobs for the term of the contract, open a new facility or expand an existing facility, and use its best efforts to maintain the local incentives. Grantees may receive grant disbursements for achieving created job requirements laid out within the contract. Once a

grantee receives a grant payment for a specific number of created jobs, the grantee must maintain that number of created jobs for the term of the contract. For every created job for which the grantee receives a grant payment but fails to maintain, the grantee is required to pay liquidated damages back to the state.

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

**Texas Enterprise Fund**  
**Exhibit 12: Program Statistics and Performance Measures — Fiscal Year 2018**

Program Statistics or Performance Measures	Dataset Reference Number* (if applicable)	Calculation (if applicable)	FY 2018 Target	FY 2018 Actual Performance	FY 2018 % of Annual Target
TEF Jobs Announced	N/A	{a}	4,000	3,044	76.1%

**Table 12 Exhibit 12 Program Statistics and Performance Measures**

{a} The sum of the number of jobs identified in the signed project agreements for each project receiving a TEF grant.

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

The State Auditor's Office conducted an audit of the TEF program in 2014. EDT has since strengthened its controls and transparency. TEF funds are now disbursed only after jobs are created as prescribed by the grant contract. Increased active contract management has also improved the transparency and efficiency of the program, and the grant contract has been strengthened in many ways, including incorporation of relevant provisions from the State's Contract Management Guide. During the past four years, the OOG has proactively worked with companies with non-performing agreements to address pending performance issues.

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

Eligibility requirements for the TEF program are as follows:

- A single Texas community being considered for the project must be in active competition with at least one out-of-state site, and the company must not have made a location decision. Actions signifying the company has already made a location decision include,

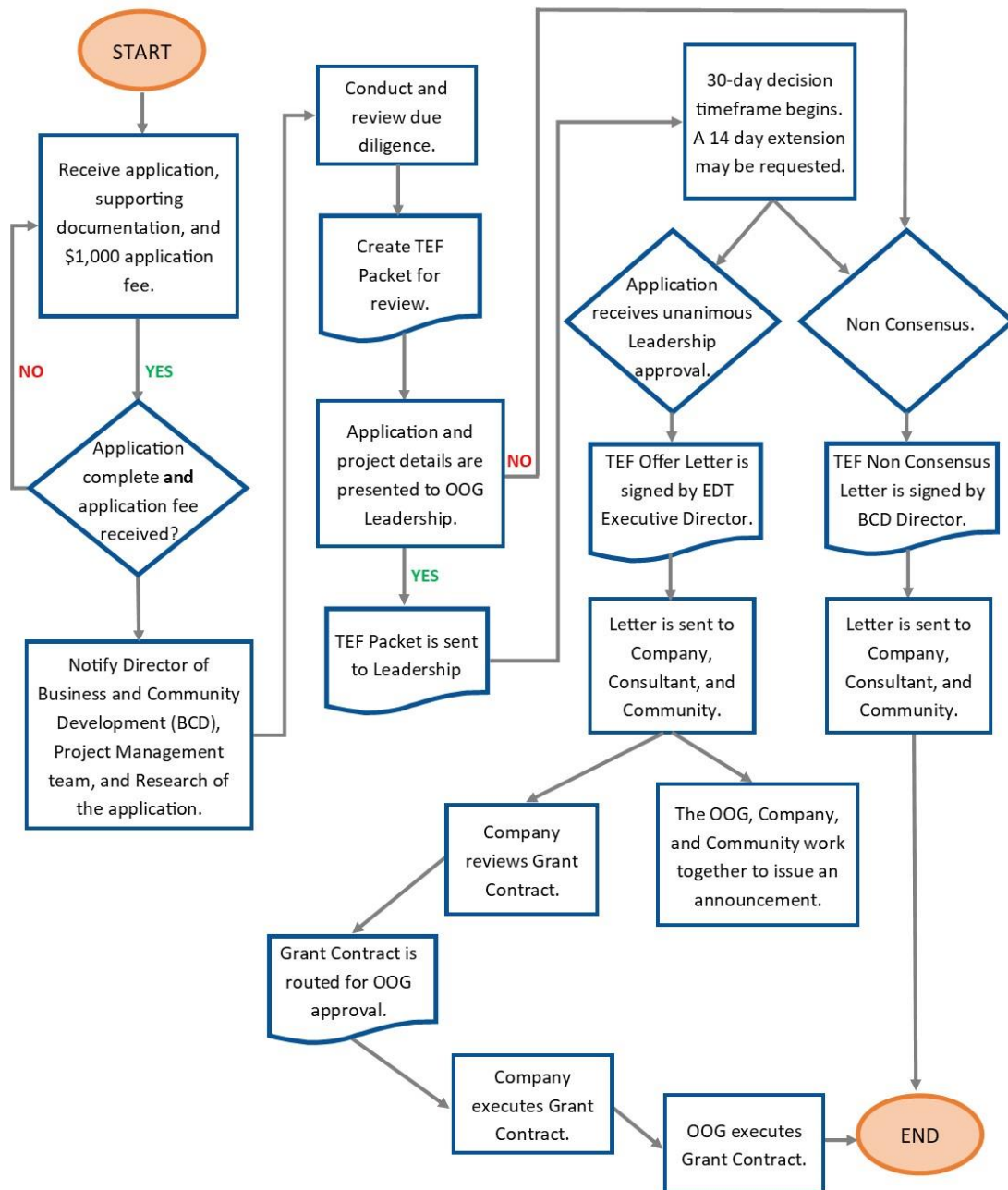
but are not limited to: signing a lease, purchasing land, hiring employees, and/or making a location announcement.

- Projected new job creation must exceed 75 full-time jobs in urban areas or 25 full-time jobs in rural areas.
- The total average wage for new jobs must meet or exceed the average county wage for the county in which the project would be located during the full term of the grant contract.
- The company must demonstrate significant levels of planned capital investment, as determined by the OOG.
- The project must be supported by the city, county, and/or economic development corporation in the area where the project would be located, particularly in the form of local economic incentive offers.
- The company must be well-established and financially sound, and the company must operate in an advanced industry that affords it other feasible location options nationally and/or internationally.
- The Governor, Lieutenant Governor, and the Speaker of the House review applications, and awards are made only when there is unanimous agreement to support the use of TEF.

**F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The TEF application and award process, which is generally described above in Subsection B, can be found on the following page:

## Texas Enterprise Fund Application and Award Process





One aspect of the TEF process is the Cost Benefit Analysis, a scoring tool utilized by the OOG to calculate the return on investment to the State of Texas. The cost benefit analysis is an exhibit to the TEF application. Please see attachment titled "Section F Attachment\_Cost Benefit Analysis.pdf".

**G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

**Funding source and program amounts by expenditure/encumbrance (AY2018):**

Method of Finance	Texas Enterprise Fund
General Revenue Dedicated	
GR Dedicated - Texas Enterprise Fund	\$46,067,600
<b>Total Method of Finance</b>	<b>\$46,067,600</b>

**H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

The TEF is the only program of its kind in Texas.

**I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

N/A

**J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

For a TEF application to be considered for a grant award, the applying entity must also have a local incentive offer from a local community.

**K. If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2018;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A.

**L. Provide information on any grants awarded by the program.**

From the inception of the program through July 31, 2019, 171 TEF grants have been awarded, totaling \$649,372,248 for the creation of 98,019 jobs and more than \$33 billion in capital investment. A complete list of awards as of July 2019 can be found here: <https://gov.texas.gov/business/page/texas-enterprise-fund>

**M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

N/A

**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

The TEF program is a valuable asset to Texas and has proven to be an effective financial tool to attract companies, boosting the state and local economies via job creation and capital investment.

**O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

N/A

**P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

**A. Provide the following information at the beginning of each program description.**

**Name of Program or Function:** Travel Texas/Texas Tourism

**Location/Division:** Austin/Texas Economic Development and Tourism Office

**Contact Name:** Brad Smyth

**Statutory Citation for Program:** Texas Government Code, Chapter 481, Subchapter L (Tourism)

**B. What is the objective of this program or function? Describe the major activities performed under this program.**

Travel Texas (Tourism) is the only entity responsible for tourism promotion to non-Texans. The program's mission is to enhance and extend local economic development efforts by marketing Texas as a premier travel destination in out-of-state domestic and international markets, thereby generating non-Texan travel to the state and ultimately creating revenues and jobs. Major activities performed under the program include a domestic advertising campaign targeting out-of-state travelers, advertising in primary international source markets, and public relations and marketing promotions targeting consumers, media, and travel trade in domestic and primary international source markets. Travel research is conducted to provide a foundation to inform and direct the program's tourism activities and encourage tourism development.

**C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please do not repeat measures listed in Exhibit 2 unless necessary to understand the program or function.**

**Travel Texas/Texas Tourism**  
**Exhibit 12: Program Statistics and Performance Measures — Fiscal Year 2018**

Program Statistics or Performance Measures	Dataset Reference Number* (if applicable)	Calculation (if applicable)	FY 2018 Target	FY 2018 Actual Performance	FY 2018 % of Annual Target
Number of Domestic Leisure Travelers to Texas Destinations (Millions)	N/A	See description below.	180.6	204.1	113.0%
Return on Investment for each dollar of State Funding for Tourism Advertising	N/A	See description below.	\$7.45	\$10.49	140.8%

**Table 12 Exhibit 12 Program Statistics and Performance Measures**

**Outcome: Number of Domestic Leisure Travelers to Texas Destinations (millions)**

The FY 2018 outcome measure for the tourism program is defined as the total number of domestic leisure travelers to or within Texas during the calendar year. Domestic travelers comprise the majority of all travel to Texas. The volume (number) of domestic leisure travelers to or within Texas is reported using an industry standard approach by an independent, experienced travel research contractor who collects the information for this measure through a monthly survey that is representative of travel within the United States and Texas. Data is provided in a report each calendar year.

Please note a new outcome measure, replacing Number of Domestic Leisure Travelers to Texas Destinations (Millions), was proposed and accepted by the Legislative Budget Board for FY 2020—State Taxes Generated from State Funding for Tourism Advertising. The new outcome measure will report state taxes generated from non-Texan leisure travelers influenced by EDT Travel Texas advertising, which is more aligned with the current tourism marketing plan and responsive to program goals. The reduction in funding for the program in FY 2018 and 2019 created a potential issue with the current efficiency measure, which the proposed outcome measure resolves. An increase in ROI is and should be viewed positively as it shows improved efficiency, but when expressed only as a ratio may not clearly communicate a less successful outcome for the program (i.e. less state taxes generated with a reduced budget may result in an increase in return on investment but a net loss in state taxes when compared to state taxes generated with full funding for the program). Reporting state taxes generated as an outcome measure alleviates this concern and complements the ROI's measure of efficiency. In FY 2018, state taxes generated from state funding for tourism advertising was estimated at \$145.3 million.

### **Efficiency: Return on Investment from State Funding for Tourism Advertising**

The FY 2018 efficiency measure for the Tourism program is defined as the amount of state taxes generated by domestic non-Texan leisure travelers to Texas influenced by EDT-Texas Tourism advertising for each dollar budgeted. The amount of state taxes generated by non-Texan domestic leisure travelers to Texas influenced by EDT-Texas Tourism advertising is reported using an industry standard approach by an independent, experienced travel research contractor who collects the information for this measure through a monthly survey that is representative of traveling United States households.

Please note ROI estimates for the program were impacted by reduced funding in FY 2018 and 2019.

**D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

The intent of the State's tourism program has remained virtually unchanged since its inception. Travel Texas continues to promote the state as a tourism destination to non-Texans generating travel from outside the state as part of the State's economic development strategy. The program continues to produce research-driven advertising and marketing campaigns targeting out-of-state travelers, to encourage travel by Texans, and to assist communities with tourism development. Additional duties added in 2003 include entering into a Memorandum of Understanding with the Texas Commission on the Arts, Texas Historical Commission, Texas Parks and Wildlife, and the Texas Department of Transportation to coordinate tourism functions and reduce duplication. The need for a Memorandum of Understanding and an annual Strategic Tourism Plan will be addressed in more detail in section H and section I.

Although the intent of the program, services, and functions remain unchanged, activities conducted to complete program objectives change often in response to travel trends, media

trends, economic conditions, consumer preferences, and other factors. Included below as an example is a summary of a recent rebranding effort that began in 2017 and resulted in a new logo that is now being used in domestic advertising and marketing:

Consumer research, marketing trends, and insights gleaned from Travel Texas and its partners led to a rebranding objective for Texas and a new advertising campaign, a new website, a new media approach, and a new logo mark for the brand. All marketing elements fit under the moniker of “Let’s Texas.”

The Travel Texas program will continue to evolve to ensure a successful return on the State’s investment in tourism promotion and that the intent of the program is maintained.

**E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

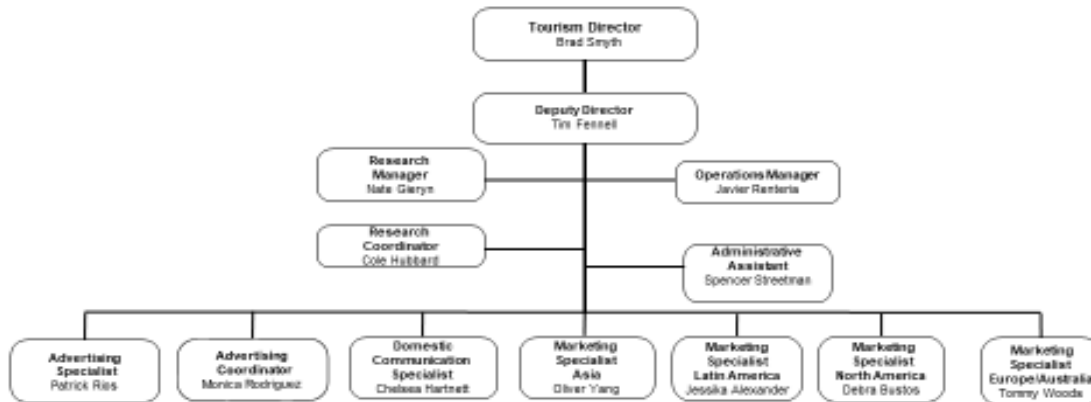
There are no qualifications or eligibility requirements for those affected by the program. The Travel Texas program benefits Texans and the Texas travel and tourism industry, which is a critical component of the Texas economy. The direct and indirect impacts of travel spending are estimated to support 1.2 million jobs in communities all across the state or roughly one out of every ten Texas jobs. Additionally, without travel spending, Texas households would each pay \$740 more in state and local taxes annually.

**F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The Tourism program uses travel research data to inform and direct advertising and marketing activities. The Tourism program directs a comprehensive research effort to provide primary data and analysis regarding domestic and international travel trends, economic impacts, hotel performance, advertising effectiveness, and accountability measures. Primary research is sourced through contracted research vendors. The largest component of the Tourism program is the advertising of Texas as premier travel destination through domestic and international advertising via television, digital, out-of-home, and other media, which expand perceptions of Texas as a leisure travel destination and drive consumers to the [www.TravelTexas.com](http://www.TravelTexas.com) website for Texas travel planning information. Travel Texas advertising and media buying are accomplished through the services of a contracted advertising agency. The public relations and marketing area of Tourism works proactively with media, travel trade, and consumers to promote the Texas travel product through public relations and marketing activities. The Travel Texas program works with contracted public relations firms to help accomplish these activities.

An organizational chart is included to illustrate how the program is administered:

## TRAVEL TEXAS PROGRAM STAFF



Office of the Governor, Economic Development & Tourism Division  
For more information: [www.traveltexas.gov](http://www.traveltexas.gov)

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

**Funding source and program amounts by expenditure/encumbrance (AY2018):**

Method of Finance	Texas Tourism	Total
<b>General Revenue</b>		
General Revenue	613,868	613,868
GR - Hotel Occupancy Tax Deposits	18,946,248	18,946,248
<b>Other Funds</b>		-
<b>License Plates Trust Fund</b>		-
Daughter of the Republic Lic Plates	50,942	50,942
<b>Appropriated Receipts</b>		-
Tourism Advertising Co-op Fees	8,627	8,627
Tourism Public Relations Receipts	131,163	131,163
<b>Total Method of Finance</b>	<b>\$ 19,750,848</b>	<b>\$ 19,750,848</b>

The Travel Texas program receives State funding from dedicated general revenue based on a formula, one-half of one percent of state Hotel Occupancy Taxes or one-twelfth of collections as outlined in Tax Code, Chapter 156. Hotel Occupancy Tax, Sec. 156.251. Final budgets are dependent on appropriations from the Legislature.

**Question G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

**OFFICE OF THE GOVERNOR, TRUSTEED PROGRAM  
ECONOMIC DEVELOPMENT AND TOURISM  
AY 2018**

<b>Method of Finance</b>	<b>Texas Enterprise Fund</b>	<b>Business Development</b>	<b>TX Economic Development Bank</b>	<b>Business Assistance</b>	<b>Spaceport Trust Fund</b>	<b>Texas Tourism</b>	<b>Total</b>
<b>General Revenue</b>							
General Revenue		2,072,081	569,986	1,002,706		613,868	4,258,641
GR - Hotel Occupancy Tax Deposits						18,946,248	18,946,248
<b>General Revenue Dedicated</b>							-
GR Dedicated - Economic Development Bank Acct			10,999,453				10,999,453
GR Dedicated - Texas Enterprise Fund	46,067,600						46,067,600
<b>Federal Fund</b>							-
Grant from TX Workforce Commission, CFDA 17.278				641,341			641,341
Grant from TDA, CFDA 59.061				95,748			95,748
<b>Other Funds</b>							-
Small Business Incubator Fund Account			384,700				384,700
Texas Product Development Fund Account			480,430				480,430
Spaceport Trust Fund					10,366,644		10,366,644
<b>License Plates Trust Fund</b>							-
Daughter of the Republic Lic Plates						50,942	50,942
Tourism Lic Plates						-	-
Aerospace Lic Plates				-		-	-
Columbia Lic Plates				5,784			5,784
<b>Appropriated Receipts</b>							-
Tourism Advertising Co-op Fees						8,627	8,627
Tourism Public Relations Receipts						131,163	131,163
<b>Total Method of Finance</b>	46,067,600	2,072,081	12,434,569	1,745,579	10,366,644	19,750,848	92,437,321
<b>Total FTES</b>		19.09	10.61	10.67		15.69	56.06

-

**H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There is no other program responsible for promoting Texas as a premier tourism destination to non-Texans. Other state agencies do have programs that encourage tourism, also impacting Texans and the travel and tourism industry, but these efforts are directed in-state to encourage travel by Texans within Texas. Five state agencies were identified specifically to work under a Memorandum of Understanding for tourism as specified in Sec. 481.172, Texas Government Code, which will be discussed in the following section. Participating entities include the Office of the Governor, Economic Development & Tourism (EDT) as the lead agency authorized to direct or redirect tourism marketing activities conducted by the Texas Commission on the Arts (TCA); Texas Historical Commission (THC); Texas Parks and Wildlife Department (TPWD); and Texas Department of Transportation (TxDOT). These agencies conduct a variety of tourism-related activities that fall into four distinctly different, yet complementary, functions that are essential for achieving an effective statewide tourism effort: marketing, product development, program development, and customer service.

**I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

The Travel Texas program leads the development of a Strategic Tourism Plan each fiscal year as required by a legislatively mandated Memorandum of Understanding (MOU) with the agencies identified in the previous section. The Strategic Tourism Plan defines the roles, budgets, goals, measures, research, and the combined and individual tourism activities of the agencies. This is an ongoing process. As shifts in travel trends occur and new opportunities become available, the strategy will be updated each year to reflect industry changes. Coordination between the MOU partners has provided a unified approach to the State of Texas tourism marketing strategies. Communication and regular meetings take place with the MOU partners to identify partnerships and reduce duplication of efforts. Each year the Strategic Tourism Plan evolves to better provide services to travelers and ensure that State funding for tourism promotion is used effectively and efficiently.

**J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

Travel Texas works with many local and regional government entities that each represent different destinations around the state. The entities are commonly convention and visitor bureaus (CVBs) or destination marketing organizations (DMOs). Co-operative opportunities are offered allowing CVBs, DMOs, and private industry to partner with the State on advertising, marketing, or research activities. These entities also benefit indirectly from increased travel to the state that can be attributed to the Travel Texas program and may also assist the State informally on some activities. Travel Texas also works with some federal government programs, although in a more limited capacity. Some examples include purchasing research produced by



the National Travel and Tourism Office in the U.S. Department of Commerce or taking advantage of promotional opportunities provided by Brand USA, which operates with federal funds.

**K. If contracted expenditures are made through this program please provide**

- **a short summary of the general purpose of those contracts overall;**

Overall purpose of contracts are for the out-of- state tourism marketing and promotion efforts, and promoting and advertising within the United States and in foreign countries.

- **the amount of those expenditures in fiscal year 2018;**

Total amount of 2018 contracts is \$18,028,108

- **the number of contracts accounting for those expenditures;**

21 contracts

- **the method used to procure contracts;**

Request for Proposals (RFP) process

- **top five contracts by dollar amount, including contractor and purpose;**

<b>Name</b>	<b>2018 Expenditure</b>	<b>Comments</b>
EastWest Marketing Corp. China	\$304,739.32	Public Relations: Chinese Speaking Asia Markets
Travel & Tourism Marketing Ltd.	\$530,188.61	Public Relations: United Kingdom & Ireland Markets
Lieb Management & Beteiligungs, GMBH	\$622,514.40	Public Relations: Continental Europe Markets
Daniel J Edelman, Inc.	\$2,069,771.11	Public Relations: The Americas Region Markets
Proof Advertising, LLC	\$13,508,829.97	Advertising

- **the methods used to ensure accountability for funding and performance; and**

Contract performance is monitored through ongoing project tracking reporting, weekly status reporting, and monthly and quarterly reports and summaries of progress towards meeting OOG's goals and objectives. Additionally, a quarterly accounting of HUB activity and comprehensive annual report of all activities is used to monitor contracts.

- **Prior to incurring any expenditures or costs on behalf of OOG, contractors must submit written cost estimates for approval. All subsequent billings are monitored and**

**audited against approved estimates before any payments/reimbursement are approved. a short description of any current contracting problems.**

N/A

**L. Provide information on any grants awarded by the program.**

N/A

**M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

Consumers have many choices when they are making decisions on where to travel, and the competition for those travelers is arguably more difficult than it has ever been. The ability for Travel Texas to preserve market share domestically and maintain or expand international marketing efforts is not only impacted by funding allocated to the program, but also by increased investment by many other competing states looking to grow their tourism industry. Along with competition, the program's performance may also be impacted by an economic downturn, natural disaster or other events that impact consumer spending and travel.

**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

As previously stated, there are no other entities responsible for promoting Texas as a premier travel destination outside of the state. The Travel Texas program is also unique for promoting the entire state and not just specific destinations or segments of the industry. Research has shown Travel Texas advertising generates out-of-state travel and improves the image of the state as a travel destination. Tourism promotion also has a proven positive "halo effect" on perceptions of Texas as a place to live, relocate a business, start a career, or attend college. The Travel Texas program attracts out-of-state travelers, creates local jobs, and grows the state and local economies.

**O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A

**P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

## VIII. Statutory Authority and Recent Legislation

- A. Fill in the following charts, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2013–2018, or earlier significant Attorney General opinions, that affect your agency's operations.

**Trusteed Programs, Office of the Governor  
Exhibit 14: Statutes / Attorney General Opinions**

### Statutes

Citation / Title	Authority / Impact on Agency (e.g., "provides authority to license and regulate nursing home administrators")
Texas Government Code, Chapter 489	Chapter 489 provides direction for the Texas Economic Development Bank (Bank), authority for the Texas Economic Development Bank Fund and the Product Development and Small Business Incubators Funds, and outlines other programs which the Bank shall administer.
Texas Government Code, Chapter 481	Chapter 481 relates to direction for sunset provision; matters of conflict of interest; negotiated rulemaking and alternative dispute resolution; duties of the executive director; authority to manage the Aerospace and Aviation Office and Office of Small Business Assistance and to designate the Small Business Advocate and coordinate the Office of Small Business Assistance Advisory Task Force; direction for audit; review of bonds; direction for personnel; direction for public interest information and complaints; general powers and duties of the office; general powers and duties relating to international trade; general provisions regarding business development including authority to administer the Texas Enterprise Fund; direction for business development permit assistance; direction for information and referral services; direction for tourism programs; direction for research and data services; direction for workforce development initiative for youth; direction and authority for administering Capital Access Program; and direction for defense community assistance.
Texas Government Code, Chapter 2303	Chapter 2303 establishes a process that clearly identifies severely distressed areas of the state and provides incentives by state and local government to induce private investment in those areas by removing unnecessary governmental regulatory barriers to economic growth and to provide tax incentives and economic development program benefits, specifically the Enterprise Zone Program.

Citation / Title	Authority / Impact on Agency (e.g., “provides authority to license and regulate nursing home administrators”)
Texas Government Code, Chapter 2310	Chapter 2310 relates to the designation of readjustment zones and provides authority to the Bank to administer the Defense Economic Readjustment Zone program.
Texas Government Code, Chapter 490C	Chapter 490C relates to the promotion of Texas manufactured products and the authority, powers, and duties relating to establishment of Genuine Texas Program including enforcement of the brand.
Texas Government Code, Chapter 1433	Chapter 1433 relates to bonds for development of employment, industrial, and health resources including regulations on powers of the issuer, procedure for issuing bonds, issuance of bonds; and agreements relating to bonds.

Table 14 Exhibit 14 Statutes

**Attorney General Opinions**

Attorney General Opinion No.	Impact on Agency
MW-277 (1980)	Provides information relating to the permissible types of interest rates for Industrial Revenue Bonds
LO-95-085 (1995)	Provides information relating to the definition of a “Qualified hotel project” in Chapter 2303 of the Texas Government Code’s predecessor, V.T.C.S. Article 5190.7, which is similar to the definition of a “Qualified hotel project” in current Section 2303.003(8) of the Texas Government Code.

Table 15 Exhibit 14 Attorney General Opinions

- B. Provide a summary of significant legislation regarding your agency by filling in the charts below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass but were significant, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation). Place an asterisk next to bills that could have a major impact on the agency. See Exhibit 15 Example.**

**Trusted Programs, Office of the Governor  
Exhibit 15: 86th Legislative Session**

**Legislation Enacted**

Bill Number	Author	Summary of Key Provisions
SB 649	Zaffirini / et. Al.	In collaboration with the Texas Commission on Environmental Quality, EDT will produce a plan to stimulate the use of recyclable materials as feedstock in processing and manufacturing.

Table 16 Exhibit 15 Legislation Enacted 86th Leg

**Legislation Not Passed**

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
SB 132	Hinojosa	Re-established enabling legislation for the Texas Leverage Fund. The bill was amended by the House and did not receive approval from the Conference Committee.
HB 31	Longoria	Re-established enabling legislation for the Texas Leverage Fund. The bill was left pending in committee.
HB 390	Blanco	Implemented changes to the Defense Economic Readjustment Zone program that have been recommended by EDT. The bill was passed by the House, but did not receive a Senate hearing.

Table 17 Exhibit 15 Legislation Not Passed 86th Leg

## **IX. Major Issues**

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. Inclusion of an issue does not indicate support, or opposition, for the issue by the agency's board or staff. Instead, this section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi-governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions that can be enacted in state law. This section contains the following three components.

### **ISSUE 1: Texas Leverage Fund**

#### **A. Brief Description of Issue**

In 1997, with the abolishment of the Texas Department of Commerce and the transfer of the Texas Leverage Fund program to the former Texas Department of Economic Development, SB 932, 75<sup>th</sup> Legislature, repealed the original sections of the Government Code under which the program was initially created (Tex. Gov't Code §§ 481.048-.058). Sec. 489.108(2) states that the TLF is under the direction of the Bank. However, there is no longer sufficient enabling legislation to allow the Bank to perform specific functions necessary to operate the TLF.

The current Master Resolution is set to expire August 31, 2022. The terms of several active loans under the program have a maturity date past this current expiration date. However, the current statute outlining the Economic Development Bank's process to amend the TLF Master Resolution is unclear.

Furthermore, as originally established, the program held program funds outside of the Treasury. Section 2.04 of SB 275, 85<sup>th</sup> Legislature, required unexpended/unobligated funds from the TLF to be transferred inside the Treasury. There was some question as to whether the TLF program's repayment of commercial paper debt from its general revenue dedicated account was potentially unconstitutional without voter approval. Upon this determination, TLF became inactive. The last TLF loan issued was in January 2015.

#### **B. Discussion**

Without the enabling legislation, the TLF program cannot continue to operate. Currently, EDT has paid off all commercial paper and is not accepting new loan applications. TLF is used to help fund local economic development projects by allowing Economic Development Corporations (EDCs) to leverage their economic development sales tax. Communities most often participating in the program are small and rural communities who may not be able to make an initial capital investment, but can make guaranteed loan payments over time by pledging proceeds from Type A or Type B taxes. Currently, no other program is available to fill the purpose of TLF.

EDT has recommended that the Legislature re-establish the original enabling legislation to allow for operation of the program. HB 3772, 85<sup>th</sup> Legislature, and SB 132/HB 31, 86<sup>th</sup> Legislature were filed to re-establish TLF, but the bills were not passed.

### **C. Possible Solutions and Impact**

Passing legislation to re-establish TLF, or create a program with a similar purpose to TLF, would allow EDCs to receive low interest loans from the State for local economic development projects. This legislative change will primarily benefit the small rural communities which have historically participated in the program. The fund currently resides in a general revenue fund, and it is suggested that the fund should instead operate outside the Treasury. There would be a one-time impact to general revenue by transferring the existing fund outside of the Treasury. Also, interest on the fund is contributed to general revenue, which would no longer be gained. Currently the fund is almost depleted, upon recent repayment of outstanding commercial paper, and therefore has a minimal fiscal impact.

## **ISSUE 2: Capital Access Program**

### **A. Brief Description of Issue**

The Economic Development Bank is responsible for administering the Capital Access Program, but the statute gives the Bank minimal power of discretion regarding loans made.

According to Sec. 481.407, “the bank may not determine the recipient, amount, or interest rate of a capital access loan or the fees or other requirements related to the loan.” Because EDT may not conduct its own due diligence on borrowers or reject a borrower, there is a higher risk to the state funds that EDT contributes to the CAP loan loss reserve accounts. Additionally, not being able to provide input regarding the term of the loan keeps EDT from ensuring the lenders do not participate in unreasonable lending practices.

It is vital for the Bank to have more input regarding the lending practices and the creditworthiness of borrowers to better protect state funds and lower risks.

### **B. Discussion**

The Bank approves lenders who may participate in CAP, and the lender has discretion to determine the terms of loans and approve borrowers. As a result of the Bank’s lack of control over the operations of the lenders, several loans made by the lenders have defaulted. Loans have defaulted for several reasons, but primarily because the lender has not conducted sufficient due

diligence on the borrower or the borrower has set terms of the loan at unreasonable expectations. CAP is intended to provide small, low interest loans to small businesses, but some lenders at times have set interest rates at levels that may be considered predatory lending. Additionally, lenders have accepted insufficient collateral to secure the loans. The collateral is often not worth the cost of the loan or cannot reasonably be resold to recuperate funds.

These practices not only result in a potential misuse of state funds, but also make the program ineffective. Therefore, the small businesses the program was created to help are not receiving the intended assistance. The Bank and EDT have encouraged the borrowers to follow better practices, but the result has been program inactivity.

### C. Possible Solutions and Impact

A possible solution is an overhaul of the establishing legislation. Amended legislation should give the Bank and EDT the ability to set restrictions on loan terms and conduct its own due diligence on applications. The Bank should also be given the discretion to reject an applicant from participating in the program.

The change would allow the Bank to better protect state funds, and a more efficient program would be more beneficial to the small businesses it was created to assist.

## X. Other Contacts

### A. Fill in the following charts with updated information on people with an interest in your agency, and be sure to include the most recent email address.

#### Trusted Programs, Office of the Governor – Texas Economic Development and Tourism Office Exhibit 16: Contacts

##### **Interest Groups**

*(groups affected by agency actions or that represent others served by or affected by agency actions)*

Group or Association Name/ Contact Person	Address	Telephone	Email Address
American Electric Power / Ray Covey	400 West 15 <sup>th</sup> St., Ste. 1500, Austin, Texas 78701	(361) 215-7947	ercovey@aep.com
Temple EDC / Adrian Cannady	201 Santa Fe Way, Ste. 103, Temple, Texas 76501	(361) 550-8621	acannady@choosetemple.com
Frisco Economic Development Corp. / Jason Ford	6801 Gaylord Parkway, Ste. 400, Frisco, TX. 75034	(972) 292-5158	jford@friscoedc.com
Union Pacific Rail / Eric Watkins	24125 Aldine Westfield Rd., Spring Texas 77373	(281)350-7177	eowatkins@up.com



<b>Group or Association Name/ Contact Person</b>	<b>Address</b>	<b>Telephone</b>	<b>Email Address</b>
CBRE / Seth Martindale	400 South Hope St., 25 <sup>th</sup> Fl., Los Angeles, California 90071	(949) 689-6244	seth.martindale@cbre.com
Entergy Texas, Inc. / John Tarver	10055 Grogans Mill Rd., The Woodlands, Texas 77380	(936) 537-5628	jtarver@entergy.com
Texas Economic Development Council / Carlton Schwab	1601 Rio Grande St., Ste. 455, Austin, Texas 78701	(512)480-8432	carlton@texasedc.org
BNSF Rail Road / James O'Donley	2650 Lou Menk Drive, Fl. 2, Fort Worth, TX. 76131	(817) 867-6137 M	James.odonley@bnsf.com
Center Point Energy / Craig Rhodes	P.O. Box 4981 Houston, Texas 77210	(713) 207-3412	Craig.rhodes@centerpointenergy.com
Burleson Economic Development / Alex Phillips	141 W., Renfro St., Burleson, Texas 76028	(817) 426-9613	bphillips@burlesontx.com
Precision Task Group / Massey Villarreal	9801 Westheimer Rd., #803, Houston, Texas 77042	(713) 201-8879	massey@ptg.com
Texas Hotel & Lodging Association / Scott Joslove	1701 West Ave., Austin, Texas 78701	(512) 474-2996	sjoslove@texaslodging.com
Texas Travel Industry Association / Dan Decker	3345 Bee Caves Rd., Ste. 102A, Austin, Texas 78746	(512) 328-9177	ddecker@ttia.org

Table 18 Exhibit 16 Interest Groups

**Interagency, State, or National Associations***(that serve as an information clearinghouse or regularly interact with your agency)*

<b>Group or Association Name/ Contact Person</b>	<b>Address</b>	<b>Telephone</b>	<b>Email Address</b>
Texas Healthcare & Bioscience Institute / Tom Kowalski	815 Brazos Street, Ste. 310, Austin, Texas 78701	(512) 708-8424	thbiinfo@thbi.com
Texas Association of Business / Jeff Moseley	312 W. 12th St., Ste. 200 Austin, Texas 78701	(512) 477-6721	jmoseley@txbiz.org
Texas Rural Funders Collaborative / Rick Rhodes	1303 San Antonio St., Austin, Texas 78701	(512) 656-3981	rickrho3@gmail.com
Texas Oil & Gas Association / Todd Staples	304 W. 13 <sup>th</sup> St., Austin, Texas 78701	(512) 478-6631	
Independent Bankers Association of Texas / Stephen Scurlock	1700 Rio Grande St., Ste. 100, Austin, Texas 78701	(512) 474-6889	ssurlock@ibat.org

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Texas Association of Manufacturers / Lauren Fairbanks	401 W. 15 <sup>th</sup> St., Austin, Texas 78711	(512) 236-1464	lauren.fairbanks@manufacturetexas.org
Procurement Technical Assistance Center / Tim Scarborough	2302 Fannin, Ste. 200, Houston, Texas 77002	(713) 752-8402	tdscarborough@uh.edu
SCORE / Sue Phalen	8701 S. Gessner, #1200, Houston, Texas 77074	(713) 773-6565	sue.phalen@scorevolunteer.org
Business & Community Lenders (BCL) of Texas/ Rosa Rios Valdez	1011 San Jacinto Blvd Suite 500, Austin, Texas 78701	(512) 912-9884	rriosval@bcloftexas.org
Veterans Business Outreach Center / Juan Santos	1407 E. Freddy Gonzalez Dr., Edinburg, Texas 78539	(956) 665-7554	juan.santosflores01@utrgv.edu
U.S. Commercial Service / Karen Parker	221 E. 11 <sup>th</sup> Street, Ste. 400, Austin, TX. 78701	(512) 916-5939	karen.parker@trade.gov
U.S. Small Business Administration International Trade / Alale Allal	1919 Smith Street, Ste. 10087, Houston, Texas 77002	(202) 412-4657	alale.allal@sba.gov
U.S. Small Business Administration / Anthony Ruiz	Hipolito F. Garcia Federal Building and United States Courthouse, 615 E Houston St., #298, San Antonio, TX 78205	(210) 403-5904	anthony.ruiz@sba.gov
U.S. Travel Association/ Nan Marchand Beauvois	1100 New York Ave. NW, Suite 450, Washington D.C. 20005	202-408-8422	NBeauvois@ustravel.org

Table 19 Exhibit 16 Interagency, State, and National Association

**Liaisons at Other State Agencies**

*(with which your agency maintains an ongoing relationship, e.g., the agency's assigned analyst at the Legislative Budget Board, or attorney at the Attorney General's office)*

Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Texas Water Development Board / Tulsi Oberbeck	1700 Congress Ave., Austin, Texas 78701	(512) 463-4864	tulsi.oberbeck@twdb.texas.gov
Texas Department of Transportation / Eric Clennon	125 E. 11 <sup>th</sup> St., Austin, Texas 78701	(512) 463-5320	eric.clennon@txdot.gov
Texas Workforce Commission / Aaron Demerson	101 E. 15 <sup>th</sup> St., Austin, Texas 78701	(512) 463-1986	aaron.demerson@twc.state.tx.us
Texas Workforce Commission / Bryan Daniel	101 E. 15 <sup>th</sup> St., Austin, Texas 78701	(512) 463-3347	bryan.daniel@twc.state.tx.us

Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Texas Comptroller of Public Accounts / Robert Wood	111 E. 17 <sup>th</sup> St., Austin, Texas 78701	(512) 463-3973	robert.wood@cpa.state.tx.us
Texas Department of Agriculture / Larry McManus	1700 Congress Ave., #11, Austin, Texas 78701	(512) 463-7577	larry.mcmanus@texasagriculture.gov
Texas Commission on Environmental Quality / Sam Short	12100 Park 35 Circle, Austin, Texas 78753	(512) 239-5363	samuel.short@tceq.texas.gov
Texas Comptroller of Public Accounts / John Villarreal	111 E. 17 <sup>th</sup> St., Austin, Texas 78701	(512) 463-5241	john.villarreal@cpa.state.tx.us
Texas Department of Transportation / Tonia Norman	125 E. 11 <sup>th</sup> St., Austin, Texas 78701	(512) 463-8649	Tonia.norman@txdot.gov
Texas Commission on Environmental Quality / Stephen Hagood	12100 Park 35 Circle, Austin, Texas 78753	(512) 239-1580	shagood@tceq.state.tx.us
Texas Department of Insurance / Barb Fox	333 Guadalupe St., Austin, Texas 78701	(512) 804-4648	barb.fox@tdi.texas.gov
Texas Veterans Commission / Anna Baker	1700 North Congress Ave., Ste. 800, Austin, Texas 78701	(512) 605-8861	anna.baker@tvc.texas.gov
Texas Commission on the Arts/ MOU / Gary Gibbs	E. O. Thompson Office Building, 920 Colorado, Ste. 501, Austin, Texas 78701	(512) 463-5535	ggibbs@arts.texas.gov
Texas Historical Commission/MOU / Mark Wolfe	1511 Colorado St., Austin, Texas 78701	(512) 463-6100	mark.wolfe@thc.texas.gov
Texas Parks and Wildlife/MOU/ Carter Smith	4200 Smith School Rd., Austin, Texas 78744	(512) 389-4800	carter.smith@tpwd.texas.gov
Texas Department of Transportation/MOU/ James Bass	125 East 11 <sup>th</sup> St. Austin, Texas 78701	(512) 463-8588	james.bass@txdot.gov
Legislative Budget Board/LBB Analyst/Jordan Smith	Robert E. Johnson Bldg 5 <sup>th</sup> Floor 1501 North Congress Austin, TX 78701	(512)463-1840	jordan.smith@lbb.texas.gov

Table 20 Exhibit 16 Liaisons at Other State Agencies

## XI. Additional Information

- A. Texas Government Code, Section 325.0075 requires agencies under review to submit a report about their reporting requirements to Sunset with the same due date as the SER. Include a list of each agency-specific report that the agency is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place. Please do not include general reporting requirements applicable to all agencies, reports that have an expiration date, routine notifications or notices, posting requirements, federally mandated reports, or reports required by G.A.A. rider. If the list is longer than one page, please include it as an attachment. *See Exhibit 17 Example.*

**Trusted Programs, Office of the Governor**  
**Exhibit 17: Evaluation of Agency Reporting Requirements**

**Table 21 Exhibit 17 Agency Reporting Requirements**

Report Name	Legal Authority	Due Date and Frequency		Recipient	Description	Is the Report Still needed?
Strategic Tourism Plan	Government Code - 481.172 (a)(8)	September 1	Annual	No recipient specified	A report of collaboration with other state agencies to direct the efforts of those agencies in all matters relating to tourism.	
Aerospace and Aviation Office Report	Government Code - 481.0066 (d-2)	December 1	Every even number year	Legislature and Governor	A report which details the actions taken by the Aerospace and Aviation office.	
Defense Economic Readjustment Zone Report	Government Code - 2310.052	December 1	Annual	Governor, Legislature and Legislative Budget Board	A report which conducts an evaluation of readjustment zones.	Not needed – included in Texas Economic Development Bank Annual Report.
Texas Economic Development Bank Annual Report	Government Code - 489.107 & Government Code - 2303.052 <i>Enterprise Zone</i>	January 1	Annual	Legislature	A report on the activities of the Bank and the Enterprise Zone program.	
Capital Access Program Status Report	Government Code - 481.412(a)	No date specified	Annual	Legislature	A status report on the Capital Access program activities.	Not needed – included in Texas Economic Development Bank Annual Report.

Texas Enterprise Fund Report	Government Code 481.079	Before the beginning of each regular session	Every odd number year	Lieutenant Governor, the Speaker of the House of Representatives, and each other member of the Legislature.	A report on grants made from the Texas Enterprise Fund program.	
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**B. Does the agency's statute use "person-first respectful language" as required by Texas Government Code, Section 325.0123? Please explain and include any statutory provisions that prohibit these changes.**

Yes, person-first respectful language is used in Chapter 481, Texas Economic and Development Office; Chapter 489, Texas Economic Development Bank; Chapter 2303, Enterprise Zones; and Chapter 2310, Defense Economic Readjustment Zone.

**C. Please describe how your agency receives and investigates complaints made against the agency.**

Complaints made against the Office of the Governor may be received through different means, including: the Texas Workforce Commission Civil Rights Division; the Equal Employment Opportunity Commission San Antonio Field Office, the State Auditor's Office Website for Fraud Waste and Abuse, or via phone, electronic mail, mail, or face-to-face contact with a representative of the agency. Once a complaint is received by one of the means listed above, the complaint is reviewed and investigated by a designated agency official.

**Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate.**

**Office of the Governor  
Exhibit 18: Complaints Against the Agency — Fiscal Years 2017 and 2018**

	Fiscal Year 2017	Fiscal Year 2018
Number of complaints received	1	0
Number of complaints resolved	0	0
Number of complaints dropped / found to be without merit	1	0
Number of complaints pending from prior years	0	0
Average time period for resolution of a complaint	N/A	N/A

Table 22 Exhibit 18 Complaints Against the Agency

**D. Fill in the following charts detailing your agency's Historically Underutilized Business (HUB) purchases. See Exhibit 19 Example. Sunset is required by law to review and report this information to the Legislature.**

**Trusted Programs, Office of the Governor  
Exhibit 19: Purchases from HUBs**

**Fiscal Year 2016**

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal*	Statewide Goal
Heavy Construction	\$0.00	\$0.00	0.00%	11.2%	11.2%
Building Construction	\$0.00	\$0.00	0.00%	21.1%	21.1%
Special Trade	\$0.00	\$0.00	0.00%	32.9%	32.9%
Professional Services	\$0.00	\$0.00	0.00%	23.7%	23.7%
Other Services	\$55,543,931	\$256,531	0.46%	26.0%	26.0%
Commodities	\$169,204	\$44,879	26.52%	21.1%	21.1%
<b>TOTAL</b>	\$55,713,135	\$301,410	0.54%		

Table 23 Exhibit 19 HUB Purchases for FY 2016

- \* If your goals are agency specific-goals and not statewide goals, please provide the goal percentages and describe the method used to determine those goals. (TAC Title 34, Part 1, Chapter 20, Rule 20.284)

**Fiscal Year 2017**

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
Heavy Construction	\$0.00	\$0.00	0.00%	11.2%	11.2%
Building Construction	\$0.00	\$0.00	0.00%	21.1%	21.1%
Special Trade	\$225	\$0.00	0.00%	32.9%	32.9%
Professional Services	\$0.00	\$0.00	0.00%	23.7%	23.7%
Other Services	\$40,819,231	\$164,201	0.40%	26.0%	26.0%
Commodities	\$351,571	\$121,984	34.70%	21.1%	21.1%
<b>TOTAL</b>	\$41,171,027	\$286,185	0.70%		

Table 24 Exhibit 19 HUB Purchases for FY 2017

**Fiscal Year 2018**

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
Heavy Construction	\$0.00	\$0.00	0.00%	11.2%	11.2%
Building Construction	\$0.00	\$0.00	0.00%	21.1%	21.1%
Special Trade	\$2,951	\$0.00	0.00%	32.9%	32.9%
Professional Services	\$0.00	\$0.00	0.00%	23.7%	23.7%
Other Services	\$20,838,913	\$1,064,937	5.11%	26.0%	26.0%
Commodities	\$176,586	\$13,795	7.81%	21.1%	21.1%
<b>TOTAL</b>	<b>\$21,018,451</b>	<b>\$1,078,733</b>	<b>5.13%</b>		

Table 25 Exhibit 19 HUB Purchases for FY 2018

**E. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Section 2161.003; TAC Title 34, Part 1, Rule 20.286c)**

The Office of the Governor, Trusteed Programs, is committed to meet the statewide goals for each of the categories. Demonstrative of this commitment, this Office utilizes the Centralized Master Bidder List (CMBL) and the Office of the Governor includes every registered HUB on the CMBL in its solicitation process for every procurement \$5,000 or above. In addition, the OOG supplements the CMBL with additional, known non-CMBL HUBs in an effort to solicit bids from those businesses.

**F. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Section 2161.252; TAC Title 34, Part 1, Rule 20.285)**

Yes, for all Requests for Proposals, the Office requires that prospective vendors submit a HUB Subcontracting Report as part of their proposal. The Office encourages vendors to demonstrate a Good Faith Effort to complete the HUB Subcontracting Plan.

**G. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.**

**1. Do you have a HUB coordinator? If yes, provide name and contact information. (Texas Government Code, Section 2161.062; TAC Title 34, Part 1, Rule 20.296)**

Theresa Boland  
 (512) 936-0166  
[theresa.boland@gov.texas.gov](mailto:theresa.boland@gov.texas.gov)

**2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your**

**agency? (Texas Government Code, Section 2161.066; TAC Title 34, Part 1, Rule 20.297)**

The Office of the Governor – Office of Small Business Assistance hosts approximately 15 forums and workshops throughout the State each fiscal year. At each of these events, the Office conducts a HUB/DBE panel discussion to encourage HUB participation in state procurement and exhibit some of the tools and resources provided to HUB vendors. In addition, the Office of the Governor presented at the Statewide Hub Expo hosted by the Texas Comptroller’s Office, in an effort to network and provide advice to HUBs working on state procurement opportunities.

- 3. Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Section 2161.065; TAC Title 34, Part 1, Rule 20.298)**

Not at this time.

- H. Fill in the charts below detailing your agency’s Equal Employment Opportunity (EEO) statistics. See Exhibit 20 Example. Sunset is required by law to review and report this information to the Legislature. Please use only the categories provided below. For example, some agencies use the classification “paraprofessionals,” which is not tracked by the state civilian workforce. Please reclassify all employees within the appropriate categories below.**

**Office of the Governor  
Exhibit 20: Equal Employment Opportunity Statistics**

**1. Officials / Administration**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	37	0%	7.4%	13.5%	22.1%	48.65%	37.4%
2017	38	0%	7.4%	10.53%	22.1%	47.37%	37.4%
2018	32	0%	7.4%	9.38%	22.1%	50%	37.4%

Table 26 Exhibit 20 EEO Statistics for Officials/Administration

**2. Professional**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	28	0%	10.4%	20%	19.3%	50%	55.3%
2017	6	0%	10.4%	0%	19.3%	33.33%	55.3%
2018	8	0%	10.4%	12.50%	19.3%	50%	55.3%

Table 27 Exhibit 20 EEO Statistics for Professionals



**3. Technical**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	3	0%	14.4%	0%	27.2%	66.7%	55.3%
2017	3	0%	14.4%	0%	27.2%	66.7%	55.3%
2018	2	0%	14.4%	0%	27.2%	66.7%	55.3%

Table 28 Exhibit 20 EEO Statistics for Technical

**4. Administrative Support**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	212	8.5%	14.8%	21.7%	34.8%	58.96%	72.1%
2017	199	0%	14.8%	23.12%	34.8%	61.81%	72.1%
2018	202	7.45%	14.8%	24.75%	34.8%	64.36%	72.1%

Table 29 Exhibit 20 EEO Statistics for Administrative Support

**5. Service / Maintenance**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	6	0%	13.0%	50%	54.1%	50%	51.0%
2017	6	0%	13.0%	50%	54.1%	50%	51.0%
2018	6	0%	13.0%	50%	54.1%	33.3%	51.0%

Table 30 Exhibit 20 EEO Statistics for Service and Maintenance

**6. Skilled Craft**

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2016	0	0%	10.6%	0%	50.7%	0%	11.6%
2017	0	0%	10.6%	0%	50.7%	0%	11.6%
2018	0	0%	10.6%	0%	50.7%	0%	11.6%

Table 31 Exhibit 20 EEO Statistics for Skilled Craft

**I. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?**

Yes, the Office of the Governor has an equal employment opportunity policy. The Office of the Governor is committed to having a workforce that represents Texas' diversity through adherence to, and a universal application of, equal employment opportunity law and related policies, both

in spirit and intent. We review our workforce statistics biennially and compare them to the statewide workforce. This information is used to update our diversity and recruiting plan, enabling the agency to reach out to under-represented communities both internally and externally.

## **XII. Agency Comments**

The attached Section F Attachment Cost Benefit Analysis is an exhibit to the TEF application process identified in VII. Guide to Agency Programs.

## ATTACHMENTS ---

Create a separate file and label each attachment (e.g., Attachment 2\_Annual Reports) and include a list of items submitted. Attachments may be provided in electronic form or through links to agency webpages.

### **Attachments Relating to Key Functions, Powers, and Duties**

1. If the agency publishes a version of its enabling statute and/or rules, please include an electronic copy. N/A
2. Annual reports published by the agency from FY 2016–2018.
  - Attachment 2\_Annual Reports\_TEF Legislative Report 2017
  - Attachment 2\_Annual Reports\_TEF Legislative Report 2019
  - Attachment 2\_Annual Reports\_DERZ Report 2016
  - Attachment 2\_Annual Reports\_DERZ Report 2017
  - Attachment 2\_Annual Reports\_DERZ Report 2018
  - Attachment 2\_Annual Reports\_Office of Aerospace and Aviation 2016
  - Attachment 2\_Annual Reports\_Office of Aerospace and Aviation 2017
  - Attachment 2\_Annual Reports\_Office of Aerospace and Aviation 2018
  - Attachment 2\_Annual Reports\_Bank FY 2016
  - Attachment 2\_Annual Reports\_Bank FY 2017
  - Attachment 2\_Annual Reports\_Bank FY 2018
  - Attachment 2\_Annual Reports\_Strategic Tourism Plan FY 2016
  - Attachment 2\_Annual Reports\_Strategic Tourism Plan FY 2017
  - Attachment 2\_Annual Reports\_Strategic Tourism Plan FY 2018
3. Internal or external newsletters published by the agency in FY 2018.
  - Attachment 3\_Newsletter\_BCD1 - Attachment 3\_Newsletter\_BCD3 (3 total)
  - Attachment 3\_Newsletter\_Tourism1 - Attachment 3\_Newsletter\_Tourism55 (55 total)
4. List of studies that the agency is required to do by legislation or riders.

Government Code 481.0068 (14) requires the Office of Small Business Assistance to perform research, studies, and analysis of matters affecting the interests of small and historically underutilized businesses. In order to fulfil this requirement, the following studies were completed in FY 2016-2018:

- Study Economic Impact of Small Businesses in Texas (2016)
- Study Entrepreneurial Ecosystems in Texas (2017)
- Survey of Texas Small Businesses Study\_Identifying the Barriers to Success (2017)
- Study Challenges and Opportunities of Developing Small Business in Rural Texas (2019)

5. List of legislative or interagency studies relating to the agency that are being performed during the current interim. N/A
6. List of studies from other states, the federal government, or national groups/associations that relate to or affect the agency or agencies with similar duties or functions. Provide links if available.

EDT references and provides links to the following state, federal, or national studies on the website at [gov.texas.gov/business/page/reports-and-publication](http://gov.texas.gov/business/page/reports-and-publication):

- 2019 U.S. Small Business Administration Texas Small Business Profile:  
<https://s3.amazonaws.com/advocacy-prod.sba.fun/wp-content/uploads/2019/04/23142659/2019-Small-Business-Profiles-TX.pdf>
- Texas Port Profiles (Texas Department of Transportation, 2017):  
<http://ftp.dot.state.tx.us/pub/txdot-info/mrt/port-profiles.pdf>
- U.S. Energy Information Administration Texas State Energy Profile:  
<https://www.eia.gov/state/?sid=TX>

#### **Attachments Relating to Boards and Committees**

7. Biographical information (e.g., education, employment, affiliations, and honors) or resumes of all board or committee members.
  - Attachment 7\_Office of Aerospace and Aviation Advisory Committee
  - Attachment 7\_Office of Small Business Advisory Task Force
  - Attachment 7\_PDSBI Board
8. Board or committee training manuals and copies of any policies related to board or committee's duties and responsibilities. N/A
9. Employee manuals and copies of any policies related to staff's duties and responsibilities. N/A
10. Copies of required reports or any significant policies adopted by boards or committees.
  - Attachment 10\_Office of Small Business Assistance Advisory Task Force Report 2017
  - Attachment 10\_Office of Small Business Assistance Advisory Task Force Report 2019

#### **Attachments Relating to Funding**

11. Agency's Legislative Appropriations Request for FY 2020–2021.  
<https://gov.texas.gov/organization/financial-services/reports>
12. Annual financial reports from FY 2016–2018.  
<https://gov.texas.gov/organization/financial-services/reports>
13. Operating budgets from FY 2016–2018.  
<https://gov.texas.gov/organization/financial-services/reports>

**Attachments Relating to Organization**

14. If applicable, a map to illustrate the regional boundaries, headquarters location, and field or regional office locations.

Attachment 14\_Regional Representatives Regions

15. Any flowcharts showing the operations of the agency, such as complaint resolution processes, disciplinary or enforcement procedures, etc. N/A

**Attachments Relating to Agency Performance Evaluation**

16. Quarterly performance reports completed by the agency in FY 2017–2018.
17. Performance reports presented to the agency’s board of directors in FY 2016–2018, if different from the reports in Attachment 16. N/A
18. Performance reports submitted to the Legislative Budget Board from FY 2016–2018.
- Attachment 18\_FY16 Objective Measure.pdf
  - Attachment 18\_FY16 Strategy Measure.pdf
  - Attachment 18\_FY17 Objective Measure.pdf
  - Attachment 18\_FY17 Strategy Measure.pdf
  - Attachment 18\_FY18 Objective Measure.pdf
  - Attachment 18\_FY18 Strategy Measure.pdf
19. Any recent studies on the agency or any of its functions conducted by outside management consultants or academic institutions. N/A
20. Agency’s current internal audit plan.
- <https://gov.texas.gov/organization/detail/internal-audit>
21. Agency’s current strategic plan.
- Not required, Texas Government Code, Chapter 2056.001
22. List of internal audit reports from FY 2014–2018 completed by or in progress at the agency. N/A
23. List of State Auditor reports from FY 2014–2018 that relate to the agency or any of its functions.
- Attachment 23\_State Auditor Report\_Texas Enterprise Fund
24. Any customer service surveys conducted by or for your agency in FY 2017–2018. N/A
25. Any reports created under Texas Government Code, Section 2110.007 regarding the usefulness and costs of the agency’s advisory committees. N/A