

## TRADE ADJUSTMENT ASSISTANCE

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

#### 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.

#### 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.