



# EDA



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## A Record of Progress and Accomplishment: 2001 – 2008

At the close of George W. Bush's presidency, the U.S. Department of Commerce's Economic Development Administration (EDA) stands well-positioned as an effective and well-managed Federal agency capable of helping American regions achieve economic success in the 21st century. As the next Administration prepares to take the reins at EDA, we wanted to take this opportunity to reflect on some of the agency's many accomplishments since 2001 of which we can all be proud.

Several years ago, EDA established the mission to "lead the Federal economic development agenda." We have accomplished that goal. While EDA has always had support on Capitol Hill, today the agency enjoys the support and confidence of the Executive Branch of the Federal Government as well as premier thought leaders across the country.

This reputation was not earned overnight. It was achieved by the EDA team at all levels in all offices by aggressively pursuing three key principles to make EDA strong and secure: a [focus on results](#), [sound management](#), and [developing a clear niche](#).

### FOCUS ON RESULTS

*Policy priorities:* To be results-oriented, an organization must develop a set of priorities on which to focus. In partnership with some of America's top thought leaders and practitioners of 21st century economic development, EDA developed a set of policy priorities that are emphasized in all EDA investments and activities. A consistent focus on these priorities helps to maximize the return on EDA's investment of taxpayer dollars by promoting up-to-date, tried and true 21st century economic development approaches.

The policy priorities developed during the Bush Administration focus on the support of:

1. Long-term, coordinated, and collaborative regional economic development approaches;
2. Innovation and competitiveness;
3. Entrepreneurship; and
4. Strategies and investments that connect regional economies with the worldwide marketplace.

A special emphasis was placed on this fourth priority as communities across the nation face the challenges of adjusting to global economic forces. No other U.S. Government economic development agency has drawn the essential connection between domestic economic development and the worldwide economy. In a recent national survey among city and state economic development officials, integrating rural and urban economies into the worldwide economy was identified as one of their most important issues.

*New Performance Metrics:* EDA developed and implemented new performance metrics to measure the results of EDA investments. These measurements show, among other things, that:

- Since EDA's last reauthorization in 2004, the agency has helped America's urban and rural communities create over 350,000 higher-skill, higher-wage jobs at an average cost of \$2,500 per job.
- Dollar for dollar, EDA is the most effective Federal agency in partnering with the private sector to create higher-skill, higher-wage jobs. On average, every dollar in taxpayer money that EDA has invested since 2002 has attracted \$25 in private sector investment.

*Meaningful Performance Evaluations:* EDA implemented the President's Management Agenda objective to differentiate between levels of employee performance and to award those employees exceeding expectations accordingly. This objective was applied throughout the Administration and the process ensured all employees received meaningful performance evaluations and all employees understood their contribution to overall Department of Commerce and EDA goals.

*Organization for Economic Cooperation and Development's (OECD):* Involvement with the Territorial Development Policy Committee (TDPC) of the Organization for Economic Cooperation and Development has helped EDA refine its own investment policy guidelines, funding priorities, and performance metrics through comparative benchmarking to the best regional development policies and practices from the OECD's 30 industrialized member nations. In addition to EDA learning from OECD, OECD appreciated EDA's leadership in helping to reform the OECD agenda away from its historic focus on redistributive policies and subsidies to a new focus on how best to enhance and develop the comparative competitive advantages of regions by promoting regional investment and innovation and establishing multi-level regional governance structures. In recognition of EDA's leadership, the U.S. State Department's designated EDA as the head of the U.S. delegation to OECD.

### SOUND MANAGEMENT

Of course, focusing on results requires sound management, and we are proud of our record over the last eight years in developing and implementing improvements in the management of both EDA programs and operations.

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### APA's Economic Development Toolbox Part Eleven: *THE MOST IMPORTANT FACTORS TO ECONOMIC DEVELOPMENT*

Two of the key objectives to a successful economic development strategy are business development and job growth. In APA's Toolbox, [www.planning.org/eda/toolkit/#11](http://www.planning.org/eda/toolkit/#11) development practitioners can learn the fundamentals needed to inform public policy decisions that advance the region's economic competitiveness, such as the marketing of regional products, buying locally, assisting local producers in finding local suppliers (import substitution), advocating for the expansion of existing firms and the attraction or retention of existing firms.

### National Summit on American Competitiveness Summary Report Now Available

The Summary Report for the 2008 Department of Commerce Summit on American Competitiveness is now available for download at [www.eda.gov](http://www.eda.gov). The report highlights various speakers, panels and discussions from the event.

### Coming Soon!

#### February 4–5, 2009

Reinventing Retail and Mixed-Use: Surviving, Thriving, and Positioning for the Future Beverly Hills, CA [\[Website\]](#)

#### March 24 –27 2009

Nado's Economic Development Finance Service Conference New Orleans, LA, 70112 [\[Website\]](#)

#### April 25 –29 2009

APA's 101st National Planning Conference Minneapolis, MN [\[Website\]](#)

*Revolving Loan Fund:* EDA made a number of changes to its Revolving Loan Fund (RLF) regulations in order to improve the administration and effectiveness of the program and to fulfill our commitment to implement recommendations resulting from an audit by the Office of the Inspector General. Department of Commerce Inspector General Todd Zinser hailed EDA's progress as a "sea change" during his Congressional testimony.

*University Center Program:* Beginning in 2004, EDA has run an annual grant competition for its University Center program, which helps to make the valuable research and expertise assets of universities available throughout regional economies. The first round of competition was held in EDA's Austin and Denver regional offices. This was followed by a competition in Chicago and Philadelphia in 2005 and Atlanta and Seattle in 2006. This competition has been extremely successful in helping EDA ensure that only the highest performing higher education institutions – those that are able to leverage the maximum amount of external resources as well as internal expertise – are program participants. EDA will complete its second full cycle of competition this year when Atlanta and Seattle hold their second University Center competition.

*3-Year Cycle for Planning Grants:* EDA has been transitioning from annual planning grant awards of approximately \$50,000 a year to its Economic Development Districts (EDDs) to 3-year investments of approximately \$150,000 each. This provides the EDDs with certainty regarding the availability of funds and reduces the administrative burden to the grant recipient and EDA. EDA's Austin Regional Office deserves special recognition for pioneering the 3-year cycle concept, as well as being the first Regional Office to implement it. The transition has now fully or partially occurred in four of EDA's six regional offices. The remaining grantees will transition to 3-year cycles as soon as funding permits.

*Operational Improvements:* In addition to program management improvements, EDA implemented a number of operational improvements intended to allow EDA to work smarter and serve our customers better. These included:

1. A staff reorganization early in President Bush's term to create a more efficient and effective agency. The reorganization enhanced service levels to all stakeholders throughout EDA's Headquarters and six regional offices, while strengthening accountability for taxpayer dollars.
2. A new streamlined, single application form for EDA assistance, which significantly reduces the paperwork burden on EDA grantees by consolidating all EDA-specific requirements for Federal funding into a single application form, which is now available for completion and submission online at [www.grants.gov](http://www.grants.gov).
3. A Revolving Loan Fund (RLF) Automated Administration System that allows RLF grant recipients to submit reports and extension requests online. The system significantly reduces the burden on recipients while also increasing the accuracy of reporting. The system will be ready for use for the reporting period ending on March 31, 2009.

As a result of our program and operational management improvements, EDA has earned a reputation as one of the best managed Federal agencies.

*PART Score:* EDA received the second highest performance rating by the Office of Management and Budget's (OMB) Program Assessment and Rating Tool (PART), which was developed to assess and improve the performance of Federal programs.

*Balanced Scorecard Hall of Fame:* EDA was inducted into the *Balanced Scorecard Hall of Fame* for the Balanced Scorecard it established for the agency in 2003. The Balanced Scorecard helps the agency continuously improve performance as it strives to achieve its mission. It has also raised EDA's visibility and helped to establish good working relationships with OMB and Congress by effectively communicating EDA's strategic focus. EDA's Balanced Scorecard success was highlighted in a 2004 book by Robert S. Kaplan and David R. Norton, who developed the Balanced Scorecard, entitled "Strategy Maps."

*GPRA:* EDA has also met or exceeded the targets for government performance and results as set by the Government Performance and Results Act (GPRA).

*Record of Clean Audit Opinions:* EDA received a clean audit opinion on all Financial Statements during the Bush Administration. EDA received no Notification of Findings or Recommendations (NFR) for accounting processes on the FY 2005, FY 2006, FY 2007, and FY 2008 Financial Statements. In addition, EDA received no NFRs for accounting processes from external OMB Circular A-123 internal control auditors since its implementation in FY 2006.

*Reauthorization:* EDA achieved reauthorization in 2004, and, while 2008 reauthorization did not materialize in the end, great strides were made in this effort. In a Senate reauthorization hearing, we heard an explicit bipartisan consensus that EDA's programs are vital to American economic development in the 21<sup>st</sup> century. The Senate authorizing committee marked up and voted out successfully an EDA reauthorization bill in 2008. The House counterpart committee, however, did not take action on that legislation.

*Recognition of Outstanding Performance:* EDA employees have been well represented in the Department of Commerce's Performance Awards Program, which provide high-level recognition to deserving employees for their contributions to the Department. Since 2001, three employees received "Gold" awards, the highest-level performance awards: Joseph Hurney, Lew Podolske, and Mary Pleffner. Thirty employees won "Silver" awards: Tyrone Beach, Edward Hummel, Neal Noyes, Robert Brown, Calvin Edghill, Robert Moore, Leon Reed, Philip Saputo, Jerome Wallace, Phil Paradise (three times), David Witschi, Louise McGlathery, Leonard Smith, Darice Ahrnsbrak, Jorge Ayala, Vicki Hendershot, Mariylnn Seby, Mary Pleffner, Benjamin Erulkar, Jedd Vertman, Jerry Foster, Donald Huff, Thomas Pellegrino, Lola Smith, Willie Taylor, Asa Williams, Trisha Korbas, Devinder Rajput, Sam Spearman, and Bobby Hunter.

## **DEVELOPING A CLEAR NICHE**

EDA's third principle is to develop a clear niche within the Federal economic and community development portfolio. It has been estimated that there are up to 180 Federal Government programs related to economic and community development. This fact, plus the reality that EDA's resources are limited, make it imperative that EDA does not try to be all things to all people. Over the last eight years, EDA has developed a niche by focusing on innovation, entrepreneurship and collaborative regional development approaches. This was advanced through:

*The Engagement of Leading Economic Thought Leaders:* EDA developed valuable relationships and partnerships with some of America's leading economic thinkers, competitiveness experts, and economic development practitioners. Through research projects, EDA conferences, roundtable economic discussions and other activities, EDA engaged in policy dialogues with distinguished leaders such as: Michael Porter, Professor, Harvard Business School; Mark Drabenstott, Director, Rural Policy Research Institute (RUPRI) Center for Regional Competitiveness, University of Missouri-Columbia; Deborah Wince-Smith, President Council on Competitiveness; David Cole, Chairman, Center for Automotive Research; and many more. These relationships helped EDA develop its niche, while also providing the agency renewed relevance and respect among the nation's leaders of business, academia and government.

*New and Innovative Ways to Communicate with Stakeholders:* EDA officials delivered over 250 speeches and presentations at economic development conferences across the nation and abroad since 2001. We also strengthened external communications through an aggressive campaign to disseminate information on 21st century best practices and ideas to economic development practitioners. For the first time ever, EDA hosted a national television series, which was also delivered via webcast, featuring key leaders from government, business and academia. The program – *Economic Development Today* – delivered 18 telecasts and webcasts that were viewed by thousands of economic development practitioners. Additionally, EDA's information dissemination campaign published 16 issues of the *Economic Development America* quarterly publication, which was distributed to over 6,000 practitioners; and developed a monthly *EDA Update* e-newsletter with a distribution list that grew to over 40,000.

*Excellence in Economic Development Awards:* We ran a highly competitive and successful EDA Excellence in Economic Development Awards program that recognized the best and brightest in 21st century economic development approaches and included onsite award presentation events. The program awarded 47 organizations in several categories of economic development.

*Lifetime Achievement in Economic Development Award:* EDA created a Lifetime Achievement in Economic Development Award to be presented to a non-government individual who has had a singularly important impact on the policy and practice of federal economic development. The Lifetime Achievement in Economic Development Award is not an annual or regular award; rather, it is presented only rarely, when a non-government individual's body of work and engagement with the federal government has significantly improved the federal approach to economic development. Commerce Secretary Gutierrez presented a Lifetime Achievement in Economic Development Award to Dr. Michael Porter, Professor, Harvard Business School at the National Summit on American Competitiveness in Chicago, Illinois, on May 22, 2008.

*Conferences and Events:* EDA excelled in communicating with our stakeholders through conferences and events across the nation. We convened national conferences featuring high-profile leaders and distinguished economic development practitioners. Regional symposia, organized by both Headquarters and Regional Offices, brought together members of the EDA community within each of our regions to focus on a wide array of important issues. We also held several economic roundtables throughout the country to assemble local and regional leaders for deliberation on economic challenges and opportunities facing particular regions. These events allowed two things to happen: they bolstered regional cooperation by convening regional leaders to craft their own economic development strategies; and they provided EDA the opportunity to get feedback on its policies, programs, and operations in order to improve services to our constituents. For the first time ever, the Assistant Secretary convened roundtable meetings with the representatives of Economic Development Districts (EDD) across the nation. In all, the Assistant Secretary met in small groups with EDD leaders in approximately 40 states.

*Disaster Redevelopment:* Another area in which EDA is building a niche is in natural disaster redevelopment. The agency has gained a great amount of visibility throughout the Administration and Congress over the last several years for its successful efforts in helping regions recover economically from disasters. In fact, while some Federal agencies were criticized during Hurricane Katrina recovery efforts, EDA received praise. Assistant Secretary Baruah served on the President's Katrina Lessons Learned Task Force, which conducted a comprehensive review of the Federal Government's response to Hurricane Katrina. Our activities following Katrina bolstered EDA's already strong reputation as an effective disaster redevelopment agency, and paved the way for EDA to receive appropriations recognition for disaster redevelopment of \$500 million in 2008.

*Strengthening America's Communities Initiative:* The White House looked to EDA for leadership as they proposed the President's Strengthening America's Communities Initiative (SACI), a proposal for the comprehensive restructuring of the Federal community and economic development portfolio. While the proposal was controversial, the White House's designation of EDA as the lead on this bold proposal was a demonstration of EDA's rising reputation as an agency that could not only lead the policy discussions, but was also in a position to execute sweeping and bold initiatives.

*Faith-based and Community Initiatives:* EDA became a leader over the past eight years as a Federal agency that supports faith-based and community initiatives that create jobs, economic opportunity and hope for American communities. EDA has invested over \$188 million in more than 250 faith-based and community projects since 2001.

*Growing White House Visibility:* EDA's niche within the Federal economic portfolio has been noticed at the highest levels. The agency has developed a firm "seat at

the table" at the White House on economic and competitiveness issues. EDA officials have increasingly been asked to participate in high-level White House dialogues on issues ranging from high-end technology to faith-based and community initiatives, and from international trade to natural disaster recovery.

These are just some of EDA's accomplishments since 2001 of which we can all be proud, and for which we are held in high regard within the Department of Commerce. In fact, EDA's impressive track record was the reason that Secretary Gutierrez selected our agency to serve as the lead in organizing two *National Summits on American Competitiveness*, which were held in Washington, D.C., in September 2007 and in Chicago, Illinois, in May 2008. These Secretarial Summits served as a platform to convene premier leaders from the private, public and academic sectors to discuss policies needed to ensure our nation's future prosperity and to address the issues that are vital to America's global economic competitiveness. Program participants included: Treasury Secretary Henry Paulson; Craig Barrett, Chairman of the Board, Intel Corporation; Maria Bartiromo, Anchor/Editor, CNBC; Louis Gerstner, Retired Chairman and CEO, IBM Corporation; Steve Chen, Co-Founder and CTO, YouTube; and many more. The discussions were viewed nationwide via CNBC, C-SPAN and web cast. As we heard first hand from the Secretary of Commerce and many others, the Summits were a great success thanks to EDA's leadership.

With so many impressive improvements now in place, we are confident that EDA will continue to be the Federal leader in economic development policy and practices. Thank you to the outstanding EDA staff team for their efforts to improve EDA and help secure the agency's future.

On a personal note, we are honored to have been a part of such an effective agency that boasts such impressive results. We are also exceptionally honored to have had the opportunity to serve President Bush, and are privileged to serve under and learn from David Sampson and Carlos Gutierrez – two exceptional leaders who helped guide EDA to the success it enjoys today. Additionally, it has also been a pleasure to travel the nation learn about the economic challenges and opportunities facing American communities, and work with leaders from across the economic development community. This experience has been fulfilling for us, and has provided us with a unique perspective into just how meaningful the work of the economic development community is for America's future. Thank you for your contribution to our nation.

Sincerely,

Sandy K. Baruah  
Assistant Secretary of Commerce for  
Economic Development

Benjamin Erulkar  
Deputy Assistant Secretary for  
Economic Development and Chief  
Operating Officer

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### **Grant Thornton LLP completes assessment of EDA's construction program investments**

EDA enlisted Grant Thornton to perform an assessment of the economic impacts and federal costs of its construction program investments.

The Grant Thornton approach to the research drew from the recent scholarship, academic and program management credentials of its team and the knowledge/insights of other Federal grant- and loan-making program officials. The study set out to improve on EDA's existing study, performed by a team of Rutgers University and Princeton University economists in 1997.

In the end, results from the study largely corroborated the results produced by the Rutgers team. Specifically, the study shows that:

EDA investments in rural areas<sup>1</sup> have a statistically significant impact on employment levels in the communities in which they are made, generating between 2.2 and 5.0 jobs per \$10,000 in incremental EDA funding, at a cost per job of between \$2,001 and \$4,611,

The impacts of these investments vary significantly, depending on the type of project funded,

EDA's strategic focus on innovation and entrepreneurship makes sense, in that investments in business incubators generate significantly greater impacts in the communities in which they are made than do other project types, and

These results are generally consistent with the impacts observed in urban areas based on a limited number of site visits made to projects in urban areas.

#### **Summary: Results by project Type:**

| <b>PROJECT TYPE</b>      | <b>EST. LOCAL JOBS GENERATED<br/>(per \$10,000 incremental EDA<br/>investment)</b> | <b>FEDERAL COST PER<br/>JOB</b> |
|--------------------------|--|---------------------------------|
| Business Incubators      | 46.3-69.4  | \$144-216                       |
| Commercial Structures    | 9.6-13.4   | \$744-1,008                     |
| Roads & Other Trans.     | 4.4-7.8  | \$1,291-2,293                   |
| Ind. Park Infrastructure | 5.0-7.3  | \$1,377-\$1,999                 |
| Community Infra.         | 1.5-3.4  | \$2,920-6,872                   |

– Local Jobs Generated Per \$10,000 and Cost Per Job

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<sup>1</sup> Rural area projects are defined as those projects occurring in counties that are

not located within an established Metropolitan Statistical Area (MSAs). MSAs are geographic entities defined by OMB for use by Federal statistical agencies in collecting, tabulating and publishing Federal statistics.

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**FEDERAL FUNDING OPPORTUNITY (FFO) NOW AVAILABLE  
\$400 Million for Disaster Assistance**

In response to hurricanes, floods and other natural disasters occurring during 2008, EDA is pleased to announce that it is now accepting applications to support long-term post-disaster economic recovery through an additional \$400 million in emergency funding provided through a Second Supplemental under the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, signed into law on September 30, 2008.

This FFO follows EDA's August, 2008 announcement of the availability of \$100 million through the First Supplemental Appropriations Disaster Relief Opportunity pursuant to the Act of June 30, 2008, Pub. L. No. 110-252, 122 Stat. 2323 (2008).

Federal Funding Opportunity (FFO) notices for both of these Supplemental Appropriations, totaling \$500 million, may be viewed at:  
<http://www.eda.gov/InvestmentsGrants/FFON.xml>.

As with the First Supplemental, funding for the Second Supplemental Appropriations Disaster Relief Opportunity will be allocated entirely to EDA's six Regional Offices for competitive awards.

The \$400 million will be allocated to the Regional Offices according to a formula designed to maximize funding to those regions most severely affected by 2008 natural disasters, as follows:

- **Atlanta Regional Office:** 14.38% or \$57,500,000 ( Ala., Fla., Ga., Ky., Miss., N.C., and Tenn.)
- **Austin Regional Office:** 33.58% or \$134,300,000 ( Ark., La., N.M., Okla., and Texas)
- **Chicago Regional Office:** 15% or \$60,000,000 ( Ill., Ind., Mich., Minn., Ohio, and Wis.)
- **Denver Regional Office:** 26.14% or \$104,600,000 ( Iowa, Kan., Mo., Mont., Neb., and S.D.)
- **Philadelphia Regional Office:** 6.93% or \$27,700,000 ( Maine, N.H., Vt., W.Va., and Virgin Islands)
- **Seattle Regional Office:** 3.96% or \$15,800,000 ( Alaska, Calif., Hawaii, Idaho, and Nev.).

The EDA notice encourages the submission of several types of innovative projects for funding under the \$400 million Second Supplemental Appropriations Disaster Relief Opportunity, such as "mother grants" obligated to a State for redistribution to individual projects; regional, multi-State strategy development grants; and grants to universities and research institutions to undertake multi-disciplinary activities to develop disaster-resilient economies.

As background, EDA is the primary Department of Commerce bureau to assist with post-disaster economic recovery. While it does not have "first responder" duties or capabilities, EDA has a long and successful history of supporting long-term recovery following natural disasters. EDA played an effective role in previous disasters such as the Midwest Floods of 1993 and 1997, the 1994 California Northridge Earthquake, Hurricane Floyd in 2000, the Florida hurricanes of 2004, and the 2005 Gulf Coast hurricanes.

EDA disaster recovery efforts assist communities in shifting their focus when appropriate from the short-term emergency response to the long-term economic impacts of the disaster, and enabling the development of an economic recovery program that reflects local priorities.

Please contact your EDA Regional Office with questions on this funding opportunity. EDA Regional Office contact information can be found at:  
<http://www.eda.gov/AboutEDA/Regions.xml>



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