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REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

LM102865

Changes Proposed For The Funding Of Public Works Projects Would Expedite Economic Development And Job Opportunities

Department of Commerce

Between fiscal years 1966 and 1975, the Economic Development Administration approved grants of $1.4 billion to construct 2,800 public works projects in areas of substantial and persistent unemployment. Although construction should start within 1 year after a project is approved, 54 percent of these projects exceeded 1 year; 20 approved over 5 years ago are not yet under construction. Millions of dollars have remained obligated to some projects, while others have not been approved for lack of funds.

Delays often occur because projects are approved on the basis of preliminary design. Amending the Public Works and Economic Development Act to authorize separate grants--one to design a project adequately and another for its construction--will reduce delays and result in a more effective expenditure of program funds.

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JULY 7, 1977

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-153449

To the President of the Senate and the
Speaker of the House of Representatives

This report describes problems delaying the start of construction on public works projects funded by the Economic Development Administration and recommends legislative changes to deal with these problems.

Our review was made because these delays postpone job opportunities at a time when unemployment is of particular congressional concern.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget, and to the Secretary of Commerce.

Elmer B. Staats
Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

CHANGES PROPOSED FOR THE FUNDING OF PUBLIC WORKS PROJECTS WOULD EXPEDITE ECONOMIC DEVELOPMENT AND JOB OPPORTUNITIES

Department of Commerce

D I G E S T

GAO recommends and the Assistant Secretary for Economic Development agrees that the Congress should amend the Public Works and Economic Development Act of 1965 to authorize two grants for public works projects--one for project design and one for project construction. This would provide financial assistance to communities for designing projects without committing funds for construction until projects are ready to be bid.

Because GAO believes that the Economic Development Administration's 1-year appropriations will restrict implementation of a two-step grant system, GAO further recommends that the Congress make public works appropriations available for 2 fiscal years. Allowing funds set aside for project construction to be carried forward into another fiscal year would provide needed continuity for a two-step grant system; it would also permit reuse of these funds if projects experienced considerable delays during design. The Assistant Secretary for Economic Development also supports this recommendation. (See pp. 25 to 27.)

Fifteen hundred public works projects, or over 50 percent of those approved by the Economic Development Administration since 1965, have been delayed in getting under construction. As a result, economic development and job opportunities have been postponed or lost. Grants of $860 million were obligated to these projects. While these obligations sat idle, other grant applications were not accepted because they could not be funded. The legislative changes previously specified are necessary to effectively deal with this problem. (See p. 6.)

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The Public Works and Economic Development Act of 1965 was enacted to assist areas of substantial and persistent unemployment and underemployment. The principal assistance offered is provided by title I of the act for public works and developmental projects. Through fiscal year 1975, 2,800 projects with grants exceeding $1.4 billion have been approved under this program. (See pp. 1 and 4.)

The underlying reason for project delays has been the Economic Development Administration's policy of approving projects based on preliminary engineering and financial plans. Under the present law, a single grant is awarded to assist communities with design and construction costs. To prevent poor communities from incurring the high engineering costs of designing projects, the Economic Development Administration approves projects on the basis of preliminary plans which are usually not well defined. After approval, numerous steps must be accomplished before construction can begin, including the completion of final design. (See p. 6.)

Various problems arise before beginning construction as a result of approving ill-defined projects. Communities cannot raise the local share of project costs, project costs increase beyond available funds, or the preliminary design is found to be infeasible. Inadequate local funds also cause design delays when grantees cannot meet preconstruction expenses. (See p. 8.)

A construction grant should not be approved until a project has been fully designed. Separate grants, which would require a change in the law, should be made to assist communities with design costs. Problems caused by approving ill-defined projects and by the communities' inability to pay engineering expenses could be avoided. (See p. 19.)

Aside from avoiding these problems, a two-step grant system will speed up the processing of grant applications. Many

requirements currently satisfied before projects are approved could be deferred and met while the project is being designed. This would reduce the 8-month average processing time before project approval by 3 or 4 months. (See p. 18.)

Contents

ABBREVIATIONS

EDA	Economic Development Administration
GAO	General Accounting Office

CHAPTER 1

INTRODUCTION

The Public Works and Economic Development Act of 1965 (42 U.S.C. 3121), as amended, was enacted to assist areas of substantial and persistent unemployment and underemployment. Because unemployment and underemployment cause hardships for many individuals and their families in these areas, the Federal Government helps plan and finance their economic development. The act tries to enable these areas to help themselves achieve lasting improvement and domestic prosperity by establishing stable and diversified economies and improved local conditions.

The act is administered by the Economic Development Administration (EDA) and is headed by the Assistant Secretary for Economic Development. EDA, which is within the Department of Commerce, is comprised of a headquarters staff in Washington, D.C., and six regional offices in Philadelphia, Atlanta, Chicago, Austin, Denver, and Seattle. The regional offices employ field representatives who advise communities of EDA's programs. EDA is the successor agency to the Area Redevelopment Administration, which was formed in 1961 as the Nation's first step in helping economically distressed areas.

The act authorizes a wide range of financial assistance to help economically distressed areas attract new industry, thereby creating permanent jobs. The principal assistance offered is public works grants. Other assistance includes business development loans and guarantees, technical assistance grants, planning grants, and special economic development and adjustment assistance grants.

ELIGIBILITY CRITERIA

To qualify for the basic forms of EDA assistance, an area must meet one of the requirements set forth in title IV of the act. The term "area" includes counties, Indian reservations, labor areas, and census divisions of urban communities. Specific areas which qualify are those:

--Which experience at least 6 percent unemployment for various time periods, depending on how much greater the area's unemployment rate was above the national rate; for example, if 50 to 75 percent above the national average, the rate must have been experienced for 3 of the preceding 4 years and must have averaged at least 6 percent.

--Where median family income was 50 percent or less of the national average on the basis of the most recent available statistics.

--Indian reservations, trusts, or land areas within certain limitations.

--Which experience an unusual and abrupt rise in unemployment in the last 3 years or anticipating such a rise in the next 3 years caused by the loss, curtailment, or closing of a major source of employment for the area if at the time of the request the unemployment rate exceeds or is expected to exceed the national average by 50 percent or more.

--Which, regardless of whether they are a political subdivision, exhibit any of the following conditions:
(a) have a large concentration of low-income persons;
(b) are a rural area having substantial outmigration;
(c) have substantial unemployment; or
(d) have experienced an actual or are threatened by a sudden rise of unemployment due to the closing or curtailment of a major source of employment.

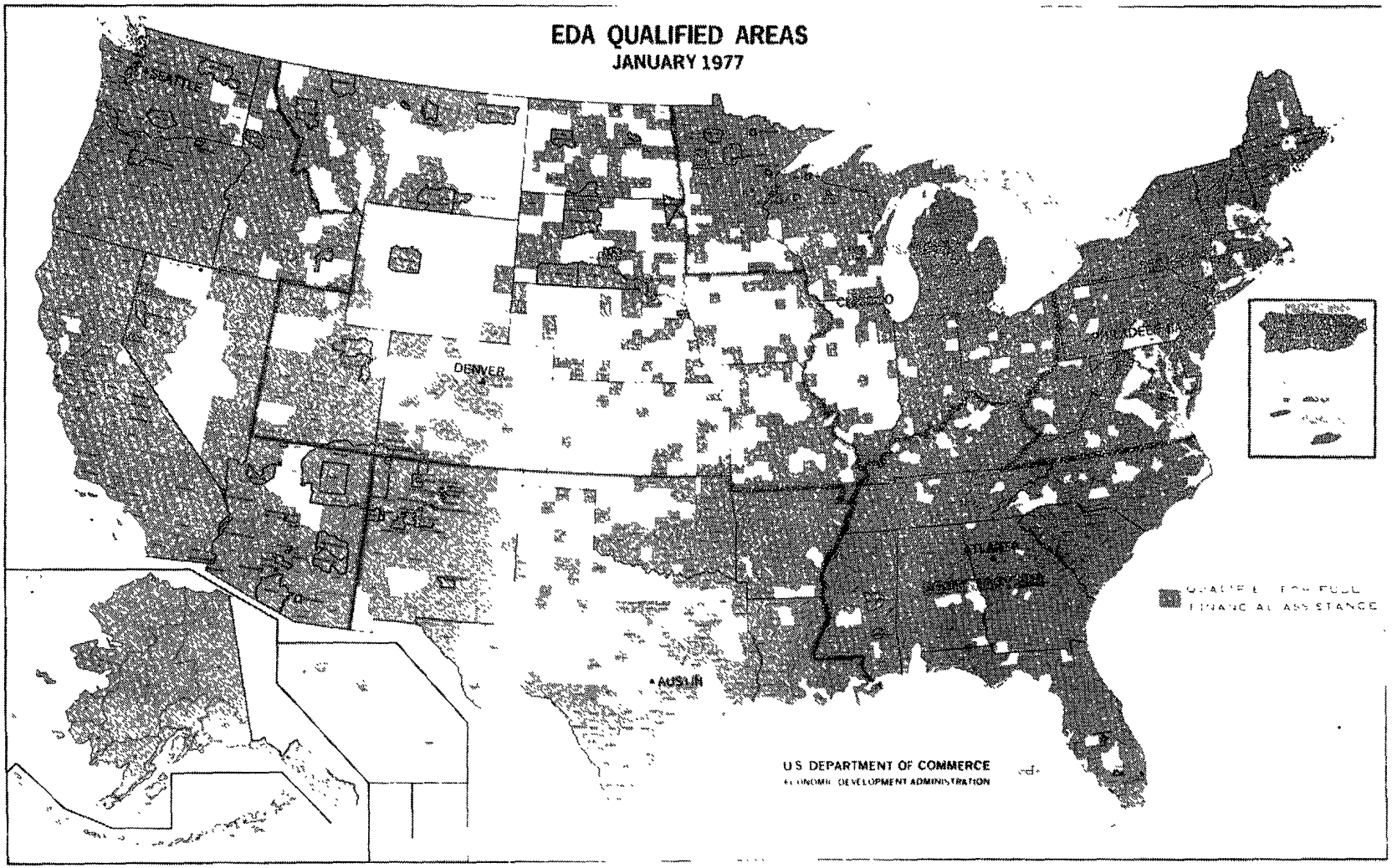
--Where per capita employment has declined significantly during the previous 10 years.

--Which experienced unemployment which is both substantial and above the national average for the preceding 24 months.

--Which demonstrate long-term economic deterioration.

After an area qualifies, it must submit an Overall Economic Development Program to EDA to become a designated redevelopment area and actually be eligible for EDA program assistance. This program describes an area's environment and examines economic development opportunities. It also identifies projects for promoting economic progress and improving community facilities and services. The program is updated as changes occur.

As of January 1977, there were 1,734 designated redevelopment areas. Approximately 650 additional areas met EDA's qualification criteria but had not submitted an Overall Economic Development Program. (See map on p. 3.)


EDA QUALIFIED AREAS
JANUARY 1977
SEATTLE
DENVER
AUSTIN
ATLANTA
US DEPARTMENT OF COMMERCE

PUBLIC WORKS AND DEVELOPMENTAL GRANT PROGRAM

Title I of the act authorizes direct and supplemental grants for public works and developmental projects to assist chronically depressed areas suffering from high structural unemployment. The objective of the program is to support local and State efforts by providing facilities that will encourage private enterprise to establish or expand job-generating activities.

Aside from high unemployment, many of the areas assisted by the program have other longstanding developmental problems including low incomes, sparse financial resources, and little knowledge of planning and implementing improvement programs. As the Director of the Office of Public Works has stated:

> "These characteristics, which are at the same time symptoms and causes of a community's underdevelopment, also relate to its capacity to implement an EDA public works project even after a grant has been obtained for it."

While many Federal programs fund only one type of project, such as the Environmental Protection Agency's sewage treatment plants, development projects funded under the public works program are highly diverse. These projects which promote general industrial and commercial growth include water, sewer, and waste treatment facilities; industrial parks; recreation and tourism facilities; skill training centers; and health centers.

Direct grants are limited to 50 percent of total project costs while supplemental grants are made to communities that experience difficulties in raising their share of project costs. The amount of the supplemental grant depends on the degree of economic distress of the area and the nature of the project. The combined direct and supplemental grants on any project cannot exceed 80 percent of its estimated cost, except for grants made to Indian tribes which can amount to 100 percent.

Between fiscal years 1966 and 1975, EDA obligated $1.4 billion in direct and supplemental grant assistance on 2,800 public works projects. This represents over 60 percent of the $2.3 billion provided by all EDA programs during this period. Delays in the start of construction on these projects has been a source of congressional concern. These delays result in increased project costs and postpone job

opportunities. The House Committee on Public Works in Report No. 93-1094 stated that:

> "It has come to the attention of the committee that there are an increasing number of cases where the low bid at the time the construction contract is awarded for public works projects by Economic Development Administration grants greatly exceeds the cost estimate made at the time the Federal grant was approved. The recipients of the grants are in turn requesting additional Federal funds to pay for these cost overruns. The major cause of this problem seems to be the length of time that elapses between the approval of the grant application and the actual start of construction. In some cases this time lag has been as long as six years * * *." (Underscoring supplied.)

We reviewed the files on 206 delayed projects and asked EDA project managers why construction was delayed. Sixty-five of these projects were then selected for detailed review. Our analysis of the causes and effects of project delays and our proposed recommendations for improvement are discussed in the remainder of this report.

After this review the Congress passed the Local Public Works Employment Act of 1976 authorizing the expenditure of an additional $2 billion for public works projects as a countercyclical stimulus to the national economy. Projects funded under this act, while administered by EDA, were not included in this review.

CHAPTER 2

DELAYS BEFORE CONSTRUCTION OF PUBLIC WORKS PROJECTS

Recipients of EDA public works grants cannot benefit from this assistance until their project is constructed. The longer it takes to get the project under construction, the longer it takes to create employment opportunities. The processing of many project applications takes over 20 months before construction begins. This lengthy processing and its effect are discussed in this chapter. Opportunities to improve the title I program are discussed in chapter 3.

There are two stages in developing a project before construction begins. The preapproval stage includes the preparation, review, and approval of a community's grant application. After the grant is awarded and the funds are obligated, the project is designed, bids are solicited, and construction contracts are awarded. Grant funds are not disbursed to assist communities with project costs until this second stage is completed.

Once an EDA regional office learns of a potential project, an average of 8 months elapses before it is approved. According to EDA's grant procedures, a project must meet many requirements before financial assistance is offered. Compliance with several of these requirements is often time consuming.

After a grant is approved, EDA expects the project will be under construction within 365 days. As stated in chapter 1, EDA has approved 2,800 public works projects totaling $1.4 billion. As of September 30, 1976, 1,501 of these projects, or about 54 percent, with grants totaling $860 million, were not under construction 365 days after their approval; 184 exceeded 1,000 days. Twenty have taken longer than 5 years and are still not under construction. As a result, millions of dollars have been obligated to these projects but have not been used for the intended purpose of the program--economic development and the creation of jobs. At the same time, there are many worthwhile projects which cannot be funded.

EDA approves projects on the basis of preliminary engineering and financial plans which often result in unanticipated problems that delay the start of construction. EDA does this to respond to a community's needs

shortly after they are identified and to prevent a community from incurring high engineering costs for a project that may not be approved. Further, communities that EDA aids are often least able to afford engineering costs. If construction does not begin within a reasonable period of time, EDA can terminate a grant and deobligate the funds. However, this is not a viable alternative for EDA, since funds that would be deobligated when grants are terminated may not be reobligated for projects approved in later fiscal years but rather would revert to the general fund of the U.S. Treasury.

PROCESSING APPLICATIONS BEFORE PROJECT APPROVAL

EDA regional offices are notified of potential projects by their field representatives who consult with communities and local planning groups. Regional offices determine whether the proposed project has economic development merit before advising communities to prepare a formal grant application. Communities submit grant applications, including preliminary design and cost estimates for the project, which are reviewed and approved by EDA's regional and headquarters offices.

There are 42 requirements that have to be satisfied before EDA approves projects. These requirements are to make sure that the project will provide economic development to the community and that all Federal regulations are complied with. EDA officials identified the following requirements which can considerably delay project approvals:

--OMB Circular A-95, requirements for clearinghouse reviews.

--The need for flood insurance.

--Environmental assessments.

--The need for boundary adjustments.

--The Affirmative Action Plan.

--The assurance of job opportunities for the unemployed.

--The Relocation and Land Acquisition Certificate.

Although specific time periods cannot be determined for each requirement, because they vary considerably by project, we were able to generally determine the lengthiness of complying with A-95 procedures and environmental

assessments. These are the only ones listed above which are required on all projects; the others are necessary only under special circumstances.

The purpose of the Office of Management and Budget's Circular A-95 is to promote intergovernmental cooperation by enabling State and local governments to comment on the consistency of proposed projects with State, regional, and local policies, plans, and programs. Prospective EDA grantees contact designated clearinghouses for review and comment on project applications before submitting them to EDA. Reviews by clearinghouses take 30 to 60 days, with many applications being reviewed by more than one clearinghouse. Projects are not further processed while these reviews are being conducted.

EDA performs environmental assessments to make sure that potential projects do not violate provisions of the Clean Air Act, the Federal Water Pollution Control Act, the National Environmental Policy Act, and the National Historic Preservation Act. These assessments are done while grant applications are being reviewed within regional offices. Our analysis of assessments completed during fiscal year 1976 showed that they can take 100 days. Projects are not approved until these assessments are completed.

DELAYS IN DEVELOPING APPROVED PROJECTS

To determine why the development of over 50 percent of approved projects was so time consuming, we reviewed 65 projects where 365 days or more elapsed from approval to the start of construction. The reasons for delays are shown below. Most projects were delayed for more than one reason; therefore the total exceeds 65.

Reason	Number of projects
Grantee administrative problems	43
Engineering problems	30
Delays by other agencies	27
Lack of local share of project costs	23
Project cost overruns	22
Contractor problems	5
Project infeasibility	4
Total:	154

Many delays occur because EDA approves projects on the basis of preliminary engineering and financial data. Cost estimates are derived from sketchy plans and specifications and communities developing only a tentative financial scheme for raising local funds for the project. During the final design of the project, grantees find that they cannot raise the local share of project costs as intended, that project costs exceed funds budgeted for construction, or that the preliminary design is not technically feasible. As a result, grantees seek additional funds or projects are redesigned so they can be constructed with available funds. Redesigning can reduce the scope and the potential economic impact of the project. In addition, completing final design has been delayed when grantees fail to compensate architect/engineers for expenses as they are incurred. Approximately 60 percent of the grantee representatives stated that employment in their areas was hindered because of project delays.

Administrative problems, such as acquiring rights-of-way for a project; contractor problems, such as delayed shipments of material; and reviews of a project by State or other Federal agencies would occur despite the adequacy of the data upon which the project is approved or the financial condition of the community. However, the result is the same--EDA funds are tied up for extensive periods of time and are not available for other uses.

Delays because of the lack of the local share of project costs, underestimating project costs, project infeasibility, and engineering problems are discussed below.

Lack of local share of project costs

Of the 65 projects reviewed, 23 with grants totaling $22.7 million were delayed because grantees could not raise the local share of project costs after project approval. The financial plans proposed by communities and approved by EDA were tentative and did not materialize as expected. As a result, communities had to secure funds from other sources which took considerable time and postponed the start of construction.

As cited in chapter 1, EDA grants usually amount to 50 percent of the estimated total project costs. Some projects have supplemental grants which may increase EDA participation to 80 percent. Grantees provide the remaining funds from local sources such as bond issues, or obtain additional financial assistance for the project from other Federal or State agencies. EDA analyzes the financial

plan for a project as part of its review of the grant application. They comment specifically on the availability of non-EDA funds and conclude whether the applicant will be able to provide its share of project costs. After approval, grantees are to secure the local share of costs at the same time the project is being designed.

The following examples show how approving projects based on tentative financial plans caused delays and postponed the communities' economic development.

Example 1--In June 1974 EDA approved a $1 million grant for the construction of a vocational training center in Omaha, Nebraska, to train 1,600 underprivileged and unskilled workers annually. The project was estimated to cost $2 million, and construction was to start 330 days after approval. Construction actually started on November 29, 1976, 882 days after project approval.

The sole reason for the excessive preconstruction period was that the city was unable to obtain the local share of project costs. The financial plan included grants of $650,000 from the State and the county. The city did not have a firm commitment that these grants could be used for the project.

After EDA approved the grant, the State Attorney General determined that it would be unconstitutional to provide funds for the project through educational appropriations; thus no State funds could be used for the project. The constitutionality of the funding sources was not questioned during EDA's review of the grant application, because the legal review does not include sources of funds. Other funds were eventually obtained to finance the local share of project costs.

Example 2--In February 1971 EDA approved a $818,000 grant for the construction of a barge terminal facility in Sneads, Florida. The project was to provide the area with low-cost transportation to attract new industry to an existing industrial park. The project was estimated to cost $1,636,000 and construction was to start 80 days after approval but did not start until August 1972, 565 days later.

The grantee's financial plan was to sell bonds for its share of project costs. The feasibility study, which indicated the market potential was adequate for the sale of bonds, was made a year before grant approval. Market conditions worsened after the study; consequently, the grantee had difficulty selling the bonds. This extended

the preconstruction period by about 1 year. This delay also caused estimated project costs to increase by about $135,000; this necessitated selling a larger bond issue which further delayed the start of construction.

Example 3--EDA awarded a grant in August 1971 for the development of a marine terminal in the Virgin Islands. The purpose of the project was to stimulate economic activity in the Virgin Islands and to create 400 permanent jobs. The project, which was estimated to cost $7,730,000, was to be funded by a $1 million EDA grant and $6,730,000 of local funds. As of June 1976 the project was in preconstruction for 1,761 days and little progress had been made. Grant funds have remained obligated to the project without any disbursement. The architect/engineer for the project estimated that construction would not start until 1980, about 9 years after EDA approved the project.

The Virgin Island Port Authority planned to sell bonds to obtain their share of project funds; however, firm commitments were not obtained before EDA's approval. After grant award, the Port Authority was unable to get the proposed bond issue approved precluding further project development. This delay and expansions to the project have caused estimated costs to increase to $18 million. EDA has considered terminating the grant agreement but has permitted the Port Authority to contract with the architect/engineer for analyzing project feasibility and for developing a realistic plan for project financing.

Project cost overruns

The start of construction on 22 projects with grants of $17.1 million was delayed because available funds were insufficient to pay for the project's construction. Unforeseen increases in project cost are a direct result of EDA's approving projects and determining grant amounts on the basis of a preliminary design of the projects. Initial estimates of project cost are often unreliable because projects are not well defined at that point and considerable time passes before design is completed and bids are solicited. EDA has estimated that 80 percent of all overruns can be attributed to either poorly conceived preliminary estimates of costs or long lapses of time between project approval and bid opening.

Once projects are designed grantees often find that funds budgeted for construction are insufficient. Grantees are often unable to raise additional funds, and EDA, with

its limited resources, is reluctant to participate in cost overruns. As a result projects are redesigned and often reduced in scope so available funds are sufficient for construction.

Example 1--In April 1974 EDA approved a $1.5 million grant for drainage improvements to an industrial park in Wichita, Kansas. The purpose of the project was to eliminate flooding and serious drainage conditions to permit the full development of an existing industrial park. The project was estimated to cost $3.4 million, and construction was to start 210 days after approval. Construction of the project had not started as of June 30, 1976, 797 days after approval, and grant funds remained undisbursed.

The grant amount was determined on the basis of cost estimates of the project developed in 1971. After the project was approved, a study disclosed that the project would cost $11 million. The cost increase was due to a poor initial estimate, inflation, and an increase in the storm protection on the project from a 10- to a 100-year frequency.

The city did not contract for the study before the project was approved because it did not want to expend funds without being sure of EDA's participation in the project. As a result of the study, the city discontinued its effort on the project until January 1976 when they requested EDA to eliminate half the project area; this decreased the cost by $7 million. EDA received the application for scope change in March 1976 and approved the change in June.

The original project was to have provided over 675 new job opportunities. Since the project was not constructed at the time of our review, we do not know what impact the reduction in project scope will have on job opportunities.

Example 2--In March 1974 EDA approved a $500,000 grant for the expansion of the water system in Philippi, West Virginia. This project was to improve opportunities for commercial expansion in the area and create 660 new jobs. Although construction was to have started 180 days after EDA's approval, it had not begun as of June 30, 1976, 848 days after approval.

Design delays prevented the final plans and specifications for the project from being submitted to EDA until January 1976. Due to the lengthy delay, a final cost estimate showed that total costs had increased from $1 million to $1,750,000. The city has had difficulty

raising additional funds. They contacted other agencies without success until the Governor of West Virginia committed $250,000 of Appalachian Regional Commission funds to the project contingent on the availability of funds from other sources. At the time of our review the city had not obtained these additional funds.

Project infeasibility

Preconstruction delays occurred on four approved projects with grants of $2.8 million after it was determined that the projects were not feasible to construct. The projects were approved on inadequate preliminary data. An example of one of the four projects follows.

In January 1974 EDA awarded a $134,000 grant for the construction of a water system extension to the Fort Berthold Indian Reservation in North Dakota to insure an adequate water supply. While no new jobs were projected, the project was expected to increase future commercial development and reduce potential health hazards. Construction was expected to start 135 days after approval and be completed in 3 months. As of June 30, 1976, construction had not begun although 907 days had elapsed. No funds had been disbursed on this project.

The project was delayed because the original plan was not feasible. The plan was to extend the existing filtration gallery 150 feet into the lake. After the project was approved, it was determined that the lake was not deep enough to effectively operate the filtration gallery. The grantee's engineer told us that the initial plan was based on statements of the grantee, and that he had not determined that the plan was infeasible until after the EDA grant was awarded. This was discovered about 1 month after grant award at a cost of about $500.

Since the original plan was not feasible, the architect/engineer developed two alternative plans. The first was to provide water through wells, which took about 1 year to test and drill; but the water obtained was not of adequate quality. The second alternative was to draw water from the lake by using a submersible pump to be installed on a bridge. However, ownership of the bridge is under dispute, and until it is resolved by the courts, the grantee cannot proceed with the project.

Engineering problems

Thirty projects with grants totaling $20.3 million were delayed because of engineering problems. Of these, 10 were caused because grantees could not reimburse architect/engineers for costs incurred as the projects were being

designed. This was the most serious engineering problem. The remaining 20 projects were delayed because of inexperience with the type of project and/or governmental requirements, inadequate staff, change of architect/engineer, and failure by the grantee to give the architect/engineer timely notice to proceed. Delays on these 20 projects were the subject of a separate letter report, dated April 29, 1977, to the Assistant Secretary for Economic Development. That report identified the need for EDA to provide guidance to communities for selecting architect/engineers.

Grantees must pay for preconstruction expenses incurred after grant approval, which EDA later reimburses at the applicable grant rate after construction contracts are executed. Preconstruction expenses generally do not exceed 10 percent of total project costs. To meet these expenses, grantees must have local funds available or must borrow the necessary funds which are paid back when grant funds are received.

Our review disclosed that local funds are not always available and that grantees are reluctant to borrow even though interest on interim financing is an eligible EDA project cost. Out of 55 architect/engineers surveyed, 36 said they were not compensated for their services while designing projects. Architect/engineers know that local funding is often a problem with economically distressed communities and architect/engineers frequently financially carry projects until grant funds are disbursed. In some instances, architect/engineers have incurred $80,000 to $100,000 of expenses before being paid by the grantee.

A grantee's inability to pay for engineering services delays a project if the architect/engineer shelves the EDA project for other engineering work for which they are regularly compensated. About one-fifth of the architect/engineers interviewed told us that they did not provide a full effort in completing design of EDA projects. The following are examples of 2 of the 10 projects delayed because of architect/engineer procrastination.

Example 1--In November 1971 EDA approved a $454,000 grant for improving the water and sewer system in Glenville, West Virginia. The project was to provide 130 jobs and to attract new industry. Construction was expected to start 200 days after approval but did not start until January 1973, 442 days after approval. The completion of final plans and specifications for the project took 332 days.

The project's architect/engineer told us that the lack of payment for his services by the city was a reason for the

delay; the city had no funds to meet preconstruction expenses. As the firm's workload increased, it tended to put off the EDA project and concentrate on other work that was benefiting its cash flow. The architect/engineer incurred $100,000 of expenses on the EDA project before any reimbursement by the city.

Example 2--In April 1972 EDA approved a $544,000 grant for constructing a water and sewer system in Moulton, Alabama. The project was to service a 72-acre industrial park under development and to improve living conditions for low-income families. Although construction was expected to start 240 days after the grant award, it did not start until June 1974, 804 days after the award. Completing final design took 560 days. The architect/engineer told us his own procrastination delayed the project for months; he was uncertain whether his expenses would be paid by the town because it did not have sufficient local funds.

FINANCIAL EFFECT OF PROJECT DELAYS

The title I program cannot promote economic development until project construction begins and grant funds are disbursed. Of the 2,800 public works projects, 1,299 were under construction within 365 days of approval. A total of $586 million was obligated to these projects. However, as the preceding examples show, often after EDA approves a project, problems arise impeding the start of construction. The following schedule shows obligations to the 1,501 projects where construction did not start within 365 days of EDA's approval. While construction eventually started on most of these projects, as of September 30, 1976, it had not started on 115 projects approved before June 30, 1975.

Lapsed days from approval	Construction started		Construction not started	
	No. of projects	Obligations (millions)	No. of projects	Obligations (millions)
366 to 549	709	$340.0	49	$40.1
550 to 999	525	292.8	34	26.6
1,000 to 1,499	117	92.4	9	7.9
1,500 to 2,000	21	33.5	10	8.5
Over 2,000	14	7.7	13	10.7
Total	1,386	$766.4	115	$93.8

To further analyze the effect of project delays, we requested a schedule from EDA showing the fiscal year in which public works grant obligations were actually disbursed. This schedule, included as appendix III, shows that millions of dollars in public works grants are not disbursed for 3 or more years after the year of the original obligation. Funds obligated during recent years would not be expected to be fully disbursed because construction of many projects would not be completed. However, much of the lag time in disbursements is attributable to the large number of projects which have been delayed before construction.

Funds obligated to these delayed projects can remain tied up indefinitely and cannot be used on other projects which may be ready to be constructed. As of June 30, 1976, 65 projects with grant requests of $43.2 million were processed but could not be approved because funds were not available. EDA officials said that many more grant applications are not being accepted because they cannot be funded.

Project terminations

EDA can terminate the grant agreement when delays occur. Before December 1975 EDA could cancel its obligation to an approved project if a grantee failed to proceed with reasonable diligence in financing and constructing the project or if the work intended was not committed to contract within 24 months of the grantee's acceptance of the grant. EDA now requires timetables in its grant agreements for completing designs, advertising for bids, awarding contracts, and starting construction. Failure to meet this timetable can cause EDA to terminate its grant.

Although EDA has notified delinquent grantees that their grants may be terminated, few terminations have occurred. Since the program began, only 43 grants have been terminated, resulting in the deobligation of $26.7 million. Terminations generally result from requests by the grantee rather than by EDA.

EDA does not consider grant termination a viable solution. When grants are terminated, the obligated funds would be returned to the general fund of the U.S. Treasury and could not be used by the agency on projects approved in later fiscal years. The only exception would be if the termination occurred in the same fiscal year the project was approved. This would be unlikely because the period of time between the award of the grant and its termination would have to be less than 1 year. Since EDA's criteria is that projects should be under construction within 1 year of its approval of the grant, there would be little justification for EDA to terminate the grant before 1 year had passed.

CHAPTER 3

TWO-STEP GRANT SYSTEM NEEDED FOR PUBLIC WORKS PROJECTS

We do not believe that the Public Works and Economic Development Act provides EDA with enough flexibility for funding public works projects; the act authorizes only one grant for project design and construction. EDA approves projects based on preliminary rather than final plans so that communities least able to afford design costs can participate in the program. However, this policy is the principal reason for the problems discussed in chapter 2.

We believe the act should be amended authorizing EDA to award separate grants for program design and construction. We further believe public works appropriations should not be restricted to one fiscal year but rather remain available for 1 year beyond the year appropriated.

A two-step grant system will expedite projects before construction. Processing grant applications can be shortened 3 to 4 months by deferring certain preapproval requirements and satisfying them while the project is being designed. Local funding sources, reliable cost estimates, and project feasibility will be assured before EDA awards construction grants. Engineering problems caused by communities' inability to pay architect/engineer expenses should be diminished if EDA disburses design grant funds when expenses are incurred.

A two-step system will also prevent large sums of program funds from being tied up indefinitely due to delays on approved projects. EDA will make a minimal commitment to assist communities with design costs; design rarely exceeds 10 percent of total project costs. EDA will not make a substantial commitment to a project until it is ready to be constructed.

We reviewed 23 projects where construction was begun in less than 1 year and found that the design was almost completed before project approval. During 1976 EDA studied the causes of delays before construction and concluded that final design should be required before approval. Because of the financial burden that would be placed on poor communities, EDA recognized that assistance would have to be provided with design costs.

EFFECT OF TWO-STEP FINANCING

Awarding separate grants for project design and construction will provide opportunities for shortening the preapproval process and should considerably reduce the amount of time many projects take to begin construction once they are approved. This will improve the flow of public works funds so that the ultimate program objectives, economic development, and creation of jobs, will be enhanced.

Shortening preapproval processing

EDA rarely disapproves projects because of their inability to satisfy the 42 preapproval requirements. Once EDA gives prospective grantees notice to prepare grant applications, few projects are disapproved or significantly altered. However, as cited in chapter 2, compliance with these requirements can be time-consuming.

An official of EDA's Office of General Counsel and the Director of the Office of Public Works discussed with us the legality and administrative feasibility of deferring certain of these requirements when approving grants for project design. Both officials agreed on 19 requirements that could be deferred without jeopardizing the project's construction. They said that these requirements could be satisfied concurrently with the preparation of final plans and specifications without prolonging the design phase.

The requirements that can be deferred include those cited in chapter 2, which can considerably delay project approval. Specific time periods cannot be assigned to each requirement since they vary by project. Delays in accomplishing one or more of these requirements can directly result in lengthy preapproval periods. Initial project development and preparation of grant applications for EDA generally take 4 months. The A-95 clearinghouse reviews, which usually take from 30 to 60 days and occur during this phase, could be deferred under a two-step system.

EDA's review and approval of applications generally take another 4 months. To estimate the time that could be saved by reviewing applications for only design assistance, we compared the processing of public works grants with technical assistance grants. Title III of the Public Works and Economic Development Act provides technical assistance funds for project planning and feasibility

studies; management and operational assistance; and studies evaluating needs of, and developing potentialities for, economic growth in redevelopment areas.

The same requirements for public works grants also apply for technical assistance grants. EDA generally approves technical assistance grants 2 months after the application is submitted to the regional office; less time is required for processing them because of their reduced scope. Public works grants are for the construction of a physical facility, whereas technical assistance grants are associated with management studies. EDA officials agreed that the scope of design grants under a two-step system would be comparable to technical assistance grants.

If project design was funded separately from construction, and the 19 requirements were deferred, the 8-month preapproval period could be reduced by

--deferring such requirements as A-95, which would save 1 to 2 months before applications are submitted and

--reviewing and approving design grants in 2 months rather than the 4 months currently required by EDA before grant approval.

Preparing projects for construction

Many of the problems cited in chapter 2 would be avoided under a two-step grant system. The availability of local funds would be assured before EDA awards a construction grant. Funds would be raised concurrently with project design, and failure to raise local funds would jeopardize obtaining additional EDA assistance. EDA would still analyze the applicant's financial plan and determine the potential availability of local funds before awarding grants for project design.

Requiring final plans and specifications before approving grants for construction would provide a more accurate estimate of project cost and reduce the occurrence of cost overruns. Although this may result in EDA participating in higher project costs, EDA would be provided with a more realistic basis for approving projects and determining grant amounts. Excessive time spent redesigning projects or searching for additional funds would be reduced.

Feasibility is not assured until final plans and specifications of the project are prepared. If EDA required final plans and specifications before approving

construction grants, the feasibility of the project would already be assured. Also, architect/engineer procrastination, caused by grantees' inability to pay their expenses, should be reduced by providing grant funds for design expenses as they are incurred.

Our review identified various administrative delays that occur before construction. Changing EDA's method of financing these projects would not have directly affected these delays. However, under a two-step grant system, EDA's commitment to the project's construction would not be made until these administrative matters were accomplished. This should provide grantees with an incentive for completing their responsibilities as soon as possible during the preconstruction phase. Changing EDA's method of funding would also have no effect on delays caused by other Government agencies or contractor problems. However, the Government's investment would be limited to design costs.

Under a two-step grant system, Title I funds would not be obligated to projects for years because of inability to ready them for construction. Projects would not be approved nor funds obligated for construction until they were designed and ready to bid. Since projects ready to bid would begin construction shortly after being approved, there would be a more immediate use and impact of EDA funds. For problem projects that do not proceed into construction for years, EDA's commitment would be limited to the amount approved for design assistance.

Funding limitations

Section 709 of the Public Works and Economic Development Act authorizes that appropriations for programs mandated by the act remain available until expended, unless otherwise provided by appropriation acts. Such appropriation acts have traditionally provided that EDA program funds, including public works, be obligated only in the fiscal year for which they were authorized. Continued 1-year appropriations will likely impair EDA's ability to implement a two-step grant system.

To administer a two-step grant system under the restriction of 1-year funding would require that most grants for project design be made in the first quarter of a fiscal year. This would be necessary so that funds set aside for project construction could be obligated in enough time to allow for maximum use of program funds. Funds set aside for the project construction, if not obligated by the end of the fiscal year for which appropriated, would have to be returned to the general fund of the U.S. Treasury.

Since EDA statistics show that design of a project averages 8 months, with many projects taking longer than that, those communities receiving design grants in the latter part of a fiscal year would have to rely on later fiscal year appropriations for the project's construction. This would require construction grants from a fiscal year be matched with design grants from a previous fiscal year which EDA officials said would create serious administrative problems.

WHY SOME PROJECTS PROCEED TO CONSTRUCTION IN LESS THAN 1 YEAR

Forty-six percent of EDA's public works projects proceeded to construction within 1 year of their approval; some in 4 or 5 months. We reviewed 23 of these projects to determine whether there were similar reasons why they began construction within a relatively short time. A common feature among these projects was the completeness of final plans and specifications before EDA approval. On 18 projects the design was completed or almost completed before EDA's approval, or the project was simple and did not require extensive designing. The following are the reasons for short preconstruction periods for the projects reviewed.

	Number of projects
Design completed before EDA's approval	4
Design almost completed before EDA's approval	9
Small projects needing minimal design	5
Other reasons	5
Total	23

The following are two examples where projects proceeded into construction shortly after grant approval. These examples typify the 18 projects needing little design effort after the project was approved.

Example 1--In May 1974 EDA approved a $1.6 million grant for the construction of a waterworks project in Salisbury, Maryland. The final design of the project was estimated to be completed by July 1974. The design was completed by July, and construction of the project started in September 1974--4 months after the project was approved.

The EDA project manager told us that final plans and specifications were almost complete before EDA approved the project. Grant funds were disbursed within a few months to assist the city with project expenses.

Example 2--EDA awarded a $280,000 grant in March 1974 for street improvements in Belcourt, North Dakota. When the project was approved, design was estimated to be completed by May and was completed in July 1974. Construction of the project began and grant funds were made available 5 months after the grant was approved. The project manager told us that this was technically a simple project requiring minimal design.

Agency records did not disclose time spent designing these projects before grant award. Under a two-step system this would be accomplished under the design grant. Our analysis indicates that when design is essentially complete, projects can proceed into construction within a relatively short time after approval. This is comparable to what should occur under a two-step grant system.

EDA'S CONCERN OVER PROJECT DELAYS

Members of Congress and EDA have long been concerned about the timeliness of getting approved projects under construction because it affects the project's cost and proposed economic development. EDA has recognized that the underlying reason for delays results from its policy of requiring only preliminary engineering data to accompany grant applications. EDA has considered requiring final plans and specifications but also recognizes that communities would then have to invest large sums of money in their preparation at the risk of EDA not approving the project. Requiring final engineering plans would provide a more developed project for review but it would place a heavy financial burden on already depressed communities.

EDA has also considered using technical assistance funds for developing final plans and specifications. This would reduce the financial hardship on the applicant while insuring an adequately developed project. However, involving another EDA program in the public works process would cause additional monitoring and coordinating between the Office of Public Works and the Office of Technical Assistance prolonging the time before construction. Also, unless technical assistance appropriations were greatly increased, they might be totally spent designing public works projects and not be available for the various studies now funded by the program.

In fiscal year 1976 EDA began a study to find ways to expedite public works projects to construction. EDA reviewed 37 projects with unusually long processing times, analyzed statistical data on virtually all projects approved since 1965, and examined 10 major timeframes during the preconstruction process. The study concluded that there were no specific characteristics common to those projects which take a longer time to process than others which do not. Instead the study stated that the wide diversity of EDA projects and grantees results in delays which are unique to each project and that little could be done within the current processing system to significantly shorten the preconstruction period.

The study stated that only a major change in EDA's approval policy--final plans and specifications being completed before project approval--would reduce delays. The study recognized that the weakness of this recommendation is that small communities could rarely afford advanced architect/engineer expenses and consequently EDA would have to find some way to fund design costs. Although eligible expenses for public works projects include design expenses, EDA funds cannot be used solely for this purpose. Both this study and EDA officials pointed out that a separate grant for designing projects would be an illegal use of funds under title I of the current act.

CONCLUSIONS

Many EDA public works projects are not beginning construction within 365 days of their approval, hindering the economic development of needy communities. Employment opportunities are postponed or lost as a result of these delays. Millions of dollars remain obligated for years to projects where construction has not started and no disbursements have been made. We think this situation will continue unless there is a major change in EDA's funding of projects.

Preconstruction delays result from EDA's policy of approving projects on the basis of preliminary designs and financial plans. EDA's rationale that communities need assistance with preconstruction expenses seems valid. Requiring final plans and specifications before approval would place a heavy financial burden on communities that need EDA's assistance the most. We believe EDA should continue to participate in preconstruction costs, but not at the risk of tying up program funds indefinitely if delays occur.

We believe that EDA should provide separate grant funds for the design of projects and for construction. Construction grants should not be made until the final design is completed and projects are ready to bid. The local share of project costs and the feasibility of the project would be assured before obligating construction funds. Requiring final design would improve cost estimates by providing more accurate and reliable data for EDA to approve projects and determine grant amounts. Administrative problems, reviews by other agencies, and contractor problems may still delay projects, but EDA's financial commitment would be limited to the amount approved for design assistance.

A two-step grant system may also prevent projects from being redesigned to a point where the economic impact may not justify EDA's investment. EDA approves projects partly on the basis that dollars committed will provide so many jobs. When the scope of a project is reduced, EDA may determine that there are not enough potential jobs to justify its commitment. Under a two-step grant system, project scope and total cost will be better known before approving the construction grant.

Providing separate grants for design will also expedite processing before construction. EDA will be able to award design grants much sooner by accomplishing various time-consuming requirements concurrently with design rather than before approval. Based on available data on processing projects before approval, we believe that the 8-month preapproval phase could be reduced on many projects by 3 or 4 months. Having separate grants for design will also enable EDA to provide some engineering costs as they are incurred rather than after executing construction contracts. This should reduce delays in designing projects resulting from inadequate funds.

We believe that only a major change in the way EDA funds public works projects can help with the problems discussed in chapter 2. Legislative changes are needed to give EDA flexibility to fund only projects that can be constructed and, at the same time, assisting communities with designing future projects. We also believe that providing 1-year appropriations will impede implementation of a two-step grant system. In the past, completion of final design has averaged 8 months after project approval. Consequently, if EDA were authorized to make separate grants for project design and construction, but were still restricted by 1-year appropriations, many projects approved for design after the first quarter of a fiscal year would have to

rely on grants from the following year's appropriation for their construction.

A desirable complement to a two-step grant system would be having appropriations remain available for 2 fiscal years. This would provide needed continuity by allowing EDA, at the time it approves a grant for the design of a project, to also set funds aside for its construction. EDA could then carry these funds forward into the next fiscal year. It would also provide the flexibility to reuse funds set aside for the construction of projects where unreasonable delays are experienced during design.

Since preconstruction grants only assist in readying projects for bid, we believe the amount that can be used for this purpose by EDA should be limited. In the past, preconstruction costs have averaged approximately 10 percent of total project costs. However, EDA told us that under a two-step grant arrangement it would be desirable if 15 percent of the total appropriation allocated to regular public works projects were available for preconstruction grants to allow for unexpected delays or possible project fallout after design. The 15 percent limitation would prevent funding the design of more projects than could later be funded for construction. Also, since the 15 percent limitation represents a ceiling on funds available for preconstruction expenses those funds not expended for design would be available for project construction.

RECOMMENDATIONS TO THE CONGRESS

We recommend that the Congress amend Title I of the Public Works and Economic Development Act (42 U.S.C. 3121) to permit EDA to fund projects on a two-step basis as follows:

- --Preconstruction grants to assist in developing final plans and specifications and readying projects for bid advertisement.

- --Construction grants to assist in building projects that are designed and meet EDA criteria.

Section 101(a)(1) of Title I--Grants for Public Works and Development Facilities--should be revised as follows (additions underscored).

"* * * within a redevelopment area, and, with the exception of projects funded under the percentage provisions of Section 105, to make preconstruction grants in connection with direct development facilities, to assist in developing final plans and specifications to ready projects for bid, if he finds that * * *."

Section 101(a)(2) of Title I should be revised as follows (additions underscored).

"* * * to make supplementary grants for both development facilities and, with the exception of projects funded under the percentage provisions of Section 105, for preconstruction expenses in connection with direct development facilities funded under Section 101(a)(1), to assist in developing final plans and specifications to ready projects for bid to enable the States * * *."

We further recommend that the Congress consider the following in addition to the legislative changes proposed above (additions underscored).

Section 105 of Title I should be revised by adding at the end thereof the following.

"No more than 15 percent of the funds appropriated and allocated under the authority of this section, excluding funds specifically earmarked by the percentage provision of this section, or used to supplement other Federal grant-in-aid programs shall be expended for preconstruction grants."

Using as an example Public Law 94-362, which makes appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1977, we recommend that subsequent appropriations be revised in its application to EDA as follows (additions underscored).

"For economic development assistance as authorized by Titles I, II, III, IV, and IX of the Public Works and Economic Development Act of 1965, as amended, and Title II of the Trade Act of 1974 $360,000,000. Funds allocated to Title I for preconstruction grants shall be in an amount not to exceed 15% of

the total allocation to Title I. Funds for other than preconstruction grants shall be available for obligation for a one year period in excess of the current fiscal year."

Should the Congress desire to provide the same flexibility in the appropriation legislation as provided by Section 709 of the act, the above law could be amended as follows (additions underscored).

"For economic development assistance as authorized by Titles I, II, III, IV, and IX of the Public Works and Economic Development Act of 1965, as amended, and Title II of the Trade Act of 1974 $360,000,000. Funds allocated to Title I for preconstruction grants shall be in an amount not to exceed 15% of the total allocation to Title I. Funds for other than preconstruction grants shall remain available until expended."

AGENCY COMMENTS

In commenting on our report, the Assistant Secretary for Economic Development agreed that the Congress amend Title I of the Public Works and Economic Development Act to authorize 2-part grants for public works projects in order to permit project design and construction to be funded separately. The Assistant Secretary also supports our recommendation that funds set aside for the construction of public works projects should remain available for obligation for 1 year beyond the year appropriated. We concur with the Assistant Secretary's suggestion that the amount available for design under a 2-part grant arrangement be limited to 15 percent of the total appropriation.

CHAPTER 4

SCOPE OF REVIEW

Our review of regular Title I public works projects was conducted at EDA Headquarters in Washington, D.C., and at EDA's Atlantic, Southeastern, and Rocky Mountain Regional Offices. The location of these three regional offices and the States served by each are shown below.

Name and location	States served
Atlantic Regional Office Philadelphia, Pa.	Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, District of Columbia, Puerto Rico, Virgin Islands
Southeastern Regional Office Atlanta, Ga.	North Carolina, South Carolina, Georgia, Kentucky, Tennessee, Alabama, Mississippi, Florida
Rocky Mountain Regional Office Denver, Co.	North Dakota, South Dakota, Iowa, Nebraska, Missouri, Kansas, Colorado, Montana, Utah, Wyoming

We reviewed EDA's legislative history and its policies and procedures for public works grants. We discussed project delays with EDA management and with project managers who monitor Title I projects.

There were 702 projects in the three regional offices where 365 days or more expired from the time EDA approved the project until construction started. We discussed delays on 206 projects with EDA project managers and reviewed 65 projects in detail. These projects are listed in appendix II. At the time of approval, these projects were estimated to cost $92.6 million and EDA awarded grants of $49.6 million.

The 65 projects selected for review were diverse--industrial parks, tourism facilities, harbors, community centers. Grant recipients were rural towns, major cities, and Indian tribes. We reviewed EDA's project

files and interviewed individuals who represented EDA grant recipients. They included mayors, city managers, attorneys, and local development group representatives. We also interviewed the architect/engineers who designed the projects and who, in many cases, managed the projects for the grant recipients.

We also analyzed 23 projects where less than 365 days expired from project approval to the start of construction. We discussed with EDA project managers why the construction of these projects began in a relatively short time.

Title I also authorizes grants for Public Works Impact Program projects and supplemental assistance to other Federal grant-in-aid programs. Because the Program's projects are generally smaller and simpler than regular public works projects, and because EDA does not have the same administrative control over grants used to supplement other Federal programs, neither was included in this review, nor were they included in any of the public works statistics cited in this report.

APPENDIX I

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Administration
Washington, D.C. 20230

9 MAY 1977

Mr. Henry Eschwege
Director, Community and Economic
Development Division
U.S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in reply to your letter of March 2, 1977, requesting comments on the draft report entitled "Changes in the Funding of Public Works Projects Will Expedite Economic Development and Job Opportunities."

We have reviewed the enclosed comments of the Assistant Secretary for Economic Development and believe they are responsive to the matters discussed in the report.

Sincerely,

Elsa A. Porter
Assistant Secretary
for Administration

Enclosure

APPENDIX I

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

APR 28 1977

Mr. Henry Eschwege
Director, Community and
Economic Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in reply to your letter dated March 2, 1977, to the Secretary of Commerce concerning the proposed report of the General Accounting Office (GAO) to the Congress on legislative changes needed to expedite the start of construction on public works projects of the Economic Development Administration (EDA).

The Department of Commerce, through EDA, has followed with great interest the progress of the GAO investigation into delays between EDA project approvals and the start of construction. We support the proposal which you plan to submit to the Congress to authorize 2-part grants for EDA public works projects in order to permit project design and construction to be funded separately. We also support your recommendation that EDA program appropriations remain available for two fiscal years as a compromise to our desire for no-year limit on appropriated funds. However, your proposal to limit the amount available for design to 10 percent of the appropriation is low. A survey of the public works projects for FYs 75, 76 and 77 indicates that architect/engineering costs have been 10.6%. We urge you to increase the percentage to 15 percent to allow for some unexpected delays or possible project fallout after design.

[See GAO note, p. 32.]

[See GAO note below]

I join with the EDA staff members who worked with your Supervisory Auditor, Mr. Dennis Fricke, in developing data for the report, in expressing appreciation for GAO's efforts toward a possible solution to a problem which has been of great concern to this Agency as well as Members of Congress.

If we may provide further assistance in this matter, please let us hear from you.

Sincerely,

Robert J. Hall

Assistant Secretary
for Economic Development

GAO note: Deleted comments refer to material contained in proposed report which has been revised or which has not been included in the final report.

APPENDIX II

COMPARISON OF ESTIMATED AND ACTUAL

PRECONSTRUCTION TIME FOR 65 PROJECTS

Name of community	Type of facility	Number of days from EDA approval to start of construction	
		Estimated	Actual
Albertville, Ala.	Sewer extensions	300	650
Bayou La Batre, Ala.	Waste collections	150	878
Bear Creek, Ala.	Water treatment	360	a/1,084
Greenville, Ala.	Water improvement	210	404
Moulton, Ala.	Sewer collections	240	804
York, Ala.	Water expansion	240	378
Brighton Res., Fla.	Industrial park	330	382
Cape Canaveral, Fla.	Port expansion	210	407
Freeport, Fla.	Industrial park	60	a/779
Miami, Fla.	Vocational center	240	551
Palm Bay, Fla.	Water improvement	90	496
Sneads, Fla.	Barge facilities	80	565
Quitman, Ga.	Industrial park	240	608
Saint Marys, Ga.	Water improvement	200	840
Valdosta, Ga.	Water system	-	628
Gulfport, Miss.	Sewer system	270	a/829
El Dorado, Kans.	Industrial park	240	789
Wichita, Kans.	Community center	395	a/1,178
Wichita, Kans.	Drainage system	210	a/825
Moroni, Utah	Sewer collection	180	604
Ephraim, Utah	Industrial park	180	437
Green River, Utah	Water system	240	493
Huntington, Utah	Water system	320	410
Salina, Utah	Water improvements	150	434
Poplar, Mont.	Recreation/tourism	190	a/1,864
Poplar, Mont.	Recreation/tourism	-	a/1,864
St. Mary's Lake, Mont.	Recreation/tourism	210	1,653
St. Mary's Lake, Mont.	Recreation/tourism	-	1,653
Harlem, Mont.	Water system	270	406
Harlem, Mont.	Shopping center	270	522
Omaha, Nebr.	Vocational center	330	882
New Town, N. Dak.	Water supply	120	a/926
New Town, N. Dak.	Maintenance building	150	477
New Town, N. Dak.	Roping arena	130	452
Bismarck, N. Dak.	Training center	300	a/1,119
Belcourt, N. Dak.	Renovation of convent	150	594
Gloucester, Mass.	Industrial park	150	479
Boston, Mass.	Industrial park	210	a/759
Taunton, Mass.	Industrial park	260	514
New Bedford, Mass.	Water lines	220	623
Providence, R. I.	Industrial park	285	374
Oneida, N. Y.	Industrial park	225	a/788
Lake George, N. Y.	Industrial park	120	a/759
Groversville, N. Y.	Water system	195	528
Little Falls, N. Y.	Industrial park	150	428
Johnstown, N. Y.	Industrial park	225	391
Herkimer, N. Y.	Roads	120	373
Amsterdam, N. Y.	Water system	210	367
Brooklyn, N. Y.	Vocational school	180	1,350
New York, N. Y.	Medical facility	430	813
New York, N. Y.	Industrial park	300	1,022
Virgin Islands	Harbor facilities	270	1,788
Grundy, Va.	Water and sewer system	150	a/1,961
Claypool Hill, Va.	Sewer system	210	a/1,324
Woodway, Va.	Water lines	130	378
Moorefield, W. Va.	Water and sewer system	145	2,001
Bridgeport, W. Va.	Industrial park	210	580
Weston, W. Va.	Industrial park	165	533
Grafton, W. Va.	Sewer system	240	1,264
Philippi, W. Va.	Water system	180	a/848
Glenville, W. Va.	Water and sewer system	200	442
Dushore, Pa.	Water and sewer system	120	398
Saxton, Pa.	Industrial park	140	483
Kittanning, Pa.	Industrial park	360	573
Lafayette, Pa.	Industrial park	180	690

a/Construction had not started on these projects as of July 1976.

EDA PUBLIC WORKS GRANTS

DISBURSEMENTS BY FISCAL YEAR

(Millions)

Fiscal year of obligation	Total obligations (note a)	Fiscal Year 1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	Undisbursed obligations
1966	$ 169.8	$ .1	$14.2	$62.2	$47.6	$18.2	$10.8	$ 4.6	$ 5.5	$ 1.8	$ 1.9	$ 1.9	$ 1.0
1967	171.9	-	.5	32.2	39.7	25.7	21.9	11.8	3.5	1.2	1.6	1.3	32.5
1968	139.5	-	-	.6	21.6	46.4	32.7	18.4	8.0	4.9	3.4	2.3	1.2
1969	121.9	-	-	-	.8	25.3	42.3	25.0	12.3	6.3	3.1	1.7	5.1
1970	137.7	-	-	-	-	1.2	22.2	48.4	28.6	17.4	8.2	4.1	7.6
1971	123.5	-	-	-	-	-	1.4	23.1	37.5	23.9	16.0	10.9	10.7
1972	125.8	-	-	-	-	-	-	3.1	27.8	42.2	24.7	23.5	4.5
1973	138.2	-	-	-	-	-	-	-	1.0	23.4	43.4	18.6	51.8
1974	132.7	-	-	-	-	-	-	-	-	2.0	31.9	45.7	53.1
1975	139.5	-	-	-	-	-	-	-	-	-	1.0	30.2	108.3
Total obligations	$1,400.5	-	-	-	-	-	-	-	-	-	-	-	-

a/Does not include over $58 million subsequently deobligated.

APPENDIX III

PRINCIPAL DEPARTMENT OF COMMERCE OFFICIALS RESPONSIBLE FOR ADMINISTERING ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
SECRETARY OF COMMERCE:		
Juanita M. Kreps	Jan. 1977	Present
Elliot L. Richardson	Feb. 1976	Jan. 1977
Rogers C. B. Morton	May 1975	Feb. 1976
John K. Tabor (acting)	Mar. 1975	Apr. 1975
Frederick B. Dent	Feb. 1973	Mar. 1975
Peter G. Peterson	Feb. 1972	Feb. 1973
Maurice H. Stans	Jan. 1969	Feb. 1972
C. R. Smith	Mar. 1968	Jan. 1969
Alexander B. Trowbridge	June 1967	Mar. 1968
Alexander B. Trowbridge (acting)	Feb. 1967	June 1967
John T. Connor	Jan. 1965	Jan. 1967
ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT:		
Robert T. Hall	Mar. 1977	Present
John W. Eden	Aug. 1976	Mar. 1977
John W. Eden (acting)	May 1976	Aug. 1976
Wilmer D. Mizell	Mar. 1975	May 1976
D. J. Cahill (acting)	Dec. 1974	Mar. 1975
William W. Blunt, Jr.	Oct. 1973	Dec. 1974
William W. Blunt, Jr. (acting)	Jan. 1973	Oct. 1973
Robert A. Podesta	Mar. 1969	Jan. 1973
Ross D. Davis	Oct. 1966	Mar. 1969
Eugene P. Foley	Sept. 1965	Oct. 1966

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