

ECD 2011 ANNUAL REPORT

8,535 New Jobs, \$4 Billion Invested, Cost per Job

**The Tennessee Department of Economic and Community Development
2011 Annual Report details successful changes and historic milestones.**

The Tennessee Department of Economic and Community Development 2011 Annual Report details successful changes and historic milestones achieved during the year. In 2011, ECD projects and private sector growth accounted for 28,535 new jobs in Tennessee and more than \$4 billion in investment. After reshaping the model for economic development, ECD had one of the most productive years in the state's history, and job creation hit its highest mark in the past five years and since the onset of the global recession.

"Making Tennessee the number-one state in the Southeast for high-quality jobs continues to be a top priority for this administration," said Governor Bill Haslam. "Our Jobs4TN plan is working. We continue to focus on regionalism, existing businesses, and key clusters while also pursuing new businesses for Tennessee. I am convinced that Tennessee can compete with anyone when it comes to attracting jobs."

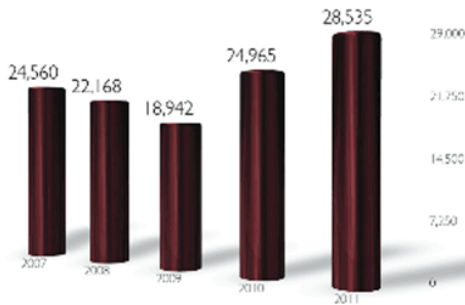
"Tennessee transformed its economic development model in 2011, applying solid business principles to set the stage for long-term growth," said ECD Commissioner Bill Hagerty. "The state experienced a record year for private sector job creation in this challenging, new economy. Tennessee is well-positioned to compete nationally and globally with one of the most business-friendly climates in the world."

After becoming the first department in state government to undergo Haslam's top-to-bottom review, ECD saw a significant realignment of departmental resources accompanied by a reduction in overall staff size of more than 40 percent. At the same time, the business development team, which includes those on the front lines of recruiting and retaining companies, grew by more than 70 percent. Additionally, ECD was able to significantly lower the average cost of incentives per new job created compared to the previous decade. In 2011, the average incentive cost per job was \$2,640 versus \$5,586 for the years 2002-2010, a reduction of more than 50 percent.

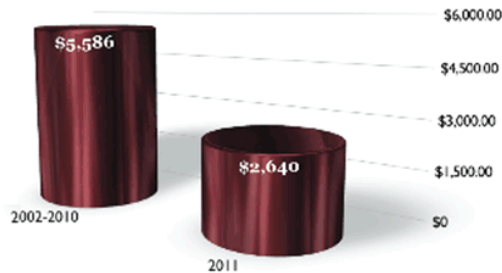
The top-to-bottom review resulted in the Jobs4TN economic development plan announced in April 2011. This new strategy narrowed ECD's focus to key sectors where the state holds a unique competitive advantage along with a renewed emphasis on assisting existing Tennessee companies that create the vast majority of all new jobs in the state.

Other components included a decentralization of ECD with the establishment of jobs base camps in nine regions throughout the state, a \$50 million investment in innovation through the INCITE program, and a review of burdensome and business-inhibiting federal and state regulations.

Jobs Created In 2011



ECD Cost Per Job



Key Results

Some key results since implementing the Jobs4TN plan include the following.

- Haslam, Hagerty, and ECD staff traveled the state to meet with more than 2,000 companies and over 700 economic development stakeholders.
- Each jobs base camp worked with local stakeholders to complete a strategic plan for their region.
- ECD partnered with the Entrepreneur Center in Nashville to make Tennessee the second state in the nation to start a state-level version of the Startup America Partnership, resulting in Startup Tennessee, a public-private partnership designed to connect and align entrepreneurial efforts across the state.
- Nine regional business accelerators were selected in each jobs base camp to assist area entrepreneurs as they develop business plans and launch companies that have the potential to create new jobs.
- The INCITE Co-Investment Fund was established to increase access to seed, early, and

expansion-stage capital for Tennessee businesses using \$30 million in federal funds from the State Small Business Credit Initiative.

- ECD authored the Regulatory Reform Report summarizing an ECD-led review of federal and state regulations that negatively impact businesses and identifying possible obstacles to new investment.
- The challenges of job creation in rural Tennessee were addressed through new programs including a statewide site certification program, a partnership with TVA to provide best practices regional training for economic development professionals, and a digital factory pilot to create work-at-home business services opportunities.
- The TNTrade program was launched to boost Tennessee exports and consists of two primary components: the Market Access Program and a 2012 trade mission to China and South Korea focused on medical device manufacturers. ■

To read more, download the report at <http://www.tn.gov/ecd/pdf/2011AnnualReport.pdf>.

In 2011:

- **ECD had one of the most productive years in state history. Job creation hit its highest mark in five years, since the recession's onset.**
- **Average incentive cost per job was \$2,640 vs. \$5,586 for 2002-2010.**