



***EDA:***

***Results-driven***

***Performance***



***United States Department of Commerce***

***Economic Development Administration***

***Fiscal Year 2011***

***CONGRESSIONAL Budget Request***

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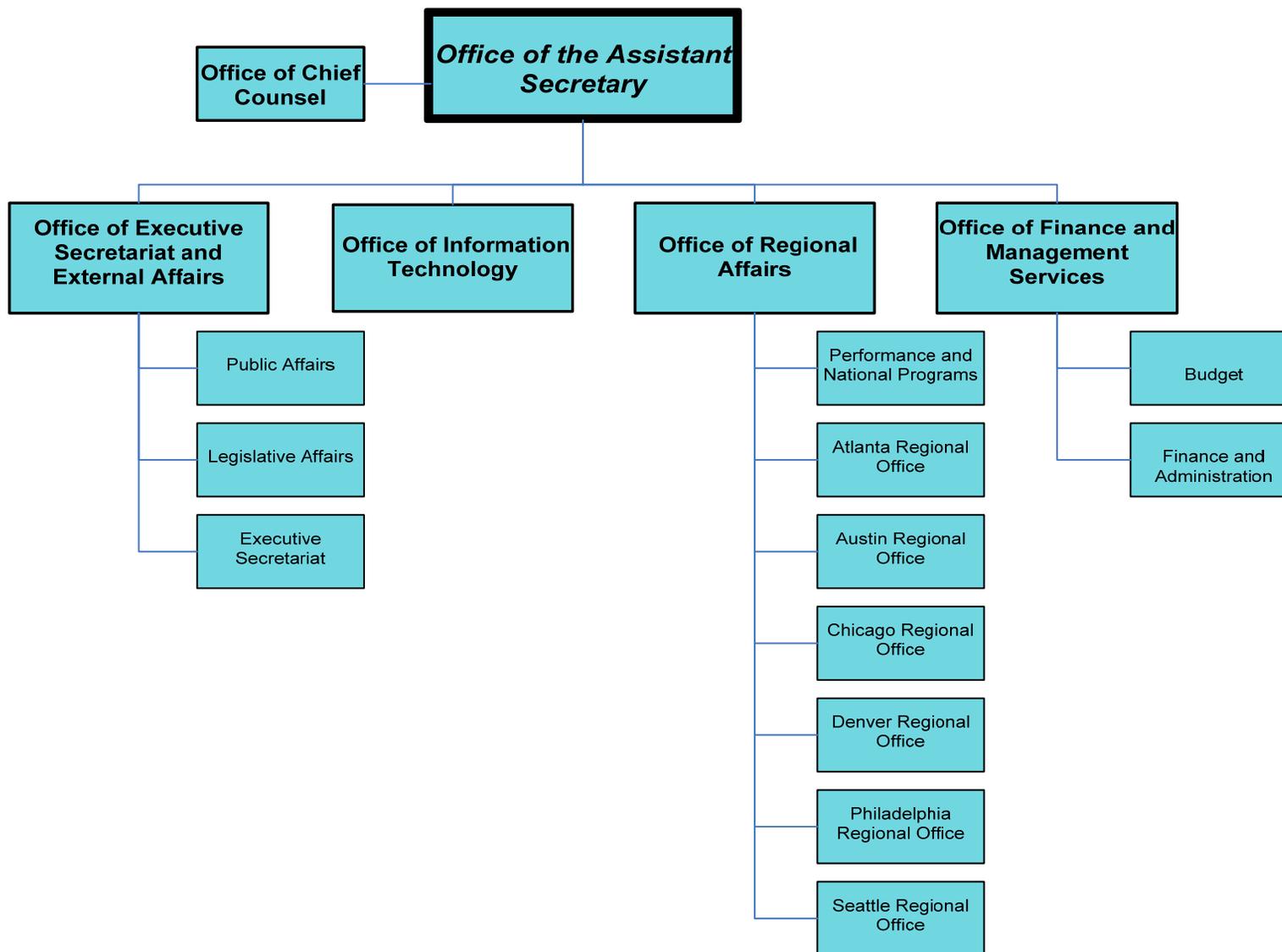
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Department of Commerce  
Economic Development Administration  
BUDGET ESTIMATES, FISCAL YEAR 2011  
CONGRESSIONAL SUBMISSION

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Department of Commerce  
Economic Development Administration  
ORGANIZATION CHART



**Department of Commerce  
Economic Development Administration  
Budget Estimates, Fiscal Year 2011**

**EXECUTIVE SUMMARY**

**General Statement**

Since 1965, the Economic Development Administration (EDA) has played a pivotal role in catalyzing economic growth and addressing sudden and severe economic dislocations in distressed communities. In the current budget proposal, EDA seeks to build upon its already successful Regional Innovation Clusters approach to economic development to directly address the needs of auto and manufacturing dependent communities as they transition to the 21st century global economy.

EDA's existing focus on Regional Innovation Clusters will be expanded and refined to address the needs of those urban and rural communities suffering from sudden and severe economic dislocation due to the ongoing economic transformation affecting America's service, farming, natural resource-based, and manufacturing industries. EDA's approach will leverage its long experience employing the Regional Innovation Cluster development technique and integrate its planning, research, technical assistance, and infrastructure construction programs to catalyze the renewal and transformation of our economy in the context of increasing globalization.

As a catalyst for our nation's economic development, EDA leads the Federal economic development agenda by promoting globally competitive regions with its planning, technical assistance, and implementation programs that foster innovation, technology transfer and commercialization, and entrepreneurial activity, while innovating government itself to address changing economic conditions proactively.

EDA gives funding priority to investment proposals that support regional economic development collaborations that include state and local governments, the private sector, and nonprofits. EDA favors investments that promote regional clusters fostering innovation, entrepreneurship and growth by connecting regional economies to the worldwide marketplace.

In FY 2011, EDA will continue to fully fund its network of Economic Development Districts and Indian tribes, University Centers, and Research Program. EDA will continue to address Global Climate Change, enhancing this program's proven contribution to the definition, development and growth of the "green economy," environmental sustainability, and energy efficiency. EDA will allocate the majority of its remaining funds to the Economic Adjustment Assistance program and the Public Works program.

EDA will focus staff resources on outreach and technical assistance to distressed communities. EDA staff will continue to help communities analyze and understand socioeconomic and demographic data from a wide variety of sources in order to develop strategies to increase competitiveness. EDA staff will help communities cultivate relationships with key business, community, academic and local government partners to pursue regional economic development opportunities, foster innovation, support entrepreneurship, and connect with the global marketplace.

EDA will fund investments that exhibit demonstrable, committed, multi-jurisdictional support from leaders across all sectors, including: public (mayors, city councils, county executives, senior state leadership); institutional (institutions of higher learning); non-profit (chambers of commerce, development organizations); and the private sector (leading regional businesses, significant regional industry associations). EDA recognizes the importance of building upon existing strengths and assets in communities and regions to attract private sector investment and achieve sustainable economic prosperity. EDA's Regional Offices have developed substantive regional investment strategies for FY 2011.

The strategies are rooted in an economic analysis of each EDA administrative region's strengths, weaknesses, opportunities, and threats (SWOT) to develop tangible goals that exploit the region's assets, buttress its weaknesses, and mitigate the threats it faces. In conjunction with Comprehensive Economic Development Strategies (CEDS) developed through a local planning process conducted by EDA-funded Economic Development Districts (EDDs) and Indian Tribes, EDA Regional Offices have identified opportunities that will produce significant economic benefits in distressed communities.

Funding priority will be given to proposals that respond to sudden and severe economic dislocations (e.g., major layoffs and/or plant closures, trade impacts, corporate restructuring, natural disasters), and to proposals that enable Base Realignment and Closure (BRAC) impacted communities to transition from a military to a civilian economy or accommodate mission related growth.

### **Regional Innovation Clusters**

EDA's Regional Innovation Clusters perspective builds on the pioneering work of Harvard's Michael Porter and others. EDA's field experience and research suggest regional innovation clusters (inter-connected networks of businesses, academic institutions, research facilities, science and technology parks, and professional associations that generate a virtuous cycle of regional competitive strength and economic adaptability) can be fostered through innovative governmental initiatives. Over the last four years, EDA's integrated regional clusters approach, which employ the agency's entire menu of programs in a coordinated fashion, has achieved impressive results.

For example, in FY 2009, EDA invested \$3 million in the Maricopa County Community College District of Phoenix, Arizona to fund the design and construction of a bioscience business incubator and workforce



Figure 1

training facility at GateWay Community College in Phoenix, one of the Maricopa Community Colleges. The new facility will include wet and dry laboratories and help grow the region's bioscience cluster, commercializing research innovations and encouraging entrepreneurship. The investment is expected to create 600 jobs and leverage \$18 million in private investment, according to grantee estimates. [Figure 1]

EDA has used its National Research and Technical Assistance program to fund practitioner accessible research and the development of high quality analytic tools. Packaged as EDA's

*Know Your Region* curriculum, the research and tools are having positive effects where employed. EDA's *Know Your Region* curriculum is being broadly disseminated by the USDA Extension Service, the National Association of Development Organizations, and will soon be available online.

EDA's *Know Your Region* training efforts target its Economic Development District (EDD) network. Where EDD's have adopted the Regional Innovation Clusters perspective and employed local expertise to adapt it to their particular needs, EDA finds increased success across a wide spectrum of economic development activities including: helping auto and other manufacturing dependent communities transition to take advantage of new opportunities presented by the 21st century economy, assisting communities impacted by natural disasters such as the hurricanes, tornadoes, floods and wildfires, addressing natural resource depletion such as in the Maine ground and the Pacific Northwest anadromous fisheries, and

BRAC-associated growth impacts that would otherwise threaten to compromise the national security mission of the Department of Defense.

Regional Innovation Cluster-based strategies are built on an analysis of the region's assets, including its growing and emerging clusters. Regional assets may include, but are not limited to, public infrastructure, university research and technology transfer programs, historic and environmental endowments, natural resources, community colleges, and the characteristics of its workforce. This latter element is a critical consideration if the indigenous population is to enjoy the benefits of economic renewal. Successful regional economic development is predicated on a strong educational and workforce development foundation.

The Regional Innovation Clusters perspective identifies and fosters 21st century economic engines. It is the path to the economic adaptability and innovation-driven entrepreneurship that produces higher-skill, higher-wage jobs for the local population, along with the stable tax bases that state and local governments need to sustain the public infrastructure and services only government can provide.

The Regional Innovation Cluster is adaptable to distressed rural and urban areas because its descriptive, rather than prescriptive, approach provides a means to identify and exploit the region's competitive advantages, ameliorate its weaknesses, and address the threats it faces.

Given the demonstrated efficacy of the Regional Innovation Cluster approach over the past few years, EDA's FY 2011 budget provides at least \$75 million in regional planning and implementation grants within EDA to boost the nation's competitiveness, speed the transition of auto and manufacturing dependent communities, address the needs of natural resource depletion threatened communities, and complement the efforts of its sister agencies, state and local governments, nonprofits, and the private sector by implementing a two-part program:

- I. Ongoing support of a Regional Innovation Cluster Research and Regional Information Center (RIC-RIC) to continue mapping the geography of clusters, expand the bureau's registry of cluster initiatives and programs, and conduct research on cluster dynamics, cluster initiative and innovation program impacts, and best practices. The center will track cluster activity and support effective cluster efforts. The value of such a center was recognized in 2005 by the European Union. The PRO INNO Europe is one result. Further regional innovation cluster development is an implementation priority of the newly ensconced Swedish EU presidency. Our Asian competitors are also implementing similar efforts through large investments in cluster based science and technology parks as they seek to leverage their own economies, including the effort led by the Asian Development Bank Institute. The research and information center will enable EDA to do the following:
  - a. Develop a data-rich geospatial representation of cluster activity across the U.S. This information will aid decision-making by businesses, state and local development agencies, and federal policymakers and program managers.
  - b. Develop and maintain a publicly available registry of cluster initiatives and programs. As envisioned, the registry will be openly accessible and will allow economic development organizations, industry associations, and cluster initiatives themselves to identify and explore promising approaches and models.
  - c. Support research and knowledge dissemination on cluster dynamics and cluster initiative and innovation program impacts and best practices, both in the U.S. and abroad. The research will seek to understand and inform practitioners about cluster types, trajectories, appropriate economic development interventions, and success factors in various circumstances.
- II. Provide grants to support cluster initiative programs and activities nationwide. Through its Economic Development Assistance Programs, EDA will provide grants to support cluster initiative programs and activities that will:

- a. Support early-stage cluster initiative activities to begin cluster initiative planning, asset mapping, feasibility and implementation studies.
- b. Provide grants to cluster initiative programs that will support the activities of specific regional cluster initiatives including, but not limited to cluster-focused activities to support worker training and skill development, research and development, technology adoption, commercialization, marketing and business growth.

There are numerous examples of successful Regional Innovation Clusters throughout the U.S., including the following:

- Wisconsin: Forward Wisconsin and the Wisconsin Biotechnology Consortium have worked together to connect the Wisconsin medical devices sector with the state's emerging biotechnology, healthcare delivery and health information sectors to develop a life sciences cluster that includes 248 life sciences companies in the state that employ 20,000 people and generate more than \$6 billion in annual revenue.
- Arizona: The Environmental Technology Industry Cluster (ETIC) is an organization that represents the full breadth of renewable energy and environmental technologies whose main objective is to promote and support the development and expansion of Arizona's environmental technology industry cluster by providing a dynamic network of public and private resources. ETIC is working to establish Arizona as a leader in the development of technologies that promote sustainable development at the regional, national and global level.
- Missouri: Missouri's defense and homeland security cluster is comprised of industries that supply and support local and national security, including defense-related research and the manufacturing of communications equipment, ammunition, military vehicles and aerospace components. The Missouri defense and homeland security cluster has brought over 348 businesses and 17,000 jobs to the region since 2006.

### **Strategic Development Plans**

EDA is helping communities build strategic development plans based on their regional competitive advantages. As an example, in FY 2008, EDA invested \$2.58 million in the Port of Bremerton, Washington to support the construction of the Northwest Clean Technology Commercialization Incubator



Figure 2

Center, a Leadership in Energy and Environmental Design (LEED) certified "green" facility. The center offers assistance to businesses seeking to transition from the region's declining timber-related industry to the emerging high-tech industries. [Figure 2] The investment is expected to create 585 jobs and leverage \$25 million in private investment, according to grantee estimates.

Other proposals that will receive favorable consideration are those that: advance the goals of linking

historic preservation and economic development as outlined by Executive Order 13287, Preserve America; revitalize brownfields; and address rural and Native American economic development issues.

From 2001 through 2009, EDA has invested \$1.4 billion (59%) of its Public Works, Economic Adjustment and Local Technical Assistance funds in rural communities. It has invested \$78.2 million from those programs in Native American communities.

EDA, through its network of six regional offices, headquarters, and state-based Economic Development Representatives (EDRs), will work with its economic development partners to utilize web-based software tools, including grants.gov, to streamline grant processing by enabling the receipt of online, paperless applications for funding.

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

EDA is proud of its 45-year record contributing to economic growth in the U.S. and its territories. EDA welcomes inquiries from all eligible organizations. Interested parties may learn more about the programs offered by the agency by accessing EDA's website at [www.eda.gov](http://www.eda.gov).

### **Summary of FY 2011 Appropriation Request and Proposed Changes**

EDA requests \$246 million for Economic Development Assistance Programs (EDAP) and \$40.2 million for Salaries and Expenses (S&E) in this FY 2011 Budget Request.

#### **Economic Development Assistance Programs**

In FY 2011, EDA will focus on communities that have recently experienced severe economic distress and dislocation. EDA's updated program will build on existing authorities and expertise and focus strongly on the need for economic regions in America to collaborate on economic development recovery strategies and implementation. This will include a robust infrastructure investment component through the Economic Adjustment Assistance program.

**The Economic Adjustment Assistance (EAA)** program is EDA's most flexible program. It is the only program that allows EDA to fund both planning activities and implementation projects. EDA successfully employs EAA to address a wide variety of challenges created by globalization, natural resource depletion, corporate restructuring, and natural disasters.

EAA is the most effective single program in EDA's arsenal to address the needs of communities impacted by globalization, especially auto and manufacturing dependent communities that need to develop and implement Regional Innovation Cluster strategies that will transform and diversify their economies and position them competitively in the global economy. EAA funds can be used to design the transition strategy, construct or upgrade public infrastructure, and capitalize locally or regionally administered Revolving Loan Funds that directly assist innovative entrepreneurs in growing 21st century businesses.

EAA, with its forward-looking 'imminent threat' authority, allows EDA to initiate interventions before the community's economy bottoms out; when economic trends may clearly indicate the need for intervention but the trailing economic eligibility indicators employed in other programs may not provide adequate access to other assistance. This crucial feature makes EAA the most effective way to address urgent community needs in the rapidly evolving global economic climate, especially during the recent economic crisis which has been characterized by rapid swings in unemployment, per capita income, available capital, and other economic indicators.

EDA has utilized the EAA program to address challenges facing the American manufacturing sector. In 2007, the economy of **central Iowa** took a hit when Whirlpool Corporation, which had purchased Maytag Corporation, closed the Maytag plant and headquarters operations in the city of Newton. Newton was



Figure 3 - President Barack Obama talks about alternative energy at the Trinity Structural Towers plant in Newton, Iowa on April 22, 2009. The facility, housed in a former Maytag plant, produces towers for wind energy production.

practically built around Maytag, which was founded in that city over 100 years ago, and employed 1,800 workers at the time of the closure announcement. By 2008, Newton had successfully identified two new manufacturing operations to locate on vacated Maytag property: TPI Composites Inc., a wind turbine blade manufacturer, and Trinity Structural Towers Inc., a manufacturer of massive steel towers for windmills. In FY 2008, EDA invested \$580,000 in EAA funds in the city of Newton for grading, site preparation, and surfacing for a wind tower storage facility that was leased to Trinity. [Figure 3] The project helped create 140 jobs and generate \$21 million in private investment. Also in FY 2008, EDA invested \$670,000 in the Central

Iowa Water Association in Newton to help build a booster station and elevated storage tank to serve TPI. The project helped create 500 jobs and generate \$40 million in private investment.

The significant impact of the success of Airbus prompted Boeing Company's decision to reduce manufacturing jobs in **Renton, Washington** from a high of 21,279 in 1999 to 10,865 in 2005. To help mitigate the economic impact on the region of this decision, EDA invested \$2 million through its EAA program in 2006 in the city of Renton to help build infrastructure to serve the commercial redevelopment of a 42-acre former Boeing Company aircraft manufacturing site. The initial phase of development

occurred on a 46-acre parcel that Boeing vacated and sold to Harvest Partners, a nationally recognized developer. [Figure 4] The mixed-use campus for businesses focusing on commercial services, high technology, and life sciences has resulted in a diversified regional economy that helped create 2,500 new jobs.



Figure 4

EAA has been employed successfully for many years to address natural resource depletion, such as that being faced by communities in New England and the Pacific Northwest today. The Pacific Coast fishing industry, which brings in almost \$30 million to the economy each year, is suffering due to chinook population declines. Re-structuring the economies of these communities is essential.

EAA is also EDA's main tool for addressing long-term recovery following natural disasters. For instance, EAA funds are "creating and executing a comprehensive economic recovery strategy for the State of Iowa" following extensive flooding in 2008. The strategy includes addressing community

impacts, assisting businesses, and mitigation planning to increase economic resiliency against future disaster events. (Rebuild Iowa Office Report April 2009)

EAA proved itself during BRAC closures in the past and is now being successfully employed to address BRAC growth impacted communities. The FY 2005 BRAC round included 24 major closures, 24 major realignments, and over 760 other discrete actions, making it the most comprehensive BRAC round in U.S. history. Major closures will precipitate significant adverse economic effects on many regions, while growth resulting from BRAC 2005 and other Defense Department restructuring will greatly impact areas receiving new military bases. In both situations, communities will require EDA support during the FY 2011 to FY 2012 timeframe for critical investments in new public infrastructure, job creation, and assistance for businesses as they implement their regional economic adjustment strategies. Where Regional Innovation Cluster strategies have been implemented, significant successes have been achieved. One example is the health care cluster occupying the majority of the former Lowry Air Force Base being one example. Lowry Redevelopment Authority's Lowry Community Reuse Plan began with an assessment of assets and clusters of opportunity. Their success can be gauged by the impending termination of the Lowry Redevelopment Authority itself in the near future.

The **Global Climate Change Mitigation Incentive Fund** promotes EDA policies and strategies which contribute to sustainable "green" construction and resource conservation, in an effort to address mounting concerns with regard to the effect of global climate change. The fund will continue to focus on supporting renewable energy, green building, energy efficiency, and reuse/restoration/recycling projects which enhance life-cycle sustainability, diversify the economy, and result in 21<sup>st</sup> century higher-skill, higher-wage jobs.

**Public Works and Economic Development (hereafter called Public Works)** investments help distressed communities to revitalize, expand, and upgrade their physical infrastructure. This program enables the communities to accomplish the following: attract new industry; encourage business expansion; diversify local economies; generate or retain long-term, private sector jobs and investment through the acquisition or development of land and infrastructure improvements needed for the successful establishment or expansion of industrial or commercial enterprises in distressed regions. Public Works investments help facilitate the transition of communities from being distressed to becoming competitive in the worldwide economy by the development of key public infrastructure such as technology-based facilities that utilize distance learning networks, smart rooms, and smart buildings; multi-tenant manufacturing and other facilities; business and industrial parks with fiber optic cable; and telecommunications infrastructure and development facilities. EDA continues to also invest in its traditional Public Works projects, including water and sewer system improvements, industrial parks, business incubator facilities, expansion of port and harbor facilities, skill-training facilities, and the redevelopment of brownfields.

**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 available assets, and attract new resources. It is a key factor in bridging the gap between distressed and non-distressed regions. EDA's Partnership Planning programs help support local organizations (EDDs, Indian Tribes, and other eligible areas) with their long-term planning efforts, outreach to communities, and development of CEDS. Active EDD and Indian Tribe involvement is critical to leveraging a successful, motivated, regional competitive advantage.

**Technical Assistance** investments help communities assess the potential success of economic development investments, provide technical expertise lacking in communities, and develop innovative demonstration projects. Local Technical Assistance is a vital element that helps communities identify and activate their underutilized assets to enhance their competitiveness. EDA University Centers, funded through the Local Technical Assistance Program, provide university resources to assist state and local governments in their planning and capacity building efforts. University-led economic development helps regions better leverage university resources to commercialize technology-based research, and thereby

comprehensively address high unemployment, underemployment, and poverty. National Technical Assistance is used to provide current information, data, and know-how to the economic development community across the country to promote development in economically distressed regions nationwide.

**The Research and Evaluation** program supports research of leading-edge and world class economic development practices. Research and Evaluation investments provide critical, cutting-edge research and best practices to regional, state, and local practitioners in the economic development field, thereby enhancing economic development throughout the country. EDA also constantly evaluates the impacts and outcomes of its various programs as a means of identifying policy and program modifications that will increase the bureau's effectiveness.

The **Trade Adjustment Assistance** programs provide assistance to firms and communities that have been negatively impacted by trade.

- The **Trade Adjustment Assistance for Firms** program supports investments under Title II, Chapters 3 and 5, of the Trade Act of 1974, as amended (19 U.S.C. 2341 et seq.). This program funds a national network of 11 Trade Adjustment Assistance Centers (TAACs) that are designed to help U.S. manufacturing and production firms. Based on GAO's report indicating that 61% of the funds are consumed by TAAC administration (GAO-01-12), EDA is taking steps to address programmatic inefficiencies.
- The **Trade Adjustment Assistance for Communities** program will provide technical assistance to communities affected by trade by providing resources to assist communities with (1) diversifying and strengthening their economy; (2) identifying impediments to economic development that result from the impact of trade; and (3) developing a strategic plan to address economic adjustment and workforce dislocation.

### **Salaries and Expenses**

The FY 2011 budget request of \$40.2 million for S&E represents a \$2.2 million increase over the FY 2010 Omnibus Appropriation. It includes an additional \$2.2 million for adjustments-to-base (ATBs). The administration of EDA's Economic Development Assistance Programs (EDAP) is carried out through a network consisting of a headquarters office located in Washington, DC, six Regional Offices located in Atlanta, Austin, Chicago, Denver, Philadelphia, and Seattle, and 19 field-based EDRs.

**FY 2011 Annual Performance Plan**  
***Economic Development Administration***

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*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.

**Section 1. Mission**

This mission directly supports the Department of Commerce’s goal to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers with the objective to foster domestic economic development as well as export opportunities. A strategy developed to achieve this objective is the promotion of a favorable business environment through EDA’s strategic investments in public infrastructure. These investments help attract private capital investment and jobs that address problems of high unemployment, low per capita income, and sudden, severe economic challenges. 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.

## **Section 2. Corresponding DOC Strategic Goal and Objective / Outcome**

**EDA Performance Outcome 1:** *Promote private enterprise and job creation in economically distressed communities and regions.*

**Corresponding DOC Strategic Goal and Objective:**

**Strategic Goal 1:** Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

**Objective 1.1:** *Foster economic development as well as export opportunities.*

### **Rationale for Performance Outcome 1**

EDA's Performance Outcome 1 promotes private enterprise and job creation in economically distressed communities and regions. EDA encourages the private sector to make capital investments to produce goods and services and increase productivity, thereby providing higher-skill, higher-wage jobs that offer opportunity for all Americans. EDA investment focus supports long-term, coordinated and collaborative regional economic development approaches, enhances innovation and competitiveness, encourages entrepreneurship, and connects regional economies with the worldwide marketplace. EDA's investment guidelines set standards to achieve its performance goals of promoting private investment and job creation in distressed communities and regions. Potential investments must be market-based and proactive; maximize private capital investment; create higher-skill, higher-wage jobs; offer a positive return on the taxpayer's investment; and concentrate on locally-developed, regionally-based initiatives that directly contribute to regional and national economic growth.

Within the framework of this goal, EDA focuses on two programs: the Public Works and Development program (PW), and the Economic Adjustment Assistance program (EAA). EDA investments serve as catalysts for other public and private investments to establish or expand commercial and industrial facilities in distressed communities. EDA also provides economic adjustment investments for infrastructure improvements and revolving loan funds (RLF) to help communities and businesses respond to severe economic dislocations caused by major layoffs, plant shutdowns, trade impacts, natural disasters, the closure of military bases and labs, and similar actions that adversely affect local economies. Potential investments must demonstrate strong participation from local government or non-profit matching funds and private sector leverage; clear and unified organizational leadership and support by locally elected officials; and strong cooperation and collaboration among the business sector, relevant regional partners, and local, state, and federal governments. Potential investments must be relevant to the regional economy, market-based, diverse, and results-driven; advance productivity, innovation, and entrepreneurship; and anticipate economic changes by looking beyond the immediate economic horizon.

The PW program assists distressed communities 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. Examples of funded projects include: smart buildings; bio-research facilities; alternative energy research; software testing laboratories; clean rooms for microsystem devices; water, sewer, fiber optics, and access roads; redeveloped "brownfields" sites; industrial and business parks; business incubator and skill training facilities; and port improvements. The EAA program is 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 via RLFs for making loans to local businesses to create jobs and leverage private investment while helping a community to diversify and stabilize its economy. Factors that 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, population out-migration, underemployment, and localized negative impacts of foreign trade.

EDA's long-term program outcome performance targets are based on nine-year projections of private dollars invested and jobs created or retained. Performance data is 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 the 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 a Rutgers's University performance evaluation of EDA's PW program (Rutgers et. al. 1997), infrastructure 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 three years after award]". Realizing that the Rutgers study is becoming dated, EDA commissioned a new study which was conducted by Grant Thornton, LLP. The results of the new study were released in January 2009 and efforts to strengthen EDA forecasting methods based on these results are being considered.

**EDA Performance Outcome 2: *Build Community Capacity to Achieve and Sustain Economic Growth.***

**Corresponding DOC Strategic Goal & Objective:**

**Strategic Goal 1:** Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

**Objective 1.1:** *Foster economic development as well as export opportunities.*

**Rationale for Performance Outcome 2**

EDA's Performance Outcome 2 is to build community capacity to achieve and sustain economic growth. EDA accomplishes this through the Partnership Planning Program. EDA's Partnership Planning Program helps support local organizations (District Organizations, Indian Tribes, and other eligible recipients) with their long-term planning efforts and their outreach to the economic development community on EDA's programs and policies. This performance goal also includes the Trade Adjustment Assistance for Firms program.

EDA is proud of its work with economic development partners at the state, regional, and local levels. The partnership approach to economic development is integral 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; District Organizations; University Centers; faith-based and community-based organizations; and local, state, and federal agencies. But more importantly, EDA will forge strategic working partnerships with private capital markets and look for innovative ways to spur development.

EDA Partnership Planning funds support the preparation of Comprehensive Economic Development Strategies (CEDs) that guide EDA PW and EAA implementation investments, including revolving loan funds (RLF) grants. 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 PW and EAA programs show that EDA capacity-building programs play a significant role in the successful outcomes of its infrastructure and RLF projects.

Some of the outcomes that EDA anticipates as a result of the programs include an increase in the amount of private sector dollars invested and an increase in the number of jobs created or retained in economically distressed communities.

The strategy investment component of the EAA program 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 and/or retain jobs.

### **Section 3: Impact of Recovery Act**

EDA received \$150 million in American Recovery and Reinvestment Act of 2009 (ARRA) funds for the Economic Adjustment Assistance Program. Although the funds are available until September 30, 2010, EDA obligated its entire ARRA appropriation by September 30, 2009 to accelerate the economic recovery.

EDA investments funded approximately \$135 million in public works construction, supporting the "brick and mortar" infrastructure investments contemplated by ARRA. EDA gave preference to projects that have the potential to quickly stimulate job creation and promote regional economic development, such as investments that support science and technology parks, industrial parks, business incubators, and other investments that spur entrepreneurship and innovation.

EDA worked with the federally authorized regional commissions to identify infrastructure and other grant investments that were eligible for EDA assistance, and that EDA considered as part of its competitive review of prospective ARRA applications.

As provided by ARRA, EDA set aside 2 percent [\$3 million] for salaries and expenses to administer and oversee the funds.

EDA ARRA investments:

1. Promote cost-effective, comprehensive, entrepreneurial, and innovation-based economic development efforts to enhance the competitiveness of regions, resulting in increased private investment and higher-skill, higher-wage jobs in regions that have experienced sudden and severe economic dislocation and job loss due to corporate restructuring.
2. Promote accountability and transparency in the award and administration of ARRA grants and cooperative agreements, minimizing fraud, waste, and abuse whenever possible.
3. Promote investments that support science and technology parks, industrial parks, business incubators, and other investments that spur entrepreneurship and innovation.

Since EDA's focus on creating jobs and leveraging private investment is consistent with the intent of the ARRA legislation, no new outcomes have been established for Recovery Act funds.

Funds awarded under ARRA support the existing EDA programs, primarily in the form of construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain private sector jobs and investments, attract private sector capital, and promote regional competitiveness, including: investments that expand and upgrade infrastructure (e.g. water, sewer, broadband) to attract new industry; support technology-led and other new business development (including business incubators); and enhance the ability of regions to capitalize on opportunities presented by free trade.

### **Section 4. Priorities/Management Challenges**

EDA continues to pursue and implement management improvements and initiatives that make good business sense and improve EDA's processes. As part of developing the FY 2011 Budget and Annual Performance Plan, EDA has identified the following high priority

performance goal, in support of Administration and Departmental priorities, that will be a particular focus for the remainder of FY 2010 and for FY 2011:

Raise the percentage of construction projects involving buildings or structures funded by Economic Development Assistance Programs that are certified by the US Green Building Council's Leadership in Energy and Environmental Design (LEED) or a comparable third-party certification program to 12%.

▪ **Budget and Performance Integration**

To further the effective integration of budget and performance evaluation, EDA analyzes Government Performance and Results Act of 1993 (GPRA) results on a quarterly basis and reports these analyses to both its Regional Directors and the Executive Management Team. EDA's recent (Sept. 2008) construction program evaluation study further refined management utilization of GPRA data.

▪ **Revolving Loan Fund (RLF) Program**

A March 2007 OIG review and report made seven recommendations regarding EDA's management of the RLF program, six have been fully implemented. The seventh—to develop a web-based RLF reporting and management system—is well underway, with an interim tracking tool already deployed and a web-based, comprehensive system in development. EDA partnered with the OIG to provide intensive training for staff involved in managing the agency's RLF portfolio; conducted training and technical assistance workshops for all EDA RLF operators; and revamped its regulations, Standard Terms and Conditions, and OMB Circular A-133 Compliance Supplement to strengthen oversight of the program while eliminating unnecessary paperwork. As a result of these initiatives, EDA has increased its on-time reporting rate from 50 percent at the time of the audit to 75 percent.

▪ **Strategic Human Capital**

EDA is: standardizing position descriptions and performance plans for employees, identifying skill gaps in mission-critical occupations, and implementing training programs. EDA offers training in grants management, single audits, revolving loans, and other relevant skills depending on the position's needs. EDA employee training is organized through individual development plans, which are incorporated into individual performance plans, and includes topics such as the Know Your Region economic development curriculum, courses in promoting innovation, and seminars on how to generate reports on key economic data from various data sources. EDA is also implementing succession planning strategies to ensure it has a knowledgeable and skilled leadership cadre.

▪ **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 2008 financial statement audit. In response to the revised 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 40,000 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 American Planning Association (APA), and includes:

- A periodic “Economic Development Today” webcast with nationally recognized economic development leaders;
  - Four quarterly issues of the *Economic Development America* magazine;
  - Twelve issues of EDA Update, a monthly electronic newsletter that provides updates on the activities of EDA and its partners.
- **E-Government**
    - All EDA grant program Federal Funding Opportunities comply with the FIND and APPLY functions of grants.gov. EDA implemented a new single application to facilitate this process for the applicant. EDA is an active participant in all DOC grants management groups, and collaborates with the other DOC operating units to carry out Departmental and government-wide requirements such as those pertaining to Federal Funding Accountability and Transparency Act (FFATA) reporting. The Department’s Information Technology Optimization Blueprint items related to grants processing have been prioritized by the Chief Information Officers, and EDA will follow that plan for grants consolidation. EDA also continues to place high emphasis on improving its certification and accreditation (C&A) process by instituting policies and tools that monitor and mitigate vulnerabilities in a timely matter and continuously monitor controls. C&A packages that expire this year are in the process of being updated.

**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 2005 Gulf Coast hurricanes.
- Federal Emergency Management Agency (FEMA) – Early response, coordination, mitigation, and economic recovery efforts following major disasters.
- Department of Defense Office of Economic Adjustment (OEA) – Economic adjustment strategies and investments for base reuse in 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, Employment and Training Administration, and 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 and Renewal Communities.

- Delta Regional Authority (DRA) – Leverages federal and state programs focused on basic infrastructure development and transportation improvements, business development, and job training services in a federal-state partnership serving a 240-county/parish area in an 8-state region to help economically distressed communities.
- Council on Environmental Quality (CEQ) – American Heritage Rivers.
- 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.

### **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 projects that can provide direct and lasting benefits to economically distressed communities and regions. EDA programs are not intended to work alone; rather, they are designed 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. These events 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.

**Section 5. Target and Performance Summary / FY 2011 Target Description / Measure Descriptions/ Validation and Verification**

Outcome 1 - Promote private enterprise and job creation in economically distressed communities and regions							
Measure 1A: Private sector dollars invested in distressed communities as a result of EDA investments	Investment Year Target (dollars in millions)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target <sup>1</sup>	FY 2010 Target	FY 2011 Target*
Private investment reported from grants awarded 3 years from FY	2003 (\$320) 2004 (\$330) 2005 (\$270) 2006 (\$265)	\$1,669	\$810	\$1,013			
Private investment reported from grants awarded 6 years from FY	2000 (\$1,020) 2001 (\$1,200) 2002 (\$970) 2003 (\$810)	\$1,059	\$2,118	\$1,393			
Private investment reported from grants awarded 9 years from FY	1997 (\$1,662) 1998 (\$1,350) 1999 (\$2,080) 2000 (\$2,040)	\$2,331	\$1,937	\$4,173			
Private investment target 3 years from FY					\$446	\$261	\$204
Private investment target 6 years from FY					\$1,114	\$652	\$511
Private investment target 9 years from FY					\$2,228	\$1,303	\$1,022
<p><b>Description:</b> 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% of the 9-year projection would be realized after 3 years, and 50% after 6 years.</p> <p><b>Comments on Changes to Targets:</b> EDA re-calculates outcome forecasts throughout the budget cycle as input values change, hence the forecast herein differs from prior iterations. GPRA targets are outcome forecasts based on the final appropriation.</p> <p>*Note: The 2011 figure represents a forecast. An actual target will be established once EDA receives its final Congressional Appropriation.</p>							
<b>Relevant Program Changes:</b> \$90.480 M decrease	<b>Title:</b> Public Works and Economic Adjustment Assistance Programs					<b>Exhibit 13 - Page 66</b>	
Data Validation and Verification Chart							
Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken	
Measure 1a: Private Sector Dollars Invested 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 PW and EA implementation and revolving loan fund investments. Private investment may vary along with economic cycles.	EDA will continue to monitor investment and job creation data.	

<sup>1</sup>The FY 2009 Target includes a \$15 million rescission of the unobligated balances available to EDA from prior appropriations.

**Outcome 1 - Promote private enterprise and job creation in economically distressed communities and regions**

<b>Measure 1B: Jobs created or retained in distressed communities as a result of EDA investments</b>	<b>Investment Year Target</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target<sup>1</sup></b>	<b>FY 2010 Target</b>	<b>FY 2011 Target*</b>
Jobs created or retained from grants awarded 3 years from FY	2003 9,170 2004 8,999 2005 7,227 2006 7,019	11,833	16,274	14,819			
Jobs created or retained from grants awarded 6 years from FY	2000 28,200 2001 36,000 2002 28,900 2003 22,900	42,958	49,806	30,719			
Jobs created or retained from grants awarded 9 years from FY	1997 50,400 1998 54,000 1999 56,900 2000 56,500	50,546	73,559	57,701			
Jobs created or retained target 3 years from FY					15,563	6,523	4,996
Jobs created or retained target 6 years from FY					38,907	16,308	12,491
Jobs created or retained target 9 years from FY					77,815	32,616	24,982

**Description:** 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% of the 9-year projection would be realized after 3 years, and 50% after 6 years.

**Comments on Changes to Targets:** EDA re-calculates outcome forecasts throughout the budget cycle as input values change, hence the forecast herein differs from prior iterations. GPRA targets are outcome forecasts based on the final appropriation.

\*Note: The 2011 figure represents a forecast. An actual target will be established once EDA receives its final Congressional Appropriation.

<b>Relevant Program Changes:</b> \$90.480 M decrease	<b>Title:</b> Public Works and Economic Adjustment Assistance Programs	<b>Exhibit 13 - Page 66</b>
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**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 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 PW and EA implementation and revolving loan fund investments. Private investment may vary along with economic cycles.	EDA will continue to monitor investment and job creation data.

<sup>1</sup>The FY 2009 Target includes a \$15 million rescission of the unobligated balances available to EDA from prior appropriations.

**Outcome 2 - Build community capacity to achieve and sustain economic growth**

<b>Measure 2A:</b> Percentage of Economic Development Districts (EDDs) and Indian Tribes implementing economic development projects from the Comprehensive Economic Development Strategy (CEDS) process that lead to private investment and jobs.	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>	<b>FY 2011 Target</b>
	96%	95%	92%	95%	95%	95%

**Description:** 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.

**Comments on Changes to Targets:** Due to reporting schedules, certain quarters may have a low number of reporting Tribes and EDDs. As such, the overall percentage may easily be impacted by those that do not meet their goals. In FY 2007, this target was impacted by unusually high numbers of non-reporting Tribes and EDDs.

<b>Relevant Program Changes:</b> None	<b>Title:</b> Planning Program	<b>Exhibit 13 - N/A</b>
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**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 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.

<b>Outcome 2 - Build community capacity to achieve and sustain economic growth</b>						
<b>Measure 2B:</b> Percentage of sub-state jurisdiction members actively participating in the Economic Development District (EDD) program.	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
	90%	92%	90%	89-93%	89-93%	89-93%
<p><b>Description:</b> 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.</p>						
<p><b>Comments on Changes to Targets:</b> EDA launched an initiative to standardize the meaning of "actively participating" that resulted in a reduction of the previously reported 2007 figures.</p>						
<b>Relevant Program Changes:</b> None	<b>Title:</b> Planning Program					<b>Exhibit 13 - N/A</b>
<b>Data Validation and Verification Chart</b>						
<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 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.

**Outcome 2 - Build community capacity to achieve and sustain economic growth**

<b>Measure 2C:</b> Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center.	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>	<b>FY 2011 Target</b>
	76%	84%	80%	75%	75%	75%

**Description:** 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 of 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 development; and other services.

**Comments on Changes to Targets:** None

<b>Relevant Program Changes:</b> \$3.6 M increase	<b>Title:</b> Technical Assistance Program	<b>Exhibit 13 - Page 54</b>
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**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 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.

**Outcome 2 - Build community capacity to achieve and sustain economic growth**

<b>Measure 2D:</b> Percentage of those actions taken by University Center clients that achieved the expected results.	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>	<b>FY 2011 Target</b>
	82%	89%	84%	80%	80%	80%

**Description:** This measure is a follow up to measure 2C, a 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.

**Comments on Changes to Targets:** The change in the 2007 value is the result of more rigorous validation by EDA.

<b>Relevant Program Changes:</b> \$3.6 M increase	<b>Title:</b> Technical Assistance Program	<b>Exhibit 13 - Page 54</b>
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**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 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.

**Outcome 2 - Build community capacity to achieve and sustain economic growth**

<b>Measure 2E:</b> Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAAC.	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>	<b>FY 2011 Target</b>
	90%	99%	92%	90%	90%	90%

**Description:** This measure determines the value of assistance provided by 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.

**Comments on Changes to Targets:** N/A

<b>Relevant Program Changes:</b> None	<b>Title:</b> Trade Adjustment Assistance Program	<b>Exhibit 13 -</b> N/A
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**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 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.

Outcome 2 - Build community capacity to achieve and sustain economic growth						
Measure 2F: Percentage of those actions taken by TAAC clients that achieved the expected results.	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2010 Target	FY 2011 Target
		96%	99%	95%	95%	95%
<b>Description:</b> This is a follow up to measure 2E, "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.						
<b>Comments on Changes to Targets:</b> N/A						
<b>Relevant Program Changes:</b> None	<b>Title:</b> Trade Adjustment Assistance Program					<b>Exhibit 13 -</b> N/A
Data Validation and Verification Chart						
Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 2f: Percentage of Those Actions Taken by Trade Adjustment Assistance Center Clients that Achieved the Expected Results	Trade Adjustment Assistance Center client profiles	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.

**Section 6. FY 2011 Program Changes**

**FY 2011 PROGRAM CHANGES**

(Dollar amounts in thousands)

Program Change:	Accompanying GPRA		Base		Increase / Decrease		Page of Exhibit 13 Discussion
	APP Page #	Performance Measure #	FTE	Amount	FTE	Amount	
Global Climate Change Mitigation Incentive Fund		TBD		\$25,000		(\$8,500)	Page 41
Public Works		1A, 1B		\$133,280		(\$90,480)	Page 45
Technical Assistance		2C, 2D		\$9,800		\$3,600	Page 54
Economic Adjustment Assistance		1A, 1B		\$38,620		\$86,380	Page 66

## Section 7. Resource Requirements Summary

(Dollar amounts in millions)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2011 Base	Increase/ Decrease	FY 2011 Request
<b>Performance Outcome 1: Promote Private Enterprise and Job Creation in Economically Distressed Communities and Regions</b>								
<b>Salaries and Expenses Outcome 1</b>	\$19.3	\$17.3	\$19.0	23.5	\$26.6	\$28.1	\$0.0	\$28.1
<b>Economic Development Assistance Programs (EDAP)</b>								
Global Climate Change Mitigation Incentive Fund	0.0	0.0	9.4	14.7	25.0	25.0	(8.5)	16.5
Public Works and Economic Development <sup>1</sup>	158.1	177.0	169.9	138.0	133.3	133.3	(90.5)	42.8
Economic Adjustment Assistance	30.9	29.6	31.4	130.1	27.0	27.0	60.5	87.5
EDAP Outcome 1	189.0	206.6	210.7	282.8	185.3	185.3	(38.5)	146.8
<b>Total Outcome 1</b>	<b>208.3</b>	<b>223.9</b>	<b>229.7</b>	<b>306.4</b>	<b>211.9</b>	<b>213.4</b>	<b>(38.5)</b>	<b>174.9</b>
IT Funding <sup>2</sup>	0.8	0.8	0.8	1.8	1.8	1.7	0.0	1.7
FTE	128.0	132.0	132.0	128.8	164.0	164.0	0.0	164.0
<b>Performance Outcome 2: Build Community Capacity to Achieve and Sustain Economic Growth</b>								
<b>Salaries and Expenses Outcome 2</b>	10.4	12.6	11.8	10.1	11.4	12.1	0.0	12.1
<b>Economic Development Assistance Programs (EDAP)</b>								
Planning	27.0	27.0	28.0	30.9	31.0	31.0	0.0	31.0
Technical Assistance	8.2	8.8	10.8	9.7	9.8	9.8	3.6	13.4
Research and Evaluation	0.5	0.8	0.9	0.0	1.5	1.5	0.0	1.5
Trade Adjustment Assistance	12.8	12.9	14.2	13.9	15.8	15.8	0.0	15.8
Economic Adjustment Assistance	13.2	21.4	16.9	55.8	11.6	11.6	25.9	37.5
EDAP Outcome 2	61.7	70.9	70.7	110.3	69.7	69.7	29.5	99.2
<b>Total Outcome 2</b>	<b>72.1</b>	<b>83.5</b>	<b>82.5</b>	<b>120.4</b>	<b>81.1</b>	<b>81.7</b>	<b>29.5</b>	<b>111.3</b>
IT Funding <sup>2</sup>	0.4	0.4	0.4	0.8	0.8	0.7	0.0	0.7
FTE	32.0	33.0	33.0	32.2	41.0	41.0	0.0	41.0
<b>Total Economic Development Assistance Program</b>	<b>250.7</b>	<b>277.5</b>	<b>281.4</b>	<b>393.1</b>	<b>255.0</b>	<b>255.0</b>	<b>(9.0)</b>	<b>246.0</b>
<b>Total Salaries and Expenses</b>	<b>29.7</b>	<b>29.9</b>	<b>30.8</b>	<b>33.6</b>	<b>38.0</b>	<b>40.2</b>	<b>0.0</b>	<b>40.2</b>
<b>TOTAL, EDA<sup>3</sup></b>	<b>280.4</b>	<b>307.4</b>	<b>312.2</b>	<b>426.7</b>	<b>293.0</b>	<b>295.2</b>	<b>(9.0)</b>	<b>286.2</b>

<sup>1</sup> FY 2006 Public Works and Economic Development includes \$0.7M transferred from EDAP to S&E.

<sup>2</sup> Not included in S&E or EDAP totals.

<sup>3</sup> Totals reflect direct obligations, including prior year unobligated carry forward, refunds and recoveries for EDAP programs and S&E; totals do not include one-time disaster investments or reimbursable funding. Figures contained in the FY 2008 PAR *do not* include S&E, prior year unobligated carry forward, recoveries, or refunds.

**Department of Commerce  
Economic Development Administration  
PRIORITY RANKING OF FY 2011 PROGRAM CHANGES  
(Dollar values in thousands)**

<b>Rank</b>	<b>Page No. Exhibit 12</b>	<b>Activity/Subactivity</b>	<b>FTE</b>	<b>Direct Obligation</b>	<b>Outlay</b>
1	Page 63	Economic Adjustment Assistance	0	86,380	4,319
1	Page 51	Technical Assistance	0	3,600	180
1	Page 43	Public Works	0	(90,480)	0
2	Page 39	Global Climate Change Mitigation Incentive Fund	0	(8,500)	0

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

	<b>FTE</b>	<b>BUDGET AUTHORITY</b>	<b>DIRECT OBLIGATION</b>
Enacted, FY 2010.....	0	255,000	638,040
Less: Obligation for Prior Years .....	0	0	(353,040)
Less: Estimated Recoveries .....	0	0	(30,000)
<b>2011 Base Request.....</b>	0	<u>255,000</u>	<u>255,000</u>
Less: Program Change.....	0	(9,000)	(9,000)
<b>2011 Estimate.....</b>	0	246,000	246,000

COMPARISON BY ACTIVITY			2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
			Amount	Amount	Amount	Amount	Amount
EDA-38	Global Climate Change Mitigation Incentive Fund	BA	14,700	25,000	25,000	16,500	(8,500)
		Obl	14,700	25,000	25,000	16,500	(8,500)
EDA-42	Public Works*	BA	114,280	133,280	133,280	42,800	(90,480)
		Obl	138,056	151,700	158,280	67,800	(90,480)
EDA-46	Planning	BA	31,000	31,000	31,000	31,000	0
		Obl	30,921	31,391	31,000	31,000	0
EDA-50	Technical Assistance	BA	9,400	9,800	9,800	13,400	3,600
		Obl	9,666	9,800	9,800	13,400	3,600
EDA-55	Research & Evaluation	BA	490	1,500	1,500	1,500	0
		Obl	30	1,963	1,500	1,500	0
EDA-59	Trade Adjustment Assistance	BA	15,450	15,800	15,800	15,800	0
		Obl	13,904	18,987	15,800	15,800	0
EDA-62	Economic Adjustment Assistance	BA	35,330	38,620	38,620	125,000	86,380
		Obl	38,850	52,500	43,620	130,000	86,380
	American Recovery and Reinvestment Act, 2009	BA	147,000	0	0	0	0
		Obl	147,000				
	Supplemental Appropriations Act, 2009	BA	40,000	0	0	0	0
		Obl	0	40,000			

\*The PW FY 2009 Actual Obl number includes a \$15 million rescission of the unobligated balances available to EDA from prior appropriations.

\*The PW FY 2010 Enacted Obl does not match the Obl reported in the FY 2011 BiB. The BiB Enacted Obl were adjusted to match MAX estimates.

COMPARISON BY ACTIVITY		2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Supplemental Appropriations Act of June 30, 2008	BA	0	0	0	0	0
	Obl	53,387	39,320	0	0	0
Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009	BA	0	0	0	0	0
	Obl	133,611	266,389	0	0	0
Other Prior Year Category B Disaster Supplementals	BA	0	0	0	0	0
	Obl	948	990	0	0	0
<b>Total Budget Authority</b>	BA	407,650	255,000	255,000	246,000	(9,000)
	Obl	581,073	638,040	285,000	276,000	(9,000)
<b>Adjustments to Obligations:</b>						
Recoveries		(31,874)	(30,000)	(30,000)	(30,000)	0
Unobligated balance, start of year		(494,589)	(353,040)	0	0	0
Unobligated balance, transferred		0	0	0	0	0
Unobligated balance, end of year		353,040	0	0	0	0
Transfer to other accounts (+)		7,350	0	0	0	0
Unobligated Balance Rescission		15,000	0	0	0	0
<b>Appropriations</b>		430,000	255,000	255,000	246,000	(9,000)

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

	2009	2010	2011	2011	Increase/
	Actual	Enacted	Base	Estimate	(Decrease)
	Amount	Amount	Amount	Amount	Amount
<b>Total Obligations</b>	594,987	653,040	300,000	291,000	(9,000)
Financing	0	0	0	0	0
Offsetting collections from					
Federal funds	(13,914)	(15,000)	(15,000)	(15,000)	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(31,874)	(30,000)	(30,000)	(30,000)	0
Unobligated balance, start-of-year	(494,589)	(353,040)	0	0	0
Unobligated balance rescission	0	0	0	0	0
Unobligated balance, end-of-year	353,040	0	0	0	0
<b>Budget Authority</b>	407,650	255,000	255,000	246,000	(9,000)
Transferred to/from other accounts	7,350	0	0	0	0
Rescission	15,000	0	0	0	0
<b>Appropriation</b>	430,000	255,000	255,000	246,000	(9,000)

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

<b>ACTIVITY: Global Climate Change Mitigation Incentive Fund</b>		<b>2009 Actual</b>	<b>2010 Enacted</b>	<b>2011 Base</b>	<b>2011 Estimate</b>	<b>Increase/ (Decrease)</b>
		<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Global Climate Change Mitigation Incentive Fund</b>	<b>BA</b>	\$14,700	\$25,000	\$25,000	\$16,500	(\$8,500)
	<b>Obl.</b>	\$14,700	\$25,000	\$25,000	\$16,500	(\$8,500)

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

**Activity: Global Climate Change Mitigation Incentive Fund**

**Base Program**

At the direction of Congress, EDA established the Global Climate Change Mitigation Incentive Fund (Fund) in FY 2008 to advance the connections between economic competitiveness and environmental quality. The goal of the Fund is to promote EDA policies and strategies which contribute to sustainable “green” construction and resource conservation in an effort to address, in part, the mounting concerns with regard to the effects of global climate change. EDA uses the Fund to invest in projects in which a building or structure is developed or redeveloped using green building techniques. By utilizing the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) rating system to independently certify the environmental benefits of the project, EDA is able to verify that each Fund-related investment effectively contributes to sustainability and mitigates associated environmental impacts.

In FY 2008, EDA invested \$1.08 million in the Kentucky Highlands Investment Corporation of London, Kentucky to help build a new business incubator that will provide a supportive environment for new and small businesses to grow and prosper in Southern Kentucky. The incubator will be one of the first new energy efficient business incubator designs in the region that will be constructed to be certified by the LEED building rating system.

In FY 2011 EDA will continue its existing efforts to implement a more broadly-defined Fund. The fund will focus on supporting **renewable energy, green building, energy efficiency, and reuse/restoration/recycling** projects which enhance sustainability, diversify the economy, and result in 21<sup>st</sup> century higher-skill, higher-wage jobs. Such projects should either:

- **Develop a green end-product** - Developing or manufacturing a green end-product, such as wind turbines or a business incubator focused on renewable energy companies.
- **Green an existing function or process** - Infusing green elements that enhance the resource, energy, water, and/or waste, etc. efficiency of an existing process.
- **Create or renovate a green building** - Building or renovating a structure using LEED certified green building techniques that results in a net positive outcome in terms of energy, materials, and/or water reduction.

EDA will continue its attempts to use the Fund’s definitions of project types and outcomes to track which investments resulted in green jobs.

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

<b>Measure 1A: Private sector dollars invested in distressed communities &amp; Measure 1B: Jobs created or retained in distressed communities</b>							
3A page #: N/A	Fiscal Year	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>Global Climate Change Mitigation Incentive Fund</b>	<b>Amount (\$000)</b>	\$14,700	\$25,000	\$16,500	\$16,500	\$16,500	\$16,500
<b>Long-Term Outcomes</b>							
Percent of Construction Projects that are LEED Certified Green buildings	Target (%)	7.0%	12.0%	8.0%	8.0%	8.0%	8.0%
<p><b>Note:</b> Targets are based on 2008 data, which is the only year of data available. Targets will be refined on a yearly basis as additional data become available.</p>							

**Department of Commerce  
Economic Development Administration  
Economic Development Assistance Programs  
DECREASE for 2011  
(Dollar Amounts in thousands)**

	2011 Base		2011 Estimate		Increase/(Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Global Climate Change Mitigation Incentive Fund</b>						
Pos./BA	0	\$25,000	0	\$16,500	0	(\$8,500)
FTE/Obl.	0	\$25,000	0	\$16,500	0	(\$8,500)

**Proposed FY 2011 Program Change**

The FY 2011 Budget Request of \$246 million for Economic Development Administration Programs (EDAP) includes a request for Global Climate Change Mitigation Incentive Fund (GCCMIF) investments of \$16.5 million, a decrease of \$8.5 million from the Omnibus Appropriations Act, 2010.

While EDA’s request seeks to decrease its GCCMIF funding in FY 2011, its focus -- strengthening the linkages between economic development and environmental quality by financing projects that limit the nation's dependence on fossil fuels, enhance energy efficiency, curb greenhouse gas emissions and protect natural systems while generating jobs and private investment -- has been infused into EDA's investment policy guidelines and funding priorities, encouraging EDA's other programs to seek and achieve many of the GCCMIF's desired outcomes.

Performance Measures for Global Climate Change Mitigation Incentive Fund:	Fiscal Year:	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Amount:	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500
Total Number of Projects Funded through GCCMIF	With Decrease	23.57	23.57	23.57	23.57	23.57
	Without Decrease	35.71	35.71	35.71	35.71	35.71

**Note:** Targets are based on average cost per project in FY 2009. Targets will be refined on a yearly basis as additional data become available.

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

ACTIVITY: PUBLIC WORKS		2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
<b>Public Works</b>	<b>BA</b>	\$114,280	\$133,280	\$133,280	\$42,800	(\$90,480)
	<b>Obl.</b>	\$138,056	\$151,700	\$158,280	\$67,800	(\$90,480)

\*The PW FY 2009 Actual Obl number includes a \$15 million rescission of the unobligated balances available to EDA from prior appropriations.

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

**Activity: Public Works**

**Base Program**

The Public Works (PW) program empowers distressed communities to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify regional economies, and generate or retain long-term, private sector jobs and investment. The PW program addresses the most basic building block of an economy, namely infrastructure, which is required to support the growth and economic development of distressed regions.

The PW program largely addresses issues of core infrastructure upgrades and expansion. One area that EDA has had particular success in is supporting next generation technology infrastructure in areas suffering from long term economic decline. Current areas of focus include:

***Centuries Old Water and Sewer Systems and Economic Sustainability***

Basic infrastructure in the downtown regions, particularly water and sewer systems, is often over a century old. This infrastructure is not adequate to support the needs of growing businesses. In rural regions, water management and coordinated planning and implementation of water/wastewater infrastructure is key to unlocking economic sustainability. The inadequacy of basic public water and sewer infrastructure has proven to be a significant impediment to the growth of new businesses.

***Establishing Links through Technology Infrastructure***

EDA has had tremendous success in establishing vital links between distressed communities and high-tech communities by funding telecommunications infrastructure as a fundamental component to bridging the technology gap. Possible technological infrastructure investments may include, among other things, broadband deployment, infrastructure for distance learning networks, smart-rooms, technologically advanced research and manufacturing facilities, business and industrial parks pre-wired with fiber optic cable, as well as other types of telecommunications infrastructure and development facilities needed to create economic opportunity. Studies have found that the absence of internet accessibility is a significant impediment to the development of distressed rural communities.

EDA funding supports high-technology investment opportunities that link innovation with commercialization. For example, EDA recently awarded \$1.75 million to Arkansas State University (ASU) of Jonesboro, Arkansas, to help build the Commercial Innovation Center. The center will play an integral role in the development of a knowledge-based business technology sector in northeast Arkansas. Additionally, the center will offer an extensive range of facilities to transform ASU research into business and economic development opportunities, especially in the development of disaster resistant crops.

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

<b>Measure 1A: Private sector dollars invested in distressed communities Measure 1B: Jobs created or retained in distressed communities</b>							
<b>3A page #s 22 &amp; 23</b>	<b>Fiscal Year</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012**</b>	<b>FY 2013**</b>	<b>FY 2014**</b>
<b>PUBLIC WORKS*</b>	<b>Amount (\$000)</b>	\$114,280	\$133,280	\$42,800	\$42,800	\$42,800	\$42,800
<b>Long-Term Outcomes</b>							
Private sector dollars invested in distressed communities.	Target (\$000)	\$806,360	\$940,424	\$301,997	\$301,997	\$301,997	\$301,997
Jobs created or retained in distressed communities.	Target	20,594	23,482	7,318	7,318	7,318	7,318
<p>Note: 1) Jobs created or retained and private sector dollars invested for projects awarded in FY 2011 are projected to be fully realized by FY 2020. 2) Long term outcomes are based solely on direct jobs. The use of only direct jobs and private investments to calculate EDA projections is consistent with OMB recommendations. 3) Long-term outcomes are based on findings from the Public Works Program Performance Evaluation (Rutgers University, et al. 1997).</p>							
<p>** Measure 1A and 1B targets for fiscal years 2012 - 2014 are based on the FY 2011 PW appropriation and FY 2011 target calculation formula. These targets will change once the FY 2012 - 2014 target calculation formulas are available. Data displayed in this table represent targets for Public Works Only; not all Strategic Goal 1 initiatives.</p>							

**\*The PW FY 2009 amount includes a \$15 million rescission of the unobligated balances available to EDA from prior appropriations**

**Department of Commerce  
Economic Development Administration  
Economic Development Assistance Programs  
DECREASE for 2011  
(Dollar Amounts in thousands)**

		2011 Base		2011 Estimate		Increase/(Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Public Works</b>	Pos./BA	0	\$133,280	0	\$42,800	0	(\$90,480)
	FTE/Obl.	0	\$158,280	0	\$67,800	0	(\$90,480)

**Proposed FY 2011 Program Change**

The FY 2011 Budget Request of \$246 million for Economic Development Administration Programs (EDAP) includes a request for Public Works (PW) investments of \$42.8 million, a decrease of approximately \$90.5 million from the Omnibus Appropriations Act, 2010.

While EDA’s request seeks to decrease its PW funding in FY 2011, funding will be commensurately increased for Economic Adjustment Assistance, which can and does fund similar projects, but has somewhat greater flexibility. The statutory provisions that apply to Economic Adjustment Assistance provide for single application planning and implementation grants that speed assistance to communities suffering sudden and severe economic dislocations, such as those associated with natural disasters and the current economic crisis.

<b>Public Works Performance Measures:</b>	<b>Fiscal Year</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b>Amount:</b>	\$42,800	\$42,800	\$42,800	\$42,800	\$42,800

**Infrastructure**

Private sector dollars invested in distressed communities.	With Decrease	\$301,997	\$301,997	\$301,997	\$301,997	\$301,997
	Without Decrease	\$940,424	\$940,424	\$940,424	\$940,424	\$940,424
Jobs created or retained in distressed communities.	With Decrease	7,541	7,541	7,541	7,541	7,541
	Without Decrease	22,789	22,789	22,789	22,789	22,789

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

ACTIVITY: PLANNING		2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
<b>Planning</b>	<b>BA</b>	\$31,000	\$31,000	\$31,000	\$31,000	\$0
	<b>Obl.</b>	\$30,921	\$31,391	\$31,000	\$31,000	\$0

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

**Activity: Planning**

**Base Program**

As regions across the U.S. work to create and grow clusters of innovation that will be their economic engines in the global economy, the need for coordinated regional planning becomes the critical factor in successful regional economic development efforts. EDA's Planning Program stimulates the development and implementation of the coordinated regional planning initiatives that significantly increase the probability of establishing and maintaining global competitiveness in a changing economic climate. EDA provides assistance to eligible recipients<sup>1</sup> that create these regional economic development plans. EDA's Planning program is the foundation for the successful selection and implementation of public investments that contribute to economic resiliency, diversity, and long-term stability.

The fulcrum of EDA's Planning program is the Partnership Planning grants provided to Economic Development Districts (EDDs) and Indian Tribes. EDA Partnership Planning investments support the development, implementation, and revision of the Comprehensive Economic Development Strategy (CEDs). A critical component of the CEDs process is the fact that it is regionally driven, focused, and involves a highly diverse mix of local participants.

The CEDs is a forward looking, comprehensive, market-based, locally developed regional economic development planning process. The CEDs is the key strategic planning tool guiding the practitioners that developed it as they seek to exploit their region's competitive advantages, and address potential threats to economic growth and stability.

EDA views effective planning as the essential component of successful economic development strategy. The CEDs process is a focused approach to establishing innovative regional clusters that exploit the region's natural and human resource assets to create higher-skill, higher-wage jobs. Each CEDs begins with an analysis of the regional economy, documenting assets, opportunities and challenges, including but not limited to: growing and emerging industry clusters, workforce demographics, educational institutions, natural resources, amenities, and public infrastructure. The CEDs serves as a regional economic development road map, describing the priorities the region will pursue over a five-year period to make the regional vision a reality.

EDA is committed to improving this program, and has committed over \$300,000 of its Research and Evaluation budget to an assessment of the characteristics of high-performing planning partners, and high quality CEDs. EDA believes this investment in the partnership planning program will provide new insights and practitioner accessible tools that will allow local practitioners to study the best practices of their colleagues. Coupled with EDA's existing *Know Your Region* training curriculum, the insights from this study, and the tools that are developed will allow lagging regions to assess their opportunities in the global economy and act on those insights effectively. As a result, EDA anticipates that regions embracing these concepts will be more successful in transforming or transitioning their economies, establishing and growing locally appropriate innovative regional clusters, and become more globally competitive. EDA will measure those results in upcoming years as part of its expanded GPRA reporting.

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<sup>1</sup> Eligible recipients include EDA designated Economic Development Districts, Indian Tribes, community development corporations, and non-profit regional planning organizations

As an example of an EDA CEDS investment, in FY 2009, EDA invested \$59,000 in the Southeast Conference, Inc. of Juneau, Alaska for a CEDS in the region comprised of 23 incorporated communities, 16 unincorporated communities, and various native villages. The CEDS is designed to bring together the public and private sectors in the creation of an economic development roadmap to diversify and strengthen the regional economy in response to the decline in natural resources, and federal actions concerning timber and fisheries.

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

<b>Measure 2A: Percentage of Economic Development Districts (EDDs) and Indian Tribes implementing economic development projects from the Comprehensive Economic Development Strategy (CEDS) process that contribute to private investment and jobs. Measure 2B: Percentage of sub-state jurisdiction members actively participating in the Economic Development District (EDD) program.</b>							
<b>3A page #s 24 &amp; 25</b>	<b>Fiscal Year</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>PLANNING</b>	<b>Amount (\$000)</b>	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000
<b>Long-Term Outcomes</b>							
Percentage of Economic Development Districts (EDDs) and Indian Tribes implementing economic development projects from the Comprehensive Economic Development Strategy (CEDS) process that contribute to private investment and jobs.	Target	95%	95%	95%	95%	95%	95%
Percentage of sub-state jurisdiction members actively participating in the Economic Development District (EDD) program.	Target	89-93%	89-93%	89-93%	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		2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Technical Assistance	BA	\$9,400	\$9,800	\$9,800	\$13,400	\$3,600
	Obl.	\$9,666	\$9,800	\$9,800	\$13,400	\$3,600

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

**Activity: Technical Assistance**

**Base Program**

EDA's Technical Assistance (TA) program is comprised of the University Center (UC), Local and National TA programs. Together, they are designed to address two major impediments to economic development - the lack of information on new trends and practices in economic development, and inadequate technical knowledge. TA programs, which help to fill these knowledge gaps, improve the capacity of these leaders to assess alternative economic development options and implement those which provide the greatest benefits for their constituents.

EDA's three TA sub-programs promote economic development, help alleviate unemployment/underemployment, and help reduce out-migration in distressed regions. These programs provide funds to: (1) invest in institutions of higher education to establish and operate UCs to provide technical assistance to public and private sector organizations with the goal of enhancing local economic development; (2) support innovative approaches to stimulate economic development in distressed regions; (3) disseminate information and studies of economic development issues of national significance; and (4) finance local feasibility studies, planning efforts, and other projects leading to local economic development. These programs aid the long-range economic development of regions with severe unemployment, and low per capita income.

Institutions of higher learning typically have extensive resources, including specialized research and outreach/technology transfer capabilities, exemplified by recognized faculty expertise, sophisticated laboratories, and methods that sometimes are not utilized by struggling communities and small business. The EDA-supported UC program is specifically designed to marshal the resources located within colleges and universities to support local economic development in regions suffering from severe and chronic economic distress. The UCs, which EDA considers long-term partners in economic development, are required to devote the majority of their funding to responding to technical assistance requests originating from organizations outside the sponsoring institution. EDA also expects UCs to give priority to technical assistance requests from organizations located in the economically distressed portions of their service regions.

Most UCs focus their efforts on assisting units of local governments and non-profit organizations in planning and implementing economic development programs and projects. Typical activities provided by these UCs include conducting preliminary feasibility studies, analyzing data, and convening customized seminars and workshops on topics such as strategic planning and capital budgeting. Other UCs focus their efforts on helping private sector firms with technology transfer assistance. Typical activities conducted by these UCs include identifying appropriate off-the-shelf technology to solve specific problems encountered by firms, and recommending changes in current operating procedures to improve production efficiencies, reduce energy usage, and decrease the volume of raw materials lost in the production process.

The UCs have a long history of helping to promote and facilitate economic development in their service regions. They have been among the first to recognize emerging technical assistance needs. EDA-funded UCs, as early as 1980, were among the first to recognize and respond to the needs of small and medium manufacturers and processors for technology transfer assistance. A University Center launched one of the Nation's first venture capital networks, a process which links entrepreneurs with private investors.

Similar networks have since been replicated by other institutions of higher education and non-profit organizations.

The Local TA program, one of EDA's smallest programs in terms of funding, is an extremely flexible and useful economic development tool. The most common purpose of a Local TA project has been to analyze the feasibility of a potential economic development project, such as an industrial park or a high-technology business incubator. Feasibility studies are an effective tool for determining whether the market will support a particular activity or site. While Local TA investments are typically small in size and scope, they can prevent costly mistakes and misguided investments. Economically distressed communities often have a pre-disposition towards the same type of industry that have historically been employers in an area, while market forces may be moving in another direction all together. Costly infrastructure investments to support obsolete industries are neither an efficient nor effective use of public resources, and they will not support the long-term economic interests of local communities. Targeted market feasibility studies can help communities overcome these hurdles and identify tomorrow's higher-skill, higher-wage employers. As a result of these feasibility studies, many communities have received funding under EDA's economic adjustment and public works programs or other federal or state funded programs to implement those projects.

The National TA program assists in formulating and implementing new economic development tools that will support local governments' efforts to partner with private industry and attract private investment to revitalize regions and local communities. It seeks to provide timely information on best practices in economic development that is critical to practitioners' efforts to alleviate economic distress and promote economic development. This process is accomplished, in some instances, through cooperative agreements with national organizations. EDA also conducts demonstrations of promising economic development tools and techniques and disseminates the results to state and local organizations and urban, rural and Native American communities. This program identifies and funds the collection and dissemination of new knowledge, analysis, and technical information which helps communities assess their economic development opportunities and supports the overall EDA strategy of enhancing regional cooperation, fostering innovation, increasing productivity, and developing industry clusters.

As an example, in FY 2007, EDA invested \$30,000 in Canon City, Colo., in conjunction with the International Center for Appropriate & Sustainable Technology, to develop a plan to start a viable commercial business that will generate energy by producing and using a recycled, engineered fuel made from the power plant fly ash byproduct of the Aquila Power Plant. The project planning included plant design, equipment needs, building and management needs, and supplier/customer relationship research.

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JUSTIFICATION OF PROGRAM AND PERFORMANCE**

<b>Measure 2C: Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center. &amp; Measure 2D: Percentage of those actions taken by University Center clients that achieved the expected results.</b>							
<b>3A page #s 26 &amp; 27</b>	<b>Fiscal Year</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>TECHNICAL ASSISTANCE</b>	<b>Amount (\$000)</b>	\$9,400	\$9,800	\$13,400	\$13,400	\$13,400	\$13,400
<b>Long-Term Outcomes</b>							
Measure 2C: Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center.	Target	75%	75%	75%	75%	75%	75%
Measure 2D: Percentage of those actions taken by University Center clients that achieved the expected results.	Target	80%	80%	80%	80%	80%	80%

**Department of Commerce  
Economic Development Administration  
Economic Development Assistance Programs  
INCREASE for 2011  
(Dollar Amounts in thousands)**

		2011 Base		2011 Estimate		Increase/(Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Technical Assistance</b>	Pos./BA	0	\$9,800	0	\$13,400	0	\$3,600
	FTE/Obl.	0	\$9,800	0	\$13,400	0	\$3,600

**Proposed FY 2011 Program Change**

The FY 2011 Budget Request of \$246 million for Economic Development Administration Programs (EDAP) includes a request for Technical Assistance (TA) investments of \$13.4 million, an increase of \$3.6 million above the Omnibus Appropriations Act, 2010.

The requested TA funding supports EDA’s efforts to increase our investment in Regional Innovation Clusters. The Regional Innovation Clusters component of this request continues the development an information center that dynamically maps business clusters and continues development of a national cluster initiatives and programs registry. The resulting data-rich geo-spatial cluster topography will inform decision-making by businesses, state and local development agencies, and federal policymakers and program managers. The Regional Innovation Clusters project builds on the existing business location quotient based method to create a decision support system for state and local economic development agencies that more comprehensively considers the regions assets, including human resources, and the business, professional, and interpersonal networks that subtend and support the clusters.

<b>Technical Assistance Performance Measures:</b>	<b>Fiscal Year</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
	<b>Amount:</b>		\$13,400	\$13,400	\$13,400	\$13,400

**Infrastructure**

Percentage of University Center Clients taking action as a result of the assistance facilitated by the University Center.	With Increase	75%	75%	75%	75%	75%
	Without Increase	75%	75%	75%	75%	75%
Percentage of those actions taken by University Center Clients that achieved the expected results.	With Increase	80%	80%	80%	80%	80%
	Without Increase	80%	80%	80%	80%	80%

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

ACTIVITY: RESEARCH & EVALUATION		2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
<b>Research and Evaluation</b>	<b>BA</b>	\$490	\$1,500	\$1,500	\$1,500	\$0
	<b>Obl.</b>	\$30	\$1,963	\$1,500	\$1,500	\$0

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

**Activity: Research and Evaluation**

**Base Program**

Through the Research and Evaluation program, EDA helps build the knowledge base for sound, market-driven, effective regional and local economic development, so that EDA's initiatives and investments are consistent with the best thinking and best practices of economic development in the 21st century. Methodologically rigorous research and program evaluation helps measure the return on taxpayer investment, private capital investment leveraged, and the creation of higher-skill, higher-wage jobs. As EDA embraces a strategy based on enhancing regional competitiveness, fostering innovation, increasing productivity, and developing Regional Innovation Clusters, the Research and Evaluation program provides vital economic and management information, data analysis, and cutting-edge research critical in developing and implementing sound investment strategies. It is also central to EDA's ability to evaluate program impact and measure program performance. The Research and Evaluation program is carried out through investments and cooperative agreements, as well as through studies conducted in-house by EDA research staff, to maximize the impact of this program. The quality of this work enhances EDA's credibility with the national economic development practitioner community and the bureau's primary stakeholders, and has been repeatedly recognized by other federal agencies, state institutions, nonprofit organizations, and numerous international organizations.

In September 2008, EDA published the results of an extensive study into the evaluation of the effectiveness of economic development programs. Working in cooperation with 25 sister agencies, the effort involved the application of sophisticated analytical methods to the problem of economic development outcome measurement. The effort was led by a team from Grant Thornton. The team engaged in methodological discussions with recognized academic experts and our federal colleagues at OMB and GAO. The collaboration and involvement of our sister agencies, and OMB and GAO analysts in this effort, is unique and is the key to success of this ambitious project, which after ongoing refinement will ultimately produce a replicable model utilizing publicly available open source data rather than relying upon the administratively burdensome collection of self-reported data from grant beneficiaries.

EDA continues to pursue its integrated research agenda in FY 2011. EDA is co-funding, with the MacArthur Foundation and UC Berkeley, research into economic resilience imparted by regionally networked green innovation systems. The study will develop a baseline analysis of innovation in the green economy, leading to a better understanding of green economic activities. The project will generate two major research contributions; metrics evaluating the green economy and a comparative study showing how regions can innovate successfully in the green economy. An EDA funded team of researchers from West Virginia University, George Mason University School of Public Policy, and Florida International University is examining regional innovation system asset mapping as a form of economic performance measurement and prediction. Strengthening and improving the performance of regional innovation systems is a policy goal for national, regional, and local economic developers and understanding their dynamics is the foundation of successful regional innovation policy development and implementation. The study will advance our knowledge in this crucial area. Arizona State University's School of Geographical Sciences is leading an effort to determine the spatial linkages in the urban economic development environment. Many normative sources of urban area economic distress are recognized in the existent literature. Unfortunately, there's a dearth of scientifically-based evidence for these assertions. This study will begin an examination into those assertions. EDA and the National

Academy of Sciences are examining the impact of state and regional innovation initiatives and their role in economic diversification. The National Academy's study will result in specific policy recommendations focused on federal policies that will foster state, regional, and private sector initiatives.

EDA's in-house research is directed at identifying methods to improve the economic performance of devastated areas, particularly the New Orleans region. The study attempts to identify clusters of opportunity, where EDA investments can be most advantageously made to leverage growing and emerging clusters. EDA's team is also exploring the development of new outcome measures, including the impact of EDA investments on the local government's tax base, which will add an important dimension to program effectiveness and efficiency evaluation.

In 2011, EDA will complete a study designed to assess the effectiveness of its Economic Development District (EDD) program, and develop a quality assessment tool for the Comprehensive Economic Development Strategy (CEDS) each EDD is responsible for developing. The CEDS are the basis for EDA infrastructure investments, and the foundation of successful economic development. Heretofore, EDA relied on anecdotal evidence of the program's effectiveness and had no consistent CEDS evaluation method or tool. EDA believes that credible measurement of 'soft' effectiveness and linking their output (i.e. CEDS) to economic outcomes strengthens the system's effectiveness nationwide. EDA intends to extend this process to its University Center and Tribal Planning activities in future years.

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JUSTIFICATION OF PROGRAM AND PERFORMANCE**

<b>Performance Outcome 2: Build Community Capacity to Achieve and Sustain Economic Growth</b>							
<b>APP page #: N/A</b>	<b>Fiscal Year</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Research and Evaluation</b>	<b>Amount (\$000)</b>	\$490	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
<b>Outcomes Measures: None</b>							
<b>Description:</b> There are no measures for this program.							

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

ACTIVITY: TRADE ADJUSTMENT ASSISTANCE		2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Trade Adjustment Assistance	BA	\$15,450	\$15,800	\$15,800	\$15,800	\$0
	Obl.	\$13,904	\$18,987	\$15,800	\$15,800	\$0

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

**Activity: Trade Adjustment Assistance**

**Base Program**

International trade 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.

The Trade Adjustment Assistance programs provide assistance to firms and communities that have been negatively impacted by trade.

- The **Trade Adjustment Assistance for Firms** program supports investments under Title II, Chapters 3 and 5, of the Trade Act of 1974, as amended (19 U.S.C. 2341 et seq.). This program provides technical assistance to help U.S. firms experiencing a decline in sales and employment, resulting in part from the increase in imports of like or directly competitive articles, thereby creating a barrier to becoming more competitive in the global marketplace. This 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).
- The **Trade Adjustment Assistance for Communities** program provides technical assistance to help American communities become more competitive in the global marketplace. Specifically, the Trade Adjustment Assistance for Communities program provides technical assistance to communities affected by trade by providing resources to assist the community with (1) diversifying and strengthening its economy; (2) identifying impediments to economic development that result from the impact of trade; and (3) developing a community strategic plan to address economic adjustment and workforce dislocation in the community.

**Department of Commerce  
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JUSTIFICATION OF PROGRAM AND PERFORMANCE**

<b>Measure 2E: Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAAC.</b>							
<b>&amp;</b>							
<b>Measure 2F: Percentage of those actions taken by TAAC clients that achieved the expected results.</b>							
<b>3A page #s 28 &amp; 29</b>	<b>Fiscal Year</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>TRADE ADJUSTMENT ASSISTANCE</b>	<b>Amount (\$000)</b>	\$15,450	\$15,800	\$15,800	\$15,800	\$15,800	\$15,800
<b>Long-Term Outcomes</b>							
Measure 2E: Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAAC.	Request does not affect target	90%	90%	90%	90%	90%	90%
Measure 2F: Percentage of those actions taken by TAAC clients that achieved the expected results.	Request does not affect target	95%	95%	95%	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		2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Economic Adjustment Assistance	BA	\$35,330	\$38,620	\$38,620	\$125,000	\$86,380
	Obl.	\$38,850	\$52,500	\$43,620	\$130,000	\$86,380

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

**Activity: Economic Adjustment Assistance**

**Base Program**

The Economic Adjustment Assistance program targets a flexible portfolio of investment assistance to communities facing the most severe of economic crises, a major change in the area's structural economic base. Radical economic change at the local level remains common in today's economy and is caused by both long-term trends and sudden economic events. These devastating economic impacts may be more readily recognized by other labels such as post disaster long-term economic recovery, the Pacific Northwest Timber Initiative, the Northeast Fisheries economic crisis, and the Appalachian region coal industry decline.

The major objective of the Economic Adjustment Assistance program is to address the needs of distressed communities experiencing adverse economic changes that may occur suddenly or over time, and generally result from industrial or corporate restructuring, new Federal laws or requirements, reduction in defense expenditures, depletion of natural resources, or natural disaster. Economic Adjustment Assistance investments are intended to enhance a distressed community's ability to compete economically by stimulating private investment in targeted areas. Current investment priorities include proposals that promote comprehensive, entrepreneurial, and innovation-based economic development efforts that enhance the competitiveness of regions in the global economy. The investments will be part of a long-term strategy to promote a region's success in achieving a rising standard of living by supporting existing industry clusters, developing emerging new clusters, or attracting new regional economic drivers; support technology-led economic development and reflect the important role of linking universities and industry and technology transfers; and advance community- and faith-based social entrepreneurship in redevelopment strategies for regions of chronic economic distress.

Economic Adjustment Assistance funds will be utilized to meet the bureau's funding priorities and to address the sudden and severe economic impacts related to major plant closures, base closures, or structural economic change brought about by major dislocations in resource-based economies, or because of Federal actions such as limiting timber or fishery harvests. The major advantage of this program is that it has the authority to put together a variety of program tools such as planning and technical assistance, public infrastructure, and revolving loan financing in varying combinations to assist economically distressed communities. Awards may be used for activities such as developing and updating a Comprehensive Economic Development Strategy (CEDS) or for implementing a CEDS by carrying out projects for site acquisition and preparation, construction, rehabilitation, equipping facilities, technical assistance, market or industry research and analysis, and other activities.

***Revolving Loan Fund Program***

Four decades ago, EDA created the revolving loan fund (RLF) program to make grants to State and local governments and nonprofit organizations to establish lending programs that make capital available to small businesses in distressed regions at below-market rates, or when funds are otherwise unavailable from private lenders. RLF grants and lending authority exist in perpetuity as long as loans are repaid. Although EDA cannot make direct investments to businesses, an RLF investment provides funding to a locally operated program that can make loans to area businesses. RLFs fill the critical financing gap faced by businesses located in regions struggling with economic recovery, and can help implement the business assistance portion of an area's comprehensive economic recovery strategy.

A variety of other mission critical initiatives and priorities are also supported by the flexible program tools under the Economic Adjustment Assistance program including:

### ***Putting Brownfields Back Into Action***

EDA has been a longtime supporter of the Environmental Protection Agency's (EPA) Brownfields Initiative. The redevelopment of brownfields revitalizes old industrial sites and older commercial regions of distressed communities rather than consuming new "greenfield" sites. EPA and EDA work together to enhance coordination with prospective applicant beneficiaries. This level of cooperation between two federal agencies, with markedly different missions, has established a model for intergovernmental collaboration and effective delivery of assistance to local communities.

### ***Enabling a Skilled Workforce for the 21<sup>st</sup> Century***

A theme that is present in almost every economically distressed area is the lack of an adequately trained workforce. The American Assembly of Columbia University cites the lack of skill training as one of the principal reasons for the decrease in the economic competitiveness for some of the nation's cities and rural communities. Rural communities in particular suffer from continued out-migration. Employers are reluctant to invest in areas where a skilled workforce does not already exist, while young workers leave rural communities in search of better opportunities. The cycle of out-migration will continue unless investment in worker training occurs. EDA has received a large number of investment requests over the years from communities that, when partnering with private firms, realize that much of the available local labor force lacks the training necessary to perform the jobs the industries need. This situation has resulted in a number of awards to applicants to build state-of-the-art training facilities. Applicants and their educational institution partners, together with input from the private industries, design and operate training programs to meet the needs of the industries. These programs are proving to be a key economic engine for both rural and urban regions.

### ***Border, Delta, and Appalachian Regions Experience Economic Decline***

Border, Delta and Appalachian regions continue to experience high distress and economic decline, and face barriers to economic diversification. In the Border regions, increased truck, barge, and rail traffic threaten the adequacy of transportation infrastructure. The majority of the Delta region remains rural and agricultural. Transportation and logistics generated by shipping commodities out of the region challenge the existing transportation infrastructure. Forty-two percent of the Appalachian population is rural, compared with twenty percent of the national population. Appalachia's economic fortunes were based on natural resource extraction and manufacturing. The modern economy of the region is gradually diversifying, with a heavier emphasis on services and widespread development of tourism, especially in more remote areas where there is no other viable industry.

The outcomes of the Economic Adjustment Assistance program and the narrower construed but complementary Public Works construction program have been noted in a number of academic studies over the years.

### ***FY 2008 Construction Effectiveness Study***

In September 2008, Grant Thornton and ASR Analytics published an assessment of the economic impacts and federal costs of its Economic Adjustment Assistance and Public Works construction investments. The team drew on the academic and program management credentials of EDA's Performance and National Programs team, and the knowledge/insights of other Federal grant and loan making program officials to improve on EDA's existing study, performed by a team of Rutgers University and Princeton University economists in 1997.

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

Measure 1A: Private sector dollars invested in distressed communities Measure 1B: Jobs created or retained in distressed communities														
3A page #s 22 & 23	INFRASTRUCTURE Amount in (\$000)							CAPITAL ACCESS Amount in (\$000)						
	INFRASTRUCTURE Performance Target	FY 2009	FY 2010	FY 2011**	FY 2012**	FY 2013**	FY 2014**	CAPITAL ACCESS Performance Target	FY 2009	FY 2010	FY 2011**	FY 2012**	FY 2013**	FY 2014**
<b>ECONOMIC ADJUSTMENT ASSISTANCE</b>		\$23,989	\$26,223	\$84,875	\$84,875	\$84,875	\$84,875		\$742	\$811	\$2,625	\$2,625	\$2,625	\$2,625
<b>Long-Term Outcomes</b>														
Private sector dollars invested in distressed communities.	Target (\$000)	\$169,267	\$185,029	\$598,878	\$598,878	\$598,878	\$598,878	Target (\$000)	\$1,298	\$1,419	\$4,594	\$4,594	\$4,594	\$4,594
Jobs created or retained in distressed communities.	Target	4,323	4,620	14,513	14,513	14,513	14,513	Target	99	109	330	330	330	330
<p>Note: 1) Jobs created or retained and private sector dollars invested for projects awarded in FY 2009 are projected to be fully realized by FY 2018. 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 retaining reliable sources for induced and indirect affects of EDA investments. 3) Long-term outcomes are based on findings from the Public Works Program Performance Evaluation (Rutgers University, et al. 1997).</p>														
<p>** Measure 1A and 1B targets for fiscal years 2012 - 2014 are based on the FY 2011 EA appropriation and FY 2011 target calculation formula. These targets will change once the FY 2012 - 2014 target calculation formulas are available. Targets for FY 2012 - FY 2014 are only based on assumption that funds will be distributed among EDA programs in the same manner as FY 2011.</p>														

**Department of Commerce**  
**Economic Development Administration**  
**Economic Development Assistance Programs**  
**INCREASE for 2011**  
(Dollar Amounts in thousands)

	2011 Base		2011 Estimate		Increase/(Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount
<b>Economic Adjustment Assistance</b> Pos./BA	0	\$38,620	0	\$125,000	0	\$86,380
FTE/Obl.	0	\$43,620	0	\$130,000	0	\$86,380

**Proposed FY 2011 Program Change**

The FY 2011 Budget Request of \$246 million for Economic Development Administration Programs (EDAP) includes a request for Economic Adjustment Assistance (EAA) investments of \$125 million, an increase of approximately \$86.4 million above the Omnibus Appropriations Act, 2010.

EAA is EDA's most flexible program. It is the only program that allows EDA to fund both planning activities and implementation projects. EDA successfully employs EAA to address a wide variety of challenges created by globalization, natural resource depletion, corporate restructuring, and natural disasters. Congress implicitly recognizes the power of EAA's unique characteristics in allocating all funds appropriated under past Base Realignment and Closure (BRAC) supplementals, the American Recovery and Reinvestment Act, and both FY 2008 disaster relief supplementals to EAA.

EAA is the most effective single program in EDA's arsenal to address the needs of communities impacted by globalization, especially auto and manufacturing dependent communities that need to develop and implement Regional Innovation Cluster strategies that will transform their economies and position them competitively in the global economy. EAA funds can be used to design the transition strategy, construct or upgrade public infrastructure, and capitalize locally and regionally administered Revolving Loan Funds that directly assist innovative entrepreneurs grow 21st century businesses.

EAA, with its forward-looking 'imminent threat' authority, allows EDA to initiate interventions before the community's economy bottoms out; when economic trends may clearly indicate the need for intervention but the trailing economic eligibility indicators employed in other programs may not provide adequate access to other assistance. This crucial feature makes EAA the most effective way to address urgent community needs in the rapidly evolving global economic climate, especially during the current economic crisis.

Auto and other manufacturing communities and firms nationwide are suffering from severe international competition. The statutory authority for EDA's EAA program specifically mentions trade impacts as one of the sudden and severe economic dislocations the program is designed to address. EDA is currently using EAA funds to sponsor regional collaborations in auto and manufacturing dependent communities nationwide. The flexibility provided only by the EAA program will allow EDA to offer a broad palette of solutions to these communities as they transform their economies. For example, in FY 2008, EDA invested \$782,960 in the Regents of the University of Michigan, Ann Arbor, Michigan, to continue the Automotive Manufacturing Sector Economic Dislocation Response at the University of Michigan. The program helps auto-dependent communities in Michigan, Ohio, Wisconsin, and Indiana access federal and state resources to assist in transitioning from auto-dependent industries to other industries. In

addition, the applicant works with stakeholders to establish lines of communication between parent companies and communities and provide assistance before and after plant closures.

Other manufacturers that have been affected by foreign trade include the Pacific Northwest's softwood timber industry. Caught between the decline in housing starts and import competition, many timber mills have been shedding workers creating economic dislocations in communities throughout the Pacific Northwest. EDA is employing EAA funds to respond. For instance, EAA funds were used to help capitalize a Montana revolving loan fund program that will allow independent mills to return to production, recall laid-off workers, and continue to support the tax bases of the communities who depend on them.

EAA has been employed successfully for many years to address natural resource depletion. For example, the logging and timber industry have traditionally provided a significant source of income for the people of Eastern Kentucky. However, since 1993, the volume of timber sales has been steadily decreasing due to a decline in the amount of timber available for harvest. The resulting detrimental economic impact has made diversification from the timber industry a regional priority. In FY 2003, EDA's EAA program invested \$1.5 million in the city of Morehead to expand the city's regional wastewater treatment plant. The wastewater improvements helped strengthen the region's ability to encourage business expansions and attract new businesses and industry. The new commercial, industrial and tourism development resulting from the wastewater improvements have helped diversify the regional economy, allowing people from the counties of Bath, Menifee, Rowan, Carter and Morgan to find new jobs.

EAA is also EDA's main tool for addressing long-term recovery following natural disasters. Many disaster impacted communities, especially in rural areas, lack the administrative capacity to effectively organize for their recovery. In several cases, EDAs EAA funding has been used to hire professional disaster recovery coordinators to accelerate economic redevelopment by coordinating Federal, State, and local efforts with those of nonprofits and the private sector. For instance, EAA funds are "creating and executing a comprehensive economic recovery strategy for the State of Iowa" following extensive flooding in 2008. The strategy includes addressing community impacts, assisting businesses, and mitigation planning to increase economic resiliency against future disaster events. (Rebuild Iowa Office Report April 2009)

EAA proved itself during BRAC closures in the past and is now being successfully employed to address BRAC growth impacted communities. The FY 2005 BRAC round included 24 major closures, 24 major realignments, and over 760 other discrete actions, making it the most comprehensive BRAC round in U.S. history.

Where Regional Innovation Cluster strategies have been implemented, significant successes have been achieved, the health care cluster occupying the majority of the former Lowry Air Force Base being one example. Lowry Redevelopment Authority's Lowry Community Reuse Plan began with an assessment of assets and clusters of opportunity. Their success can be gauged by the impending termination of the Lowry Redevelopment Authority itself in the near future.

The BRAC growth communities also face significant challenges. The demands for public services frequently outstrip the ability of the local tax base and, according to a recent DOD study, the resulting shortfall may actually threaten the military's mission by making it more difficult to retain talented officers and senior non-commissioned personnel.

The ongoing realignment of United States military as it adapts to its evolving mission clearly delineates the need for EDA interventions that will assist BRAC affected communities as they transition to accommodate increasing numbers of uniformed and civilian DOD personnel or as they seek to transform their economies as a result of base downsizing or closure. EDA anticipates that these communities will continue to require its support during the FY 2011 to FY 2014 timeframe as

they make critical public infrastructure investments and implement regional innovation cluster strategies to create new businesses and jobs.

During the FY 2011 budget year, EDA anticipates using the flexible nature of the EAA program to respond to a variety of pressing economic needs. Specific Departmental priorities that EDA will emphasize during this period with additional EAA resources include:

- Promotion of Regional Innovation Clusters
- Responding to manufacturing industry downturns, including automotive sector dislocations
- Addressing the economic impacts of new regulatory requirements related to the availability of natural resources and other natural resource depletion issues
- Promotion of green jobs, including support for new industries related to clean energy and environmental technologies
- Other sudden and severe economic dislocations

Economic Adjustment Assistance Performance Measures:	Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Amount:	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000

**Infrastructure**

Private sector dollars invested in distressed communities.	With Increase	\$598,878	\$598,878	\$598,878	\$598,878	\$598,878
	Without Increase	\$185,029	\$185,029	\$185,029	\$185,029	\$185,029
Jobs created or retained in distressed communities.	With Increase	14,513	14,456	14,456	14,456	14,456
	Without Increase	4,484	4,466	4,466	4,466	4,466

**Capital Access**

Private sector dollars invested in distressed communities.	With Increase	\$4,594	\$4,594	\$4,594	\$4,594	\$4,594
	Without Increase	\$1,419	\$1,419	\$1,419	\$1,419	\$1,419
Jobs created or retained in distressed communities.	With Increase	357	355	355	355	355
	Without Increase	102	102	102	102	102

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

	<b>OBJECT CLASS</b>	<b>2009 Actual</b>	<b>2010 Enacted</b>	<b>2011 Base</b>	<b>2011 Estimate</b>	<b>Increase/ (Decrease)</b>
11	Personnel Compensation	0	0	0	0	0
11.1	Full-time permanent	0	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0	0
11.5	Other personnel compensation	0	0	0	0	0
11.9	Total personnel compensation	0	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0	0
13.0	Benefits for former personnel	0	0	0	0	0
21.0	Travel and transportation of persons	0	0	0	0	0
22.0	Transportation of things	0	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0	0
23.2	Rental payments to others	0	0	0	0	0
23.3	Communications, utilities and miscellaneous charges	0	0	0	0	0
24.0	Printing and reproduction	0	0	0	0	0
25.0	Other services	0	0	0	0	0
26.0	Supplies and materials	0	0	0	0	0
31.0	Equipment	0	0	0	0	0
41.0	Grants	581,073	638,040	285,000	276,000	(9,000)
99.0	Subtotal Direct Obligations	581,073	638,040	285,000	276,000	(9,000)
99.9	<b>TOTAL OBLIGATIONS</b>	<b>581,073</b>	<b>638,040</b>	<b>285,000</b>	<b>276,000</b>	<b>(9,000)</b>
	Less prior year recoveries	(31,874)	(30,000)	(30,000)	(30,000)	0
	Less prior year unobligated balance	(494,589)	(353,040)	0	0	0
	Unobligated balance, end of year	353,040	0	0	0	0
	<b>Total Budget Authority</b>	<b>407,650</b>	<b>255,000</b>	<b>255,000</b>	<b>246,000</b>	<b>(9,000)</b>

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

	FTE	BUDGET AUTHORITY	DIRECT OBLIGATIONS
<b>Enacted, FY 2010</b> .....	205	38,000	45,446
<b>Plus: Adjustment to Base</b> .....	0	2,181	2,181
Less: Unobligated balance, Start of Year.....	<u>0</u>	<u>0</u>	<u>(7,446)</u>
<b>2011 Base Request</b> .....	205	40,181	40,181
<b>Plus: Program Change</b> .....	<u>0</u>	<u>0</u>	<u>0</u>
<b>2011 Estimate</b> .....	205	40,181	40,181

COMPARISON BY ACTIVITY		2009 Actual		2010 Enacted		2011 Base		2011 Estimate		Increase/ (Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Salaries and expenses, direct	Pos./BA	175	40,150	217	38,000	217	40,181	217	40,181	0	0
	FTE/Obl	161	33,739	205	45,446	205		205		0	0
Adjustments to obligations:					0		0		0		0
Recoveries			(3)		0		0		0		0
Unobligated balance, start of year			(1,049)		(7,446)		0		0		0
Unobligated balance transferred			0								
Unobligated balance, end of year			7,446		0		0		0		0
Unobligated balance expiring			17		0		0		0		0
Transfer from other accounts (-)			(7,350)		0		0		0		0
Transfer to other accounts (+)			0		0		0		0		0
<b>APPROPRIATION</b>		161	32,800	205	38,000	205	40,181	205	40,181	0	0

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

	2009	2010	2011	2011	Increase/ (Decrease)
	Actual	Enacted	Base	Estimate	
	Amount	Amount	Amount	Amount	Amount
<b>Total Obligations</b>	35,466	47,165	41,501	41,501	0
Financing:					
Offsetting collections from:					
Federal funds	(2,002)	(1,320)	(1,320)	(1,320)	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(3)	0	0	0	0
Unobligated balance, start-of-year	(1,173)	(7,845)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end-of-year	7,845	0	0	0	0
Unobligated balance expiring	17	0	0	0	0
Unobligated balance lapsing	0	0	0	0	0
<b>Budget Authority</b>	40,150	38,000	40,181	40,181	0
Transfer from Other Accounts (+)	(7,350)				
<b>Appropriation</b>	32,800	38,000	40,181	40,181	0

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

<u>ADJUSTMENTS:</u>	<u>FTE</u>	<u>Amount</u>
Annualization of 2010 Pay Raise.....	0	97
2011 Pay Raise.....	0	250
Payment to the Working Capital Fund.....	0	14
Full Year cost in 2011 of pos. financed for part year in 2010.....	10	1,323
Civil Service Retirement System (CSRS).....	0	(37)
Federal Employees' Retirement System (FERS).....	0	128
Thrift Savings Plan.....	0	11
Employee Compensation Fund.....	0	15
Federal Insurance Contribution Act (FICA) - OASDI.....	0	45
Health Insurance.....	0	56
NARA.....	0	4
Postage.....	0	3
Travel and transportation of persons:		
Mileage.....	0	(22)
Per Diem.....	0	21
Rental payments to GSA.....	0	33
Printing and reproduction.....	0	1
Electricity.....	0	31
<b>Other Services:</b>		
Working Capital Fund.....	0	346
<b>General pricing Level Adjustment:</b>		
Rental payments to Others.....	0	2
Other Services:	0	33
Supplies and Materials.....	0	4
Equipment.....	0	3
Subtotal, other changes.....	10	2,361
Total amount absorbed.....	(10)	(180)
Total, adjustments to base.....	0	2,181

**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>
<b>OTHER CHANGES:</b>		
<b>Pay Raise</b> .....	0	361
<b>2010 Pay Raise:</b>		
Pay raise of 2.0% will be effective on January 1, 2010.		
Total cost in 2011 of 2010 pay raise.....		389,333
Less amount funded in 2010.....		(292,000)
Amount requested in FY 2011 for FY 2010 Pay raise.....		97,333
<b>2011 Pay Increase and Related Costs:</b>		
A general pay raise of 1.4% is assumed to be effective January 1, 2011.		
Total cost in 2011 of pay increase.....		250,000
Payment to Working Capital Fund.....		14,000
Amount requested for FY 2011 Pay Raise.....		264,000
 <b>Full-cost in 2011 of Positions financed for part year in 2010</b>		
An increase of \$1,323,489 is required to fund the full-year cost of 2010 of positions financed for part year in 2009. The computations follows.....	10	1,323
Annual Salary of new positions		4,065,443
Salary adjusted for the 2010 pay raise		81,309
Less 5% lapse		(207,338)
Full-year cost of personnel compensation		3,939,414
Less personnel compensation included in the 2010 budget		(2,906,091)
Subtotal, personnel compensation		1,033,323
Adjustment for 2010 pay raise for 3/4 of year		10,850
Amount required for personnel compensation		1,044,173
Total amount required for benefits		279,316
		1,323,489

**JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES**

(Dollar amounts in thousands)

**Civil Service Retirement System (CSRS)**..... (37)

The estimated percentage of payroll for employees covered by CSRS decreased from 33.8% in 2010 to 31.2% for 2011 for regular employees. The contribution rates will stay at 7% in 2011. This will result in a decrease of \$36,813 in the cost of CSRS contributions.

FY 2011 cost: \$20,227,000 x 31.2 % x 7.00%	441,758
FY 2010 cost: \$20,227,000 x 33.8 % x 7.00%	<u>478,571</u>
Total, adjustment to base	(36,813)

**Federal Employees Retirement System (FERS)**..... 128

The estimated percentage of payroll for employees covered by FERS will increase from 66.2% in 2010 to 68.8% in 2011 for regular employees. The contribution rate for FERS employees will increase to 11.70%.

FY 2011 cost: \$20,227,000 x 68.8% x 11.7%	1,628,193
FY 2010 cost: \$20,227,000 x 66.2% x 11.2%	<u>1,499,711</u>
Total, adjustment to base	128,482

**Employee Compensation Fund**

EDA's estimated cost for employees Compensation Fund increased by \$15,000. 15

**Thrift Savings Plan (TSP)**..... 11

The cost of EDA's contributions to the Thrift Savings Plan will increase as FERS participation increases. The contribution rate is expected to remain at 2.0%.

FY 2011 cost: \$20,227,000 x 68.8% x 2.0%	278,324
FY 2010 cost: \$20,227,000 x 66.2% x 2.0%	<u>(267,805)</u>
Total, adjustment to base	10,519

**JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES**

(Dollar amounts in thousands)

**Federal Insurance Contribution Act (FICA)..... 45**

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax is \$114,975 in 2011. The OASDI rate will remain at 6.2% in 2011.

FY 2011 cost: \$20,227,000 x 68.8% x 95.1% x 6.2%	820,526
FY 2010 cost: \$20,227,000 x 66.2% x 93.5% x 6.2%	<u>776,234</u>
Total, adjustment to base	44,292

**Other Salaries**

FY 2011 cost: \$210,000 x 68.8% x 95.1% x 6.2%	8,519
FY 2010 cost: \$210,000 x 66.2% x 93.5% x 6.2%	<u>8,059</u>
Total, adjustment to base	460

**Health insurance..... 56**

Effective January 2009, EDA's contributions to Federal employees' health insurance premiums increased by an average of 5.4%. Applied against the 2010 estimate of \$1,029,000, the additional amount required is \$55,566.

**Travel and transportation of persons..... (1)**

**Mileage:** The reimbursement rate for privately-owned automobiles decrease from 58.5 cents to 55 cents. The percentage decrease of 6% was applied to the 2010 estimate of \$368,000 to arrive at an decrease of \$22,080. (22,080)

**Per Diem:** The General Services Administration issued revised travel per diem rates, resulting in a 3.7% increase to EDA. This percentage was applied to the 2010 estimate of \$557,000 resulting in an increase of \$20,609. 20,609

<b><u>Rental payments to GSA</u></b> .....			33
The General Service Administration has provided a preliminary estimated increase of 1.4% over the 2010 cost of \$2,342,000 for currently occupied space. This results in an increase of \$32,788.			
<b><u>Printing and reproduction</u></b> .....			1
GPO has provided an estimated rate increase of 0.8%. This percentage was applied to the 2010 estimate of \$109,000 to arrive at an increase of \$872.			
<b><u>Working Capital Fund</u></b> .....			346
Electricity*.....			31
The average increase of PEPCO electricity is project to be 15%. This percentage was applied to the 2010 electricity estimate of \$205,000 for an increase of \$30,750.			
<b><u>NARA:</u></b> National Archives and Records Administration (NARA) costs are expected to increase by \$4,000.			4
<b><u>Postage</u></b> .....			3
Effective May 11, 2009, Governors of the Postal Service implemented a rate increase of 4.8% for first-class mail from 42 cents to 44 cents. This percentage was applied to the FY 2010 estimate of \$54,000 to arrive at an increase of \$2,592.			
<b><u>General pricing level adjustment</u></b> .....			
This request applies assumptions for 2011 of 0.8% to sub-object classes where the prices that the Government pays are established through the market system:			
Rental Payments to Others			2
Other Services			33
Supplies and Materials			4
Equipment			3
Subtotal, other changes .....	10		2,361
Total, amount absorbed.....	(10)		(180)
Total, adjustments to base.....	0		2,181

**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**

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

**Objectives:** To serve as primary legal counsel to the agency, prepare pertinent 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 (OCC) 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.

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; reviewing applications for assistance under title II of the Trade Act of 1974; updating standard terms and conditions and other documents critical to award of assistance; drafting and reviewing memoranda of understanding; drafting 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 respond to settlement offers. In addition, EDA's regional counsels provide a full range of legal services incident to approval of applications under federal assistance law, 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 EDA has the technological tools and support necessary to accomplish its mission and goals.

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

**Base Program**

The Office of Information Technology (OIT) develops and manages strategic information technology (IT) 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 computer networks that connect personal computers, printers, other devices and file shares, in and among the EDA offices (headquarters, the regional offices, and the remote Economic Development Representatives offices). The network provides the electronic mail system, support for other applications, and linkages to the external network that provides Internet services. The technical expertise and support costs necessary for the establishment, enhancement, and maintenance of the EDA public and internal Web sites that provide services to the government and to the public are also included in the base program costs.

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

**Activity: Office of Finance and Management Services**

**Goals and Objectives**

**Goals:** To provide a comprehensive suite of financial and administrative support services to all EDA components.

**Objectives:** To provide the support EDA components need to execute their programs including developing and monitoring effective budget formulation and execution processes, and carrying out the fiduciary responsibilities of the agency in a manner consistent with the intent of the Administration and the Congress.

**Base Program**

The Chief Financial Officer/Chief Administration Officer (CFO/CAO) is the senior official for financial and administrative management within EDA. As such, the CFO/CAO is responsible for managing EDA's budget development and execution, managing financial and accounting activities including preparation of financial statements and the annual financial audit, coordinating and evaluating internal management control systems, and managing EDA's continuity of operations program (COOP). The CFO/CAO is also responsible for providing administrative support services for EDA headquarters and oversight of these services at the Regional Offices, for those services not already provided at the Departmental level. These service areas include acquisition management, human capital management, facilities, real and personal property, records management, and other support activities.

The Finance and Administration Division provides a full range of financial and non-financial administrative services, unless otherwise provided at Department level, for EDA headquarters and oversight of these services at the Regional Offices. The Division provides records and property management, human capital management, procurement management, security oversight, loan management, general financial management including accounting and financial statement preparation, audit oversight and resolution management, and continuity of operations planning.

The Budget Division, in concert with agency and Departmental officials, develops, prepares, and executes the annual EDA budget. The Division is responsible for the fiscal aspects of EDA programs, including programs entrusted to other Federal agencies, by monitoring fiscal controls for program and administrative expenses including allotment of funds, operating budgets, staffing limitations, and analysis of reports and resource proposals, consistent with the requirements of the Anti-Deficiency Act. The Division coordinates with the Performance and National Programs Division to analyze performance measures and results to demonstrate the benefits of funds expended, and to derive and adjust EDA's budget requests based on performance outcomes.

**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 EDA 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 and other senior officials. 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, researches and, analyzes legislative proposals affecting EDA, and also oversees 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 prepares and processes controlled correspondence relating to grant proposals and other bureau business. 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 EDA, 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; develop and monitor an effective performance measurement system; and evaluate the effectiveness and economic impact of economic development programs, projects, methods and techniques.

**Base Program**

The Deputy Assistant Secretary for Regional Affairs oversees program operations in the six regional offices and the Performance and National Programs Division; ensures an agency-wide focus on programmatic priorities and achieving programmatic outcome and performance targets; and the development and implementation of adequate internal controls to ensure EDA exercises adequate fiduciary oversight of its programs, and manages the Trade Adjustment Assistance for Firms program.

The Office of Regional Affairs focuses on improved program operations at the regional and national level, and provides oversight and ensures consistency across the six regional offices. The Office of Regional Affairs more closely integrates regional office operations with performance analysis efforts and strengthens links between performance assessment, such as GPRA measures, and program outcomes. The Office of Regional Affairs develops and maintains program guidance, policies, directives and operating procedures to improve, enhance or streamline the administration of EDA's financial assistance programs.

The Performance and National Programs Division measures EDA program performance, and provides the agency's senior management with enhanced tools in the service of program improvement. 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 and performance integration, provide more robust target calculations, improve internal controls, and promote best practices that will result in improved program performance. 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. This Division also manages EDA's Research and Evaluation Program.

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**  
**SUMMARY OF REQUIREMENTS BY OBJECT CLASS**  
(Dollar amounts in thousands)

OBJECT CLASS		2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	16,394	24,187	21,527	21,527	0
11.3	Other than full-time permanent/WCF	15	40	54	54	0
11.5	Other personnel compensation includes Lump Sum	406	210	210	210	0
11.9	Total personnel compensation	16,815	24,437	21,791	21,791	0
12.1	Civilian personnel benefits	4,221	8,568	5,716	5,716	0
13.0	Benefits for former personnel	0	0	0	0	0
21.0	Travel and transportation of persons	1,008	1,578	1,177	1,177	0
22.0	Transportation of things	17	38	38	38	0
23.1	Rental payments to GSA	2,504	2,542	2,375	2,375	0
23.2	Rental payments to others	235	238	240	240	0
23.3	Communications, utilities and miscellaneous charges	287	384	387	387	0
24.0	Printing and reproduction	48	109	110	110	0
25.2	Other services	2,687	2,578	2,484	2,484	0
25.3	Purchase of goods and services from Government Accounts	5,500	4,061	4,943	4,943	0
25.7	Operations and maintenance of equipment	0	0	0	0	0
26.0	Supplies and materials	289	486	490	490	0
31	Equipment	128	427	430	430	0
99.0	Subtotal Direct Obligations	33,739	45,446	40,181	40,181	0
99.0	Unobligated Balance, Start of Year	(1,049)	(7,446)			
99.0	Unobligated Balance Expiring	17				
99.0	Recoveries	(3)				
99.0	Unobligated Balance, End of Year	7,446				
99.9	TOTAL BUDGET AUTHORITY	40,150	38,000	40,181	40,181	0

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

<b>PERSONNEL DATA</b>	<b>2009 Actual</b>	<b>2010 Enacted</b>	<b>2011 Base</b>	<b>2011 Estimate</b>	<b>Increase/ (Decrease)</b>
Full-Time Equivalent Employment:	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Full-time permanent	161	205	205	205	0
Other than full-time permanent	0	0	0	0	0
<b>Total</b>	161	205	205	205	0
Positions:					
Full-time permanent	175	217	217	217	0
Other than full-time permanent	0	0			0
<b>Total</b>	175	217	217	217	0

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

	<b>OBJECT CLASS</b>	<b>2011 Adjustment to Base</b>	<b>2011 Base</b>	<b>2011 Estimate</b>	<b>Increase/ (Decrease)</b>
11	Personnel Compensation				
11.1	Full-time permanent:				
	Executive Level	2	151	151	0
	Senior Executive Service (SES)	22	1,426	1,426	0
	General Schedule	1,316	19,950	19,950	0
	Subtotal	1,340	21,527	21,527	0
11.3	Other than full-time permanent/WCF	14	54	54	
	General schedule (part-time permanent)				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	1,354	21,791	21,791	0
12.1	Civilian personnel benefits:				
	Civil Service Retirement System and offset	(30)	546	546	0
	Federal Employees' Retirement System	274	2,057	2,057	0
	Thrift Savings Plan	36	453	453	0
	OASDI	122	946	946	0
	Medicare	19	311	311	0
	Health insurance	112	1,141	1,141	0
	Life insurance	0	30	30	0
	Employees' Compensation Fund	15	148	148	0
	Cost of Living Allowance (COLA)	0	84	84	0
	Other	0	0	0	0
	Subtotal	548	5,716	5,716	0

	OBJECT CLASS	2011 Adjustment to Base	2011 Base	2011 Estimate	Increase/ (Decrease)
21	Travel and Transportation of Persons:				
	Common carrier	0	253	253	0
	Per diem/actual expenses	21	578	578	0
	Privately-owned vehicles	(22)	346	346	0
	Commercially-rent vehicles	0	0	0	0
	Other	0	0	0	0
	Subtotal	(1)	1,177	1,177	0
22	Transportation of things	0	38	38	0
23.1	Rental payments to GSA	33	2,375	2,375	0
23.2	Rental payments to others	2	240	240	0
23.3	Communications, utilities and miscellaneous charges:				
	Federal Telecommunications System	0	325	325	0
	Other telecommunications services	0	5	5	0
	Postal services by USPS	3	57	57	0
	Subtotal	3	387	387	0
24	Printing and reproduction:				
	Publications	1	110	110	0
	Subtotal	1	110	110	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	33	2,006	2,006	0
	Other	0	271	271	0
	Subtotal	33	2,484	2,484	0
25.3	Purchases of goods and services from Government accounts (WCF)	346	2,817	2,817	0
	HCHB Steam	0	102	102	
	HCHB Electricity	31	236	236	
	Other: Contractual Services	0	879	879	0
	Other A&R/NIST/NOAA	0	900	900	0
	National Archives and Records Administration (NARA)	4	9	9	0
	Subtotal	381	4,943	4,943	0

	<b>OBJECT CLASS</b>	<b>2011 Adjustment to Base</b>	<b>2011 Base</b>	<b>2011 Estimate</b>	<b>Increase/ (Decrease)</b>
25.7	Operation and maintenance of equipment	0	0	0	0
26	Office supplies	0	143	143	0
	ADP supplies	4	125	125	0
	Other	0	222	222	0
	Subtotal	4	490	490	0
31	Equipment	3	430	430	0
99	BUDGET AUTHORITY	2,361	40,181	40,181	0
99	ATB Absorbtion	(180)			
99	Reimbursable Obligations		1,320	1,320	0
100	TOTAL OBLIGATIONS	2,181	41,501	41,501	0

**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>2009 Actual</u>	<u>2010 Enacted</u>	<u>2011 Estimate</u>	<u>Increase/ (Decrease)</u>
Financial Management	006-06-04-00-01-6001-00-015-011	EDA Loan Billing Management System (LBMS)	167	176	190	14
Grants Management	006-06-04-00-01-6001-00-015-011	EDA Operations Planning and Control System (OPCS)	518	546	650	104
Financial Management	006-06-01-01-02-6009-00-015-011	Revolving Loan Fund Management System	817	740	508	(232)
Infrastructure and Office Automation Infrastructure	006-00-02-00-02-6125-00-000-000	EDA Input to DOC Consolidation	1,009	1,046	1,119	73
<b>Total</b>			<b>2,511</b>	<b>2,508</b>	<b>2,467</b>	<b>(41)</b>

\*Notes: EDA does not have a separate line item included in the FY 2011 Exhibit 53 for Infrastructure Costs.

EDA Operating Unit Infrastructure Costs will be submitted via ECPIC to the Department for inclusion in the DOC Consolidated Infrastructure Exhibit 300.

**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. 2345-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)

	2009 <u>Actual</u>	2010 <u>Estimate</u>	2011 <u>Estimate</u>
Average GS Grade	12.3	12.3	12.3
Average GS Salary	\$94,975	\$96,875	\$98,231