



*EDA:*

*Results-driven*

*Performance*



***United States Department of Commerce***

***Economic Development Administration***

***Fiscal Year 2012***

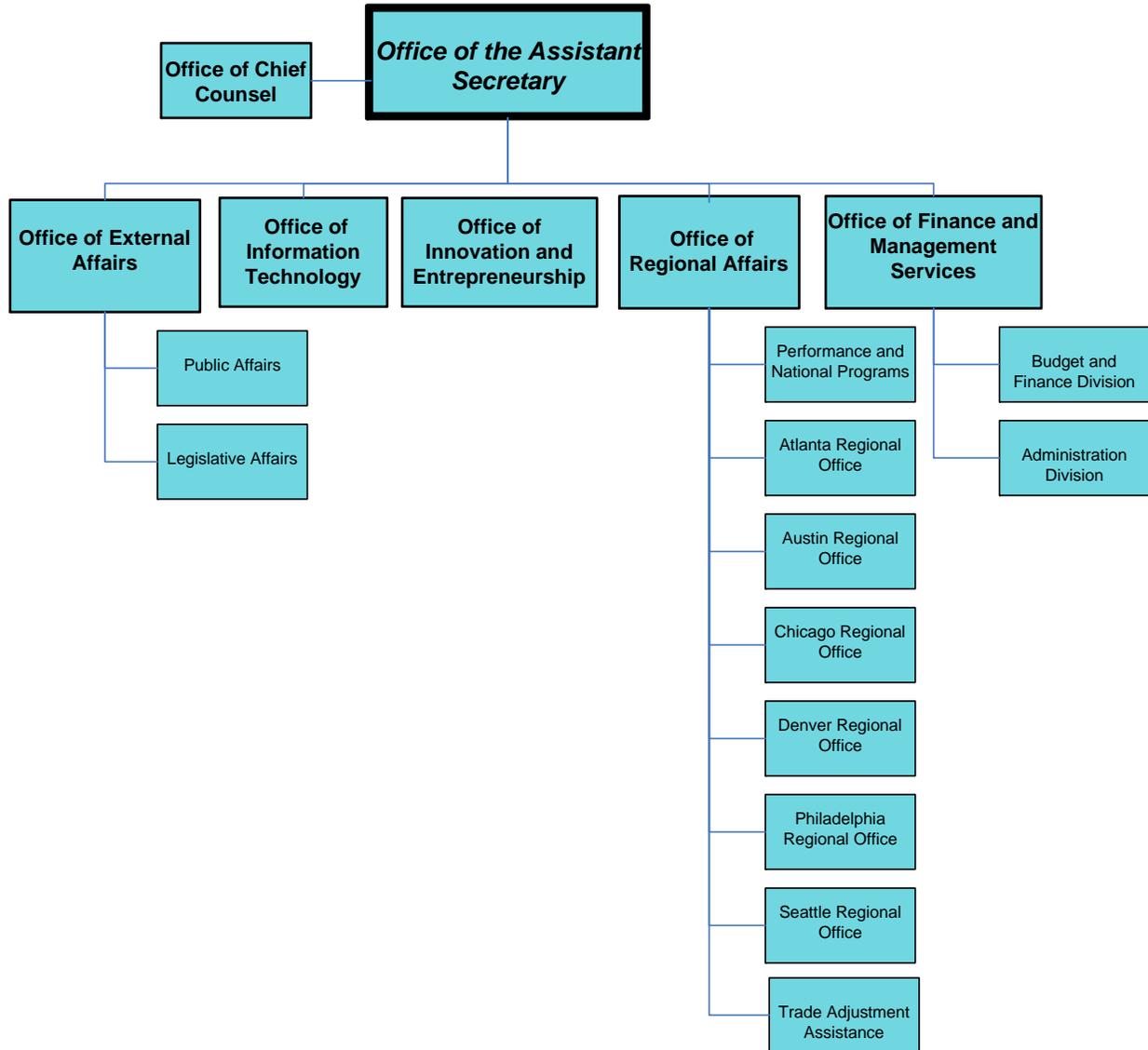
***CONGRESSIONAL Budget Request***

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**Department of Commerce  
Economic Development Administration  
BUDGET ESTIMATES, FISCAL YEAR 2012  
OMB SUBMISSION**

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Department of Commerce  
Economic Development Administration  
ORGANIZATION CHART



**Department of Commerce  
Economic Development Administration  
Budget Estimates, Fiscal Year 2012**

**EXECUTIVE SUMMARY**

The presentation of this budget is occurring at a critical moment for America. While the country is beginning to recover from the recent recession—the worst since the Great Depression—millions of families are still feeling the pain of lost jobs and savings. The nature of the U.S. economy and the global economy has changed dramatically and consequently we must face the challenges head on. Investments that improve the global competitiveness of America's regional economies and fuel innovation represent priorities for the EDA in its FY 2012 budget proposal. EDA programs will target such investments to accelerate job creation and sustainable economic growth. As we make these priority investments, we must also be mindful that the country faces a growing federal deficit that demands attention in order to ensure the continued economic prosperity of the nation.

The Administration has established a framework that calls for financial austerity in order to meet this challenge, but much can still be done to develop and implement a long-term blueprint for building America's 21<sup>st</sup> Century economy. Reducing the federal deficit requires that policymakers evaluate programs and make tough choices. EDA's budget request provides funding for those programs with proven outcomes and documented success, yielding the highest return on investment to American communities.

The Agency's FY 2012 budget request, while fiscally austere, continues EDA's focus on accelerating the transition to the 21<sup>st</sup> Century economy by supporting sustainable job growth and competitive communities throughout the United States. EDA's framework for these strategies is the *Jobs and Innovation Partnership*. By definition, the Jobs and Innovation Partnership initiative represents a comprehensive place-based program that is designed to accelerate sustainable economic growth and job creation.

This strategic framework provides a comprehensive approach by which the EDA can more effectively leverage the unique strengths of America's regions and foster "bottom up" innovation. EDA's investments are designed to spur innovation and investment at the local level, by providing the tools and the flexibility to build the effective public-private partnerships required for long-term success.

EDA recognizes that today, businesses are not just choosing locations among American cities, but between keeping jobs in the U.S. and moving them abroad. A key factor in those decisions will be the strength and health of a community's innovation ecosystem. America's competitiveness requires regional innovation ecosystems that stimulate and support basic and applied research and development (R&D), technology commercialization, and entrepreneurship. EDA's Jobs and Innovation Partnership agenda prioritizes program resources and investments to help American communities and businesses compete in the global economy.

Two key pillars of the *Jobs and Innovation Partnership* framework are innovation and regional collaboration. Innovation is the key to new and better jobs, a resilient economy, and global competitiveness. Regional collaboration is also essential in this economic competition. Regions that work together to leverage resources and build upon their unique comparative assets will be better positioned for economic success.

At its core, the Jobs and Innovation Partnership framework embraces regional innovation cluster strategies as the platform for linking and aligning investments from multiple public and private

sector organizations. This framework for economic development results in increased leverage, efficiency and effectiveness of the investments by the participants in these public/private partnerships. This integrated strategy is particularly important given the current fiscal crisis and national jobs and growth outlook.

What the Jobs and Innovation Partnership recognizes is that place matters. The businesses that create the best-paying, most sustainable jobs are found in advanced manufacturing facilities, science and technology parks, laboratories and business incubators, all places where entrepreneurs, scientists, product developers and venture capitalists are clustered and can work together. These are places where innovations can not only be developed, but also brought to market. This collaboration is happening not only in well-known places like Silicon Valley and the Research Triangle, but in the New Mexico Technology Corridor, at the Arizona Bioscience Park in Tucson, at the Virginia Tech University Institute for Advanced Learning and Research in Danville, Virginia, and other places, large and small, urban and rural, all around the country.

EDA's programs support the bottom up strategic priorities established by local and regional leaders. Unlike many of the Federal government's "economic development" programs, EDA's grant programs are not formulaic. The inherent flexibility of EDA investments enable the agency to fund a range of customized investments developed specifically to meet the strategic priorities of applicant communities. For example, some communities' identify strategy development as their top priority. In other cases, communities already have a well-defined strategy and now need implementation support. This flexibility enables EDA to target its competitive grants funding to support the development of robust regional innovation ecosystems based on the specific priorities of each community.

EDA's Office of Innovation and Entrepreneurship (OIE) plays a strong supporting role for the Jobs and Innovation Partnership initiatives. OIE is focused on developing policies and initiatives to support high-growth entrepreneurship, remove barriers for entrepreneurs, and accelerate commercialization of federally funded research in universities and federal labs. It works closely with the White House and other federal agencies to help entrepreneurs translate new ideas, products, and services into economic growth.

Through the Jobs and Innovation Partnership framework EDA will advance key Administration priorities in FY 2012, including:

1. The new inter-agency Regional Innovation Program (Growth Zones);
2. The next generation of the successful *i6 Challenge*; and,
3. Inter-agency placed-based initiatives.

### **Regional Innovation Program (Growth Zones)**

In late FY 2010, Congress reauthorized America COMPETES and established new authority for EDA to develop a national program to advance regional innovation strategies. Under this new Regional Innovation Program, EDA will lead an inter-agency team to launch the Administration's new Growth Zones initiative. Through the Growth Zones initiative, EDA will partner with the Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA) to provide strategic technical assistance and implementation investments for fostering regional innovation clusters in urban and rural America. The Growth Zones initiative will target strategic investments in 20 communities across the nation selected through a competitive process. These investments will support the development and implementation of strategies to accelerate job growth, business creation, and regional prosperity. In short, EDA will support investments that will help communities mitigate the impact of the recent fiscal downturn and accelerate the transition toward a more prosperous economy.

### **i6 Challenge**

In FY 2010, through its newly established Office of Innovation and Entrepreneurship (OIE), EDA launched the inaugural i6 Challenge. This was a new \$12 million innovation competition, led by EDA in partnership with the National Institutes of Health and National Science Foundation, to award the most innovative ideas to drive commercialization and entrepreneurship in regions across the country. It was designed to foster stronger collaboration among entrepreneurs, investors, universities, private sector companies, non-profits, and state and local governments. EDA will hold another *i6 Challenge* competition in FY 2011 focused on clean technology. These investments in research commercialization facilities or proof of concept centers represent critical innovation infrastructure for high growth economic ecosystems. In FY 2012, EDA proposes to continue the i6 Challenge.

### **Inter-Agency Placed-Based Initiatives**

EDA is collaborating with other Federal Agencies to support a variety of place-based initiatives. These initiatives are designed to direct strategic Federal resources to help U.S. communities most effectively leverage their assets to stimulate job creation and business expansion. While EDA is engaged in many inter-agency efforts to strengthen place-based initiatives, two of the most significant are:

- **Taskforce for the Advancement of Regional Innovation Clusters**

EDA is also working hand-in-hand with other federal agencies to promote and advance regional innovation clusters. In FY 2010, the first pilot project of the White House Interagency Taskforce for the Advancement of Regional Innovation Clusters (TARIC) was launched. The first activity the taskforce engaged in was the development and implementation of the interagency energy regional innovation cluster (eRIC) initiative. The Taskforce selected energy efficient building systems design as the topical focus for its first pilot project, which will be anchored around a Department of Energy (DOE) funded Energy Innovation Hub. EDA took a leadership role in coordinating a joint Federal Funding Opportunity as part of this effort involving seven federal agencies: DOE, Department of Commerce's (DOC) EDA, DOC's National Institute of Standards and Technology/Manufacturing Extension Partnership, Department of Labor, Department of Education, Small Business Administration, and National Science Foundation.

In FY 2011, EDA is leading TARIC's efforts to further advance the Administration's regional innovation clusters (RIC) initiative. EDA currently has two FTE's specifically tasked with supporting TARIC initiatives. TARIC's priorities include coordinating and leveraging federal resources to support the

growth of existing RICs and promote the establishment of new RICs. TARIC's primary duties include monitoring trends in regional innovation clusters, coordinating with federal staff in regional offices, and facilitating a unified federal response to requests for assistance from regions related to economic development, education, workforce, and entrepreneurship.

- **EDA / HUD Collaboration**

EDA will collaborate with HUD and other Federal partners to help communities develop strategic economic development recovery plans. These plans will help them identify and capitalize on their regional economic assets, such as universities, Federal labs, and a competitive workforce.

It should be noted that universities represent a critical economic growth engine in regions across the U.S. EDA's OIE has led the federal government's effort to build stronger mechanisms for commercializing research at our universities. OIE has played a leading role in managing the Secretary's National Advisory Council on Innovation and Entrepreneurship. The Council identified technology commercialization as one of its initial areas of focus. OIE is engaging a broad range of stakeholders in pursuit of these national goals. OIE, with the support and participation of nine other federal departments and agencies, has initiated a study of technology transfer and commercialization practices and results at our federal labs. The report will capture both strategies and means for measuring success. It will also present options for improving the efficiency and effectiveness with which national labs commercialization technology. EDA's University Center program contributes to this effort in many American regions. EDA is also proposing an increase in our university-based economic development investments as part of the FY 2012 budget to further advance this national economic priority.

Throughout its history, EDA has strategically invested resources to support a wide array of critical economic development projects to help communities compete in an increasingly competitive global economy. Many of EDA's investments have included "infrastructure" to create innovation ecosystems, including science and research parks, broadband/smartgrid technology, business incubators and accelerators, high-tech shipping and logistics facilities, and workforce training centers. For example, the Virginia Tech University Institute for Advanced Learning and Research in Danville established a branch of the University in this very rural area near the North Carolina border. The regional economic impact of this science park may be felt well beyond the state line as it focuses on research in the areas such as nanotechnology and polymer science and draws companies to fields of study who want to be close to access this expertise. EDA's University Center, Partnership Planning (Successor to Planning), and 21<sup>st</sup> Century Innovation Infrastructure (Successor to Public Works) grants have cultivated regional development by strategically supporting projects that leverage the unique assets and industry clusters.

### **Alignment with Department of Commerce Goals**

Based on the Jobs and Innovation Partnerships framework, EDA has aligned its FY 2012 budget proposal to support the Department's goal of promoting economic growth by fostering innovation and entrepreneurship, and market development and commercialization. EDA's 21<sup>st</sup> Century Innovation Infrastructure Program, Economic Adjustment Assistance, and Sustainable Economic Development (Successor to Global Climate Change Mitigation Incentive Fund), Regional Innovation Program (Growth Zone) contribute directly to the Departmental objectives to foster innovation and promote economic development. Additionally, EDA's Wireless Innovation Fund, which is designed to encourage "innovation infrastructure" to create globally competitive regions, supports the Department's goal of fostering economic growth by encouraging market development and commercialization.

Recognizing the integral role that both the Economic Adjustment Assistance Program and the 21<sup>st</sup> Century Innovation Infrastructure Program have in spurring economic development at the regional level, EDA proposes shifting funds to create a better balanced portfolio capable of allowing EDA to more effectively spur regional competitiveness across the nation. The 21<sup>st</sup> Century Innovation Infrastructure Program provides strategic investments designed to help communities revitalize, expand, and upgrade their physical infrastructure, while the Economic Adjustment Assistance Program provides the Agency a flexible array of investment options to encourage regional growth, including strategic investments to encourage regional innovation clusters, business development and expansion, access to capital, feasibility studies, technical assistance, and the construction or upgrading of public infrastructure. Additionally, through the Economic Adjustment Assistance Program, EDA is supporting strategic investments, such as the development and implementation of regional business plans that will help communities identify and leverage their regional assets more effectively to spur job creation and foster business expansion.

As part of EDA's austerity measures, it will eliminate its existing Trade Adjustment Assistance (TAA) Program since the underlying issues that are confronted by these types of investments can be addressed more cost-effectively and more quickly using other EDA programs. While EDA proposes eliminating this program as part of the FY 2012 Congressional Budget request, the Agency continues to recognize the significant impacts that trade is having across the country. In order to more effectively address these impacts, EDA has implemented deliberative strategies and investment priorities which enable all of the Agency's programs to be utilized to help mitigate the negative impacts of trade, encourage export potential of business, and increase the competitiveness of regions across the country.

EDA's Partnership Planning (Successor to Planning), Research and Evaluation, and Technical Assistance Programs provide strategic investments that build the community capacity necessary to achieve and sustain economic growth. Balanced Scorecard measures and Government Performance and Results Act (GPRA) outcome reporting keep senior management and EDA stakeholders informed of the programs' success and provide valuable insights into program improvement.

The passage of the America COMPETES Reauthorization Act of 2010 expands EDA's ability to foster competitiveness in America's regions through the creation of the Regional Innovation Program. The Growth Zones initiative will be the first program implemented with funding under this new authority. This is a new effort designed to foster collaboration across the Federal government to build regional innovation clusters based upon the inherent strengths of a community.

Additionally, EDA's FY 2012 budget includes a new program to support the Wireless Innovation Fund (WIN), a collaborative Federal effort designed to leverage public/private community investments to demonstrate next generation technology and catalyze "bottom up" innovation.

In order to effectively ensure the success of the Agency's policy framework and accelerate the creation of jobs, sustained economic prosperity, and global competitiveness, EDA must:

- **Cultivate innovation and entrepreneurship** through strategic investments and partnerships that create the economic development ecosystem required for globally competitive regions. These investments include proof of concept centers, science and research parks, regional innovation accelerator networks, capitalization of revolving loan funds, and science and research centers.

- **Support access to the 21st Century Innovation Infrastructure** needed to cultivate innovation and regional competitiveness. Examples of such investments include: science and research parks, broadband, smart grid technology, business incubators and accelerators, high-tech shipping and logistics facilities, workforce training facilities, as well as investments that support value-added innovations in a range of industries, from agriculture to bio-tech to advanced manufacturing.
- **Support the creation and growth of green jobs**, by targeting clean technology and renewable energy businesses as well as efforts to integrate green buildings, materials, and processes into more traditional industries, such as manufacturing, agriculture, and natural resource extraction through targeted sustainable investments.
- **Promote strategies to mitigate natural and man-made disasters through resiliency planning and strategic investments**, in order to help communities better prepare for possible disasters, and more effectively respond in the event of a disaster. EDA plays a critical role in responding to the sudden and severe impacts to a region, as evident through the Agency's involvement in supporting communities severely impacted by automotive industry restructuring, National Aeronautic and Space Administration (NASA) closures, Base Realignment and Closure (BRAC) events, and various natural disasters.
- **Encourage investments which support the President's objective of increasing the export potential of US firms** by providing strategic investments in 21st Century Innovation Infrastructure, technical assistance and joint initiatives with the International Trade Administration (ITA) and the Small Business Administration (SBA).
- **Establish EDA as a center of world class thought leadership on economic development** in order to help the Agency more effectively define and lead the Federal economic development agenda.

Considered together, EDA's programs facilitate investments to overcome the challenges faced by American regions, communities, and firms in the 21<sup>st</sup> century's global economy, propelling them on a course of sustainable economic growth.

**FY 2012 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. EDA’s strategic priorities support a new framework for sustainable job growth and globally competitive regions throughout the United States. This new framework builds upon two key economic drivers: *innovation and regional collaboration*.

This framework reflects a comprehensive approach that recognizes that innovation-driven businesses with high growth potential represent the key to long term job creation. EDA will continue to support investments that strengthen the health of innovation ecosystems across the country, that stimulate and support basic and applied research and development, technology commercialization, and entrepreneurship. EDA’s new framework reflects the reality that American communities and businesses must embrace the global economy and re-tool to develop the 21<sup>st</sup> century infrastructure, technology, exportable products and services, and international markets needed to compete.

## **Section 2. Corresponding DOC Strategic Goal and EDA Objectives / Outcomes**

### **Link between DOC Strategic Goals, EDA Objectives/Outcomes, APP and Balance Scorecard Measures**

EDA is in the process of implementing balance scorecard measures that support the Departmental themes and goals. As part of this process EDA has identified core balance scorecard measures that the Agency is tracking to monitor progress going forward.

EDA's balance scorecard measures align with the Agency's existing performance outcomes of promoting private enterprise and job creation in economically distressed communities, and building community capacity to achieve and sustain economic growth.

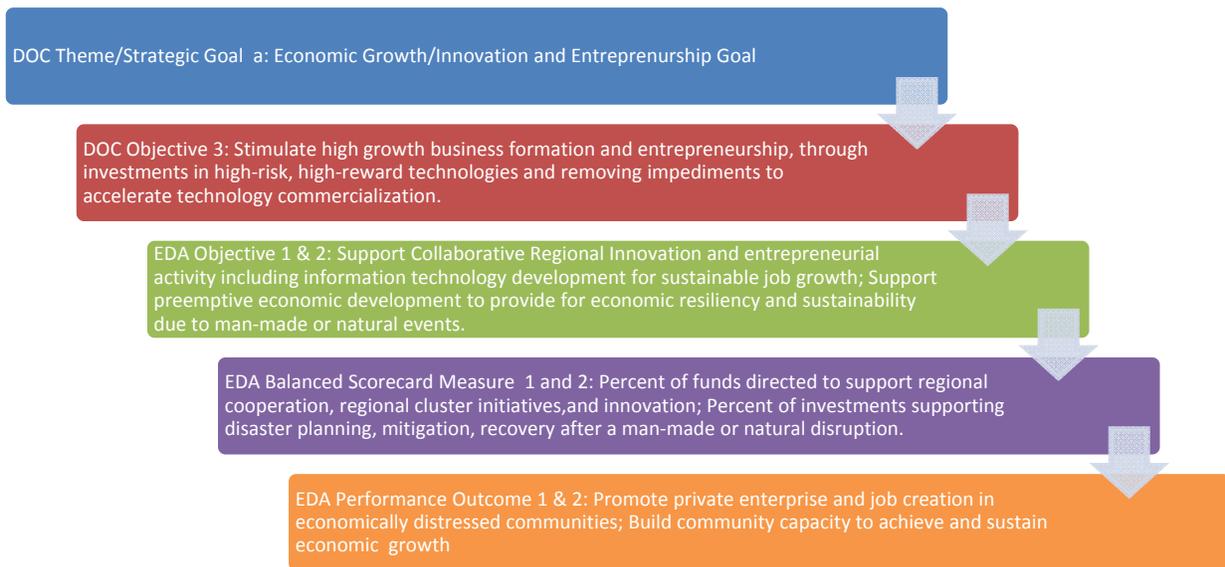
EDA's balance scorecard measures leverage EDA's existing Government Performance and Result Act (GPRA) performance measures in order to ensure continuity of performance evaluation as the Agency moves forward.

Additionally, EDA will be working with USDA and HUD to develop additional metrics for evaluating the Regional Innovation Program (Growth Zones).

Section 3A of this budget document, the Annual Performance Plan, exclusively reflects EDA's performance against its GPRA targets. Measures included in Sections 12 and 13 include both GPRA and select balance scorecard measures.

The following section details how EDA's existing GPRA measures align with the Departmental and Agency themes, goals, and objectives.

## DOC Theme/Strategic Goal a: Economic Growth/ Innovation and Entrepreneurship



### Rationale for Performance Outcome 1

A portion of EDA's 21st Century Innovation Infrastructure (Successor to Public Works), Economic Adjustment Assistance Programs, and Regional Innovation Programs (Growth Zones) support the Department's goal of spurring innovation and entrepreneurship.

EDA investments support long-term collaborative regional economic development approaches, enhance innovation and competitiveness, encourage entrepreneurship, and connect 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 build on a region's existing assets, support sustainable economic growth, offer a positive return on the taxpayer's investment, and mitigate the area's distress.

**The 21<sup>st</sup> Century Innovation Infrastructure Program** provides the critical 21<sup>st</sup> century innovation infrastructure necessary to ensure that regions can successfully compete in a global, knowledge-driven economy.

**The Economic Adjustment Assistance Program** provides regions with resources to plan and implement projects that increase the innovation potential of their locale.

**The Regional Innovation Program** (Growth Zones) provides resources to help regions leverage a broad array of Federal resources cultivate their unique regional assets and clusters to fully maximize their economic potential.

## Rationale for Performance Outcome 2

**EDA's Partnership Planning (Successor to Planning), Technical Assistance, and Research and Evaluation Programs** support the Department's goal of spurring innovation and entrepreneurship.

**EDA's Partnership Planning Program** provides resources to enable communities to conduct planning investments that encourage and support professional planning critical for the subsequent development of 21<sup>st</sup> century innovation infrastructure.

**The Technical Assistance Program** provides strategic resources at the local, regional, and national level to create and disseminate innovative new tools that can enhance economic development decision-making.

**The Research and Evaluation Program** funds investments to research in emerging concepts in economic development. The results of these investments offer insights that are disseminated through National Technical Assistance to help practitioners support growth of their region. The Research and Evaluation Program has examined topics such as regional collaboration, incubators and science parks, triple bottom line metrics, and regional innovation clusters.

## **DOC Theme/Strategic Goal b: Economic Growth/Market Development and Commercialization**



## Rationale for Performance Outcome 1 & 2

**EDA's Sustainable Economic Development (SED) Program** supports the Department's goal of promoting the advancement of green and blue technologies and industries. By funding projects that strengthen the linkages between economic development and environmental quality, SED supports the national green economy and its critical role in expanding economic growth. The SED cultivates the creation of jobs through efforts to limit the Nation's dependence on fossil fuels, enhance energy efficiency, curb greenhouse gas emissions, and protect natural systems. These projects, which range from infrastructure construction to the capitalization of Revolving Loan Funds, spur innovation and job growth by supporting (among other things) new

and emerging industrial clusters related to energy, cutting-edge environmental technologies, and sustainable manufacturing practices.

This program leverages and expands EDA's previous work through the Global Climate Change Mitigation Incentive Fund (GCCMIF). Like the GCCMIF, SED projects are focused on both project type (i.e., renewable energy, energy efficiency, reuse/recycling/restoration, or green building) and project output (i.e., green-end product, greening of an existing function or process, or creation or renovation to a green building). The program will continue to focus on enhancing life-cycle sustainability while diversifying the economy to create 21<sup>st</sup> century higher-skill, higher-wage jobs. Because SED investments can support both job creation/retention and technical assistance, projects funded through this program support Outcome 1 and Outcome 2.

## **DOC Theme/Strategic Goal b: Economic Growth/Market Development and Commercialization**



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

A portion of EDA's 21st Century Innovation Infrastructure and Economic Adjustment Assistance (EAA) Programs support the Department's goal of creating globally competitive regions by fostering market development and commercialization.

EDA investments support long-term collaborative regional economic development approaches, enhance innovation and competitiveness, encourage entrepreneurship, and connect 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 build on a region's existing assets, support sustainable economic growth, offer a positive return on the taxpayer's investment, and mitigate the area's distress.

**The 21st Century Innovation Infrastructure Program** provides the critical 21<sup>st</sup> century innovation infrastructure necessary to ensure that regions can successfully compete in a global, knowledge-driven economy.

**The Economic Adjustment Assistance Program** provides regions with resources to plan and implement projects that increase the innovation potential of their locale.

**The Regional Innovation Program (Growth Zones)** provides resources to help regions leverage a broad array of Federal resources cultivate their unique regional assets and clusters to fully maximize their economic potential.

### **Rationale for Performance Outcome 2**

EDA's **Partnership Planning (Successor to Planning), Technical Assistance, and Research and Evaluation Programs** support the Department's goal of creating globally competitive regions by fostering market development and commercialization.

**EDA's Partnership Planning Program** provides resources to enable communities to conduct planning investments that encourage and support professional planning critical for the subsequent development of 21<sup>st</sup> century innovation infrastructure.

**The Technical Assistance Program** provides strategic resources at the local, regional, and national level to create and disseminate innovative new tools that can enhance economic development decision-making.

**The Research and Evaluation Program** funds investments to research in emerging concepts in economic development. The results of these investments offer insights that are disseminated through National Technical Assistance to help practitioners support growth of their region. The Research and Evaluation Program has examined topics such as regional collaboration, incubators and science parks, triple bottom line metrics, and regional innovation clusters.

### **Section 3: Impact of American Recovery and Reinvestment Act of 2009 (ARRA)**

In FY 2009 EDA received \$150 million in ARRA funds for the Economic Adjustment Assistance Program. From this amount, \$3 million was transferred to Salaries and Expenses to administer and oversee these funds. Funds awarded under ARRA support 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. In FY 2012, EDA will continue to monitor grants made under ARRA.

### **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. Within the parameters of a competitive grant process, all projects are evaluated to determine if they advance global competitiveness, create jobs, leverage public and private resources, can demonstrate readiness and ability to use funds quickly and effectively and link to specific and measureable outcomes. To facilitate evaluation EDA has established the following investment priorities:

#### **Collaborative Regional Innovation**

Initiatives that support the development and growth of innovation clusters based on existing regional competitive strengths. Initiatives must engage stakeholders; facilitate collaboration among urban, suburban and rural (including Tribal) areas; provide stability for economic

development through long-term intergovernmental and public/private collaboration; and, support the growth of existing and emerging industries.

### **Public/Private Partnerships**

Investments that use both public and private sector resources and leverage complementary investments by other government/public entities and/or non-profits.

### **National Strategic Priorities**

Initiatives that encourage job growth and business expansion in clean energy; green technologies; sustainable manufacturing; information technology (e.g., broadband, smart grid) infrastructure; communities severely impacted by automotive industry restructuring; natural disaster mitigation and resiliency; access to capital for small and medium sized and ethnically diverse enterprises; and, innovations in science, health care and alternative fuel technologies.

### **Global Competitiveness**

Investments that support high-growth businesses and innovation-based entrepreneurs to expand and compete in global markets.

### **Environmentally-Sustainable Development**

Investments that encompass best practices in “environmentally sustainable development,” broadly defined, to include projects that enhance environmental quality and develop and implement green products, processes, and buildings as part of the green economy.

### **Economically Distressed and Underserved Communities**

Investments that strengthen diverse communities that have suffered disproportionate economic and job losses and/or are rebuilding to become more competitive in the global economy.

### **Strategic Human Capital**

EDA is 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 is also implementing succession planning strategies to ensure it has a knowledgeable and skilled leadership cadre.

### **Improved Communications**

EDA is leveraging new and innovative tactics to communicate with its various stakeholders, such as local government and non-profit partners, Members of Congress and their staff, and third-party thought-leaders. By implementing a comprehensive strategic communications plan, EDA will more effectively ensure consistency in both our internal and external messaging. And, by reaching out to our partners through our improved monthly newsletter; our updated, more accessible Web site; open government initiatives; or various other new media strategies, EDA can engage our stakeholders in a more pro-active and transparent way. This aggressive outreach strategy helps EDA meet its mission of leading the federal economic development agenda by promoting competitiveness and preparing American regions for growth and success in the worldwide economy, and the heightened transparency will ensure that stakeholders can hold the Agency accountable for the services it provides. By promoting best practices in economic development from around the country, highlighting the strengths and successes of collaborative regional innovation strategies, and educating our stakeholders on funding opportunities priorities, EDA can help its local partners in distressed communities as they work

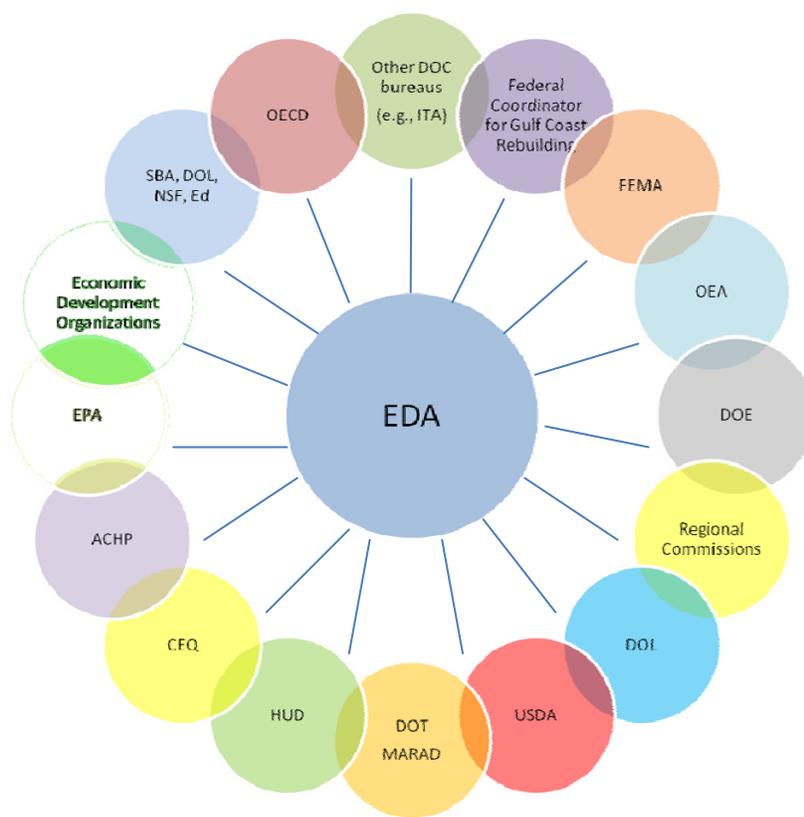
to foster job creation; enhance collaboration within their region; and through innovation, build stronger, more sustainable communities.

## **E-Government**

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. EDA will collaborate with the Grants Council agencies to pursue the feasibility of grants management 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 must be renewed every three years or when major changes occur. New functionality will be added to the web-based Revolving Loan Fund Management System to enhance reporting.

## Collaboration with Other Organizations:

The Administration has articulated a wide array of national strategic priorities to promote the competitiveness and prosperity of the U.S. Achieving these priorities necessitates that Federal Agencies replace their traditional siloed frameworks with collaborative efforts that leverage complementary initiatives and enhance the Federal response. EDA is engaged in numerous collaborations with a wide array of Federal, state, and local entities to accomplish its mission. Some of the most common partners include:



- The White House Regional Clusters Working Group (RIC Working Group) – EDA works with the Small Business Administration (SBA), Department of Labor (DOL), National Science Foundation (NSF), and Department of Education (Ed) on the RIC Working Group. The Working Group helps spur the growth of quality, innovative jobs in key industry clusters in the regions. It does this by building on the strongest industries, skills, and assets of a particular region. EDA is participating in this multi-year Federal work group, which is designed to take a more intentional and targeted approach to helping the most economic distressed communities transition to a more promising economic future. This is a joint effort between HUD, DOT, DOC, EPA, and DOL.
- White House Interagency Innovation and Entrepreneurship Working Group – EDA helps to lead this interagency group which focuses on innovation and entrepreneurship issues. This working group has created 4 subgroups working in the following areas: commercialization of research in universities, commercialization of research in federal labs, access to capital, and the Small Business Innovation Research program.

- White House Urban Policy Working Group – EDA participates in this interagency working group which focuses on urban policy issues, including regional innovation clusters, sustainable communities, and resiliency
- Department of Energy – EDA is working with DOE on accelerating commercialization of research in DOE labs and supporting clean tech entrepreneurship.
- 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 (DOD) Office of Economic Adjustment (OEA) – Economic adjustment strategies and investments for base reuse in communities affected by Base Realignment and Closure Commission (BRAC) decisions.
- Regional Commissions - Appalachian Regional Commission (ARC), the Denali Commission, the Delta Regional Authority (DRA), the Northern Great Plains Regional Authority, the Southeast Crescent Regional Commission, the Southwest Border Regional Commission, and the Northern Border Regional Commission – These Commissions all foster community and economic development assistance for economically distressed areas.
- Department of Labor (DOL) –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.
- Council on Environmental Quality (CEQ) – American Heritage Rivers.
- Advisory Council on Historic Preservation (ACHP) – Preserve America Initiative.
- Environmental Protection Agency (EPA), 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
- Non-profits and economic development organizations (e.g., National Association of Development Organizations, International Economic Development Council, National Association of Regional Councils, etc.).

Beyond these collaborations, EDA also plays a leadership role in the Territorial Development Policy Committee (TPDC) within the Organization for Economic Cooperation and Development (OECD). EDA serves as vice-chair of three of the committee's sub-groups—Urban Development, Rural Development, and Territorial Indicators (i.e., regional development metrics). In this role, EDA exchanges best practices in regional development with its counterparts in other economically-developed countries, as well as metrics to assess the success of initiatives centered on regional development and innovation.

EDA's collaboration with external organizations are key to the successful development of mitigation strategies the Agency can provide economic opportunities for local economies. EDA collaborates with other agencies to identify best practices and mitigation strategies for developing and implementing new programs.

### **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 2012 Target Description / Measure Descriptions/ Validation and Verification**

Outcome 1 - Promote private enterprise and job creation in economically distressed communities							
Measure 1A: Private sector dollars invested in distressed communities	Investment Year Target (dollars in millions)	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target*	FY 2012 Target*
Private investment reported from grants awarded 3 years from FY	2004 (\$330) 2005 (\$270) 2006 (\$265) 2007 (\$259)	\$810	\$1,013	\$484	\$1,544		
Private investment reported from grants awarded 6 years from FY	2001 (\$1,200) 2002 (\$970) 2003 (\$810) 2004 (\$824)	\$2,118	\$1,393	\$855	\$2,281		
Private investment reported from grants awarded 9 years from FY	1998 (\$1,350) 1999 (\$2,080) 2000 (\$2,040) 2001 (\$2,410)	\$1,937	\$4,173	\$2,210	\$2,758		
Private investment target 3 years from FY						\$261	\$273
Private investment target 6 years from FY						\$652	\$683
Private investment target 9 years from FY						\$1,303	\$1,366
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 21st Century Innovation Infrastructure Program projects after nine years. Based on this formula, EDA estimates that 20% of the 9-year projection would be realized after 3 years, 50% after 6 years, and 100% after 9 years.							
<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.							
*Note: The 2011 and 2012 figures represent a forecast. Actual targets are established once EDA receives final Congressional Appropriation.							
<b>Relevant Program Changes:</b>	\$40,500 M Increase	<b>Title:</b> EDA's 21st Century Innovation Infrastructure Program, Economic Adjustment Assistance, Sustainable Economic Development, and Regional Innovation Program (Growth Zones)					
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 21st Century and EAA 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							
Measure 1B: Jobs created or retained in distressed communities	Investment Year Target	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target	FY 2012 Target*
Jobs created or retained from grants awarded 3 years from FY	2004 8,999 2005 7,227 2006 7,019 2007 6,628	16,274	14,819	9,137	9,159		
Jobs created or retained from grants awarded 6 years from FY	2001 36,000 2002 28,900 2003 22,900 2004 22,497	49,806	30,719	24,533	26,695		
Jobs created or retained from grants awarded 9 years from FY	1998 54,000 1999 56,900 2000 56,500 2001 72,000	73,559	57,701	45,866	66,527		
Jobs created or retained target 3 years from FY						6,330	6,642
Jobs created or retained target 6 years from FY						15,825	16,605
Jobs created or retained target 9 years from FY						31,650	33,210
<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 21st Century Innovation Infrastructure projects after nine years. Based on this formula, EDA estimates that 20% of the 9-year projection would be realized after 3 years, 50% after 6 years, and 100% after 9 years.							
<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.							
*Note: The 2011 and 2012 figures represent a forecast. Actual targets are established once EDA receives final Congressional Appropriation.							
<b>Relevant Program Changes:</b>	\$40,500 M Increase	Title: EDA's 21st Century Innovation Infrastructure Program, Economic Adjustment Assistance, Sustainable Economic Development, and Regional Innovation Program (Growth Zones)					
Data Validation and Verification Chart							
Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken	
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 21st Century and EAA 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 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>
	95.0%	92.1%	92.9%	89.1%	95.0%	95.0%

**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 2008, this target was impacted by unusually high numbers of non-reporting Tribes and EDDs.

<b>Relevant Program Changes:</b> \$4 M Decrease	<b>Title:</b> Partnership Planning Program
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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 EDDs 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.

Outcome 2 - Build community capacity to achieve and sustain economic growth						
Measure 2B: Percentage of sub-state jurisdiction members actively participating in the Economic Development District (EDD) program.	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
	92.0%	89.5%	92.2%	87.1%	89.0%	89.0%
<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>						
<p><b>Relevant Program Changes:</b> \$4 M Decrease</p>	<p><b>Title:</b> Partnership Planning Program</p>					
Data Validation and Verification Chart						
Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 2b: Percentage of Sub-state Jurisdiction Members Actively Participating in the EDD Program	Investment Recipient Performance Evaluations	Annually	EDA Management Information System	EDA conducts performance reviews and site visits on approximately one-third of the EDDs and Indian Tribe investments per year.	Universe - EDA Partnership Planning investments only. This measure shows the value-added of the EDD in which EDA invests. While an EDD 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 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>
	84.0%	80.2%	69.7%	75.9%	75.0%	75.0%

**Description:** This measure determines the perceived value added by the University Centers to their clients. EDA funds 52 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> \$8.6 M Increase	<b>Title:</b> Technical Assistance Program
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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.

<b>Outcome 2 - Build community capacity to achieve and sustain economic growth</b>						
<b>Measure 2D:</b> Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results.	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Target</b>	<b>Target</b>
	89.0%	83.7%	92.2%	89.8%	80.0%	80.0%
<b>Description:</b> 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.						
<b>Comments on Changes to Targets:</b> None.						
<b>Relevant Program Changes:</b>	\$8.6 M Increase	<b>Title:</b> Technical Assistance Program				
<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 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.

<b>Outcome 2 - Build community capacity to achieve and sustain economic growth</b>						
<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 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>
	94.8%	91.9%	87.6%	82.2%	90.0%	N/A
<b>Description:</b> 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.						
<b>Comments on Changes to Targets:</b> None.						
<b>Relevant Program Changes:</b>	\$15.8 M Decrease <b>Title:</b> Trade Adjustment Assistance					
<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 2e: Percentage of TAAC Clients Taking Action as a Result of the Assistance Facilitated by the TAAC	TAAC client profiles	Annually	EDA Management Information System	Performance data will be verified for the TAAC. 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**

<b>Measure 2F:</b> Percentage of those actions taken by TAAC clients that achieved the expected results.	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Target</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>
	99.0%	95.2%	93.4%	100.0%	95.0%	N/A

**Description:** 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.

**Comments on Changes to Targets:** None.

<b>Relevant Program Changes:</b> \$15.8 M Decrease	<b>Title:</b> Trade Adjustment Assistance
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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 2f: Percentage of Those Actions Taken by TAAC Clients that Achieved the Expected Results	TAAC client profiles	Annually	EDA Management Information System	Performance data will be verified by the TAAC. 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 2012 Program Changes**

**FY 2012 PROGRAM CHANGES**

(Dollar amounts in thousands)

	Accompanying GPRA	Base		Increase / Decrease	
		FTE	Amount	FTE	Amount
Program Change:	Performance Measure #				
Sustainable Economic Development (Successor to Global Climate Change Mitigation Incentive Fund)	1A, 1B		\$25,000		(\$8,500)
EDA's 21st Century Innovation Infrastructure Program (Successor to Public Works)	1A, 1B		\$133,280		(\$37,280)
Partnership Planning (Successor to Planning)	2A, 2B		\$31,000		(\$4,000)
Technical Assistance	2C, 2D		\$9,800		\$8,600
Research and Evaluation	TBD		\$1,500		\$0
Trade Adjustment Assistance	2E, 2F		\$15,800		(\$15,800)
Economic Adjustment Assistance	1A, 1B		\$38,620		\$46,280
Regional Innovation Program (Growth Zones)	1A, 1B		\$0		\$40,000

## Section 7. Resource Requirements Summary

(Dollar amounts in millions)	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2011 CR Annualized	FY 2012 Base	Increase/ Decrease	FY 2012 Request
<b>DOC Objective 3: Stimulate high growth business formation and entrepreneurship, through investments in high-risk, high-reward technologies and removing impediments to accelerate technology commercialization.</b>								
<b>Salaries and Expenses (S&amp;E)</b>								
Partnership Planning (Successor to Planning)						2.6	0.0	2.6
Technical Assistance						1.1	0.0	1.1
Research and Evaluation						0.1	0.0	0.1
EDA's 21st Century Innovation Infrastructure Program (Successor to Public Works)						3.5	0.7	4.2
Economic Adjustment Assistance						10.5	0.5	11.0
<b>S&amp;E Objective 3</b>	<b>14.9</b>	<b>14.8</b>	<b>16.2</b>	<b>18.0</b>	<b>17.7</b>	<b>17.8</b>	<b>1.2</b>	<b>19.0</b>
<b>Economic Development Assistance Programs (EDAP)</b>								
Partnership Planning (Successor to Planning)	13.5	14.0	15.5	15.5	15.5	15.5	(2.0)	\$13.5
Technical Assistance	4.4	5.4	4.9	4.9	4.9	4.9	4.3	\$9.2
Research and Evaluation	0.4	0.4	0.0	0.8	0.8	0.8	0.0	\$0.8
EDA's 21st Century Innovation Infrastructure Program (Successor to Public Works)	88.5	85.0	69.0	66.7	66.7	66.7	(18.6)	\$48.1
Economic Adjustment Assistance	25.5	24.1	93.0	19.4	19.4	19.4	23.2	\$42.5
Regional Innovation Program (Growth Zones)						0.0	20.0	\$20.0
<b>EDAP Objective 3</b>	<b>132.2</b>	<b>128.9</b>	<b>182.3</b>	<b>107.2</b>	<b>107.2</b>	<b>107.2</b>	<b>26.9</b>	<b>134.1</b>
<b>Total EDA Objective 3</b>	<b>147.1</b>	<b>143.7</b>	<b>198.4</b>	<b>125.2</b>	<b>124.9</b>	<b>125.0</b>	<b>28.1</b>	<b>153.1</b>
IT Funding	0.6	0.6	1.3	1.0	1.1	1.1	0.0	1.1
FTE	82.5	80.0	79.5	92.5	95.5	95.5	(2.0)	93.5
<b>DOC Objective 6: Promote and support the advancement of green and blue technologies and industries.</b>								
<b>Salaries and Expenses (S&amp;E)</b>								
Sustainable Economic Development (Successor to Global Climate Change Mitigation Incentive Fund)						2.8	(0.1)	2.7
<b>S&amp;E Objective 6</b>	<b>0.0</b>	<b>1.0</b>	<b>1.3</b>	<b>3.9</b>	<b>2.7</b>	<b>2.8</b>	<b>(0.1)</b>	<b>2.7</b>
<b>Economic Development Assistance Programs (EDAP)</b>								
Sustainable Economic Development (Successor to Global Climate Change Mitigation Incentive Fund)	0.0	9.4	14.7	25.0	25.0	25.0	(8.5)	\$16.5
<b>EDAP Objective 6</b>	<b>0.0</b>	<b>9.4</b>	<b>14.7</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>(8.5)</b>	<b>16.5</b>
<b>Total EDA Objective 6</b>	<b>0.0</b>	<b>10.4</b>	<b>16.0</b>	<b>28.9</b>	<b>27.7</b>	<b>27.8</b>	<b>(8.6)</b>	<b>19.2</b>
IT Funding	0.0	0.0	0.1	0.2	0.2	0.2	0.0	0.2
FTE	0.0	6.0	6.0	15.0	14.0	14.0	4.0	18.0

(Dollar amounts in millions)	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2011 CR Annualized	FY 2012 Base	Increase/ Decrease	FY 2012 Request
<b>DOC Objective 7: Promote competitiveness of disadvantaged and distressed communities and businesses.</b>								
<b>Salaries and Expenses (S&amp;E)</b>								
Partnership Planning (Successor to Planning)						2.6	0.0	2.6
Technical Assistance						1.1	0.0	1.1
Research and Evaluation						0.1	0.0	0.1
EDA's 21st Century Innovation Infrastructure Program (Successor to Public Works)						3.6	0.6	4.2
Economic Adjustment Assistance						10.4	0.5	10.9
Trade Adjustment Assistance						2.6	(2.6)	0.0
<b>S &amp; E Objective 7</b>	<b>14.9</b>	<b>14.9</b>	<b>16.2</b>	<b>18.0</b>	<b>17.6</b>	<b>20.4</b>	<b>(1.5)</b>	<b>18.9</b>
<b>Economic Development Assistance Programs (EDAP)</b>								
Partnership Planning (Successor to Planning)	13.5	14.0	15.5	15.5	15.5	15.5	(2.0)	\$13.5
Technical Assistance	4.4	5.4	4.9	4.9	4.9	4.9	4.3	\$9.2
Research and Evaluation	0.4	0.4	0.0	0.8	0.8	0.8	0.0	\$0.8
EDA's 21st Century Innovation Infrastructure Program (Successor to Public Works)	88.5	85.0	69.0	66.6	66.6	66.6	(18.6)	\$48.0
Economic Adjustment Assistance	25.5	24.1	93.0	19.3	19.3	19.3	23.1	\$42.3
Trade Adjustment Assistance	12.9	14.2	13.9	15.8	15.8	15.8	(15.8)	\$0.0
Regional Innovation Program (Growth Zones)						0.0	20.0	\$20.0
<b>EDAP Objective 7</b>	<b>145.1</b>	<b>143.1</b>	<b>196.2</b>	<b>122.8</b>	<b>122.8</b>	<b>122.8</b>	<b>11.0</b>	<b>133.8</b>
<b>Total EDAP Objective 7</b>	<b>160.0</b>	<b>158.0</b>	<b>212.3</b>	<b>140.8</b>	<b>140.4</b>	<b>143.2</b>	<b>9.5</b>	<b>152.7</b>
IT Funding	0.7	0.7	1.4	1.1	1.2	1.2	0.0	1.2
FTE	82.5	79.0	78.5	92.5	95.5	95.5	(2.0)	93.5
<b>Total Economic Development Assistance Program</b>	<b>277.3</b>	<b>281.4</b>	<b>393.1</b>	<b>255.0</b>	<b>255.0</b>	<b>255.0</b>	<b>29.3</b>	<b>284.3</b>
<b>Total Salaries and Expenses</b>	<b>29.9</b>	<b>30.8</b>	<b>33.6</b>	<b>39.9</b>	<b>38.0</b>	<b>41.0</b>	<b>(0.4)</b>	<b>40.6</b>
<b>TOTAL, EDA</b>	<b>307.2</b>	<b>312.2</b>	<b>426.8</b>	<b>294.9</b>	<b>293.0</b>	<b>296.0</b>	<b>28.9</b>	<b>324.9</b>

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

	FTE	BUDGET AUTHORITY	DIRECT OBLIGATION
<b>President's Budget, FY 2011</b> .....	0	255,000	345,051
<i>Less: Obligation for Prior Years</i> .....	0	0	(60,051)
<i>Less: Estimated Recoveries</i> .....	0	0	(30,000)
<b>2012 Base Request</b> .....	0	<u>255,000</u>	<u>255,000</u>
<i>Less: Program Change</i> .....	0	29,300	29,300
<b>2012 Estimate</b> .....	0	284,300	284,300

COMPARISON BY ACTIVITY		2010 Enacted	2011 CR Annualized	2012 Base	2012 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
<b>EDA-39</b>	<b>Sustainable Economic Development (Successor to Global Climate Change Mitigation Incentive Fund)</b>	25,000	25,000	25,000	16,500	(8,500)
	<b>Obl</b>	27,000	25,000	25,000	16,500	(8,500)
<b>EDA-44</b>	<b>EDA's 21st Century Innovation Infrastructure Program (Successor to Public Works)</b>	133,280	133,280	133,280	96,000	(37,280)
	<b>Obl</b>	149,394	163,340	158,280	121,000	(37,280)
<b>EDA-50</b>	<b>Partnership Planning (Successor to Planning)</b>	31,000	31,000	31,000	27,000	(4,000)
	<b>Obl</b>	31,591	31,000	31,000	27,000	(4,000)
<b>EDA-55</b>	<b>Technical Assistance</b>	9,800	9,800	9,800	18,400	8,600
	<b>Obl</b>	11,000	9,800	9,800	18,400	8,600
<b>EDA-61</b>	<b>Research &amp; Evaluation</b>	1,500	1,500	1,500	1,500	0
	<b>Obl</b>	1,963	1,500	1,500	1,500	0
<b>EDA-64</b>	<b>Trade Adjustment Assistance</b>	15,800	15,800	15,800	0	(15,800)
	<b>Obl</b>	17,105	15,800	15,800	0	(15,800)
<b>EDA-68</b>	<b>Economic Adjustment Assistance</b>	38,620	38,620	38,620	84,900	46,280
	<b>Obl</b>	44,270	43,620	43,620	89,900	46,280
<b>EDA-78</b>	<b>Regional Innovation Program (Growth Zones)</b>	0	0	0	40,000	40,000
	<b>Obl</b>	0	0	0	40,000	40,000

COMPARISON BY ACTIVITY		2010 Enacted	2011 CR Annualized	2012 Base	2012 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Supplemental Appropriations Act, 2010	BA	54,000	0	0	0	0
	Obl	0	54,000			
Supplemental Appropriations Act, 2009	BA	0	0	0	0	0
	Obl	40,000	0			
Supplemental Appropriations Act, 2008	BA	0	0	0	0	0
	Obl	39,320	0	0	0	0
Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2008	BA	0	0	0	0	0
	Obl	269,157	0	0	0	0
Other Prior Year Category B Disaster Supplementals	BA	0	0	0	0	0
	Obl	0	991	0	0	0
<b>Total Budget Authority</b>	BA	309,000	255,000	255,000	284,300	29,300
	Obl	630,800	345,051	285,000	314,300	29,300
<b>Adjustments to Obligations:</b>						
Recoveries		(30,693)	(30,000)	(30,000)	(30,000)	0
Unobligated balance, start of year		(353,040)	(60,051)	0	0	0
Unobligated balance, transferred		0		0	0	0
Unobligated balance, end of year		60,051	0	0	0	0
Transfer to other accounts (+)		1,882	0	0	0	0
Unobligated Balance Rescission		0	0	0	0	0
<b>Appropriations</b>		309,000	255,000	255,000	284,300	29,300

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

	<b>2010 Enacted</b>	<b>2011 CR Annualized</b>	<b>2012 Base</b>	<b>2012 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Total Obligations</b>	640,717	361,515	300,000	329,300	29,300
Financing	0	0	0	0	0
Offsetting collections from					
Federal funds	(11,280)	(15,000)	(15,000)	(15,000)	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(30,794)	(30,000)	(30,000)	(30,000)	0
Unobligated balance, start-of-year	(353,040)	(61,515)	0	0	0
Unobligated balance rescission	0	0	0	0	0
Unobligated balance, end-of-year	61,515	0	0	0	0
<b>Budget Authority</b>	307,118	255,000	255,000	284,300	29,300
Transferred to/from other accounts	1,882	0	0	0	0
Rescission	0	0	0	0	0
<b>Appropriation</b>	309,000	255,000	255,000	284,300	29,300

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

<b>ACTIVITY: Sustainable Economic Development (Successor to Global Climate Change Mitigation Incentive Fund)</b>		<b>2010 Enacted</b>	<b>2011 CR Annualized</b>	<b>2012 Base</b>	<b>2012 Estimate</b>	<b>Increase/ (Decrease)</b>
		<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Sustainable Economic Development (Successor to Global Climate Change Mitigation Incentive Fund)</b>	<b>BA</b>	\$25,000	\$25,000	\$25,000	\$16,500	(\$8,500)
	<b>Obl.</b>	\$27,000	\$25,000	\$25,000	\$16,500	(\$8,500)

**APPROPRIATION ACCOUNT: Economic Development Assistance Programs****BUDGET ACTIVITY: Sustainable Economic Development (SED) Program (Successor to the Global Climate Change Mitigation Incentive Fund)**

For FY 2012, EDA requests a decrease of \$8.5 million below the FY 2010 enacted level for a total of \$16.5 million for the **Sustainable Economic Development Program (Successor to Global Climate Change Mitigation Incentive Fund)**.

**BASE JUSTIFICATION FOR FY 2012:**

Originally established as the Global Climate Change Mitigation Incentive Fund (GCCMIF), EDA's SED Program strengthens the linkages between economic development and environmental quality by financing projects that foster economic development by advancing the green economy<sup>1</sup> in distressed communities. The SED Program directly supports the President's national strategic priority for increasing investments in clean tech, renewable energy and other initiatives that support a low-carbon economy. The SED supports projects that create jobs through, and increase private capital investment in, efforts to limit the Nation's dependence on fossil fuels, enhance energy efficiency, curb greenhouse gas emissions and protect natural systems. Through the SED, EDA acknowledges and promotes the concept that green versions of its traditional investments advance the national green economy, which in turn contributes to economic growth.

The SED is available to finance a wide-range of green projects, including the development of green programs, plans and feasibility studies, infrastructure construction, and capitalization of Revolving Loan Funds (RLF) that foster green industries and technologies. The SED is particularly well-suited to assist in revitalizing communities by repositioning former manufacturing facilities into new green uses. SED projects are focused on both project type (i.e., renewable energy, energy efficiency, reuse/recycling/restoration, or green building) and project output (i.e., green-end product, greening of an existing function or process, or creation or renovation to a green building).

In FY 2010, from amounts otherwise made available for the economic development assistance programs authorized by the Public Works and Economic Development Act (PWEDA), EDA allocated \$25 million to support projects that foster economic competitiveness while enhancing environmental quality. These funds were used to promote economic development through projects that enhance sustainability, reduce operating costs, diversify the economy, and result in higher-skill, higher-wage jobs.

EDA's SED Program supports the Department's effort to support economic growth by fostering market development and commercialization. Specifically, the program helps achieve the Department's objective to promote and support the advancement of green technologies and industries.

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<sup>1</sup> The green economy, for the purposes of the SED, comprises the economic activities that develop and/or use products and services that contribute to economic growth and alleviate economic distress by respecting and revitalizing the environment.

## PROGRAM CHANGE FOR FY 2012:

**Sustainable Economic Development Program (Successor to Global Climate Change Mitigation Incentive Fund). Base Funding: \$25.0 million; Program Change: - \$8.5 million.**

EDA requests a decrease of \$8.5 million for a total of \$16.5 million for the Sustainable Economic Development Program. This funding will facilitate strategic investments which support renewable energy, green building, energy efficiency, and reuse/restoration/recycling projects which enhance life-cycle sustainability, diversify the economy, and result in 21st century higher-skill, higher-wage jobs.

### Proposed Actions:

In FY 2012, EDA will continue to utilize its Sustainable Economic Development Program to provide strategic investments that contribute to sustainable “green” construction and resource conservation while at the same time supporting the growing “green” sector of the economy that has been found to foster higher-skill, higher-wage job creation. EDA supports investments that cultivate renewable energy, green building, energy efficiency, and reuse/restoration/recycling projects which enhance sustainability, diversify the economy, and result in 21st century higher-skill, higher-wage jobs. Specifically, EDA makes strategic investments through this program in projects that meet at least one of the following objectives:

- **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 (or equivalent) that results in a net positive outcome in terms of energy, materials, and/or water reduction.

In FY 2012, EDA anticipates continuing to leverage its Sustainable Economic Development Program to stimulate the green economy.

### Statement of Need and Economic Benefits:

EDA's Sustainable Economic Development Program supports the Department's goal of fostering economic growth by stimulating the advancement of green and blue technologies and industries. This program provides investments to projects that encourage growth of the “green economy.” Recent EDA funded research reveals that businesses in renewable energy and alternative fuels, green building and energy efficiency technology, energy-efficient infrastructure and transportation, and recycling are growing faster than the rest of the economy. A Pew Charitable Trusts report also found that clean energy segments have resulted in far-reaching national economic benefits. Between FY 1998 and FY 2007, clean energy jobs grew by 9.1 percent, while total jobs grew by only 3.7 percent according to data collected by Pew. While the industry is still in its infancy, its growth rate over the past decade has outpaced other emerging technology sectors. These findings illustrate the promise that green industries and technologies can have for transforming regional economies and spurring innovation.

Grant investments that support innovative approaches to sustainable economic development produce significant returns. They do this in terms of providing stable jobs in the new green

economy and leveraging private investment by providing an outlet for the demand for green investments. EDA forecasts significant long-term impacts in addition to the immediate construction job creation associated with EDA construction projects. Many of the construction jobs themselves are green as the number of LEED certified structures, increasingly favored by investors, increases. Building America's green economy increases our global competitiveness, fosters innovation, and creates jobs to continue to build our recovery.

### **Base Resource Assessment:**

Through the Sustainable Economic Development Program EDA provides strategic investments which accelerate the green economy vision of growing our economy 'smarter' by more tightly linking environmental quality with economic development. Conservation and regulation must be coupled with investment and innovation – issues which form the foundation of successful economic development. Through this program EDA provides resources to encourage a broad array of projects that limit the nation's dependence on fossil fuels, enhance energy efficiency, curb greenhouse gas emissions and protect natural systems.

### **Schedule & Milestones:**

#### FY 2012

- Implementation of new grants processing system;
- Implementation of formal selection criteria at the regional office level; and,
- Institution of flow control and flow targeting (e.g., 20 percent of funds awarded by the end of January 2012).

#### FY 2013-2016

- Increasing use of Grants.gov as a result of grantee training and growing high speed internet access;
- Reducing application and processing times; and,
- Focusing on formal selection criteria and process to increase EDA's efficiency and effectiveness.

### **Deliverables:**

#### FY 2012-2016

- Internal efficiencies reduce administrative burdens on grantees; and,
- Increasing focus on collaborative funding with other Federal agencies to leverage federal grant funds, and contribute to sustainable economic development.

## Performance Goals and Measurement Data

<b>Performance Measure: Private sector dollars invested in distressed communities.</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Decrease</b>	\$123,480	\$81,497	\$81,497	\$81,497	\$81,497	\$81,497
<b>Without Decrease</b>	\$123,480	\$123,480	\$123,480	\$123,480	\$123,480	\$123,480

Description: The formula-driven calculation projects long-term impact of an EDA investment data 9 years from the date of the award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA 21st Century Innovation Infrastructure Program projects after nine years.

<b>Performance Measure: Jobs created or retained in distressed communities.</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Decrease</b>	2,992	1,972	1,972	1,972	1,972	1,972
<b>Without Decrease</b>	2,992	2,992	2,992	2,992	2,992	2,992

Description: The formula-driven calculation projects long-term impact of an EDA investment data 9 years from the date of the award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA 21st Century Innovation Infrastructure Program projects after nine years.

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

<b>ACTIVITY: EDA's 21st Century Innovation Infrastructure Program (Successor to Public Works)</b>		<b>2010 Enacted</b>	<b>2011 CR Annualized</b>	<b>2012 Base</b>	<b>2012 Estimate</b>	<b>Increase/ (Decrease)</b>
		<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>EDA's 21st Century Innovation Infrastructure Program (Successor to Public Works)</b>	<b>BA</b>	\$133,280	\$133,280	\$133,280	\$96,000	(\$37,280)
	<b>Obl.</b>	\$149,394	\$163,340	\$158,280	\$121,000	(\$37,280)

**APPROPRIATION ACCOUNT: Economic Development Assistance Programs****BUDGET ACTIVITY: 21st Century Innovation Infrastructure Program (Successor to Public Works)**

For FY 2012, EDA requests a decrease of \$37.28 million below the FY 2010 enacted level for a total of \$96 million for the **21<sup>st</sup> Century Innovation Infrastructure Program (Successor to Public Works)**.

**BASE JUSTIFICATION FOR FY 2012:**

EDA's 21st Century Innovation Infrastructure Program continues to invest in traditional infrastructure through this program 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. In addition, EDA provides investments to 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, research and development (R&D) commercialization centers; facilities for workforce development wet labs; multi-tenant manufacturing facilities; research, business and science parks with fiber optic cable; and telecommunications infrastructure and development facilities.

The 21st Century Innovation Infrastructure 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. EDA's investment priorities reward applicants that seek such infrastructure tied to a clear sustainable regional economic strategy, thus accelerating the positive impacts of EDA's investments. Key priorities include:

- **Promoting National Strategic Priorities:** 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. Targeting "last mile" solutions that build upon the Administration's Broadband Technology Opportunities Program (BTOP) can be particularly impactful. Possible technological infrastructure investments may include, among other things, broadband deployment, infrastructure for distance learning networks, smart-rooms, technologically advanced research and manufacturing facilities, and 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, and a major obstacle to participation in the global market. EDA funding supports high-technology investment opportunities that link innovation with commercialization and export opportunities. 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.

- **Fostering Global Competition:** The Administration has established a goal of doubling U.S. exports over the next five years. EDA's 21<sup>st</sup> Century Innovation Infrastructure Program directly supports this goal by providing the critical resources many regions need to expand the export potential of their area businesses. Through strategic investments in high-tech shipping and logistics facilities, workforce training facilities, business incubators and accelerators, science and research parks, and smart-grid investments. Increasing the export of American products and services to global markets can help revive the fortunes of U.S. companies, spur future economic growth and support jobs here at home. In June 2010, EDA made a \$2 million public works investment in the city of The Dalles and the Port of The Dalles, Oregon, to improve the historic marine terminal. The improved facility will support increased regional and global trade by providing a cost-effective intermodal transportation alternative to allow the region's businesses to ship goods trans-globally via the Port of Portland.
  
- **Encouraging Sustainable Economic Development:** Many communities continue to face the erosion of natural resources, threatening its economic base. Even in areas where coal mining, wood harvesting, fishing, and agricultural business have remained relatively strong, mechanization and automation are necessary to reduce costs, gain efficiency, and increase profit margins. Unfortunately, these actions result in significant job losses and create long-term high unemployment. Through the 21st Century Innovation Infrastructure Program, EDA provides assistance in the form of infrastructure improvements made to provide improved rail access and off-loading facilities, workforce retraining, upgrading industrial infrastructure, long-term economic analysis, and attracting new private capital. EDA has been a longtime supporter of the Environmental Protection Agency's (EPA) Brownfield 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.
  
- **Assisting Economically Distressed and Underserved Communities:** The U.S.-Mexico Border, Mississippi 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. EDA has partnered with the Delta Regional Authority, the Appalachian Regional Commission, and other regionally-focused entities to spur economic development in these regions.

EDA's 21<sup>st</sup> Century Innovation Infrastructure Program supports the Department's goal of promoting economic growth by fostering market development and commercialization. Specifically, this program helps the Department achieve its objective of promoting the competitiveness of disadvantaged and distressed communities and businesses.

The 21st Century Innovation Infrastructure Program's authorizing statute is the Public Works and Economic Development Act (PWEDA) of 1965, as amended (42 U.S.C. § 3121 et seq.).

## **PROGRAM CHANGE FOR FY 2012:**

**21<sup>st</sup> Century Innovation Infrastructure Program (Successor to Public Works). Base Funding: \$133.28 million; Program Change: - \$37.28 million.**

EDA requests a decrease of \$37.28 million for a total of \$96 million for the 21<sup>st</sup> Century Innovation Infrastructure Program. This funding level will support investments which help build or upgrade the 21<sup>st</sup> century innovation inputs that foster regional competitiveness.

### **Proposed Actions:**

EDA's 21st Century Innovation Infrastructure Program provides targeted assistance to help transition communities into more competitive regions by developing or expanding necessary public infrastructure. The program supports a wide array of services, including: construction of technology-based facilities that utilize smart rooms and emerging and new technologies; industrial accelerators and incubators; telecommunications infrastructure; implementation of innovative IT technology, such as broadband and smart grid technologies; and redevelopment of brownfields.

EDA's 21st Century Innovation Infrastructure Program is one of the Agency's foundational programs. EDA will continue to utilize this program to assist communities whose tax base, eroded by the recession, does not provide sufficient tax revenues to allow them to reap the benefits of the recovery now underway.

EDA will also begin implementation of the recently enacted Regional Innovation Program (Growth Zones). Under the America COMPETES Reauthorization Act of 2010, EDA is authorized to administer a new Regional Innovation Program (Growth Zones) through September 30, 2013. This program includes grants to support the formation and development of regional innovation clusters; grants for feasibility studies for the establishment of science and research parks, and loan guarantees to support the construction and expansion of science and research parks. EDA will utilize its 21<sup>st</sup> Century Infrastructure Program (successor to Public Works) to support the new loan guarantee program which authorizes EDA to guarantee of up to 80 percent of the amount of a loan provided that the maturity date does not exceed the lesser of 30 years or 90 percent of the useful life of any physical asset financed by the loan. EDA will utilize \$7,000,000 in 21<sup>st</sup> Century Infrastructure Program funds for the subsidy cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990), to remain available until expended.

### **Statement of Need and Economic Benefits:**

The rationale for the FY 2012 request for EDA's 21<sup>st</sup> Century Innovation Infrastructure Program is intuitive: regional economies need 21<sup>st</sup> century infrastructure if they are to become and remain globally competitive. However, state and local government revenues have plummeted since the current recession began in December 2007 and the communities EDA serve are caught in a declining revenue spiral at precisely the time they need to make significant investments. EDA's 21<sup>st</sup> Century Innovation Infrastructure Program investments have been shown to be highly effective and efficient ways to create jobs and attract private investment, both of which restore the local tax base. These critical needs require significant financial commitments, at a time when state and local governments are increasingly finding it difficult if not impossible to do so.

In a recent case, EDA awarded \$11.2 million to the Vermont Electrical Cooperative, Inc., (VEC) of Johnson, Vermont, to boost the Northeast region's ability to attract and retain businesses and jobs by strengthening the electrical distribution network and advancing broadband and smart grid deployment. The project's regional impact is significant. According to grantee estimates it is expected to create more than 500 jobs, save an additional 1,300 jobs and generate \$27 million in private investment. In addition, it is expected to reduce the likelihood of future severe power interruptions, such as occurred during the 2008 storms and floods in northern Vermont.

### **Base Resource Assessment:**

EDA's 21<sup>st</sup> Century Innovation Infrastructure Program is an important component of the Agency's toolkit for fostering regional competitiveness and economic development in distressed communities. This program provides EDA with the ability to assist communities in expanding or cultivating new innovation-based infrastructure that will promote the competitiveness of the regional economy.

EDA considers the 21<sup>st</sup> Century Innovation Infrastructure Program foundational as communities are unable to leverage their full economic potential without access to a range of innovation related infrastructure. However, while innovation infrastructure is a critical element to growing a regional economy, it is not sufficient by itself. In light of this, EDA's FY 2012 budget request represents a decrease in funding for this program to ensure a more balanced portfolio. This decrease would enable EDA to have a broader array of tools available to assist distressed communities.

### **Schedule & Milestones:**

#### FY 2012

- Establish and implement consistent, transparent project selection methods with headquarters participation in selection process; and,
- Provide enhanced operational guidance, training, and project selection tools to regional offices.

#### FY 2013-2016

- Fill project pipeline to provide swift award action upon receipt of annual appropriation;
- Enhance focus on regional innovation clusters; and,
- Re-distribute funds to regions with greatest need and shovel-ready projects.

### **Deliverables:**

#### FY 2012

- Award all appropriated funds to EDA's 21st Century Infrastructure Program projects that support economic development; and,
- Institute a consistent, transparent project selection process.

#### FY 2013-2016

- Reduce time between award and project start date; and,
- Analyze project completion times to achieve greater program effectiveness.

**Performance Goals and Measurement Data:**

<b>Performance Measure: Private sector dollars invested in distressed communities.</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Decrease</b>	\$940,424	\$677,376	\$677,376	\$677,376	\$677,376	\$677,376
<b>Without Decrease</b>	\$940,424	\$940,424	\$940,424	\$940,424	\$940,424	\$940,424

years from the date of the award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA 21st Century Innovation Infrastructure Program projects after nine years.

<b>Performance Measure: Jobs created or retained in distressed communities.</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Decrease</b>	22,789	16,391	16,391	16,391	16,391	16,391
<b>Without Decrease</b>	22,789	22,789	22,789	22,789	22,789	22,789

years from the date of the award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA 21st Century Innovation Infrastructure Program projects after nine years.

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

ACTIVITY: Parntership Planning		2010 Enacted Amount	2011 CR Annualized Amount	2012 Base Amount	2012 Estimate Amount	Increase/ (Decrease) Amount
Partnership Planning (Successor to Planning)	BA	\$31,000	\$31,000	\$31,000	\$27,000	(\$4,000)
	Obl.	\$31,591	\$31,000	\$31,000	\$27,000	(\$4,000)

**APPROPRIATION ACCOUNT: Economic Development Assistance Programs**

**BUDGET ACTIVITY: Partnership Planning (Successor to Planning) Program**

For FY 2012, EDA requests a decrease of \$4.0 million below the FY 2010 enacted level for a total of \$27.0 million for the **Partnership Planning (Successor to Planning) Program**.

**BASE JUSTIFICATION FOR FY 2012:**

**Partnership Planning (Successor to Planning) Program** investments support EDA's national network of regional economic development organizations – Economic Development Districts (EDD's). Strong EDD's with solid comprehensive economic development strategies enable EDA to make sound investments. Partnership 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 Program helps support local organizations (EDD's, Native American Indian Tribes, and other eligible areas) with their long-term planning efforts, outreach to communities, and development of Comprehensive Economic Development Strategies (CEDS). Active EDD and Indian Tribe involvement is critical to leveraging a successful, motivated, regional competitive advantage.

The CEDS is designed to bring together public and private sector stakeholders in the creation of a regional economic roadmap to diversify and strengthen regional economies. The CEDS analyzes the regional economy and serves as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, identifying investment priorities and funding sources, and assigning responsibilities for execution of the strategy. Public and private sector partnerships are critical to the implementation of the integrated elements of a CEDS. As a performance-based plan, the CEDS serves a critical role in a region's efforts to defend against economic dislocations due to trade impacts, competition and other events that would result in the loss of jobs and private investment. Once EDA approves a CEDS, the planning organization may qualify for an implementation investment award through EDA's 21st Century Innovation Infrastructure or Economic Adjustment Assistance (EAA) Programs to aid in the construction of infrastructure, partnership planning, and technical assistance projects set out in the CEDS. In making subsequent investments, EDA is reacting to locally determined priorities and initiatives.

EDA's Partnership Planning Program helps support local organizations (EDDs, Indian Tribes, and other eligible recipients) with their long-term planning efforts and their outreach to the economic development community. These local organizations communicate EDA's program and policies, and provide technical assistance to economically distressed communities.

EDA Partnership Planning funds support the preparation of CEDS that guide EDA's 21<sup>st</sup> Century Innovation Infrastructure and EAA implementation investments, including Revolving Loan Funds (RLFs). Sound local planning also attracts other Federal, state, and local funds plus private sector investments to implement long term development strategies. In this way, EDA's Partnership Planning program plays a foundational role in helping communities develop important strategies that inform future economic development decisions.

The Partnership Planning Program's authorizing statute is the Public Works and Economic Development Act (PWEDA) of 1965, as amended (42 U.S.C. § 3121 et seq.).

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

EDA's Partnership Planning Program supports the Department's goal of promoting economic growth by fostering market development and commercialization. Specifically, this program helps achieve the Department's objective of promoting the competitiveness of disadvantaged and distressed communities and businesses.

EDDs need funding to support technical assistance to develop strategy plans and activities of the organizations. Strong strategy plans are necessary to formulate relevant goals and objects, which lead to investments with positive impacts on distressed communities. Organizations which lack capacity to develop CEDS documents look to the assistance of consultants or hire additional professional staff with the appropriate skills to develop these plans. However, these organizations are often limited by financial constraints. A priority is to provide technical assistance to organizations to assist in the development of plans with limited capacity and assistance.

EDA has developed a CEDS Working Group which includes both headquarters and regional office staff to assist in devising solutions to capacity building among organizations, and technical assistance outreach. The CEDS guidance and process is being evaluated closely, to determine ways to better communicate the development of a CEDS and the location of resources to implement the strategy. Additionally, EDA has funded a study as part of its Research and Evaluation Program to evaluate the EDD Program and identify best practices so that the Agency can continue efforts to improve this program.

## **PROGRAM CHANGE FOR FY 2012:**

**Partnership Planning. Base Funding: \$31 million; Program Change: - \$4.0 million.**

EDA requests a decrease of \$4.0 million for a total of \$27.0 million for the Partnership Planning Program to facilitate the development of regional strategic plans that foster sustainable, prosperous, and competitive regional economies.

### **Proposed Actions:**

The Partnership Planning Program supports planning projects that help a community identify regional assets, maximize economic opportunities, and establish strategies for promoting the competitiveness of the entire region. EDA's Partnership Planning Program is foundational to all other EDA programs. These plans are used by EDA to ensure investments from other programs build on the regions' unique assets, leverage existing strengths, and fit into the regional strategy identified.

In today's economic environment, subject to global competition, the Nation's regions need the analysis of threats, weaknesses, opportunities, and the strengths arising from their unique competitive advantages, as catalogued in the Comprehensive Economic Development Strategy (CEDs) documents developed through this program more than ever. The FY 2012 proposal brings funding to its statutorily required level.

### **Statement of Need and Economic Benefits:**

Comprehensive, market-based, local and regional planning is an essential component of successful economic development. Effective planning creates a road map for community growth and development with a focused approach towards creating higher-skill, higher-wage jobs. The Partnership Planning Program provides a foundation for EDA's infrastructure investments, which are designed to stimulate economic growth in distressed regions. The planning process supports an assessment of the region's economic conditions and the development of a CEDs to guide resource allocation and project development. The key value of this process is that it is locally determined and involves participation from all the diverse interests in the community.

### **Base Resource Assessment:**

EDA Partnership Planning funds support the preparation of CEDs that guide EDA's 21st Century Innovation Infrastructure and EAA implementation investments, including Revolving Loan Funds (RLFs). 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 21<sup>st</sup> Century Innovation Infrastructure and EAA Programs show that EDA capacity building programs play a significant role in the successful outcomes of its infrastructure and RLF projects.

### **Schedule & Milestones:**

#### **FY 2012- 2016**

- Establishment of 3 year partnership planning grant funding cycle reduces grantee administrative burdens;

- On-going Know Your Region (KYR) training for local economic developers produces more effective Comprehensive Economic Development Strategies (CEDS); and
- Implement process improvement to improve Partnership Planning Program,
- Incorporation of regional innovation cluster perspective in CEDS; and
- Increasing use of analytical tools by grantees to generate plans and implementation analysis of plan-implementation linkages.

**Deliverables:**

**FY 2012-2016**

- Develop and implement process improvements to improve Partnership Planning Program,
- CEDS renewals continue as regular CEDS update cycle (typically 5 years) permits; and,
- Review of CEDS using standard method and evaluation tools.

**Performance Goals and Measurement Data:**

EDA's Partnership Planning Program is assessed using GPRA measure 2A, the 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, and measure 2B, the percentage of sub-state jurisdiction members actively participating in the EDD program. Because the performance targets for each of these measures is established as a percentage of total program activities the targets do not change.

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

ACTIVITY: Technical Assistance		2010 Enacted	2011 CR Annualized	2012 Base	2012 Estimate	Increase/(Decrease)
		Amount	Amount	Amount	Amount	Amount
Technical Assistance	BA	\$9,800	\$9,800	\$9,800	\$18,400	\$8,600
	Obl.	\$9,800	\$9,800	\$9,800	\$18,400	\$8,600

**APPROPRIATION ACCOUNT: Economic Development Assistance Programs****BUDGET ACTIVITY: Technical Assistance (TA) Program**

For FY 2012, EDA requests an increase of \$8.6 million over the FY 2010 enacted level for a total of \$18.4 million for the Technical Assistance Program.

**BASE JUSTIFICATION FOR FY 2012:**

EDA oversees three technical assistance sub-programs (University Center, National, and Local) that promote economic development and alleviate unemployment, underemployment and out-migration in distressed regions. These programs provide funds to:

- Invest in institutions of higher education to establish and operate University Centers to provide technical assistance to public and private sector organizations with the goal of enhancing local economic development;
- Support innovative approaches to stimulate economic development in distressed regions;
- Disseminate information and studies of economic development issues of national significance; and,
- Finance local feasibility studies, planning efforts and other projects leading to local economic development.

**The EDA-supported University Center (UC) sub-Program** is specifically designed to marshal the resources located within colleges and universities to support job creation and economic growth in regions experiencing economic distress. UCs, which EDA considers long-term partners in economic development, are required to devote the majority of their funding to respond to technical assistance requests originating from organizations located in the economically distressed portions of their service regions.

EDA has prioritized enhancing America's capacity to commercialize research at our universities. The UC program can be an effective vehicle which to accelerate US innovation systems. Some 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 University Centers 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 and commercialization assistance. Typical activities conducted by these UCs include identifying appropriate off-the-shelf technology to solve specific problems encountered by firms, and recommending efficiencies in current operating procedures to improve production processes, reduce energy usage, and decrease the volume of raw materials lost in the production process. The UC sub-Program currently supports 52 University Centers in 42 states and the Commonwealth of Puerto Rico. These Centers provide a range of products directed as assisting their service region, including: feasibility studies, data analysis, geographic analysis (GIS), strategic planning, and other targeted technical assistance.

**The Local Technical Assistance sub-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 the area, while market forces may be moving in another direction all together. Costly infrastructure investments to support obsolete industries are neither an effective or efficient 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 work programs or other Federal or state funded programs to implement those projects.

The Local TA program also provides resources to support flexible technical assistance at the regional level. For example, in FY 2008, EDA invested \$50,000 in the Georgia Micro Enterprise Network of Fulton, Georgia, to help develop an "Access to Markets" venue to provide a tool to facilitate business growth for small, disadvantaged, and start-up businesses unable to access traditional distribution outlets due to lack of internal marketing capacity and limited funding. The project is aiding commercialization and entrepreneur development in the state of Georgia through profiling of best practices for product/service distribution, cataloging of marketing assistance programs, the development of an on-line marketing tool for entrepreneurs, the development of distribution centers for products, and the piloting of the implementation of a distribution center/venue.

**The National Technical Assistance sub-Program** assists economic development organizations to create new economic development tools that support efforts to attract private investment to revitalize regions and local communities. It seeks to provide timely information on best practices in economic development 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 to assess their economic development opportunities and supports the overall EDA strategy of enhancing regional cooperation, fostering innovation, increasing productivity, and developing industry clusters.

The National TA program also supports the dissemination and implementation of research and information to economic development policymakers and practitioners. For example, EDA is currently partnering with the National Association of Development Organizations (NADO) to disseminate Know Your Region, a curriculum aimed at assisting practitioners in developing strong regional economic development strategies, through face-to-face trainings and webinars. Additionally, EDA and the National Academy of Sciences have partnered to facilitate a series of policy roundtables on topics around state and regional innovation initiatives and their role in economic diversification. These roundtables will bring policy makers together to develop specific recommendations to encourage regional economic growth.

The program's authorizing statute is the Public Works and Economic Development Act (PWEDA) of 1965, as amended (42 U.S.C. § 3121 et seq.).

## **PROGRAM CHANGE FOR FY 2012:**

For FY 2012, EDA requests an increase of \$8.6 million for a total of \$18.4 million for the **Technical Assistance (TA) Program**.

### **Technical Assistance (Base Funding: \$9.8 million; Program Change: + \$8.6 million):**

EDA requests an increase of \$8.6 million for a total of \$18.4 million to marshal the resources located within colleges and universities to support job creation and economic growth in regions experiencing economic distress.

#### **Proposed Actions:**

EDA's Technical Assistance Program is an integral component of the Agency's effort to foster regional competitiveness and mitigate distress. The Technical Assistance Program is specifically designed to foster the community capacities required for successful economic development efforts. Universities play a critical role in the translation and implementation of thought-leadership into regional economies. Recognizing this, EDA is requesting increased funding to bring the expertise of America's world-class universities to bear on the economic challenges faced in almost every region of our country. The University Center (UC) and Technical Assistance sub-programs will increase EDA's ability to foster regional innovation clusters. Specifically, the increase to base resources will enable EDA to support more UC's across the country, additional practitioner tools, and more projects that will stimulate thought-leadership. University Centers can provide the communities in their regions with locally informed economic development decision-making and strategic planning assistance. EDA's proposed funding for its Technical Assistance Program will enable the agency to increase the Agency's ability to foster regional innovation clusters. Specifically, the increase to base resources will enable EDA to strategically invest in projects that stimulate commercialization, promote technology based economic development, and encourage regional economic development.

Additionally, EDA will utilize some of the Technical Assistance funds for FY 2012 to support inter-agency place-based initiatives. For example, EDA will continue supporting efforts such as collaboration with the EDA-HUD and other Federal Agencies. This collaborative partnership is designed to help communities develop strategic economic development recovery plans. These plans will help them identify and capitalize on their regional economic assets, such as universities, Federal labs, and a competitive workforce.

#### **Statement of Need and Economic Benefits:**

Close collaboration between the university and regional economic players leads to increases in university-advised, technology-based economic development (TBED) that accelerate and strengthen local innovation clusters. For example, EDA has partnered with the University of Kentucky's Von Allmen Center for Entrepreneurship as part of the University Center Program. Through this partnership the Von Allmen Center for Entrepreneurship provides a wide range of services, including intellectual property and technology assessment, assistance with business plans and financing, marketing strategies, and growth planning to help support potential entrepreneurs start and grow businesses in key clusters of the regional economy.

For instance, Minot State University's Bottineau campus University Center (UC) serves a community in which small farmers were being economically forced from the area. The UC developed a program that converted the farmers to a 21st century product, organic vegetables, and then developed an inexpensive technology to increase the growing season, making it possible to grow sufficient quantities for the farms to be profitable. However, the distribution channels proved resistant to the entry of the local producers, raising the possibility that full potential would not be reached. The Agriculture Department turned to the Business Department, which crafted a solution. A successful cluster was launched, appropriately scaled and exploiting regional advantages.

The Technical Assistance Program provides critical resources to local, regional, and Federal stakeholders to encourage informed decision-making. However, the limited funding available through this program prohibits EDA from sufficiently meeting demand. In FY 2009, EDA received requests for \$24.9 million worth of Technical Assistance funds, which represented 265 percent of the Agency's allocation for the year.

### **Base Resource Assessment:**

**The University Center sub-Program** is the core of EDA's Technical Assistance Program. University Centers (UC) can provide the communities in their regions with locally informed economic development decision-making and strategic planning assistance. EDA's proposed funding for its Technical Assistance Program will enable the agency to expand its UC network. Moreover, with growing emphasis on commercialization of research, UC is the vehicle to accelerate development of regional innovation hubs. EDA making strategic investments to support UC's on a three-year basis as part of a competitive application process.

**The Technical Assistance sub-Program** provides critical resources to local, regional, and Federal stakeholders to encourage informed decision-making. However, the limited funding available through this program prohibits EDA from sufficiently meeting demand.

### **Schedule & Milestones:**

#### FY 2012

- Increase support for Regional Innovation Cluster oriented feasibility studies.

#### FY 2013-2016

- Further integrate UC program with Economic Development Districts; and
- Access capability of universities to further Sustainable Economic Development nationally.

### **Deliverables:**

#### FY 2012

- Conduct open competition for UCs; and
- Fund feasibility studies consistent with RIC orientation and the green economy.

#### FY 2013-2016

- Conduct UC-EDD linkage evaluation; and
- Evaluate university role in technology-based economic development and summarize best practices.

## **Performance Goals and Measurement Data**

EDA's Technical Assistance Program is assessed using GPRA measure 2C, the percentage of UC clients taking action as a result of the assistance facilitated by the University Center, and measure 2D, the percentage of those actions taken by UC clients that achieved the expected results. Because the performance targets for each of these measures is established as a percentage of total program activities the targets do not change. While the performance targets do not change, additional funding would enable EDA to expand the number of UCs to ensure that all geographic regions have access to their economic development services. Additional funding would also ensure that UCs would provide critical services to promote innovation and entrepreneurship, conduct evaluations of how their region can maximize regional assets, and implement technology-based economic development efforts.

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

ACTIVITY: Research and Evaluation		2010 Enacted	2011 CR Annualized	2012 Base	2012 Estimate	Increase/(Decrease)
		Amount	Amount	Amount	Amount	Amount
Research and Evaluation	BA	\$1,500	\$1,500	\$1,500	\$1,500	\$0
	Obl.	\$1,963	\$1,500	\$1,500	\$1,500	\$0

**APPROPRIATION ACCOUNT: Economic Development Assistance Programs**

**BUDGET ACTIVITY: Research and Evaluation Program**

For FY 2012, EDA requests no change over the FY 2010 enacted level for a total of \$1.5 million for the **Research and Evaluation Program**.

**BASE JUSTIFICATION FOR FY 2012:**

EDA will intensify the pace and scale with which it funds leading-edge, peer-review quality economic development relevant research through the Research and Evaluation Program in order to establish the Agency as a world-class thought leader in economic development research. 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 Agency's effectiveness.

EDA's initiatives and investments are consistent with the best thinking and best practices of economic development in the 21st century. Methodologically sound program evaluations help 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 industry clusters, the Research and Evaluation Program helps provide the vital economic information and data and cutting-edge research critical in developing 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 modestly funded program.

EDA continues to pursue its integrated research agenda. EDA's current research supports a wide range of Administration priorities, including: mapping regional innovation clusters across the country, identifying barriers and recommendations to foster commercialization in Federal labs, and identifying the triple bottom line for public economic development efforts in order to more effectively assess impacts.

Several EDA-funded research studies were recently completed. The University of California-Berkeley, with funding from EDA and the MacArthur Foundation, recently released a study on the impact of the green economy to the California economy. The study examined the composition of the green economy in California, provided data on how the green sector is emerging across the nation, and detailed ways that this sector can be supported to foster job creation and regional competitiveness. The results of the study have important implications for regional development.

An EDA funded team of researchers from West Virginia University, George Mason University's School of Public Policy, and Florida International University recently completed an examination of the inputs that drive innovation at the state level. This research led to the development of a report that identified key inputs for supporting regional innovation. EDA is also funding Arizona

State University's School of Geographical Sciences to examine the impacts of spatial linkages on economic development. Many normative sources of urban area economic distress are recognized in the existent literature; however, there is a dearth of scientifically-based evidence for these assertions. This analysis will provide an empirical framework upon which policymakers can utilize to make more informed economic development decisions.

The program's authorizing statute is the Public Works and Economic Development Act (PWEDA) of 1965, as amended (42 U.S.C. § 3121 et seq.).

EDA's Research and Evaluation Program supports the Department's goal of promoting economic growth by promoting market development and commercialization. The program specifically assists the Department in achieving its objective of promoting the competitiveness of disadvantaged and distressed communities and businesses.

EDA's Research and Evaluation funds support the development of tools, recommendations, and resources that shape investment decisions in the Agency and inform regional planning decision-making at the local level. The limited funding for this program restricts the extent to which EDA can support research that examines how emerging concepts in economic development, including regional innovation, microfinance, economic development, the green economy, economic resiliency, and evaluation techniques can support job growth and economic prosperity.

Understanding how core and emerging concepts in economic development apply to supporting regional economic development at the local and national level is predicated upon solid research. Since the Research and Evaluation Program provides data that informs national funding priorities, as well as creates tools that support local decision-making, it is critical to the success of all of EDA's other programs.

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

ACTIVITY: Trade Adjustment Assistance		2010 Enacted Amount	2011 CR Annualized Amount	2012 Base Amount	2012 Estimate Amount	Increase/(Decrease) Amount
Trade Adjustment Assistance	BA	\$15,800	\$15,800	\$15,800	\$0	(\$15,800)
	Obl.	\$17,105	\$15,800	\$15,800	\$0	(\$15,800)

**APPROPRIATION ACCOUNT: Economic Development Assistance Programs**

**BUDGET ACTIVITY: Trade Adjustment Assistance (TAA) Program**

For FY 2012, EDA requests a decrease of \$15.8 million below the FY 2010 enacted level for a total of \$0.0 for the **TAA Program**.

**BASE JUSTIFICATION FOR FY 2012:**

While EDA proposes eliminating this program as part of the FY 2012 budget submission, the Agency continues to recognize the significant impacts that trade is having across the country. In order to more effectively address these impacts, EDA has implemented deliberative strategies and investment priorities which enable all of the Agency's programs to be utilized to help mitigate the negative impacts of trade, encourage export potential of business, and increase the competitiveness of regions across the country.

Today, virtually all American communities have been affected in some way by the adverse impacts of trade and EDA recognizes that it is more effective to leverage the entire body of EDA programs through targeted investments to promote globally competitive regions than to devote a small fraction of the Agency's budget to addressing this pressing need. EDA will continue to focus on building capacity of regions to engage in the global economy. For example, our partnership with ITA and the Small Business Administration (SBA) for increasing access for foreign investments and exports.

Additionally, while the TAA Program is designed to meet an important need, the outcomes of the program demonstrate less effective results than other EDA investments. Further, this program has high administrative costs— a fact which significantly reduces the program's return on investment.

EDA plans to utilize its other programs – particularly its Economic Adjustment Assistance and 21st Century Innovation Infrastructure Program to fund investments that maximize opportunities for regions to engage in global markets, increase export potential of regional firms, mitigate threats posed by TAA, and foster greater regional competitiveness.

## **PROGRAM CHANGE FOR FY 2012:**

For FY 2012, EDA requests a decrease of \$15.8 million for a total of \$0.0 for the **Trade Adjustment Assistance (TAA) Program**.

**Trade Adjustment Assistance (Base Funding: \$15.8 million; Program Change: -\$15.8 million):**

### **Proposed Actions:**

EDA will eliminate its existing Trade Adjustment Assistance (TAA) Program as the types of investments that are made under this program can be made more cost-effectively and more quickly using other EDA programs.

While EDA proposes eliminating this program as part of the FY 2012 President's Budget, the Agency continues to recognize the significant impacts that trade is having across the country. In order to more effectively address these impacts, EDA has implemented deliberative strategies and investment priorities which enable all of the Agency's programs to be utilized to help mitigate the negative impacts of trade, encourage export potential of business, and increase the competitiveness of regions across the country.

### **Statement of Need and Economic Benefits and Base Resource Assessment:**

EDA plans to continue investing in communities impacted by trade; however, by eliminating this program and leveraging the full body of EDA's funding to focus on supporting globally competitive regions the Agency will have a higher return on investment for its efforts.

EDA's new investment priorities give preference to projects that will promote the global competitiveness of a region by supporting high-growth businesses and innovation-based entrepreneurs so that they are able to expand their businesses and compete in global markets. EDA's broadened policy framework to support global competitiveness enables it to utilize its traditional programs in innovative ways. For example, EDA invested \$1 million in the Greater Philadelphia World Trade Center Inc., of Philadelphia, Pennsylvania to provide export assistance to energy and technology businesses located in South New Jersey and Southeastern Pennsylvania. The investment will support energy and technology clusters programs that will provide technical assistance to smaller companies in the Greater Philadelphia area to help those companies increase their exports.

Additionally, there are several organizations and programs, both within DOC and across the Federal Government, designed to accomplish similar work. The Department of Labor and the Department of Agriculture both play a critical role in other aspects of the TAA Program, while the Manufacturing Extension Partnership offers targeted technical assistance to help firms become more globally competitive.

### **Schedule, Milestones and Deliverables:**

This program is being eliminated in FY 2012, so it does not have schedule, milestones, or deliverables.

## Performance Goals and Measurement Data

<b>Performance Measure:</b>						
<b>Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAAC.</b>						
	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
<b>With Decrease</b>	90%	N/A	N/A	N/A	N/A	N/A
<b>Without Decrease</b>	90%	N/A	N/A	N/A	N/A	N/A
<b>Description:</b> 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.						
<b>Performance Measure:</b>						
<b>Percentage of those actions taken by TAAC clients that achieved the expected results.</b>						
	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
<b>With Decrease</b>	95%	N/A	N/A	N/A	N/A	N/A
<b>Without Decrease</b>	95%	N/A	N/A	N/A	N/A	N/A
<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.						

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

ACTIVITY: Economic Adjustment Assistance		2010 Enacted Amount	2011 CR Annualized Amount	2012 Base Amount	2012 Estimate Amount	Increase/(Decrease) Amount
Economic Adjustment Assistance	<b>BA</b>	\$38,620	\$38,620	\$38,620	\$84,900	\$46,280
	<b>Obl.</b>	\$45,270	\$43,620	\$43,620	\$89,900	\$46,280

**APPROPRIATION ACCOUNT: Economic Development Assistance Programs**

**BUDGET ACTIVITY: Economic Adjustment Assistance Program**

For FY 2012, EDA requests an increase of \$46.28 million over the FY 2010 enacted level for a total of \$84.9 million for the **Economic Adjustment Assistance (EAA) Program**.

**BASE JUSTIFICATION FOR FY 2012:**

EDA's EAA Program is an important tool for promoting the *Jobs and Innovation Partnership* and particularly regional innovation clusters, the Administration's new framework for supporting sustainable economic development and encouraging the export potential of America's regions. Regional Innovation Clusters - geographic concentrations of firms and industries that do business with each other and have common needs for talent, technology, and infrastructure - are a proven way to create jobs and grow the economy, and are a critical component to our nation's future economic competitiveness. EDA provides technical assistance and implementation investments that directly support regional innovation clusters.

EAA is the *single most effective program in EDA's toolbox* to address the needs of communities impacted by globalization, especially auto and manufacturing dependent communities that need to develop and implement collaborative regional innovation strategies that will transform and diversify their economies and position them competitively in the global economy. For example, EDA is supporting an automotive industrial park expansion project in Hamilton County, Tennessee. This investment will upgrade and expand the capacity of the rail system at the Enterprise South Industrial Park in Chattanooga, Tennessee to serve the new North American production facility for a major automotive group. Grantees estimate that the initial automotive production facility will eventually generate private investment of \$1 billion.

EAA funds can also be used to design the transition strategy, construct or upgrade public infrastructure, conduct feasibility studies or environmental studies, support construction and operations of incubators and business accelerators, capitalize locally or regionally administered Revolving Loan Funds that directly assist innovative entrepreneurs in growing 21st century businesses, and provide the soft and hard infrastructure necessary to increase trade, business and exports.

The EAA Program provides strategic investments to spearhead economic recovery in regions affected by natural disasters, natural resource depletion, mass layoffs, and other severe economic shocks; to assist communities in restructuring and diversifying regional economies buffeted by steep declines in traditional sources of employment such as manufacturing, agriculture, fishing, or logging; and to aid communities suffering from chronic unemployment and underinvestment. EDA has also used it to fund investments to respond to communities impacted by military base realignments and closures (BRAC). The FY 2005 round of BRAC 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 restructuring will greatly impact areas receiving new military bases.

EDA uses the EAA Program to tailor a portfolio of the following types of assistance to the applicants' needs:

- **Strategic Planning:** These types of investments can be critical when plant closures lead to a significant deterioration in the region's economic prospects. Communities may use EAA funds to create an action plan to stabilize their local economy and then develop a regional strategy that re-thinks their economic future and enables the region to grow in new and sustainable directions. One example is a grant to the Economic Council of St. Louis County, the State of Missouri Department of Economic Development, and the City of Fenton, Missouri, to fund a strategic plan to address the closure of the Chrysler auto manufacturing plants in the City of Fenton, near St. Louis, and a plan for eventual re-use of the sites. This public/private partnership will identify opportunities to replace the jobs lost and expand employment by creating a stronger and more diversified regional economy, able to compete in the global marketplace.
- **Technical Assistance:** Technical assistance may take many forms, to include feasibility studies or initiatives to promote entrepreneurship. One example is in northeast Ohio, where EDA is currently partnering with JumpStart, a nonprofit whose programs focus on preparing the region to transition from old-line, manufacturing industries to a high-tech, entrepreneurial-based economy. EDA supports JumpStart's outreach to, and development of, entrepreneurs in 21 counties of northeast Ohio, an area that is among the hardest hit by the recent economic decline and the foreclosure crises. JumpStart expects to support the creation of 650 new jobs and help its clients raise \$43 million in private sector investments.
- **Construction of physical infrastructure:** EAA funds may be used to fund the construction of publicly-owned infrastructure, such as water and sewer facilities, access roads, rail spurs, and broadband, to support the expansion of area businesses; business incubators; job training facilities; and other infrastructure investments.
- **Capitalization of Revolving Loan Funds (RLFs):** EAA funds may be used to capitalize or re-capitalize RLFs, which enable the recipient to make loans at interest rates that are at or below market rate to small businesses or to businesses that cannot otherwise borrow capital. As the loans are repaid, the grantee uses a portion of interest earned to pay administrative expenses and adds the remaining principal and interest repayments to the RLF's capital base to make new loans. A well-managed RLF award actively makes loans to eligible businesses and entities, continues to revolve funds, and does not have a termination date.

Many communities require components of all of these services. An EAA grant may include funds to develop a regional strategy that may identify gaps in the region's ability to provide the infrastructure, institutional capacity, and access to capital needed to attract and retain high-growth businesses. EAA assistance may then be required to provide technical assistance, construct critical infrastructure, and establish an RLF.

In addition to these long-standing partnerships, EDA has recently integrated the program into several cross-cutting initiatives with other Federal agencies:

- EDA provided \$2 million in EAA funds to support the first pilot project of the White House Interagency Taskforce on Regional Innovation Clusters. EDA assumed a leadership role

on the Taskforce, drafting the first-ever joint Federal Funding Opportunity involving the following seven Federal agencies: the Department of Energy (DOE), Department of Commerce's (DOC) EDA, DOC's National Institute of Standards and Technology/Manufacturing Extension Partnership (NIST/MEP), Department of Labor (DOL), Department of Education (ED), Small Business Administration (SBA), and National Science Foundation (NSF). The Taskforce selected Energy Efficient Building Systems Design as the topical focus for its first pilot project, which will be anchored around a DOE-funded Energy Innovation Hub and will also incorporate elements funded by EDA, SBA, and NIST/MEP.

- EDA made available \$6 million in EAA funds for the i6 Challenge, a new, multi-agency competition to spur technology transfer and commercialization that is led by DOC and EDA. DOC and EDA will coordinate this funding opportunity with the National Institutes of Health, the NSF, and the DOC U.S. Patent and Trademark Office to leverage Federal resources and maximize available funding to i6 Challenge winners.

**In FY 2010, EDA allocated \$38,620,000 for EAA.** These funds were used to support technical assistance, strategic planning, infrastructure, and RLFs. The program's authorizing statute is the EDA's Public Works and Economic Development Act (PWEDA) of 1965, as amended (42 U.S.C. § 3121 *et seq.*).

Part of EDA's mission is to help distressed communities address problems associated with long-term economic distress, as well as sudden and severe economic dislocations including recovering from the economic impacts of natural disasters, the closure of military installations and other Federal facilities, changing trade patterns, and the depletion of natural resources.

The flexibility and the range of services offered by the EAA Program are critical to the recovery of communities experiencing sudden or long-term distress. It is the only EDA Program that addresses the crucial issue of access to capital, and it is the only EDA Program that has the ability to make relatively large (over \$1 million) strategy grants.

EDA's EAA Program supports the Department's goal of promoting economic growth by fostering market development and commercialization. Specifically, the EAA Program supports the Department's objective of promoting the competitiveness of disadvantaged and distressed communities and businesses.

Due to the large number of communities experiencing sudden and severe economic shocks, EDA has been limited in its ability to provide EAA to the number of communities that require assistance. A scarcity of EAA funds limits EDA's ability to continue to participate in interagency funding opportunities, as well as other types of innovative funding competitions in which the goals are cross-cutting and require successful applicants to integrate strategic partnership planning, technical assistance, infrastructure building, and business financing into a comprehensive, long-term economic development strategy. While EDA is requesting a decrease in EAA Program funding compared to FY 2011, the Agency's FY 2012 budget request is designed to provide the most effective mix of investments to respond to the needs of distressed communities within the limited resource constraints anticipated for FY 2012. EAA continues to be an integral part of EDA's portfolio.

A large body of research indicates that high-growth businesses—most of which are small and headed by entrepreneurs—fuel most of America's job creation. These businesses may be high-tech, but they also may be businesses that integrate innovative processes or technologies into

more traditional industries, such as agriculture, manufacturing, and transportation. Creating the environment for high-growth business to form and grow will require flexible, cross-cutting investments that marry infrastructure, strategic partnership planning, technical assistance, and access to capital. To effectively facilitate these activities, EDA will enter into strategic partnerships with other bureaus (NIST/MEP and ITA) and other Federal agencies (e.g., SBA, DOL, ED, Department of Transportation, Department of Defense, and DOE).

Unlike many of the federal government's "economic development" programs, EDA's EAA program enables the agency to fund a range of customized investments developed specifically to meet the strategic priorities of applicant communities rather than being made strictly based on formulas. For example, some communities identify strategy development as their top priority. In other cases, communities already have a well-defined strategy and now need implementation support. This flexibility enables EDA to target its EAA funding through its competitive grants process to support the development of robust regional innovation ecosystems based on the specific priorities of each community.

## **PROGRAM CHANGE FOR FY 2012:**

For FY 2012, EDA requests an increase of \$46.28 million for a total of \$84.9 million for the **Economic Adjustment Assistance (EAA) Program.**

**Economic Adjustment Assistance: Base Funding: \$38.62 million; Program Change: + \$46.28 million.**

EDA requests an increase of \$46.28 million for a total of \$84.9 million for the Economic Adjustment Assistance Program in order to facilitate strategic investments which assist local communities in expanding or acquiring core inputs for regional competitiveness, including access to capital, innovation infrastructure, and technical assistance.

### **Proposed Actions:**

**EAA** funds support some of EDA's most effective investments. The EAA Program plays a critical role in supporting the Agency's efforts to foster regional innovation clusters, promote the export potential of American regions, and encourage 21<sup>st</sup> Century innovation infrastructure. EDA provides technical assistance and implementation investments that include critical innovation infrastructure such as business incubators, proof of concept centers, wet labs, and Research and Development commercialization programs. EDA recognizes the EAA Program has the highest return on investment for distressed communities.

The flexibility of the EAA Program provides EDA the ability to provide tailored assistance to help regions leverage the promise of regional innovation clusters. For example, EDA is able to support the development of strategic plans that will lay the foundation for how a community will leverage regional innovation clusters, provide targeted infrastructure assistance to help expand the cluster in the region.

EAA funds also capitalize EDA's Revolving Loan Funds that provide much needed access to capital for innovative firms and entrepreneurs. EAA is also instrumental in EDA's collaboration with the Department of Defense (DOD) in BRAC communities – both those seeking to diversify their economic base due to base closure and those trying to meet the new demands for public services when bases expand. EAA's flexibility allows EDA to fund planning activities, including those that support post-disaster recovery.

EAA is a proactive program that has the ability to act before an economic dislocation occurs. EDA encourages communities and regions to assess the threats and opportunities created by the global marketplace. EAA funding enables local leaders to proactively address identified threats and respond by leveraging their competitive advantages. Most importantly, this can be done without waiting for disaster to strike, giving local officials more control and communities greater economic stability.

EDA is also working hand-in-hand with other federal agencies to promote and advance regional collaboration. In FY 2010, the first pilot project of the White House Interagency Taskforce on Regional Innovation Clusters was launched. EDA took a leadership role in coordinating the first-ever joint Federal Funding Opportunity (FFO) involving seven federal agencies as outlined in the base narrative. EDA will make available up to \$2 million in EAA funds and up to \$3 million in EDA's 21st Century Infrastructure Program (successor to Public Works) funds for this project.

In FY 2011, EDA is leading TARIC's efforts to further advance the Administration's regional innovation clusters (RIC) initiatives. EDA has two FTE's specifically tasked with supporting TARIC initiatives. TARIC's priorities include coordinating and leveraging federal resources to support the growth of existing RICs and promote the establishment of new RICs. TARIC's primary duties include monitoring trends in regional innovation clusters, coordinating with federal staff in regional offices, and facilitating a unified federal response to requests for assistance from regions related to economic development, education, workforce, and entrepreneurship.

In FY 2012, with adequate funding for the EAA program, EDA will continue to support place-based initiatives under the Jobs and Innovation Partnership by investing in innovative partnerships such as regional business plans, regional innovation clusters, the next generation of the successful *i6* Challenge, TARIC, and other inter-agency place-based initiatives in collaboration with other bureaus such as (NIST/MEP and ITA) and other Federal agencies (e.g., SBA, DOL, ED, Department of Transportation (DOT), Department of Defense (DOD), and DOE).

### **Statement of Need and Economic Benefits:**

EDA launched its Jobs and Innovation Partnership to build on President Obama's strategy for promoting sustainable economic growth by fostering regional collaboration, recognizing that innovation-driven businesses with high growth potential represent the key to long term job creation. This strategic framework provides a comprehensive approach by which the EDA can more effectively leverage resources to address the challenges posed by the severe global recession as well as immense economic, social, and environmental changes.

As EDA's most flexible program, EAA is well positioned to implement the place-based activities of the Jobs and Innovation Partnership. EAA provides EDA with the ability to quickly and proactively intervene to assist communities experiencing or anticipating economic dislocations to plan and implement solutions that access their regional economic advantages, creating innovative solutions. Demand for this program currently exceeds the available funding. Furthermore, EDA's new grant process improvements and competitive award cycle will help the Agency ensure that in light of greater need it continues to make investments that will foster the global competitiveness of American regions and provide a high return on investment.

EAA's unique mechanisms provide a streamlined process that reduces grantees' administrative burdens because EDA can fund the planning or feasibility study, and the implementation or construction with only one application. EAA is government's most flexible economic development tool, providing ready access to appropriate funding for everything from disaster recovery to business accelerators and incubators.

### **Base Resource Assessment:**

EAA continues to be an integral part of EDA's portfolio. The Agency's FY 2012 budget request is designed to provide the most effective mix of investments to respond to the needs of distressed communities. Since the base resources for the EAA Program do not meet current demand, EDA is requesting additional funding for this program in order to balance its portfolio of tools for meeting the needs of distressed communities and spurring economic development.

EDA assesses the impact of its EAA Program by tracking the amount of private investment leveraged and the number of jobs created and retained for both the construction and capital access portions of the program.

EDA's EAA Program is split among Goal 1 efforts, including infrastructure projects and access to capital efforts, and Goal 2 efforts, including technical assistance and strategy investments. Funding for Goal 1 is divided among efforts to support infrastructure and efforts to provide capital to businesses. EDA's infrastructure portion of the EAA Program is expected to attract approximately \$221.7 million more in private investment and create/retain 5,365 more jobs.

This funding level will also increase EDA's ability to help regions leverage private investment and create/retain jobs through the access to capital resources provided through the Agency's EAA Program. EDA's access to capital portion of the EAA Program are expected to attract approximately \$1.7 million more in private investment and create/retain 122 more jobs as a result of the additional funding.

### **Schedule & Milestones:**

#### FY 2012

- Implementation of new grants processing system;
- Implementation of formal selection criteria at the regional office level; and,
- Institution of flow control and flow targeting (e.g., 20 percent of funds awarded by the end of January 2012).
- Foster strategic investments that support development and implementation of regional business plans.

#### FY 2013-2016

- Increasing use of Grants.gov as a result of grantee training and growing high speed internet access;
- Reducing application and processing times; and,
- Focusing on formal selection criteria and process to increase EDA's efficiency and effectiveness.

### **Deliverables:**

#### FY 2012

- Strategic investments that can support globally competitive regions, promote regional innovation clusters, and encourage 21<sup>st</sup> Century innovation infrastructure; and,
- Targeted RLF funding supporting entrepreneurial activity and business growth through capital access.

#### FY 2013-2016

- Internal efficiencies reduce administrative burdens on grantees; and,
- Increasing focus on collaborative funding with other Federal agencies to leverage federal grant funds, support regional innovation clusters, and contribute to sustainable economic development.

**Performance Goals and Measurement Data**

<b>Performance Measure: Private sector dollars invested in distressed communities based on Infrastructure Related Investments</b>						
	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Increase</b>	\$185,029	\$406,758	\$406,758	\$406,758	\$406,758	\$406,758
<b>Without Increase</b>	\$185,029	\$185,029	\$185,029	\$185,029	\$185,029	\$185,029

**Description:** The formula-driven calculation projects long-term impact of an EDA investment data 9 years from the date of the 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.

<b>Performance Measure: Jobs created or retained in distressed communities based on Infrastructure Related Investments</b>						
	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Increase</b>	4,477	9,843	9,843	9,843	9,843	9,843
<b>Without Increase</b>	4,477	4,477	4,477	4,477	4,477	4,477

**Description:** The formula-driven calculation projects long-term impact of an EDA investment data 9 years from the date of the 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.

<b>Performance Measure: Private sector dollars invested in distressed communities based on capital access investments</b>						
	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Increase</b>	\$1,419	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120
<b>Without Increase</b>	\$1,419	\$1,419	\$1,419	\$1,419	\$1,419	\$1,419

**Description:** The formula-driven calculation projects long-term impact of an EDA investment data 9 years from the date of the 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.

<b>Performance Measure: Jobs created or retained in distressed communities based on capital access investments</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Increase</b>	102	223	223	223	223	223
<b>Without Increase</b>	102	102	102	102	102	102

**Description:** The formula-driven calculation projects long-term impact of an EDA investment data 9 years from the date of the 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.

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

<b>ACTIVITY: Regional Innovation Program (Growth Zones)</b>		<b>2010 Enacted</b>	<b>2011 CR Annualized</b>	<b>2012 Base</b>	<b>2012 Estimate</b>	<b>Increase/(Decrease)</b>
		<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Regional Innovation Program (Growth Zones)</b>	<b>BA</b>	\$0	\$0	\$0	\$40,000	\$40,000
	<b>Obl.</b>	\$0	\$0	\$0	\$40,000	\$40,000

**APPROPRIATION ACCOUNT: Economic Development Assistance Programs**

**BUDGET ACTIVITY: Regional Innovation Program (Growth Zones)**

For FY 2012, EDA requests \$40.0 million over the FY 2010 enacted level to fund the new Regional Innovation Program (Growth Zones) to foster collaboration across the federal government to build regional innovation clusters based upon the inherent strengths of a community.

**BASE JUSTIFICATION FOR FY 2012:**

In his State of the Union Address the President stated, "We need to out-innovate, out-educate, and out-build the rest of the world. We have to make America the best place on Earth to do business. We need to take responsibility for our deficit and reform our government. That's how our people will prosper. That's how we'll win the future."

The "America COMPETES Reauthorization Act of 2010" will help advance the President's vision by encouraging innovation that builds capacity for regions to improve and advance toward the future. This Act created the new Regional Innovation Program, which will be implemented by EDA, to build upon the understanding that robust regional innovation cluster strategies create a blueprint for improving the conditions or "ecosystem" in which innovation companies and entrepreneurs can accelerate the development of new businesses, products or services.

In FY 2012, under this new Regional Innovation Program, EDA will implement a Growth Zones initiative. The Growth Zones initiative will provide strategic investments to help communities leverage their innovation ecosystems to create jobs, businesses, and regional prosperity. Specifically, the program will support a nationwide competition to encourage 20 communities to develop and implement regional strategic plans that identify how the community can build on assets and link to drivers of regional economic growth in order to stimulate job creation, business expansion and creation, and enhanced regional prosperity.

## **PROGRAM CHANGE FOR FY 2012:**

For FY 2012, EDA requests an increase of \$40.0 million for a total of \$40.0 million for the new **Regional Innovation Program (Growth Zones)**.

**Regional Innovation Program: Base Funding: \$0.0 million; Program Change: + \$40.0 million.**

EDA requests an increase of \$40.0 million for a total of \$40.0 million to fund the new Regional Innovation Program to foster collaboration across the Federal government to build regional innovation clusters based upon the inherent strengths of a community.

### **Proposed Actions:**

The "America COMPETES Reauthorization Act of 2010" will help advance the President's vision by encouraging innovation that builds capacity for regions to improve and advance toward the future. This Act created the new Regional Innovation Program, which will be implemented by EDA, to build upon the understanding that robust regional innovation cluster strategies create a blueprint for improving the conditions or "ecosystem" in which innovation companies and entrepreneurs can accelerate the development of new businesses, products or services.

In FY 2012, under this new Regional Innovation Program, EDA will implement a Growth Zones initiative. The Growth Zones initiative will provide strategic investments to help communities leverage their innovation ecosystems to create jobs, businesses, and regional prosperity. Specifically, the program will support a nationwide competition to encourage 20 communities to develop and implement regional strategic plans that identify how the community can build on assets and link to drivers of regional economic growth in order to stimulate job creation, business expansion and creation, and enhanced regional prosperity.

### **Statement of Need and Economic Benefits:**

In his State of the Union Address the President stated, "We need to out-innovate, out-educate, and out-build the rest of the world. We have to make America the best place on Earth to do business. We need to take responsibility for our deficit and reform our government. That's how our people will prosper. That's how we'll win the future."

The Obama Administration is responding by embracing more flexible and innovative policies and by launching strategic initiatives that will achieve smarter utilization of existing federal resources. For example, EDA launched its Jobs and Innovation Partnership to stimulate innovation and collaboration, which are key drivers of regional economic development. EDA's Regional Innovation Program (Growth Zones) will further advance the Jobs and Innovation Partnership by providing strategic investments to help communities leverage their innovation ecosystems to create jobs, businesses, and regional prosperity.

In short, through the Regional Innovation Program EDA will support investments that will help communities mitigate the impact of the recent fiscal downturn and accelerate the transition toward a more prosperous economy. This need is particularly acute given the current fiscal crisis and the national jobs and growth outlook.

**Base Resource Assessment:**

In FY 2012, this program will be specifically targeted to support Growth Zones, a collaborative, multi-agency effort to stimulate regional economic development. Specifically, the program will support a nationwide competition to encourage 20 communities to develop and implement regional strategic plans that identify how the community can build on assets and link to drivers of regional economic growth in order to stimulate job creation, business expansion and creation, and enhanced regional prosperity.

**Schedule & Milestones:**FY 2012-2016

- Creation of Regional Innovation Program (Growth Zones)
- Expansion of inter-Agency collaboration related to Regional Innovation Clusters

**Deliverables:**FY 2012-2016

- Strategic investments that can support globally competitive regions, promote regional innovation clusters, and encourage 21<sup>st</sup> Century innovation infrastructure; and,
- Increasing focus on collaborative funding with other Federal agencies to leverage federal grant funds, support regional innovation clusters, and contribute to sustainable economic development.

## Performance Goals and Measurement Data

EDA's Regional Innovation Program (Growth Zones) will be assessed based on their ability to help regions leverage private investment and create/retain jobs through the infrastructure portion of the program. EDA's Regional Innovation Program (Growth Zones) will be working with USDA and HUD to develop further metrics for this program.

<b>Performance Measure: Private sector dollars invested in distressed communities</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Increase</b>	\$197,568	\$197,568	\$197,568	\$197,568	\$197,568	\$197,568
<b>Without Increase</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Description:</b> The formula-driven calculation projects long-term impact of an EDA investment data 9 years from the date of the 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.						

<b>Performance Measure: Jobs created or retained in distressed communities</b>	<b>FY 2011 Target</b>	<b>FY 2012 Target</b>	<b>FY 2013 Target</b>	<b>FY 2014 Target</b>	<b>FY 2015 Target</b>	<b>FY 2016 Target</b>
<b>With Increase</b>	4,781	4,781	4,781	4,781	4,781	4,781
<b>Without Increase</b>	0	0	0	0	0	0
<b>Description:</b> The formula-driven calculation projects long-term impact of an EDA investment data 9 years from the date of the 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.						

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

	<b>OBJECT CLASS</b>	<b>2010 Estimate</b>	<b>2011 CR Annualized</b>	<b>2012 Base</b>	<b>2012 Estimate</b>	<b>Increase/(Decrease)</b>
11	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	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	630,800	345,051	285,000	314,300	29,300
99.0	Subtotal Direct Obligations	630,800	345,051	285,000	314,300	29,300
99.9	<b>TOTAL OBLIGATIONS</b>	<b>630,800</b>	<b>345,051</b>	<b>285,000</b>	<b>314,300</b>	<b>29,300</b>
	Less prior year recoveries	(30,693)	(30,000)	(30,000)	(30,000)	0
	Less prior year unobligated balance	(353,040)	(60,051)	0	0	0
	Transfer to other accounts (+)	1,882				
	Unobligated balance, end of year	60,051	0	0	0	0
	<b>Total Budget Authority</b>	<b>309,000</b>	<b>255,000</b>	<b>255,000</b>	<b>284,300</b>	<b>29,300</b>

**Department of Commerce  
Economic Development Administration  
Economic Development Assistance Programs  
JUSTIFICATION OF PROPOSED LANGUAGE CHANGES**

1. After the phrase “For grants for economic development assistance as provided by the Public Works and Economic Development Act of 1965, [and] for trade adjustment assistance,” Insert the phrase: “and for grants and the cost of loan guarantees authorized under section 27 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 et seq.), as added by section 603 of the America COMPETES Reauthorization Act of 2010 (Public Law 111-358), \$284,300,000, to remain available until expended; of which up to \$7,000,000 shall be available for the Science Park Infrastructure Loan Guarantees Program (in addition to any fees collected for this purpose pursuant to section 26(i) of the Stevenson Wydler Technology Innovation Act of 1980, as amended by section 603 of the America COMPETES Reauthorization Act of 2010): Provided, That the costs for loan guarantees, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$100,000,000.

This change provides funding for grants and loan guarantees under the Regional Innovation Program authorized under section 27 of Stevenson-Wydler, including \$7,000,000 for Science Park Infrastructure Loan Guarantees, as authorized by section 27(d)(8) of Stevenson-Wydler. All costs under the Science Park Infrastructure Loan Guarantees Program will be as defined under section 502 of the Federal Credit Reform Act of 1990. These funds will remain available until expended.

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**Department of Commerce  
Economic Development Administration  
Wireless Innovation Fund  
SUMMARY OF RESOURCE REQUIREMENTS**  
(Dollar amounts in thousands)

	FTE	BUDGET AUTHORITY	BUDGET OBLIGATIONS
<b>President's Budget, FY 2011</b>	0	0	0
<b>Plus: Adjustment to Base</b> .....	0	0	0
<b>Less: Unobligated balance, Start of Year</b> .....	<u>0</u>	<u>0</u>	<u>0</u>
<b>2012 Base Request</b> .....	0	0	0
<b>Plus: Program Change</b> .....	<u>0</u>	<u>20,000</u>	<u>20,000</u>
<b>2012 Estimate</b> .....	0	20,000	20,000

COMPARISON BY ACTIVITY		2010 Enacted		2011 CR Annualized		2012 Base		2012 Estimate		Increase/ (Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
<b>Wireless Innovation Fund (WIN)</b>	<b>BA</b>	0	0	0	0	0	0	0	20,000	0	20,000
	<b>Obl</b>	0	0	0	0	0	0	0	20,000	0	20,000
Adjustments to obligations:			0		0		0		0		0
Recoveries			0		0		0		0		0
Unobligated balance, start of year			0		0		0		0		0
Unobligated balance transferred			0		0		0		0		0
Unobligated balance, end of year			0		0		0		0		0
Unobligated balance expiring			0		0		0		0		0
Transfer from other accounts (-)			0		0		0		0		0
Transfer to other accounts (+)			0		0		0		0		0
<b>APPROPRIATION, Mandatory</b>		0	0	0	0	0	0	0	20,000	0	20,000

**Department of Commerce  
Economic Development Administration  
Wireless Innovation Fund  
SUMMARY OF FINANCING**  
(Dollar amounts in thousands)

COMPARISON BY ACTIVITY	2010 Enacted	2011 CR Annualized	2012 Base	2012 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
<b>Total Obligations</b>	0	0	0	20,000	20,000
Financing	0	0	0	0	0
Offsetting collections from					
Federal funds	0	0	0	0	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	0	0	0	0	0
Unobligated balance, start-of-year	0	0	0	0	0
Unobligated balance rescission	0	0	0	0	0
Unobligated balance, end-of-year	0	0	0	0	0
<b>Budget Authority</b>	0	0	0	20,000	20,000
Transferred to/from other accounts	0	0	0	0	0
Rescission	0	0	0	0	0
<b>Appropriation, Mandatory</b>	0	0	0	20,000	20,000

**APPROPRIATION (Mandatory) ACCOUNT: Wireless Innovation Fund** For FY 2012, EDA requests \$20.0 million to fund the Wireless Innovation Fund as part of a legislative proposal designed to foster the innovation infrastructure critical to creating globally competitive regions.

The President's Wireless Innovation and Infrastructure Initiative (WI3) proposes to reallocate a total of 500 megahertz of Federal agency and commercial spectrum bands over the next 5 years in order to increase Americans' access to wireless broadband. The auctions of reallocated spectrum licenses are expected to raise more than \$27 billion by 2021.

Repurposing spectrum will greatly facilitate access for smart phones, portable computers, and innovative technologies that are on the horizon. This effort will also enhance America's public safety, infrastructure, and competitiveness by investing some of the expected receipts in the creation of a broadband network for public safety, expanding access to wireless broadband in rural America, and creating a Wireless Innovation (WIN) Fund to help develop cutting edge wireless technologies.

As part of this initiative, EDA will participate in this initiative by creating a WIN challenge program designed specifically to leverage public/private partnerships to build or upgrade the 21<sup>st</sup> century innovation inputs that foster regional competitiveness. Through the new WIN program EDA will catalyze public and private community investments to demonstrate next generation technologies and applications drawing upon "bottom up" innovations.

**Goal Statement:**

Through the new WIN program EDA will provide targeted assistance to help transition communities into more competitive regions by developing or expanding next generation information and communications technologies deployment and utilization. The WIN challenge will specifically leverage public and private community investments.

**Base Description:**

The WIN Program will be an important component of EDA's toolkit for fostering regional competitiveness and economic development in distressed communities. This program will provide EDA with the ability to assist communities in expanding or cultivating new innovation-based infrastructure that will promote the competitiveness of the regional economy.

Through this program, EDA will be able to help communities leverage their full economic potential by providing access to a range of innovation related infrastructure.

The rationale for the FY 2012 request for EDA's WIN Program is intuitive: regional economies need 21<sup>st</sup> century infrastructure if they are to become and remain globally competitive. However, state and local government revenues have plummeted since the current recession began in December 2007 and the communities EDA serve are caught in a declining revenue spiral at precisely the time they need to make significant investments. The newly created WIN program will enable EDA to make strategic investments that create jobs and attract private investment, both of which restore the local tax base. These critical needs require significant financial commitments, at a time when state and local governments are increasingly finding it difficult if not impossible to do so.

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

	<b>OBJECT CLASS</b>	<b>2010 Estimate</b>	<b>2011 CR Annualized</b>	<b>2012 Base</b>	<b>2012 Estimate</b>	<b>Increase/(Decrease)</b>
11	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	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	0	0	0	20,000	20,000
99.0	Subtotal Direct Obligations	0	-	-	20,000	20,000
99.9	<b>TOTAL OBLIGATIONS</b>	0	-	-	20,000	20,000
	Less prior year recoveries	0	0	0	0	0
	Less prior year unobligated balance	0	0	0	0	0
	Transfer to other accounts (+)	0				
	Unobligated balance, end of year	0	0	0	0	0
	<b>Total Mandatory Budget Authority</b>	0	0	0	20,000	20,000

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

	FTE	BUDGET AUTHORITY	BUDGET OBLIGATIONS
<b>President's Budget, FY 2011</b>	205	38,000	43,481
<b>Restoration of Base Reductions</b>	0	1,820	1,820
<i>Plus: Adjustment to Base</i> .....	0	811	811
<i>Less: Unobligated balance, Start of Year</i> .....	<u>0</u>	<u>0</u>	<u>(5,481)</u>
<b>2012 Base Request</b> .....	205	40,631	40,631
<i>Administrative Savings</i> .....	<u>0</u>	0	[361]
<i>Plus: Program Change</i> .....	<u>0</u>	<u>0</u>	<u>0</u>
<b>2012 Estimate</b> .....	205	40,631	40,631

COMPARISON BY ACTIVITY		2010 Enacted		2011 CR Annualized		2012 Base		2012 Estimate		Increase/ (Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Salaries and expenses, direct	Pos./BA	217	39,882	217	38,000	217	40,631	217	40,631	0	[361]
	FTE/Obl	200	42,853	205	43,481	205	0	205	0	0	0
Adjustments to obligations:			0		0		0		0		0
Recoveries			0		0		0		0		0
Unobligated balance, start of year			(7,845)		(5,481)		0		0		0
Unobligated balance transferred			0		0		0		0		0
Unobligated balance, end of year			5,481		0		0		0		0
Unobligated balance expiring			(607)		0		0		0		0
Transfer from other accounts (-)			(1,882)		0		0		0		0
Transfer to other accounts (+)			0		0		0		0		0
<b>APPROPRIATION</b>		200	38,000	205	38,000	205	40,631	205	40,631	0	[361]

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**APPROPRIATION ACCOUNT: Salaries and Expenses****BUDGET ACTIVITY: Program Administration**

For FY 2012, EDA requests an increase of \$2.63 million and 5 FTE over the FY 2010 enacted level for a total of \$40.6 million and 205 FTE to its **Salaries and Expenses (S&E)** account.

**BASE JUSTIFICATION FOR FY 2012:**

The administration of EDA's Economic Development Assistance Programs (EDAP) is carried out through a network consisting of headquarters offices as outlined below and located in Washington, DC, and six Regional Offices located in Atlanta, Austin, Chicago, Denver, Philadelphia, and Seattle.

**Executive Direction:** 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.

**Office of Chief Counsel:** 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.

**Office of Information Technology:** 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.

**Office of Finance and Management Services:** 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 Administration Division provides a full range of 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, audit oversight and resolution management, and continuity of operations planning and other support activities.

The Budget and Finance 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 accounting and financial statement preparation, 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.

**Office of External Affairs:** The Director of 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 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.

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.

**Office of Regional Affairs:** 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 Trade Adjustment Assistance Division processes and monitors grants for the operation of Trade Adjustment Assistance Centers and for industry-wide projects. The Division certifies and/or denies the eligibility of firms to apply for Trade Adjustment Assistance and approves and/or denies the adjustment proposals received from certified firms.

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.

**Office of Innovation and Entrepreneurship:** The Office of Innovation and Entrepreneurship (OIE) will assist EDA in focusing on promoting and supporting high-growth entrepreneurship and accelerating commercialization of federally funded research, both in federal labs and at universities. It will create an organization that will work closely with multiple bureaus at the Department of Commerce, as well as with the White House and other federal agencies. Specifically, OIE will play a leading role in managing the Secretary's National Advisory Council on Innovation and Entrepreneurship to encourage the development and implementation of policies that cultivate technology commercialization.

#### **Significant Adjustments-to-Base (ATBs):**

EDA requests no change to its current Salaries and Expense program.

#### **ADMINISTRATIVE COST SAVINGS:**

The Administration is pursuing an aggressive government-wide effort to curb non-essential administrative spending called the Administrative Efficiency Initiative. In order to be good stewards of taxpayer money the Federal Government should continue to seek ways to improve the efficiency of programs without reducing their effectiveness. As such, the President directed each agency to analyze its administrative costs and identify savings where possible. After reviewing its administrative costs, EDA has identified \$361,000 in administrative savings. Of these savings, \$210,000 is tied to the acquisition plans for FY 2012 and \$151,000 in Working Capital Fund savings. The \$361,000 in administrative savings will be reinvested in activities relating to priority programmatic initiatives within EDA.

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

	<b>2010 Enacted</b>	<b>2011 CR Annualized</b>	<b>2012 Base</b>	<b>2012 Estimate</b>	<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Total Obligations</b>	42,036	45,534	41,951	41,951	0
Financing:					
Offsetting collections from:					
Federal funds	(1,130)	(1,320)	(1,320)	(1,320)	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	0	0	0	0	0
Unobligated balance, start-of-year	(7,845)	(6,214)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end-of-year	6,214	0	0	0	0
Unobligated balance expiring	607	0	0	0	0
Unobligated balance lapsing	0	0	0	0	0
<b>Budget Authority</b>	39,882	38,000	40,631	40,631	0
Transfer from Other Accounts (+)	(1,882)				
<b>Appropriation</b>	38,000	38,000	40,631	40,631	0

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

**ADJUSTMENTS:**

	<u>FTE</u>	<u>Amount</u>
<b>RESTORATION OF BASE</b>	0	1,820
<b>OTHER CHANGES:</b>		
<b><u>Pay Raise</u></b> .....	0	0
<b>2011 Pay Raise:</b>		
Pay raise of 1.4% will be effective on January 1, 2011.		
Total cost in 2012 of 2011 pay raise .....	0	
Less amount funded in 2011 .....	<u>0</u>	
Amount requested in FY 2011 for FY 2010 Pay raise (Absorbed) .....	0	
<b>2012 Pay Increase and Related Costs:</b>		
A general pay raise of 2.3% is assumed to be effective January 1, 2012.		
Total cost in 2012 of pay increase .....	0	
Payment to Working Capital Fund .....	<u>0</u>	
Amount requested for FY 2012 Pay Raise (Absorbed) .....	0	
<b><u>Civil Service Retirement System (CSRS)</u></b> .....		(106)
<p>The estimated percentage of payroll for employees covered by CSRS decreased from 31.20% in 2011 to 24.20% for 2012 for regular employees. The contribution rates will stay at 7% in 2012. This will result in a decrease of \$99,113 in the cost of CSRS contributions.</p>		
FY 2012 cost: \$21,581,000 x 24.20% x 7.00%	365,582	
FY 2011 cost: \$21,581,000 x 31.20% x 7.00%	<u>(471,329)</u>	
Total, adjustment to base		(105,747)

**JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES**  
(Dollar amounts in thousands)

<b><u>Federal Employees Retirement System (FERS)</u></b> .....		177
<p>The estimated percentage of payroll for employees covered by FERS will increase from 73.30% in 2011 to 75.80% in 2012 for regular employees. The contribution rate for FERS employees will increase to 11.70%.</p>		
FY 2012 cost: \$21,581,000 x 75.80% x 11.7%	1,913,933	
FY 2011 cost: \$21,581,000 x 68.80% x 11.7%	<u>(1,737,184)</u>	
Total, adjustment to base	176,749	
 <b><u>Thrift Savings Plan (TSP)</u></b> .....		 30
<p>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%.</p>		
FY 2012 cost: \$21,581,000 x 75.80% x 2.0%	327,168	
FY 2011 cost: \$21,581,000 x 68.80% x 2.0%	<u>(296,955)</u>	
Total, adjustment to base	30,213	
 <b><u>Employees Compensation fund</u></b> .....		 (12)
 <b><u>Federal Insurance Contribution Act (FICA)</u></b> .....		 69
<p>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 \$110,175 in 2012. The OASDI rate will remain at 6.2% in 2012.</p>		
FY 2012 cost: \$21,581,000 x 75.80% x 93.10% x 6.2%	944,239	
FY 2011 cost: \$21,581,000 x 68.80% x 95.10% x 6.2%	<u>875,452-</u>	
Total, adjustment to base	68,787	
<u>Other Salaries</u>		
FY 2012 cost: \$210,000 x 75.80% x 93.10% x 6.2%	9,188	
FY 2011 cost: \$210,000 x 68.80% x 95.10% x 6.2%	<u>(8,519)</u>	
Total, adjustment to base	669	

**JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES**  
(Dollar amounts in thousands)

<b><u>Health insurance</u></b> .....	76
<p>Effective January 2010, EDA's contributions to Federal employees' health insurance premiums increased by an average of 6.7%. Applied against the 2011 estimate of \$1,141,000, the additional amount required is \$76,447.</p>	
<b><u>Travel and transportation of persons</u></b> .....	6
<p><b><u>Mileage:</u></b> The reimbursement rate for privately-owned automobiles decrease from 55 cents to 50 cents. The percentage decrease of 9% was applied to the 2011 estimate of \$346,000 to arrive at an decrease of \$31,140.</p>	
	(31,140)
<p><b><u>Per Diem:</u></b> The General Services Administration issued revised travel per diem rates, resulting in a 6.4% increase to EDA. This percentage was applied to the 2011 estimate of \$578,000 resulting in an increase of \$36,992.</p>	
	36,992
<b><u>Rental payments to GSA</u></b> .....	40
<p>The General Service Administration has provided a preliminary estimated increase of 1.7% over the 2011 cost of \$2,375,000 for currently occupied space. This results in an increase of \$40,375.</p>	
<b><u>Printing and reproduction</u></b> .....	1
<p>GPO has provided an estimated rate increase of 1.2%. This percentage was applied to the 2011 estimate of \$109,000 to arrive at an increase of \$1,308.</p>	
<b><u>Working Capital Fund</u></b> .....	203
Electricity*.....	64
<p>The average increase of PEPCO electricity is project to be 27%. This percentage was applied to the 2011 electricity estimate of \$236,000 for an increase of \$63,720.</p>	
Water/Sewer (DCWASA).....	1
<p>The average increase for DCWASA is projected to be 5%. This percentage was applied to the 2011 amount for an increase of \$600.00.</p>	

**JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES**  
(Dollar amounts in thousands)

<b>Postage</b> .....		0
<b>General pricing level adjustment</b> .....		
This request applies assumptions for 2012 of 1.2% to sub-object classes where the prices that the Government pays are established through the market system:		
Rental Payments to Others		3
Other Services		248
Supplies and Materials		6
Equipment		5
Subtotal, other changes .....		811
Total, amount absorbed.....		
Total, adjustments to base.....	0	811

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

OBJECT CLASS		2010 Enacted	2011 CR Annualized	2012 Base	2012 Estimate	Increase/ (Decrease)
11	Personnel Compensation					
11.1	Full-time permanent	21,858	20,187	20,187	20,187	0
11.3	Other than full-time permanent/WCF	40	40	40	40	0
11.5	Other personnel compensation includes Lump Sum	210	210	210	210	0
11.9	Total personnel compensation	22,108	20,437	20,437	20,437	0
12.1	Civilian personnel benefits	5,587	5,168	5,403	5,403	0
21.0	Travel and transportation of persons	1,178	1,178	1,184	1,184	0
22.0	Transportation of things	38	38	38	38	0
23.1	Rental payments to GSA	3,472	2,342	2,382	2,382	0
23.2	Rental payments to others	238	238	241	241	0
23.3	Communications, utilities and miscellaneous charges	384	384	384	384	0
24.0	Printing and reproduction	109	109	110	110	0
25.2	Other services	4,254	2,451	4,519	4,519	0
25.3	Purchase of goods and services from Government Accounts	4,572	4,742	5,010	5,010	0
25.7	Operations and maintenance of equipment	0	0	0	0	0
26.0	Supplies and materials	486	486	492	492	0
31	Equipment	427	427	432	432	0
99.0	Subtotal Direct Obligations	42,853	38,000	40,631	40,631	0
99.0	Unobligated Balance, Start of Year	(7,845)	5,481			
99.0	Unobligated Balance, Expiring	(607)				
99.0	Unobligated Balance, End of Year	5,481				
99.0	Transfer from Other Accounts (+)	(1,882)				
99.9	TOTAL OBLIGATIONS	38,000	43,481	40,631	40,631	0

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

PERSONNEL DATA	2010 Enacted	2011 CR Annualized	2012 Base	2012 Estimate	Increase/(Decrease)
Full-Time Equivalent Employment:	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Full-time permanent	200	205	205	205	0
Other than full-time permanent	0	0	0	0	0
<b>Total</b>	200	205	205	205	0
Positions:					
Full-time permanent	217	217	217	217	0
Other than full-time permanent	0	0			0
<b>Total</b>	217	217	217	217	0

**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.

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)

	2010 <u>Actual</u>	2011 <u>Estimate</u>	2012 <u>Estimate</u>
Average GS Grade	12.4	12.6	12.6
Average GS Salary	\$98,965	\$99,685	\$99,685

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