

**ECONOMIC DEVELOPMENT CORPORATION REVIEW PANEL**  
**MEMORANDUM AND RECOMMENDATIONS**

**TO:** The Honorable Donald L. Carcieri  
Governor, State of Rhode Island

**FROM:** Al Verrecchia, Chairman  
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**RE:** Economic Development in Rhode Island

**DATE:** April 20, 2009

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At your request, we have evaluated potential changes to the Economic Development Corporation (the "EDC"). Set forth below are the recommendations of this panel not only with respect to the EDC but, more broadly, with respect to economic development strategy and execution in Rhode Island.

**EXECUTIVE SUMMARY**

Rhode Island is failing to achieve the level of economic development expected by virtually all the constituencies involved. This is not a recent development, as the level of economic development has been unsatisfactory for well over a decade. To engineer the systemic change required to reverse long-standing underachievement, we have identified three integrated areas of focus for improvement: 1) the EDC needs an experienced, professional economic development executive to lead the EDC as director; 2) operating under the oversight of a strong, focused Board, designed to ensure accountability and drive performance; 3) aligned with a clear, coordinated and comprehensive economic development strategy.

A reorganized EDC can focus on addressing the core issues affecting the performance of economic development in Rhode Island. We believe there are several main factors that have contributed to the results Rhode Island has experienced and that many of these factors have existed for well over a decade, if not longer.

First, there has been a noticeable lack of consistent leadership by, and coordination and collaboration between, the Executive and Legislative branches of government. The overall result is an insufficient level of investment in economic development, both financial and non-financial.

Second, there appears to be no clear strategy for economic development embedded in public policy. To the extent there does exist some economic development strategy, its formulation and execution are fragmented, disjointed and without focus. Similarly, there is a lack of coordination among the various state planning functions performed outside the agency.

Third, the EDC is not perceived by many businesses in Rhode Island, particularly small businesses and emerging businesses, as a partner, a resource to help, or even relevant to their business activities. Whether looking to form a new business, to expand, to hire or to solve problems, the EDC is often not part of the equation in their considerations.

Fourth, the business community needs to be more engaged and involved in economic development.

Fifth, the EDC has not had the success Rhode Island needs in attracting and recruiting new business, in part because of the lack of commitment in funding and priority to do so.

Finally, while there is a high level of activity in pursuing economic development initiatives, including the expenditure of significant resources at both the state and local levels, these efforts are not coordinated and therefore their effectiveness is significantly diluted.

It would be counter productive to try and determine fault or allocate blame for these failures, and it would be a mistake to lay all of the responsibility on the EDC. The EDC has many hard-working, dedicated employees. To their credit, there have been economic development successes recently: the Science & Technology Advisory

Council, Quonset Point (the number of jobs has increased at Quonset from 6690 in 2002 to 8842 in 2008), elements of the Business Innovation Factory and several corporate relocations or expansions are just a few examples. However, there has simply been too much turnover at the top levels of the EDC and there is a lack of consistent and properly directed focus to enable the level of achievement desired by Rhode Islanders. It is undeniable that we need to create more jobs and build a stronger, more sustainable economy that, over the long-term, will lead to higher paying jobs. In our view, the EDC has not done what is required to meet that challenge.

We acknowledge that there are aggravating factors that make economic development more challenging in Rhode Island, such as the business climate, an underperforming secondary education system and the high level of taxation. It is quite evident and necessary that the leadership of Rhode Island must step up quickly and aggressively to address as many problems related to economic development as it can to reverse the trend of increasingly ineffective policies and programs. The recommendations in this report do not purport to solve all of the problems, but we believe these are important first steps to reversing a long history of underperformance in Rhode Island relating to economic development. There remain significant questions which will need to be addressed that may enable further improvements in the development of our economy, such as the management and governance of the Rhode Island Airport Corporation and Quonset Point Development Corporation (including whether they should remain underneath the EDC umbrella), but we leave those questions to a revitalized, focused and coordinated economic development organization. They can address these additional concerns after a thorough and comprehensive review.

We recommend a series of immediate changes:

- 1) The Economic Policy Council should be abolished and its historical responsibilities transferred to the EDC Board so that strategy formulation and accountability for execution are completely joined.

- 2) The entire EDC Board should be asked to resign immediately, even though some current EDC directors and/or Economic Policy Council members may be appointed to the new EDC Board. Careful consideration should be given to the new

appointments to the EDC Board to ensure that they are qualified and able to establish strategy, ensure accountability and drive performance. Board members should be selected based upon their skill-set, their passion for economic development and their willingness and ability to help drive change, not because they represent a particular constituency, group or geographic area. Furthermore, the Governor need not serve as Chairman of the EDC Board. However, the Governor and the Legislative Leadership must be engaged with and directly connected to the activities, policies and strategy of the EDC.

3) The Governor should announce the commencement of a nationwide search for an experienced, professional economic development executive to lead the EDC. To attract the best person, it is likely that the State may have to provide the next director with a 3-5 year employment contract at market-based compensation levels. A committee should be appointed to lead the search and among the committee's responsibilities should be the creation of a new job description for the position.

4) Within the EDC there should be created an Office of Economic Research and Policy Analysis, led by a professional economist, which will periodically compile, prepare and distribute key economic data and relevant trends. Similar to the revenue estimating conference, we would expect periodic collaborative meetings between the Executive and Legislative Branches, as well as the public-private partnership described below and key members of the private sector in order to review information prepared by that Office.

5) The State should support the creation of a public/private partnership to focus on business attraction and recruitment activities. This new entity, similar to approaches taken in other successful regions, such as Charlotte, North Carolina, would be funded in part by grants from the business community and would work closely with the EDC to ensure coordination and collaboration. Working out the details of the public/private partnership would be one of the early priorities for the new EDC Board.

A number of activities engaged by the EDC do not appear to be effective or relevant and, as a result, the EDC is harmed by the belief, somewhat unfairly, that all of its energy is focused on landing the "big fish" from out of state. The EDC needs to conduct a comprehensive review of its activities, focusing on the effectiveness of daily

tactics and programs which they feel are necessary to support and improve the climate for Rhode Island businesses. There should be a particular emphasis on programs affecting small and emerging businesses.

The creation of the public/private partnership to take the lead in new business recruitment efforts would help the EDC to focus its attention on existing Rhode Island businesses and their needs. In this regard, there are several changes we are suggesting for implementation:

- 1) Dramatic changes are required in the permitting process.
- 2) A more effective and efficient program to help Rhode Island businesses obtain federal government contracts is necessary.
- 3) Real estate site selection options and information are inadequate and must be bolstered.
- 4) Coordination among the various economic development stakeholders in Rhode Island – the chambers of commerce, the cities and towns, the Small Business Administration, among many others – must be improved greatly.
- 5) The EDC must build a vibrant partnership with the colleges, universities and hospitals as they play a vital role in the economic future of our State.

There are additional changes that have been proposed which we feel the new director, once hired, should evaluate after a thorough review of all EDC operations.

The Governor and the Legislative Leadership should work on passing legislation to implement these recommendations and any other proactive change, to the extent legislation is required, before the adjournment of the Legislative Session this year. Given economic conditions and the need to create jobs, Rhode Island must start to improve the performance of the EDC now – there is no time to delay further.

### **PROCESS**

This panel has met almost weekly since its formation. The first substantive meeting occurred at the EDC, where the panel met with the senior management team for an overview of current operations. After that, the panel consulted with a number of constituencies to receive their opinions about economic development in Rhode Island,

with the pledge that comments and suggestions would not be attributed to them. In addition, the panel reviewed information about successful economic development approaches conducted in other states and regions. The panel also received written comments from a number of additional constituencies. Based upon the information provided to the panel, along with the collective experiences and observations of each of the panel members, certain general themes emerged, over and over again to our surprise, indicating to us that many of these changes are long overdue and undoubtedly necessary. Those themes formed the basis for the recommendations contained in this report.

## **RECOMMENDATIONS**

### **I. Economic Development Must Become an Immediate and Perpetual Priority for State Leadership, the Governor Needs To Provide Consistent Leadership and the Legislature Needs To Be More Invested and Involved.**

For over a decade economic development has not been a top priority for the public and private leadership of Rhode Island. To be sure, there have been individual instances or projects which have received the appropriate level of attention and have been successful, but that type of episodic approach is insufficient to achieve the results expected by and necessary for Rhode Island. State Leadership needs to experience a fundamental change concerning the importance of economic development before Rhode Island can successfully make meaningful progress on an issue that is a gating variable in many respects to so many of the challenges Rhode Islanders currently face. A properly prioritized and coordinated economic development strategy could have meaningful ramifications on a number of challenging issues: business climate, the State budget, education, quality of life, unemployment, workforce training and development, poverty, social services and so on. Conversely, it is difficult to imagine that the State can successfully solve so many of these problems without an effective and coordinated economic development strategy to develop a strong, vibrant and sustainable economy which can create more and better jobs.

We believe that State Leadership should demonstrate, through action, that economic development is a priority. The Executive and Legislative Branches must work

together to prepare and pass legislation effecting changes before the end of this current legislative session and publicly commit to work together next year on additional actions designed to improve the business climate and enable effective economic growth. State Leadership must remain resolute is emphasizing the importance of economic development. In the past, the interests of economic development and job creation have been secondary to other public policy considerations. Meaningful improvement requires that public policy decisions, across a spectrum of interests and considerations, should be driven by the paramount need of supporting economic development and job creation.

It is imperative that the Executive and Legislative Leadership become more involved and invested in economic development. Part of making economic development a priority is addressing the State's level of investment. Financially, the level of spending on economic development on a per capita basis is among the lowest in the country and is lower than our neighboring states. (It is estimated, although we have not verified, that Rhode Island spends less than \$5 per person on economic development while Massachusetts spends over \$7 per person and the average across the United States is over \$38 per person.) Moreover, the disjointed and uncoordinated nature of current spending causes relatively ineffective use of the funds currently allocated, delivering results that would be expected from lower levels of expenditures.

Non-financial investment is equally important, and involves the unwavering commitment and focus by State Leadership on economic development issues. The failure to make economic development a top priority will perpetuate a number of the problems that currently exist, will compromise the State's ability to recruit the best candidate to lead the EDC, will deflate any energy and involvement by the business community, will discourage engagement and recruitment of a new EDC board, and will not change the nature of the fledgling business climate in Rhode Island.

## **II. EDC Governance Needs to be Overhauled to Marry Strategy Formulation and Execution with the Appropriate Level of Board Leadership.**

Historically, economic development strategy has been established by the Economic Policy Council and accountability for implementation has been governed by the EDC Board. While there have been some changes recently to the relationship

between the Economic Policy Council and the EDC, those changes have not gone far enough. We believe this approach dilutes the overall effectiveness of the EDC and serves to impede genuine oversight of EDC operations. The Economic Policy Council should be abolished and its responsibilities transferred to the EDC Board so that strategy formulation and accountability for execution are completely joined. Conceptually, this approach is consistent with most organizational structures. Practically, a Board that has had a hand in creating the strategy will feel a sense of ownership for it and is therefore far more likely to pay attention to, and insist upon, the effective and timely execution of that strategy.

Another unintended consequence of the Economic Policy Council is the diversion of excellent talent away from the EDC Board and a conflict between the two organizations regarding their respective roles and responsibilities. Elimination of the Economic Policy Council and consolidation of all of the responsibilities in the EDC Board will solve that problem and create a smaller, more focused and accountable EDC Board. Of course, to the extent broader participation is desired or specific expertise is required, the EDC board may rely upon a committee structure partially populated by non-Board members to address those needs without undermining its effectiveness.

Both the Economic Policy Council and the EDC Board have among their ranks talented individuals committed to serving the interests of Rhode Island. We believe, however, that immediate, systemic change is required. Accordingly, the entire Board of EDC should be asked to resign immediately, even though some current EDC directors and/or Economic Policy Council members may be appointed to the new EDC Board, subject to applicable legal requirements about Board membership. Careful consideration must be given the new appointments to the EDC Board to ensure that its members are qualified and able to establish strategy, ensure accountability and drive performance. Board members should be selected based upon their skills, their passion for economic development and their willingness and ability to help drive change, not because they represent a particular constituency, group or geographic area. (The Board make-up may require a legislative amendment to reconstruct its membership and representation.) Furthermore, the Governor need not serve as Chairman of the EDC Board. However, the Governor and the Legislative Leadership must be involved with

and directly connected to the activities of the EDC. It is critical that the new Board be appointed and confirmed as required before the end of the current legislative session.

**III. The EDC Director Should Be An Experienced, Professional Economic Development Executive Who Will Change the Focus and Priorities of the EDC.**

It is imperative that the EDC is led by a director who is experienced in professional economic development activities and initiatives. We believe that a search committee should be created and a nationwide search should be commenced immediately. The search committee should work to create an appropriate job description for the position.

Given the end of the Governor's term in 2010, it may be difficult to attract the best candidate possible if the director position is perceived to have a short term. Accordingly, the State should be prepared to offer a 3-5 year employment contract at market-based compensation levels, if required. Naturally, the next Governor would have the flexibility to replace the director, but the guaranteed term of employment (as outlined in an agreement) should afford sufficient protection to candidates so that they consider the position an attractive one.

The director of the EDC must build a solutions and results oriented organization. There has been far too much turnover at the director level and that, unquestionably, has affected the performance of the organization. The director, with the guidance and oversight of the new EDC board, must develop and execute a clear and effective strategy for improving economic development and creating jobs in Rhode Island. The EDC needs to focus on developing industries and areas, not based upon what other states are pursuing, but rather centered on creating the kind of jobs where we have a natural or potential advantage when compared to other alternatives. Examples of such areas of comparative advantage include the defense industry, marine trades, alternative energy development, tourism, research and development, financial services, and industries that rely upon or could benefit from our higher education and healthcare institutions. While developing high wage jobs (at or above the national average wage levels) and preparing for the future are critically important, those desires must be fairly

balanced with the need to create jobs, including manufacturing and service jobs, which provide employment opportunities for all levels of Rhode Island's population in the near term.

In fashioning the focus that is required, the EDC should be careful to avoid the danger of labeling and misidentifying businesses and industry sectors, an activity which often leads to exclusion and discontent. Instead, the EDC must be inclusive and welcoming to a variety of businesses, not just those which fit some predetermined model (like biotech). The panel heard powerful testimony about the magnetic attraction of businesses that have common elements and a forum for sharing and collaborating. Groups like the Providence Geeks need to be encouraged and fostered, and other similar groups created, for they are the essence of the entrepreneurial spirit which can form the backbone of true economic development.

If the EDC can become relevant and helpful in this context, then it will indirectly create a team of potential "economic development ambassadors," promoting the assets and positive attributes of Rhode Island instead of perpetuating the current climate which dwells too much upon weaknesses and negative perceptions. The ultimate goal is to make the EDC relevant to business activity in Rhode Island, irrespective of whether the business is a large multi-national conglomerate, a small manufacturer or even an idea in the mind of one of our very talented college students or entrepreneurs.

#### **IV. The EDC Should Support the Creation of a Public-Private Partnership to Focus on Business Attraction and Brand Development.**

The EDC over the past decade has not succeeded in recruiting and attracting sufficient new business into Rhode Island. In addition, the EDC suffers from the perception that is distracted by trying to recruit the large, out-of-state business and therefore ignores the needs and promotional development of smaller, in-state businesses. To address both of these concerns and to create the level of focus on existing Rhode Island and newly created Rhode Island businesses, we recommend that the EDC support the creation of a public/private partnership, funded partially by the business community, to assume the responsibility for the business attraction campaign for Rhode Island.

This public/private partnership must be closely aligned with the EDC, and the specific manner of that collaboration, along with many other significant details, must be resolved in order to implement such an approach statewide. It has been successful in other places, such as Charlotte, North Carolina, Austin, Texas and Florida, to name a few. There are several benefits to this structure.

First, the Rhode Island business community needs to become significantly more involved and invested in trying to improve the economic landscape in our State. This program will broadly and collaboratively engage not only the business community but also labor, government, entrepreneurs, educational institutions, and hospitals and research entities, among others.

Second, it provides another source of funding for economic development initiatives. A portion of the current funding for the EDC should be reallocated to this entity, as it enables the hiring of experts for recruiting and marketing outside the government agency. It also accounts for necessary, timely allocation of expenses not always permitted in government budget structures.

Third, it promotes greater focus and accountability given the clarity of the division of responsibilities between fostering in-state development (EDC) and external recruiting and marketing (public/private partnership). There are a number of additional benefits depending on how the entity is structured and organized, and we believe that the new EDC Board should actively pursue this public/private partnership.

Another component that must be addressed is the development of an improved brand for Rhode Island. We must reshape the image of Rhode Island as a business-friendly environment that is welcoming and supportive, and we must communicate and market that message clearly, effectively and consistently. It is imperative, however, that the product we offer to businesses in Rhode Island meets or exceeds the branding of Rhode Island as a business friendly climate. In other words, we need to make the necessary changes and *actually become business friendly*. Addressing the high levels of taxation, potentially through some of the tax policy changes recommended earlier this year, is an important part of improving the business climate. And if economic development truly becomes a top priority for public and private leadership, then a State

of our size, with its agility and ability to accomplish things quickly, should be able to make meaningful progress rapidly.

## **V. The EDC Should Review and Improve the Basic Functions It Performs.**

Once hired, the new EDC director must conduct a thorough evaluation of the basic functions the EDC provides to business in Rhode Island, and the director should work closely with the new EDC Board to establish appropriate economic development priorities and initiatives. The expectation is that EDC should become a solutions and results oriented organization, committed to the creation of jobs and perceived by the business community as a relevant, helpful and useful resource to addressing business concerns.

With respect to the particular functions served by the EDC, it is readily apparent that some near-term changes are necessary. We have not attempted to review and evaluate all of the EDC functions but have highlighted a few below which, based on the experiences of the panel members and the information we were provided, were almost universally considered to be inadequate. Immediate changes should be implemented in these areas.

### **A. Office of Economic Research and Policy Analysis**

Rhode Island does not have a centralized mechanism for compiling, analyzing and communicating essential information relating to economic trends and performance. In order to improve economic development strategy and execution, it is essential that a systematic and consistent method for compiling, analyzing and sharing information is created. This Office, to be led by a professional economist, would also work closely with other state agencies, municipalities and the private sector. The work product of this Office should be shared with State Leadership in a collaborative manner (similar to the revenue estimating conference), where periodic meetings would occur with the Executive and Legislative Branches as well as the public/private partnership, the business community and the other organizations working on economic development (such as the Small Business Administration, municipalities and chambers of commerce, among others), to review findings and disseminate information. We believe this is a

critical function not currently provided effectively within Rhode Island and that the most logical place for this function is within the EDC.

Similarly, the EDC needs to become more involved with the various planning functions that exist within the State to facilitate effective collaboration and cooperation among them. While we do not advocate for the EDC to assume responsibility for all planning, a strong, proactive EDC -- bringing the different planning groups together, helping to ensure consistency and promoting decision-making that advances the interests of economic development statewide -- would be a meaningful step forward.

#### B. Permitting

Almost everyone who submitted information to the panel offered the strong opinion that the approach to permitting in Rhode Island is woefully inadequate to meet business needs in a timely manner. The most common refrain was that it was too difficult to get a definitive answer or even to receive clear information about the process and the timetable for decisions, particularly with any project that involves the Department of Environmental Management. In fact, the present regulatory framework involves the receipt of permits and approvals from one or more of potentially eight different agencies or local authorities before a project may proceed. Many of the permits are interrelated in terms of the requirement that all agencies issue the required permits before the other agency will act on it, creating a multi-faceted and complicated path to a final determination on a project. While the EDC currently has the authority to provide assistance on projects that qualify for Project status, their authority is limited and does not do enough to address the current regulatory morass.

We recommend that the State enact legislation to address this significant problem and improve the timeliness and certainty of decisions on permit applications for projects bearing on economic development. One alternative which was presented by the current EDC leadership, and which we believe merits serious consideration, is to provide for mandatory timeframes for State permits. The recommendation presented to the panel was as follows:

1. Create Mandatory Time Period Review for State Permits. It is possible to create by statute a mandatory timeframe within which all state permits must be reviewed and either approved or rejected.

An application timeframe and process that may be utilized for this is as follows:

- (a) Applications submitted (day one).
- (b) Application accepted as complete or rejected as incomplete (15 days).
- (c) An agency rejecting an application must identify specific actions required by the applicant to cure the deficient application. The application may be resubmitted within fifteen (15) days (15 days).
- (d) Application reviewed, draft permit created and dialogue occurs with applicant (30 days).
- (e) Public notice, public hearings on applications, if required, and other agency input (30 days).
- (f) Permit issued (day ninety).

The preceding process may be modified for contested cases (litigation), extension for cause, and interaction with federal and other state agencies, if necessary.

2. Create Mandatory Municipal Streamline Permitting. Utilize a comprehensive permit structure for municipal permits for state infrastructure, service or projects of critical economic concern that is similar to the affordable housing comprehensive permit structure currently in law. This would require cities and towns to combine planning and zoning approvals into a streamlined process with specific statutory timeframes for applications for projects of critical economic concern. The municipal planning board would act as the “one-stop” municipal board to approve or reject projects on a programmatic basis. The structure is currently used for affordable housing projects, certified as such by Rhode Island Housing, and could be utilized for projects as certificate of critical economic concern as certified by the Economic Development Corporation, or state infrastructure projects as determined by state-wide planning. Appeals from the municipality in affordable housing instances are made to the State Housing Appeals Board. In the case of state infrastructure or projects of critical economic concern, such appeals can be made to either statewide planning or the Economic Development Corporation. (RIEDC’s Recommendations for Improvements to Permitting and Regulatory Environment, January 16, 2009, pages 2-3)

There are other changes that could be considered to simplify, expedite and improve the permitting processes in Rhode Island, and they should be explored aggressively by the Executive and Legislative Branches in close concert with the current EDC leadership and municipal authorities.

Centralized permitting is just one example of a number of areas of statewide interest that we believe should be controlled more at the State level to enable the type of economic development that is required. Other examples of areas which require enhanced focus at the State level to drive State interests include the expansion of the airport runway, which we believe should happen as quickly as possible, and the development of maritime industry at Quonset Point and throughout the State.

C. Land Resources

Another frequent criticism was the EDC's inability to identify quickly and effectively real estate sites that are available for business location or expansion as well. An appropriate database of available site inventory needs to be created and maintained so that businesses can receive the best available information quickly.

D. Federal Government Contracts

We believe that Rhode Island businesses have significant opportunities to grow through coordinated efforts to secure federal government contracts. The State has an office in Washington, D.C. and that office should be staffed so as to improve the State's positioning with respect to federal matters and the federal stimulus package. The EDC can and should play a significant role in this regard. It should be working closely with our federal Congressional delegation to help Rhode Island businesses make the connections that are necessary.

The EDC, like all state economic development agencies, has a Procurement Technical Assistance Center (PTAC) designed to help businesses, particularly small and minority-owned businesses, qualify for and obtain federal government contracts. Several businesses that met with the panel found the PTAC to be ineffective at helping them understand and successfully navigate the process for obtaining federal contracts. Moreover, they suggested that the PTAC was not helpful in identifying opportunities and

was not an important factor in their attempts to prevail in the procurement processes and obtain the new contracts.

This is an area where a meaningful number of jobs could be created immediately for existing small businesses in Rhode Island, if the right level of assistance and expertise is provided. The EDC should consider outsourcing this function to experts in government contracting so as to provide the level of sophistication and experience in federal contracting required in assisting Rhode Island small businesses obtain an increased share of federal contracts.

E. Partnership with Universities, Colleges and Hospitals

Rhode Island needs to recognize that our educational institutions and hospitals are economic engines and they need to be nurtured and fostered as such. EDC should take the lead through increased quality and quantity of resources dedicated to understanding and developing the economic activity that can be generated from the universities, colleges and hospitals. A significant component is research and development activity, which has proven to be an area of comparative advantage as demonstrated by the disproportionately high amount of National Institute of Health research performed here by the healthcare industry and educational institutions, such as Lifespan, Brown University and the University of Rhode Island. Research funding is particularly valuable because it attracts talented people and high-wage jobs, and other areas, like Durham, North Carolina, have enjoyed tremendous economic benefits by creating and developing research centers. State Leadership needs to focus on research and development as a large, growing industry with the potential for significant expansion, leading to the creation of high wage jobs if properly supported and encouraged.

Well paying jobs are only one example of the economic benefits we reap as a result of the research and development efforts at our educational and healthcare institutions. There are so many more possibilities. Rhode Island is fortunate to have such a rich and diverse higher education community. Talented and creative students pass through Rhode Island during their formative years, and we need to do more to retain them after graduation. Building a strong link between the State's employers and the students is important, for if they cannot find good jobs here they will find them

elsewhere. Equally important is creating an environment that encourages creativity and supports the entrepreneurial spirit that is here today.

F. Improved Collaboration and Coordination Among Economic Development Stakeholders

While there is a high level of activity by a variety of organizations and entities pursuing economic development initiatives, including the expenditure of significant resources at both the state and local levels, these efforts are not coordinated and therefore their effectiveness is significantly diluted. This includes the various cities and towns, the chambers of commerce, the Small Business Administration, and a number of other similar organizations. We believe that the EDC should serve a primary resource and facilitator for these groups in helping to coordinate efforts and improve the overall result for Rhode Island. Even though we do not believe the EDC should control these activities, if it effectively communicates and becomes involved with these various efforts, there will be enhanced consistency in approach and focus and a better overall result for those receiving services.

Some structural improvements may be required, but fundamentally much of this could be accomplished naturally by having a professional EDC director, a strong and active EDC Board, and a State Leadership Team which demonstrates that economic development is a top priority.

**CONCLUSION**

The underperformance of economic development in Rhode Island is a result of many factors that have existed for over a decade, including many factors that are not directly linked to economic development. Rhode Island's approach to business must be significantly overhauled or we, as a State, will continue to fail to accomplish our economic development goals, including specifically the need to create more jobs at or above national average wage levels. This report presents a structural outline for starting to make the required changes, and combined with some of the tax policy changes recommended earlier this year, could start in a meaningful way to reverse the trend of negative developments and perceptions about the attitude of "doing business in Rhode Island."