

GAO Highlights

Highlights of [GAO-14-131](#), a report to congressional committees

Why GAO Did This Study

The Department of Commerce's EDA provides financial assistance through grants to rural and urban communities experiencing substantial and persistent economic distress. EDA grants are intended to leverage existing regional assets to support the implementation of economic development strategies that advance new ideas and creative approaches to promote economic prosperity in distressed communities. House Report 112-463 included a mandate that GAO review grants EDA made under its Public Works and EAA programs from fiscal years 2006 through 2012. This report discusses (1) the extent to which EDA documented its funding decisions (2) the levels of economic distress and population density of counties where EDA funded projects, and (3) the types of projects EDA funded. GAO reviewed EDA regulations and guidance; analyzed EDA project data from fiscal years 2007 (the year in the period covered by the mandate in which EDA awarded the most grants), 2011 (the most recent year with reliable data), and 2012 (the year in which EDA implemented new documentation procedures), as well as other federal data; and interviewed EDA staff.

What GAO Recommends

To increase transparency in the award selection process, GAO recommends that EDA develop and implement procedures to ensure that EDA regional offices consistently complete the required template for each proposed project considered for funding. EDA agreed with the recommendation and described its plans to address it.

View [GAO-14-131](#). For more information, contact Cindy Brown Barnes at (202) 512-9345 or brownbarnesc@gao.gov.

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ECONOMIC DEVELOPMENT ADMINISTRATION

Documentation of Award Selection Decisions Could Be Improved

What GAO Found

The Economic Development Administration (EDA) implemented a new procedure in fiscal year 2012 that requires its regional offices to complete a standard template to document the results of committee meetings in which proposed projects are discussed and potentially recommended for funding. However, GAO found that for the Public Works and Economic Development (Public Works) program and the Economic Adjustment Assistance (EAA) program—EDA's two largest grant assistance programs—EDA regional offices had not completed the template consistently. GAO estimated that only 46 percent of all projects recommended for funding in fiscal year 2012 under these programs were documented using the complete template. EDA has a history of inconsistent documentation: for example, in 2000 the Department of Commerce's Inspector General reported inconsistencies in how EDA's regional offices documented the project review process. Standards for internal control in the federal government require all transactions and significant events to be clearly documented and available for examination. Until EDA takes steps to ensure that all of its regional offices consistently and fully complete the standard template for all proposed projects considered for funding, EDA will not have adequate assurance that its funding decisions are consistent and transparent.

GAO found that counties where EDA funded projects in fiscal years 2007 and 2011 under its Public Works and EAA programs generally had lower per capita income and higher unemployment rates than national and state averages. Furthermore, some projects that EDA funded under the Public Works and EAA programs in fiscal years 2007 and 2011 had an EDA-defined special need arising from actual or threatened severe unemployment or economic adjustment problems. In addition, GAO found that counties where EDA funded projects under Public Works and EAA were generally part of nonrural areas (areas with an urban center of more than 50,000 people). Specifically, in fiscal years 2007 and 2011, respectively, 52 percent and 67 percent of all of EDA's funded projects under the two programs were in nonrural areas.

GAO found that various types of economic development projects received funding under Public Works and EAA in fiscal years 2007 and 2011. The most common types of projects funded under Public Works involved constructing or repairing infrastructure (such as water, sewer, gas, and electrical systems) or constructing or renovating commercial buildings and industrial and business parks. The most common types of projects funded under EAA involved helping businesses get started, planning and research to support job creation and retention, and constructing or repairing infrastructure.