

September 2012

TRADE
ADJUSTMENT
ASSISTANCE

One-Time Grants
Awarded to Trade-
Impacted
Communities; Results
Will Not Be Known
until after 2013



G A O

Accountability * Integrity * Reliability

Why GAO Did This Study

Congress established the CTAA program in February 2009 through the Trade and Globalization Adjustment Assistance Act (TGAAA), passed as part of the American Recovery and Reinvestment Act. The CTAA program was designed to supplement other Trade Adjustment Assistance programs by providing assistance through grants to trade-impacted communities to help them become more competitive in the global economy. In 2010, EDA awarded \$36.8 million in CTAA grants to 36 communities. The administration proposed to discontinue the program, contending that EDA could provide similar assistance to communities at a lower cost through its EAA program. Congress responded by repealing the CTAA program in 2012.

TGAAA mandated that GAO review the operation and effectiveness of Trade Adjustment Assistance programs. This is one of several reports responding to that mandate. For this report, GAO determined (1) how EDA made grant award decisions, (2) what mechanisms EDA established to monitor the grants and evaluate their effectiveness, and (3) how the CTAA program compared with other EDA community grant programs. GAO reviewed agency documents, conducted a file review, and interviewed EDA officials.

What GAO Recommends

GAO is not making recommendations in this report. Commerce concurred with GAO's findings and provided additional information on grantee performance reports and planned improvements to performance measures.

View [GAO-12-993](#). For more information, contact J. Alfredo Gomez at (202) 512-4101 or gomezj@gao.gov.

TRADE ADJUSTMENT ASSISTANCE

One-Time Grants Awarded to Trade-Impacted Communities; Results Will Not Be Known until after 2013

What GAO Found

The Department of Commerce's Economic Development Administration (EDA) used its standard grant award process to announce, receive, and review applications for the Community Trade Adjustment Assistance (CTAA) program, with modifications related to program eligibility. To comply with legislative requirements, EDA reached out to eligible communities by identifying those with workers or firms already certified as trade impacted by other trade adjustment assistance programs. EDA awarded the grants in accordance with the review and selection process outlined in the CTAA federal funding opportunity—the program's grant application announcement. More than half of the grants were for construction projects, such as building roads and installing broadband fiber for industrial parks. Although EDA was able to adapt standard procedures already in place for its other grant programs, EDA officials cited some CTAA-specific challenges: first, the effort required to set up the new program for CTAA grants; second, a relatively limited time for the outreach and application process; and third, the development of a list of eligible communities for outreach, which proved to be a complex undertaking.

EDA regional staff said that they monitor the grants using tools such as periodic progress and financial reports. GAO's review of a nonprobability sample of 12 of the 36 CTAA grant files found no gaps in the regional offices' collection of required reports. Many of the projects will not be completed until after 2013, but grantees with construction projects are required to report on certain EDA performance measures 3, 6, and 9 years after the award. Thus, in 2013, those grantees will be required to report measures relating to jobs created, jobs retained, and level of new private investment. The grantees will submit final nine-year project reports in 2019 that will help the agency determine whether the projects met their goals.

GAO's review of how the CTAA program compared with other EDA grant programs shows that although the CTAA grants targeted trade-impacted communities, some grantees might have been eligible for other EDA grant programs. EDA officials identified two other programs that target economically distressed communities—EDA's Economic Adjustment Assistance (EAA) and Public Works programs—that may have been able to provide assistance to CTAA communities. GAO found that, through CTAA grants, EDA assisted some trade-impacted communities that may not have qualified for EDA's other community grant programs due to differences in eligibility and cost-share requirements. However, EDA officials provided some specific examples of CTAA grantees that may have qualified for the EAA or Public Works programs. Although officials credited the CTAA program with providing additional funding to assist more communities, some officials suggested that funding for trade-impacted communities could have been designated within, and similar services could have been delivered through, EDA's existing programs.

Contents

Letter		1
	Background	3
	EDA Awarded CTAA Grants Using Its Standard Grant Process but Reported Some Program-Specific Challenges	8
	EDA Continues to Monitor Grants but Will Not Be Able to Assess Effectiveness until after 2013	13
	CTAA Targeted Trade-Impacted Communities; Some May Not Have Qualified for Other EDA Programs, and Some May Have	18
	Agency Comments	22
Appendix I	Scope and Methodology	23
Appendix II	CTAA Grant Awards: Grantees, Amounts, and Grant Purpose	25
Appendix III	TAA Programs at a Glance: Responsible Agencies, Service Structures, Types of Assistance, Number Assisted	27
Appendix IV	Comments from the Economic Development Administration	28
Appendix V	GAO Contact and Staff Acknowledgments	31
Tables		
	Table 1: Numbers of CTAA Grants by Type, with Examples and Ranges of Award Amounts	6
	Table 2: EDA's Award Criteria	11
	Table 3: EDA's CTAA, Economic Adjustment Assistance, and Public Works Programs	19
	Table 4: Funding in Fiscal Years 2010 to 2012 for the CTAA, EAA, and Public Works Programs	21

Figures

Figure 1: Locations of Fiscal Year 2010 CTAA Grantees by EDA Region	5
Figure 2: Amount of CTAA Funding Allocated to Each EDA Region	7
Figure 3: EDA Used Its Standard Process to Award CTAA Grants	10
Figure 4: EDA Uses a Standard Process to Disburse CTAA Payments and Monitor Grants	14
Figure 5: CTAA Grant Project Timelines: Most Are Still Being Implemented as of August 2012	16

Abbreviations

CTAA	Community Trade Adjustment Assistance
EAA	Economic Adjustment Assistance
EDA	Economic Development Administration
TAA	Trade Adjustment Assistance
TGAAA	Trade and Globalization Adjustment Assistance Act of 2009

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

September 26, 2012

The Honorable Max Baucus
Chairman
The Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
United States Senate

The Honorable Dave Camp
Chairman
The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
House of Representatives

From 2001 to 2011, U.S. imports of goods and services almost doubled from \$1.4 trillion to \$2.7 trillion. During the same period, the United States entered into free trade agreements with 14 partner countries, and the World Trade Organization admitted 13 members. The increase in imports and the ongoing trade liberalization have resulted in the loss of certain U.S. jobs, as companies that cannot compete with lower priced imports have closed or relocated to lower wage countries. The federal government has recognized that, although the benefits of free trade are widely dispersed across the economy, worker dislocation can have an adverse effect on communities. The Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA), passed as part of the American Reinvestment and Recovery Act in February 2009,¹ reauthorized and amended trade adjustment assistance (TAA) programs that assist trade-impacted workers, farmers and fishermen, firms, community colleges, and communities.² The TGAAA

¹Pub. L. No. 111-5, February 17, 2009.

²A community is defined as a city, county, or other political subdivision of a state or a consortium of political subdivisions of a state. 13 C.F.R. §313.2.

reestablished the TAA for Communities programs,³ including the Community Trade Adjustment Assistance (CTAA) program and two other programs.⁴ In late June 2009, Congress appropriated \$40 million in funding for the CTAA program.⁵ For fiscal year 2010, the Department of Commerce's Economic Development Administration (EDA) awarded \$36.8 million in CTAA grants to 36 communities to develop a strategic plan to help the community adjust to trade impacts and to promote economic diversification or to implement programs and projects as part of a strategic plan. The administration proposed to discontinue the program, contending that EDA could provide similar assistance to communities at a lower cost through its Economic Adjustment Assistance (EAA) program.⁶ Congress responded by repealing the CTAA program in 2012.

TGAAA mandated that we report on the operation and effectiveness of the amended TAA programs. In response to your interest in a report on the repealed CTAA program and, more specifically, on how EDA awarded the CTAA grants and how those grants fit in with other EDA grant programs, we examined the CTAA program to determine (1) how EDA made grant award decisions, (2) what mechanisms EDA established to monitor the grants and evaluate their effectiveness, and (3) how the CTAA program compared with other EDA community grant programs.

³The Trade Act of 1974, as originally enacted, authorized TAA for Communities and established a sunset date, terminating the program on September 30, 1982. This program was reestablished in the American Recovery and Reinvestment Act of 2009. We previously reported on a different TAA program targeting communities in GAO, *Experiences of Six Trade-Impacted Communities*, [GAO-01-838](#) (Washington, D.C.: Aug. 24, 2001) and in *Trade Adjustment Assistance: Opportunities to Improve the Community Adjustment and Investment Program*, [GAO/NSIAD-00-229](#) (Washington, D.C.: Sept. 29, 2000). That program, administered by an interagency committee chaired by the Department of the Treasury, provided loan guarantees, loans, and grants to businesses in eligible counties to help stimulate private sector employment and growth and recover from trade impacts related to the implementation of the North American Free Trade Agreement.

⁴The two other programs are Community College and Career Training Grants and the Industry or Sector Partnership Grants, both administered by the Department of Labor.

⁵Pub. L. No. 111-32, Title II, June 24, 2009. The appropriated funds were to be used jointly with the TAA for Firms program, which is also administered by EDA.

⁶EDA operates a number of economic development assistance programs and provides grants, loans, and other types of assistance to many different types of organizations throughout the United States.

To determine how EDA made grant award decisions, we reviewed relevant laws, guidance, and regulations. We also reviewed a nonprobability sample of 12 grant files, selected to provide a variety of grant awards on the basis of region, grant amount, and grant type (i.e., whether the purpose of the grant was to help a community develop a strategic plan or implement part of an existing strategic plan). As part of our file review, we developed an instrument to determine whether EDA's process met the requirements outlined in the CTAA federal funding opportunity—the program's grant application announcement. We interviewed EDA officials at headquarters in Washington, D.C., and in the six regional offices, and we conducted a site visit to the Philadelphia Regional Office to gain an understanding of its CTAA grant solicitation and selection processes. To identify the mechanisms that EDA established to monitor the grants and evaluate their effectiveness, we reviewed program information, agency documentation, and data on the status of the grants. We also interviewed EDA regional officials regarding their grant monitoring practices and how they plan to evaluate the effectiveness of the program. To determine how the CTAA program compared with other EDA community grant programs, we obtained agency information on the goals, eligibility criteria, activities, and targeted recipients of the CTAA program and other EDA community grant programs and interviewed agency officials. (See app. I for a more detailed description of our scope and methodology.)

We conducted this review from March 2012 through September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

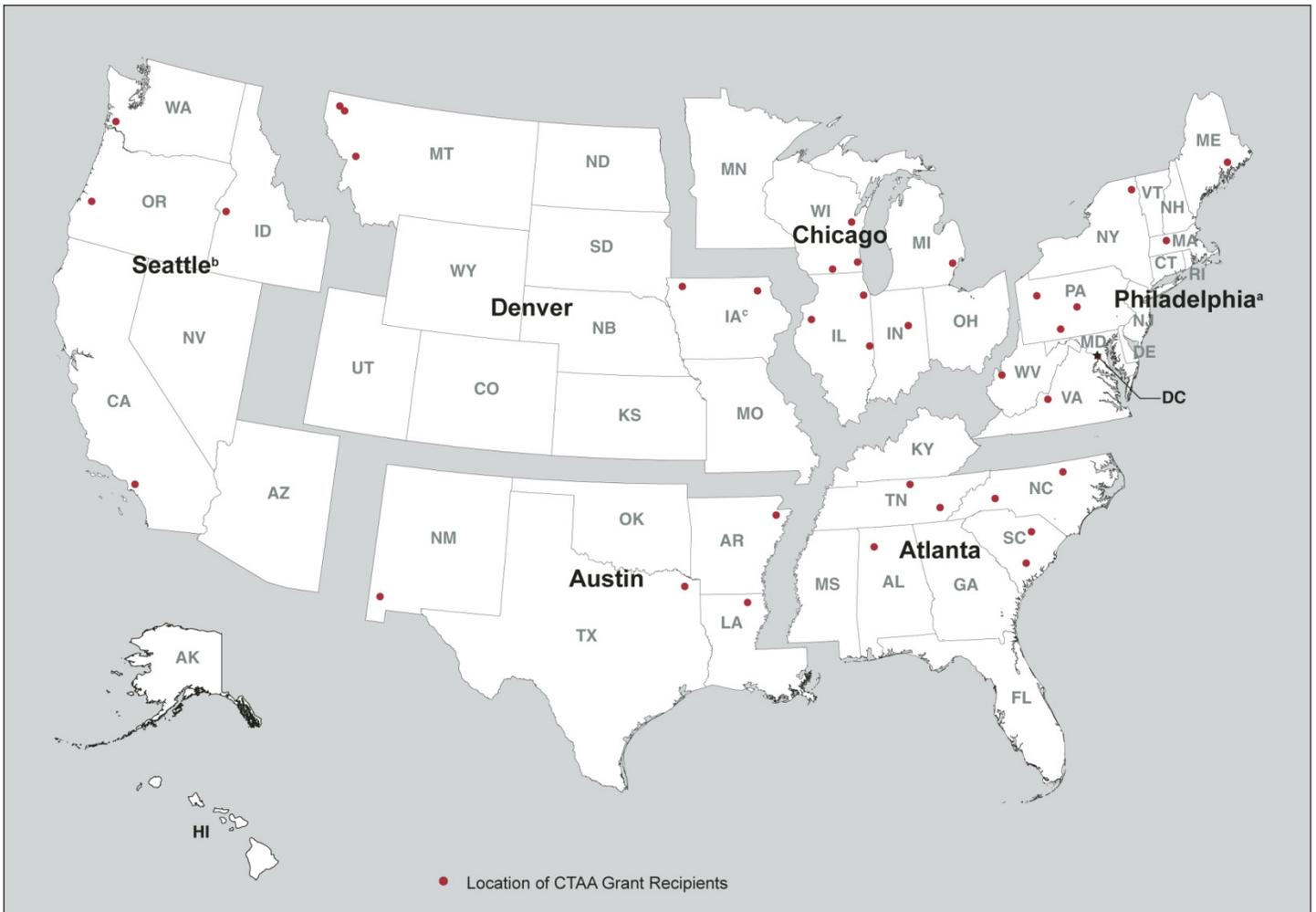
CTAA is one of three programs under TAA for Communities. EDA administered the CTAA program and currently administers several other grant programs that promote economic growth throughout the United States, helping communities and regions prepare for growth and success in the global economy. The Department of Labor administers the other two TAA for Communities programs—the Community College and Career Training Grants and the Industry or Sector Partnership Grants. The Community College and Career Training Grants are ongoing. Congress did not appropriate funds for the Industry or Sector Partnership Grants and repealed the program in fiscal year 2012.

CTAA grants were aimed at helping small and medium-sized communities develop long-term strategic plans to address economic development challenges in regions experiencing the loss of firms and jobs due to competition from imports or to implement the projects in such plans.⁷ The CTAA program was designed to supplement other TAA programs by providing assistance specifically to trade-impacted communities. EDA awarded CTAA grants to 36 communities throughout the United States (see fig. 1). The grants, which totaled \$36.8 million, are administered by EDA's six regional offices located in Atlanta, Austin, Chicago, Denver, Philadelphia, and Seattle.⁸

⁷EDA defined small and medium-sized communities as communities with populations of less than 100,000. To determine the severity of trade impact for a community, EDA primarily used the number of workers in the community that were impacted in connection with a TAA certification.

⁸The regional offices also administer EDA's other grant programs, including the ones discussed in this report.

Figure 1: Locations of Fiscal Year 2010 CTAA Grantees by EDA Region



Source: GAO; Map Resources.

^aThe Philadelphia Regional Office also covers Puerto Rico and U.S. Virgin Islands.

^bThe Seattle Regional Office covers Alaska and Hawaii along with American Samoa, Guam, Marshall Islands, Micronesia, Northern Mariana Islands, and the Republic of Palau.

^cThe Denver Regional Office covers all counties in Iowa except Muscatine and Scott; those two counties apply to the Chicago Regional Office.

EDA awarded two types of CTAA grants—(1) grants to develop a strategic plan to help the community adjust to trade impacts and to promote economic diversification and (2) grants to implement projects or programs in an existing strategic plan. (See table 1 for examples of these

grants.⁹⁾ About 20 percent of the 36 CTAA grants were strategic planning grants and 80 percent were implementation grants.

Table 1: Numbers of CTAA Grants by Type, with Examples and Ranges of Award Amounts

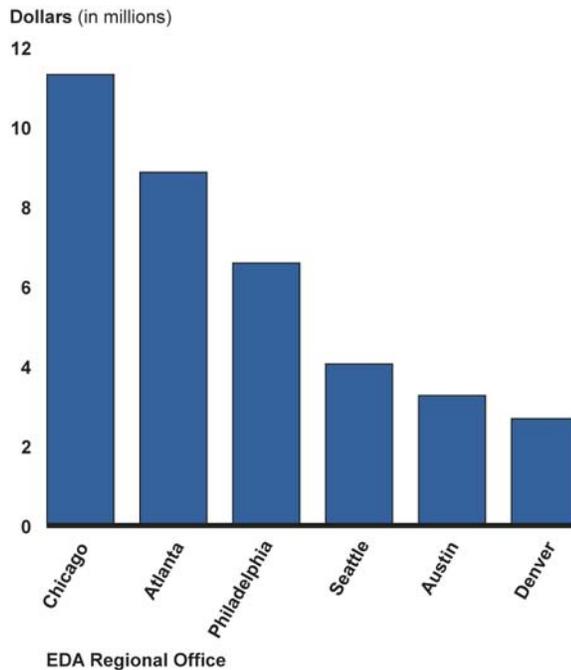
Type of grant	Number of grants	Range of award amount	Examples
Strategic planning	7	\$53,194-\$170,000	\$75,000 awarded to the Northwest Pennsylvania Regional Planning and Development Commission of Oil City, Pennsylvania, to develop a trade strategy to assist Crawford County's tooling and machining industry.
Implementation: Nonconstruction	8	\$155,689-\$1,499,000	\$200,000 awarded to the Upper Explorerland Regional Planning Commission of Postville, Iowa, to implement a 27-county, three-state regional action plan.
			\$155,689 awarded to Lane County, Oregon, to implement economic gardening, business development, instructional technical assistance, and workforce training programs.
Implementation: Construction	21	\$301,000-\$3,500,000	\$3 million awarded to the City of Danville, Illinois, to construct a roadway and rail overpass to support the city's industrial area.
			\$750,000 awarded to McMinn County and the McMinn County Economic Development Authority, Tennessee, to install broadband fiber in three county industrial parks.

Source: GAO analysis of Department Commerce data.

EDA allocated a little more than half of the CTAA funding to grantees in the Chicago and Atlanta regions (see fig. 2). According to EDA officials and the federal funding opportunity, EDA considered two factors in allocating CTAA funding: the share of workers receiving funding under the Department of Labor's TAA for Workers program and the share of workers affected within firms served by the TAA for Firms program in each region.

⁹See appendix II for a list of the 36 awarded CTAA grants, including grantees, amounts, and descriptions.

Figure 2: Amount of CTAA Funding Allocated to Each EDA Region



Source: Department of Commerce.

As required by TGAAA, communities were eligible for CTAA funding if they had been certified as trade impacted by one other TAA program and if EDA determined that the community was significantly impacted by trade. The other TAA programs are

- the Department of Labor’s TAA for Workers,
- the Department of Commerce’s TAA for Firms, and
- the Department of Agriculture’s TAA for Farmers (which also covers fishermen).

However, there were no certifications under the TAA for Farmers program from January 1, 2007, through January 31, 2010, and certifications under this program therefore were not a factor in identifying trade-impacted communities. According to the CTAA federal funding opportunity, EDA deemed communities significantly impacted by trade if they had at least 8.25 workers per 1,000 workers impacted by TAA program certifications.

EDA Awarded CTAA Grants Using Its Standard Grant Process but Reported Some Program-Specific Challenges

We found that EDA announced and reviewed CTAA grant applications using the standard process it uses for awarding other grants, with modifications related to CTAA program eligibility. EDA officials in each regional office conducted a merit review using six award criteria. Our file review and interviews with EDA regional offices show that EDA awarded the grants using the process outlined in the CTAA federal funding opportunity—the grant application announcement. While they followed a process that was standard for the agency, EDA officials reported several challenges in administering the program. First, officials highlighted the upfront effort required to set up the new program. Second, officials said they had a relatively short amount of time to conduct outreach to potential applicants and receive applications. Third, officials said they experienced problems in creating and maintaining an accurate list of counties that would be eligible for the program on the basis of TAA for Workers certifications.

EDA Used Its Standard Process to Announce, Review, and Award Grants

EDA outlined its process for awarding the CTAA grants in its federal funding opportunity and program regulations. EDA officials said that this process was similar to the standard process they use to administer other EDA grant programs, but with some modifications to address the unique aspects of the CTAA program. In our sample of 12 of the 36 CTAA grants, we found that EDA followed the process outlined in the federal funding opportunity to announce, review, and award CTAA grants.

After Congress established the CTAA program in February 2009, EDA took steps to start up the program and provide guidance to EDA regional office staff and applicants. EDA developed new regulations and designed the CTAA federal funding opportunity, which incorporated the key eligibility requirement that communities must be significantly impacted by trade. The agency issued program implementation regulations in August 2009 and announced the CTAA federal funding opportunity in January 2010. EDA regional office staff said that EDA headquarters officials provided guidance on program implementation by holding conference calls and providing training on how to assess the merits of the applications. In addition, EDA issued responses to a list of frequently asked questions to provide additional guidance to regional office staff and applicants.

To help coordinate assistance to communities through the implementation of the CTAA program, the TGAAA required EDA to establish and participate in an Interagency Community Assistance Working Group.¹⁰ The working group consisted of participants from EDA's Trade Adjustment Assistance Division, the Department of Labor's TAA for Workers Program, and the Department of Agriculture's TAA for Farmers program. The working group held periodic discussions on CTAA implementation in 2010, with much of the focus on coordinating the process for certifying communities as eligible to apply for CTAA funding. Each agency also provided updates and shared best practices on implementation of the newly reauthorized TAA programs. EDA officials said that even though the program was repealed, they plan to continue to work closely and regularly with the TAA for Workers program, sharing information related to TAA for Firms and TAA for Workers certifications and providing referrals across programs to ensure that agency officials are aware of the benefits of each program.¹¹

We have previously reported on steps that agencies should take to improve oversight and internal controls in the grant management process, including steps within the preaward, award, implementation, and closeout stages.¹² EDA's grant management process is very similar to the grant management process described in our previous report. EDA regional office staff described the steps they took and provided documents that showed they followed their standard grant award process as outlined in the CTAA federal funding opportunity to administer the program. Each regional office reported having conducted outreach, provided technical assistance, received grant applications, and reviewed the applications in their respective states (see fig. 3).

¹⁰For more information about the TAA programs, see appendix III.

¹¹The Interagency Communities Working Group was disbanded at the end of 2010 because of the lapse in TAA program authorizations.

¹²GAO, *Federal Grants: Improvement Needed in Oversight and Accountability Processes*, [GAO-11-773T](#) (Washington, D.C.: June 23, 2011).

Figure 3: EDA Used Its Standard Process to Award CTAA Grants



Source: GAO analysis of Department of Commerce documents.

- Outreach and technical assistance.** Because the eligibility requirements were different for the CTAA program than for EDA's other grants programs, EDA headquarters officials developed a list of counties that were eligible for the program and notified elected state officials of the existence of the list. EDA regional staff also said that they conducted outreach through their network of Economic Development Districts.¹³ Some regional officials said that they also reached out directly to communities they knew were negatively affected by trade. EDA regional staff said that they provided technical assistance to applicants as needed.

¹³An Economic Development District is both a geographical area and the EDA-designated planning organization that is responsible for maintaining and implementing a comprehensive economic development strategy for the area. Each Economic Development District is governed by a board composed of representatives from state, local or Indian tribal governments, the private sector, and other economic development groups.

- *Receipt of applications and technical review.* EDA regional offices received more than 130 CTAA applications. Applicants were required to submit full applications by April 20, 2010.¹⁴ In our review of 12 grant files, we found that the applicants submitted their applications prior to this date. EDA regional staff said that they conducted a technical review of each application, verifying, among other things, the eligibility of the applicant as outlined in the federal funding opportunity. EDA regional staff said applications that did not pass the technical review did not move forward to the next stage, the merit review.
- *Merit review.* According to EDA regional staff and training documents, EDA staff and other federal employees conducted a merit review of applications that passed the technical review and scored the applications on the basis of EDA's award criteria (see table 2). According to EDA documentation of the final rankings that we reviewed, EDA used the scores to rank the applications within one of the following categories: below average, average, good, or excellent.

Table 2: EDA's Award Criteria

Criteria description	Weight of criteria
Activities support small and medium-sized communities (communities with populations of less than 100,000).	20 percent
Investment is targeted to the most severely trade-impacted communities as measured by the number of persons receiving Trade Adjustment Assistance for Workers.	20 percent
Activities will result in a high return on investment as measured by jobs created or retained, private and public sector funds leveraged, and the use of best practices in the management of the project.	20 percent
Activities will support regionalism, innovation, and entrepreneurship through the implementation of regional cluster strategies and the adaptation of technology for commercial usage.	20 percent
Project supports global trade and competitiveness by supporting companies that have significant export potential.	15 percent
Activities will promote the green economy through the use of renewable energy, energy efficiency, and green building technology.	5 percent

Source: Department of Commerce.

¹⁴Communities that received their most recent TAA certifications on or after January 1, 2007, and before August 1, 2009, were required to submit information to EDA for its affirmative determination by February 1, 2010, to preserve their eligibility under the program.

-
- *Grant award.* EDA officials said that they awarded the CTAA grants in accordance with the review panel and selection process outlined in the federal funding opportunity. The Investment Review Committee at each regional office, consisting of the office's managers, reviewed and discussed the merit review panel's process and recommendations. Our review of each regional office's committee meeting records showed that each committee approved the recommendations and forwarded the ranked list of applications to the selecting official—the Regional Director. The Regional Director in each office then reviewed applications and could select applicants outside of the ranked order, taking into consideration factors such as the availability of program funding, the geographic distribution of grants, and the diversity of applicants. After the Regional Director selected the grant award recipients, EDA notified the recipients and issued grant award documents.

EDA Officials Reported CTAA-Specific Challenges Related to the Grants Award Process

EDA officials cited several challenges that they faced in implementing the CTAA program. First, they highlighted difficulties associated with setting up the new program. EDA headquarters staff noted that setting up a new program required considerable effort because they were required to develop entirely new regulations instead of integrating CTAA funding into an existing EDA program. After the TGAAA established the program in February 2009, EDA issued program implementation regulations for comment in May 2009 and finalized the program regulations in August 2009. EDA then issued its federal funding opportunity for public comment in December 2009 and issued the final federal funding opportunity announcement in January 2010. EDA officials said that they had to incorporate the program's complex trade-impact eligibility criteria into the new program regulations and the federal funding opportunity, which required that they modify standard processes and award criteria appropriately. They noted that determining significant trade impact on communities was complex and time consuming. Several EDA regional officials also mentioned that there was an administrative burden in having to learn the requirements and procedures of a new program. In addition, four of the six regional offices hired a combined total of six new staff members to administer the program, and EDA officials said existing staff were pulled away from working on other EDA programs to respond to the demands of administering CTAA.

A second challenge cited by EDA officials was having to obligate all program funds by the end of fiscal year 2010. EDA officials said they had a relatively short amount of time—a little over 3 months—to conduct

outreach to potential applicants in the period between the federal funding opportunity announcement in January 2010 and the application deadline of April 20, 2010. EDA officials from some of the regional offices said that the short time frame may have led to EDA's receiving fewer applications than if the application period had been longer. They said that as a result, some applicants may not have had enough time and resources to develop their proposal, identify funds to meet the cost share requirements, and build regional partnerships required to produce a complete application.

Third, EDA headquarters officials expressed concern over the reliability of a list of more than 450 eligible counties that they compiled and published to assist communities in demonstrating trade impact. EDA used the list to notify the communities that they were eligible to apply for the grant. However, EDA reported in issuing an updated version of the list that some eligible communities may not have been included, and the list may have included some ineligible communities. EDA subsequently required all counties that appeared on the list to provide TAA certification data to establish eligibility. An EDA official said the list of eligible counties was difficult to create. For example, the list depended on Department of Labor data on TAA for Workers certifications; however, these data include city and state information but not county information. In 9 of the 12 grant files we reviewed, the applicants provided evidence that they were on the list to show their eligibility, in addition to evidence of TAA for Workers certifications. Despite the concerns that EDA identified with the list, we noted that all 12 files we reviewed showed evidence of trade impact and that EDA had determined that they were eligible for the program.

EDA Continues to Monitor Grants but Will Not Be Able to Assess Effectiveness until after 2013

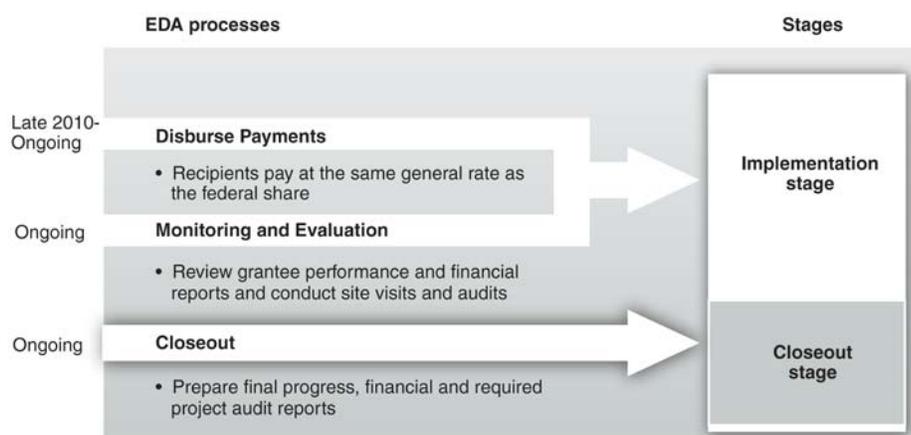
EDA continues to monitor CTAA grants through its standard process of reviewing periodic progress and financial reports that grantees are required to submit. In our review of a sample of EDA grant files, we found no gaps in the regional offices' collection of required progress and financial reports. Seven of the 36 projects had been completed as of the publication of this report, with an additional 6 slated to conclude by the end of September 2012. Grantees with construction projects are required to report on certain EDA performance measures—such as the number of jobs created and retained—3, 6, and 9 years after the award. In 2013, those grantees will be required to report measures relating to jobs created, jobs retained, and level of new private investment. At that point, according to agency officials, EDA will have more information about whether the projects are on track to meet their goals for jobs created, jobs retained, and the amount of private investment leveraged. EDA noted in

its agency comments that it will not know the outcomes of the grants until 2019, when the grantees will submit final nine-year reports on project impact.

EDA Continues to Monitor Grants through Standard EDA Monitoring Mechanisms

EDA has begun to disburse the funds associated with the 36 CTAA grants and continues to monitor their progress by using a standard process in which grantees must submit periodic progress and financial reports (see fig. 4). After awarding the grants from July to October 2010, EDA began disbursing CTAA funds in late 2010. Adhering to its standard process, EDA provides CTAA funds in response to disbursement requests from the grantees and will continue to disburse funds until the projects are completed. EDA's standard terms and conditions for any grant specify that the communities will be reimbursed with grant funds after grantees document payments of approved project expenses, up to the full amount of the cost that EDA has agreed to share.¹⁵ As of the publication of this report, 7 of the 36 projects had been completed, and another 6 were expected to be completed by the end of September 2012.

Figure 4: EDA Uses a Standard Process to Disburse CTAA Payments and Monitor Grants



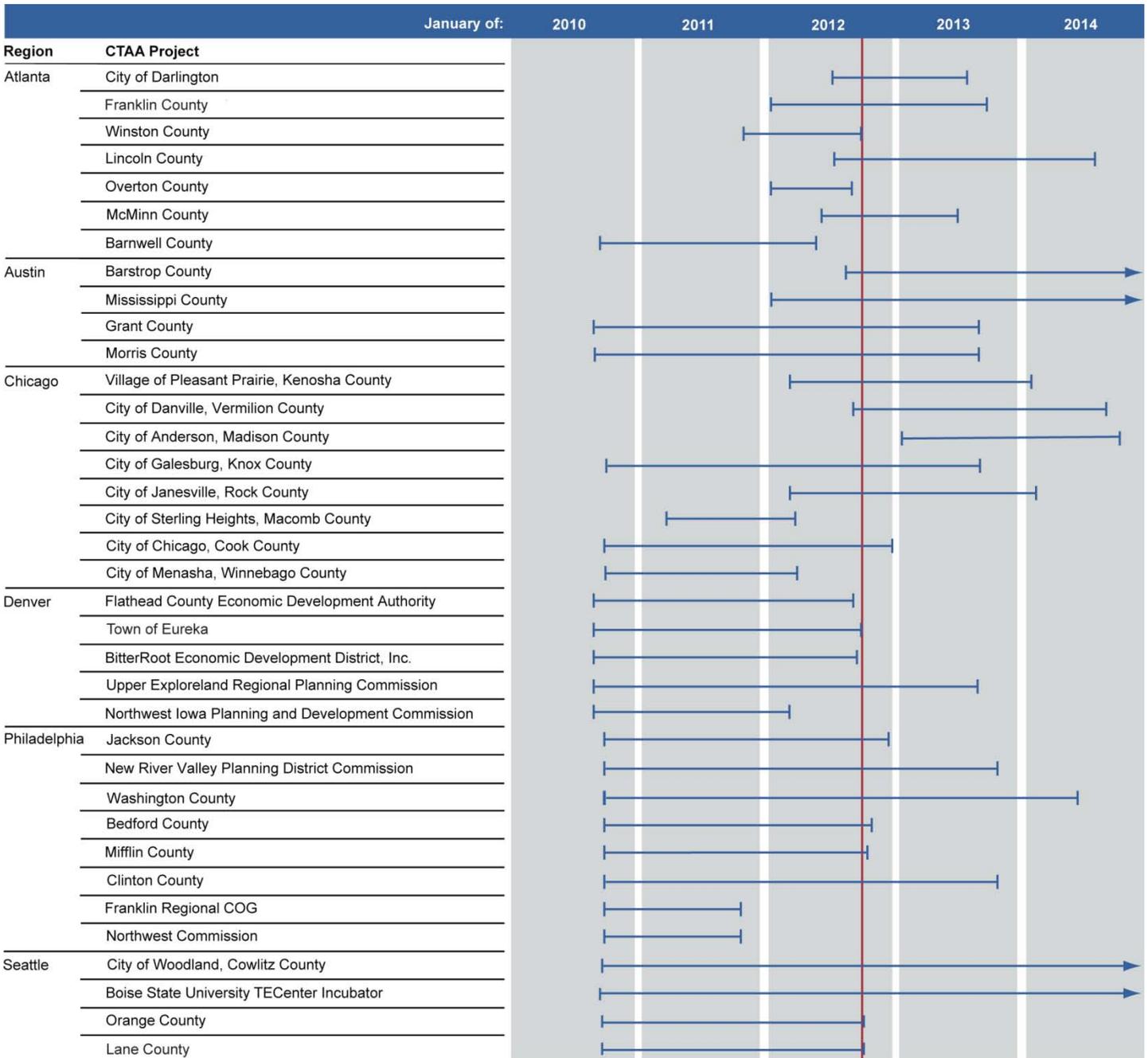
Source: GAO analysis of Department of Commerce documents.

¹⁵For strategic planning grants, the federal share of the eligible costs was not to exceed 75 percent. For implementation grants, the federal share of eligible costs was not to exceed 95 percent.

EDA regional officials said that they monitor grants in several ways, which are consistent with EDA grants management guidance and procedure. For example, they receive financial reports, performance reports, budget documents, and requests for disbursement from the grantee. The requirements for each grant are specified in the conditions of the grant award contracts. EDA officials reported that they review all of these documents, which contain information such as whether the design of the project is complete or construction has started and whether the grantees are able to fund their portion of the project. EDA officials said that they stay in contact with grantees mostly through phone calls and e-mails and that they conduct site visits, although these are relatively limited due to budget constraints. Within the EDA regional offices, engineers perform the monitoring of CTAA grants for construction projects, and EDA project managers monitor the grants for development of strategic plans. CTAA grant monitoring has been absorbed into the routine workload of these regional office officials. One engineer told us that on average he monitors about 50 EDA grants at any given time, of which just one is a CTAA grant. Another engineer agreed that this is a fairly standard monitoring workload. In our review of 12 of the 36 grant files, we found no evidence of deficiencies in the required performance and financial reports that EDA regional offices received from grantees. The documentation also corroborated the descriptions of follow-up activity provided by staff at each regional office.

Because many of the CTAA grants funded construction projects that are still in progress, EDA regional offices continue to monitor these grants (see fig. 5 below). Several of the strategic planning projects have been completed and were closed out by EDA regional offices. EDA closes out a grant after it receives the final progress, financial, and audit reports.

Figure 5: CTAA Grant Project Timelines: Most Are Still Being Implemented as of August 2012



— Date of publication of this report
 Source: GAO analysis of Department of Commerce data.

EDA officials noted one challenge they experienced in implementing the CTAA grants. All CTAA grant funds had to be obligated by the end of fiscal year 2010, though they could be disbursed over several years. Thus, EDA had to award its grants during a single fiscal year, which limited the agency's ability to amend grants, because any changes had to be consistent with the original project intent, scope, and budget. EDA officials stated that since other community grant program funding does not expire at the end of the fiscal year, they can make changes to grants for construction projects as long as these changes relate to the original scope and are properly documented. Officials indicated the stricter conditions on changing the terms of CTAA grant awards pose a particular challenge with construction-related projects, because unforeseen circumstances such as delays or changes in management may require major changes in such projects. Officials stated that because EDA cannot change CTAA grants, communities with construction projects that require major changes may not be able to spend their grant money in time, which could result in deobligated funds.

EDA Will Collect Performance Data on Projects, but It Is Too Early to Determine Their Effectiveness

All EDA grant recipients, including recipients of CTAA grants for implementation projects, are required to provide data on jobs created, jobs retained, and the amount of private investment leveraged.¹⁶ They provide these data at 3, 6, and 9 years after the date of the grant award. CTAA grantees with implementation projects will begin to report on these measures starting in 2013. Consequently, EDA will not be able to determine the effectiveness of the program until then or later. Using estimates in the grant applications for the 36 CTAA awards, EDA projects that the program will result in 6,586 jobs being created and 1,892 jobs being saved once all the projects are implemented.¹⁷ EDA noted that it does not have job creation projections for strategic planning grants, although it expects those strategic plans to lead to job creation in the future. EDA's fiscal year 2011 annual report to Congress notes the results of EDA's economic development investments are often realized years after the initial investment.¹⁸

¹⁶EDA does not require reporting on these measures for nonconstruction grants.

¹⁷We did not verify EDA's or the grantee's methodologies for any of these estimates.

¹⁸U.S. Department of Commerce Economic Development Administration, *Annual Report to Congress* (Washington, D.C.: 2011).

EDA provided some examples of projected potential job creation through CTAA grant projects:

- 200 jobs may be created as a result of a project to develop a business park in Lincoln County, North Carolina;
- 300 jobs may be created as a result of a project to expand and improve facilities at a former Air Force Base in Blytheville, Arkansas; and
- 311 jobs may be created and 255 retained as a result of a project to create a business center to assist entrepreneurs in Boise, Idaho.

In its agency comments, Commerce noted that they will not know the outcome of the projects until 2019, when the grantees submit their final nine-year reports on project impact.

CTAA Targeted Trade-Impacted Communities; Some May Not Have Qualified for Other EDA Programs, and Some May Have

Our review of how the CTAA program compared with other EDA grant programs shows that while the CTAA grants targeted trade-impacted communities, some grantees might have been eligible for other EDA grant programs. EDA officials identified two other programs that target economically distressed communities—EDA’s Economic Adjustment Assistance (EAA) and Public Works—which may have been able to provide assistance to CTAA communities. We found that EDA, through CTAA grants, assisted some trade-impacted communities that may not have qualified for EDA’s other community grant programs due to differences in eligibility and cost-share requirements. However, EDA officials also provided some specific examples of CTAA grantees that may have qualified for the EAA or Public Works programs. Although officials credited the CTAA program with providing additional funding to assist more communities, some officials suggested that funding for trade-impacted communities could have been designated within, and similar services could have been delivered through, EDA’s existing programs.

CTAA Grants Targeted Some Trade-Impacted Communities That May Not Have Qualified for Other EDA Programs

EDA officials said that the CTAA grants targeted some trade-impacted communities that may not have qualified for EDA’s other community grant programs—EAA and Public Works. While CTAA and the EAA and Public Works programs all funded similar activities, such as construction projects, there are differences between CTAA’s eligibility and cost-share requirements and those of the other two programs, which have the same

requirements. Table 3 provides a comparative overview of the three programs.

Table 3: EDA’s CTAA, Economic Adjustment Assistance, and Public Works Programs

	CTAA	Economic Adjustment Assistance	Public Works
Targeted recipient	Trade-impacted communities ^a	Economically distressed communities ^a	Economically distressed communities ^a
Program purpose and goals	To help communities affected by trade impacts devise long-term strategic plans and carry out implementation activities, such as construction projects, to address economic development challenges	To help economically distressed communities by supporting a wide range of construction and nonconstruction assistance using flexible tools to address pressing economic recovery issues	To help economically distressed communities by supporting construction or rehabilitation of essential public infrastructure and facilities to leverage community resources and strengths
Eligibility	Eligible applicants must meet one or more certifications from the TAA programs for Workers, Firms, or Farmers ^b	Eligible applicants must meet at least one statutory economic distress criterion (unemployment rate 1 percentage point higher than national average, per capita income 80 percent of national, or special need ^c)	Eligible applicants must meet at least one statutory economic distress criterion (unemployment rate 1 percentage point higher than national average, per capita income 80 percent of national, or special need ^c)
EDA share of project costs	Up to 95 percent for implementation grants and up to 75 percent for strategic planning grants	Up to 50 percent ^d	Up to 50 percent ^d
Funding appropriation, fiscal year 2010	\$36.77 million	\$38.62 million	\$133.28 million

Source: GAO analysis of Department of Commerce documents.

^aTo be eligible, an applicant must be a community, defined as a city, county, or other political subdivision of a state or a consortium of political subdivisions of a state, or a consortium of political subdivisions of a state as defined in 13 CFR 312.2.

^bThe Department of Labor makes certifications for the TAA for Workers program, the Department of Commerce makes certifications for the TAA for Firms program, and the Department of Agriculture makes certifications for the TAA for Farmers program.

^cThe special need may be the closing or restructuring of an industrial firm, loss of a major employer, or negative effects from changing trade patterns.

^dProjects may receive up to an additional 30 percent because of the relative needs of the region in which the project will be located, as determined by EDA.

As shown in table 3, CTAA targeted trade-impacted communities, and EAA and Public Works targeted economically distressed communities. Communities that were eligible for the CTAA program had workers or

firms certified as trade-impacted by other TAA programs.¹⁹ To qualify for EAA and Public Works assistance, communities must demonstrate economic distress by documenting high unemployment levels or low per capita incomes.

Some officials stated that CTAA funds were needed for trade-impacted communities because those communities are not necessarily a subset of economically distressed communities. For example, officials said communities in western Montana that received CTAA grants might not have been eligible for the EAA and Public Works programs, because they have low unemployment levels. However, due to the increase in timber imports from Canada, many communities in western Montana were trade impacted. EDA officials also noted it takes time for trade impacts to be reflected in the unemployment rates or per capita incomes, particularly in urban areas. As a result, the city of Chicago or Orange County, California, may have been less likely to receive grants under the other programs, but EDA officials did award CTAA grants to these locations on the basis of trade impacts.

The CTAA program also required recipients to contribute a much lower percentage of their own funds to their projects. As shown in table 3, EDA required communities in the CTAA program to provide between 5 and 25 percent of the costs of the grants, while EDA requires communities in the EAA and Public Works programs to provide up to 50 percent of the costs. The higher level of EDA funding provided through the CTAA program may have led some communities to apply for grants and to implement projects that they would not otherwise have been able to carry out.

EDA Officials Said CTAA Assisted Some Communities That Could Have Qualified for Other EDA Grant Programs

EDA officials said that some of the trade-impacted communities assisted by the CTAA program could have qualified for and received similar assistance from the EAA and Public Works programs. Although EDA officials credited the CTAA program with providing a funding stream to assist more communities, some officials suggested that funding for trade-impacted communities could have been designated within, and similar services could have been delivered through, EDA's existing programs, for the following reasons:

¹⁹No CTAA grantee established eligibility based on the TAA for Farmers or TAA for Firms programs.

- *CTAA communities met the primary eligibility requirements.* Many of the communities that applied for CTAA program assistance demonstrated sufficiently high unemployment rates or low per capita incomes. For example, EDA officials said one CTAA grantee was located in one of the nation’s most economically depressed areas, which also happened to be impacted by trade.
- *CTAA communities could qualify under the special need category.* In addition to the main eligibility requirements, the EAA and Public Works programs can provide grants in special circumstances, which can include the closing or restructuring of an industrial firm or loss of a major employer and the negative effects from changing trade patterns.
- *CTAA communities could implement similar projects.* The EAA program offers nonconstruction grants and the Public Works program offers construction grants similar to those offered by the CTAA program. For example, one grantee applied for both CTAA and Public Works grants to make infrastructure improvements to a multitenant manufacturing building. The grantee was eligible for both programs, but EDA awarded the community a CTAA grant.

Additionally, EDA said that CTAA was duplicative of the EAA and Public Works programs, since these programs could have met the needs of trade-impacted communities. As noted above, the administration proposed to discontinue the CTAA program in 2012, contending that EDA could provide similar assistance to communities at a lower cost through its EAA program (see table 4 for more on the funding of these programs). Congress responded by repealing the CTAA program in 2012.

Table 4: Funding in Fiscal Years 2010 to 2012 for the CTAA, EAA, and Public Works Programs

(Dollars in millions)

	FY 2010	FY 2011	FY 2012
CTAA	\$36.8	\$0	\$0
EAA	\$38.6	\$78.7	\$50.1
Public Works	\$133.3	\$88.7	\$111.6

Legend: FY = fiscal year

Source: Department of Commerce budget documents.

Agency Comments

We provided a draft of this report to the Department of Commerce for comment. We received written comments from Commerce, which are reprinted in appendix IV. In its comments, Commerce concurred with this report and provided additional information clarifying that the outcomes of the CTAA grants may not be known until 2019, when the final nine-year reports on impact will be provided by the grantees. Commerce also provided further information on planned improvements to EDA's performance measures.

We also received technical comments from Commerce that were incorporated into the report.

We are sending copies of this report to the appropriate congressional committees, the Department of Commerce, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4101 or gomezj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



J. Alfredo Gomez
Acting Director
International Affairs and Trade

Appendix I: Scope and Methodology

To determine how Commerce made grant award decisions, we reviewed relevant laws and regulations, the CTAA federal funding opportunity, and grant files. We interviewed responsible EDA officials at headquarters and in the six regional offices and conducted a site visit to the Philadelphia Regional Office to gain an understanding of their grant solicitation, approval, and oversight processes. We interviewed agency officials at headquarters to gain an understanding of the agency's establishment of and participation in the Interagency Community Assistance Working Group.

To provide an in-depth review of the grant award process and monitoring, including whether EDA followed its procedures, we obtained and reviewed supporting documentation for the program. We selected a nonprobability sample of 12 grant recipients for a file review. We used a data collection instrument to review the sample of grant files against the process and requirements outlined in the CTAA federal funding opportunity, or the grant application announcement. In each file, we reviewed applications, agency reviews of the applications, documentation of the award process and decisions, and progress and financial reports. Because we selected a nonprobability sample of grant recipients, the information we obtained from these reviews cannot be generalized to the whole group of 36 grant recipients. We selected the sample of 12 grant recipients to provide a variety of grant awards on the basis of region, grant amount, and grant type—whether the purpose of the grant was to help a community develop a strategic plan or implement part of an existing strategic plan. The characteristics of our sample are listed below.

- To determine the number of grant files to select from each regional office, we considered the distribution of CTAA funding. As a result, we selected four grant files from Chicago; three from Atlanta; two from Philadelphia; and one each from Seattle, Austin, and Denver.
- We selected grants representing the range of grant award amounts. The 36 CTAA grant award amounts ranged from \$53,000 to \$3.5 million. The grant award amounts in our sample ranged from \$75,000 to \$3 million.
- To determine the number of implementation grants versus strategic planning grants to select, we considered the proportion of each type receiving grant awards. For the implementation grants, we also selected recipients according to the proportion of implementation grants with construction projects. As a result, we selected 10 implementation grants—4 with construction projects and 6 with nonconstruction projects—and 2 strategic planning grants.

- In addition, our sample contained a mix of urban and rural communities as well as a mix of grantee types. The sample included three grant recipients that were an Economic Development District, five counties, three cities or towns, and one that was a combined recipient of a county and an Economic Development District.

To identify the mechanisms that EDA established to monitor the grants and evaluate their effectiveness, we reviewed program information, agency documentation, and data on the status of the grants. We reviewed monitoring documents, such as progress and financial reports, in our grant file review. We also interviewed EDA regional officials regarding their grant monitoring procedures, challenges they encountered in monitoring the grants, and their plans for evaluating the effectiveness of the program.

To determine how the CTAA program compared with other EDA community grant programs, we obtained agency information on the goals, eligibility, activities, and targeted recipients of the CTAA program and other EDA community grant programs. We interviewed EDA officials to gain an understanding of the client base for each program and to identify examples of CTAA grantees that may have qualified and those that may not have qualified for multiple programs.

We conducted this review from March 2012 through September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: CTAA Grant Awards: Grantees, Amounts, and Grant Purpose

	Grantee	Award amount	Purpose
1	Village of Pleasant Prairie, Wisconsin	\$3.5 million	To help build the 40,000-square-foot Southeast Wisconsin Innovation Center
2	City of Danville, Illinois	\$3 million	To construct a roadway and rail overpass bridge to support the city's industrial area
3	Cowlitz Wahkiakum Council of Governments and the City of Woodland, Washington	\$2.4 million	To make infrastructure improvements to expand the Woodland Light Industrial Park
4	Jackson County Development Authority of Ripley, West Virginia	\$2.1 million	For construction, water, sewer, and rail infrastructure improvements
5	City of Darlington, South Carolina	\$1.84 million	To make sewer system improvements to increase sewer treatment capacity for existing and prospective industries
6	City of Bastrop, Louisiana	\$1.8 million	To fund a new industrial park in the U.S. 165 corridor
7	Franklin County and the Kerr-Tar Regional Economic Development Corporation, North Carolina	\$1.74 million	To build a roadway for improved access to the Triangle North Franklin Business Park
8	Winston County Commission, City of Haleyville, and Cooperative District of Winston County, Alabama	\$1.66 million	To make infrastructure improvements to serve businesses in the Winston County Industrial Park and Haleyville's North Industrial Park
9	Lincoln County and the City of Lincolnton, North Carolina	\$1.6 million	To make sewer improvements needed for the development of Phase 1 of the Airport Business Park
10	New River Valley Planning District Commission of Radford, Virginia	\$1.5 million	To provide funding for the Western Virginia Transportation Equipment Manufacturing Competitiveness Initiative
11	City of Anderson, Indiana	\$1.5 million	To provide funding for road infrastructure improvements and related property updates to develop an industrial park
12	Washington County and the City of Eastport, Maine	\$1.42 million	To construct and rehabilitate the Eastport Business Center and establish the Maine Marine Energy Center
13	City of Galesburg and Knox County, Illinois	\$1.22 million	To create the Entrepreneurs Innovate and Go Global Initiative
14	City of Janesville, Wisconsin	\$1.2 million	To construct the Rock County Small Business Incubation and Innovation Center
15	Mississippi County and Blytheville-Gosnell Regional Airport Authority of Blytheville, Arkansas	\$1.2 million	To expand and improve two facilities at the Blytheville-Gosnell Regional Airport
16	Overton County and the City of Livingston, Tennessee	\$1.18 million	To extend a water line needed to develop an industrial park in the county
17	Flathead County Economic Development Authority of Kalispell, Montana	\$1.15 million	To acquire the site of the Columbia Falls Rail Park
18	Boise State University, Idaho	\$1 million	To build the Technology and Entrepreneurial Incubator
19	McMinn County and the McMinn County Economic Development Authority, Tennessee	\$750,000	To install broadband fiber in three county industrial parks
20	Bedford County, Pennsylvania	\$650,000	To expand a multi-tenant building and incubator space in Bedford County Business Park I

Appendix II: CTAA Grant Awards: Grantees, Amounts, and Grant Purpose

Grantee	Award amount	Purpose
21 Town of Eureka, Montana	\$634,130	To fund the engineering, design, and construction of the Wood Development Center
22 Bitterroot Economic Development District, Inc., Missoula, Montana	\$627,000	To implement a competitive strategy to guide economic diversification efforts in a four-county region
23 Orange County, California	\$500,000	To prepare an analysis of the current Orange County economy
24 Mifflin County and the Mifflin County Industrial Development Authority, Mifflin, Pennsylvania	\$457,500	To make infrastructure improvements to a multi-tenant manufacturing building, the Mifflin County Industrial Development Corporation Plaza
25 City of Sterling Heights, Michigan	\$391,468	To make technology and infrastructure improvements to the Macomb Technology Advancement Center
26 City of Chicago, Illinois	\$383,965	To develop and implement Chicago's Sustainable Industries Project
27 Clinton County Government of Plattsburgh, New York	\$301,000	To partially fund three workforce development activities in Clinton County
28 Upper Explorerland Regional Planning Commission, Postville, Iowa	\$200,000	To implement a 27-county, three-state (northeast Iowa, southeast Minnesota, and western Wisconsin) regional action plan
29 Grant County, New Mexico	\$170,000	To develop an economic development master plan that will help target new industries and create jobs
30 Lane County, Oregon	\$155,689	To implement economic gardening, business development, instructional technical assistance, and workforce training programs
31 East Central Wisconsin Regional Planning Commission, Menasha, Wisconsin	\$133,500	To fund a strategic plan for expanding global trade in nine counties in northeastern Wisconsin
32 Morris County, Texas	\$93,046	To develop an economic development strategic plan to assess the current market
33 Franklin Regional Council of Governments, Greenfield, Massachusetts	\$78,102	To develop a strategic plan for the Franklin County Interconnection and Innovation District
34 Northwest Iowa Planning and Development Commission, Spencer, Iowa	\$75,000	To develop a strategic plan to help the region map its future economic course
35 Northwest Pennsylvania Regional Planning and Development Commission, Oil City, Pennsylvania	\$75,000	To develop a trade strategy to assist Crawford County's tooling and machining industry
36 Barnwell County, South Carolina	\$53,194	To support the development and implementation to enhance the specialty agribusiness sector

Source: Department of Commerce.

Appendix III: TAA Programs at a Glance: Responsible Agencies, Service Structures, Types of Assistance, Number Assisted

Program	Responsible agency	Service structure	Type of assistance	Number assisted, by fiscal year ^a
TAA for Workers	Department of Labor: Employment and Training Administration	State and local workforce agencies provide assistance to workers covered by certified petitions.	Provides funds for services and benefits including: training, case management and reemployment services, income support, job search and relocation allowances, wage supplement allowance for older workers, and eligibility for health coverage tax credit.	2009-2011: 107,896 employees ^b
TAA for Farmers	Department of Agriculture: Foreign Agricultural Service, Farm Service Agency, National Institute of Food and Agriculture, and Economic Research Service	The National Institute of Food and Agriculture develops and delivers training and technical assistance to groups of farmers or fisheries.	Provides funds for technical assistance (training and business plan development) and cash payments to implement business plans.	2010-2011: About 9,800 individuals
TAA for Firms	Department of Commerce: Economic Development Administration	EDA provides funding to 11 Trade Adjustment Assistance Centers. The Centers provide funds for consultants, engineers, designers or industry experts to work with firms.	Provides funds to develop adjustment proposals (business recovery plans) including work in such areas as engineering, information technology, management, market development, quality improvement, and sales.	2010: 264 firms or 25,889 employees 2011: 183 firms 14,561 employees
TAA for Communities				
• Community Trade Adjustment Assistance ^c	Department of Commerce: Economic Development Administration	The Economic Development Administration awards grants to communities.	Provides grant funding for strategic planning or implementing a project or program as part of a strategic plan.	2010: 36 communities
• Community College and Career Training	Department of Labor: Employment & Training Administration	The Employment & Training Administration awards grants to institutions of higher education.	Provides grant funding to institutions of higher education to develop or improve education and career training programs for persons eligible for the Workers program.	2011: 32 institutions of higher education or consortia
• Industry Sector Partnership ^d	Department of Labor	—	—	—

Source: GAO analysis of data from the Departments of Labor, Agriculture, and Commerce.

^aThe number assisted was determined using the fiscal year of the certification or grant award.

^bThe number assisted under the TAA for Workers program only reflects the number of employees assisted between May 18, 2009 to February 14, 2011.

^cCongress repealed the CTAA program in fiscal year 2012.

^dCongress did not fund the Industry Sector Partnership grant program and repealed it in fiscal year 2012.

Appendix IV: Comments from the Economic Development Administration



UNITED STATES DEPARTMENT OF COMMERCE
Economic Development Administration
Washington, D.C. 20230

SEP 12 2012

Mr. J. Alfredo Gomez
Acting Director
International Affairs and Trade
U.S. Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Mr. Gomez:

The Department of Commerce appreciates the opportunity to review and comment on the U.S. Government Accountability Office (GAO) draft report entitled, *Trade Adjustment Assistance: Commerce Program has Helped Manufacturing and Services Firms, but Measures, Data, and Funding Formula Could Improve* (GAO-12-930). Our comments are enclosed.

Thank you for your work on this report. If you have any questions, please contact me or Angela Ewell-Madison, Director of Legislative and Intergovernmental Affairs at (202) 482-2123.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Erskine", written over a horizontal line.

Matt S. Erskine
Acting Assistant Secretary

Enclosure

**Department of Commerce
Economic Development Administration
Comments on Draft GAO Report Entitled
*Trade Adjustment Assistance: One-Time Grants Awarded to
Trade-Impacted Communities;
Results Will Not Be Known until after 2013*
(GAO-12-993)**

The U.S. Department of Commerce provides the following comments:

Thank you for the opportunity to comment on the draft report, *Trade Adjustment Assistance: One-Time Grants Awarded to Trade-Impacted Communities; Results Will Not Be Known until after 2013 (GAO-12-993)*. The Department of Commerce (DOC), through its bureau, the Economic Development Administration (EDA), manages the Community Trade Adjustment Assistance (CTAA) program. The Department is committed to implementing the program effectively to help communities throughout the United States adjust to import competition.

Overall, we concur with the findings of fact on the CTAA grants as stated in the GAO report. As noted in the report, many of the projects funded through the CTAA program are not scheduled for completion until 2013. The ongoing monitoring of CTAA projects is performed by EDA's regional offices.

We would like to make a clarification regarding performance reporting. On pages 14 and 18, the report states:

Grantees with construction projects are required to report on certain EDA performance measures—such as the number of jobs created and retained—3, 6, and 9 years after the award. In 2013, those grantees will be required to report measures relating to jobs created, jobs retained, and level of new private investment. At that point, according to agency officials, EDA will have more information about whether the projects met their goals for jobs created, jobs retained, and the amount of private investment leveraged.

It is important to note that grantee estimates made at the time of award for jobs created and retained and private investment are nine-year estimates (i.e., anticipated job creation/retention and private investment nine years after the award). Therefore, the extent to which projects “met their goals” will not be available until after 2019, as opposed to 2013 as stated in the report. Although grantees will report performance in 2013 and 2016, these reports are three-year and six-year impact assessments, which are helpful barometers of the level of progress grantees are making throughout the project period, but are not the final nine-year reports on project impact.

In addition to the ongoing monitoring of CTAA projects, EDA is in the process of collecting long-term, outcome-based data for all of its programs. EDA is currently implementing a performance measurement improvement process, which began in late 2011 and consists of two phases: planning and development, and implementation. The one-year planning and development stage is expected to be completed by October 2012.

The first phase includes the following activities: researching and identifying improved metrics and indicators, testing the metrics and indicators across the full portfolio of EDA investments, and developing a work plan for implementing measures that are adopted. To assist with this effort, EDA has partnered with the University of North Carolina and George Washington University to develop draft performance measures utilizing state-of-the-art performance measurement and program evaluation techniques.

The subsequent implementation phase will include the following activities: obtaining OMB approval of data collection forms, developing a database to store collected data, and updating programmatic guidance and regulations. The entire process is expected to be completed by the fall of 2014. The end result will be more effective program management for all of EDA's programs, including the CTAA program.

Thank you again for the opportunity to comment on the draft report, *Trade Adjustment Assistance: One-Time Grants Awarded to Trade-Impacted Communities; Results Will Not Be Known until after 2013 (GAO-12-993)*. The Department of Commerce looks forward to continuing our work to help achieve Congress's objectives for the CTAA program.

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

J. Alfredo Gomez, (202) 512-4101 or gomezj@gao.gov

Staff Acknowledgments

In addition to the contact named above, Kim Frankena (Assistant Director), Christina Bruff, David Dayton, Leah DeWolf, David Dornisch, Etana Finkler, Bradley Hunt, Ernie Jackson, Erin Preston and Jeremy Sebest made key contributions to this report.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<http://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <http://www.gao.gov> and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#). Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#). Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <http://www.gao.gov/fraudnet/fraudnet.htm>

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

