



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 statement clearly articulates EDA's role "to create an environment where the role of the public sector is to leverage resources in which the private sector will risk capital investment."

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 it is also extremely costly in terms of underutilized human resources, welfare transfer payments, soaring public healthcare 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. EDA's investments through these guidelines aim to attract private sector investment, have a high probability of success, and ultimately result in an environment where higher-skill, higher-wage jobs are created.

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 will contribute to the Administration's goal of strengthening the economy.

EDA will promote 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. 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. Whether it is in accessibility of technology, adaptability of human resources, the availability of financing, the adequacy of physical infrastructure, or capacity to achieve quality of life, EDA intends to capitalize on this solid, market-based strategy to help communities seize the economic opportunities of tomorrow.

Priorities/Management Challenges

EDA continues to deploy its three “pillars of reform” that have been its basis for transforming itself into a results-oriented bureau.

Pillar I — Organizational Management Initiatives

Alignment of Resources — Ensure maximum alignment of existing financial and human resources to accomplish EDA’s mission through restructuring and effective deployment of resources.

Management Process — Develop standard operating procedures at headquarters to reduce inefficiencies and duplication of efforts. Identify best practices in its regional offices, 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. Implement process improvements through the electronic investments component of the Economic Development Communications and Operations Management System.

Competency-based Human Resource System — 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.

Pillar II — Performance Measures

Balanced scorecard — The second pillar is based on performance measures. EDA’s implementation of the balanced scorecard management approach has been critical in translating the Bureau’s strategic vision into action. The balanced scorecard is a value-added management process that provides the critical means for getting from the vision to its execution. This continual process, which evolves with use and experience, tracks both financial and non-financial areas of organizational performance.

Outcome Funding — EDA is 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 policy investment guidelines that target those projects with an expected high rate of return, community commitment, regional impact, and success.

Outcome-oriented Performance Measures — For FY 2003, EDA developed outcome performance measures for its capacity-building programs and discontinued some interim and process measures. To use the Government Performance and Results Act (GPRA) and its intent to enhance performance, EDA determined that certain interim and process measures focused on the process rather than program performance. The 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.

Pillar III — Congressional and Public Affairs

Congressional and Public Affairs — To communicate with key stakeholders and customers in a compelling, multi-faceted way, EDA will enhance and strengthen congressional and state and local government affairs, and public and media relations. In support of the Administration’s goal to strengthen the economy, EDA will broaden its reach to U.S. communities and create vital partnerships to strengthen those areas in distress.

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 a critical 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 will embrace an economic development strategy based on enhancing regional competitiveness, fostering innovation, increasing productivity, and developing industry clusters.

Priority will be 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 inter-related 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 considers the following as strategic investments that enhance regional competitiveness and support long-term development of the regional economy:

- Upgrade core business infrastructure, including transportation, communications, and specialized training programs.
- Implement regional strategies that involve all stakeholders and support regional benchmarking initiatives, encourage institutional collaboration, reflect strong leadership commitment, and encourage a formalized structure to maintain consensus.
- Cluster development establishing research and industrial parks that encourage innovation-based competition and recruitment efforts.
- Help communities plan and implement economic adjustment strategies in response to sudden and severe economic dislocations.
- Support technology-led economic development, and reflect the important role of linking universities and industry and technology transfers.
- Advance community and faith-based social entrepreneurship in redevelopment strategies for areas of chronic economic distress.

EDA has re-established its strategic context and focus by reaffirming the mission and vision of the Bureau. The activities that EDA undertakes with public dollars 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 must evolve with the times. To not do so is to shortchange the American people.

In an era of extreme financial constraints, 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. Potential investments are analyzed based on the following investment policy guidelines:

- The proposed investments are market-based.
- The proposed investments are proactive in nature and scope.
- The proposed investments look beyond the immediate economic horizon, anticipate economic changes, and diversify the local regional economy.
- The proposed investments maximize the attraction of private sector investment and would not otherwise come to fruition absent EDA's investment.
- The proposed investments have a high probability of success.
- The proposed investments result in an environment where higher-skill, higher-wage jobs are created.
- The proposed investments maximize Return on Taxpayer Investment.

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.

To meet this challenge, EDA investments will focus on:

- Regional economies in transition (EDA's market niche).
- Opportunities that are economic drivers (locomotives, not cabooses).
- Trade and resource-based industries or clusters, which compete beyond local markets and across regional boundaries.
- Including value-added processes.
- 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, the demand for government expenditures for social services decreases while tax revenues increase.

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.

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. BEA provides annual updates of per capita income at the county and state levels. BLS provides quarterly updates on unemployment statistics at the city, county, and metropolitan statistical area (MSA) levels. 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. The project area must be of appropriate size to the proposed project, and the applicant must justify the proposed boundaries in relation to the project's benefits to the area. Each applicant's distress eligibility is verified at the time the proposal is received.

EDA's existing management information system tracks data on the city, county, and state levels. Accessible databases track economic or labor statistics on the county, MSA, and state levels. Many of the rural areas that EDA serves suffer from extreme economic distress, but do not show up on labor economic databases due to their relatively small size. A community may qualify for EDA assistance using other distress data from sources such as the Bureau of Indian Affairs, state, or specific census tracts, all of which are verified by EDA prior to investment. EDA's capacity-building programs serve multi-county areas where significant portions of the service area are distressed.

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 community'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, for example:

- Closure or restructuring of industrial firms essential to area economies.
- Military base closures or realignments, defense contractor reductions-in-force, Department of Energy defense-related funding reductions.
- Natural or other major disasters or emergencies, that is, Presidential Disaster Declarations, federally declared disasters, and federal declarations of major disasters or emergencies.
- Extraordinary depletion of natural resources, that is, fisheries, coal, and timber.
- Substantial outmigration or population loss.
- Underemployment.
- Destructive impacts of foreign trade.

- Other special needs in areas experiencing extraordinary economic adjustment assistance needs as determined by the Assistant Secretary, such as authorizing an entire district as eligible for assistance to develop a regional disaster mitigation plan instead of only those counties that had been affected by the disaster, or providing assistance in a small town where a fire had devastated its entire downtown business district.

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Salaries and Expenses	270	\$32,169	0	+\$1,208

An increase (+\$1,208) is requested to cover overall operations support and maintenance costs associated with the implementation of new technologies and to implement the second phase of the Economic Development Communications and Management System (EDCOMS). EDCOMS II will provide workflow automation of grants processing and implement modifications to EDA's Operations Planning Control System, which will allow it to communicate with a government-wide e-grant system. EDA recognizes that Information Technology (IT) plays a vital role in accomplishing its mission. EDA's IT vision is to provide a virtual environment to allow streamlined delivery of services to its staff, constituents, and partners, as well as a mechanism for the flexible and immediate exchange of information among economic development practitioners.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Economic Development Assistance Programs (EDAP)	0	\$317,235	0	+\$13,792

An increase (+\$13,792) is requested for EDAP's Economic Adjustment program to provide assistance to areas that demonstrate the highest levels of economic distress. Funds will be invested in projects such as brownfields redevelopment and high-technology development and manufacturing, along with incubators to foster such development. EDA will also fund innovative regional strategy projects, such as eco-industrial parks and high tech incubators as well as traditional types of investments. Investments will be based on regional strategies that have the greatest impact in terms of quality job creation, private leveraging and overall economic impacts.

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 Communities

Measure	FY 1999 Actual	FY2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Private sector dollars invested in distressed communities as a result of EDA investments	N/A	\$199M ¹	\$971M ³	\$390M by FY 2005 \$970M by FY 2008 \$1,940M by FY 2011	\$640M ⁵	\$360M by FY 2006 \$905M by FY 2009 \$1,810M by FY 2012	\$370M by FY 2007 \$930M by FY 2010 \$1,860M by FY 2013
Jobs created or retained in distressed communities as a result of EDA investments	N/A	12,056 ²	12,898 ⁴	11,500 by FY 2005 28,900 by FY 2008 57,800 by FY 2011	29,912 ⁶	10,500 by FY 2006 26,300 by FY 2009 52,700 by FY 2012	10,700 by FY 2007 26,800 by FY 2010 53,700 by FY 2013
State and local dollars committed/EDA dollar	\$1 - \$1.2	\$1 - \$1.2	\$1 - \$1	\$1 - \$1	\$1 - \$1.1	\$1 - \$1	\$1 - \$1
Percentage of investments to areas of highest distress	36%	45%	43%	40%	40.1%	37-43%	37-43%
Percentage of EDA dollars invested in technology-related projects in distressed areas	New	New	N/A	10%	11.8%	7-10%	7-10%

¹ Actual private sector dollars - Performance exceeds the FY 1997 projected target of \$116 million by FY 2000. (snapshot of performance for first reporting interval for FY 1997 investments)

² Actual jobs - 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)

³ Actual private sector dollars - Performance exceeds the FY 1998 projected target of \$130 million by FY 2001. (snapshot of performance for first reporting interval for FY 1998 investments; see specific explanation of measure)

⁴ Actual jobs - Performance exceeds the FY 1998 target of 5,400 jobs by FY 2001. (snapshot of performance at first reporting interval for FY 1998 investments)

⁵ Actual private sector dollars - Performance exceeds the FY 1999 projected target of \$420 million by FY 2002. (snapshot of performance for first reporting interval for FY 1999 investments)

⁶ Actual jobs - Performance exceeds the FY 1999 target of 11,300 jobs by FY 2002. (snapshot of performance at first reporting interval for FY 1999 investments)

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

Measure	FY 1999 Actual	FY2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Percentage of economic development districts and Indian tribes implementing economic development projects from the comprehensive economic development strategy process that lead to private investment and jobs	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of sub-state jurisdiction members actively participating in the economic development district program	New	95%	92%	93%	95.3%	89-93%	89-93%
Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of those actions taken by University Center clients that achieved the expected results	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of Trade Adjustment Assistance Center clients taking action as a result of the assistance facilitated by the Trade Adjustment Assistance Center	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of local technical assistance and economic adjustment strategy investments awarded in areas of highest distress	31%	35%	32%	30%	30%	30-35%	30-35%

¹ EDA will establish targets in FY 2003 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2002.

Goal 1 includes program activities authorized by the Public Works and Economic Development Act of 1965, as amended, such as the Public Works and Development Facilities program, and the Economic Adjustment infrastructure and revolving loan fund 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 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.

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

The Partnership Planning program is the cornerstone of 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. Evaluations of EDA's public works and defense adjustment programs show that EDA planning and technical assistance programs play a significant role in the successful completion and outcomes of its infrastructure and revolving loan fund projects.

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 University Center 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 practitioners 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 program, reauthorized under the Trade Act of 2002, helps U.S. firms and industries injured as the result of trade agreements. The TAA program is a national network of Trade Adjustment Assistance Centers (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.

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 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses	15.5	17.2	18.7	19.8	20.0	20.9	0.8	21.7
Economic Development Assistance Programs								
Public Works	205.7	204.5	285.3	249.9	232.1	232.1	0.0	232.1
Economic Adjustment	91.8	90.3	58.3	26.9	27.0	27.0	9.1	36.1
Total Funding ¹	313.0	312.0	362.3	296.6	279.1	280.0	9.9	289.9
IT Funding ²	1.7	1.2	0.9	1.8	0.8	0.8	0.8	1.6
FTE	170	174	165	155	180	180	0	180

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

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses	8.3	9.3	10.0	10.6	10.8	11.3	0.4	11.7
Economic Development Assistance Programs								
Planning	23.9	23.9	24.0	24.0	22.3	22.3	0.0	22.3
Technical Assistance	9.6	9.2	9.2	9.5	8.4	8.4	0.0	8.4
Research and Evaluation	0.5	0.5	0.5	0.4	0.5	0.5	0.0	0.5
Trade Adjustment Assistance	9.5	10.5	10.5	10.5	13.0	13.0	0.0	13.0
Economic Adjustment	26.2	20.6	22.5	13.8	13.9	13.9	4.7	18.6
Total Funding ¹	78.0	74.0	76.7	68.8	68.9	69.4	5.1	74.5
IT Funding ²	1.0	0.7	0.5	0.9	0.4	0.4	0.4	0.8
FTE	92	94	89	84	90	90	0	90

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses	23.8	26.5	28.7	30.4	30.8	32.2	1.2	33.4
Economic Development Assistance Programs	267.2	359.5	410.3	335.0	317.2	317.2	13.8	331.0
Total Funding ¹	391.0	386.0	439.0	365.4	348.0	349.4	15.0	364.4
Direct	391.0	386.0	439.0	365.4	348.0	349.4	15.0	364.4
IT Funding ²	2.7	1.9	1.4	2.7	1.2	1.2	1.2	2.4
FTE	262	268	254	239	270	270	0.0	270
Emergency Supplemental ³	18.0	20.5	64.9	6.7	0.0	0.0	0.0	0.0
Reimbursable ⁴	19.5	20.6	24.4	7.9	18.8	18.8	0.0	18.8
Total Funds Accounted For	428.5	427.1	528.3	380.0	368.3	368.3	15.0	383.3

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:

Economic development policy and planning; community outreach and project development; program and project management; civil rights; engineering; environmental, legal, and financial management; research and evaluation; program and management analysis; investments management 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, contracted support for the new operations environment has 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 requires continued restructuring of EDA's current contractor services to effectively manage and secure the expanded enterprise environment.

EDA's IT resources must be proficient and productive in the use of the new technology tools in order for the external delivery of services to be successful. End-user services will need to be augmented in order respond proactively to the operational needs of EDA staff using the new technologies. For this reason, additional contractor-provided services are requested for FY 2004.

The projected increase in operational and maintenance costs of \$258,000 is a direct result of new technologies implemented during FY 2002, as well as those being delivered in the first phase of EDCOMS at the end of FY 2003. EDCOMS Phase II components and costs are anticipated to be \$950,000 for the implementation of the internal business/administrative process and workflow automation, and participation in the Department of Commerce and government-wide electronic grants initiatives. Efficiencies gained from the implementation of EDCOMS will sustain operational costs.

FY 2002 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

The Economic Development Administration (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. The activities undertaken by EDA 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.

EDA's investment guidelines set standards to achieve its performance goals of promoting private investment and job creation in distressed communities. Potential investments must be market-based and proactive; maximize private capital investment; create higher-skill, higher-wage jobs; and offer a positive return on the taxpayer's investment.

Within the framework of this goal, EDA focuses on two of its programs, the Public Works and Development Facilities, and the Economic Adjustment program. EDA investments in public works serve as catalysts for other public and private investments for the establishment or expansion of commercial and industrial facilities in distressed communities. EDA also provides economic adjustment investments for infrastructure improvements and revolving loan funds to help communities and businesses respond to severe economic dislocations caused by major layoffs, plant shutdowns, trade impacts, natural disasters, and the closure of military bases and energy labs, and similar actions that adversely affect local economies.

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 General Accounting Office (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 revolving loan fund 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, the General Accounting Office (GAO), the Office of Management and Budget, and other bureau stakeholders and will adjust targets as appropriate when adequate trend data becomes 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 revolving loan fund investments. Both the two sets of construction projects and the two sets of revolving loan fund 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.

- *Baseline projects*—*The Public Works Program: Performance Evaluation* (May 1997) reported on 205 public works projects that were completed in FY 1990. The *Defense Adjustment Program Performance Evaluation* (Nov. 1997) provided similar data for EDA defense projects ranging from two to five years in age.
- *Pilot projects*—EDA conducted pilot reviews during FY 1999 to obtain actual data on a second set of projects. *EDA GPRA Pilot I: Construction Projects* (Rutgers 1999) shows results for fifty-eight construction projects, six years after project completion (FY 1993). *EDA GPRA Pilot II: Revolving Loan Fund Projects* (Rutgers 1999) shows results for forty-four revolving loan fund projects, six years after approval (FY 1993).

The following tables compare actual results from the pilot projects with the results from baseline projects as presented by Rutgers et al. (Note: 1997 dollars have not been converted to 1999 dollars.)

EDA Construction Projects		
	GPRA Pilot I Results (1999)	Public Works Evaluation (1997)
Creation of permanent jobs	100%	96%
Leveraged private sector investment	98%	84%
EDA job cost ratios	\$3,445/Job	\$3,058/Job
Private sector investment	\$5.62M/M of EDA funding	\$10.08M/M of EDA funding

EDA Revolving Loan Fund Projects		
	GPRA Pilot II Results (1999)	Defense Adjustment evaluation (1997)
Creation of permanent jobs ¹	95%	96%
Leveraged private sector investment	95%	N/A
EDA job cost ratios	\$4,107/Job	\$3,747/Job
Private sector investment	\$6.25M/M of EDA funding	\$2.67M/M of EDA funding

¹ Permanent jobs are those jobs not designated as temporary positions.

Interim and Process Measures

In response to GAO recommendations, EDA developed a set of interim and process measures that can be used by EDA managers on a regular basis to set targets and track performance in critical program areas. These measures were introduced in FY 1999 and FY 2000. Policies and procedures are in place to obtain data on key performance indicators identified by program managers. Preliminary data are available for FY 2000 interim and process measures under Goals 1 and 2. EDA will report final results when data review and verification is complete. EDA reported on a new interim measure in FY 2002 regarding its investments in technology-related projects that support the Department of Commerce strategic plan.

EDA discontinued reporting on certain interim and process measures in FY 2002. These measures, developed in response to GAO’s 1999 recommendations, provided reportable performance data pending the receipt of the long-term results on private investment and job creation of EDA grant awards. EDA is now reporting on those long-term results. As part of the balanced scorecard and to ensure the Bureau’s commitment to quality customer service, EDA will continue to track these measures.

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	FY2003	FY2004
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	\$370M by FY 2007
	\$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	\$905M by FY 2009	\$930M by FY 2010
	\$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 by FY 2011	\$1,810M by FY 2012	\$1,860M by FY 2013
Actual				\$199M ¹	\$971M ²	\$640M ³		
Met/Not Met				Met	Met	Met		

¹ Actual private sector dollars amount—Performance exceeded the FY 1997 projected target of \$116M by FY 2000 (snapshot of performance for first reporting interval for FY 1997 investments).

² Actual private sector dollars amount—Performance exceeded the FY 1998 projected target of \$130M by FY 2001 (snapshot of performance for first reporting interval for FY 1998 investments).

³ Actual private sector dollars amount—Performance exceeded the FY 1999 projected target of \$420M by FY 2002 (snapshot of performance for first reporting interval for FY 1999 investments).

Explanation of Measure

This target is based on the anticipated results of the public works and development facilities and economic adjustment implementation and revolving loan fund 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, which compiled and analyzed the performance of EDA public works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected 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 continue to analyze actual private investment results to collect smooth trend data prior to modifying the target further. Actual results reported here reflect a 25 percent discount to 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 & FY 2004 Targets

There are no anticipated changes to the FY 2003 targets from the targets that were published in the FY 2001 APPR and the FY 2003 APP. The FY 2004 target is based on the same calculations as the previous targets. EDA will be reviewing targets to align them with achievable outcomes.

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	FY2003	FY2004
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	11,500 by FY 2006	11,700 by FY 2007
	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	26,800 by FY 2010
	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	53,700 by FY 2013
Actual				12,056 ¹	12,898 ²	29,912 ³		
Met/Not Met				Met	Met	Met		

¹ Actual jobs—Performance exceeds FY 1997 projected target of 5,040 jobs by FY 2000 (snapshot of performance at first reporting interval for FY 1997 investments).

² Actual jobs—Performance exceeds FY 1998 projected target of 5,400 jobs by FY 2001 (snapshot of performance at first reporting interval for FY 1998 investments).

³ Actual jobs—Performance exceeds FY 1999 projected target of 11,300 jobs by FY 2002 (snapshot of performance at first reporting interval for FY 1999 investments).

Explanation of Measure:

This target is based on the anticipated results of the FY 1999 public works 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, which compiled and analyzed the performance of EDA public works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected jobs were realized within the first three years. 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 continue to analyze actual job creation results to collect smooth trend data prior to modifying the target further. Actual results reported here reflect a 25 percent discount to 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 revolving loan fund projects beginning in FY 1999. Because the requested budgets for public works and economic adjustment programs remained the same in FY 2002, 2003, and 2004, the impact of the current economic contraction remains unknown, and with GAO’s recommendation to include direct jobs only, the targets will remain the same.

FY 2003 & FY 2004 Targets

There are no anticipated changes to the FY 2003 targets from the targets that were published in the FY 2001 APPR and the FY 2003 APP. The FY 2004 target is based on the same calculations as the previous targets. EDA will be reviewing targets to align them with achievable outcomes.

Measure 1c: State and Local Dollars Committed per EDA Dollar							
		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	State and local dollars/EDA dollar	\$1 – \$0.7	\$1 – \$0.7	\$1 – \$1	\$1 – \$1	\$1 – \$1	\$1 – \$1
Actual ¹	State and local dollars/EDA dollar	\$1 – \$1.2	\$1 – \$1.2	\$1 – \$1	\$1 – \$1.1		
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

EDA’s economic adjustment program assists those communities that experience sudden and severe economic distress and qualify for higher investment grant rates. Original targets for this measure were based on program evaluations (Rutgers et al. 1997), which found that construction projects funded under the section 201 Public Works Program had an EDA share of 53.6 percent and that projects funded under the section 209 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. 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 & FY 2004 Targets

At this time, there are no anticipated changes to the FY 2003 or FY 2004 targets. Targets for the ratio of state and local dollars to federal dollars remain constant for two reasons. First, statutory requirements regarding the community’s matching funds changed for economic adjustment implementation investments from 75 percent to 50-80 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 investment grant rates, which can lower the average.

Measure 1d: Percentage of Investments to Areas of Highest Distress

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	20%	30%	40%	40%	37-43%	37-43%
Actual ¹	36%	45%	43%	40.1%		
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 & FY 2004 Targets

The only change to the FY 2003 and FY 2004 targets is to establish a target range. The FY 2003 and 2004 target ranges are based on the same calculations as the previous targets. The target ranges will remain consistent for two reasons. First, the impact of the current economic contraction is unknown. Second, EDA is in the process of determining an optimum investment portfolio mix, which is critical to the overall impact of EDA's limited resources. While EDA's assistance is available to many distressed communities across the nation, targeting more than 37-43 percent to a specific category of applicants significantly reduces the ability of other deserving applicants to compete for assistance.

Measure 1e: Percentage of EDA Dollars Invested in Technology-related Projects in Distressed Areas

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	10%	7-10%	7-10%
Actual				11.8%		
Met/Not 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 U.S. 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 & FY 2004 Targets

The only change to the FY 2003 and FY 2004 targets is to establish a target range, instead of a static target. The FY 2003 and 2004 target ranges are based on the same calculations as the previous targets. The target ranges will remain consistent for two reasons. First, the impact of the current economic contraction is unknown. Second, EDA is in the process of determining an optimum investment portfolio mix, which is critical to the overall impact of EDA's limited resources. While EDA's assistance is available to many communities across the nation, targeting more than 7-10 percent to a specific category of applicants significantly reduces the ability of other deserving grantees to compete for assistance.

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. Recent evaluations involving EDA's Economic Adjustment programs are identified below.

Evaluations completed in FY 2002:

EDA RLFs: Planning, Local Structural Change, and Overall Performance;

EDA RLFs-Performance Evaluation;

The Impact of EDA RLF Loans on Economic Restructuring;

The Impact of Planning on EDA RLF Performance (Rutgers University, 2002)

These four volumes summarize the findings of a major evaluation of EDA's Revolving Loan Fund Program. The evaluation is based on an examination of 422 EDA RLF grantees that have issued nearly 11,600 loans, and examines the ways in which EDA RLF loans contribute to economic structural change in communities in which they are made, and the importance of planning in economic restructuring and RLF outcomes.

Evaluations underway:

Economic Adjustment Program Evaluation (Wayne State University et al.)

The evaluation is scheduled for completion in 2003.

Cross-cutting Activities

Intra-Department of Commerce

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

- National Oceanic and Atmospheric Administration (NOAA)—Strategies to promote sustainable development, disaster reduction, protection of natural resources, and the development of eco-industrial parks.
- National Institute of Standards and Technology (NIST)—Technology deployment and assistance to small manufacturers in economically distressed areas.
- National Telecommunications and Information Administration (NTIA)—Strategies to upgrade telecommunications infrastructure in distressed rural and urban communities.
- Minority Business Development Agency (MBDA)—Increased support for minority business development and entrepreneurship and for minority-serving institutions.

Other Government Agencies

EDA builds effective partnerships with federal, state, and local entities on program delivery and information dissemination.

At the federal level, major partners include:

- Federal Emergency Management Agency (FEMA)—Early response, coordination, assessment, mitigation, and economic recovery efforts following major disasters.
- Environmental Protection Agency (EPA)—Strategies to redevelop brownfields and improve air quality in ways that benefit economically distressed communities.
- Department of Defense Office of Economic Adjustment (OEA)—Economic adjustment strategies and investments for base reuse and communities affected by Base Realignment and Closure Commission (BRAC) decisions.
- Department of Energy (DOE)—Economic adjustment assistance to communities affected by closures of federal energy labs and facilities.
- Appalachian Regional Commission (ARC)—Community and economic development assistance for economically distressed areas in the thirteen-state Appalachian region.
- Department of Labor (DOL) – Dislocated Worker Program.
- Department of Agriculture (USDA), Rural Development/Rural Utilities (RD/RU)—Infrastructure and business financing for enterprise development in rural areas.
- Department of Transportation (DOT)—Improvements to highway, port, rail, and airport facilities to support private investment in distressed communities.
- Department of Housing and Urban Development (HUD)—Coordination of Community Development Block Grants (CDBG) funds for economic development at the state and local levels; support for Empowerment Zones, Enterprise Communities, and Renewal Communities.

Government/Private Sector

EDA reviewed interagency agreements and supported GAO's review of cross-cutting federal programs for state and local economic development projects. EDA will provide leadership to improve federal assistance for economic development programs in distressed communities.

External Factors and Mitigation Strategies

GAO has recognized that measuring the performance of economic development programs is difficult because of the many external factors that can influence local economies. To ensure strong program performance, EDA targets assistance to projects that can provide direct and lasting benefits to economically distressed communities. EDA programs are not intended to work alone, but to increase the availability of outside capital (both public and private) for sustainable development strategies to create and retain private enterprise and jobs in economically distressed areas. In doing so, EDA recognizes that many factors can influence the level of distress, 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 nonfederal share, allowing EDA to cover a higher share of total project costs depending on the level of distress demonstrated by the local community.
- Natural disasters and other major events can dramatically impact local economies and create an unanticipated demand for EDA assistance. This can affect performance in several ways, increasing the number of areas that are eligible for assistance and the number of areas in highest distress. Such emergencies can alter funding priorities under regular EDA programs and at times result in emergency supplemental funding. The impact on regular program assistance is more apparent when supplemental funding is delayed or unavailable.

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.

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 and requirements is a challenge, the Economic Development Administration (EDA) is nonetheless committed to it. EDA is creating a new, stronger organization that provides practitioners with a one-stop source for information and professional development.

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 U.S. communities.

EDA must continue to build upon its partnerships with local development officials; Economic Development Districts; University Centers; faith-based and community-based organizations; and local, state, and federal agencies. But more importantly, EDA will forge strategic working partnerships with private capital markets, and look for innovative ways to spur 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 that guide EDA public works and economic adjustment implementation investments, including revolving loan funds. 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 revolving loan fund projects.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This measure will determine if the Comprehensive Economic Development Strategy process is market-based, and if EDA is creating an environment conducive to higher-skill, higher-wage jobs. Research conducted on FY 2001 and FY 2002 data will establish a baseline for the FY 2003 target. The Comprehensive Economic Development Strategy is a plan that emerges from a broad-based, continual planning process that addresses economic strengths and weaknesses, and opportunities and threats posed by external trends and forces, as well as partners and resources for development.

FY 2003 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	EDA developed the plan for evaluating economic development district performance	75%	85%	93%	89-93%	89-93%
Actual		95%	92%	95.3%		
Met/Not Met		Met	Met	Met		

Explanation of Measure

Under EDA’s amended legislation, participation of sub-state jurisdictions in Economic Development Districts was reduced from 75 percent to more than 50 percent for district designation purposes. Economic Development Districts 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. 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.”

FY 2003 & FY 2004 Targets

The only change to the FY 2003 and FY 2004 targets is to establish a target range, instead of a static target. The FY 2003 and 2004 target ranges are based on the same calculations as the previous targets. EDA will continue to analyze trend data for further refinement.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This measure replaces a previous measure that focused on the assistance facilitated by University Centers. EDA funds sixty-nine 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 enhances the community’s capacity to plan and manage successful development projects. The new measure will determine the perceived value-add of the University Centers to their clients. University Centers 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 University Center in one or several areas: economic development initiatives and training session development; linkages to crucial resources; economic development planning; project management; community investment package development; geographic information system services; strategic partnering to public- or private-sector entities; increased organizational capacity; feasibility plans; marketing studies; technology transfer; new company, product, or patent developed; and other services.

FY 2003 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This measure is a follow-up to the measure, “Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center.” It will further define the relevance of the assistance facilitated by the University Centers. EDA-funded University Centers 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 enhances the community’s capacity to plan and manage successful development projects. This new measure will determine if the assistance provided by the University Center is market-based. University Centers 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.

FY 2003 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This measure replaces a previous measure that focused on the assistance facilitated by Trade Adjustment Assistance Centers. Twelve EDA-funded Trade Adjustment Assistance Centers work jointly with U.S. firms and industries that have been adversely impacted as a result of trade agreements 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 Trade Adjustment Assistance Centers to its clients. These 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 trade adjustment assistance provided by the Trade Adjustment Assistance Centers. The Trade Adjustment Assistance Centers provide three main types of assistance to firms: help in preparing petitions for certification¹ (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 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures.

¹ Only petitions for certification that are actually approved can be counted.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This is a new measure that is a follow-up to the measure, “Percentage of Trade Adjustment Assistance Center clients taking action as a result of the assistance facilitated by the Trade Adjustment Assistance Center.” It will further define the relevance of the assistance facilitated by the Trade Adjustment Assistance Centers. EDA-funded Trade Adjustment Assistance Centers (TAAC) 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 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	20%	25%	30%	30%	30-35%	30-35%
Actual	31%	35%	32%	30%		
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 or 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 & FY 2004 Targets

The only change to the FY 2003 and FY 2004 targets is to establish a target range, instead of a static target. The FY 2003 and 2004 target ranges are based on the same calculations as the previous targets. The target ranges will remain consistent for several reasons. First, the impact of the current economic contraction is unknown. Second, EDA is in the process of determining an optimum investment portfolio mix, which is critical to the overall impact of EDA's limited resources. While EDA's assistance is available to many communities across the nation, targeting more than 30-35 percent to a specific category of applicants significantly reduces the ability of other deserving grantees to compete for assistance.

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 continue to improve program performance. EDA's goal is to evaluate major program activities on a regular basis as resources permit. Recent evaluations involving EDA's capacity-building programs are identified below.

Evaluations completed in FY 2002:

Evaluation of University Center Program (Mt. Auburn Associates, 2002)

EDA's University Center Program provides annual funding to higher-education institutions throughout the country for the support of local and regional economic development. Currently, sixty-nine university centers are located in forty-five states and Puerto Rico. The primary purpose of the program is to improve the economies and economic development capacity of center service areas, with emphasis on economically distressed communities.

Evaluation of Planning Program (Wayne State University, 2002)

This report is an evaluation of the EDA's Planning Program that supports 323 Economic Development Districts (EDDs) facilitate strategies for economic development in their communities. Some of the report's observations include: 1) the Comprehensive Economic Development Strategy (CEDS) process provides the critical backbone for economic development planning at the regional level; 2) EDDs very effectively use the EDA funding they receive; and 3) there is a strong emphasis on capacity building.

Evaluations Underway:

Local Technical Assistance Program Evaluation (Bowling Green State University)

The evaluation is scheduled for completion in FY 2003.

Cross-cutting Activities

See Performance Goal 1.

External Factors and Mitigation Strategies

See Performance Goal 1.

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 investment recipients and staff on valid reporting methods and verification of performance data on long-term outcomes. EDA achieved a 98 percent response rate on the FY 1999 pilots and conducted site visits to more than 25 percent of the projects to validate and verify data reported. The data was provided to Rutgers University for review and comparison with the original evaluations.

EDA validates some of the annual performance results of private sector investment and job creation upon receipt of the data. For FY 1999 EDA investments reported on in FY 2002, regional offices verified 89 percent of the private sector investment generated by its public works and economic adjustment investment, and 58 percent of the jobs created by its public works and economic adjustment investments. Regional offices directly contacted those investment recipients to request supporting information. Reports were completed that identified how the data was verified and the person or business contacted to verify the data. During FY 2002, EDA conducted validation site visits on six FY 1998 investments, one in each region that had been closed out by the end of FY 2001. At the time of the visit, the investments were reviewed utilizing the data 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 of the data was reported which ranged from one to two years earlier.

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 and job creation and retention data reported for its performance measures.

- The fiscal year data being verified are from an investment that was closed within the appropriate three-, six-, or nine-year reporting timeframe.
- EDA investment is equal to or greater than \$500,000.
- Private investment dollars and jobs created or retained is present.
- At least one verification site visit per region will be conducted.
- A varied selection of Public Works and economic adjustment (regular, defense, or revolving loan fund) investments will be reviewed.

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

- The tax assessment of the property or the building, before and after the construction or renovation.

- The number of jobs retained at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.
- The number of jobs created at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.
- The average salary of building's previous tenants, if applicable, or average annual wage before EDA investment.
- The average salary of the building's present tenants, if applicable, or average annual wage 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, 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
<p>Measure 1a: Private sector dollars invested in distressed communities as a result of EDA investments</p> <p>Measure 1b: Jobs created or retained in distressed communities as a result of EDA investments</p>	Investment recipient performance reports.	At three-year intervals (typically three, six, and nine years after investment award).	EDA management information system.	To validate data, EDA regions contacted recipients, or confirmed with engineers or project officers who had been on site. EDA will perform regional validation on-site visit with some recipients.	Universe - Regular appropriation for public works and development facilities and economic adjustment implementation and revolving loan fund investments. Private investment may vary along with economic cycles.	EDA will continue monitoring investment and job creation data.
<p>Measure 1c: State and local dollars committed per EDA dollar</p>	Investment recipient applications and progress reports.	At the time of award of investment and at project completion.	EDA management information system.	EDA verifies nonfederal funds committed to projects prior to disbursement of investment funds.	Universe - FY 2001 regular appropriations for public works and development facilities, economic adjustment implementation, and defense 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.
<p>Measure 1d: Percentage of investments to areas of highest distress</p>	Investment recipient applications.	Ongoing	EDA management information system.	EDA samples projects periodically to ensure accurate project location codes. Statistical data is based on the Bureau of Labor Statistics' current 24-month unemployment data and most current Bureau of Economic Analysis per capita income data.	Universe - FY 2001 regular appropriations for public works and development facilities, economic adjustment implementation, and defense economic adjustment implementation investments; the number of highest distressed areas will increase during economic downturns and decrease during economic expansions.	Determine appropriate investment portfolio mix for EDA's limited resources and continue to monitor results.
<p>Measure 1e: Percentage of EDA dollars invested in technology-related projects in distressed areas</p>	Investments that are specifically identified and coded in EDA's management information system.	Ongoing	EDA management information system.	Testing performance projections, providing training, and improving reporting.	Universe - Investments from all 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.
<p>Measure 2a: Percentage of economic development districts and Indian tribes implementing economic development projects from the comprehensive economic development strategy process that lead to private investment and jobs</p>	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 to be established from FY 2002 data. Target to be established in FY 2003.

EDA Data Validation and Verification (cont.)

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 economic development district program	Investment recipient performance evaluations.	Annually	EDA management information system.	EDA conducts performance reviews and site visits on approximately one-third of the District and Indian Tribe investments per year.	Universe - EDA partnership planning investments only. This measure shows the value-add of the Economic Development Districts in which EDA invests. While an Economic Development District may be effective, members still may not participate for other reasons.	EDA will continue to monitor compliance with the new definition of sub-state member jurisdictions.
Measure 2c: Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center	University Center client profiles.	Annually	EDA management information system.	Performance data will be verified by the University Centers. EDA headquarters will annually review profile data.	Universe - EDA local technical assistance investments. This measures the value of the University Centers; however, while the assistance may be valued, clients may choose not to act for other reasons.	Baseline to be established from FY 2002 data. Target to be established in FY 2003.
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 to be established from FY 2002 data. Target to be established in FY 2003.
Measure 2e: Percentage of Trade Adjustment Assistance Center clients taking action as a result of the assistance facilitated by the Trade Adjustment Assistance Center	Trade Adjustment Assistance Center client profiles.	Annually	EDA management information system.	Performance data will be verified for the Trade Adjustment Assistance Centers. EDA headquarters will annually review data.	Universe - EDA trade adjustment assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline to be established from FY 2002 data. Target to be established in FY 2003.
Measure 2f: Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	Trade Adjustment Assistance Center client reports.	Annually	EDA management information system.	Performance data will be verified by the Trade Adjustment Assistance Centers. EDA headquarters will annually review data.	Universe - EDA trade adjustment assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline to be established from FY 2002 data. Target to be established in FY 2003.
Measure 2g: Percentage of local technical assistance and economic adjustment strategy investments awarded in areas of highest distress	Bureau of Labor Statistics current 24-month unemployment data and most current Bureau of Economic Analysis per capita income data.	Ongoing	EDA management information system.	EDA verifies data prior to grant approval.	Universe - 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.	Determine appropriate investment portfolio mix for EDA's limited resources and continue to monitor results.