



EDA:

Results-driven

Performance



United States Department of Commerce

Economic Development Administration

Fiscal Year 2008 Congressional Budget Request

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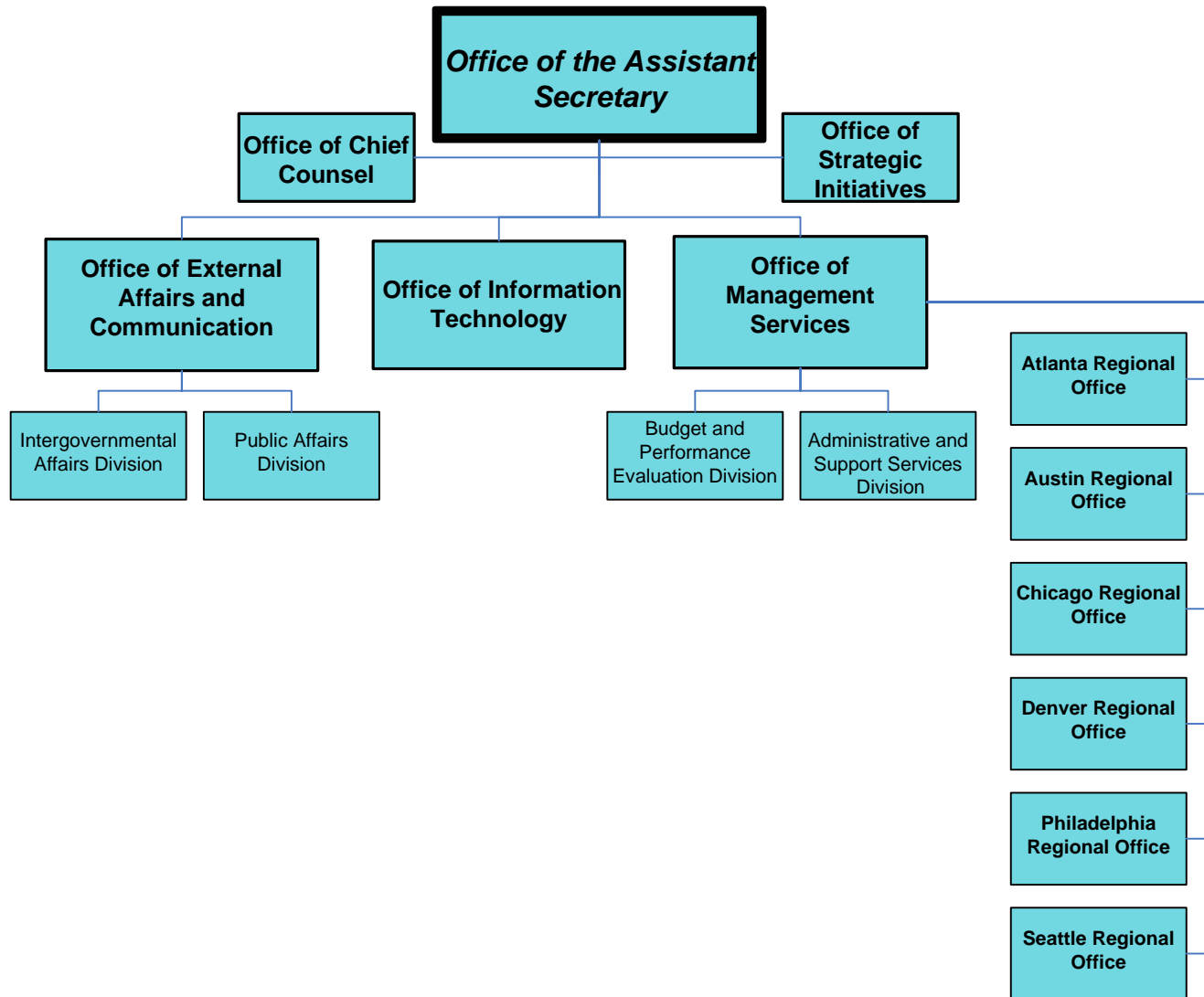
**Department of Commerce
Economic Development Administration
BUDGET ESTIMATES, FISCAL YEAR 2008
CONGRESSIONAL SUBMISSION**

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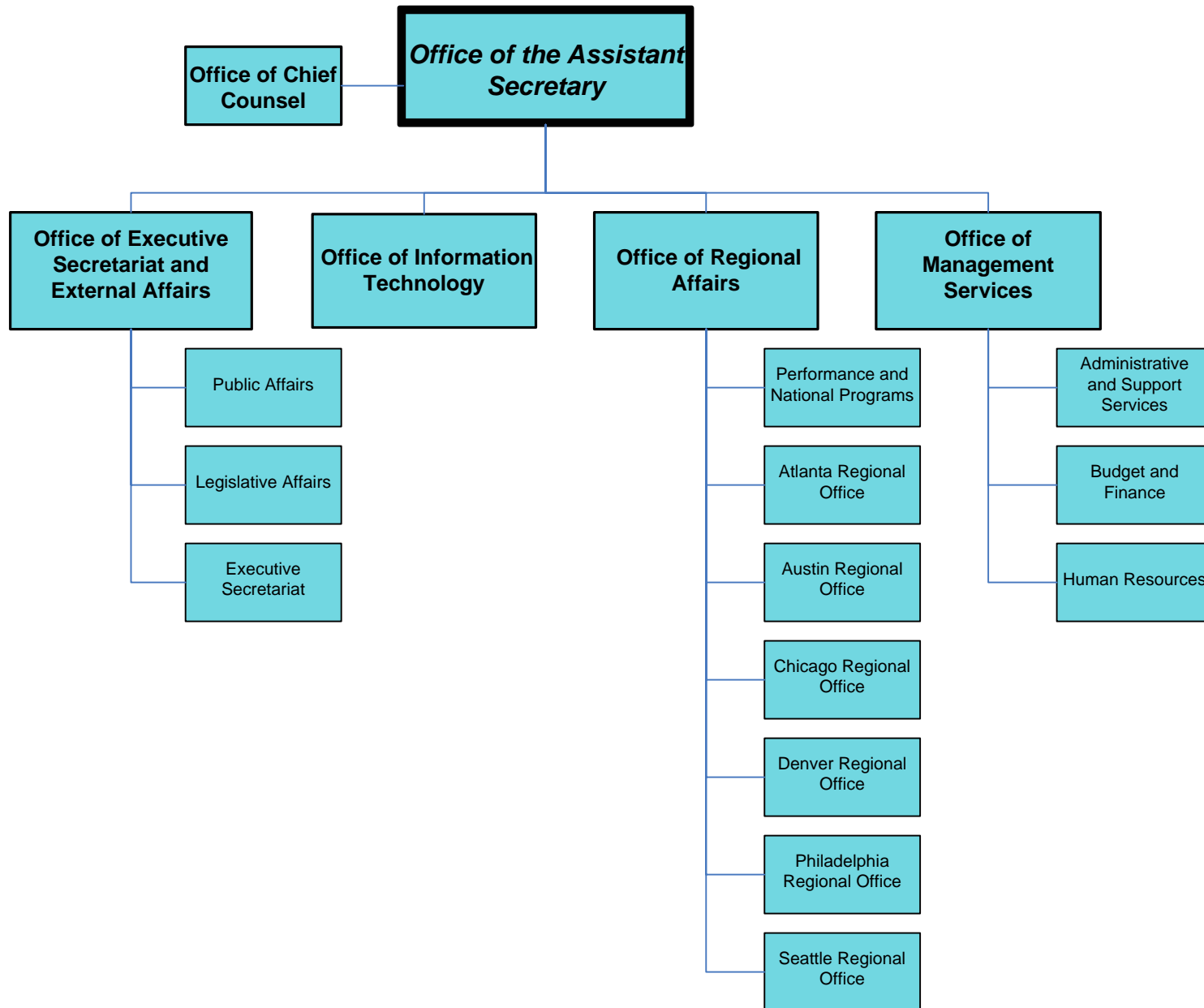
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Department of Commerce
Economic Development Administration
ORGANIZATION CHART
(Current)



Department of Commerce
Economic Development Administration
ORGANIZATION CHART
(Proposed)



**Department of Commerce
Economic Development Administration
Budget Estimates, Fiscal Year 2008**

EXECUTIVE SUMMARY

To help distressed communities compete globally in the 21st century, the Economic Development Administration (EDA) will promote regional economic development efforts that benefit distressed communities, and especially distressed rural communities. In FY 2008, EDA will facilitate the streamlining of its application process into a comprehensive, simplified procedure under the Regional Development Account (RDA) that is easier and quicker for applicants to access. The RDA will increase EDA's efficiency by providing a single, flexible program account that will avoid the challenges inherent in accessing multiple funds, accounting, and management. Under the RDA, the parameters of EDA's programs, eligibility requirements, and targeting of economic development to distressed areas will remain unchanged. In addition, EDA will work to create a broader and more collaborative role for its vital partners, the Economic Development Districts, University Centers and Indian Tribes to support and implement effective economic development and strategies, especially in the realm of innovation and entrepreneurship.

Building upon its expertise in understanding regional economic dynamics, EDA is helping communities build strategic development plans based on inherent regional competitive advantages. Since 2001, EDA has invested over \$433 million in forward-looking technology-related development projects to support innovation. For example, EDA invested \$1 million in the Tennessee Board of Regents and East Tennessee State University (ETSU) Research Foundation to help finance the expansion of the ETSU Innovation Lab, which is committed to supporting a regional business incubator network for the entire tri-cities region. The ETSU Innovation Lab is projected to create 160 jobs and \$25 million in private investment by the technology-based companies occupying the business incubator. In 2005, EDA invested \$800,000 in the Biotech Manufacturing Center of Texas to help construct a biotechnology incubator in Athens, Texas, to support the development of a burgeoning high-tech industry cluster in Henderson County, Texas.

EDA grant-based investments will encourage and support cross-jurisdictional planning and long-term strategy development, and promote public-private partnerships that include educational and research institutions, national laboratories, workforce development organizations, private businesses, and governments. EDA invested \$1 million in the Piedmont Triad Research Park (PTRP) and the City of Winston-Salem, North Carolina to help finance infrastructure improvements of the Piedmont Triad Research Park. The park will attract and foster hundreds of small and entrepreneurial life science and information technology businesses and create thousands of high paying jobs for the region. In the short-term, a total of 178 jobs will be created or saved, with private investments totaling more than \$87 million.

EDA will incorporate robust accountability standards to ensure that federal dollars are achieving results and that regions served achieve their goal of global competitiveness. EDA will also work with other federal economic and community development programs to develop and implement a common performance framework that will consist of a shared set of goals, standards, and indicators.

Summary of FY 2008 Appropriation Request

EDA requests \$32.8 million for Salaries and Expenses (S&E) and \$170.0 million for Economic Development Assistance Programs (EDAP).

Salaries and Expenses

The FY 2008 budget request of \$32.8 million for S&E represents a \$2.0 million increase over the FY 2007 President's Budget plus an estimated \$1.1 million for adjustments-to-base (ATBs) to maintain the current staffing level. The administration of EDA's Economic Development Assistance Programs (EDAP) is carried out through a network of Headquarters and six Regional Offices. These funds are used for payroll and associated benefits costs for EDA employees and EDA non-payroll administrative costs.

Economic Development Assistance Programs

The FY 2008 Budget Request of \$170.0 million for EDA represents a \$127.5 million decrease from the FY 2007 President's Budget, which reflects current budget priorities and constraints. In formulating the FY 2008 Budget Request the six regional offices analyzed their Regional Investment Strategies, surveyed their Economic Development District (EDD) partners, reviewed the Comprehensive Economic Development Strategies (CEDS), and analyzed the Department of Defense's Base Realignment and Closure 2005 (BRAC 2005) plan for their regions. The results were used to compile detailed information regarding investment funding needed for FY 2008.

The streamlined, comprehensive application process possible under the Regional Development Account (RDA) will enable investment partners (grantees) to engage simultaneously in multiple activities in support of a common initiative with just one EDA grant application (e.g., infrastructure and technical assistance) or to focus on comprehensive investments for different phases of a development project spanning several years. This approach gives investment recipients financial resources certainty for the length of the development project, unlike the current system of multiple applications and approvals. The investment recipient achieves administrative efficiencies by eliminating multiple grant applications and reports.

The RDA is modeled after the most flexible and streamlined EDA program, the Economic Adjustment Assistance program, which offers strategic development, planning, and infrastructure and construction implementation under the same program. The RDA accentuates the development of a strategy as a critical component of a successful infrastructure or construction project. The funding awarded for infrastructure and construction investments under the RDA will be consistent with the funding level traditionally awarded under the Public Works and Economic Adjustment Assistance programs. The RDA will encompass EDA programs authorized under the Public Works and Economic Development Act of 1965, as amended (PWEDA), including Public Works, Technical Assistance, Research and Evaluation, Economic Adjustment Assistance and Defense Economic Adjustment Assistance. Also as part of the RDA, EDA will assist communities adversely impacted by BRAC 2005. The Planning Program, and the Trade Adjustment Assistance for Firms Program authorized under separate legislation, are uniquely funded.

Under the RDA, grantees will engage in traditional programs through a faster, more efficient process. With RDA funds, distressed communities and regions can build their regional capacity by tapping into the EDA-funded Economic Development Districts, Tribal organizations, and University Center networks that are key elements of a regional strategy for global competitiveness. These networks enhance community abilities to adapt and create new technologies and opportunities through innovation and entrepreneurship. In addition, University Centers provide regional organizations and rural communities with dynamic assets and knowledge to understand the opportunities presented by the global marketplace, and to devise strategies to successfully compete. EDA investments often target very rural communities that have significant challenges in developing a technology base. An excellent example of an RDA-type investment is in rural Robeson County, North Carolina. In 2006 a grant was made to Robeson County Community College to help construct a unique workforce training center on its campus in the City of Lumberton. The North Carolina BioNetwork consortium chose this technical college as the state's only agricultural biotechnology training center. The county and its surrounding region have historically been heavily dependent on agriculture, and like most of the state have suffered dramatic losses in traditional manufacturing industries. Four regional food processing industries will benefit from the trained workforce that will become available as a result of this investment, laying the groundwork for a technology driven economy. These companies have committed to investing significant sums to create new jobs and

facilities to counter persistently high levels of poverty and illiteracy. With support from the networks and an easier, simplified application process from the RDA, the investment recipient and the surrounding region will find their position strengthened in the world-wide global economy.

Planning investments encourage and support professional planning and related services through local development organizations. Planning is a vital component in assessing how to best revitalize an area, utilize the available assets and attract new resources. It is a key factor in bridging the gap between distressed and non-distressed regions. Active EDD and Indian Tribe approaches are critical to leveraging a successful, motivated regional competitive advantage. With effective planning efforts, communities are able to analyze regional markets and return their assets to a high level of productivity. The planning program funds EDDs, individual distressed areas, Native American tribes, states, and cities. These investments help the EDDs develop and maintain their Comprehensive Economic Development Strategy (CEDS), which forms a region's master economic development plan. EDA plans to draw upon the Districts and Tribes to capitalize on shared regional strengths.

Trade Adjustment Assistance for Firms Program investments under the Trade Act of 1974, as amended, utilize a national network of Trade Adjustment Assistance Centers (TAACs) to help U.S. manufacturing and production firms that have lost domestic sales and employment due to increased imports of similar or competitive goods become more competitive in the global community. TAACs help firms complete the required certification process, assist them in preparing an adjustment proposal for submission to EDA for approval, and cost-share up to 50 percent with the firms to retain consultants to help implement the technical assistance tasks outlined in the approved adjustment proposals.

*Economic Development Administration**Mission Statement*

To lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy.

The mission of the Economic Development Administration (EDA) is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. This mission directly supports the Department of Commerce goal of providing the tools to maximize U.S. competitiveness.

EDA's Performance Goal 1 includes program activities associated with the Public Works and Economic Development program, the Economic Adjustment Assistance program (infrastructure and Revolving Loan Fund components), and when available, the Defense Economic Adjustment Assistance program. All of these program activities will be carried out under the Regional Development Account. The Public Works and Economic Development program empowers distressed communities to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term private sector jobs and investments. Among the types of projects funded are water, sewer, fiber optics, access roads, redeveloped "brownfields" sites, industrial and business parks, business incubator and skill training facilities, and port improvements. The Economic Adjustment Assistance program infrastructure components are designed to assist state and local entities in designing and implementing strategies to adjust or bring about change to an economy. The program focuses on areas that have experienced or are under threat of serious structural damage to the underlying economic base. The program also provides flexible investments to communities for making loans to local businesses to create jobs and leverage other private investment while helping a community to diversify and stabilize its economy. Factors that seriously threaten the economic survival of local communities include mass layoffs resulting from plant closures, military base closures or realignments, defense laboratory or contractor downsizing, natural disasters, natural resource depletion, out-migration, underemployment, and localized negative impacts of foreign trade.

EDA performance targets for long-term program outcomes are based on nine-year projections for private dollars invested, and jobs created and retained. Performance data are obtained at three-year intervals to provide snapshots of current progress in achieving the full, nine-year performance projection. Since most investments are completed an average of three years after award, EDA monitors performance results at three, six, and nine years after investment award. FY 2000 was the first year for which data was available for long-term outcomes. According to the performance evaluation of EDA's Public Works and Economic Development program (Rutgers et. al. 1997), investment impacts "generally increase with time." The Rutgers study found that "jobs resulting six years after completion [generally about nine years after investment award] were, on average, twice the number witnessed at project completion [generally about 3 years after award]".

EDA's Performance Goal 2 includes the following program activities: the Partnership Planning Program; Economic Adjustment Assistance Program (strategy investments component); National Technical Assistance, Training, Research, and Evaluation; University Center Program; and Local Technical Assistance. This

performance goal also includes Trade Adjustment Assistance for Firms as authorized by the Trade Act of 1974, as amended. All of these program activities, with the exception of Planning and Trade Adjustment Assistance, will be carried out under the Regional Development Account.

EDA's Partnership Planning Programs help support local organizations (Economic Development Districts, Indian Tribes, and other eligible areas) with their long-term planning efforts and their outreach to the economic development community on EDA's programs and policies.

The Economic Adjustment Assistance Program strategy investment component provides flexible investment support to develop economic adjustment strategies for communities facing sudden or severe economic distress. Under this program, states, cities, counties, and other eligible entities can receive investment assistance to assess the dislocation and develop an economic adjustment plan to generate private sector investments and create jobs.

EDA's Technical Assistance Program includes three major components. The University Center Program is a partnership of the federal government and academia that makes the vast resources of universities available to the economic development community. The National Technical Assistance Program supports world-class economic development practices and activities, including research and information dissemination efforts. The Local Technical Assistance Program helps fill the knowledge and information gaps that may prevent leaders in the public and nonprofit sectors in distressed areas from making optimal decisions on local economic development issues.

The Trade Adjustment Assistance Program is reauthorized under the Trade Act of 1974, as amended, and in 2002, the program was reauthorized through FY 2007. Through this program, EDA uses a national network of eleven Trade Adjustment Assistance Centers to help manufacturers and producers affected by increased imports (of similar or competitive goods) prepare and implement strategies for their economic recovery.

The programs associated with EDA's performance goals directly relate to the Department's Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers. The capacity building tools provided by EDA's assistance programs under Performance Goal 2 support the compilation of information needed by economic development practitioners and policy makers to make informed decisions and develop thoughtful and practical strategies for regional economic development. The implementation assistance programs included under Performance Goal 1 complement the Performance Goal 2 programs with the assistance required to implement the activities and initiatives identified through the capacity building process.

Priorities/Management Challenges

EDA continues to pursue and implement management improvements and initiatives that make good business sense and improve EDA's business processes while supporting the President's vision for management reform. These initiatives include the following:

- Budget and Performance Integration

- To further pursue the effective integration of the budgeting and performance evaluation processes, EDA analyzes Government Performance and Results Act of 1993 (GPRA) results on a quarterly basis and reports these analyses to both Regional Directors and the Executive Management Team. Efficiency measures associated with the performance measures for creating and retaining jobs and generating private investment are now in place, and performance results as well as Program Assessment Rating Tool (PART) analyses (discussed below under "PART Assessment") are used in the budget submissions to the Secretary, OMB, and Congress.

In addition, EDA's Balanced Scorecard approach continues to emphasize "cause and effect" relationships. Integration of management, performance, and budget is critical to achieving timely financial improvements and enhancing performance. At the highest level, the Balanced Scorecard is a framework

that helps translate strategy into operational objectives that drive both behavior and performance at the operational level. The Balanced Scorecard is a value-added management process that provides a critical tool for getting from vision to execution. In FY 2007, a Headquarters Balanced Scorecard will be developed, in addition to the Regional Scorecard already in use.

- **Strategic Human Capital**

- EDA is conducting business process reengineering, standardizing position descriptions and performance plans for employees, identifying skill gaps in mission critical occupations, and implementing training programs. EDA is establishing a training curriculum for employees in the areas of technical economic development, grants administration, and leadership to develop and retain high performing employees.

- **Competitive Sourcing**

- EDA continuously reviews its administrative processes to determine ways of performing these services in the most efficient and effective manner, resulting in some administrative processes being performed in-house, while others are performed by other bureaus within the Department of Commerce. In addition EDA has private sector contracts in the areas of Information Technology, Human Resources, and Accounting.

- **Improved Financial Performance**

- EDA continues to score well on all financial management indicators and did not have any material weaknesses, reportable conditions, or notifications of finding and recommendation in the FY 2005 financial statement audit. In response to the revised Office of Management and Budget (OMB) Circular A-123, Management Accountability and Control, procedures for grant administration and accounting processes were assessed and revised as necessary. EDA continues to strengthen its internal control over programmatic and business processes by performing more comprehensive risk assessments and developing detailed test plans for each control.

- **Information Dissemination**

- EDA will continue its Information Dissemination Campaign, which it began in 2002, that provides timely information on “best practices and ideas” in economic development to over 7,000 economic development practitioners across the nation from: state economic development offices; nationwide regional councils and economic development districts that represent local governments and their elected boards of directors; workforce development agencies; chambers of commerce; and university centers.

- The current Information Dissemination Campaign is a result of EDA’s partnership with the International Economic Development Council (IEDC) and the National Association of Regional Councils (NARC), and includes:

- Six “Economic Development Today” live satellite television shows, with nationally-recognized economic development leaders;
- Four quarterly issues of Economic Development America, a four-color high-quality magazine;
- Twelve issues of EDA Update, a monthly electronic newsletter that provides updates on the activities of EDA and its partners;
- A National Symposium, or numerous smaller Roundtables throughout the nation, to highlight cutting-edge economic development practices.

- **E-Government**

- EDA's focus is on implementing the grants.gov initiative so grants applications for its programs may be received online. All of EDA’s funding opportunities are currently available for public review. EDA has participated in several unit-specific and Department-wide requirements analyses on the

potential use of NOAA's Grants Online system or an alternate solution for consolidating Commerce-wide grants systems. The results of those analyses are still under review in the Department pending further instructions from OMB on the use of Centers of Excellence for grants processing systems. In a parallel effort, EDA has submitted to OMB and received approval of a Paperwork Reduction Act (PRA) information collection, necessitated by new regulations and expiring forms. In FY 2008, EDA will continue to work with the Department and grants.gov to develop online application packages once EDA's FY 2007 program structure and application procedures are finalized. In FY 2006, EDA updated its pre-application and application forms for use through April 30, 2009; those forms are posted on the EDA website. EDA also continues to place high emphasis on improving its certification and accreditation (C&A) process by instituting measures that monitor and mitigate vulnerabilities in a timely matter.

Unit Cost Measures for Targets for Job Creation and Private Investment

To compute targets, EDA calculates the "raw" number of jobs by dividing the total appropriation for job-producing programs by the cost per job, adjusted for inflation, derived in the Rutgers study. The calculation is adjusted downward by 30 percent to account for the expected attribution of jobs to economic conditions and dollars invested other than EDA dollars. Private investment targets are similarly established using a ratio of private investment dollars generated per EDA dollar, which is also adjusted downward by 30 percent for the same reason as for jobs. The EDA programs that directly produce jobs and private investment and to which unit cost measures are applied include the Public Works and Economic Development program, the implementation component of the Economic Adjustment Assistance program, and, when available, the Defense Economic Adjustment Assistance program. Actual results for both jobs and private investment are discounted by 25 percent to account for the attribution of jobs to dollars and economic conditions other than EDA dollars. EDA has begun expressing both target and actual job creation and retention as a ratio of jobs per \$1 million of EDA investment and target and actual private investment as a ratio of private investment generated per dollar of EDA investment.

Efficiency Measures Information

EDA has two measures of efficiency. In terms of private sector dollars invested as a result of EDA dollars, EDA averages 1.4:1 at the 3-year performance mark; 3.5:1 at 6 years; and 7.0:1 at 9 years. With regard to jobs created or retained as a result of EDA dollars, EDA sees 37 jobs per \$1 million, 93 jobs per \$1 million, and 185 jobs per \$1 million at 3, 6, and 9 years, respectively.

PART Assessment

In FY 2002, OMB conducted its first performance assessment of EDA. EDA continues to implement the FY 2002 PART recommendations to further improve its rating. EDA requested another PART assessment in FY 2004 to assess its progress and increased its score and maintained its rating of "Moderately Effective." EDA significantly improved program design to increase its impact in communities suffering economic distress and established investment policy guidelines focused on results rather than process. Application of these guidelines encourages regionally oriented investments in America's communities based on expected return on the taxpayer's investment.

Specific steps taken to address recommendations identified through the initial PART assessment include:

- New authority in EDA's reauthorization to reward performance by grant recipients who succeed in carrying out projects that create jobs;
- Continued program performance that exceeds performance targets based on 3, 6, and 9 year reviews of private sector investment and job creation; and
- Continued program performance that meets or exceeds targets addressed to increasing community capacity to achieve and sustain economic growth.

(See table next page)

Status of Implementing PART Recommendations

Program

OMB Recommendation

Milestones

Milestone Target

Status

Adjust targets to better reflect achievable performance

Develop Unit-cost measures for private sector leverage related to EDA investments

Better target EDA resources to areas of greatest need

Since implementation of its performance management system in FY 1997, EDA has adjusted future targets on various measures to reflect previous performance results of its program as data has been collected

EDA has developed unit-cost measures to reflect the ratio of EDA investment dollars to private sector dollars leveraged. The ratio is based on a study conducted by Rutgers University, which compiled and analyzed the performance of EDA Public Works projects after 9 years. In its findings, Rutgers found a private-sector leverage ratio of 10 to 1 for every EDA dollar invested. A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected private investment was realized within the first 3 years, and 50 percent after 6 years, resulting in 3 and 6-year target ratios of 2:1 and 5:1, respectively. The unit-cost measures are discounted 30 percent to account for the attribution of private sector investment generated as a result of funding and economic conditions other than EDA funding.

This recommendation was addressed through EDA reauthorization in FY 2004 and the resulting regulations.

FY 2008 Program Changes
(Dollars in Thousands)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Economic Development Assistance Program		\$297,467		(\$127,467)

Target and Performance Summary

Performance Goal 1: Increase Private Enterprise and Job Creation in Economically Distressed Communities

<i>Measure 1a</i>	<i>FY 2003 Target</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Target</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Target</i>	<i>FY 2005 Actual</i>	<i>FY 2006 Target</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Target</i>	<i>FY 2008 Target</i>
Private sector dollars invested in distressed communities as a result of EDA investments	\$320M by FY 2006	\$1,251M from FY 2000 investments	\$330M (1.4 to 1) by FY 2007	\$947M from FY 2001 investments	\$270M (1.4 to 1) by FY 2008	\$1,791M from FY 2002 investments	\$265M (1.4 to 1) by FY 2009	\$2,210M from FY 1997 investments	\$230M (1.4 to 1) by FY 2010	\$146M (1.4 to 1) by FY 2011
	\$810M by FY 2009		\$824M (3.5 to 1) by FY 2010	\$1,740M from FY 1998 investments	\$675M (3.5 to 1) by FY 2011	\$662M (3.5 to 1) by FY 2012	\$1,058M from FY 2000 investments		\$576M (3.5 to 1) by FY 2013	\$361M (3.5 to 1) by FY 2014
	\$1,620M by FY 2012		\$1,649M (7.0 to 1) by FY 2013	\$1,349M (7.0 to 1) by FY 2014	\$1,787M from FY 1999 investments	\$1,323M (7.0 to 1) by FY 2015	\$1,669M from FY 2003 investments		\$1,152M (7.0 to 1) by FY 2016	\$723M (7.0 to 1) by FY 2017

¹Actual private sector dollars – 3-Year Performance exceeds the FY 2000 projected target of \$400 million by FY 2003. (snapshot of performance for first reporting interval for FY 2000 investments)

²Actual private sector dollars – 6-Year Performance exceeds the FY 1997 projected target of \$581 million by FY 2003. (snapshot of performance for second reporting interval for FY 1997 investments)

³Actual private sector dollars – 3-Year Performance exceeds the FY 2001 projected target of \$480 million by FY 2004. (snapshot of performance for first reporting interval for FY 2001 investments)

⁴Actual private sector dollars – 6-Year Performance exceeds the FY 1998 projected target of \$650 million by FY 2004. (snapshot of performance for second reporting interval for FY 1998 investments)

⁵Actual private sector dollars – 3-Year Performance exceeds the FY 2002 projected target of \$420 million by FY 2005. (snapshot of performance for first reporting interval for FY 2002 investments)

⁶Actual private sector dollars – 6-Year Performance exceeds the FY 1999 projected target of \$1,040 million by FY 2005. (snapshot of performance for second reporting interval for FY 1999 investments)

<i>Measure 1b</i>	<i>FY 2003 Target</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Target</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Target</i>	<i>FY 2005 Actual</i>	<i>FY 2006 Target</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Target</i>	<i>FY 2008 Target</i>
Jobs created or retained in distressed communities as a result of EDA investments	9,170 by FY 2006	39,841 from FY 2000 investments	8,999 (38 to \$1M) by FY 2007	21,901 from FY 2001 investments ³	7,277 (38 to \$1M) by FY 2008	19,672 from FY 2002 investments ⁵	7,019 (37 to \$1M) by FY 2009	50,546 from FY 1997 investments	6,119 (37 to \$1M) by FY 2010	3,848 (37 to \$1M) by FY 2011
	22,900 by FY 2009		22,497 (96 to \$1M) by FY 2010	64 to \$1M	18,193 (94 to \$1M) by FY 2011	17,548 (93 to \$1M) by FY 2012	42,958 from FY 2000 investments		15,297 (93 to \$1M) by FY 2013	9,621 (93 to \$1M) by FY 2014
	45,800 by FY 2012		47,607 from FY 1997 investment	44,994 (191 to \$1M) by FY 2013	68,109 from FY 1998 investment ⁴	36,386 (188 to \$1M) by FY 2014	47,374 from FY 1999 investments ⁶		35,097 (185 to \$1M) by FY 2015	11,702 from FY 2003 investments

¹Actual jobs – 3-Year Performance exceeds the FY 2000 target of 11,300 jobs by FY 2003. (snapshot of performance at first reporting interval for FY 2000 investments)

²Actual jobs – 6-Year Performance exceeds the FY 1997 target of 25,200 jobs by FY 2003. (snapshot of performance at second reporting interval for FY 1997 investments)

³Actual jobs – 3-Year Performance exceeds the FY 2001 target of 14,400 jobs by FY 2004. (snapshot of performance at first reporting interval for FY 2001 investments)

⁴Actual jobs – 6-Year Performance exceeds the FY 1998 target of 27,000 jobs by FY 2004. (snapshot of performance at second reporting interval for FY 1998 investments)

⁵Actual jobs – 3-Year Performance exceeds the FY 2002 target of 11,500 jobs by FY 2005. (snapshot of performance at first reporting interval for FY 2002 investments)

⁶Actual jobs - 6-Year Performance exceeds the FY 1999 target of 28,400 jobs by FY 2005. (snapshot of performance at second reporting interval for FY 1999 investments)

Performance Goal 2: Improve Community Capacity to Achieve and Sustain Economic Growth

<i>Measure</i>	<i>FY 2003 Target</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Target</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Target</i>	<i>FY 2005 Actual</i>	<i>FY 2006 Target</i>	<i>FY 2006 Actual</i>	<i>FY 2007 Target</i>	<i>FY 2008 Target</i>
Percentage of economic development districts and Indian tribes implementing economic development projects from the comprehensive economic development strategy process that lead to private investment and jobs	95%	98.70%	95%	97.00%	95%	97.00%	95%	97%	95%	95%
Percentage of sub-state jurisdiction members actively participating in the economic development district program	89-93%	96.70%	89-93%	90.10%	89-93%	90.10%	89-93%	90%	89-93%	89-93%
Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center	75%	78.10%	75%	78.40%	75%	78.80%	75%	76%	75%	75%
Percentage of those actions taken by University Center clients that achieved the expected results	80%	85.70%	80%	87.50%	80%	87.50%	80%	82%	80%	80%
Percentage of Trade Adjustment Assistance Centers (TAACs) clients taking action as a result of the assistance facilitated by the TAACs	90%	92.40%	90%	90.00%	90%	95.00%	90%	90%	90%	90%
Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	95%	98.40%	95%	98.00%	95%	97.00%	95%	96%	95%	95%

Resource Requirements Summary

(Dollar amounts in millions)	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Base	Increase/ Decrease	FY 2008 Request
Performance Goal 1: Increase Private Enterprise and Job Creation in Economically Distressed Communities								
Salaries and Expenses	\$19.6	\$19.5	\$19.6	\$19.3	\$17.1	\$17.9	\$1.1	\$19.0
Economic Development Assistance Programs								
Regional Development Account	0.0	0.0	0.0	0.0	0.0	231.0	(127.5)	103.5
Public Works and Development Facilities ¹	208.8	203.5	161.5	158.1	138.6	0.0	0.0	0.0
Economic Adjustment Assistance	29.9	31.8	31.4	30.9	25.6	0.0	0.0	0.0
Defense Economic Adjustment Assistance ²		[1.5]					0.0	0.0
Total Funding Performance Goal 1	258.3	254.8	212.5	208.3	181.3	248.9	(126.4)	122.5
IT Funding ²	[0.8]	[0.8]	[0.8]	[0.8]	[0.8]	[0.8]		[0.8]
FTE	149.0	137.0	139.0	0.0	0.0	0.0		0.0
Performance Goal 2: Improve Community Capacity to Achieve and Sustain Growth								
Salaries and Expenses	10.5	10.5	10.5	10.4	12.4	12.9	0.9	13.8
Economic Development Assistance Programs								
Regional Development Account	0.0	0.0	0.0	0.0	0.0	26.6	0.0	26.6
Planning	23.9	23.7	27.0	27.0	27.0	27.0	0.0	27.0
Technical Assistance	9.2	8.1	8.3	8.2	8.0	0.0	0.0	0.0
Research and Evaluation	0.5	0.3	0.5	0.5	0.0	0.0	0.0	0.0
Trade Adjustment Assistance	10.4	11.8	11.8	12.8	12.9	12.9	0.0	12.9
Economic Adjustment Assistance	12.8	13.6	13.4	13.2	18.6	0.0	0.0	0.0
Defense Economic Adjustment Assistance ²		[0.7]					0.0	0.0
Total Funding Performance Goal 2	67.3	68.0	71.5	72.1	78.9	79.4	0.9	80.3
IT Funding ²	[0.5]	[0.4]	[0.4]	[0.4]	[0.4]	[0.4]		[0.4]
FTE	80.0	74.0	73.0	0.0	0.0	0.0		0.0
Appropriation Total								
Salaries and Expenses	30.1	30.0	30.1	29.7	29.5	30.8	2.0	32.8
Economic Development Assistance Program	295.5	292.8	254.0	250.7	230.7	297.5	(127.5)	170.0
TOTAL, EDA³	325.6	322.8	284.1	280.4	260.2	328.3	(125.5)	202.8

¹ FY 2006 Public Works and Development Facilities includes \$0.7M reprogrammed from EDAP to S&E

² Not included in S&E or EDAP totals

³ Totals reflect direct obligations for EDAP programs and S&E; totals do not include one-time disaster investments or reimbursable funding

Skill Summary:

EDA possesses the following institutional skills: economic development policy and planning; community outreach and project development; program and investment management; civil rights, environmental, and legal compliance; engineering; financial management; research and evaluation; program and management analysis; and general administration.

PERFORMANCE GOALS

EDA Performance Goal 1: *Increase Private Enterprise and Job Creation in Economically Distressed Communities*

Corresponding DOC Strategic Goal:

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

General Goal/Objective 1.1: *Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations.*

Rationale for Performance Goal 1

EDA's investment focus is to support long-term, coordinated and collaborative regional economic development approaches, sustain innovation and competitiveness, and encourage entrepreneurship. These investments are targeted to attract private capital investment and create higher-skill, higher-wage jobs in those communities and regions that are suffering from elevated levels of economic distress. EDA's investment goals are to concentrate on locally-developed, regionally-based initiatives that achieve the highest return on the taxpayers' investment and that directly contribute to the regional and national economic growth.

EDA's investment guidelines set standards to achieve its performance goals of promoting private sector investment and job creation in distressed communities. Potential investments must be market-based and results-driven; have strong organizational leadership; advance productivity, innovation, and entrepreneurship; and look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy. Potential investments must also demonstrate a high degree of commitment by exhibiting high levels of local government or non-profit matching funds and private sector leverage; clear and unified leadership and support by local elected officials; and strong cooperation among the business sector, relevant regional partners, and local, state, and federal governments.

Measure 1a: Private Sector Dollars Invested in Distressed Communities as a Result of EDA Investments

Explanation of Measure: The actual FY 2006 outcomes reported are the 3-year performance results of FY 2003 Public Works and Economic Development and Economic Adjustment Assistance infrastructure and Revolving Loan Fund investments, the six-year performance results of the FY 2000 Public Works and Economic Development and Economic Adjustment Assistance investments and the nine-year performance results of the FY 1997 Public Works and Economic Development and Economic Adjustment Assistance investments. The formula-driven calculation projects investment data at 3-, 6-, and 9-year intervals from the investment award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA Public Works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the 9-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected private investment was realized within the first three years. Based on that review, EDA adjusted the three-year target to 20 percent. EDA will continue to analyze actual private investment results to collect smooth trend data prior to modifying the target further. Actual results reported here reflect a 25 percent discount to account for the attribution of jobs to dollars and economic conditions other than EDA dollars.

Measure 1b: Jobs Created or Retained in Distressed Communities as a Result of EDA Investments

Explanation of Measure: The actual FY 2006 outcomes reported are the results of the FY 2003 Public Works and Economic Development and Economic Adjustment Assistance infrastructure and Revolving Loan Fund investments, the six-year performance results of the 2000 Public Works and Economic Development and Economic Adjustment Assistance investments, and the nine-year performance results of the 1997 Public Works and Economic Development and Economic Adjustment Assistance investments. The formula-driven calculation projects investment data at three-, six-, and nine-year intervals from investment award. The formula is based on a study by Rutgers University, which compiled and analyzed the performance of EDA Public Works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected jobs were realized within the first three years. Based on that review, EDA adjusted the three-year target to 20 percent. EDA will continue to analyze actual job creation results to collect smooth trend data prior to modifying the target further. Actual results reported here reflect a 25 percent discount to account for the attribution of jobs to dollars and economic conditions other than EDA dollars.

EDA Performance Goal 2: *Improve Community Capacity to Achieve and Sustain Economic Growth*

Corresponding DOC Strategic Goal:

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

General Goal/Objective 1.1: *Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations.*

Rationale for Performance Goal 2

EDA is proud of its active partnership with economic development partners at the state, regional, and local levels. The partnership approach to economic development is key to effectively and efficiently addressing the economic development challenges facing U.S. communities. EDA, therefore, continues to build upon its partnerships with local development officials; Economic Development Districts; University Centers; faith-based and community-based organizations; and local, state, and federal agencies. Additionally, EDA will forge strategic working partnerships with the private sector and look for innovative ways to spur development.

Economic development is a local process, although the federal government plays an important role by helping distressed communities build capacity to identify and overcome barriers that inhibit economic growth. EDA supports local planning and long-term partnerships with state and regional organizations that can assist distressed communities with strategic planning and investment activities. This process helps communities set priorities, determine the viability of projects, leverage outside resources to improve the local economy, and sustain long-term economic growth.

EDA Partnership Planning funds support the preparation of Comprehensive Economic Development Strategies (CEDs) that guide EDA Public Works and Economic Development Facilities and Economic Adjustment Assistance implementation investments, including Revolving Loan Fund investments. Sound local planning also attracts other federal, state, and local funds plus private sector investments to implement long-term development strategies. Evaluations of EDA's Public Works and Economic Development and Defense Economic Adjustment Assistance programs show that EDA capacity-building programs play a significant role in the successful outcomes of its infrastructure and Revolving Loan Fund projects.

EDA Performance Measures

Measure 2a: Percentage of Economic Development Districts and Indian Tribes Implementing Economic Development Projects from the CEDS Process that Lead to Private Investment and Jobs

Explanation of Measure: This measure provides an indication of whether the CEDS process is market-based and whether EDA is helping to create an environment conducive to the creation and retention of higher-skill, higher-wage jobs. Research conducted on FY 2002 data established a baseline measure for subsequent years.

Measure 2b: Percentage of Sub-State Jurisdiction Members Actively Participating in Economic Development Districts

Explanation of Measure: Economic Development Districts (EDDs) generally consist of three or more counties that are considered member jurisdictions. Sub-state jurisdiction participation indicates the District's responsiveness to the area it serves and shows that the services it provides are of value. Active participation was defined as either attendance at meetings or financial support of the Economic Development District during the reporting period. Sub-state jurisdiction members are independent units of government (cities, towns, villages, counties, etc.) and eligible entities substantially associated with economic development, as set forth by the District's by-laws or alternate enabling document.

Measure 2c: Percentage of University Center Clients Taking Action as a Result of the Assistance Facilitated by the University Center

Explanation of Measure: This measure determines the perceived value-added by the University Centers to their clients. EDA funds 59 University Centers that provide technical assistance and specialized services (for example, feasibility studies, marketing research, economic analysis, environmental services, and technology transfer) to local officials and communities. This assistance improves the community's capacity to plan and manage successful development projects. University Centers develop client profiles and report findings to EDA, which evaluates the performance of each center once every three years and verifies the data.

"Taking action as a result of the assistance facilitated" means to implement an aspect of the technical assistance provided by the University Center in one or several areas: economic development initiatives and training session development; linkages to crucial resources; economic development planning; project management; community investment package development; geographic information system services; strategic partnering to public- or private-sector entities; increased organizational capacity; feasibility plans; marketing studies; technology transfer; new company, product, or patent developed; and other services.

Measure 2d: Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results

Explanation of Measure: This measure is a follow-up to the measure, "Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center. This measure determines if the assistance provided by the University Center is market-based and results in desired outcomes. University Centers develop client profiles and report to EDA, which will evaluate and verify the performance of each University Center once every three years.

Measure 2e: Percentage of Trade Adjustment Assistance Center (TAAC) Clients Taking Action as a Result of the Assistance Facilitated by the TAAC

Explanation of Measure: This measure determines the value-added of the assisted TAAC to its clients. Eleven EDA-funded TAACs work with U.S. firms and industries that have been adversely impacted as a result of increased imports of similar or competitive goods to identify specific actions to improve each firm's competitive position in world markets.

“Taking action as a result of the assistance facilitated” means to implement an aspect of the Trade Adjustment Assistance provided by the TAAC. The TAACs provide three main types of assistance to firms: help in preparing petitions for certification (which must be approved by EDA in order for the firm to receive technical assistance), analysis of the firm’s strengths and weaknesses and development of an adjustment proposal, and in-depth assistance for implementation of the recovery strategy as set forth in the adjustment proposal.

Measure 2f: Percentage of Those Actions Taken by TAAC Clients that Achieved the Expected Results

Explanation of Measure: This is a follow-up to the measure, “Percentage of TAAC clients taking action as a result of the assistance facilitated by the TAAC.” This measure will determine if the assistance facilitated by the TAACs is market-based and results in desired outcomes. The centers conduct client surveys and report findings to EDA.

Program Increases/Decreases:

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Economic Development Assistance Program	\$297,467	(\$127,467)	EDA - 29

Program Evaluations:

According to the performance evaluation of EDA’s Public Works and Economic Development program (Rutgers et al. 1997), EDA investments produce jobs, usually in increasing amounts, after project completion. The study found that investment impacts “jobs resulting six years after completion [generally about nine years after investment award] were, on average, twice the number witnessed at project completion [generally about three years after award]”. Since most investments are completed an average of three years after award, EDA monitors performance results at three, six, and nine years after investment award. In FY 2005, EDA initiated a new evaluation of EDA program effectiveness in addressing regions of economic distress particularly with respect to the generation of private investment and in helping to create an environment for the creation and retention of higher-skill, higher-wage jobs (GovWorks). Another evaluation completed by researchers from Wayne State University during FY 2005 concluded that the Economic Adjustment Assistance program was valuable and useful (Fasenfest, et al, 2005). In FY 2006, EDA began reviewing Research Funding Proposals (RFPs) for an updated study of Program Effectiveness.

Cross-cutting Activities:

Intra-Department of Commerce:

EDA collaborates with the following Department of Commerce bureaus on cross-cutting initiatives:

- National Oceanic and Atmospheric Administration (NOAA) -- Strategies to revitalize brownfields in ports and harbors, also known as “portfields.”
- National Institute of Standards and Technology (NIST) -- Technology deployment and assistance to small manufacturers in economically distressed areas.
- National Telecommunications and Information Administration (NTIA) -- Strategies to upgrade telecommunications infrastructure in distressed rural and urban communities.
- Minority Business Development Agency (MBDA) -- Increased support for minority business development and entrepreneurship and for minority-serving institutions.

Other Government Agencies:

EDA builds effective partnerships with federal, state, and local entities on program delivery and information dissemination. At the federal level, major partners include:

- Office of the Federal Coordinator for Gulf Coast Rebuilding – Development, evaluation and counseling of long-term economic redevelopment principles and strategies following the Gulf Coast hurricanes of 2005.
- Federal Emergency Management Agency (FEMA) -- Early response, coordination, mitigation, and economic recovery efforts following major disasters.
- Environmental Protection Agency (EPA) -- Strategies to redevelop brownfields in ways that benefit economically distressed communities.
- Department of Defense Office of Economic Adjustment (OEA) -- Economic adjustment strategies and investments for base reuse and communities affected by Base Realignment and Closure Commission (BRAC) decisions.
- Department of Energy (DOE) -- Economic adjustment assistance to communities affected by closures of federal energy labs and facilities.
- Appalachian Regional Commission (ARC) -- Community and economic development assistance for economically distressed areas in the 13-state Appalachian region.
- Department of Labor (DOL) – Workforce Innovation in Regional Economic Development (WIRED), Dislocated Worker Program and National Apprenticeship Program, Trade Adjustment Assistance for Workers Program.
- Department of Agriculture (USDA), Rural Development/Rural Utilities (RD/RU) -- Infrastructure and business financing for enterprise development in rural areas.
- Department of Transportation (DOT) -- Improvements to highway, port, rail, and airport facilities to support private investment in distressed communities.
- Department of Housing and Urban Development (HUD) -- Coordination of Community Development Block Grants (CDBG) funds for economic development at the state and local levels; support for Empowerment Zones, Enterprise Communities, and Renewal Communities.
- Delta Regional Authority (DRA) -- A federal-state partnership serving a 240-county/parish area in an 8-state region to help economically distressed communities leverage federal and state programs which are focused on basic infrastructure development and transportation improvements, business development, and job training services.
- Council on Environmental Quality (CEQ) – American Heritage Rivers.
- Treasury Department – CFDI Fund Board and CAIP Board.
- Advisory Council on Historic Preservation (ACHP) – Preserve America Initiative.
- Denali Commission – Assistance in creating diversified and sustainable economies in Alaska.
- Environmental Protection Agency (EPA), Department of Housing and Urban Development Community Development Block Grants (HUD CDBG) and Office of Management and Budget (OMB) – Joint Development Outcomes Measures for Brownfields.
- Maritime Administration (MARAD) – An MOU allows for cooperative efforts on port conveyances of surplus property for port facility purposes.

Government/Private Sector:

EDA reviewed interagency agreements and supported GAO's review of cross-cutting federal programs for state and local economic development projects. EDA will provide leadership to improve federal assistance for economic development programs in distressed communities. EDA uses a national network of 11 Trade Adjustment Assistance Centers to help manufacturers and producers affected by increased imports prepare and implement strategies to guide their economic recovery.

External Factors and Mitigation Strategies:

GAO has recognized that measuring the performance of economic development programs is difficult because of the many external factors that can influence local economies. To ensure strong program performance, EDA targets assistance to projects that can provide direct and lasting benefits to economically distressed communities and regions. EDA programs are not intended to work alone, but to increase the availability of outside capital (both public and private) for sustainable development strategies to create and retain private enterprise and jobs in economically distressed areas. In doing so, EDA recognizes that many factors can influence the level of distress, the rate of investment and job creation or retention, and the availability of other public funding and private entities. For example:

- National or regional economic trends, such as slowdowns in the national economy, can cause firms to delay or postpone investments in new products, markets, plants, equipment, and workforce development. Such trends can affect the rate at which jobs are created or retained.
- Changes in business climate and financial markets can impact the level of private capital and degree of risk associated with investment decisions, particularly for firms considering establishing or expanding operations in highly distressed areas.
- Downturns in the national or regional economy can increase the demand for EDA assistance and reduce the availability of state and local funding. EDA regulations provide for waivers or reductions of the non-federal share, allowing EDA to cover a higher share of total project costs depending on the level of distress demonstrated by the local community.
- Natural disasters and other major events can dramatically impact local economies and create an unanticipated demand for EDA assistance. This can affect performance in several ways, increasing the number of areas that are eligible for assistance and the number of areas in highest distress. Such emergencies can alter funding priorities under regular EDA programs and at times result in emergency supplemental funding.

Mitigation Strategies include:

- * Strengthening local, state, and sub-state partnerships to assess and respond to long-term economic trends, sudden and severe dislocations, emergencies, and other unanticipated impacts on local economic conditions.
- * Establishing flexible program and funding authorities that respond to local priorities.
- * Developing effective partnerships with other federal agencies to improve assistance for distressed communities.
- * Working directly with distressed communities, through experienced field staff and with state and local officials to achieve long-term development objectives and address sudden and severe economic dislocations.

Data Validation and Verification

The EDA GPRA pilot evaluation studies provided trend data on past performance. This information informs EDA's validation and verification methods, ensuring appropriate measurement of long-term investment outcomes and EDA's performance. EDA achieved a 98 percent response rate for the FY 1999 pilots and conducted site visits to more than 25 percent of the projects to validate and verify data reported. The data was provided to Rutgers University for review and comparison with the original evaluations.

EDA validates annual performance results of private sector investment and job creation upon receipt of the data. For FY 2000 investment results reported in FY 2003, the Regional Offices verified 88 percent of the private sector investment and 57 percent of the jobs created. The Regional Offices directly contacted those investment recipients to request supporting information. Reports were completed that identified how the data was verified and the person or business contacted to verify the data. During FY 2006, EDA conducted validation site visits on six investments. The sample included one investment in each region. The site visits were divided between investments made during FY 1997, FY 2000, and FY 2003. At the time of the visits, the investments were reviewed utilizing the data report outline below. In all cases, the private investments and jobs created were verified. The verified data generally exceeded the values originally reported.

EDA processing procedures specify that staff verify proposed private investments and jobs. Proposals for EDA investments are reviewed by Regional Investment Review Committees (IRC) and then forwarded to the Headquarters' Budget and Performance Evaluation Division for quality assurance review. The quality

assurance process was implemented to determine whether the IRC-endorsed investments satisfy the regulatory requirements and Investment Policy Guidelines, as amended. Once an applicant has been invited to submit a formal application for an investment, the application includes a signed “Assurances of Compliance with Civil Rights and Other Legal Requirements” (Exhibit V.B.1.b).

EDA utilizes the following criteria for site selection to verify the private investment and job creation and retention data reported for its performance measures:

- The fiscal year data being verified are from an investment that was closed within the appropriate 3-, 6-, or 9-year reporting time-frame.
- EDA investment is equal to or greater than \$500,000.
- Private investment dollars and jobs created or retained is present.
- At least one verification site visit per region will be conducted.
- A varied selection of Public Works and Economic Development and Economic Adjustment Assistance (regular, defense, or Revolving Loan Fund) investments will be reviewed.

The GPRA site validation visit report includes background of the EDA investment and a project description. The following data are requested from the investment recipient with accompanying documentation for each item to verify the information.

- The tax assessment of the property or the building, before and after the construction or renovation. (if available)
- The number of jobs retained at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.
- The number of jobs created at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.
- The average salary of building's previous tenants, if applicable, or average annual wage before EDA investment. (if available)
- The average annual wage after the EDA investment.
- The amount of private investment at the time of project closeout and at the time of the site visit. Sources must be identified with documentation.
- The increase in Local Real or Business Property Tax Base (in dollars, if available).
- The percentage of population growth (or decline) since investment award.
- Direct project-related results, direct non-project-related results, and indirect results (if any) are identified in the report, as well as an overall assessment of the EDA investment.
- Photos, brochures, news-related articles (if available) are also included.

As EDA collects and analyzes the data, EDA will use it to adjust performance targets as appropriate.

**Economic Development Administration
Data Validation and Verification Chart**

<i>Performance Measure</i>	<i>Data Source</i>	<i>Frequency</i>	<i>Data Storage</i>	<i>Verification</i>	<i>Data Limitations</i>	<i>Actions to be Taken</i>
Measure 1a: Private Sector Dollars Invested in Distressed Communities as a Result of EDA Investments Measure 1b: Jobs Created or Retained in Distressed Communities as a Result of EDA Investments	Investment Recipient performance reports	At three-year intervals (typically three, six, and nine years after investment award)	EDA Management Information System	To validate data, EDA regions contacted recipients, or confirmed with engineers or project officers who had been on site. EDA will perform regional validation on-site visit with some recipients.	Universe - Regular Appropriation for Public Works and Economic Development and Economic Adjustment Assistance implementation and Revolving Loan Fund investments. Private investment may vary along with economic cycles.	EDA will continue to monitor investment and job creation data.
Measure 2a: Percentage of Economic Development Districts and Indian Tribes Implementing Economic Development Projects from the CEDS Process that Lead to Private Investment and Jobs	Investment Recipient Performance Evaluations and Comprehensive Economic Development Strategy	Annually	EDA Management Information System	EDA will conduct periodic performance reviews and site visits	Universe - EDA Partnership Planning investments only. This measure may vary with economic cycles due to limited local resources during downturns for project investments.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.
Measure 2b: Percentage of Sub-state Jurisdiction Members Actively Participating in the Economic Development District Program	Investment Recipient Performance Evaluations	Annually	EDA Management Information System	EDA conducts performance reviews and site visits on approximately one-third of the District and Indian Tribe investments per year.	Universe - EDA Partnership Planning investments only. This measure shows the value-added of the Economic Development Districts in which EDA invests. While an Economic Development District may be effective, members still may not participate for other reasons.	EDA will continue to monitor compliance with the new definition of sub-state member jurisdictions.
Measure 2c: Percentage of University Center Clients Taking Action as a Result of the Assistance Facilitated by the University Center	University Center client profiles	Annually	EDA Management Information System	Performance data will be verified by the University Centers. EDA headquarters will annually review profile data.	Universe - EDA Local Technical Assistance investments. This measures the value of the University Centers; however, while the assistance may be valued, clients may choose not to act for other reasons.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.
Measure 2d: Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results	University Center client profiles	Annually	EDA Management Information System	Performance data will be verified by the University Centers. EDA headquarters will annually review data.	Universe - EDA Local Technical Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.

<i>Performance Measure</i>	<i>Data Source</i>	<i>Frequency</i>	<i>Data Storage</i>	<i>Verification</i>	<i>Data Limitations</i>	<i>Actions to be Taken</i>
Measure 2e: Percentage of Trade Adjustment Assistance Center Clients Taking Action as a Result of the Assistance Facilitated by the TAAC	Trade Adjustment Assistance Center client profiles	Annually	EDA Management Information System	Performance data will be verified for the Trade Adjustment Assistance Centers. EDA headquarters will annually review data.	Universe - EDA Trade Adjustment Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.
Measure 2f: Percentage of Those Actions Taken by Trade Adjustment Assistance Center Clients that Achieved the Expected Results	Trade Adjustment Assistance Center client reports	Annually	EDA Management Information System	Performance data will be verified by the Trade Adjustment Assistance Centers. EDA headquarters will annually review data.	Universe - EDA Trade Adjustment Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.

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**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)**

	FTE	DIRECT OBLIGATION	BUDGET AUTHORITY
Continuing Resolution, FY 2007.....	0	244,556	230,741
Adjustments to support FY 2007 President's Budget.....	0	0	66,726
FY 2008 Adjustments to Base.....	0	<u>0</u>	<u>0</u>
2008 Base Request.....	0	244,556	297,467
Less: Obligations for Prior Years.....	0	(13,815)	0
Program Change.....	0	<u>0</u>	<u>(127,467)</u>
2008 Estimate.....	0	230,741	170,000

COMPARISON BY ACTIVITY			2006 Actual	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
			Amount	Amount	Amount	Amount	Amount
EDA-29	Regional Development Account	BA			\$257,597	\$130,130	(\$127,467)
		Obl					0
EDA-32	Public Works	BA	157,389	138,649	0	0	0
		Obl	172,070	147,928			0
EDA-34	Planning	BA	27,000	27,000	27,000	27,000	0
		Obl	27,255	27,229			0
EDA-37	Technical Assistance	BA	8,203	8,000	0	0	0
		Obl	8,948	8,655			0
EDA-39	Research & Evaluation	BA	481	0	0	0	0
		Obl	808	43			0
EDA-41	Trade Adjustment Assistance	BA	12,814	12,870	12,870	12,870	0
		Obl	14,243	12,910			0
EDA-44	Economic Adjustment Assistance	BA	44,154	44,222	0	0	0
		Obl	45,366	46,686			0

COMPARISON BY ACTIVITY		2006 Actual	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Tri-State Floods	BA		\$0	\$0	\$0	\$0
	Obl	126	0	0	0	0
Hurricane Andrew/Northridge Earthquake	BA		0	0	0	0
	Obl	46	13	0	0	0
Hurricane Floyd/Fran/Defense Adj. Asst.	BA		0	0	0	0
	Obl	1,374	453	0	0	0
Norton Sound/AK Fisheries/ NE Fisheries/ Emerg Response Supp/ Grants to States	BA		0	0	0	0
	Obl	387	638	0	0	0
Total Budget Authority	BA	250,041	230,741	297,467	170,000	(127,467)
	Obl	270,624	244,556	0	0	0
Adjustments to Obligations:						
Recoveries		(23,741)	0	0	0	0
Unobligated balance, start of year		(10,757)	(13,828)	0	0	0
Unobligated balance, transferred		87	13	0	0	0
Unobligated balance, end of year		13,828	0	0	0	0
Transfer to other accounts (+)		700	0	0	0	0
Unobligated Balance Rescission			0	0	0	0
Appropriations		250,741	230,741	297,467	170,000	(127,467)

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
SUMMARY OF REIMBURSABLE OBLIGATIONS**
(Dollar amounts in thousands)

COMPARISON BY ACTIVITY		2006 Actual		2007 Currently Available		2008 Base		2008 Estimate		Increase/ (Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Regional Development Account	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl	0	0	0	0	0	0	0	0	0	0
Public Works	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl	0	0	0	0	0	0	0	0	0	0
Planning	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl	0	0	0	0	0	0	0	0	0	0
Technical Assistance	Pos/BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl	0	0	0	0	0	0	0	0	0	0
Research & Evaluation	Pos./BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl	0	0	0	0	0	0	0	0	0	0
Trade Adjustment	Pos/BA	0	0	0	0	0	0	0	0	0	0
	FTE/Obl	0	0	0	0	0	0	0	0	0	0
Economic Adjustment	Pos./BA	0	18,705	0	24,000	0	24,000	0	24,000	0	0
	FTE/Obl	0	18,705	0	24,000	0	0	0	0	0	0
Reimbursable Obligations	Pos./BA	0	18,705	0	24,000	0	24,000	0	24,000	0	0
	FTE/Obl	0	18,705	0	24,000	0	0	0	0	0	0

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
SUMMARY OF FINANCING
(Dollar amounts in thousands)**

	2006 Actual	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
Total Obligations	\$289,329	\$268,556	\$321,467	\$194,000	(\$103,467)
Financing					
Offsetting collections from					
Federal funds	(18,705)	(24,000)	(24,000)	(24,000)	0
Trust funds					
Non-Federal sources		0			
Recoveries	(23,741)	0	0	0	
Unobligated balance, start-of-year	(10,757)	(13,859)	0	0	
Unobligated balance transferred	87	45	0	0	0
Unobligated balance, end-of-year	13,828	0	0	0	0
		0	0	0	0
Budget Authority	250,041	230,741	297,467	170,000	(127,467)
Transferred to/from other accounts	700				
Rescission					
Appropriation	250,741	230,741	297,467	170,000	(127,467)

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

ACTIVITY: REGIONAL DEVELOPMENT ACCOUNT		2006 Actual	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
	BA	\$0	\$0	\$257,597	\$130,130	(\$127,467)
	Obl.	0	0	0	0	0

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Regional Development Account

Base Program

The Regional Development Account (RDA) will enable investment partners (grantees) to engage in a common initiative by providing a user-friendly, streamlined process that enhances its traditional programs of infrastructure development, capacity building, and technical assistance. The RDA will help the grantee by providing a single, flexible program account that will simplify the process of accessing multiple program funds, accounting, and management. In addition, investment partners can readily access the critical networks that the EDA-funded Economic Development Districts, Tribal organizations and University Centers provide in order to support and implement effective economic development and strategies, especially in the realm of regionalism, innovation and entrepreneurship.

The Regional Development Account will:

- Allow investment partners to engage simultaneously in multiple activities in support of a common initiative with just one EDA grant (e.g., infrastructure and technical assistance).
- Provide investment partners the additional flexibility to respond to sudden and severe economic dislocations (e.g., a significant plant closure, natural disaster covered by the Stafford Act, or a military base closure).
- Build on EDA's existing and flexible Economic Adjustment Assistance account.
- Emphasize the role of Economic Development Districts and University Centers and their vital support to distressed communities.

Since its inception, EDA has emphasized supporting the grantee and enhancing their role in regional economic development approaches. The creation of Economic Development Districts (EDDs) simultaneously with EDA's original authorization in 1965 was a significant step towards regional development. The EDDs are primarily multi-county areas charged to support a coordinated economic development strategy across an economic region. For FY 2008, EDA will continue its long-standing emphasis of support to the grantee and regional economic development. EDA will work with communities to develop and implement economic development strategies that support the development goals of an entire economic region. This will help ensure that EDA-supported investments are compatible with and can better leverage other economic development initiatives in an economic region.

The RDA helps support the grantee and regional economic development by allowing EDA investment partners to engage in multiple EDA-supported activities through a single grant. For example, an infrastructure grant to a city to help develop an inter-modal transportation facility can be coupled with technical assistance support to help the city build strategic linkages with neighboring cities and counties – *in the same grant*.

RDA investments will support economic development by encouraging and supporting cross-jurisdictional planning and long-term innovation-based regional strategy development; encourage regional partnerships primarily based on economic relationships; and promote private-public partnerships for regional development that include educational and research institutions, national laboratories, labor organizations, private businesses and governments. The RDA will include robust accountability standards to ensure that federal dollars are achieving results and that regions served achieve their goal of global competitiveness.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

EDA Performance Goals Annual Performance Targets (\$000)	Performance Goal 1: <i>To Be Determined</i>		
	FY 2006	FY 2007	FY 2008
REGIONAL DEVELOPMENT ACCOUNT	\$0	\$0	\$130,130
Long-Term Outcomes			
<p><i>The goals and targets of the RDA are in the process of being developed. Goals and targets of the public works, economic adjustment, technical assistance, and research programs will be integrated into the RDA performance goals.</i></p>			

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: PUBLIC WORKS		2006 Actual	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Public Works	BA	\$157,389	\$138,649	\$0	\$0	\$0
	Obl.	172,070	147,928	0	0	0

* Included in the RDA for FY 2008.

**Department of Commerce
 Economic Development Administration
 Economic Development Assistance Programs
 JUSTIFICATION OF PROGRAM AND PERFORMANCE**

EDA Performance Goals Annual Performance Targets (\$000)	Performance Goal 1: <i>Increase Private Enterprise and Job Creation in Economically Distressed Communities.</i>		
	FY 2006	FY 2007	FY 2008*
PUBLIC WORKS	\$157,389	\$138,649	\$0
Long-Term Outcomes			
Jobs created or retained in distressed communities.	29,368	TBD	TBD
Private sector dollars invested in distressed communities.	\$1,110,537	TBD	TBD
<i>Note: 1) Jobs created or retained and private sector dollars invested for projects awarded in FY 2008 are projected to be fully realized by FY 2017.</i>			
<i>2) Long-term outcomes are based solely on direct jobs. Prior budgets included indirect job projections. The use of only direct jobs and private investments to calculate EDA projections is consistent with GAO recommendations and EDA stakeholder comments on the difficulty of attaining reliable sources for induced or indirect affects of EDA investments.</i>			
<i>3) Long-term outcomes are based on findings from the Public Works Program Performance Evaluation (Rutgers University et al., 1997).</i>			

* Included in the RDA for FY 2008.

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

ACTIVITY: PLANNING		2006 Actual Amount	2007 Currently Available Amount	2008 Base Amount	2008 Estimate Amount	Increase/ (Decrease) Amount
Planning	BA	\$27,000	\$27,000	\$27,000	\$27,000	\$0
	Obl.	27,255	27,229	0	0	0

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Planning

Base Program

Comprehensive, market-based, local and regional Planning is an essential component of successful economic development. Effective planning creates a road map for community growth and development with a focused approach towards creating higher-skill, higher-wage jobs. The Planning programs provide a foundation for EDA's infrastructure investments, which are designed to stimulate economic growth in distressed areas. The planning process supports an assessment of the area's economic conditions and the development of a Comprehensive Economic Development Strategy (CEDS) to guide resource allocation and project development. The key value of this process is that it is locally determined and involves participation by all the diverse interests in the community.

The CEDS, as explained in 13 CFR §303.7, is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen Regional economies. The CEDS analyzes the Regional economy and serves as a guide for establishing regional goals and objectives, developing and implementing a Regional plan of action, identifying investment priorities and funding sources, and assigning lead organizations responsibilities for execution of the strategy. Public and private sector partnerships are critical to the implementation of the integrated elements of a CEDS. As a performance-based plan, the CEDS serves a critical role in a Region's efforts to defend against economic dislocations due to global trade, competition and other events that would result in the loss of jobs and private investment. Once an approved CEDS is implemented, the Region may qualify for an implementation investment award through EDA's Public Works and Economic Adjustment Assistance programs to aid in the construction of infrastructure, planning, and technical assistance. In making subsequent investments, EDA is reacting to locally determined priorities and initiatives.

Critical to the economic analysis is the comparison of the range of programs and activities supported by the Economic Development Districts (EDDs), and the extent the CEDS integrates the concerns of stakeholders, including businesses, and State, Local and Federal government agencies. The CEDS must contain performance measures that will be used to evaluate the EDD's successful development and implementation of the CEDS, including but not limited to, the number and types of investments undertaken in the region, the number of jobs created, jobs retained, and amount of private sector investment in the region after the implementation of the CEDS, and changes in the economic environment of the region. Most EDDs will benefit from developing additional quantitative and qualitative measures that will evaluate progress toward achieving the important goals identified in the CEDS.

Currently, the performance measures for the EDA Planning program include the percentage of EDDs and Indian Tribes who implement CEDS projects, and the percentage of sub-state political jurisdiction members that actively participate in the EDD program. EDA will continue to monitor and develop trend data for these measures developed in part from FY 2002 baseline data.

EDA conducts a peer evaluation of each EDD at least every three years as required by the Economic Development Administration Reform Act of 1998. In its FY 2005 Performance and Accountability Report prepared as part of the Government Performance and Results Act of 1993, EDA reported that 90.1 percent of EDD member jurisdictions actively participated in their EDDs through financial support, participation at meetings, or both.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

EDA Performance Goals Annual Performance Targets (\$000)	Performance Goal 1: <i>Improve Community Capacity to Achieve and Sustain Economic Growth</i>		
	FY 2006	FY 2007	FY 2008
PLANNING	\$27,000	\$27,000	\$27,000
Long-Term Outcomes			
<i>Percentage of EDDs and Indian Tribes implementing economic development projects from the CEDS process that lead to private investment and jobs.</i>	95%	95%	95%
<i>Percent of sub-state political jurisdiction members actively participating in the Economic Development District (EDD) program.</i>	89-93%	89-93%	89-93%

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: TECHNICAL ASSISTANCE		2006 Actual Amount	2007 Currently Available Amount	2008 Base Amount	2008 Estimate Amount	Increase/ (Decrease) Amount
Technical Assistance	BA	\$8,203	\$8,000	\$0	\$0	\$0
	Obl.	8,948	8,655	0	0	0

* Included in the RDA for FY 2008.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

EDA Performance Goals Annual Performance Targets (\$000)	Performance Goal 2: <i>Improve Community Capacity to Achieve and Sustain Economic Growth</i>		
	FY 2006	FY 2007	FY 2008*
TECHNICAL ASSISTANCE	\$8,203	\$8,000	\$0
Outcome Measures			
<i>Percentage of UC clients taking action as a result of the assistance facilitated by the UC.</i>	75%	TBD	TBD
<i>Percentage of those actions taken by UC clients that achieved the expected results.</i>	80%	TBD	TBD

* Included in the RDA for FY 2008.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)**

ACTIVITY: RESEARCH & EVALUATION		2006 Actual Amount	2007 Currently Available Amount	2008 Base Amount	2008 Estimate Amount	Increase/ (Decrease) Amount
Research and Evaluation	BA	\$481	\$0	\$0	\$0	\$0
	Obl.	808	43	0	0	0

* Included in the RDA for FY 2008.

**Department of Commerce
 Economic Development Administration
 Economic Development Assistance Programs
 JUSTIFICATION OF PROGRAM AND PERFORMANCE**

EDA Performance Goals Annual Performance Targets (\$000)	Performance Goal 2: <i>Improve Community Capacity to Achieve and Sustain Economic Growth</i>		
	FY 2006	FY 2007	FY 2008*
RESEARCH AND EVALUATION	\$481	\$0	\$0
Outcome Measures			
None for this measure.			

* Included in the RDA for FY 2008.

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

ACTIVITY: TRADE ADJUSTMENT ASSISTANCE		2006 Actual Amount	2007 Currently Available Amount	2008 Base Amount	2008 Estimate Amount	Increase/ (Decrease) Amount
Trade Adjustment Assistance	BA	\$12,814	\$12,870	\$12,870	\$12,870	\$0
	Obl.	14,243	12,910	0	0	0

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Trade Adjustment Assistance for Firms

Base Program

International trade opening agreements are generally considered beneficial to the Nation overall, but the costs and benefits of these agreements are not uniformly shared by all U.S. firms. Some firms benefit almost immediately through increased access to foreign markets that were previously closed to them. Other firms, however, face shrinking profits as their domestic markets are eroded by increased competition from foreign firms. With each successive round of international trade agreements, it has become increasingly important to support firms which disproportionately bear the costs evolving from changing trade patterns.

EDA's Trade Adjustment Assistance (TAA) for Firms Program is authorized under chapter 3 of title II of the Trade Act of 1974, as amended. The TAA Program provides technical assistance to help U.S. firms experiencing a decline in sales and employment, resulting in important part from the increase in imports of like or directly competitive articles, to become more competitive in the global marketplace. The TAA program is a trade remedy mechanism which, rather than relying on tariffs, quotas or duties, supports free trade by helping trade import-impacted firms and industries regain their economic competitiveness. EDA funds and works in partnership with a national network of 11 Trade Adjustment Assistance Centers (TAACs) that offer low-cost, effective professional assistance directly to trade import-impacted firms in assessing their economic situation and developing and implementing a strategy to compete more effectively in the global market place.

Firms seeking assistance under the TAA program must first submit a petition, which documents the import-impacted sales and employment decreases. The TAAC provides assistance at no-cost to firms in completing and submitting the petition to EDA. If EDA determines a firm meets the legal requirements for certification, the firm is certified as eligible to apply for trade adjustment assistance. Within 2 years of the date of certification, a firm must submit an adjustment proposal to EDA. Typically, the TAAC works with the firm to prepare the adjustment proposal and the firm must pay at least 25 percent of the preparation costs. The adjustment proposal analyzes the strengths, weaknesses, threats, and opportunities of the firm and compares it to other firms in the same industry. The adjustment proposal outlines specific technical assistance tasks, which if implemented would assist the firm to regain its economic competitiveness in the global marketplace. EDA must approve the adjustment proposal; thereafter, the firm and TAAC work together to locate suitable consultants. A firm must pay between 25 and 50 percent of the total consultant costs to implement the technical assistance tasks outlined in the adjustment proposal with EDA and the TAAC funding the remaining costs (generally not to exceed \$75,000 in federal share).

In 1998, The Urban Institute published a report of evaluating a sampling of firms certified under the TAA Program that implemented one or more tasks outlined in their approved adjustment proposal and found that these firms survived at a statistically significant higher rate, achieved greater increases in sales, and hired more workers. In December 2000, the Government Accountability Office (GAO) published a report entitled Trade Adjustment Assistance—Impact of Federal Assistance to Firms is Unclear (GAO-01-12) and, while overall not as favorable as The Urban Institute Report, GAO-01-12 found that of the non-random survey of 54 firms that were certified as eligible to apply for trade adjustment assistance and that subsequently implemented one or more tasks outlined in their approved adjustment proposal: 53 firms indicated they were satisfied with the services provided by the TAACs, 51 firms indicated that they were satisfied with the services provided by third-party consultants, 40 firms reported that the TAA Program had an overall positive impact on sales and 31 firms reported that the TAA Program had an overall positive impact on firm employment.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

EDA Performance Goals Annual Performance Targets (\$000)	Performance Goal 2: <i>Improve Community Capacity to Achieve and Sustain Economic Growth</i>		
	FY 2006	FY 2007	FY 2008
TRADE ADJUSTMENT AND ASSISTANCE	\$12,814	\$12,870	\$12,870
Outcome Measures			
<i>Percentage of TAAC clients taking action as a result of the assistance facilitated by the TAAC.</i>	90%	90%	90%
<i>Percentage of those actions taken by TAAC clients that achieved the expected results.</i>	95%	95%	95%

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: ECONOMIC ADJUSTMENT ASSISTANCE		2006 Actual	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Economic Adjustment Assistance	BA	\$44,154	\$44,222	\$0	\$0	\$0
	Obl.	45,366	46,686	0	0	0

* Included in the RDA for FY 2008.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

EDA Performance Goals Annual Performance Targets (\$000)	Performance Goal 1: <i>Increase Private Enterprise and Job Creation in Economically Distressed Communities.</i>					
	INFRASTRUCTURE			CAPITAL ACCESS		
	FY 2006	FY 2007	FY 2008*	FY 2006	FY 2007	FY 2008*
ECONOMIC ADJUSTMENT ASSISTANCE	\$28,700	\$28,744	\$0	\$2,208	\$2,211	\$0
Long-Term Outcomes						
Jobs created or retained in distressed communities.	5,355	TBD	TBD	309	TBD	TBD
Private sector dollars invested in distressed communities.	202,508	TBD	TBD	3,863	TBD	TBD
<i>Note: 1) Jobs created or retained and private sector dollars invested for projects awarded in FY 2008 are projected to be fully realized by FY 2017.</i>						
<i>2) Long-term outcomes are based solely on direct jobs. Prior budgets included indirect job projections. The use of only direct jobs and private investments to calculate EDA projections is consistent with GAO recommendations and EDA stakeholder comments on the difficulty of attaining reliable sources for induced or indirect affects of EDA investments.</i>						
<i>3) Long-term outcomes are based on findings from the Public Works Program Performance Evaluation (Rutgers University et al., 1997).</i>						

* Included in the RDA for FY 2008.

FY 2006 and FY 2007 Economic Adjustment Assistance capacity-building funds (\$13,246 and \$13,267, respectively) not included in Performance Goal 1.

**Department of Commerce
Economic Development Administration
Economic Development Administration Programs
PROGRAM CHANGE FOR FY 2008
(Dollar amounts in thousands)**

		2008 Base	2008 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount
Economic Development Administration Programs	BA	\$257,597	\$130,130	(\$127,467)
	Obl.	0	0	0

Proposed FY 2008 Program Changes

The FY 2008 budget request of \$170.0 million for EDA represents a \$127.5 million decrease from the FY 2007 President’s Budget, which reflects current competing budget priorities and constraints. A funding level of \$170.0 million will enable EDA to fund approximately eighty-five construction or infrastructure projects, an average of fourteen projects per region. These investments will generate approximately \$720 million in private investment and create over 19,000 jobs. EDA will also continue funding University Centers, and provide local and national technical assistance, and short term planning at levels comparable to the assistance provided in previous years.

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	OBJECT CLASS	2006 Actual	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent					
11.3	Other than full-time permanent					
11.5	Other personnel compensation					
11.9	Total personnel compensation					
12.1	Civilian personnel benefits					
13.0	Benefits for former personnel					
21.0	Travel and transportation of persons					
22.0	Transportation of things					
23.1	Rental payments to GSA					
23.2	Rental payments to others					
23.3	Communications, utilities and miscellaneous charges					
24.0	Printing and reproduction					
25.0	Other services					
26.0	Supplies and materials					
31.0	Equipment					
41.0	Grants	\$270,624	\$244,556	\$297,467	\$170,000	(\$127,467)
99.0	Subtotal Direct Obligations	270,624	244,556	297,467	170,000	(127,467)
99.0	Reimbursable Obligations	18,705	24,000	24,000	24,000	0
99.9	TOTAL OBLIGATIONS	289,329	268,556	321,467	194,000	(127,467)

**Department of Commerce
Economic Development Administration
APPROPRIATION SUMMARY STATEMENT**

Appropriation: Economic Development Assistance Programs

EDA provides a broad range of economic development investments in a variety of geographical areas. Criteria for area eligibility under EDAP include such general indicators of distress as substantial and persistent unemployment levels, low incomes, substantial out-migration due to lack of job opportunities and slow job growth. A number of additional, more specialized criteria may also qualify an area for assistance. Eligibility for assistance may also be based on a determination by the Secretary that a special need for adjustment assistance exists. This need can result from sudden and severe economic dislocation, such as base closures or natural disaster, or from a long-term loss of economic activity. EDA's Planning projects are not limited to eligible areas.

The basic purpose of EDA programs is to stimulate employment and increase incomes in areas that are characterized by underutilized resources, which if put to productive use, can contribute to greater national productivity and balanced national economic growth. The structural economic problems of various geographic areas, though having distinct characteristics, are interrelated. Thus an effective Federal economic development program must transcend the conventional conceptions of urban and rural development by addressing all geographic areas within a framework of national priorities and resources.

The authorizing legislation provides for a broad range of program tools EDA can utilize individually or in combination to meet the specific needs of individual distressed communities. EDA provides public works and development facilities projects to leverage investments that will create new, permanent jobs in distressed areas. EDA also awards projects for economic development planning purposes, technical assistance and economic adjustment to help areas address structural economic change, and supports a range of research and evaluation activities aimed at increasing understanding of the processes of economic growth and development.

Regional Development Account investments will support the federal role in economic development by encouraging and supporting cross-jurisdictional planning and long-term innovation-based regional strategy development; encourage regional partnerships primarily based on economic relationships; and promote private-public partnerships for regional development that include educational and research institutions, national laboratories, labor organizations, private businesses and governments. The EDA Regional Development Account will include robust accountability standards to ensure that federal dollars are achieving results and that regions served achieve their goal of global competitiveness. EDA will also fund University Centers through the Regional Development Account as one element of a region's strategy for global competitiveness. With the exception of the Planning program and Trade Adjustment Assistance program noted below, the Regional Development Account will provide funding for all of EDA's programs under the Public Works and Economic Development Act of 1965 (PWEDA).

Planning investments encourage and support local development organizations by providing funding for professional planning staff and related services. The planning grant programs include administrative, formulation and implementation support for Economic Development Districts (EDD) and individual distressed areas, including Indian reservations, and economic development planning assistance to districts, states and cities.

Trade Adjustment Assistance Program investments in Trade Adjustment Assistance Centers (TAACs) help U.S. firms injured by increased imports of competitive products regain the ability to compete in the marketplace.

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
APPROPRIATION LANGUAGE AND CODE CITATIONS

For economic development assistance as provided by the Public Works and Economic Development Act of 1965, as amended, and for trade adjustment assistance as provided by title II of the Trade Act of 1974, as amended, to remain available until expended.

19 U.S.C. 2343 - For cooperative agreements with Trade Adjustment Assistance Centers to provide technical adjustment assistance to eligible recipients (firms certified by EDA).

19 U.S.C. 2346(b) - Authorizes the appropriation of funds through fiscal year 2007, to remain available until expended, to carry out the Secretary's functions under this part in connection with furnishing adjustment assistance to firms.

19 U.S.C. 2355 - Assistance to Industries-The Secretary may provide technical assistance on such terms and conditions as the Secretary deems appropriate, for the establishment of industry-wide programs for new product development, new process development, export development or other uses consistent with the purposes of this part. Such technical assistance may be provided through existing agencies, private individuals, firms, universities and institutions, and by grants, contracts, or cooperative agreements to associations, unions, or other nonprofit industry organizations in which a substantial number of firms or workers have been certified as eligible to apply for trade adjustment assistance under 19 U.S.C. 2273 or 2341. Expenditures for technical assistance under this section may be up to \$10,000,000 annually per industry and shall be made under such terms and conditions as the Secretary deems appropriate.

42 U.S.C. 3121 - Assistance should be made available to both rural- and urban- distressed communities; local communities should work in partnership with neighboring communities, the States, Indian tribes, and the Federal Government to increase the capacity of the local communities to develop and implement comprehensive economic development strategies to alleviate economic distress and enhance competitiveness in the global economy; whether suffering from long-term distress or a sudden dislocation, distressed communities should be encouraged to support entrepreneurship to take advantage of development opportunities afforded by technological innovation and expanding newly opened global markets; and assistance under this Act should be made available to promote the productive reuse of abandoned industrial facilities and the redevelopment of brownfields.

42 U.S.C. 3141 - The Secretary is authorized to make grants for acquisition or development of land and improvements for use for a public works, public service, or development facility; and acquisition, design and engineering, construction, rehabilitation, alteration, expansion, or improvement of such a facility, including related machinery and equipment.

42 U.S.C. 3143 - The Secretary is authorized to make grants to pay the costs of economic development planning and the administrative expenses of organizations that carry out the planning.

42 U.S.C. 3145 - The Secretary is authorized to make a supplementary grant in order to assist eligible recipients in taking advantage of designated Federal grant programs, on application of an eligible recipient, the Secretary may make a supplementary grant for a project for which the recipient is eligible but for which the recipient cannot provide the required non-Federal share because of the economic situation of the recipient.

42 U.S.C. 3147 - The Secretary may make grants for training, research, and technical assistance, including grants for program evaluation and economic impact analyses, that would be useful in alleviating or preventing conditions of excessive unemployment or underemployment to be used for any of the following: project planning and feasibility studies; demonstrations of innovative activities or strategic economic development investments; management and operational assistance; establishment of university centers; establishment of business outreach centers; studies evaluating the needs of, and development potential for, economic growth of areas that the Secretary determines have substantial need for the assistance; studies that evaluate the effectiveness of coordinating projects funded under PWEDA with projects funded under other Acts; assessment, marketing, and establishment of business clusters; and other activities determined by the Secretary to be appropriate.

42 U.S.C. 3149 - The Secretary may make grants for development of public facilities, public services, business development (including funding of a revolving loan fund), planning, technical assistance, training, and any other assistance to alleviate long-term economic deterioration and sudden and severe economic dislocation and further the economic adjustment objectives of this sub-chapter (42 U.S.C. 3141 et seq.).

42 U.S.C. § 3154a - The Secretary may make a performance award in connection with a grant made, on or after the date of enactment of this section, to an eligible recipient for a project under section 201 or 209.

42 U.S.C. § 3154b - The Secretary may make a planning performance award in connection with a grant made, on or after the date of enactment of this section, to an eligible recipient for a project under this title located in an economic development district.

42 U.S.C. § 3154d - The Secretary may make a grant for a project for the development of a brightfield site. The term 'brightfield site' means a brownfield site that is redeveloped through the incorporation of 1 or more solar energy technologies. There is authorized to be appropriated to carry out this section \$5,000,000 through fiscal year 2008, to remain available until expended.

42 U.S.C. 3171 - The Secretary may designate appropriate economic development districts in the United States, with the concurrence of the States in which the districts will be wholly or partially located.

42 U.S.C. 3231 - Authorizes program funds to be appropriated to carry out 42 U.S.C. 3121 et seq. through fiscal year 2003, to remain available until expended.

42 U.S.C. 3232 - In addition to amounts made available under 42 U.S.C. 3231, funds are authorized to be appropriated as are necessary to carry out 42 U.S.C. 3149(c)(1), (military base closures or realignments, defense contractor reductions in force, or Department of Energy defense-related funding reductions) to remain available until expended and such funds may be used for activities including pilot projects for privatization of, and economic development activities for, closed or realigned military or Department of Energy installations.

42 U.S.C. 3233 - In addition to amounts made available under 42 U.S.C. 3231, funds are authorized to be appropriated as are necessary to carry out 42 U.S.C. 3149(c) (2), (disasters or emergencies, in areas with respect to which a major disaster or emergency has been declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), for post- disaster economic recovery) to remain available until expended.

42 U.S.C. 3234 - Specifies that of the amounts made available under 42 U.S.C. 3231, not less than \$27 million shall be made available for grants under 42 U.S.C. 3143.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS**
(Dollar amounts in thousands)

	FTE	DIRECT OBLIGATION	BUDGET AUTHORITY
Continuing Resolution, FY2007...	175	32,081	29,557
Adjustment to support level in FY 2007 President's Budget.....	0	0	143
Plus: Adjustment to Base.....	0	<u>0</u>	<u>1,120</u>
2008 Base Request.....	175	32,081	30,820
Less: Obligations for Prior Years.....	0	(2,524)	0
Plus: Program Change.....	<u>0</u>	<u>0</u>	<u>1,980</u>
2008 Estimate.....	175	29,557	32,800

COMPARISON BY ACTIVITY		2006 Actuals		2007 Currently Available		2008 Base		2008 Estimate		Increase/ (Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Salaries and expenses, direct	Pos./BA	200	\$30,391	175	\$29,557	175	\$30,820	175	\$32,800	0	\$1,980
	FTE/Obl	160	30,147	175	31,323					0	0
Adjustments to obligations:											
Recoveries			(12)								
Unobligated balance, start of year			(1,702)		(1,766)						
Unobligated balance transferred											
Unobligated balance, end of year			1,766								
Unobligated balance expiring			192								
Transfer from other accounts (-)			(700)								
Transfer to other accounts (+)											
Rescission											
APPROPRIATION		160	29,691	175	29,557	175	30,820	175	32,800	0	1,980

**Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF REIMBURSABLE OBLIGATIONS**
(Dollar amounts in thousands)

COMPARISON BY ACTIVITY		2006 Actual		2007 Currently Available		2008 Base		2008 Estimate		Increase/ (Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Salaries and expenses, reimbursable obligations	Pos./BA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	FTE/Obl	8	3,442	7	2,758	7	2,000	7	2,000	0	0

**Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)**

	2006 Actual	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
Total Obligations	\$33,589	\$34,081	\$32,820	\$34,800	\$1,980
Financing:					
Offsetting collections from:					
Federal funds	(3,442)	(2,758)	(2,000)	(2,000)	0
Trust funds					
Non-Federal sources					
Recoveries	(12)				
Unobligated balance, start-of-year	(1,702)	(1,766)			
Unobligated balance transferred	(700)				
Unobligated balance, end-of-year	1,766				
Unobligated balance expiring	192				
Unobligated balance lapsing					
Budget Authority	29,691	29,557	30,820	32,800	1,980
Rescission					
Appropriation	29,691	29,557	30,820	32,800	1,980

**Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES**
(Dollar amounts in thousands)

ADJUSTMENTS:

OTHER CHANGES:

	<u>FTE</u>	<u>Amount</u>
Annualization of 2007 Pay Raise.....	\$0	120
2008 Pay Raise.....	0	385
Payment to the Working Capital Fund.....	0	30
Changes in Compensable Days.....	0	133
Civil Service Retirement System (CSRS).....	0	(48)
Federal Employees' Retirement System (FERS).....	0	77
Thrift Savings Plan.....	0	14
Employee Compensation Fund	0	19
Federal Insurance Contribution Act (FICA) - OASDI.....	0	46
Health Insurance.....	0	52
NARA.....	0	1
Postage.....	0	3
Travel and transportation of persons:		
Mileage.....	0	25
Per Diem.....	0	26
Rental payments to GSA.....	0	57
Printing and reproduction.....	0	2
Other Services:		
General pricing level adjustment Rental payments to others \$4,194, Other Services \$86,974), Supplies and materials \$8,046, Equipment \$6,138, Transportation of Things \$648.....	0	106
Working Capital Fund.....	<u>0</u>	<u>72</u>
Subtotal, other changes.....	0	1,120
Total, adjustments to base.....	0	1,120

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES
(Dollar amounts in thousands)**

<u>ADJUSTMENTS:</u>	<u>FTE</u>	<u>Amount</u>
OTHER CHANGES:		
Pay Raise	\$0	\$535
2007 Pay Raise:		
A pay raise of 2.2% is assumed to be effective January 2007.		
Total cost in 2008 of 2007 pay increase.....	\$479	
Less amount funded in 2007.....	(359)	
Amount requested in FY 2008 for FY 2007 Pay raise.....	\$120	
2008 Pay Increase and Related Costs:		
A general pay raise of 3.0 percent is assumed to be effective January 1, 2008.		
Total cost in 2008 of pay increase.....	385	
Less amount absorbed.....	0	
Amount requested for 2008 pay increase.....	385	
Payment to Working Capital Fund.....	30	
Amount requested in FY 2008 for FY 2008 Pay Raise.....	415	
Changes in Compensable Days		\$133
There will be two additional compensable days in 2008 compared to 2007. Increased costs due to changes in compensable days are calculated by dividing the 2007 estimated personnel compensation (\$14,700,000) and applicable benefits (\$2,557,000) by 260 compensable days for \$66,373 per day. The increased cost of two additional compensable days is \$132,746.		
Civil Service Retirement System (CSRS)		(\$48)
The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll employees covered by CSRS will drop from 41.20% in 2007 to 36.50% in 2008.		
FY 2008 cost: \$14,700,000 x 36.5 % x 7.00%	\$376	
FY 2007 cost: \$14,700,000 x 41.2 % x 7.00%	\$424	
Total, adjustment to base	(48)	

JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES

(Dollar amounts in thousands)

<u>Federal Employees Retirement Systems (FERS)</u>		\$77
<p>The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will increase from 58.8% in 2007 to 63.5% in 2008 for regular employees. The contribution rate for regular employees will increase to 11.20% in 2008.</p>		
FY 2008 cost: \$14,700,000 x 63.5% x .11.2%		\$1,045
FY 2007 cost: \$14,700,000 x 58.8% x .11.2%		<u>\$968</u>
Total, adjustment to base		\$77
 <u>Employee Compensation Fund</u>		 \$19
<p>EDA's estimated cost for employees Compensation Fund increased by \$19,000</p>		
 <u>Thrift Savings Plan (TSP)</u>		 \$14
<p>The cost of EDA's contributions to the Thrift Savings Plan will rise as FERS participation increases. The contribution rate is expected to remain at 2.0%.</p>		
FY 2008 cost: \$14,700,000 x 63.5% x 2.0%		\$187
FY 2007 cost: \$14,700,000 x 58.8% x 2.0%		<u>\$173</u>
Total, adjustment to base		\$14
 <u>Federal Insurance Contribution Act (FICA)</u>		 \$46
<p>As the percentage of payroll covered by FERS rises, the cost of OASDI contribution will increase. In addition, the maximum salary subject to OASDI tax is \$102,300 in 2007 resulting in an increase in OASDI contributions. The OASDI rate will remain at 6.2% in 2008.</p>		
FY 2008 cost: \$14,910,000 x 63.5% x 93.7% x 6.2%		\$550
FY 2007 cost: \$14,910,000 x 58.8% x 92.8% x 6.2%		<u>\$504</u>
Total, adjustment to base		\$46
 <u>Health insurance</u>		 \$52
<p>Effective January 2006, EDA's contributions to Federal employees' health insurance premiums increased an average of 6.8%. Applied against the 2007 estimate of \$766,000 the additional amount required is \$52,000.</p>		

JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES

(Dollar amounts in thousands)

<u>Travel and transportation of persons</u>	\$51
<u>Mileage</u> : The reimbursement rate for use of a privately-owned automobile increased from 40.5 cents to 44.5 cents. The percentage increase of 9.9% was applied to the 2007 estimate of \$255,000 to arrive at an increase of \$25,245.	\$25
<u>Per Diem</u> : Effective February 15, 2006, the General Services Administration raised per diem rates. This results in a 5.8% increase to EDA. This percentage was applied to the 2007 estimate of \$447,000 resulting in an increase of \$25,926.	\$26
<u>Rental payments to GSA</u>	\$57
The General Service Administration has provided a preliminary estimated increase of 2.4% over the 2007 cost of \$2,379,000 for currently occupied space. This results in an increase of \$57,096.	
<u>Printing and reproduction</u>	\$2
GPO has provided an estimated rate increase of 1.8%. This percentage was applied to the 2007 estimate of \$104,000 to arrive at an increase of \$1,856.	
<u>Other services</u>	\$72
An additional \$72,000 is required to fund cost increases in the Departmental Management's Working Capital Fund.	
<u>NARA</u> (National Archives and Records Administration)	\$1
<u>Postage</u>	\$3
Effective January 2006, the Postal Service implemented a rate increase of 5.4%. This percentage was applied to the FY 2007 estimate of \$48,000 to arrive at an increase of \$2,592.	
<u>General pricing level adjustment</u>	\$106
This request applies assumptions for 2008 of 1.8% to sub-object classes where the prices that the Government pays are established through the market system.	
Subtotal, other changes.....	<u>\$1,120</u>
Total, adjustments to base.....	\$1,120

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Executive Direction

Goals and Objectives

Goals: To manage the Agency effectively and efficiently in achieving the objectives of the Administration and Congress.

Objectives: To provide essential policy guidance and management to ensure program effectiveness and the maximum utilization of all funds.

Base Program

The Assistant Secretary directs the Agency's programs and is responsible for the conduct of all economic development activities, including overall direction and coordination of the Regional Offices of EDA, subject to the policies and directives prescribed by the Secretary of Commerce.

The Deputy Assistant Secretary and Chief Operating Officer assists the Assistant Secretary in all matters affecting EDA and performs the duties of the Assistant Secretary during the latter's absence.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Office of Chief Counsel

Goals and Objectives

Goals: To provide legal guidance to ensure that agency actions comply with the requirements of law.

Objectives: To prepare documents and to provide legal review of documents to ensure consistency with the requirements of law and to serve as the FOIA and Privacy Act Officer for the agency.

Base Program:

The Office of Chief Counsel prepares and reviews legal documents to ensure consistency with applicable legal requirements imposed on agency programs by statute, regulation, executive order, OMB circular or controlling policy document. The Chief Counsel directs and supervises the activities of the OCC, including those of EDA's six regional counsels. In addition, the Assistant Secretary has delegated to the Chief Counsel responsibility to serve as the primary agency official for purposes of complying with the Freedom of Information Act and the Privacy Act.

These responsibilities include drafting changes to EDA's underlying statutory authorities, the Public Works and Economic Development Act of 1965, as amended, and the Trade Act of 1974, as amended, upon occasion and in connection with reauthorization of the agency's program authorities; revising agency regulations to implement statutory and other changes at title 13, Code of Federal Regulations; assisting in Paperwork Reduction Act and grants.gov matters; responding to inquiries regarding environmental and civil rights statutes; reviewing the legal sufficiency of petitions for certification of eligibility under the Trade Adjustment Assistance for Firms program; updating standard terms and conditions and other documents critical to award of assistance; drafting memoranda of understanding; preparing announcements of federal funding opportunities; revising EDA's directives system to implement policy changes; and preparing decision documents to resolve audit matters on appeal and to respond to settlement offers. In addition, regional counsels provide a full range of legal services incident to approval of applications, such as reviewing the acceptability of title to property and sufficiency of diverse property-related agreements, and a full range of legal services incident to post-approval matters, such as resolving complex property issues relating to the use and disposition of project assets.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Office of Information Technology

Goals and Objectives

Goals: To ensure that the Economic Development Administration has the technological tools and support necessary to accomplish its mission and goals.

Objectives: To provide comprehensive information technology and data processing support to EDA.

Base Program

The Office of Information Technology develops and manages strategic information technology plans, annual IT operating plans and budgets, and IT capital asset plans and budgets. The Chief Information Officer directs and supervises the activities of the IT Office, including system and application development, information security, maintenance, and oversight of day-to-day operations.

The base program budget includes costs for providing Information Technology and Computer System Support for EDA. This support includes the development, information security, maintenance, installation, operation, and support for all major information systems, networks, data bases, computers and office automation tools used in the Agency by its executives, managers, and employees.

The base program budget also establishes maintenance and support of the local and wide area computer networks (LAN and WAN) connecting personal computers, printers, other devices and fileshares, in and among the EDA offices (headquarters, the regional offices, and the remote Economic Development Representatives offices). The network provides the electronic mail system and the communications to others in the Department and to the Internet. The technical expertise and support costs necessary for the establishment, enhancement, and maintenance of the EDA public and internal Web sites is also included in the base program costs.

Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Office of Management Services

Goals and Objectives

Goals: To provide comprehensive administrative, financial, budgetary, and performance evaluation services and support to all EDA components.

Objectives: To provide the support EDA components need to execute programs, integrate budget and performance, develop and monitor an effective budgeting and performance measurement system, and carry out the fiduciary responsibilities of the agency consistent with the intent of the Administration, the Secretary of Commerce, the Office of Management and Budget, and the Congress.

Base Program

The Deputy Assistant Secretary for Management Services serves as the Chief Financial Officer, Chief Administrative Officer, Internal Control Coordinator, EEO Officer, and Senior Official for Management and Procurement. The DAS/Management Services is responsible for managing EDA's Performance Management System and for coordinating and evaluating internal financial management control systems; providing the full range of administrative services, human resources, personnel, awards, and training, unless otherwise provided at the Departmental level, for EDA headquarters and, as required, for the Regional Offices; administering old EDA loans and guarantees requiring servicing; and developing and implementing policies, standards, and procedures for collecting or taking other actions to resolve debts arising from investments made by EDA.

The Administrative and Support Services Division provides the full range of non-financial administrative services, unless otherwise provided at Department level, for EDA headquarters, and is responsible for oversight of Regional Office administrative activities. The Division provides records and property management, audit oversight and resolution management, procurement management, security oversight, loan management, accounting, financial statement preparation, and general financial management, as well as contingency operations planning.

The Budget and Finance Division, in concert with agency and Departmental officials, develops, prepares, and executes the annual budget for EDA. The Division is responsible for the fiscal aspects of EDA programs, including programs entrusted to other Federal agencies; reviewing and monitoring a fiscal control system for both program and administrative expenses consistent with the requirements of the Anti-Deficiency Act, which include allotment of funds, operating budgets, employment (staff size) limitations, and analyses of reports and resource proposals. The Division also coordinates with the Performance Evaluation team to analyze performance measures and results to demonstrate the benefits of funds expended, and to derive and adjust EDA's budget requests based on achieved and desired outcomes.

The Human Resources Division is responsible for providing the full range of competency-based human resources management and services including personnel actions and management, evaluations, awards, and training. The division is also responsible for agency's support and compliance with other programs including diversity and equal opportunity.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Office of Executive Secretariat and External Affairs

Goals and Objectives

Goals: To ensure that the mission, goals, objectives, and programs of the Economic Development Administration are broadly disseminated to expand the reach of EDA programs and to provide technical assistance to economic development practitioners at all levels - local, regional, state and federal.

Objectives: To provide coordinated direction of EDA activities related to Congressional relations, inter and intra-governmental relations, public affairs, and internal and external communications.

Base Program

The Deputy Assistant Secretary for Executive Secretariat and External Affairs coordinates EDA public affairs, legislative affairs and executive secretariat activities, provides information on the goals, objectives, policies, programs, and activities of EDA and acts as point of contact for members of Congress, Congressional staff, other Federal agencies, state and local governments, the media, and the general public.

The Public Affairs Division coordinates all EDA Public Affairs activities, including press releases, media events, and public appearances of the Assistant Secretary. The Public Affairs staff interacts with the public on behalf of the Agency, focusing on the Economic Development Coalition members, private and public economic developers, and national interest groups, creates the message to communicate EDA's vision, mission, and goals, and is responsible for the form, appearance, and content of all materials and information provided to EDA stakeholders, partners, customers, and the general public.

The Legislative Affairs Division coordinates all activities relating to Agency relations and interactions with members of Congress, Congressional staff, other federal agencies, state and local elected officials, and other governmental and non-governmental organizations through all manner of written and verbal communication. The Division communicates the Administration's legislative agenda regarding economic development matters, manages, directs, and provides leadership of all intergovernmental affairs activities.

The Executive Secretariat Division provides appropriate and comprehensive bureau information necessary to respond to Secretarial, Congressional, intergovernmental, other Federal agency, and public requests and researches and analyzes legislative proposals affecting EDA. The Division is also responsible for the final preparation, clearance, and announcement of all EDA investments.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Office of Regional Affairs

Goals and Objectives

Goals: To ensure that the execution of EDA programs achieve the mission, goals and objectives of the Economic Development Administration, and to provide management and stakeholders direct evidence of program effectiveness and efficiency.

Objectives: To provide at the national, regional and local levels, coordinated program implementation, outreach and assistance to existing and potential grantees; develop and implement program policies, guidance, procedures and directives; and evaluate the effectiveness and economic impact of economic development programs, projects, methods and techniques.

Base Program

The Office of Regional Affairs focuses on improved program operations at the regional and national level. This office more closely integrates regional office operations with performance evaluation efforts and strengthens links between Balanced Scorecards and GPRA measures. Coupled with enhanced analysis of performance data, these links produce outcome improvements by availing senior management of new synergistic opportunities. Improved analytical activities include outcome-funding trends to improve program targeting and the development of more useful outcome measures. Enhanced linkages between regional offices and EDA performance staff will boost budget-performance integration, providing more robust target calculations, and delivering overall improved program outcomes. This EDA headquarters-level office provides oversight and consistency across the six regional offices.

The Performance and National Programs Division, based in Headquarters, measures EDA program performance, and provides the agency's senior management with enhanced tools in the service of program improvement. The Performance and National Programs staff is also responsible for providing stakeholders with evidence of the benefits and cost-effectiveness of EDA program expenditures in a way that is both accurate and transparent.

The six Regional Offices include the six Regional Directors and their supporting operational, technical, and administrative personnel. Regional Directors are responsible for the implementation of EDA's programs within specific geographic regions, the management of regional resources and the processing, monitoring, and servicing of projects. The Regional Offices are staffed with Regional Counsels who provide the legal reviews required to execute and administer EDA investments. The Regional staffs review and process applications for economic development assistance and monitor and service approved projects at the local level. Economic Development Representatives and regional office staff provide outreach and assistance at the local level.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM CHANGE FOR FY 2008
(Dollar amounts in thousands)**

		2008 Base	2008	Increase/ (Decrease)
		Amount	Estimate	Amount
Salaries & Expenses	BA	\$30,820	\$32,800	\$1,980
	Obl.			0

Proposed FY 2008 Program Change

In FY 2008, EDA will continue to operate within an austere Salaries and Expenses budget. The FY 2008 S&E program budget has been carefully crafted to provide staffing and support for EDA to carry out its mission utilizing a six regional office structure. The FY 2008 S&E Budget Request identifies the minimum resources necessary to operate six regional offices and headquarters.

To comply with the direction to maintain six regional offices, EDA requires a \$32.8 million S&E budget, which includes \$1.1 million in adjustments to base (ATBs) and approximately \$2.0 million in a program increase over the FY 2007 Presidential request. The FY 2008 Request will fully fund the FY 2007 staff level of 175 FTE. EDA has managed flat-line S&E budgets since FY 2002 by reducing headquarters staff through the FY 2004 Headquarters Restructuring, and FY 2005 buyouts, and by reducing regional staff through the FY 2005 buyouts and attrition. A second headquarters restructuring reflected in this Request further reduces the authorized and funded level of headquarters staff from the FY 2004 level, eliminates the Office of Strategic Initiatives, and moves management responsibility for the Regional Offices, Performance Evaluation and the EDA national programs of Research, National Technical Assistance and Trade Adjustment Assistance from the Office of Management Services to a new Office of Regional Affairs.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL**

Activity: Economic Development Administration

Title:		Grade	Number	Annual Salary	Total Salaries
Economic Development Program Specialist	Atlanta, GA	12	1	\$ 72,948	\$ 72,948
Economic Development Program Specialist	Atlanta, GA	13	2	87,936	175,872
Civil Engineer	Atlanta, GA	13	1	87,936	87,936
Economic Development Program Specialist	Austin, TX	12	2	71,874	143,748
Economic Development Program Specialist	Austin, TX	13	2	85,470	170,940
Economic Development Program Specialist	Chicago, IL	12	2	77,713	155,426
Economic Development Program Specialist	Chicago, IL	13	2	92,413	184,826
Economic Development Program Specialist	Denver, CO	12	2	76,584	153,168
Economic Development Program Specialist	Denver, CO	13	2	91,070	182,140
Economic Development Program Specialist	Philadelphia, PA	12	2	75,837	151,674
Economic Development Program Specialist	Philadelphia, PA	13	1	90,182	90,182
Civil Engineer	Philadelphia, PA	13	1	90,182	90,182
Economic Development Program Specialist	Seattle, WA	12	2	75,665	151,330
Economic Development Program Specialist	Seattle, WA	13	1	89,977	89,977
Civil Engineer	Seattle, WA	13	1	89,977	89,977
Total			24		\$ 1,990,326
Less lapse	25.0%		(6)		(497,582)
Total full-time permanent (FTE)			<u>18</u>		<u>\$ 1,492,745</u>
2008 Pay Adjustment (3.0%)					44,782
Total					<u>\$ 1,537,527</u>
Personnel Data:					
Full-time permanent			18		
Other than full-time permanent			<u>0</u>		
Total			<u>18</u>		
Authorized Positions:					
Full-time permanent			24		
Other than full-time permanent			<u>0</u>		
Total			<u>24</u>		

Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activities: Salaries and Expenses

	OBJECT CLASS	2008 Increase
11	Personnel Compensation	\$1,538
11.1	Full-time permanent	0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation includes Lump Sum	0
11.9	Total personnel compensation	1,538
12.1	Civilian personnel benefits	442
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25	Other services	0
26	Supplies and materials	0
31	Equipment	0
32	Land and structures	0
33	Communications, utilities, miscellaneous charges	0
43	Interest and Dividends	0
44	Refunds	0
99.9	TOTAL OBLIGATIONS	1,980

Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

OBJECT CLASS		2006 Actuals	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	\$15,084	\$14,700	\$15,253	\$16,791	1,538
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation includes Lump Sum	186	210	210	210	0
11.9	Total personnel compensation	15,270	14,910	15,463	17,001	1,538
12.1	Civilian personnel benefits	3,676	3,474	3,719	4,161	442
13.0	Benefits for former personnel	0	0	0	0	0
21.0	Travel and transportation of persons	798	925	976	976	0
22.0	Transportation of things	21	36	37	37	0
23.1	Rental payments to GSA	2,322	2,379	2,436	2,436	0
23.2	Rental payments to others	185	233	237	237	0
23.3	Communications, utilities and miscellaneous charges	356	325	328	328	0
24.0	Printing and reproduction	64	104	106	106	0
25.2	Other services	3,348	2,196	2,196	2,196	0
25.3	Purchase of goods and services from Government Accounts	3,210	4,187	4,520	4,520	0
25.7	Operations and maintenance of equipment	755	0	0	0	0
26.0	Supplies and materials	117	447	455	455	0
31	Equipment	25	341	347	347	0
99.0	Subtotal Direct Obligations	30,147	29,557	30,820	32,800	1,980
99	Reimbursable Obligations	3,442	2,758	2,000	2,000	0
99.9	TOTAL OBLIGATIONS	33,589	32,315	32,820	34,800	1,980

**Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS**
(Dollar amounts in thousands)

PERSONNEL DATA	2006 Actuals	2007 Currently Available	2008 Base	2008 Estimate	Increase/ (Decrease)
Full-Time Equivalent Employment:	Amount	Amount	Amount	Amount	Amount
Full-time permanent	160	175	175	175	0
Other than full-time permanent	0	0	0	0	0
Total	160	175	175	175	0
Positions:					
Full-time permanent	160	175	175	175	0
Other than full-time permanent	0	0			0
Total	160	175	175	175	0

Department of Commerce
Economic Development Administration
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	OBJECT CLASS	2008 Adjustment to Base	2008 Base	2008 Estimate	Increase/ (Decrease)
11	Personnel Compensation				
11.1	Full-time permanent:				
	Executive Level	\$7	\$193	\$193	\$0
	Senior Executive Service (SES)	80	2,194	2,194	0
	General Schedule	467	12,867	14,405	1,538
	Subtotal	554	15,254	16,792	1,538
11.3	Other than full-time permanent:				
	General schedule (part-time permanent)	0	0	0	0
11.5	Other personnel compensation:				
	Overtime	0	40	40	0
	Other		0	0	0
	Cash awards	0	170	170	0
	Subtotal	0	210	210	0
11.9	Total personnel compensation	554	15,464	17,002	1,538
12.1	Civilian personnel benefits:				
	Civil Service Retirement System and offset	(36)	497	497	0
	Federal Employees' Retirement System	110	932	1,374	442
	Thrift Savings Plan	21	336	336	0
	OASDI	64	640	640	0
	Medicare	6	228	228	0
	Health insurance	52	151	151	0
	Life insurance	1	818	818	0
	Employees' Compensation Fund	25	25	25	0
	Cost of Living Allowance (COLA)	1	25	25	0
	Other	0	66	66	0
	Subtotal	244	3718	4,160	442

	OBJECT CLASS (cont.)	2008 Adjustment to Base	2008 Base	2008 Estimate	Increase/ (Decrease)
	Severance pay	0	0	0	0
21	Travel and transportation of persons:				
	Common carrier	0	223	223	0
	Per diem/actual expenses	26	473	473	0
	Privately-owned vehicles	25	280	280	0
	Commercially-rent vehicles	0	0	0	0
	Other	0	0	0	0
	Subtotal	51	976	976	0
22	Transportation of things	1	37	37	0
23.1	Rental payments to GSA	57	2,436	2,436	0
23.2	Rental payments to others	4	237	237	0
23.3	Communications, utilities and miscellaneous charges:				
	Federal Telecommunications System	0	272	272	0
	Other telecommunications services	0	5	5	0
	Postal services by USPS	3	51	51	0
	Subtotal	3	328	328	0
24	Printing and reproduction:				
	Publications	2	106	106	0
	Subtotal	2	106	106	0
25.2	Other services:				
	Training:				
	Office of Personnel Management	0	167	167	0
	Maintenance of equipment	0	40	40	0
	Other non-Government contracts	0	1,718	1,718	0
	Other	0	271	271	0
	Subtotal	0	2196	2196	0
25.3	Purchases of goods and services from Government accounts	94	2,556	2,556	0
	Other: Contractual Services	95	1,059	1,059	0
	Other	0	903	903	0
	National Archives and Records Administration (NARA)	1	2	2	0
	Subtotal	190	4,520	4,520	0
25.7	Operation and maintenance of equipment	0	0	0	0

	OBJECT CLASS (cont.)	2008 Adjustment to Base	2008 Base	2008 Estimate	Increase/ (Decrease)
	Office supplies	0	125	125	0
	ADP supplies	8	108	108	0
	Other	0	222	222	0
	Subtotal	8	455	455	0
31	Equipment	6	347	347	0
99	Subtotal Direct Obligations	1,120	30,820	32,800	1,980
99	Reimbursable Obligations		2,000	2,000	0
100	TOTAL OBLIGATIONS (GROSS BA)	1,120	32,820	34,800	1,980

**Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF INFORMATION TECHNOLOGY RESOURCES**
(Dollar amounts in thousands)
(Budget Authority)

IT Projects by activity/subactivity:

<u>with totals by activity</u>	<u>Unique Project Identifier</u>	<u>IT Investment Title</u>	<u>2006 Actual</u>	<u>2007 Estimate</u>	<u>2008 Estimate</u>	<u>Increase/ (Decrease)</u>
Financial Management	006-06-04-00-01-6001-00-015-011	EDA Loan Billing Management System (LBMS)	141	149	158	0
Grants Management	006-06-04-00-01-6001-00-015-011	EDA Operations Planning and Control System (OPCS)	424	446	472	0
Infrastructure and Office Automation Infrastructure	006-00-02-00-02-6125-00-000-000	EDA Input to DOC Consolidation	935	933	926	28
Total			1,500	1,528	1,556	28

*Notes: EDA does not have a separate line item included in the FY 2007 Exhibit 53 for Infrastructure Costs.

Beginning with the FY 2008 budget submission, EDA Operating Unit Infrastructure Costs will be submitted via ECPIC to the Department for inclusion in the DOC Consolidated Infrastructure Exhibit 300.

This increase does not reflect an increase in infrastructure but rather shows a correction in reporting. In the previous budget submission, the columns were not totaled which caused a reporting error.

Department of Commerce
Economic Development Administration
APPROPRIATION SUMMARY STATEMENT

Appropriation: Salaries and Expenses

The Salaries and Expenses appropriation finances salaries, benefits and other expenses for personnel engaged in the administration of economic development assistance programs authorized by the Public Works and Economic Development Act of 1965, as amended and the administration of Trade Adjustment Assistance authorized by title II of the Trade act of 1974, as amended. This appropriation also finances the costs of services provided to EDA by other Federal and non-Federal sources, and for other related direct and indirect administrative costs incurred in operating the Agency.

The funds requested support an economic development program which includes: (1) planning assistance to local communities; (2) technical assistance in the formulation and coordination of economic development proposals and applications; (3) financing of those investments with the greatest program returns which meet the technical, financial and statutory requirements of the legislation; (4) project monitoring and implementation assistance to assure effectiveness in project execution; (5) evaluation of EDA projects to develop more effective ways to provide assistance; and (6) internal and external economic research designed to meet both planning and operating needs related to economic development. The funds also support the administration of the Trade Adjustment Assistance for Firms program which assists U.S. firms injured by increased imports of competitive products become more competitive in the global marketplace. The funds further support the monitoring and close-out of projects approved pursuant to the title I of the Public Works and Employment Act of 1976 (42 U.S.C. 6701 *et seq.*) and the Community Emergency Drought Relief Act of 1977 (42 U.S.C. 5184 note).

The "Salaries and Expenses" appropriation is comprised of five major subactivities: 1) Executive Direction; 2) Office of Management Services; 3) Office of Information Technology; 4) Office of Executive Secretariat and External Affairs; and 5) Office of Regional Affairs. The Executive Direction, Office of Information Technology, Office of Management Services and Office of Executive Secretariat and External Affairs subactivities are located in Washington, D.C. The Office of Regional Affairs subactivity is comprised of a headquarters staff section, and six regional offices.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
APPROPRIATION LANGUAGE AND CODE CITATIONS**

1. For necessary expenses of administering the economic development assistance programs as provided for by law,

42 U.S.C. 3214(c), 3231

42 U.S.C. 3214(c) - Authorizes the transfer of appropriated funds from other Federal agencies, if such funds are used for the purpose for which (and in accordance with the terms under which) they are specifically authorized and appropriated.

42 U.S.C. 3231 - Authorizes funds to be appropriated to carry out 42 U.S.C. 3121 et seq. through fiscal year 2008, to remain available until expended.

2. Provided, That these funds may be used to monitor projects approved pursuant to title I of the Public Works Employment Act of 1976, as amended,

42 U.S.C. 6710

42 U.S.C. 6710 - Authorized appropriations for the administration of the Local Public Works Capital Development and Investment Act of 1976.

3. Title II of the Trade Act of 1974, as amended, and

19 U.S.C. 2346(b)

19 U.S.C. 2346(b)-Authorizes appropriations to carry out adjustment assistance for firms.

4. The Community Emergency Drought Relief Act of 1977 (including monitoring and close out).

42 U.S.C. 5184 note

42 U.S.C. 5184 note - Authorized appropriations to carry out those provisions of the Community Emergency Drought Relief Act of 1977.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
AVERAGE GRADE AND SALARIES**
(Dollar amounts in thousands)

	2006 <u>Actual</u>	2007 <u>Estimate</u>	2008 <u>Estimate</u>
Average GS Grade	12.12	12.12	12.12
Average GS Salary	\$87,322	\$89,243	\$91,920