



Economic Development Administration

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# UNITED STATES DEPARTMENT OF COMMERCE

WASHINGTON, D.C. 20230

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## Economic Development Administration

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### WHAT RECENT EVALUATIONS SAY ABOUT EDA PROGRAMS

#### EVALUATION OF PUBLIC WORKS AND DEFENSE ADJUSTMENT PROGRAMS

A research team led by Rutgers University and including the New Jersey Institute of Technology, Columbia University, Princeton University, the National Association of Regional Councils and the University of Cincinnati, undertook evaluations of the EDA Public Works and Defense Adjustment Programs.

In the May 1997 *Public Works Program: Performance Evaluation*, the research team found that:

- 99% of the projects were completed as planned, and 91% were completed on time;
- 52% were completed under budget;
- 327 jobs were created or retained for every \$1 million in EDA investment (an EDA job cost of \$3,058);
- every \$1 million in EDA funding leveraged \$10.08 million in private-sector investment;
- every \$1 million in EDA funding increased the local tax base by \$10.13 million; and
- the number of jobs doubled in the six years after project completion.

This research also determined that, at project locations:

- the unemployment rate was 30% higher than the state average unemployment and 40% higher than the national average unemployment;
- per capita income was 40% less than the state and national averages; and

- 40% more were below the poverty level than in the state or nation.

In the November 1997 *Defense Adjustment Program: Performance Evaluation*, the research team found that:

- 98.5% of projects were initiated as planned;
- 97% of construction, 98% of capacity-building, and 100% of RLFs moved to completion;
- 90% of construction, 97% of capacity-building and 100% of RLF completed projects were completed at or under budget;
- fully-loaned RLFs created jobs at an EDA cost of \$3,312;
- construction projects created jobs at an EDA cost of \$8,052; and
- construction projects will generate additional jobs in the next 6-10 years, significantly reducing the EDA cost per job.

In the May 1998 *Public Works Program: Multiplier and Employment-Generating Effects*, the research team found:

Using Input-Output analysis, that EDA public works program investments have

- a job multiplier effect of 1.5, that is, every two EDA-funded direct permanent jobs created a third permanent job; and
- a private-sector investment multiplier of 1.44, that is, every two direct private-sector investment dollars attracted nearly a third private-sector investment dollar.

Using Regression analysis, that EDA public works program investments have

- a statistically significant positive effect on county employment growth; and
- produce jobs at prevailing average local wages.

### EVALUATION OF INCUBATOR INVESTMENTS

The August 1997 *Impact of Incubator Investments*--the most comprehensive study of business incubators to date--found that incubators help build healthy, long-lasting businesses that create significant numbers of new jobs at low cost. It was conducted by the University of Michigan, the National Business Incubation Association, Ohio University, and the Southern Technology Council. The study also found that EDA-funded incubators performed significantly better than non-EDA funded ones:

- client gross sales were 77% higher;
- average per-year sales increase was 39% higher;
- average annual increase of full-time employees was 20% higher
- total number of jobs created was 13% higher; and
- total full-time employees was 48% higher.

### EVALUATION OF EDA POST-DISASTER ASSISTANCE

After Hurricane Andrew devastated part of South Florida in 1992, EDA rapidly began work to help localities and organizations begin to recover. In the March 1996 *EDA's Post-Disaster Assistance Program after Hurricane Andrew*, Aguirre International assessed the overall impact of EDA's programs to assist South Florida's recovery. The evaluation found that EDA's efforts:

- had a regional impact that contributed to positive momentum in the economy of the area;
- have been successful in stimulating economic growth which, in some cases, even surpassed pre-disaster conditions; and
- resulted in improvements, linked to EDA assistance, reflected in new jobs generated,

increased income, small business loans, taxes, job training, renovation of old businesses, creation of new businesses, and the development of economic partnerships and networks.

In the April 1998 *EDA's Response to the Midwest Flood of 1993: An Evaluation*, Aguirre International used a methodology that combined a review of over 60 individual projects with a broader examination of organizational processes and functions to evaluate EDA's response to the Midwest Flood of 1993. Aguirre found that:

- EDA's network of locally based development organizations were one of its most significant strengths for responding quickly in a disaster.
- EDA-funded Flood Recovery Coordinators helped communities cope with the complexities of the assistance offered by the federal and state governments, formulate recovery plans, and secure recovery assistance.
- EDA's Public Works and Revolving Loan Fund projects supported the rebuilding of critical infrastructure and businesses in the flooded communities, making a direct contribution to flood mitigation, and job retention and creation.

### EVALUATION OF THE TRADE ADJUSTMENT ASSISTANCE (TAA) PROGRAM

In November 1998, The Urban Institute completed an evaluation of EDA's TAA Program for firms adversely impacted by increased international trade. Titled *Effective Aid to Trade-Impacted Manufacturers*, it found that firms assisted under the program:

- survived at higher rates than unassisted firms;
- showed stronger sales growth than unassisted firms;
- supported one job for every \$3,451 invested;
- generated \$87 in sales for every TAA dollar invested; and
- yielded an average return on investment of approximately 300 percent.

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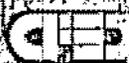
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# STRATEGIC PLANNING for ECONOMIC DEVELOPMENT



Moving Beyond the Overall Economic Development Program



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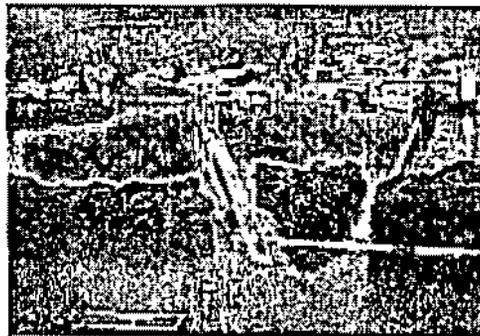
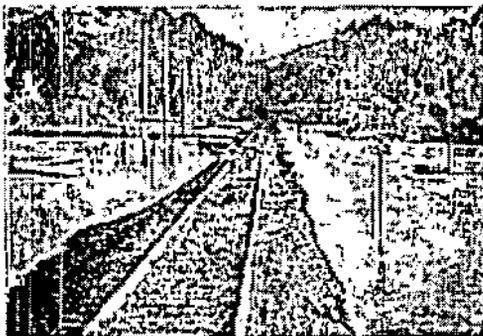
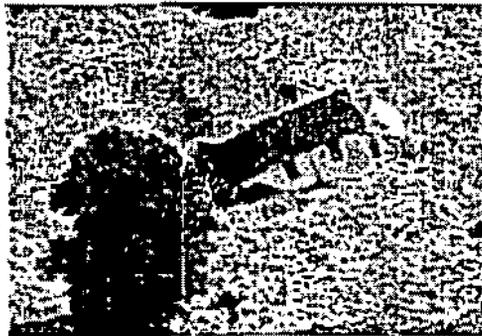
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# EDA's Response to the Midwest Flood of 1993: An Evaluation

April 1998

Aguirre International



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