

**FISCAL YEAR 2003
PERFORMANCE
REPORT**

DEPARTMENT OF COMMERCE



UNITED



STATES OF AMERICA

STRATEGIC GOAL 1

*Provide the information and the
framework to enable the economy to
operate efficiently and equitably*





Economic Development Administration

Mission Statement

Help our partners across the nation (states, regions, and communities) create wealth and minimize poverty by promoting a favorable business environment to attract private capital investment and higher-skill, higher-wage jobs through world-class capacity building, planning, infrastructure, research grants, and strategic initiatives.

The Economic Development Administration's (EDA) mission clearly drives its economic development strategy by focusing on enhancing regional competitiveness, fostering innovation, increasing productivity, and developing industry clusters. By catalyzing strategic linkages and investing in infrastructure for innovation, EDA works to promote a rising standard of living for all citizens and move regional economies to a more diversified, stable economic basis.

EDA's objective is to "create an environment where the role of the public sector is to leverage resources in which the private sector risks capital investment." While the pace of innovative activity and competitiveness must be driven by the private sector at the regional level, public-sector policies at the national and regional levels play a critical supporting role.

Economic development supports two important public policy objectives: creating wealth and minimizing poverty. The creation of wealth enables people to become economically self-sufficient and provides the resources needed for building safe, healthy, convenient, and attractive communities in which people want to live, work, and raise their families. Minimizing poverty is important because poverty is not only dehumanizing, but also extremely costly in terms of underutilized human resources, welfare transfer payments, soaring public health care costs, high crime rates, and declining neighborhoods that lose their value. Thus, the public sector has a legitimate interest in supporting efforts and strategies that bring economic opportunity to all segments of society.

EDA's investment policy guidelines focus on results rather than processes. Application of these guidelines encourages investment in U.S. communities based on risk and the expected return on the taxpayer's investment. These guidelines help center EDA's investments on those that attract private sector investment, have a high probability of success, and ultimately result in an environment where higher-skill, higher-wage jobs are created. Guidelines focus on investments that: (1) are market-based; (2) are proactive in nature and scope; (3) look beyond the immediate economic horizon, anticipate economic changes, and diversify the local regional economy; (4) maximize the attraction of private-sector investment and would not otherwise come to fruition absent EDA's investment; (5) have a high probability of success; (6) result in an environment where higher-skill, higher-wage jobs are created; and (7) maximize return on taxpayer investment.

Strategic investments by EDA in public infrastructure and local capital markets provide lasting benefits for economically disadvantaged areas. Acting as catalysts to mobilize public and private investments, EDA's investments address problems of high unemployment, low per capita income, and other forms of severe economic distress in local communities. EDA also provides special economic adjustment assistance to help communities and businesses respond to major layoffs, plant shutdowns, trade impacts, natural disasters, military facility closures, and other severe economic dislocations.

EDA promotes cluster-based and regional economic development by giving priority to those regions that seek to invest in their regional systems of education, research, physical infrastructure, and quality of life while enhancing its focus on the nation's communities in distress. EDA's investment will attract private sector capital investment and growth in personnel, knowledge, and capital that will strengthen the region as a "platform for economic growth." In the next generation economy that regions are seeking to build, the hallmark of vitality will be the agility of institutions and their leaders to recognize and collaborate in the improvement of existing or creation of new sources of economic advantages. EDA intends to capitalize on this solid, market-based strategy to help communities seize the economic opportunities of tomorrow.

Priorities/Management Challenges

Throughout FY 2003, EDA continued to deploy the following three "pillars of reform" described in more detail in the FY 2002 Performance and Accountability Report (PAR) that have been the basis for transforming itself into a results-oriented bureau.

● *Pillar I — Organizational Management Initiatives*

Alignment of Resources — Continued to work to maximize alignment of existing financial and human resources to accomplish EDA's mission through restructuring and effective deployment of resources.

Management Process — Developed standard operating procedures at headquarters to reduce inefficiencies and duplication of efforts. Through identifying best practices in its regional offices, EDA will implement standard operating procedures among the regions, articulate clear investment policy guidelines to ensure due diligence on the front end, and require thorough post-approval monitoring to ensure the maximum return on taxpayer investment. EDA will implement process improvements through collaborative efforts launched in FY 2003 with the National Oceanic and Atmospheric Administration (NOAA) in two significant areas: consolidation of EDA's Commerce Administrative Management System (CAMS) grant and salary and expenses (S&E) accounting activities and environment into NOAA's existing CAMS support operations, and development of a comprehensive online back-office grants processing system via the electronic investments component of the EDA's Economic Development Communications and Operations Management System and NOAA's Grants Online initiatives.

Competency-based Human Resource System — Continued to work to build the foundation of a competency-based human resource system through rigorous personnel performance reviews, clear performance plans that set high standards, and recruitment and training strategies to provide necessary skills and competitiveness. Continued implementation of agency workforce restructuring to maximize alignment of skills and resources.

● *Pillar II — Performance Measures*

Balanced Scorecard (BSC) — The second pillar is based on performance measures. EDA's development of the BSC management approach is critical in translating the bureau's strategic vision into action. The BSC is a value-added management process that provides the critical means for getting from the vision to execution. This continual process, which evolves with use and experience, tracks both financial and non-financial areas of organizational performance.

Outcome Funding — EDA focused on the performance outcomes of its investments, such as leveraging private sector and local dollars and attracting higher-skill, higher-wage jobs. All investments are reviewed rigorously and are based on EDA's investment policy guidelines that target those projects with an expected high rate of return, community commitment, regional impact, and success.

Outcome-oriented Performance Measures — In FY 2003, EDA monitored its new outcome performance measures for capacity-building programs that were developed in FY 2002. These new outcome-oriented measures are better indicators of the taxpayer's and EDA's return on investment, and compliment EDA's investment policy guidelines. All of EDA's performance measures are clearly tied to EDA's annual budget request and appropriation. Targets for the new measures are based on FY 2002 reported data.

● *Pillar III – Congressional and Public Affairs*

Congressional and Public Affairs — EDA enhanced and strengthened congressional, state, and local government affairs, and public and media relations while continuing to communicate with key stakeholders and customers in a compelling, multi-faceted way. In support of the Administration's goal to leave no geographic or demographic sector of the nation behind, EDA continued to broaden its reach to U.S. communities and create vital partnerships to strengthen those areas in distress.

EDA has two major priorities for FY 2004. One is the reauthorization of EDA, and the other is the restructuring and streamlining of EDA headquarters operations.

EDA's present reauthorization expires on September 30, 2003. The Secretary of Commerce submitted the Administration's proposal to reauthorize the EDA to Congress on May 15, 2003, and Congress is presently debating the reauthorization. EDA is optimistic that this reauthorization will improve the delivery of its core responsibilities through an increased emphasis on performance. Concurrently, EDA is undertaking a comprehensive review of its regulations to ensure they are performance based, user-friendly, and focused on areas of greater need. Through improvements accomplished as a result of the implementation of the headquarters reorganization, implementation of the BSC, and changes in its authorizing legislation, EDA expects FY 2004 to be its most productive year in terms of creating jobs and attracting private sector investment.

In FY 2003, EDA received congressional and Administration approval for a significant restructuring of its headquarters operations, which in the new structure aligns resources with EDA's core mission. This streamlining of headquarters operations allows EDA to reposition resources in the regional offices where the bulk of EDA's grant processing occurs and where these resources can be closer to the people they serve as called for in the President's Management Agenda. In FY 2004, EDA will complete the headquarters restructuring followed by a review of regional operations, focused on implementing best practices and standardizing key business processes to ensure consistent, high quality service delivery across the nation.

Investment Strategies

The President is providing the leadership to spur economic growth and job creation stating, "The role of government is to create conditions in which jobs are created, in which people can find work." EDA is an important tool in accomplishing this mandate. Sound research-based, market-driven economic development policy is the foundation for effective and efficient economic development program implementation. EDA embraces an economic development strategy based on enhancing regional competitiveness, fostering innovation, increasing productivity, and developing industry clusters.

Priority is given to investments that enhance regional competitiveness and support long-term development of the regional economy. In healthy regions, competitiveness and innovation are concentrated in clusters or groups of interrelated firms and industries in which regions specialize. The nation's ability to produce high-value added products and services that support high-wage jobs depends on the creation and strengthening of these regional hubs of competitiveness and innovation. EDA outlined seven investment priorities in the FY 2002 PAR that it continued in FY 2003 to enhance regional competitiveness and support long-term development of the regional economy.

EDA sustained its strategic context and focus by reaffirming its mission. The activities that EDA undertakes with public dollars will demonstrate a return on investment through measurable, quantifiable performance measures. To achieve such a return on investment, EDA is looking for partners willing to work hand-in-hand to ensure the success of their ventures. As a public investment capital firm, EDA is evolving with the times. EDA must invest in those economic development initiatives that are consistent with the best thinking and best practices of economic development in the twenty-first century.

EDA recognizes that the economy of the twenty-first century is based on high productivity, rapid technological change, deregulations and market liberalization, the global marketplace, and the mobility of capital and labor. Conditions at the start of the twenty-first century signal that such economic benefits cannot be taken for granted when the underlying grounds for competitive advantage shift. In meeting this challenge for FY 2003, EDA investments focused on: (1) regional economies in transition (EDA's market niche); (2) opportunities that are economic drivers (locomotives, not cabooses); (3) trade and resource-based industries or clusters that compete beyond local markets and across regional boundaries; (4) including value-added processes; and (5) rational, comprehensive strategies developed by key economic stakeholders.

Successful economic development projects attract private sector capital investment, create value-added jobs, and support local communities and government at all levels. By investing in successful undertakings, creating jobs, and expanding the economy, EDA investments can be multiplied through tax revenues increases.

Investment Eligibility

EDA's investment eligibility requirements were established by the Public Works and Economic Development Act of 1965, as amended. This legislation specifically defines eligible recipients. EDA identifies eligible recipients as "distressed communities" that are rural and urban communities experiencing severe economic distress in the form of high unemployment, low per capita income, and other conditions of economic distress, including sudden economic dislocations due to industrial restructuring and relocations or natural disasters.

To determine a community's eligibility for investment per EDA's legislation, the agency relies upon two primary measures of distress. One measure is per capita income. To qualify as a distressed community, the area's average per capita income must register as 80 percent or less of the national per capita income average. The other primary measure is the 24-month unemployment rate, which must be at least one point higher than the national average. Communities or areas may also qualify based on special needs arising from actual or threatened severe unemployment or economic adjustment problems. EDA uses statistics from the Bureau of Economic Analysis (BEA) for per capita income data and the Bureau of Labor Statistics (BLS) for 24-month unemployment data to determine distress conditions nationwide. EDA also provides assistance in "pockets of distress," which are small areas defined without regard to geographical or political boundaries (for example, city, county, and Indian reservation) that are experiencing economic distress even though it may be part of a larger community.

Based on current per capita income or unemployment data, approximately 2,106 counties are eligible for EDA assistance. In FY 2003, EDA made 158 Public Works investments and 117 Economic Adjustment Assistance investments. In addition, EDA made 343 investments under its Partnership Planning program to Economic Development Districts (EDD) and Indian tribes; 108 investments under its Technical Assistance program, a portion of which went to 65 University Centers (UC); 48 investments under its Short-term Planning program; and 12 investments for Trade Adjustment Assistance Centers (TAAC). These capacity-building programs serve multi-county areas where significant portions of the service area are distressed. Because distress data are not available for multi-county areas, small rural areas, or Puerto Rico, they do not correlate with EDA's existing management information system.

As part of strengthening performance through the President's Management Agenda, EDA addressed each of the government-wide initiatives. Under the human capital initiative, EDA was approved and began the process to reorganize its headquarters structure and provide for the efficient and effective deployment of human resources that supports a citizen-centered, results-oriented, and market-based organization. Headquarters will be streamlined, have fewer supervisors, and be staffed by employees with the requisite skills to support regional operations. This reorganization plan recognizes that the primary function of headquarters is to provide support for the core mission and operations of the bureau. The reorganization plan, approved by the Department, Office of Management and Budget (OMB), and Congress, offers employee incentives for voluntary separation, voluntary early retirement, and employee relocation. In addition, a rigorous review of the performance management system was undertaken that aligned personnel performance to the goals of the Bureau.

EDA rigorously analyzed its functions and positions, and identified 105 "commercial" positions within the organization. The Bureau met its FY 2003 competitive sourcing goals by outsourcing its excess capacity review function and performing a cost analysis of the accounting technician function. EDA currently contracts for eight positions in the Information Systems Division and Compliance Review Division.

FY 2003 Performance

In FY 2003, EDA had two goals and 12 measures with two measures having two targets each. Of those 14 targets, EDA met or exceeded all of them. In FY 2002, EDA met seven of its seven targets.

For many distressed communities, realizing the promise of the twenty-first century will depend on the investments that EDA makes today. In FY 2003, EDA continued to strictly adhere to an overall investment strategy that utilized the investment policy guidelines and targeted regional competitiveness, innovation, productivity, industry clusters, and long-term development of the regional economy.

EDA's performance system includes two mutually supportive sets of performance goals and measures—Goal 1: Promote Private Enterprise and Job Creation in Economically Distressed Communities, and Goal 2: Build Community Capacity to Achieve and Sustain Economic Growth. Since the results of economic development investments are often realized years later as they are transformed into jobs, private sector investments, and social benefits that improve lives, measuring performance is a challenge. Each year, EDA uses the Government Performance and Results Act of 1993 (GPRA) review process as an opportunity to improve and refine its measures. After reviewing FY 1997 and FY 1998 investment performance results for job creation and private investment at the three-year interval, EDA took an extraordinary step and significantly raised its targets on several measures. The bureau continues to monitor its trend data for additional refinement.

As part of EDA's strategy to implement its mission and goals, and accomplish the President's Management Agenda, EDA implemented a BSC for both headquarters and the regional offices. EDA's BSC examines and identifies EDA's critical, strategic priorities in five perspectives: Stakeholders, Customer, Financial, Internal Processes, and Learning and Growth. The BSC reports are submitted and reviewed quarterly.

Information Technology (IT) Security: EDA made significant progress in meeting the full certification and accreditation requirements of its major applications and general support systems in FY 2003, including its new Web Portal. EDA is implementing action plans for full compliance with the Department's IT Security Program Policy, and the Unclassified System Remote Access Security Policy and Minimum Implementation Standards. EDA instituted a program for review of IT security program policies, procedures, and security plans on an annual basis. EDA worked to strengthen the controls required for support of Department financial management systems. The bureau developed comprehensive plans of action and milestones to ensure any vulnerabilities identified during annual audits of these controls, including independent audits of EDA's IT infrastructure conducted by outside sources (such as the Office of the Inspector General or General Accounting Office [GAO]) are properly addressed and mitigated. The Bureau's IT security program complies with Departmental and Federal Information Systems Security Policies and guidance, ensures access control to bureau information via the Web, maintains the integrity and reliability of information, and enhances security of the major and general support systems and communications infrastructure.

Consolidate Key Administrative Systems and IT Infrastructure Components: EDA worked with the Herbert C. Hoover Building Network Management Committee to prepare a migration plan to participate in the Department's newly implemented network infrastructure. In addition to implementing a state-of-the-art wiring plant for the building, the network infrastructure offers expanded disaster recovery capabilities, including redundant power and air conditioning. EDA intends to take advantage of the cost and functional efficiencies that can be gained from migrating to a centralized wiring infrastructure. EDA anticipates that the migration plan will be ready for review by members of EDA's IT Investment Review Board in FY 2004.

Outsource CAMS Accounting System: During FY 2003, EDA explored opportunities to consolidate its CAMS grant and S&E accounting activities and environment into existing CAMS support operations within NOAA. Detailed discussions with NOAA CAMS operations staff were conducted. Information on the technical infrastructure, database architecture, and functional requirements of EDA's CAMS environment were analyzed. In conjunction with the Department's Office of Financial Management, EDA and key members of the CAMS Support Center and NOAA's CAMS support staff discussed strategies for conducting the analysis of the technical and functional challenges of EDA's consolidation into the NOAA environments. As a result of these discussions, EDA issued a statement of work to Accenture LLP (the contractor currently working on NOAA's CAMS implementation) seeking functional and technical support to analyze and document its grant and loan business accounting processes and National Institute of Science and Technology S&E accounting processes against similar processes in NOAA. Based on the results of this analysis, EDA expects delivery of a comprehensive cost benefit analysis and migration plan by third quarter FY 2004.

Targets and Performance Summary

See individual Performance Goal sections for further description of each measure.

Performance Goal 1: Promote Private Enterprise and Job Creation in Economically Distressed Communities¹

Measure	FY 1999 Target	FY 2000 Target	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Private sector dollars invested in distressed communities as a result of EDA investments	\$420M by FY 2002	\$400M by FY 2003	\$199M from FY 1997 investments ²	\$971M from FY 1998 investments ⁴	\$640M from FY 1999 investments ⁶	\$1,251M from FY 2000 investments ⁸	X	
	\$1,040M by FY 2005	\$1,020M by FY 2006				\$2,475M from FY 1997 investments ¹⁰	X	
	\$2,080M by FY 2008	\$2,040M by FY 2009						
Jobs created or retained in distressed communities as a result of EDA investments	11,300 by FY 2002	11,300 by FY 2003	12,056 from FY 1997 investments ³	12,898 from FY 1998 investments ⁵	29,912 from FY 1999 investments ⁷	39,841 from FY 2000 investments ⁹	X	
	28,400 by FY 2005	28,200 by FY 2006				47,607 from FY 1997 investments ¹¹	X	
	56,900 by FY 2008	56,500 by FY 2009						

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
State and local dollars committed per EDA dollar		\$1 - \$1.2	\$1 - \$1.2	\$1 - \$1	\$1 - \$1.1	\$1 - \$1	\$1 - \$1.08	X
Percentage of investments to areas of highest distress		36%	45%	43%	40.1%	37-43%	37.6%	X
Percentage of EDA dollars invested in technology-related projects in distressed areas		New	New	N/A	11.8%	7-10%	8.8%	X

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

Measures	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Percentage of Economic Development Districts (EDD) and Indian tribes implementing economic development projects from the Comprehensive Economic Development Strategy (CEDS) process that lead to private investment and jobs	New	New	New	New	95%	98.7%	X	
Percentage of sub-state jurisdiction members actively participating in the Economic Development District (EDD) Program	New	95%	92%	95.3%	89-93%	96.7%	X	
Percentage of University Center (UC) clients taking action as a result of the assistance facilitated by the UC	New	New	New	New	75%	78.1%	X	
Percentage of those actions taken by University Center (UC) clients that achieved the expected results	New	New	New	New	80%	85.7%	X	
Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAAC	New	New	New	New	90%	92.4%	X	
Percentage of those actions taken by Trade Adjustment Assistance Center (TAAC) clients that achieved the expected results	New	New	New	New	95%	98.4%	X	
Percentage of local technical assistance and economic adjustment strategy investments awarded in areas of highest distress	31%	35%	32%	30.0%	30%	30.2%	X	

- ¹ Detailed information relating the annual Actuals and Targets of the private sector dollars and the Jobs measures reflected here is stated in the footnotes below and in the section addressing EDA performance measures individually.
- ² Actual private sector dollars — Three-Year Performance exceeds the FY 1997 projected target of \$116 million by FY 2000. (snapshot of performance for first reporting interval for FY 1997 investments)
- ³ Actual jobs — Three-Year Performance exceeds the FY 1997 projected target of 5,040 jobs by FY 2000. (snapshot of performance at first reporting interval for FY 1997 investments)
- ⁴ Actual private sector dollars — Three-Year Performance exceeds the FY 1998 projected target of \$130 million by FY 2001. (snapshot of performance for first reporting interval for FY 1998 investments)
- ⁵ Actual jobs — Three-Year Performance exceeds the FY 1998 target of 5,400 jobs by FY 2001. (snapshot of performance at first reporting interval for FY 1998 investments)
- ⁶ Actual private sector dollars — Three-Year Performance exceeds the FY 1999 projected target of \$420 million by FY 2002. (snapshot of performance for first reporting interval for FY 1999 investments)
- ⁷ Actual jobs — Three-Year Performance exceeds the FY 1999 target of 11,300 jobs by FY 2002. (snapshot of performance at first reporting interval for FY 1999 investments)
- ⁸ Actual private sector dollars — Three-Year Performance exceeds the FY 2000 projected target of \$400 million by FY 2003. (snapshot of performance for first reporting interval for FY 1999 investments)
- ⁹ Actual jobs — Three-Year Performance exceeds the FY 2000 target of 11,300 jobs by FY 2003. (snapshot of performance at first reporting interval for FY 2000 investments)
- ¹⁰ Actual private sector dollars — Six-Year Performance exceeds the FY 1997 projected target of \$581 million by FY 2003. (snapshot of performance for second reporting interval for FY 1997 investments)
- ¹¹ Actual jobs — Six-Year Performance exceeds the FY 1997 projected target of 25,200 jobs by FY 2003. (snapshot of performance at second reporting interval for FY 1997 investments)

Resource Requirements Summary

(Dollars in Millions. Funding amounts reflect total obligations.)

Information Technology (IT)

Full Time Equivalent (FTE)

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

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Salaries and Expenses	15.5	17.2	18.7	19.8	19.6
Economic Development Assistance Programs					
Public Works	205.7	204.5	285.3	249.9	208.8
Economic Adjustment	91.8	90.3	58.3	26.9	41.2
Total Funding ¹	313.0	312.0	362.3	296.6	269.6
IT Funding ²	1.7	1.2	0.9	1.8	0.8
FTE	170	174	165	155	149

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

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Salaries and Expenses	8.3	9.3	10.0	10.6	10.5
Economic Development Assistance Programs					
Planning	23.9	23.9	24.0	24.0	23.9
Technical Assistance	9.6	9.2	9.2	9.5	9.2
Research and Evaluation	0.5	0.5	0.5	0.4	0.5
Trade Adjustment Assistance (TAA)	9.5	10.5	10.5	10.5	10.4
Economic Adjustment	26.2	20.6	22.5	13.8	3.9
Total Funding ¹	78.0	74.0	76.7	68.8	58.4
IT Funding ²	1.0	0.7	0.5	0.9	0.5
FTE	92	94	89	84	80

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Salaries and Expenses	23.8	26.5	28.7	30.4	30.1
Economic Development Assistance Programs	267.2	359.5	410.3	335.0	297.9
Total Funding	391.0	386.0	439.0	365.4	328.0
Direct	391.0	386.0	439.0	365.4	328.0
IT Funding	2.7	1.9	1.4	2.7	1.3
FTE	262	268	254	239	229
Emergency Supplemental ³	18.0	20.5	64.9	6.7	5.6
Reimbursables ⁴	19.5	20.6	24.4	7.9	15.1
Total Funds Accounted For	428.5	427.1	528.3	380.0	348.7

¹ Total funding includes program dollars, salaries, and expenses. It also reflects direct obligations. It does not include one-time, disaster investments.

² IT funding included in total funding.

³ EDA receives emergency supplemental funding on an irregular basis to respond to disasters or emergencies.

⁴ EDA receives reimbursable funding that is variable in nature from year-to-year. Therefore, reimbursable resources are not factored into the performance goals.

Skill Summary:

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

Information Technology (IT) Requirements:

The need for proficient IT infrastructure support is critical in order to maintain the security and stability of EDA's IT enterprise. As a result, contractor resource requirements to support and secure the new operations environment have been modified to reflect the new network, mail and office automation application standards being implemented. Increased software and hardware licensing and maintenance costs are also being incurred to fully implement the new environment. The implementation of technology upgrades during FY 2003 and FY 2004, and future technologies will require continued restructuring of EDA's current contractor support resources to effectively manage and secure the expanded enterprise environment.

FY 2003 Performance Goals

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

Corresponding Strategic Goal

Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

Rationale for Performance Goal

EDA fosters a favorable environment for the private sector to risk capital investment to produce goods and services and increase productivity, thereby providing the higher-skill, higher-wage jobs that offer opportunity for all Americans. Whatever activities EDA undertakes with public dollars must demonstrate return on investment through measurable, quantifiable performance outcomes.

While successful economic development projects attract private sector capital investment and create value-added jobs, they are also beneficial for local communities and all levels of government. By investing in successful undertakings, creating jobs, and expanding the economy, the demand for government expenditures for social services decreases while tax revenues increase.

Within the framework of this goal, EDA focuses on two of its programs, the Public Works and Development Facilities, and the Economic Adjustment program.

The Public Works program promotes long-range economic development in distressed areas by providing investments for vital public infrastructure and development facilities. These critical investments enable communities to attract new, or support existing, businesses that will generate new jobs and income for unemployed and underemployed residents. Among the types of projects funded are water; sewer; fiber optics; access roads; and facilities such as industrial and business parks, business incubator and skill training facilities, and port improvements.

The Economic Adjustment Assistance program provides flexible investments for communities facing sudden or severe economic distress including revolving loan fund (RLF) grants that capitalize a locally administered fund and are used for making loans to local businesses, which, in turn, create jobs and leverage other private investment while helping a community to diversify and stabilize its economy. Factors that seriously threaten the economic survival of local communities include essential plant closures, military base closures or realignments, defense laboratory or contractor downsizings, natural disasters, natural resource depletion, outmigration, underemployment, and destructive impacts of foreign trade.

EDA performance targets for long-term program outcomes are based on nine-year projections for private dollars invested and jobs created. Performance data are obtained at three-year intervals to provide snapshots of current progress in achieving the full, nine-year performance projection. FY 2000 was the first year for which data are available on long-term outcomes.

According to the performance evaluation of EDA's Public Works program (Rutgers et al. 1997), the investments "produce jobs, usually in increasing amounts, after project completion." The study found that "direct jobs six years after completion (nine years after investment award) are, on average, twice those found at completion." Because most investments are completed an average of three years after award, EDA monitors performance results at three, six, and nine years after investment award.

EDA's Ongoing Performance Measurement System

EDA established an ongoing reporting system, beginning with FY 1997 grant awards, to track long-term program outcomes for private investments and job creation in distressed communities. EDA collects data (snapshots of actual performance) at three-year intervals for up to nine years following the award of the grant. This system will enable EDA to develop a database with multi-year trend data on private investments and job creation by EDA investments. FY 2000 was the first year in which data became available under the system, representing the initial reporting interval for FY 1997 Public Works investments.

Adjustments to FY 1997 and FY 1998 Performance Targets

Early projections for FY 1997 and FY 1998 performance included both direct and indirect jobs for EDA Public Works projects. In response to GAO report RCED-99-11R, job targets were adjusted to exclude indirect jobs. This downward adjustment was largely offset when EDA began setting job targets for economic adjustment construction and RLF projects. Projections are now based on direct jobs only, resulting in conservative targets and reporting standards (beginning with FY 1999 awards). EDA continues to review and refine performance measures and targets in consultation with Congress, GAO, OMB, and other bureau stakeholders and will adjust targets as appropriate when adequate trend data become available.

Data on Past Performance

To provide complete information on long-term outcomes (private investment and job creation), EDA includes data on past performance for two sets of construction projects that have reached the final reporting interval. Data are also provided for two sets of RLF investments. Both the two sets of construction projects and the two sets of RLF data involve projects that were approved prior to FY 1997, and provide the only long-term final outcome data available at this time. As EDA continues to collect actual outcome results, it will report trend data derived from that information. For more detail on the baseline and pilot projects, see the FY 2002 PAR.

FY 2003 Performance

In FY 2003, EDA achieved seven of the seven performance targets for Performance Goal 1.

EDA's role is that of a catalyst, funding the most viable projects and ensuring the progress of economic growth in distressed communities. EDA looks for investments that will generate significant returns for many years.

An example of such investments is a FY 1997 project with the City of Seattle in Washington. The results of this highly successful project six years after the investment award are \$625 million in private sector investment and total jobs of 3,555 for the community. The city needed assistance to construct a grade-separated access road that would relieve vehicle and rail congestion and permit development of a 30 acre, major biotech research campus near the Seattle waterfront, formerly owned and used by the Port of Seattle. A global biotechnology company created an expansive campus for its operations to develop, manufacture, and market important human therapeutics based on the advances in cellular and molecular biology. The access road serves not only the research campus, but also four Port of Seattle terminals. The improved access to the waterfront will attract further economic development to the area.

Alexander City, Alabama, is another example of a highly successful EDA investment in FY 2000. The city was facing two major plant closures that would affect textile operations across the entire state. Modifications to a wastewater treatment plant were needed to maintain the flow operations necessary to retain two major textile industries. This critical crossover point from textile to finished apparel manufacturing provides 6,682 jobs in Alexander City and across the state. EDA’s investment saved the industrial jobs associated with the two industries that utilize these local wastewater treatment facilities, as well as the other jobs in the area that depended on these two textile-dyeing operations.

An EDA investment to the City of Pomona in FY 2000 was a successful project. The project focuses on a community that was severely impacted by the closure of a federally owned Department of Defense manufacturing center and another large plant closure. The city developed and expanded infrastructure to serve an industrial park. This project created 3,100 new jobs and saved 2,100 jobs for a total of 5,200.

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

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Target	\$116M by FY 2000	\$130M by FY 2001	\$420M by FY 2002	\$400M by FY 2003	\$480M by FY 2004	\$390M by FY 2005	\$360M by FY 2006
	\$581M by FY 2003	\$650M by FY 2004	\$1,040M by FY 2005	\$1,020M by FY 2006	\$1,200M by FY 2007	\$970M by FY 2008	\$910M by FY 2009
	\$1,162M by FY 2006	\$1,300M by FY 2007	\$2,080M by FY 2008	\$2,040M by FY 2009	\$2,410M by FY 2010	\$1,940M FY 2011	\$1,810M by FY 2012
Three-Year Actual from investments				\$199M ¹	\$971M ²	\$640M ³	\$1,251M ⁴
Six-Year Actual from FY 1997 investments							\$2,475M ⁵
Met / Not Met				Met	Met	Met	Met

¹ See FY 1997 Three-Year target of \$116M by FY 2000.
² See FY 1998 Three-Year target of \$130M by FY 2001.
³ See FY 1999 Three-Year target of \$420M by FY 2002.
⁴ See FY 2000 Three-Year target of \$400M by FY 2003.
⁵ See FY 1997 Six-Year target of \$581M by FY 2003.

Explanation of Measure

This measure is based on the anticipated results of the Public Works and Development facilities and economic adjustment implementation and RLF investments three years after investment award. The formula-driven calculation projects investment data at three-, six-, and nine-year intervals from the investment award. The formula is based on a study done by Rutgers University that compiled and analyzed the performance of EDA Public Works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected private investment was realized within the first three years. Analyses of FY 1997 and FY 1998 revealed several anomalies of unusually large private investment amounts. Based on that review, EDA adjusted the three-year target to 20 percent.

EDA will conduct an in-depth review of the first six-year investment results that are reported here. After close analysis of the six-year actual private sector investment results, EDA will determine whether to adjust its targets further or to collect another year of six-year investment data prior to adjusting the six- and nine-year targets. The bureau will continue to analyze the three-year private sector investment data to identify any anomalies prior to modifying the three-year target. Actual results reported here reflect a 25 percent discount to provide a margin of attrition for the possible change in economic conditions over the nine-year period, pending final review and analysis of performance data reported by EDA grantees.

FY 2003 Performance

EDA was successful in meeting the targets established for this measure (EDA has two submeasures for this measure, one for three-year projections based on FY 2000 funding and the other being six-year projections based on FY 1997 funding). At the end of FY 2003, three years after these investments were awarded in FY 2000, private sector investments leveraged \$1,251 million. The three-year target for these FY 2000 investments was to generate \$400 million in private sector dollars by the end of FY 2003. At the end of FY 2003, six years after investments that were awarded in FY 1997, over \$2,475 million in private sector investments had been leveraged. The six-year target for these FY 1997 investments was to generate \$581 million in private sector dollars by the end of FY 2003.

As stated in the explanation of this measure, EDA will conduct an in-depth review of its results from the FY 2000 investments and FY 1997 investments. The analysis will help determine whether to adjust its three-year targets again, and whether to collect a second year of six-year investment data prior to adjusting the six- and nine-year targets. FY 2003 Performance for Performance Goal 1 cites several exceptional examples of EDA successful investments and their results.

Measure 1b: Jobs Created or Retained in Distressed Communities as a Result of EDA Investments							
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Target	5,040 by FY 2000	5,400 by FY 2001	11,300 by FY 2002	11,300 by FY 2003	14,400 by FY 2004	11,500 by FY 2005	10,500 by FY 2006
	25,200 by FY 2003	27,000 by FY 2004	28,400 by FY 2005	28,200 by FY 2006	36,000 by FY 2007	28,900 by FY 2008	26,300 by FY 2009
	50,400 by FY 2006	54,000 by FY 2007	56,900 by FY 2008	56,500 by FY 2009	72,000 by FY 2010	57,800 by FY 2011	52,700 by FY 2012
Three-Year Actual from investments				12,056 ¹	12,898 ²	29,912 ³	39,841 ⁴
Six-Year Actual from FY 1997 investments							47,607 ⁵
Met / Not Met				Met	Met	Met	Met

¹ See FY 1997 Three-Year Performance target of 5,040 jobs by FY 2000.

² See FY 1998 Three-Year Performance target of 5,400 jobs by FY 2001.

³ See FY 1999 Three-Year Performance target of 11,300 jobs by FY 2002.

⁴ See FY 2000 Three-Year Performance target of 11,300 jobs by FY 2003.

⁵ See FY 1997 Six-Year Performance target of 25,200 jobs by FY 2003.

Explanation of Measure

This measure is based on the anticipated results of EDA construction and RLF investments three years after investment award. As in the previous explanation of measure 1a, the formula-driven calculation projects investment data at three-, six-, and nine-year intervals from the investment award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA Public Works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the three-year results for FY 1997 and FY 1998 performance measures showed that 20 percent of the projected jobs were realized within the first three years. As in the previous explanation of measure, analyses of the data revealed several anomalies of unusually large private investment amounts. Based on that review, EDA adjusted the three-year target to 20 percent.

EDA will conduct an in-depth review of the first six-year investment results that are reported here. After close analysis of the six-year actual total job results, EDA will determine whether to adjust its targets further or to collect another year of six-year investment data prior to adjusting the six- and nine year targets. The Bureau will continue to analyze the three-year job results to identify any anomalies prior to modifying the three-year target. Actual results reported here reflect a 25 percent discount to provide a margin of attrition for the possible change in economic conditions over the nine-year period, pending final review and analysis of performance data reported by EDA grantees.

FY 1997 and 1998 target data included both direct and indirect jobs for EDA Public Works projects. In response to comments from GAO, job targets were adjusted to exclude indirect jobs. This downward adjustment was offset when EDA set job targets to include economic adjustment construction and RLF projects beginning in FY 1999.

FY 2003 Performance

EDA was successful in meeting the targets established for this measure (EDA has two submeasures for this measure, one for three year projections based on FY 2000 funding and the other being six-year projections based on FY 1997 funding). At the end of FY 2003, three years after these investments were awarded in FY 2000, the number of jobs reported as created and retained was 39,841. The three-year target for FY 2000 investments was to create or retain 25,200 jobs by the end of FY 2003. At the end of FY 2003, six years after investments were awarded in FY 1997, the number of jobs reported as created and retained was 47,607. The target for these FY 1997 investments was to create or retain 25,200 jobs by the end of FY 2003.

As stated in the explanation of the measure, EDA will conduct an in-depth review of its results from the FY 2000 investments and FY 1997 investments. The analysis will help determine whether to adjust its three-year targets again, and whether to collect a second year of six-year investment data prior to adjusting the six- and nine-year targets. FY 2003 Performance for Performance Goal 1 cites several exceptional examples of EDA successful investments and their results.

Measure 1c: State and Local Dollars Committed per EDA Dollar		FY 2000	FY 2001	FY 2002	FY 2003
Target	State and local dollars/EDA dollar	\$1 – \$0.7	\$1 – \$1	\$1 - \$1	\$1 - \$1
Actual ¹	State and local dollars/EDA dollar	\$1 - \$1.2	\$1 – \$1	\$1 - \$1.1	\$1 - \$1.08
Met/Not Met		Met	Met	Met	Met

¹ Due to limitations in EDA's operational planning and control system, actuals may include some projects funded under emergency supplemental appropriations.

Explanation of Measure

Original targets for this measure were based on program evaluations (Rutgers et al. 1997), which found that construction projects funded under the Public Works Program had an EDA share of 53.6 percent and that projects funded under the Economic Adjustment Program had a median EDA share of 75 percent (reflecting different grant rate requirements for these programs under prior legislation). After reviewing the findings from both studies during FY 1998, EDA determined that an EDA share of 60 percent was a reasonable estimate for the combined program activities. With the enactment of the Economic Development Administration Reform Act of 1998, EDA issued new regulations during FY 1999, increasing requirements for nonfederal funding to 50 percent of total project costs, except for areas of high distress, which qualify for higher EDA grant rates.

Targets for the ratio of state and local dollars to federal dollars remain constant after FY 2003 for two reasons. First, statutory requirements regarding the community’s matching funds changed for economic adjustment implementation investments from 75 percent to 58 percent to match the Public Works program in FY 1999. Second, external factors such as economic downturns increase the number of areas eligible for higher grant rates and decrease the availability of state and local dollars in distressed communities. Areas of severe economic distress can qualify for higher grant rates, which can lower the average. EDA will continue to collect multi-year data on this measure to analyze any trends to determine adjustments to the target as sufficient data become available.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. For each EDA dollar invested in FY 2003, state and local entities committed \$1.08 to the project to reflect the community’s dedication to the success of project.

Measure 1d: Percentage of Investments to Areas of Highest Distress				
	FY 2000	FY 2001	FY 2002	FY 2003
Target	30%	40%	40%	37-43%
Actual ¹	45%	43%	40.1%	37.6%
Met/Not Met	Met	Met	Met	Met

¹ Due to limitations in EDA’s operational planning and control system, actuals include some projects funded under supplemental appropriations.

Explanation of Measure

EDA actively encourages proposals from areas of highest distress, and directs program and staff resources to assist these communities in developing viable proposals and plans for successful investments. Highest distress areas are defined as those areas where the 24-month unemployment rate is at least 180 percent of the national average, or where the per capita income is not more than 60 percent of the national average. EDA investments in areas of highest distress have surpassed the performance target for two consecutive years following implementation of the Economic Development Reform Act of 1998. To qualify for the minimum EDA assistance, distressed communities must show that per capita income is not more than 80 percent of the national average, or that the 24-month unemployment rate is at least one percent greater than the national average, as opposed to those with highest distress that must meet the criteria discussed above.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. While all EDA’s investments were made in distressed areas eligible under its legislative requirements, EDA awarded 37.6 percent of its infrastructure investments in areas of distress “higher” than its legislative requirements. Both definitions are outlined on the previous page.

Measure 1e: Percentage of EDA Dollars Invested in Technology-related Projects in Distressed Areas				
	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	10%	7-10%
Actual			11.8%	8.8%
Met/Not Met			Met	Met

Explanation of Measure

EDA programs provide support for the efforts of the nation’s distressed communities to become competitive in the new global economy. By supporting technology-based economic development, EDA offers those parts of the United States that have lagged behind in the opportunity to become leaders in the new economy. The new measure supports increased investment in technology-led economic development to provide better jobs and opportunities for growth in distressed communities. EDA already supports local and state initiatives to upgrade infrastructure, telecommunications, and technology-transfer facilities to support existing firms and new enterprise development. EDA also encourages greater participation by universities, community colleges, and business organizations to ensure that local firms and communities benefit from new information technologies, manufacturing processes, and applied research and development in environmental and life sciences. A task force researched EDA investments and other federal assistance available to support technology-led economic development in distressed areas.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. EDA awarded 8.8 percent of its investment funding for technology investments that were primarily related to constructing or acquiring technology infrastructure or equipment.

Program Evaluation

EDA uses program evaluations to develop valid performance measures and provide a more complete understanding of overall program performance. Systematic program evaluations also allow EDA to verify results and continue to improve program performance. EDA’s goal is to evaluate major program activities on a regular basis as resources permit. A research team led by Rutgers University—and including the New Jersey Institute of Technology, Columbia University, Princeton University, the National Association of Regional Councils, and the University of Cincinnati—undertook evaluations of the EDA Public Works investments, economic adjustment construction, and RLF projects. In FY 2004, a evaluation is scheduled for the Economic Adjustment Program (Wayne State University et al.).

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

Corresponding Strategic Goal

Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

Rationale for Performance Goal

Powerful economic forces are at work today and will grow stronger in the years to come. Organizations will be pushed to reduce costs, improve quality of products and services, and increase productivity. Although adjustment to changing conditions is a challenge, EDA is nonetheless committed to it. EDA is creating a new, stronger organization that will provide practitioners with a one-stop source for information and professional development.

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

EDA planning funds support the preparation of Comprehensive Economic Development Strategies (CEDs) that guide EDA Public Works and economic adjustment implementation investments, including 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 Public Works and defense adjustment programs show that EDA capacity-building programs play a significant role in the successful outcomes of its infrastructure and RLF projects.

EDA is proud of its active partnership with its economic development partners at the state, regional, and local levels. The partnership approach to economic development is key to effectively and efficiently addressing the economic development challenges facing the nation's communities.

EDA must continue to build upon its partnerships with local development officials; EDDs; UCs; faith-based and community-based organizations; and local, state, and federal agencies. But more importantly, EDA will forge strategic working partnerships with private capital markets, and look for innovative ways to spur development.

Goal 2 includes the following program activities authorized by Public Works and Economic Development Act: the planning program for investments to EDDs, Indian tribes, and other planning organizations; Economic Adjustment program strategy investments; and the Technical Assistance program for UCs, local and national technical assistance; and the Research and Evaluation program. Performance measures for TAA to firms authorized by the Trade Act of 1974, as amended, are included under this goal.

The Partnership Planning program is the cornerstone to effective economic and sustainable development. EDA supports local planning and long-term partnerships with state and regional organizations that assist distressed communities with strategic planning and investments. The program helps communities set priorities, determine the viability of projects, leverage resources to improve the local economy, and sustain long-term growth.

The Economic Adjustment Assistance program provides flexible investments to develop economic adjustment strategies for communities facing sudden or severe economic distress. Factors that seriously threaten the economic survival of local communities include essential plant closures, military base closures or realignments, defense laboratory or contractor downsizings, natural disasters, natural resource depletion, outmigration, underemployment, and destructive effects of foreign trade.

EDA's Technical Assistance program has three major components. The Local Technical Assistance program supports community leaders by providing technical expertise to assess local development issues and market-based solutions, feasibility studies, specialized engineering and environmental services, and other special services. The UC program is a partnership that draws on the expertise of colleges and universities to strengthen distressed communities by providing access to current economic data, technical knowledge, analytical skills, and manpower. The National Technical Assistance program disseminates timely economic development resources, tools, and information critical for economic development professionals responding to economic changes in communities.

The Research and Evaluation program recognizes that knowledge-based programs are central to EDA's ability to respond effectively to the changing circumstances of economic development. Assessing new opportunities and initiatives, Research and Evaluation provides the vital economic information for national and local economic development practitioner and provides data critical to EDA's ability to evaluate program implementation, adapt to changing needs and priorities, and measure performance.

The Trade Adjustment Assistance (TAA) Program is a national network of 12 TAACs funded by EDA to assist trade-injured U.S. manufacturing firms. TAACs provide three main types of assistance to firms: help in preparing petitions for certification (which must be approved by EDA); analysis of the firm's strengths and weaknesses and development of an adjustment strategy; and in-depth assistance for implementation of the strategy. Assistance in preparing certification petitions is free, but the balance of assistance is cost-shared between the TAA Program and the benefiting firm with the firm paying at least 25 percent of the cost.

The TAA program helps U.S. manufacturing firms and industries injured as a result of increased import competition. The program has received increased attention with each new round of trade agreements that lower trade barriers and increase foreign competition for U.S. manufacturers.

FY 2003 Performance

EDA was successful in meeting the seven targets established for the measures under this goal. The targets for the five new capacity-building measures were achieved. These targets were established for FY 2003 using the data reported and analyzed at the end of FY 2002. The new measures will continue to be monitored and analyzed in order to develop trend data. Of the two retained measures, EDA achieved both. The results of the measures will be discussed in more detail in each measure-specific section.

Measure 2a: Percentage of Economic Development Districts (EDD) and Indian Tribes Implementing Economic Development Projects from the Comprehensive Economic Development Strategy (CEDS) process that Lead to Private Investment and Jobs

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	New	95%
Actual				98.7%
Met/Not Met				Met

Explanation of Measure

This measure will determine whether the CEDS process is market-based, and if an environment where high skill, high wage jobs is being created. Research conducted on FY 2002 data established a baseline for the FY 2003 target. The EDA-funded CEDS is a plan that emerges from a broad-based continuous planning process addressing the economic strengths and weaknesses, and the opportunities and threats posed by external trends and forces, as well as partners and resources for development.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. Three hundred seventy-six of the total 381 EDA-funded economic development organizations and Indian tribes implemented economic development projects from their CEDS. This includes economic development projects that were funded from all sources, but identified in their CEDS.

Measure 2b: Percentage of Sub-state Jurisdiction Members Actively Participating in the Economic Development District (EDD) Program

	FY 2000	FY 2001	FY 2002	FY 2003
Target	75%	85%	93%	93%
Actual	95%	92%	95.3%	96.7%
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

Under EDA’s amended legislation, participation of sub-state jurisdictions in EDDs was reduced from 75 percent to more than 50 percent for district designation purposes. EDDs generally consist of three or more counties that are considered member jurisdictions. Sub-state jurisdiction participation is an indicator of the district’s responsiveness to the area it serves and shows that the services they provide are of value. Active participation was defined as either attendance at meetings or financial support of the EDD during the reporting period. In FY 2001, EDA revised the definition of sub-state jurisdiction members as follows:

“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.”

EDA will continue to analyze trend data for further refinement.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. Of the 12,082 sub-state jurisdictions recognized as eligible for participation in EDDs, 11,679, or 96.7 percent, are participating in the districts.

Measure 2c: Percentage of University Center (UC) Clients Taking Actions as a Result of the Assistance Facilitated by the UC

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	New	75%
Actual				78.1%
Met/Not Met				Met

Explanation of Measure

EDA funded 68 UCs that provide technical assistance and specialized services (e.g., feasibility studies, marketing research, economic analysis, environmental services, technology transfer) to local officials and communities in FY 2003. This assistance enhances the community’s capacity to plan and manage successful development projects. The new measure will determine the perceived value-add of the UCs to its clients. UCs will develop client profiles and report findings to EDA, which will evaluate the performance of each center once every three years and verify the data. *Taking action as a result of the assistance facilitated* means to implement an aspect of the technical assistance provided by the UC 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 developed; and other services.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. Of the 1,733 UC clients that were provided eight or more hours of technical assistance by the Centers, 1,354 took action as a result of the assistance. The types of technical assistance are identified in the explanation of measure above.

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

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	New	80%
Actual				85.7%
Met/Not Met				Met

Explanation of Measure

EDA-funded UCs provide technical assistance and specialized services (e.g., feasibility studies, marketing research, economic analysis, environmental services, technology transfer) to local officials and communities. This assistance enhances the community’s capacity to plan and manage successful development projects. This new measure will determine if the assistance provided by the UC is market-based. UCs develop client profiles and report findings to EDA. The Bureau evaluates the performance of each center once every three years and verifies the data at that time.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. Of the 1,354 UC clients that took action as a result of the technical assistance by the Centers, 1,161 achieved the expected results.

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

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	New	90%
Actual				92.4%
Met/Not Met				Met

Explanation of Measure

EDA-funded 12 TAACs work jointly with trade-impacted firms to identify and define specific actions to improve each firm's competitive position in world markets. The new measure will determine the value-add of the funded TAACs to its clients. The Centers develop client profiles and report findings to EDA, which will review the profiles to verify data as part of periodic site visits to monitor and evaluate each Center's performance. *Taking action as a result of the assistance facilitated* means to implement an aspect of the TAA 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), analysis of the firm's strengths and weaknesses and development of an adjustment strategy, and in-depth assistance for implementation of the strategy.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. Of the 241 TAAC clients that were provided eight or more hours of technical assistance by the Center, 217 took action as a result of the assistance.

Measure 2f: Percentage of Those Actions Taken by Trade Adjustment Assistance Center (TAAC) Clients that Achieved the Expected Results

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	New	95%
Actual				98.4%
Met/Not Met				Met

Explanation of Measure

EDA-funded TAACs work jointly with trade-impacted firms to identify and define actions to improve each firm's competitive position in world markets. The new measure will determine if the assistance facilitated by the TAACs is market-based. The Centers will conduct client surveys and report findings to EDA.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. Of the 217 TAA clients that took action as a result of the assistance by the TAAC, 213 achieved the expected results.

Measure 2g: Percentage of Local Technical Assistance and Economic Adjustment Strategy Investments Awarded in Areas of Highest Distress

	FY 2000	FY 2001	FY 2002	FY 2003
Target	25%	30%	30%	30%
Actual	35%	32%	30.0%	30.2%
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

Local technical assistance investments provide specialized technical or professional services to help local officials evaluate investment opportunities and solve complex development issues. Strategy investments help local communities adjust to sudden and severe economic dislocations and long-term declines that affect key sectors of the local economy. Areas of highest distress for this measure include areas where the 24-month unemployment rate is at least 180 percent of the national average and where per capita income is not more than 60 percent of the national average, as well as Indian tribes and areas suffering from natural disasters. To qualify for the minimum EDA assistance, distressed communities must show that per capita income is not more than 80 percent of the national average, or that the 24-month unemployment rate is at least one percent greater than the national average, as opposed to those with highest distress that must meet the criteria discussed above.

FY 2003 Performance

EDA was successful in meeting the target established for this measure. While all EDA’s investments were made in distressed areas eligible under its legislative requirements, EDA awarded 30.2 percent of its capacity-building investments in areas of distress significantly “higher” than its legislative requirements. Both definitions are outlined above.

Program Evaluation

EDA uses program evaluations to develop valid performance measures and provide a more complete understanding of overall program performance. Systematic program evaluations also allow EDA to verify results and continue to improve program performance. EDA’s goal is to evaluate major program activities on a regular basis as resources permit. Evaluations involving EDA planning, technical assistance, and trade adjustment programs planned for FY 2004, include the *Local Technical Assistance Program* (Bowling Green State University).

In 2002, OMB conducted a performance assessment of EDA using OMB’s Program Assessment Rating Tool. The Bureau improved the design of its program to increase its impact on alleviating conditions of economic distress by establishing investment policy guidelines that focus on results rather than process. Application of these guidelines encourages investment in U.S. communities based on expected return on the taxpayer’s investment.

The following are summaries of the recommendations.

Recommendation 1: Adjust targets to better reflect achievable performance.

Since implementation of its performance management system in FY 1997, EDA has adjusted targets on various measures to reflect the performance results of its programs as data have been collected.

Recommendation 2: Develop unit-cost measures for private sector leverage related to EDA investments.

The Ratio of EDA Investment Dollars to Private Sector Dollars Leveraged are Reflected Below									
(Dollar amount in thousands)	FY 1997 Actual Amount	FY 1998 Actual Amount	FY 1999 Actual Amount	FY 2000 Actual Amount	FY 2001 Actual Amount	FY 2002 Actual Amount	FY 2003 Estimate Amount	FY 2004 Estimate Amount	FY 2005 Estimate Amount
Infrastructure obligations	\$164,802	\$177,905	\$304,392	\$296,608	\$345,712	\$277,176	\$232,111	\$281,450	\$309,400
Three-year target projections	116,000	130,000	420,000	400,000	480,000	390,000	320,000	380,000	438,000
Target ratio	0.70	0.73	1.38	1.35	1.39	1.41	1.38	1.35	1.42
Six-year target projections	581,000	650,000	1,040,000	1,020,000	1,200,000	970,000	810,000	950,000	1,095,000
Target ratio	3.53	3.65	3.42	3.44	3.47	3.50	3.49	3.38	3.54
Nine-year target projections	1,162,000	1,300,000	2,080,000	2,040,000	2,410,000	1,940,000	1,620,000	1,900,000	2,191,000
Target ratio	7.05	7.31	6.83	6.88	6.97	7.00	6.98	6.75	7.08
Actual private investment	199,000	971,000	640,000						
Three-year ratio	1.21	5.46	2.10						
Private investment minus anomalies	119,000	340,000	205,574						
Three-year ratio using anomaly total	0.72	1.91	0.68						

Recommendation 3: Better target EDA resources to areas of greatest need through administrative steps and reauthorization.

This recommendation is being addressed through reauthorization and the regulation review. As part of the process to draft a new reauthorization bill, EDA researched a variety of modifications to the eligibility criteria to address this recommendation.

EDA Data Validation and Verification

The EDA GPRA pilots provided trend data on past performance, as presented earlier. They also provided critical outreach and training for EDA grantees and staff on valid reporting methods and verification of performance data on long-term outcomes. EDA achieved a 98 percent response rate on the pilots and conducted site visits to more than 25 percent of the projects to validate and verify data reported. The data were provided to Rutgers University for review and comparison with the original evaluations.

EDA validated some of the FY 2000 performance results on private sector investment and job creation upon receipt of the data. Regional offices verified 94 percent of the total Public Works and economic adjustment private sector investment and 35 percent of the total Public Works and economic adjustment jobs reported for FY 2003 by directly contacting investment recipients to request supporting information. Reports were completed that identified how the data were verified and the person or business contacted to verify the data. In FY 2003, EDA conducted six validation site visits on six FY 1999 investments, one in each region that had been closed out by the end of FY 2002. At the time of the visits, the investments were reviewed utilizing the report outline below. In all cases, the private investment and jobs created were verified, and the results were even higher at the time of the visit than at the time the data were reported, which ranged from one to two years earlier. Now that six-year data are also available, the Bureau plans to conduct site visits on a sampling of its three- and six-year investments to validate results.

EDA processing procedures specify that staff verify proposed private investment and jobs. Proposals for EDA investments are reviewed by regional Investment Review Committees (IRC) then forwarded to the Senior Advisor for Performance Evaluation at Headquarters. This quality assurance process was implemented to determine whether the IRC endorsed investment satisfies the regulations and the Investment Policy Guidelines, as amended. Once a project has been invited for investment, the application includes a form, Assurances of Compliance, Exhibit V.B.1.b., that requires the entity to identify the estimated number of jobs and sign the form.

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

- The fiscal year data being verified is from an investment that was closed within the appropriate three-, six-, or nine-year reporting time frame.
- EDA investment is equal to or greater than \$400,000.
- Private investment dollars and jobs created or retained is present.
- At least one verification site visit per region will be conducted.
- A varied selection of Public Works and economic adjustment (regular, defense, or RLF) investments will be reviewed.

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

- The tax assessment of the property, before and after the construction or renovation.
- The number of jobs created or retained at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.

- The average salary of property's previous and present tenants, if applicable, or average annual wage before and after EDA investment.
- Are the present jobs considered 'higher skilled' than the previous jobs and why?
- The amount of private investment at the time of project closeout and at the time of the site visit. Sources must be identified with documentation.
- The increase in Local Real or Business Property Tax Base (in dollars).
- The percentage of population growth (or decline) since investment award.

Direct project-related results, direct non-project-related results, and indirect results (if any) are identified in the report, as well as an overall assessment of the EDA investment. Photos, brochures, and news-related articles (if available) are also included.

As EDA collects and analyzes the data, EDA will use it to adjust performance targets as needed. The EDA Data Validation and Verification table can be found starting on the following page.

EDA Data Validation and Verification

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- and six-year intervals (typically three, six, and nine years after investment).	EDA Management Information System	To validate data, EDA regions contacted recipients, or confirmed with engineers or project officers who had been on site. EDA performs regional validation on-site visits with some recipients.	Universe —FY 1997 and 2000 Regular Appropriations for Public Works and Development Facilities and Economic Adjustment Implementation and revolving loan fund (RLF) investments. Private investment may vary along with economic cycles.	EDA will continue to monitor investment data.
Measure 1b: Jobs created or retained in distressed communities as a result of EDA investments	Investment recipient performance reports.	At three- and six-year intervals (typically three, six, and nine years after investment).	EDA Management Information System	To validate data, EDA regions contacted recipients, or confirmed with engineers or project officers who had been on site. EDA performs regional validation on-site visits with some recipients.	Universe —FY 1997 and FY 2000 Regular Appropriation for Public Works and Development Facilities investments and Economic Adjustment Implementation and RLF investments. It may be more expensive to create or retain jobs during economic downturns because of fewer private sector investments; therefore, fewer jobs would be created or retained.	EDA will continue to monitor job creation data.
Measure 1c: State and local dollars committed per EDA dollar	Investment recipient applications and progress reports.	At the time of award of investment.	EDA Management Information System	EDA verifies nonfederal funds committed to projects prior to disbursement of investment funds.	Universe —FY 2003 Regular Appropriations for Public Works and Development Facilities, Economic Adjustment Implementation investments; the match rate may decrease in cases of severe distress while eligible areas increase during economic downturns.	EDA will continue to monitor state and local investment data.
Measure 1d: Percentage of investments to areas of highest distress	Investment Recipient applications, the Bureau of Labor Statistics (BLS) current 24-month unemployment data, and the most current Bureau of Economic Analysis (BEA) per capita income data.	Ongoing	EDA Management Information System	EDA regional offices verify the eligibility of potential projects upon receipt. EDA also samples projects periodically to ensure accurate project location codes. Statistical data are based on BLS current 24-month unemployment data and the most current BEA per capita income data.	Universe —FY 2003 Regular Appropriations for Public Works and Development Facilities, Economic Adjustment Implementation investments; the number of highest distressed areas will increase during economic downturns and decrease during economic expansions.	EDA will determine the appropriate investment portfolio mix for its limited resources and continue to monitor results.
Measure 1e: Percentage of EDA dollars invested in technology-related projects in distressed areas	Investments that are specifically identified and coded in EDA's Management Information System.	Ongoing	EDA Management Information System	EDA regional offices verify and code potential projects upon invitation. EDA also samples projects periodically to ensure accurate codes.	Universe —FY 2003 Investments from EDA funding sources that are direct investments in technology-related construction or acquisition, or investments related to expanding the technology potential of companies, communities, or areas; EDA investments are dependent on the type of opportunities communities present.	EDA will continue to monitor and develop trend data.

EDA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 2a: Percentage of Economic Development Districts (EDD) and Indian tribes implementing economic development projects from the Comprehensive Economic Development Strategy (CEDs) process that lead to private investment and jobs	EDA grantee performance evaluations and CEDs.	Annually	EDA Management Information System	EDA conducts performance reviews and site visits on approximately one-third of the District and Indian tribe investments per year.	Universe—FY 2003 EDA Partnership Planning investments only. This measure shows the market-based value of the CEDs developed in the communities. CEDs are developed by the EDDs and Indian tribes in which EDA invests.	EDA will continue to monitor results to collect trend data.
Measure 2b: Percentage of sub-state jurisdiction members actively participating in the Economic Development District (EDD) Program	EDA grantee Government Performance and Results Act of 1993 (GPRA) data collection performance results and their CEDs.	Annually	EDA Management Information System	EDA conducts performance reviews and site visits on approximately one-third of the District and Indian tribe investments per year.	Universe—FY 2003 EDA Partnership Planning investments only. This measure shows the value-add of the EDDs 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.
Measure 2c: Percentage of University Center (UC) clients taking actions as a result of the assistance facilitated by the UC	UC client profiles and reports.	Annually	EDA Management Information System	Performance data will be verified by the UCs. EDA headquarters will annually review profile data.	Universe—FY 2003 EDA local technical assistance investments.	EDA will continue to monitor results to collect trend data.
Measure 2d: Percentage of those actions taken by University Center (UC) clients that achieved the expected results						
Measure 2e: Percentage of Trade Adjustment Assistance Center (TAAC) clients taking actions as a result of the assistance facilitated by the TAAC	TAAC client reports.	Annual	EDA Management Information System	Performance data will be verified for the TAACs. EDA headquarters will annually review data.	Universe—FY 2003 EDA local technical assistance UC investments.	EDA will continue to monitor results to collect trend data.
Measure 2f: Percentage of those actions taken by Trade Adjustment Assistance Center (TAAC) clients that achieved the expected results	TAAC client reports.	Annual	EDA Management Information System	Performance data will be verified by the TAACs. EDA headquarters will annually review data.	Universe—FY 2003 EDA Trade Adjustment Assistance (TAA) investments.	EDA will continue to monitor results to collect trend data.
Measure 2g: Percentage of local technical assistance and economic adjustment strategy investments awarded in areas of highest distress	Investment recipient applications, BLS current 24-month unemployment data, and the most current BEA per capita income data.	Ongoing	EDA Management Information System	EDA verifies data prior to investment approval.	Universe—FY 2003 EDA local technical assistance and economic adjustment strategy investments. The number of highly distressed areas will increase during economic downturns and decrease during economic expansions affecting EDA investments in these communities.	EDA will determine the appropriate investment portfolio mix for its limited resources and continue to monitor results.