



G A O

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United States Government Accountability Office
Washington, DC 20548

May 19, 2011

Congressional Addressees:

Subject: *Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear*

One of the areas included in our recent report on potential duplication among federal programs was economic development.¹ If economic development programs are administered efficiently and effectively, they can contribute to the well-being of our nation's economy at the least cost to taxpayers. Absent a common definition for economic development, we had previously developed a list of nine activities most often associated with economic development.² These activities include planning and developing strategies for job creation and retention, developing new markets for existing products, building infrastructure by constructing roads and sewer systems to attract industry to undeveloped areas, and establishing business incubators to provide facilities for new businesses' operations, among others.

Our recent work included information on 80 economic development programs at four agencies—the Departments of Commerce (Commerce), Housing and Urban Development (HUD), Agriculture (USDA), and the Small Business Administration (SBA). This work examined (1) the potential for overlap in the design of the programs, (2) the extent to which the four agencies collaborate to achieve common goals, and (3) the extent to which the agencies have developed measures to determine the programs' effectiveness. According to the agencies, funding provided for these 80 programs in fiscal year 2010 amounted to \$6.2 billion, of which about \$2.9 billion was for economic development efforts, largely in the form of grants, loan guarantees, and direct loans.³ Some of these 80 programs can fund a variety of activities, including those focused on

¹GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington D.C.: Mar. 1, 2011).

²GAO, *Rural Economic Development: More Assurance Is Needed That Grant Funding Information Is Accurately Reported*, [GAO-06-294](#) (Washington D.C.: Feb. 24, 2006), 7.

³In March 2011, we reported that the funding provided for these 80 programs in fiscal year 2010 amounted to \$6.5 billion, of which about \$3.2 billion was for economic development efforts, according to the agencies (See [GAO-11-318SP](#) and GAO, *List of Selected Federal Programs That Have Similar or Overlapping Objectives*, [GAO-11-474R](#) (Washington, D.C.: Mar. 18, 2011). We are reporting different funding figures in this product because SBA revised the original information they provided to us in December 2010.

noneconomic development activities, such as rehabilitating housing and building community parks.

In February 2011 we briefed staff of the House and Senate Small Business Committees on the results of this work to date. See enclosure III for the briefing presented to the congressional staff. We will perform additional analysis of some of these programs and will report on them at a later date.

Summary

Our work to date suggests that the design of each of these 80 economic development programs appears to overlap with that of at least one other program in terms of the economic development activity that they are authorized to fund. For example, as shown in figure 1, the four agencies administer a total of 54 programs that can fund “entrepreneurial efforts,” which includes helping businesses to develop business plans and identify funding resources.

Figure 1: Number of Programs by Agency

	Number of programs by agency				Total
	Commerce	HUD	SBA	USDA ^a	
Entrepreneurial efforts	9	12	19	14	54
Infrastructure	4	12	1	18	35
Plans and strategies	7	13	13	7	40
Commercial buildings	4	12	4	7	27
New markets	6	10	6	6	28
Telecommunications	3	11	2	8	24
Business incubators	5	12		7	24
Industrial parks	5	11		5	21
Tourism	5	10		4	19

Commerce

 HUD

 SBA

 USDA

Source: GAO analysis of information from Commerce, HUD, SBA, and USDA.

Interactive content:
 Hover over numbers to see program names

^aIn December 2010, USDA officials provided us information on the economic activities that each of their economic development programs can fund, which we reported in our March 2011 report (GAO-11-318SP). In April 2011, they provided revised information for six of their programs and we incorporated the information into this product. We identify these six programs in Enclosure V.

Enclosure IV lists the specific programs in figure 1 that can fund each economic activity, grouped by agency and activity type.

We have also identified the ways each agency is able to distribute economic development funding, as well as the geographic regions based on population density that the agencies target (see figs. 2 and 3).

Figure 2: Program Award Distribution Type by Agency

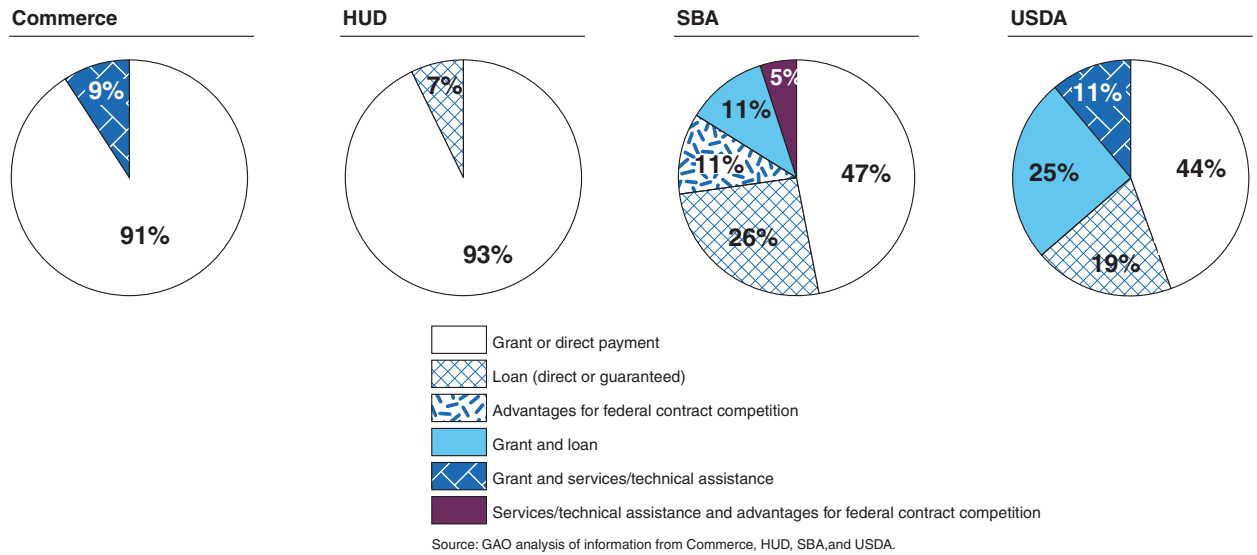
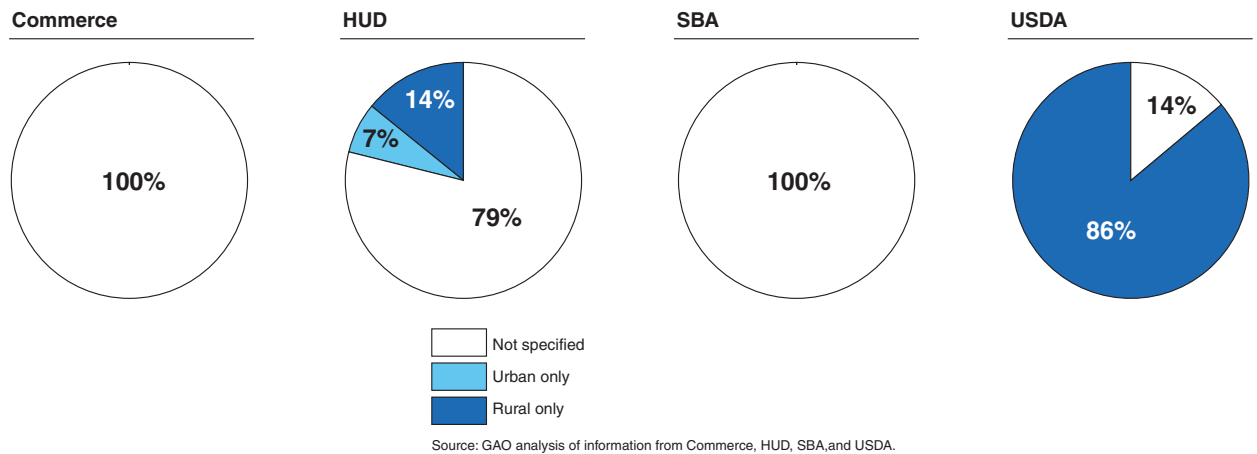


Figure 3: Percentage of Programs Designated toward Urban and Rural Communities



Enclosure V provides additional details on each of the 80 economic development programs, including administering agency, funding received in fiscal year 2010, economic activities eligible for funding, area served based on population density, primary recipients targeted by program, and award type.

To address issues arising from potential overlap and fragmentation in economic development programs, we previously identified collaborative practices agencies should consider implementing in order to maximize performance and results of federal

programs that share common outcomes.⁴ Results from our work to date show that Commerce, HUD, SBA, and USDA appear to have taken actions to implement some of the collaborative practices, such as defining and articulating common outcomes, for some of their related programs. However, the four agencies have offered little evidence so far that they have taken steps to develop compatible policies or procedures with other federal agencies or to search for opportunities to leverage physical and administrative resources with their federal partners.

In addition, a lack of information on program outcomes is both a current and long-standing concern. We identified such weaknesses at the four agencies we reviewed. Better information on program outcomes is needed to determine whether this potential overlap and fragmentation are resulting in ineffective or inefficient programs. See our March 2011 report for more information on our preliminary results related to the extent to which these four agencies collaborate and how they determine the effectiveness of some of their programs.⁵

Actions Needed and Potential Financial or Other Benefits

In previous reports we identified areas of concern related to the extent to which agencies collaborate and assess the effectiveness of their programs. These areas can benefit from continued attention.

- Agencies need to further utilize promising practices for enhanced collaboration. We first made this recommendation to SBA and USDA in September 2008, but these agencies have taken only limited steps to fully address our concerns.⁶ The actions that the four agencies should consider include seeking more opportunities for resource sharing across economic development programs with shared outcomes and identifying ways to leverage each program's strengths to improve existing collaborative efforts. Continuing to explore the extent to which these agencies collaborate could help identify promising practices that may result in more effective and efficient delivery of economic development programs to economically distressed areas.
- Agencies need to collect accurate and complete data on program outcomes and use the information to assess each program's effectiveness. In June 2008 we made a similar recommendation to SBA about its HUBZone program, but the agency has taken limited action thus far.⁷

⁴GAO, *Rural Economic Development: Collaboration between SBA and USDA Could Be Improved*, [GAO-08-1123](#) (Washington D.C.: Sept. 18, 2008).

⁵[GAO-11-318SP](#), 44-45.

⁶[GAO-08-1123](#).

⁷GAO, *Small Business Administration: Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results*, [GAO-08-964](#) (Washington D.C.: June 17, 2008).

Agency Comments and Our Evaluation

We provided a draft of this report to Commerce, SBA, USDA and HUD for review and comment. Commerce's Assistant Secretary for Economic Development and SBA's Assistant Administrator for Congressional and Legislative Affairs provided written comments that are presented in Enclosures I and II. In addition, Commerce, SBA, and USDA provided technical comments, which we incorporated where appropriate. HUD did not provide written or technical comments.

Commerce's Assistant Secretary states that prior GAO reports have focused on the types of investments made without an appropriate definition of economic development. Because federal agencies do not have a standard definition of what constitutes economic development, we used a list of activities as criteria for identifying programs that are generally accepted as being directly related to economic development. Our list includes economic activities that we first identified for our 2000 report on economic development issues and then updated for our 2006 report on rural economic development.⁸ The list was developed based on a general consensus of officials, including officials from the Department of Commerce's EDA, along with other federal agencies involved with economic development and several national associations familiar with economic development. In general, we focused on activities that directly affected the overall development of an area, such as job creation, rather than on activities that improved individuals' quality of life, such as housing and education. The Assistant Secretary also stated that only an evaluation of programs that considers goals and the outcomes of each program can accurately identify duplication. We agree that accurate program outcomes are critical to evaluating the impact of federal economic development efforts. Our report states that these programs appear to overlap in terms of their design and authorization; it does not state that programs overlap in terms of outcomes. We have not concluded that duplication exists among programs and plan to address these issues in our future work on overlap and duplication, which will further examine the services that each program provides, program outcome measures, and collaborative procedures.

SBA's Assistant Administrator for Congressional and Legislative Affairs made a similar point. He wrote that while our report provides an initial starting point by presenting a road map for further investigation into individual programs, it does not attempt to set forth specific data about the differences in focus, target recipients, delivery mechanisms, and other features of each program. We agree that more work is required before concluding that duplication and related waste or inefficiencies exist. In this report, we took an initial step to differentiate the 80 programs by identifying the primary targeted recipient for each program. In our work going forward, we plan to take further steps to identify the unique value that each program provides. The Assistant Administrator also stated that he disagreed with our finding related to the extent to which SBA collaborates with other agencies. He noted, for example, that SBA's HUBZone program office recently signed a memorandum of understanding with HUD on sharing geocoding services related to its HUBZone map. The new information that the Assistant Administrator provided does not change our finding. We found that the agencies, including SBA, appear to have

⁸ GAO, *Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities*, GAO/RCED/GGD-00-220 (Washington, D.C.: Sept. 29, 2000) and [GAO-06-294](#).

taken actions to implement some of the collaborative practices, such as defining and articulating common outcomes. However, SBA has offered little evidence to date that it has implemented some of the other key collaborative practices, such as developing compatible policies or procedures that help to facilitate collaboration between its federal partners. As we continue work in these areas, we plan to, for example, further monitor and assess SBA's collaborative practices. SBA also provided revised fiscal year 2010 funding figures for each of their programs. These revised figures were significantly different from the ones they provided to us in December 2010, which we incorporated into our March 2011 reports.⁹ SBA officials could not identify the source for the inaccurate figures. They did state that the majority of their programs do not receive program-specific appropriations and that they rely on estimates provided by SBA staff to determine the costs associated with each program. We noted the programs for which this is the case. As stated in our scope and methodology, we relied on the agencies for program-specific funding data because the agencies are the only source for that information. Although we assessed the reliability of program-specific information that we used to support our findings (such as, the primary targeted recipient), we did not verify the reliability of either the original or revised program-specific funding figures because we did not rely on them to support any of our findings. However, as we continue our work, we plan to obtain a better understanding of how the agencies that we review, including SBA, determine the costs of their programs.

USDA's Director of the Office of Budget and Program Analysis provided comments to our report and emphasized that the President's fiscal year 2012 budget proposes the termination of several Rural Development and Forest Service programs that have been determined to be duplicative of other programs as clarified in the terminations, reductions, and savings volume of the fiscal year 2012 budget. He said that these proposals demonstrate USDA's commitment to reducing duplication and improving the program efficiencies of USDA's economic development programs. In our work going forward we plan to continue to, for example, monitor and assess efforts made by the Administration to implement these and other proposals aimed at eliminating duplicative federal economic development programs. Among the technical comments USDA provided, officials made a number of revisions to the information they originally provided to us in December 2010, which was the information that we incorporated into one of our March 2011 reports.¹⁰ Specifically, they asked us to clarify the types of economic activities that six of their economic development programs can fund. We incorporated the changes to our report and noted the programs where this is the case.

Scope and Methodology

To identify areas of potential overlap and best practices to address the areas of concern, we utilized information from previous GAO products as well as our ongoing work following up on the recommendations from those previous products. We also relied on our recent evaluation of economic development programs at Commerce, HUD, SBA and USDA. During this recent evaluation, we compiled publicly available information on

⁹[GAO-11-318SP](#) and [GAO-11-474R](#).

¹⁰[GAO-11-318SP](#).

each program to determine the economic activities that the programs can fund, the ways the agencies distribute economic development funding, as well as the geographic areas and primary recipients that the agencies target. We then relied on the agencies to review this information, confirm its accuracy, and provide clarifications as necessary. Based on the information we collected and the clarifications that the agencies provided, we determined that these data were sufficiently reliable for the purposes of this review. Our report also includes self-reported data on program funds from the agencies for background and contextual purposes. We relied on the agencies for the program-specific funding data because the agencies are the only source for this type of information. We met with officials from each of the agencies to discuss each of the programs and the program missions. Because SBA officials view all of their programs as being related to economic development, we included all SBA programs in this review. Using the *Catalog of Federal Domestic Assistance* and other agency documents, we identified 80 federal programs administered by the four agencies that could fund economic development activities and determined the primary targeted recipients (that is, the end user that the agency is focused on serving) for each of the programs. Agency officials reviewed our determinations of the primary targeted recipients and they generally agreed with our assessments. We did not include tax credit programs aimed at economic development in this review. For information on how tax programs can contribute to duplication, see the report we issued in March 2011.¹¹ We conducted this performance audit from October 2010 through April 2011, 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.

We are sending copies of this report to the appropriate congressional committees and other interested parties. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>. Should you or your staff have any questions concerning this report, please contact William B. Shear, Director, at (202) 512-8678, or shearw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in Enclosure VI.

William B. Shear



Director, Financial Markets
and Community Investment

Enclosures (6)

¹¹[GAO-11-318SP](#), 75.

List of Congressional Addressees

The Honorable Mary Landrieu
Chair

The Honorable Olympia Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate

The Honorable Samuel Graves
Chairman

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
House of Representatives

Enclosure I: Comments from the Department of Commerce



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

April 26, 2011

Mr. William B. Shear
Director, Financial Markets and Community Investment
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Shear:

In response to your request for comments on the U.S. Government Accountability (GAO) Report 11-477R, "Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear," effectively evaluating Federal programs that support economic development requires a thorough understanding of, not only the types of investments that are made, but how, why, and to whom the investments are made. GAO has periodically issued several reports that analyzed potential overlap of Federal economic development activities. A glaring deficiency in this report, however, is GAO's admission on page 1 that there is not a common definition of economic development used to guide its analysis. Rather, its analysis depends upon a listing of activities to make inferences regarding what economic development is, and by extension, whether there is duplication of programs.

Prior GAO reports have all focused exclusively on the types of investments made without considering the goals of each of the programs, as well. Without viewing Federal investments in economic development through the lens of an appropriate definition and development of outcomes arising from that definition, GAO may be incorrectly identifying duplication where none exists. As the country prepares to address the mounting deficit and reevaluate its investments, GAO's new report could have offered important information to inform future budget discussions. Instead, this fundamental flaw in the methodology employed by GAO to identify duplication and examine performance limits the report's value and usability.

Economic development is a common term used for many types of activities. From the perspective of the Economic Development Administration (EDA), in its most distilled form, economic development traditionally focuses on the creation or retention of jobs that support the growth of income, and by extension, the tax base in a geographic region. Creating these jobs, however, requires the engagement of a variety of actors at every level within the public and private sectors, as well as many inputs, including infrastructure, housing, social and community development, a skilled workforce, entrepreneurial talent, technology, and access to capital. In the Federal Government, the term economic development has become synonymous with all of these things.

Ensuring that the American public benefits from robust economic development requires investments in many economic activities, some of which GAO has identified, including business incubators, telecommunications, plans and strategies, infrastructure, industrial parks, etc. While Federal agencies may appear to make similar types of investments based on these categories, because the goals of each agency and program differ, their outcomes are ultimately distinct. At the same time, these investments complement each other in such a way as to maximize the economic potential of the United States.

GAO identified nine activities which they felt represented economic development. Using this lens, many of the Departments/Agencies examined appeared to be duplicative. However, EDA's framework for investing in these economic development activities is substantially different from that of other Federal agencies as it is based on regional collaboration and innovation.

- Over the last several years, EDA has funded seminal research regarding regional collaboration and innovation, such as supporting Dr. Michael Porter and his team to identify and map regional innovation clusters across the Nation. Because of research such as this, EDA is focused on making strategic 21st century investments that help communities leverage their comparative strengths to spur innovation and investment that will ultimately lead to long-term economic prosperity. EDA's regional bottom-up approach to economic development allows it to utilize its broad array of tools to most effectively address local needs in order to support economic development.¹
- Additionally, EDA plays a key role in shaping Federal policy for fostering collaborative economic development. In this leadership role, EDA has built upon its long practice of coordinating with other Federal agencies and its knowledge of best practices in economic development to create several new initiatives designed to more strategically advance regional economic development. These initiatives formally leverage each partner's complementary activities to advance regional economic development in the broadest sense, including infrastructure, housing, social and community development, a skilled workforce, entrepreneurial talent, technology, and access to capital.
 - For example, EDA recently collaborated with the Small Business Administration, the Department of Labor, the Department of Energy, the National Science Foundation, the Department of Education, and the National Institute of Standards and Technology on the Energy Regional Innovation Cluster Initiative to develop and implement a cross-cutting, collaborative approach built on best practices to stimulate sustainable economic development. Because all of these agencies have varying focuses, programmatic objectives, and eligible recipient entities, they all

¹Additional EDA-funded research examples: *Unlocking Rural Competitiveness: The Role of Regional Clusters* – Report & Interactive Website (2006 through present); *Know Your Region Project* – Curriculum & Interactive Website (2006-present); *Crossing the Next Regional Frontier: Information and Analytics Linking Regional Competitiveness to Investment in a Knowledge-Based Economy – Occupational Clusters* (10/2009-present)

Mr. William B. Shear
Page 3

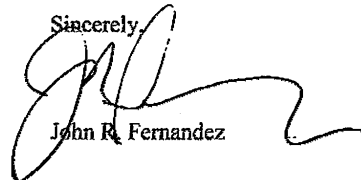
have unique and complementary niches related to economic development. The strategic collaboration of these six agencies allows the Federal Government to support a more overarching vision for economic development.

- o Another example is the recent release of EDA's Federal Funding Opportunity for the i6 Green Challenge, where EDA funding is coordinated with funding opportunities provided by other Federal partner agencies, including the Environmental Protection Agency, the Department of Energy, the Department of Agriculture's National Institute of Food and Agriculture, or the National Science Foundation. Each of these agencies will provide additional funding opportunities to i6 Green Challenge winners for complimentary activities resulting in the development of proof of concept centers for green technology. The funding from our partner agencies will not duplicate or overlap with EDA funding, but provide supplemental funding opportunities to winning grantees because the range of activities expected to be undertaken – from research and technology transfer to commercialization – is expected to be diverse, wide-ranging, and performed by multiple collaborating public and private entities at the local level.

With regard to outcome measurement, accurate program outcomes are critical to evaluating the impact of Federal economic development efforts. While GAO highlighted potential improvements that EDA could make to its performance measures, EDA was the only agency that GAO cited which collected, tracked, or reported data on long-term performance of their programs. EDA prides itself on its efforts to continuously improve its performance measures and validation processes. EDA's current performance metrics were founded on an independent study of EDA investments carried out by Rutgers in 1996. Unacknowledged in the GAO report is that this study was updated and validated in 2008 through a separate study conducted by Grant Thornton. The Grant Thornton study adopted EDA's method for conducting site visits to validate performance measures and validated the data in the 1996 Rutgers report.

EDA continues to work to strengthen its internal validation protocols and strives to conduct as many site visits as resources permit to verify performance outcomes. While EDA could always spend additional resources to conduct more site visits and take even more steps to further bolster its performance reporting, in fact, EDA's outcomes have been validated sufficiently. We believe that EDA budget proposals identify the appropriate level of support for performance reporting. Rather than increase salaries and expenses for unnecessary fine tuning of performance measures, we believe those funds are better allocated to the program account where they can help communities innovate their economies and create jobs.

Sincerely,



John R. Fernandez

Enclosure II: Comments from the Small Business Administration



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

April 29, 2011

VIA ELECTRONIC MAIL

Andrew E. Finkel
Assistant Director
United States Government Accountability Office
Washington, D.C. 20548

Dear Mr. Finkel:

Thank you for this opportunity to comment on the draft GAO report on potential duplication among federal economic development programs ("Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear") as it relates to the U.S. Small Business Administration (SBA).

SBA appreciates the opportunity to participate in GAO's survey of economic development programs, and agrees that programs should be reviewed regularly to avoid waste and duplication. We agree that there is value in identifying the categories into which programs fall in order to target effective means at approaching the entrepreneurial development challenge in each category. At the same time, we believe the report (and any further similar study in the future) would benefit from having a sufficient number and breadth of categories or fields to properly capture the data necessary to differentiate between each program and its intended scope and target.

We encourage GAO to reconsider how it describes the results of this survey and to explain that this survey is limited to nine, very broad categories and that the survey did not attempt to set forth specific data about the differences in focus, target recipients, delivery mechanisms, and other features of each program. As a result, the only inferences one can reasonably draw from the survey are that the four agencies each provide programs that cover one of the nine areas and further investigation is necessary to truly determine where programs may be duplicative. Viewed in this light, the GAO survey provides an initial starting point by giving us a broad category road map for further investigation into individual programs.

With regard to specific findings made by GAO in the draft report, SBA respectfully submits the following comments.

Page 5: "Preliminary results from [GAO's] work to date show that Commerce, HUD, SBA, and USDA appear to have taken actions to implement some of the collaborative practices, such as defining and articulating common outcomes, for some of their related programs. However, the four agencies have offered little evidence so far that they have taken steps to develop compatible policies or procedures with other federal agencies or to search for opportunities to leverage physical and administrative resources with their federal partners."

SBA Comment: Collaboration with HUD and USDA

SBA does not agree with these findings. In December 2010, SBA started a process of exploring collaborating with the Offices of Policy Development and Research (PD&R) and the Community Planning and Development Program (CPD) at HUD on the following issues:

- HUBZone and HUD recently signed a memorandum of understanding (MOU). In the MOU, HUD has committed to provide geocoding services to the HUBZone Program. This support will provide a standard, consistent source of geocoded data to SBA.
- Explore the possibility of outsourcing the HUBZone web base mapping to HUD (In the summer 2011 we will have an assessment of the cost and benefits of the effort).
- Cooperate with HUD in their development of a map with their own layers of places benefiting from HUD place-based economic development programs (e.g., Empowerment Zones, Community Renewal, etc.), providing them with layers of HUBZone designated areas. In this way, the public will be able to see areas that are benefiting from programs of both agencies.
- Develop a methodology to evaluate the impact of both agencies on the economic development of areas receiving funds or benefits from them.

Additionally, last year SBA and USDA entered into an MOU, under which SBA has facilitated meetings with USDA Rural Development and our major resource partners (Small Business Development Centers, Women's Business Centers, and SCORE) to disseminate information about RD programs. This has led to the development of referral networks among these federal and non-federal entities. In addition:

- As a part of SBA's ongoing efforts to coordinate outreach to local and national financial institutions, SBA and USDA have co-hosted several national and local lender forums around the country.
- SBA and USDA have collaborated in strategic outreach to tradeshow, conventions, Congressional members, and media outlets.
- USDA and SBA have developed working relationships with other Federal, state, county and local agencies, as well as private organizations, to facilitate and support the development of strong rural businesses.
- This collaboration is the model for SBA's participation in the Appalachian Regional Development Initiative and several local working groups comprised of rural development organizations such as the Iowa Rural Development Council.

Page 6: *"Agencies need to collect accurate and complete data on program outcomes and use the information to assess each program's effectiveness. In June 2008 [GAO] made a similar recommendation to SBA about its HUBZone program, but the agency has taken limited action thus far."*

SBA Comment

SBA believes it has taken significant actions to collect accurate and complete data on HUBZone program outcomes that will help assess program effectiveness. For instance, SBA tracks a number of performance measures for the HUBZone program, including small businesses approved, denied and withdrawn from the initial certification process, in addition to previously certified firms that have recertified, voluntarily decertified and decertified by SBA. A key evaluation is based on the fact that the Congress has set a 3% federal government-wide goal for HUBZone federal contract dollars. A primary focus of the SBA has been on this outcome measure. In FY2000, 0.35% of federal contract dollars went to HUBZone contracts. That percentage has steadily increased to 2.81% by FY2009.

SBA believes evaluating this measure is critical to meeting the HUBZone program's stated purpose which "is to provide federal contracting assistance for qualified SBCs located in historically underutilized business zones in an effort to increase employment opportunities, investment, and economic development in such areas." Monitoring this measure enables SBA to proactively engage in activities that increase HUBZone contract dollars.

Although SBA expected to work towards finalizing more outcome measures that link to the mission of the HUBZone program, the circumstances and the Program's focus has precluded us from doing so. The efforts of the HUBZone program for the FY2009 and FY2010 were focused on thoroughly reengineering the initial certification process, reviewing its portfolio of firms, expanding the number of site visits, and improving its monitoring of participating firms with dollars awarded.

In FY2011, SBA is undertaking a legacy portfolio review where we will be spending substantive resource doing an extensive full document review of HUBZone certified firms that have not yet received such a review. Once this initiative is completed, every HUBZone firm will have been analyzed for meeting the Program's continuing eligibility requirements. In FY2011, SBA will also continue to spend significant time and resource enhancing the certification process and undertaking site visits. These efforts rigorously and systemically reduce fraud, waste and abuse.

Analyzing other outcome measures such as (1) the economic characteristics of the HUBZone areas and (2) contracts being counted under multiple socioeconomic subcategories are complicated matters which require careful setting up of the research methods and approaches as well as significant staff and budget. Given limited resources, SBA is not able to commit to finalizing the additional outcome measures and conduct a program evaluation using those elements at this time. Focusing resources on (1) initiatives that reduce fraud, waste and abuse as well as (2) activities that increase HUBZone federal contract dollars makes wise sense given the resources SBA has and the circumstances of the HUBZone program.

Page 16: *“Although SBA continues to agree that evaluating program outcomes is important, to date the agency has not yet appeared to make a meaningful resource commitment for such an evaluation.”*

SBA Comment

See comment above.

Enclosure II: SBA Technical Correction Requests

Page 1

Reference to OWBO (Office of Women’s Business Ownership) should be changed to “Women’s Business Centers” (to correspond to other programs noted, such as SBDC and SCORE).

Page 4

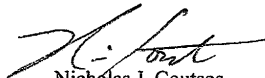
Reference to OWBO (Office of Women’s Business Ownership) should be changed to “Women’s Business Centers” (to correspond to other programs noted such as SBDC and SCORE).

Enclosure III

[See attached spreadsheet with SBA’s suggested edits.]

Should you or any of your colleagues at GAO have questions about SBA’s comments, please contact me at (202) 205-6335. Thank you again for this opportunity to comment on the draft report.

Sincerely,



Nicholas J. Coutsos
Assistant Administrator
SBA Congressional & Legislative Affairs



Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue

Preliminary Results of GAO's Review of Selected Economic Development Programs

February 2011

Page 1

Objectives

Our objectives for this briefing are to provide preliminary results of the extent to which

1. the design of 80 economic development programs administered by four federal agencies overlap in terms of the economic activities they can fund,
2. the four federal agencies GAO reviewed collaborate to administer economic development programs that share common outcomes, and
3. the agencies evaluate the outcomes of the economic development programs.

Why GAO Is Focusing on this Area

- Efficient and effective economic development programs can contribute to the well-being of our nation's economy at the least cost to taxpayers.
- The federal government spent \$6.5 billion in fiscal year 2010 on the 80 economic development programs that GAO is examining at U.S. Department of Commerce, U.S. Department of Housing and Urban Development (HUD), U.S. Small Business Administration (SBA), and the U.S. Department of Agriculture (USDA), of which about \$3.2 billion was for economic development efforts, largely in the form of grants, loan guarantees, and direct loans.

Definition of Economic Development

Absent a common definition for economic development, GAO has previously developed a list of nine activities most often associated with economic development that we relied on in this effort. These activities include

- planning and developing strategies for job creation and retention,
- developing new markets for existing products,
- building infrastructure by constructing roads and sewer systems to attract industry to undeveloped areas, and
- establishing business incubators to provide facilities for new businesses' operations.

Preliminary Results: Design of Economic Development Programs Appear to Overlap

- The design of each of the 80 economic development programs appears to overlap with that of at least one other program in terms of the economic activities they are authorized to fund.
- The most common economic activity that these programs (52 of the 80 programs) can fund is entrepreneurial efforts, which include
 - helping businesses to develop business plans and identify funding sources, and
 - providing marketing assistance.

Potential Overlap and Fragmentation among Selected Agencies Authorized to Fund Economic Development Activities

Activity	Programs by agency				Total
	Commerce	HUD	SBA	USDA	
Entrepreneurial efforts	9	12	19	12	52
Infrastructure	4	12	1	18	35
Plans and strategies	7	13	13	6	39
Commercial buildings	4	12	4	7	27
New markets	6	10	6	6	28
Telecommunications	3	11	2	10	26
Business incubators	5	12	—	3	20
Industrial parks	5	11	—	3	19
Tourism	5	10	—	4	19

Source: GAO

Note: Numbers of programs by agency do not total to 80 since an individual program may fund several activities.

Smaller, Limited-Scope Economic Development Programs Appear to Overlap

- Sixty percent of the programs (46 of the 80 programs reviewed) are more limited in scope and can fund only one or two of the nine economic development activities.
- For example, many of these programs that are limited in scope appear to overlap because they can
 - fund only entrepreneurial efforts and
 - target similar geographic areas.

Legislative and Regulatory Reasons for Potential Overlap and Fragmentation

- Many of the economic development programs are differentiated by legislative or regulatory restrictions.
- These restrictions target funding on the basis of characteristics such as
 - geography,
 - income levels, and
 - population density (rural or urban).

Collaborative Practices Agencies Should Consider Implementing to Maximize the Performance of Federal Programs That Share Common Outcomes

- Define and articulate common outcomes.
- Leverage physical and administrative resources to address resource needs and potentially produce cost savings.
- Facilitate collaboration by establishing compatible standards, policies and procedures for the collaborative effort to operate across agency boundaries.
- Create the means to monitor and evaluate collaborative efforts and report on these activities to identify areas for improving policy and operational effectiveness.

Source: *Results Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: October 21, 2005).

Preliminary Results: Agencies Are Collaborating on a Limited Basis

- The four agencies appear to have taken actions to define and articulate common outcomes for some of their economic development efforts.
 - In response to a September 2008 recommendation that GAO made to SBA and USDA related to improving their collaboration, the two agencies entered into a memorandum of understanding (MOU) in 2010 so they can use their respective resources to provide small businesses in rural areas with loan guarantees and technical assistance to achieve outcomes such as building diverse and sustainable rural economies, reversing population decline in rural areas, creating and sustaining jobs, and improving quality of life.
 - HUD, SBA, USDA, Commerce, and other federal agencies recently entered into a MOU in order to achieve outcomes that include strengthening and diversifying the Appalachian economy, improving the health and welfare of people in the Appalachian region, and protecting the environment of the region.
 - Several agencies, including Commerce and SBA, joined the regional innovation cluster effort initiated by President Obama in 2010 that focuses on outcomes that include creating and retaining jobs; accelerating the formation of new, high-growth businesses; and increasing regional prosperity.

Preliminary Results: Agencies Are Collaborating on a Limited Basis (Cont.)

- Agencies offered little evidence that they have taken steps to develop compatible policies or procedures or leverage physical and administrative resources with other federal agencies.
- Collaborative efforts identified to date appear to occur on a case-by-case basis in field offices.
- Agencies have not developed mechanisms to consistently and effectively monitor, evaluate, and report on the results of collaborative efforts.

Preliminary Results: A Lack of Information on Programs Outcomes Is a Long Standing Concern

- Commerce’s Economic Development Administration’s (EDA) estimates about the results of its grants may not be accurate.
- USDA does not collect data to measure the accomplishments of one of its largest rural business programs—the Business and Industry loan program.
- HUD does not track measures on the long-term performance of its Section 108 program.
- SBA has not developed outcome measures that directly link to the mission of its HUBZone program.

EDA Grants

- GAO first reported in March 1999 and then again in October 2005 that EDA relies on a potentially incomplete set of variables and self-reported data to assess the effectiveness of its grants.
- Agency progress:
 - In December 2006 EDA issued revised operational guidance that included a new methodology that regional offices use to calculate estimated jobs and private sector investment attributable to EDA grants.
 - EDA officials also stated that they now employ additional checks on the quality of the self-reported data.
- Next step:
 - GAO plans to assess the quality and adequacy of the methods the agency uses to assess the quality of the data.

USDA's Business and Industry Loan Program

- In 2003 the USDA Inspector General (IG) recommended that USDA ensure data exist to measure the accomplishments of the Business and Industry loan program.
- Agency progress:
 - Agency officials stated that they have recently taken steps to address the open recommendation, including requiring staff to record actual jobs created rather than estimated jobs created.
 - An IG officials said it is too early to tell whether these actions are sufficient to fully address the recommendation.
- Next step:
 - GAO plans to monitor the IG's efforts to determine whether the agency fully addresses the recommendation.

HUD's Section 108 Program

- In 2007 OMB found that HUD did not track long-term performance outcome measures for its Section 108 program.
- Agency progress:
 - To date, the agency has no long-term performance outcome measures for this program.
- Next step:
 - GAO plans to determine what, if any, actions the agency plans to take to address this weakness.

SBA's HUBZone Program

- GAO reported in June 2008 that SBA does not track outcome measures that are directly linked to the program's mission.
- Agency progress:
 - Although SBA continues to agree that evaluating program outcomes is important, to date the agency has not yet appeared to make a meaningful resource commitment for such an evaluation.
- Next step:
 - GAO plans to evaluate any actions the agency takes to develop outcome measures.

Preliminary Results

- Agencies need to further utilize promising practices for enhanced collaboration.
- Agencies need to collect accurate and complete data on program outcomes and use the information to assess each program's effectiveness.
- Additional work to assess progress in collaboration and evaluation could identify areas for improvement, consolidation, or elimination. Further, programs that are designed to target similar economic development activities, locations, and applicants may not be adding unique value, and more analysis is needed by the agencies and Office of Management and Budget to determine the actual amount of any duplicative spending.
- Increased attention and oversight by OMB and the Congress could help to ensure needed actions are taken.

Framework for Analysis

The information contained in this analysis is based on

- results of prior GAO products,
- ongoing work following up on the status of recommendations from those products, and
- the preliminary results of GAO's ongoing evaluation of economic development programs at four federal agencies.

Related GAO Products

- *Rural Economic Development: Collaboration between SBA and USDA Could Be Improved*, [GAO-08-1123](#), September 18, 2008.
- *Small Business Administration: Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results*, [GAO-08-643](#), June 17, 2008.
- *Rural Economic Development: More Assurance Is Needed That Grant Funding Information Is Accurately Reported*, [GAO-06-294](#), February 24, 2006.
- *Economic Development Administration: Remediation Activities Account for a Small Percentage of Total Brownfield Grant Funding*, [GAO-06-7](#), October 27, 2005.
- *Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities* [GAO/RCED/GGD-00-220](#), September 29, 2000.
- *Economic Development: Observations Regarding the Economic Development Administration's May 1998 Final Report on its Public Works Program*, [GAO/RCED-99-11R](#), March 23, 1999.

GAO on the Web

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Enclosure IV: Economic Development Programs Listed in Figure 1

The following table lists the specific programs that can fund each economic activity, grouped by agency and activity type. The information also appears as interactive content in figure 1 in the body of the report when the report is viewed electronically.

Economic Activities	Commerce	HUD	SBA	USDA
Entrepreneurial efforts programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	8(a) Business Development Program	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas	7(j) Technical Assistance	Woody Biomass Utilization Grant Program
	Economic Development/ Technical Assistance	CDBG/States	Procurement Assistance to Small Businesses	1890 Land Grant Institutions Rural Entrepreneurial Outreach Program/Rural Business Entrepreneur Development Initiative/BISNET
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii	Small Business Investment Companies	Small Business Innovation Research
	Research and Evaluation Program	CDBG/Section 108 Loan Guarantees	7(a) Loan Program	Value Added Producer Grants
	Global Climate Change Mitigation Incentive Fund	Section 4 Capacity Building for Affordable Housing and Community Development	Surety Bond Guarantee Program	Agriculture Innovation Center
	Minority Business Enterprise Centers (renamed Minority Business Center for FY 2011 award)	Rural Innovation Fund	SCORE	Small Socially-Disadvantaged Producer Grants
	Native American Business Enterprise Centers	CDBG Disaster Recovery Grants	Small Business Development Centers	Intermediary Re-lending
	Minority Business Opportunity Center	Indian CDBG	504 Loan Program	Rural Business Enterprise Grants
		Hispanic Serving Institutions Assisting Communities	Women's Business Centers	Rural Cooperative Development Grants
		Alaska Native/Native Hawaiian Institutions Assisting Communities	Veterans' Business Outreach Centers	Rural Business Opportunity Grants
		CDBG/Brownfields Economic Development Initiative	Microloan Program	Rural Microentrepreneur Assistance Program
				PRIME
		New Markets Venture Capital Program	Business and Industry Loans	

Economic Activities	Commerce	HUD	SBA	USDA
			7(a) Export Loan Guarantees	
			HUBZone	
			Small Business Technology Transfer Program	
			Small Business Innovation Research Program	
			Federal and State Technology Partnership Program	
Infrastructure programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	Surety Bond Guarantee Program	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas		Rural Electrification Loans and Loan Guarantees
	Economic Adjustment Assistance	CDBG/States		Assistance to High Energy Cost Rural Communities
	Global Climate Change Mitigation Incentive Fund	CDBG/Non-entitlement CDBG Grants in Hawaii		Denali Commission Loans and Grants
		CDBG/Brownfields Economic Development Initiative		State Bulk Fuel Revolving Fund Grants
		CDBG/Section 108 Loan Guarantees		Schools and Roads-Grants to States
		Section 4 Capacity Building for Affordable Housing and Community Development		Schools and Roads-Grants to Counties
		Rural Innovation Fund		Community Facilities Loans & Grants
		CDBG Disaster Recovery Grants		Water and Waste Disposal Loans & Grants (Section 306C)
		Indian CDBG		Water and Waste Disposal Systems for Rural Communities
		Hispanic Serving Institutions Assisting Communities		Emergency Community Water Assistance Grants
		Alaska Native/Native Hawaiian Institutions Assisting Communities		Technical Assistance and Training Grants
				Grant Program to Establish a Fund for Financing Water and Waste Water Projects
				Solid Waste Management Grants

Economic Activities	Commerce	HUD	SBA	USDA
				Business and Industry Loans
				Rural Business Enterprise Grants
				Rural Economic Development Loans and Grants
				Rural Energy for America Program
Plans and strategies programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	8(a) Business Development Program	Empowerment Zones
	Economic Development/ Support for Planning Organizations	CDBG/Special Purpose/Insular Areas	7(j) Technical Assistance	Woody Biomass Utilization Grant Program
	Economic Development/ Technical Assistance	CDBG/States	Procurement Assistance to Small Businesses	Intermediary Re-lending
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii	Small Business Investment Companies	Rural Business Enterprise Grants
	Research and Evaluation Program	CDBG/Section 108 Loan Guarantees	7(a) Loan Program	Rural Business Opportunity Grants
	Trade Adjustment Assistance	Section 4 Capacity Building for Affordable Housing and Community Development	SCORE	Rural Economic Development Loans and Grants
	Global Climate Change Mitigation Incentive Fund	Rural Innovation Fund	Small Business Development Centers	Rural Energy for America Program
		CDBG Disaster Recovery Grants	Veterans' Business Outreach Centers	
		Indian CDBG	Microloan Program	
		Hispanic Serving Institutions Assisting Communities	PRIME	
	Alaska Native/Native Hawaiian Institutions Assisting Communities	New Markets Venture Capital Program		
	Sustainable Communities Regional Planning Grant Program	HUBZone		
	Community Challenge Planning Grant Program	Federal and State Technology Partnership Program		
Commercial buildings programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	7(a) Loan Program	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas	Surety Bond Guarantee Program	Intermediary Re-lending
	Economic Adjustment Assistance	CDBG/States	504 Loan Program	Business and Industry Loans

Economic Activities	Commerce	HUD	SBA	USDA
	Global Climate Change Mitigation Incentive Fund	CDBG/Non-entitlement CDBG Grants in Hawaii	7(a) Export Loan Guarantees	Rural Business Enterprise Grants
		CDBG/Brownfields Economic Development Initiative		Rural Cooperative Development Grants
		CDBG/Section 108 Loan Guarantees		Rural Economic Development Loans and Grants
		Section 4 Capacity Building for Affordable Housing and Community Development		Biorefinery Assistance Program
		Rural Innovation Fund		
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		
New markets programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	Small Business Investment Companies	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas	SCORE	Woody Biomass Utilization Grant Program
	Economic Development/ Technical Assistance	CDBG/States	Small Business Development Centers	Biobased Products and Bioenergy Program
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii	Women's Business Centers	Biorefinery Assistance Program
	Research and Evaluation Program	CDBG/Section 108 Loan Guarantees	Microloan Program	Rural Energy for America Program
	Global Climate Change Mitigation Incentive Fund	Section 4 Capacity Building for Affordable Housing and Community Development	7(a) Export Loan Guarantees	Business and Industry Loans
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		

Economic Activities	Commerce	HUD	SBA	USDA
Telecommunications programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	Small Business Technology Transfer Program	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas	Small Business Innovation Research Program	Distance Learning and Telemedicine Loans & Grants
	Economic Adjustment Assistance	CDBG/States		Rural Telephone Loans and Loan Guarantees
		CDBG/Non-entitlement CDBG Grants in Hawaii		Public Television Station Digital Transition Grants
		CDBG/Brownfields Economic Development Initiative		Community Connect Program
		CDBG/Section 108 Loan Guarantees		Rural Broadband Access Loans and Loan Guarantees
		Section 4 Capacity Building for Affordable Housing and Community Development		Small Business Innovation Research
		CDBG Disaster Recovery Grants		Rural Economic Development Loans and Grants
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
	Alaska Native/Native Hawaiian Institutions Assisting Communities			
Business incubators programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants		Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas		1890 Land Grant Institutions Rural Entrepreneurial Outreach Program/Rural Business Entrepreneur Development Initiative/BISNET
	Economic Development/ Technical Assistance	CDBG/States		Rural Economic Development Loans and Grants
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii		Intermediary Re-lending
	Global Climate Change Mitigation Incentive Fund	CDBG/Brownfields Economic Development Initiative		Business and Industry Loans
		CDBG/Section 108 Loan Guarantees		Rural Business Enterprise Grants

Economic Activities	Commerce	HUD	SBA	USDA
		Section 4 Capacity Building for Affordable Housing and Community Development		Rural Business Opportunity Grants
		Rural Innovation Fund		
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		
Industrial parks programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants		Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas		Rural Business Opportunity Grants
	Economic Development/ Technical Assistance	CDBG/States		Rural Economic Development Loans and Grants
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii		Intermediary Re-lending
	Global Climate Change Mitigation Incentive Fund	CDBG/Brownfields Economic Development Initiative		Rural Business Enterprise Grants
		CDBG/Section 108 Loan Guarantees		
		Section 4 Capacity Building for Affordable Housing and Community Development		
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		
Tourism programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants		Empowerment Zones
	Economic Development/ Technical Assistance	CDBG/Special Purpose/Insular Areas		Small Business Innovation Research
	Economic Adjustment Assistance	CDBG/States		Intermediary Re-lending

Economic Activities	Commerce	HUD	SBA	USDA
	Global Climate Change Mitigation Incentive Fund	CDBG/Non-entitlement CDBG Grants in Hawaii		Business and Industry Loans
	Grants for Public Works and Economic Development Facilities	CDBG/Section 108 Loan Guarantees		
		Section 4 Capacity Building for Affordable Housing and Community Development		
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		

Source: GAO analysis of information from Commerce, HUD, SBA, and USDA.

Enclosure V: 80 Economic Development Programs

Agency/program name	Fiscal Year 2010 Enacted appropriation ^a	Economic Activities										Primary Targeted Recipient ^b	Award Type
		Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural		
Commerce													
Community Trade Adjustment Assistance	\$0	X	X	X	X	X	X	X	X	X	Not Specified	Businesses adversely affected by international trade impacts	grant or direct payment
Grants for Public Works and Economic Development Facilities	\$158,930,000		X	X	X	X	X	X	X	X	Not Specified	Economically distressed areas	grant or direct payment
Economic Development/ Support for Planning Organizations	\$31,391,000	X									Not Specified	Unemployed and underemployed residents located in economically distressed areas	grant or direct payment
Economic Development/ Technical Assistance	\$9,800,000	X		X	X		X	X		X	Not Specified	Economically distressed areas	grant or direct payment
Economic Adjustment Assistance	\$45,270,000	X	X	X	X	X	X	X	X	X	Not Specified	Economically distressed areas	grant or direct payment
Research and Evaluation Program	\$1,963,000	X					X	X			Not Specified	Economically distressed areas	grant or direct payment
Trade Adjustment Assistance	\$18,987,000	X									Not Specified	Businesses adversely affected by imports	grant and services, technical support
Global Climate Change Mitigation Incentive Fund	\$25,000,000	X	X	X	X	X	X	X		X	Not Specified	Economically distressed areas	grant or direct payment
Minority Business Enterprise Centers	\$8,601,193						X				Not Specified	Current and prospective minority-owned businesses	grant or direct payment
Native American Business Enterprise Centers	\$1,351,500						X				Not Specified	Current and prospective Native-American owned businesses	grant or direct payment
Minority Business Opportunity Center	\$1,512,500						X				Not Specified	Current and prospective minority-owned businesses	grant or direct payment
USDA													
Empowerment Zones	\$500,000	X	X	X	X	X	X	X	X	X	Rural Only	Rural communities	grant and services, technical support

Economic Activities

Agency/program name	Fiscal Year 2010 Enacted appropriation ^a	Economic Activities										Primary Targeted Recipient ^b	Award Type		
		Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural				
Woody Biomass Utilization Grant Program	\$5,000,000	X						X	X				Rural Only	Rural communities and businesses located in rural communities near National Forests and involved in forestry activities on National Forests	grant and services, technical support
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program/Rural Business Entrepreneur Development Initiative/BISNET	\$0			X				X					Rural Only	Current and prospective small businesses located in rural communities	grant and services, technical support
Distance Learning and Telemedicine Loans & Grants	\$33,300,000.00									X			Rural Only	Rural communities	grant and loan
Rural Telephone Loans and Loan Guarantees	\$0									X			Rural Only	Telephone users located in rural communities	loan (direct or guaranteed)
Public Television Station Digital Transition Grants	\$4,500,000.00									X			Rural Only	Television users located in rural communities	grant or direct payment
Community Connect Program	\$18,000,000.00									X			Rural Only	Broadband users located in rural communities	grant or direct payment
Rural Broadband Access Loans and Loan Guarantees	\$29,000,000.00									X			Rural Only	Broadband users located in rural communities	loan (direct or guaranteed)
Rural Electrification Loans and Loan Guarantees	\$0					X							Rural Only	Users of services provided by eligible electrical suppliers	loan (direct or guaranteed)
Assistance to High Energy Cost Rural Communities	\$17,500,000					X							Rural Only	Rural communities with high energy costs	grant and loan
Denali Commission Loans and Grants	\$0					X							Rural Only	Rural communities located in Alaska with high energy costs	grant and loan
State Bulk Fuel Revolving Fund Grants	\$0					X							Rural Only	Remote rural communities where fuel cannot be shipped by surface transportation	grant or direct payment
Small Business Innovation Research	\$22,000,000							X		X	X		Not Specified	Small businesses	grant or direct payment

Agency/program name	Fiscal Year 2010 Enacted appropriation ^a	Economic Activities										Urban/ rural	Primary Targeted Recipient ^b	Award Type	
		Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism					
Biomass Research and Development Initiative Competitive Grants Program ^c	\$0						X						Not Specified	Research institutions	grant or direct payment
Schools and Roads- Grants to States	\$0					X							Rural Only	Schools and entities that manage public roads located in counties containing national forest lands	grant or direct payment
Schools and Roads- Grants to Counties	\$0					X							Rural Only	Schools and entities that manage public roads located in counties containing National Grasslands and Land Utilization Projects	grant or direct payment
Community Facilities Loans & Grants	\$36,800,000					X							Rural Only	Rural communities	grant and loan
Water and Waste Disposal Loans & Grants (Section 306C)	\$489,100,000					X							Rural Only	Low-income rural communities	grant and loan
Water and Waste Disposal Systems for Rural Communities ^d	\$0					X							Rural Only	Rural communities	grant and loan
Emergency Community Water Assistance Grants	\$13,000,000					X							Rural Only	Rural communities with low and moderate income residents	grant or direct payment
Technical Assistance and Training Grants	\$19,500,000					X							Rural Only	Rural communities	grant or direct payment
Grant Program to Establish a Fund for Financing Water and Waste Water Projects	\$ 500,000					X							Rural Only	Rural communities	grant or direct payment
Solid Waste Management Grants	\$3,400,000					X							Rural Only	Rural communities	grant or direct payment
Value Added Producer Grants	\$19,400,000								X				Rural Only	Agricultural businesses	grant and services, technical support

Agency/program name	Fiscal Year 2010 Enacted appropriation ^a	Economic Activities										Urban/ rural	Primary Targeted Recipient ^b	Award Type		
		Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism						
Biobased Products and Bioenergy Program	\$2,000,000										X		Rural Only	Current and prospective businesses located in rural communities	loan (direct or guaranteed)	
Agriculture Innovation Center	\$0									X			Not Specified	Agricultural producers	grant or direct payment	
Small Socially-Disadvantaged Producer Grants	\$3,500,000									X			Not Specified	Small, socially-disadvantaged agricultural producers	grant or direct payment	
Intermediary Re-lending ^e	\$8,500,000	X	X	X	X				X				X	Rural Only	Current and prospective businesses located in rural communities	loan (direct or guaranteed)
Business and Industry Loans ^e	\$52,900,000		X	X			X		X	X			X	Rural Only	Current and prospective businesses located in rural communities	loan (direct or guaranteed)
Rural Business Enterprise Grants ^e	\$38,700,000	X	X	X	X	X			X					Rural Only	Current and prospective small businesses located in rural communities	grant or direct payment
Rural Cooperative Development Grants	\$8,300,000		X						X					Rural Only	Business cooperatives located in rural communities	grant or direct payment
Rural Business Opportunity Grants ^e	\$2,500,000	X		X	X				X					Rural Only	Rural businesses	grant or direct payment
Rural Economic Development Loans and Grants	\$0	X	X	X	X	X						X		Rural Only	Current and prospective businesses located in rural communities	grant and loan
Biorefinery Assistance Program	\$245,000,000		X								X			Not Specified	Commercial-scale biorefineries	loan (direct or guaranteed)
Rural Energy for America Program ^e	\$99,400,000	X					X				X			Rural Only	Small businesses located in rural communities	grant and loan
Rural Microentrepreneur Assistance Program	\$9,000,000								X					Rural Only	Small businesses	grant and loan
HUD																
Community Development Block Grant (CDBG)/ Entitlement Grants	\$2,760,223,970	X	X	X	X	X	X	X	X	X	X	X	X	Urban Only	Low and moderate income families	grant or direct payment

Economic Activities

Agency/program name	Fiscal Year 2010 Enacted appropriation ^a	Economic Activities										Primary Targeted Recipient ^b	Award Type
		Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural		
CDBG/Special Purpose/Insular Areas	\$6,930,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families located in American Samoa, Guam, Northern Mariana Islands, and the Virgin Islands	grant or direct payment
CDBG/States	\$1,176,594,747	X	X	X	X	X	X	X	X	X	Rural Only	Low and moderate income families	grant or direct payment
CDBG/Non-entitlement CDBG Grants in Hawaii	\$5,791,797	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families located in Hawaii	grant or direct payment
CDBG/Brownfields Economic Development Initiative	\$17,500,000		X	X	X	X	X		X		Not Specified	Public entities overseeing economic redevelopment projects	grant or direct payment
CDBG/Section 108 Loan Guarantees	\$6,000,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families	loan (direct or guaranteed)
Section 4 Capacity Building for Affordable Housing and Community Development	\$50,000,000	X	X	X	X	X	X	X	X	X	Not Specified	Low-income families	grant or direct payment
Rural Innovation Fund	\$25,000,000	X	X	X		X	X				Rural Only	Low and moderate income families and businesses located in rural communities	grant or direct payment
CDBG Disaster Recovery Grants	\$100,000,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families located in and around communities that have experienced a natural disaster	grant or direct payment
Indian CDBG	\$65,000,000	X	X	X	X	X	X	X	X	X	Not Specified	Indian tribes and Alaskan Native villages	grant or direct payment
Hispanic Serving Institutions Assisting Communities	\$6,250,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families and small businesses located in communities surrounding Hispanic-serving institutions of higher education	grant or direct payment

Economic Activities

Agency/program name	Fiscal Year 2010 Enacted appropriation ^a	Economic Activities										Primary Targeted Recipient ^b	Award Type	
		Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural			
Alaska Native/Native Hawaiian Institutions Assisting Communities	\$3,265,000	X	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families and small businesses located in communities served by institutions for higher education in Alaska and Hawaii	grant or direct payment
Sustainable Communities Regional Planning Grant Program	\$98,000,000	X										Not Specified	Community and regional planning grantees	grant or direct payment
Community Challenge Planning Grant Program	\$40,000,000	X										Not Specified	Community and regional planning grantees	grant or direct payment
SBA^f														
8(a) Business Development Program ^d	\$56,817,000	X						X				Not Specified	Small and disadvantaged businesses	services, technical support, advantages for federal contract competition
7(j) Technical Assistance	\$3,400,000	X						X				Not Specified	Small disadvantaged businesses and small businesses operating in areas of low income or high unemployment	grant or direct payment
Procurement Assistance to Small Businesses ^d	\$3,164,000	X						X				Not Specified	Small businesses interested in government contracting opportunities	advantages for federal contract competition
Small Business Investment Companies ^d	\$24,262,000	X						X	X			Not Specified	Small businesses in start up and growth situations	loan (direct or guaranteed)
7(a) Loan Program ^d	\$95,090,000	X	X					X				Not Specified	Current and prospective small businesses	loan (direct or guaranteed)
Surety Bond Guarantee Program	\$1,000,000		X				X	X				Not Specified	Small and emerging small business contractors	loan (direct or guaranteed)
SCORE	\$7,000,000	X						X	X			Not Specified	Current and prospective businesses	grant or direct payment
Small Business Development Centers	\$113,000,000	X						X	X			Not Specified	Current and prospective businesses	grant or direct payment

Agency/program name	Economic Activities											Primary Targeted Recipient ^b	Award Type	
	Fiscal Year 2010 Enacted appropriation ^a	Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural			
504 Loan Program ^d	\$36,232,000		X				X					Not Specified	Small businesses	loan (direct or guaranteed)
Women's Business Centers	\$14,000,000					X	X					Not Specified	Women-owned small businesses	grant or direct payment
Veterans' Businesses Outreach Centers	\$2,500,000	X				X						Not Specified	Current and prospective veteran-owned small businesses	grant or direct payment
Microloan Program ^d	\$25,315,000	X				X	X					Not Specified	Small businesses and not-for-profit child care centers	grant and loan
PRIME	\$8,000,000	X				X						Not Specified	Small businesses owned by disadvantaged individuals	grant or direct payment
New Markets Venture Capital Program ^d	\$0	X				X						Not Specified	Small businesses located in areas with low income or high unemployment	grant and loan
7(a) Export Loan Guarantees ^d	\$0		X			X	X					Not Specified	Small business exporters in operation for at least 12 months	loan (direct or guaranteed)
HUBZone	\$2,200,000	X				X						Not Specified	Small businesses located in economically distressed areas	advantages for federal contract competition
Small Business Technology Transfer Program	\$0					X			X			Not Specified	Small businesses in technology industries and research institution partners	grant or direct payment
Small Business Innovation Research Program	\$0					X			X			Not Specified	Small businesses in technology industries	grant or direct payment
Federal and State Technology Partnership Program	\$2,000,000	X				X						Not Specified	Small businesses in technology industries and research institution partners	grant or direct payment
Grand Total	\$6,238,641,707													

Source: GAO analysis of information from Commerce, HUD, SBA, and USDA.

^aAccording to agency officials, the programs listed above that did not receive funding in fiscal year 2010 are still active programs. They are denoted by "0" in the table.

^bPrimary targeted recipient is the end user that the agencies are focused on serving. In some cases, the agencies provide the program dollars to an entity such as a nonprofit or local government that administers the funds to serve the primary targeted recipient.

^cThis program funded the Recovery Act portion of the Water and Waste Disposal Loans and Grants program. USDA considered it as a separate program. Funds were available for obligation through September 30, 2010.

^dAccording to SBA officials, this program does not receive a specific line item appropriation. As a result, the specific program funding information is based on results from the agency's cost allocation model.

^eIn December 2010, USDA officials provided us information on the economic activities that each of their economic development programs can fund and we reported the information in our March 2011 report (GAO-11-318SP). In April 2011, they provided revised information for six of their programs that we incorporated into this product.

^fSBA officials provided revised fiscal year 2010 funding figures for 18 of their 19 economic development programs since their original submission to us in December 2010.

Enclosure VI: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Andy Finkel (Assistant Director), Matthew Alemu, Aimee Elivert, Geoffrey King, Terence Lam, Triana McNeil, Marc Molino, Roberto Piñero, and Jennifer Schwartz made key contributions to this report.

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