

September 2000

ECONOMIC DEVELOPMENT

Multiple Federal Programs Fund Similar Economic Development Activities



GAO

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Abbreviations

ARC	Appalachian Regional Commission
CDBG	Community Development Block Grants
EDA	Economic Development Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
SBA	Small Business Administration
USDA	U.S. Department of Agriculture



United States General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-284408

September 29, 2000

The Honorable George V. Voinovich
Chairman, Subcommittee on Government
Management, Restructuring, and the District of Columbia
Committee on Governmental Affairs
United States Senate

The Honorable John R. Kasich
Chairman, Committee on the Budget
House of Representatives

The Honorable John L. Mica
Chairman, Subcommittee on Criminal Justice,
Drug Policy, and Human Resources
Committee on Government Reform
House of Representatives

In 1995, we identified hundreds of federal programs that supported economic development either directly or broadly. In addition, we noted that there was a lack of agreement on the definition of “economic development.”¹ We later reported that mission fragmentation and program overlap existed among federal programs that support economic development.² Because of your interest in this topic, you asked us to (1) identify federal programs that more directly fund economic development activities, including the level of financial support that they provide, and (2) compare selected aspects of these programs, such as program applicants, to identify areas of potential overlap. In conducting our work, we recognized that overlap could be managed, in part, through the coordination of programs. Consequently, we also provide a broad discussion of the potential role of the Government Performance and Results Act of 1993 in addressing overlap among federal programs.

¹See *Economic Development Programs* (GAO/RCED-95-251R, July 28, 1995).

²See *Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap* (GAO/AIMD-97-146, Aug. 29, 1997). The term “fragmentation” refers to circumstances in which more than one agency (or more than one part of a single agency) is involved in the same broad category of activity and the term “overlap” refers to programs that have something in common with each other.

To address your request, we first developed a framework within which we could define activities that were generally accepted as being directly related to economic development. Our framework includes the subset of six economic development activities involving

- planning and developing economic development strategies,
- constructing or renovating nonresidential buildings,
- establishing business incubators (facilities that help small businesses get started),
- constructing industrial parks,
- constructing and repairing roads and streets, and
- constructing water and sewer systems.

The programs that we identified within each of these activities generally provide assistance in the form of grants, loans, loan guarantees, or direct payments to entities such as state, local, territorial, and tribal governments; private organizations; and individuals. We did not include programs that provide direct federal spending, tax expenditures, or regulatory provisions, all of which can be used to support economic development activities. Appendix I contains a more complete description of our scope and methodology.

Results in Brief

Ten agencies and 27 subagency units administer 73 programs that can be used to support one or more of the six activities that we identified as being directly related to economic development. In some cases, a single program can be used to fund multiple activities, while in others, a single program can be used to fund only one type of activity. For example, within the Department of Commerce, the Grants for Public Works and Economic Development Program can be used to support all of the six activities except planning, while the U.S. Department of Agriculture's (USDA) Water and Waste Disposal Loans and Grants Program provides funds that support a single economic development activity—providing water and sewer facilities and services. In addition, some of these programs can be used to fund activities other than those covered by this report, such as improving drug prevention efforts, creating after-school reading programs, and providing child care facilities. While these 73 programs had total combined obligations of about \$58 billion during fiscal year 1999, most of the individual programs each had obligations of less than \$50 million. In many cases, only a portion of the obligations was related to the six activities that we identified as being directly related to economic development. Specifically, for 30 of the programs—those for which agencies could

provide more detailed obligation information—approximately \$7 billion was obligated to support one or more of the six economic development activities for fiscal year 1999. In many cases, the programs required the applicants to supplement or match these funds with funds from other sources.

In each of the six activity areas, we identified programs that fund a similar activity and also have the same applicants. For example, we found that local governments can apply for 16 different federal programs for roads and streets activities. Some of this overlap reflects the fragmentation of agencies' missions. For example, the Department of Housing and Urban Development (HUD) and USDA both administer programs aimed at assisting distressed communities; however, HUD's programs usually assist urban areas, while USDA's programs usually assist rural areas. Among the programs in which we identified overlap, such programs are differentiated by legislative or regulatory restrictions that target funding on the basis of characteristics such as geography, income and poverty levels, and population density (rural or urban).

Additional information—such as the existing coordination among programs, the effectiveness of the programs, and the implications for beneficiaries of changing the current programs—is needed to determine whether potential program overlap is necessary to meet federal priorities or is creating an environment in which participants are not served as efficiently and effectively as possible. The Government Performance and Results Act of 1993 offers one potential structure for identifying crosscutting activities and providing information on them. Agencies have begun to use this process to identify crosscutting activities and the need for coordination.

While we identified overlap among many federal programs that support economic development, additional information is needed to determine whether that overlap resulted in the inefficient or ineffective delivery of the programs involved. Information derived from evaluation and analysis done by agencies, the Office of Management and Budget, or others could identify the degree of program inefficiencies, as well as methods for addressing them.

We provided the 10 agencies whose programs are covered in this report with a draft of the report for their review and comment. The Departments of Commerce, Health and Human Services, Housing and Urban Development, and Transportation; the Appalachian Regional Commission;

the Small Business Administration; and the Environmental Protection Agency generally agreed with the information presented in the draft report and provided technical clarifications, which were incorporated where appropriate. However, some of the agencies provided clarifying comments for our consideration. USDA expressed concern with the report's methodology, stating that the report oversimplifies the degree of overlap because it does not address the efficiency or effectiveness of programs and, consequently, could lead the reader to conclusions that are not justified by the analysis undertaken. Furthermore, USDA stated that it can be less efficient to separate a single activity, such as constructing water and sewer facilities, from the many activities that are undertaken in a larger project. We agree that the report does not include analyses of the programs' efficiency or effectiveness but focuses on the degree of overlap of selected aspects of the programs. We also state in the report that additional information is needed in order to determine whether the overlap that we identified has resulted in inefficient or ineffective delivery of the programs involved. Consequently, we did not modify the report to address this concern. USDA also provided technical clarifications, which were incorporated where appropriate. The Departments of the Interior and Defense had no comments on the draft report.

Background

According to the National Academy of Public Administration, federal participation in economic development evolved during several different eras in the 20th century. Programs implemented during the 1930s characteristically involved direct federal action, bypassing the states and local governments. Those programs were followed with the programs of the 1940s and 1950s, which were intended to improve housing and commercial districts in central cities and the programs of the 1960s, which were created to provide economic development assistance to specific areas where the economy was distressed. They further reported that, more recently, the federal government has expanded and initiated new programs to address technology and to provide multifaceted economic development assistance for selected areas.³

³See *A Path to Smarter Economic Development: Reassessing the Federal Role*, National Academy of Public Administration (Nov. 1996).

In 1995, we reported that there is no commonly accepted definition for the term “economic development.”⁴ We found that some definitions of economic development are broad and theoretical, including such phrases as “the process of improving the standard of living and well being of the population” and “to continue job creation and capacity building efforts to maintain economic vitality and quality of life.” Other definitions focus on activities and projects that are used to achieve economic development goals. As one state director of community development said, “Economic development is better described than defined.” Because of the lack of agreement on what economic development encompasses, in our 1995 work, we selected terms related to economic development—such as “community development,” “economic development,” and “small business”—that could identify programs involving economic development activities. Using these terms and the *Catalog of Federal Domestic Assistance*, we identified 342 federal programs whose catalog descriptions included our search terms.⁵ These programs were very diverse and supported economic development both directly and remotely.

In 1997, we identified the existence of fragmentation and overlap among numerous federal programs.⁶ We reported that as the federal government has responded over time to new needs and problems, many federal agencies have been given responsibilities for addressing the same or similar national issues, some of which will require the involvement of more than one federal agency or more than one approach. We noted that the Results Act offers a structured framework to address the fragmentation and overlap of programs by fostering a dialogue among the agencies and the Congress on strategic goals. This process should help to identify agencies and programs that have similar missions, lead to more explicit discussions of contributions and accomplishments, and encourage related programs to develop common performance measures.

⁴See GAO/RCED-95-251R.

⁵The *Catalog of Federal Domestic Assistance* is a governmentwide compendium of federal programs and activities and is coordinated by the Office of Management and Budget; compiled by the General Services Administration; and contains information, both financial and nonfinancial, about programs administered by federal departments and agencies. The 2000 catalog lists 1,425 domestic assistance programs that are administered by 57 federal agencies.

⁶See GAO/AIMD-97-146.

While this report focuses on federal economic development programs, we recognize that many state governments also have economic development departments that assist, plan, and support economic development activities.⁷ Much like the federal government, states provide grants and loans for economic development activities, designate distressed areas for special funding and tax incentives, use taxing and bonding authority to raise funds for economic development activities, and provide funding and tax incentives to support other economic development initiatives. According to data compiled by the National Association of State Development Agencies, all states offer programs that can be used to support economic development.⁸ The states' programs predominantly consist of loans, tax credits, grants, and bonds. Within states are regional, district, and local planning entities that help address the needs of specific geographic areas through planning efforts, as well as in the securing of project funding.

Ten Federal Agencies Provide Support for One or More Economic Development Activities

Ten agencies and 27 subagency units administer 73 programs that can be used to support one or more of the six activities that we identified as being directly related to economic development. These programs typically are available to applicants that include individuals; local, state, territorial, and tribal governments; and nonprofit organizations⁹ through loans, loan guarantees, and project and formula grants. As shown in table 1, the number of agencies, as well as the number of programs, varies depending on the type of activity supported. For example, eight agencies administer 29 programs that can be used to construct or renovate nonresidential buildings, while five agencies administer 19 programs that can be used to create business incubators.

⁷Local governments and nonprofit organizations may also offer programs that can be used to support economic development activities.

⁸See *Directory of Incentives for Business Investment and Development in the United States*, National Association of State Development Agencies, fifth edition (1998).

⁹In general, the intended beneficiaries of the programs also include these groups.

Table 1: Number of Fiscal Year 1999 Federal Programs by Agency That Funded Six Selected Economic Development Activities

Agency	Number of programs that fund one or more of the activities	Activities					
		Plans and strategies	Buildings and facilities	Business incubators	Industrial parks	Roads and streets	Water and sewer
U.S. Department of Agriculture	19	9	7	4	6	5	10
Appalachian Regional Commission	4	3	1	1	1	1	1
Department of Commerce	8	6	2	3	2	2	2
Department of Defense	7	7	0	0	0	0	0
Environmental Protection Agency	3	1	0	0	0	0	2
Department of Health and Human Services	3	2	2	1	1	0	2
Department of Housing and Urban Development	14	11	10	9	9	11	11
Department of the Interior	5	1	1	0	1	3	3
Small Business Administration	2	0	2	0	0	0	0
Department of Transportation	8	4	4	0	0	4	0
Total number of programs (number of agencies)	73 (10)	44 (9)	29 (8)	19 (5)	20 (6)	26 (6)	31 (7)

Source: GAO's analysis of program information.

Four agencies—USDA, the Appalachian Regional Commission (ARC), the Department of Commerce, and HUD—administer programs that can be used to support all six of the activities. In contrast, programs within the Department of Defense and the Small Business Administration support one of the six activities we identified (planning and buildings, respectively). In some cases, a single program can be used to fund multiple activities, while in other cases, a single program can be used to fund only one type of activity. For example, within the Department of Commerce, the Economic Development Administration's (EDA) Grants for Public Works and Economic Development Program can be used to support five activities—developing or improving buildings, business incubators, industrial parks, roads and streets, and water and sewer systems. On the other hand, USDA's Water and Waste Disposal Loans and Grants Program provides funds to support a single economic development activity—providing water and

sewer facilities and services. (See app. II for a list of the 73 programs and the activities that they may be used to support.)

Some of these programs can be used to fund activities other than those covered by this report. For example, grants made through the Empowerment Zones programs, which are operated by HUD and USDA, can be used for a variety of purposes that include developing job-training centers, improving drug prevention efforts, creating after-school reading programs, and providing child care facilities in addition to the six activities covered by this report. In fact, while the programs covered by this report support activities that are generally accepted as being related to economic development, each program may not include economic development as one of its objectives. For example, the objectives of one such program—Highway Planning and Construction—are to assist state transportation agencies in planning and developing an integrated and interconnected transportation system. While its mission does not say that it supports economic development, the activities that it funds—which include constructing and repairing roads—are generally recognized as supporting economic development.

The 10 federal agencies that administer these 73 programs obligated a total of about \$58 billion during fiscal year 1999 for these programs. The obligations for most of the programs were less than \$50 million each. Specifically, as shown in table 2, only 13 programs had obligations of over \$1 billion each. On the other hand, obligations were \$50 million or less for each of 46 programs, including 4 for which no funds were obligated for fiscal year 1999.

Table 2: Number of Programs by Range of Total Obligations for Fiscal Year 1999

Dollars in millions	
Range of total program obligations	Number of programs
None ^a	4
Up to 50	42
51 to 100	5
101 to 500	8
501 to 1,000	1
Greater than 1,000	13

^aAgencies reported that they did not obligate any funds for fiscal year 1999 for four programs.

Source: GAO's analysis of program information.

In many cases, only a portion of the obligations was related to the six activities that we identified. Specifically, for 30 of the programs—those for which agencies could provide more detailed obligation information—approximately \$7 billion was obligated to support one or more of the six economic development activities for fiscal year 1999.¹⁰ For 12 programs in six agencies, all of their obligations funded one or more of these 6 activities during fiscal year 1999. Conversely, for four programs, agencies did not use any portion of the obligations for these activities for fiscal year 1999, although funding for such activities was allowable. The remaining programs used various portions of their obligations to support these activities.

These amounts represent only part of the funds obligated for these programs because many of the programs required the applicants to supplement or match the funds with funds from other sources. Depending on the program, funds from private sources; state and local governments; and, in some cases, other federal programs may be used to provide the necessary matching funds. The extent of matching requirements for the federal programs varied widely; some programs required no matching funds, and others required that other funds be used for at least 50 percent of a project's costs.

Programs Overlap in Activities and Applicants but Are Differentiated by Their Restrictions

In all six of the economic development activities, we found that multiple programs fund similar activities and make this funding available to similar types of applicants. For example,

- 32 programs provide funds to state applicants for planning,
- 18 programs provide funds to local applicants for buildings,
- 13 programs provide funds to local applicants for business incubators,
- 12 programs provide funds to local or state applicants for industrial parks,
- 16 programs provide funds to local applicants for roads or streets, and

¹⁰For these 30 programs, total obligations were \$39.6 billion for fiscal year 1999. Of this amount, the Highway Planning and Construction Program obligated \$25.9 billion, including \$540 million to support the six activities, and the remaining programs obligated \$13.7 billion, including \$6.3 billion to support the six activities.

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- 17 programs provide funds to local applicants for water and sewer systems.

These programs are not mutually exclusive in that programs can be used to fund more than one economic development activity. For example, the Empowerment Zones programs, Rural Development Grant Program, five of the Community Development Block Grant (CDBG) programs, the Historically Black Colleges and Universities Program, and the Economic Adjustment Assistance Program can be used to fund all six activities. On the other hand, some of the overlap reflects mission fragmentation; that is, more than one agency is involved in the same broad area of national need. For example, USDA and HUD both administer programs aimed at assisting distressed communities; however, USDA's programs usually assist rural areas, and HUD's programs usually assist urban areas. Thus, applicants such as states and counties, which include both urban and rural areas, may need to apply for programs in both agencies to address the needs of their distressed area. Similarly, applicants in the Appalachian region would need to consider the programs administered by ARC, as well as programs in other agencies. Appendix III contains more details on the programs that support each of the six activities covered by this report.

Many of the 73 programs contain legislative or regulatory restrictions that differentiate the programs from each other. The current legislative and regulatory restrictions have come about over many decades, as new programs have been added and existing programs have been amended. (See app. IV for a timeline that shows the original authorization date for each program.) The extent of these restrictions varies among the programs; however, programs generally target their funding on the basis of geography, income and poverty levels, population density (rural or urban), and areas affected by military or defense industry reductions. For example, programs administered by ARC are targeted to assist counties that are designated as being in the Appalachian region, applicants for USDA's Rural Development Grant Program must be from rural areas, and HUD's CDBG programs must principally benefit low- and moderate-income people. Thus, an applicant from the Appalachian region may be able to apply for programs administered by HUD, USDA, and ARC, while an applicant from a large city outside of the Appalachian region might be able to apply only for programs at HUD. Appendix V lists the objectives and the restrictions placed on the use of funds for each program covered by this report.

Additional Information Needed to Determine if Inefficiencies Result From Overlap

As we have previously reported, mission fragmentation and program overlap may sometimes be necessary when the resources and expertise of more than one agency are required to address a complex public need.¹¹ At the same time, fragmentation and overlap can waste administrative resources and increase the chance of gaps in services, thus creating an environment in which participants are not served as efficiently and effectively as possible. For example, we reported in 1995 that the patchwork of federal water and sewer programs is difficult to use for rural areas because applicants had to (1) coordinate funding from federal programs whose timetables for awarding loans and grants differed, (2) contend with duplicative application and administrative requirements when multiple programs are used for project financing, and (3) cope with federal requirements that hold very small projects to the same standards as large projects.¹² To address inefficiencies that can arise from mission fragmentation and program overlap, additional information is needed, such as the existing coordination among programs, the effectiveness of the programs, the relative costs and benefits of different delivery mechanisms (e.g., grants, loans, or tax expenditures), and the implications for beneficiaries of changing the current programs. The degree of program inefficiencies and the methods for addressing them might be identified using information derived from evaluations and analyses done by agencies, the Office of Management and Budget, or others, as well as information developed through congressional oversight efforts.

The Results Act offers one potential structure for providing information by identifying crosscutting activities, including economic development activities that are shared among agencies. Specifically, the Results Act requires the President to include with his annual budget submission a federal government performance plan. In addition, the Results Act and related guidance require the executive branch agencies to prepare multiyear strategic plans and annual performance plans, as well as annual reports on program performance. Through these planning and reporting processes, agencies can identify their performance goals and indicate which goals are related to the goals of other agencies. Agencies are

¹¹See *Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs* (GAO/HEHS-00-78, Apr. 28, 2000) and *Managing for Results: Barriers to Interagency Coordination* (GAO/GGD-00-106, Mar. 29, 2000).

¹²See *Rural Development: Patchwork of Federal Water and Sewer Programs Is Difficult to Use* (GAO/RCED-95-160BR, Apr. 13, 1995).

encouraged to develop complementary or common goals for areas where crosscutting activities are identified. Program evaluations that assess performance may be conducted by agencies or other entities to provide performance information on similar programs in order to facilitate comparisons of the programs' effectiveness and the efficiency of various delivery mechanisms, such as grants, loans, and tax expenditures. The Results Act and related guidance also require that each agency's annual performance plan include a discussion of the agency's coordination activities with other agencies that have related performance goals or crosscutting activities.

The governmentwide performance plan for fiscal year 2000, which was published by the Office of Management and Budget, states that the administration is continuing to discuss with the Congress and others how to apply crosscutting analyses for budget and management decisionmaking.¹³ This plan shows federal support for community and regional development for several agencies but does not explicitly address crosscutting activities in this area. Also, in 1999, we reported that most agencies' fiscal year 2000 plans showed some improvement over their prior year's plans in recognizing crosscutting program efforts, but few plans established complementary performance goals or discussed planned strategies for coordination.¹⁴ Similarly, we found that the plans and parts of plans that we evaluated for this report generally did not have complementary goals related to economic development. In cases where performance goals seemed similar, the associated performance measures differed sharply to reflect specific agency activities or funding. For example, job creation and access is an important feature in most of the plans. However, the Department of Transportation's plan measured access to jobs in terms of increasing the accessibility to employment sites through transportation services, and HUD measured the increase in the number, quality, and accessibility of jobs in low-income urban and rural communities in terms of job growth, unemployment rates, and poverty rates.

The plans that we reviewed also provided a list of other agencies that are involved in crosscutting efforts and often provided information on the type

¹³See *Governmentwide Performance Plan*, Office of Management and Budget (1999).

¹⁴*Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans* (GAO/GGD/AIMD-99-215, July 20, 1999).

of interagency coordination that is taking place. For example, the rural development mission area in USDA's plan provides a listing of agencies both inside and outside of USDA where the mission is similar or where coordination is required. However, we found that, while the coordination efforts described in the plans included the agencies whose programs we identified, the plans did not always describe coordination on economic development activities and the agencies are not consistent in identifying one another for coordination. For example, in its plan, the Department of Transportation has a goal to address disadvantaged and women-owned business contracting and describes establishing a strong working relationship with the Small Business Administration's (SBA) Interagency Council on Women's Business Enterprises and the National Women's Business Council. However, the SBA performance plan does not specifically mention the Department of Transportation in its description of crosscutting efforts for a similar goal.

Information on program operations also might be made available through existing coordination mechanisms. For example, the Economic Development Administration and Appalachian Regional Development Reform Act of 1998 (P.L. 105-393), which became effective in February 1999, specified that each federal agency should cooperate with the Secretary of Commerce in carrying out the act's provisions. The Senate report accompanying the act further explained that better coordination of federal economic development assistance was needed and that EDA should be considered the lead agency in such coordination efforts.

Conclusion

While we identified overlap among many federal programs that support economic development, the Congress and others will need additional information in order to determine whether that overlap resulted in inefficient or ineffective delivery of the programs involved. This information may be obtained through performance evaluations, and plans and reports provided for by the Results Act and related guidance, and other monitoring efforts. For example, program evaluations might provide information to help assess performance, determine the extent to which programs deliver benefits to their intended audiences, and compare the effectiveness of various delivery mechanisms—such as grants and tax expenditures. In addition, the Results Act and related guidance provide for the preparation of various documents such as the governmentwide performance plan, the executive branch agencies' strategic and annual performance plans, and agencies' performance reports, which contain information on the agencies' planned and actual performance. Finally,

information on program operations and performance might be developed and shared through existing coordinating mechanisms.

Agency Comments

We provided the 10 agencies whose programs are covered in this report with a draft of the report for their review and comment. The Departments of Commerce, Health and Human Services, Housing and Urban Development, and Transportation; ARC; SBA; and the Environmental Protection Agency generally agreed with the information presented in the draft report and provided technical clarifications, which were incorporated where appropriate. However, some of the agencies provided clarifying comments for our consideration. For example, EDA noted that “some overlap is not necessarily bad, since it protects grantees from having only one limited source to go to for support for their economic development efforts and encourages competition and innovation, as well as collaboration” among the various agencies. EDA also commented that providing financing through the funding of locally administered revolving loan funds makes them a significant tool for local economic development efforts. Also, the Department of Health and Human Services and HUD agreed that more information was needed to determine whether the overlap identified resulted in the inefficient or ineffective delivery of programs.

USDA expressed concern with the draft report’s methodology, stating that the report oversimplifies the degree of overlap because it does not address the efficiency or effectiveness of programs and, consequently, could lead the reader to conclusions that are not justified by the analysis undertaken. Furthermore, USDA stated that it can be less efficient to separate a single activity, such as constructing water and sewer facilities, from the many activities that are undertaken in a larger project. We agree that the report does not include analyses of the programs’ efficiency or effectiveness but focuses on the degree of overlap of selected aspects of the programs. We also state in the report that additional information is needed in order to determine whether the overlap that we identified has resulted in the inefficient or ineffective delivery of the programs involved. Consequently, we did not modify the report to address this concern. USDA also provided technical clarifications, which were incorporated where appropriate.

The Departments of Interior and Defense had no comments on the draft report.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this report. At that time, we will send copies to the appropriate congressional committees and agencies. We will also make copies available to others on request. If you have any questions about this report, please contact Nancy Simmons or us at (202) 512-7631. Key contributors to this assignment were R. Tim Baden, Gwenetta Blackwell-Greer, Dan Meyer, and Andy Pauline.



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Issues

Scope and Methodology

There is no commonly accepted definition for the term “economic development,” and the term encompasses a wide range of agencies, programs, and activities. Consequently, for this assignment, we first developed a framework within which we could define activities that were generally accepted as being related to economic development. To help determine the primary activities of economic development assistance funded by the federal government, we initially conducted interviews with officials from the Economic Development Administration (EDA), whose mission is to help economically distressed areas; other federal agencies; and several national associations familiar with economic development. Through the interviews, we identified a general consensus that the types of activities funded by EDA would be considered economic development activities.

We reviewed the descriptions of projects funded in fiscal year 1999 under EDA’s two major programs (Public Works and Economic Adjustment Assistance) and grouped the projects into general activities. We then selected six activities that represented a large percentage of the total projects funded by EDA. These activities are (1) preparing plans and strategies for economic development, (2) constructing buildings and facilities, (3) supporting business incubators (facilities that help small businesses get started), (4) developing industrial parks, (5) constructing and repairing roads and streets, and (6) constructing water and sewer facilities. We then conducted electronic searches of the 1999 fall update of the *Catalog of Federal Domestic Assistance* to identify other federal programs that provide funding for one or more of the six activities of economic development assistance.

We sent lists of these programs by activity to the federal agencies responsible for the programs and asked them to confirm that the programs could be used to fund the specified activity, delete programs that were listed incorrectly, add programs that we had omitted, and verify or provide data on budgetary obligations for the programs. We also shared the lists with the National Association of Development Organizations to obtain its input on the accuracy and completeness of the lists. We modified the lists where appropriate. To identify the similarities among the federal programs that we identified within the six activities of economic development assistance, we used the catalog's program descriptions to compare information on the programs' objectives, types of assistance provided, intended applicants and beneficiaries, and obligations. We analyzed the programs by various dimensions, such as program type, to help highlight similar patterns among programs. We used the catalog's definitions for the various types of applicants and grouped the beneficiaries into similar categories using the narrative descriptions from the catalog.¹

We analyzed information from the catalog and the agencies on program obligations² for fiscal year 1999. These analyses could overstate or understate the federal involvement in funding the programs. For example, some agency officials had to estimate the extent to which certain programs' obligations were used exclusively for funding a particular type of economic development activity; these breakouts are not always easily ascertainable. Thus, while these figures may be the best available information, they remain estimates. Direct federal assistance, tax expenditures, and regulatory provisions that provide economic development assistance are not included in the catalog and are not addressed in this report.

We discussed economic development issues with representatives from EDA in headquarters, Seattle, and Chicago; local economic development offices in Richland, Washington, and Benton Harbor, Michigan; and national associations (National Association of Development Organizations,

¹The catalog categorizes applicants into six groups: individual, which includes individuals, groups, and profit-making organizations; local, which includes various local governmental units; nonprofit, which includes organizations that earn no profit; state, which includes state governmental units, institutions of higher education, and hospitals; U.S. territories, which includes governmental units, institutions of higher education, and hospitals in those territories; and federal tribal governments, which includes governing bodies of federally recognized Indian tribes.

²For some programs, information provided in the program description's "obligations" section of the *Catalog of Federal Domestic Assistance* represented budget authority.

National Association of State Development Agencies, and National League of Cities). We reviewed EDA's annual performance plan, project files, and other pertinent program documents.

To broadly determine economic development crosscutting coordination efforts and related goals, measures, and strategies, we performed a limited review of the annual performance plans for fiscal year 2001 for the U.S. Department of Agriculture's (USDA) rural development mission area (Rural Housing Service, Rural Utilities Service, Rural Business Cooperative Service), the Small Business Administration (SBA), EDA, the Department of Housing and Urban Development (HUD), and the Department of Transportation's strategic goal section regarding economic growth and trade. To evaluate crosscutting discussions, we used our guidance on evaluating annual performance plans;³ the Office of Management and Budget's Circular A-11, which provided guidance for preparing and submitting the annual performance plans; and our recent reports on improving performance plans and crosscutting efforts and recommendations. We performed our work from September 1999 through July 2000 in accordance with generally accepted government auditing standards.

³See *The Results Act: An Evaluator's Guide to Assessing Agency Performance Plans* (GAO/GGD-10.1.20, Apr. 1998).

Federal Programs and the Economic Development Activities That They Fund

Programs (listed by agency and subagency)	Catalog number ^a	Funded activities					
		Plans and strategies	Buildings and facilities	Business incubators	Industrial parks	Roads and streets	Water and sewer
U.S. Department of Agriculture							
<i>Farm Service Agency</i>							
Farm Ownership Loans	10.407		•				•
Fund for Rural America/Farm Ownership Loans	10.453		•				
<i>Forest Service</i>							
Schools and Roads/Grants to States	10.665					•	
Schools and Roads/Grants to Counties	10.666					•	
National Forest/Dependent Rural Communities	10.670	•	•	•	•		
Rural Development, Forestry, and Communities	10.672	•	•	•	•		
<i>Rural Utilities Service</i>							
Water and Waste Disposal Systems for Rural Communities	10.760						•
Emergency Community Water Assistance Grants	10.763						•
Water and Waste Disposal Loans and Grants	10.770 ^b						•
<i>Rural Housing Service</i>							
Rural Housing Site Loans and Self-Help Housing Land Development Loans	10.411 ^b						•
Community Facilities Loans and Grants	10.766		•		•	•	•
<i>Rural Business—Cooperative Service</i>							
Business and Industry Loans	10.768						•
Rural Development Grants	10.769	•	•	•	•	•	•
Rural Cooperative Development Grants	10.771	•					
Rural Business Opportunity Grants	10.773	•					
Rural Economic Development Loans and Grants	10.854	•		•	•		•
<i>Office of Community Development</i>							
Empowerment Zones Program	10.772 ^b	•	•	•	•	•	•
<i>Natural Resources Conservation Service</i>							
Resource Conservation and Development	10.901	•					
Watershed Surveys and Planning	10.906	•					
Appalachian Regional Commission							
Appalachian Area Development	23.002	•	•	•	•		•
Appalachian Local Access Roads	23.008					•	

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Programs (listed by agency and subagency)	Catalog number ^a	Plans and strategies	Funded activities				
			Buildings and facilities	Business incubators	Industrial parks	Roads and streets	Water and sewer
Appalachian Local Development District Assistance	23.009	•					
Appalachian State Research, Technical Assistance, and Demonstration Projects	23.011	•					
Department of Commerce							
<i>Economic Development Administration</i>							
Grants for Public Works and Economic Development	11.300		•	•	•	•	•
Economic Development/Technical Assistance	11.303	•					
Economic Development/State and Local Economic Development Planning ^c	11.305	•					
Economic Adjustment Assistance	11.307	•	•	•	•	•	•
Trade Adjustment Assistance	11.313	•					
<i>National Oceanic and Atmospheric Administration</i>							
Fisheries Development and Utilization Research and Developmental Grants and Cooperative Agreements Program	11.427	•					
<i>National Oceanic and Atmospheric Administration—National Marine Fisheries Service</i>							
Fisheries Disaster Relief	11.477	•					
<i>National Institute of Standards and Technology</i>							
Experimental Program to Stimulate Competitive Technology	11.614			•			
Department of Defense							
<i>Office of the Chief Engineers, Department of the Army</i>							
Planning Assistance to States	12.110	•					
<i>Office of Economic Adjustment, Office of the Deputy Under Secretary of Defense (Industrial Affairs and Installations)</i>							
Community Economic Adjustment	12.600	•					
Community Economic Adjustment Planning Assistance for Reductions in Defense Industry Employment	12.611 ^b	•					
<i>Office of the Secretary of Defense, Office of the Assistant Secretary (Economic Security)</i>							
Community Economic Adjustment Planning Assistance	12.607	•					
Joint Land Use Studies	12.610	•					
Community Base Reuse Plans	12.612	•					
Growth Management Planning Assistance	12.613	•					

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Programs (listed by agency and subagency)	Catalog number ^a	Plans and strategies	Funded activities				
			Buildings and facilities	Business incubators	Industrial parks	Roads and streets	Water and sewer
Environmental Protection Agency^e							
<i>Office of Water</i>							
Capitalization Grants for State Revolving Funds	66.458						•
<i>Office of Ground Water and Drinking Water</i>							
Capitalization Grants for Drinking Water State Revolving Loan Fund	66.468						•
<i>Office of Solid Waste and Emergency Response</i>							
Brownfield Pilots Cooperative Agreements	66.811	•					
Department of Health and Human Services							
<i>Program Support Center</i>							
Surplus Property Utilization	93.291		•				•
<i>Administration for Children and Families</i>							
Community Services Block Grant/Discretionary Awards	93.570	•	•	•	•		•
Native American Programs	93.612	•					
Department of Housing and Urban Development							
<i>Community Planning and Development</i>							
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	•	•	•	•	•	•
CDBG/Small Cities Program	14.219	•	•	•	•	•	•
CDBG/Special Purpose Grants/Insular Areas	14.225	•	•	•	•	•	•
CDBG/Special Purpose Grants/Technical Assistance Program	14.227	•					
CDBG/State's Program	14.228	•	•	•	•	•	•
Historically Black Colleges and Universities Program	14.237	•	•	•	•	•	•
Empowerment Zones Program	14.244	•	•	•	•	•	•
CDBG/Economic Development Initiative	14.246	•	•	•	•	•	•
CDBG/Section 108 Loan Guarantees	14.248		•	•	•	•	•
Rural Housing and Economic Development	14.250	•	•	•			
<i>Policy Development and Research</i>							
Community Outreach Partnership Center Program	14.511	•					
<i>Public and Indian Housing</i>							
Public Housing/Comprehensive Improvement Assistance Program ^d	14.852					•	•
Public Housing/Comprehensive Grant Program ^d	14.859					•	•

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Programs (listed by agency and subagency)	Catalog number ^a	Plans and strategies	Funded activities				
			Buildings and facilities	Business incubators	Industrial parks	Roads and streets	Water and sewer
Indian CDBG Program	14.862	•	•		•	•	•
Department of the Interior							
<i>Bureau of Indian Affairs</i>							
Road Maintenance/Indian Roads	15.033					•	
Fish, Wildlife, and Parks Programs on Indian Lands	15.039	•					
Bureau of Indian Affairs Facilities/Operations and Maintenance	15.048						•
Indian Loans/Economic Development	15.124		•		•	•	•
<i>Office of Insular Affairs</i>							
Economic, Social, and Political Development of the Territories and the Freely Associated States	15.875					•	•
Small Business Administration							
Small Business Loans	59.012		•				
Certified Development Company Loans (504 Loans)	59.041		•				
Department of Transportation							
<i>Federal Aviation Administration</i>							
Airport Improvement Program	20.106		•			•	
<i>Federal Highway Administration</i>							
Highway Planning and Construction	20.205	•				•	
<i>Federal Transit Administration</i>							
Federal Transit/Capital Investment Grants	20.500		•			•	
Federal Transit/Metropolitan Planning Grants	20.505	•					
Federal Transit/Formula Grants	20.507		•			•	
Formula Grants for Other Than Urbanized Areas	20.509		•				
Federal Transit Technical Assistance	20.512	•					
Transit Planning and Research	20.514	•					

^aThese numbers are from the *Catalog of Federal Domestic Assistance*.

^bProgram is listed out of the number sequence of the *Catalog of Federal Domestic Assistance* so that programs can be grouped by administering units.

^cThis program was subsequently merged with the program entitled Economic Development—Support for Planning Organizations (11.302).

^dPrograms 14.852 and 14.859 were subsequently consolidated into a new program entitled Public Housing Capital Fund (14.872).

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^eIn addition to the programs listed in the *Catalog of Federal Domestic Assistance*, Environmental Protection Agency officials said that they had four additional programs that fund water and sewer activities, including the Mexico Border Program, Alaska Native and Rural Villages Program, Special Needs Border Program, and Hardship Cities Program.

Source: GAO's analysis of program information.

Selected Program Elements of Federal Programs That Fund Economic Development Activities

Many federal programs fund each of the six economic development activities identified in this report. Among the programs funding particular economic development activities, there are both similarities and differences related to the type of assistance, purposes, and eligible applicants, as well as other restrictions. Total program funding and spending for economic development activities varies widely among the programs. Detailed information follows on each of the six economic development activities we identified.

- Planning economic development activities.
- Constructing or renovating nonresidential buildings.
- Establishing business incubators.
- Constructing industrial parks.
- Constructing and repairing roads and streets.
- Constructing water and sewer systems.

Nine Agencies Administer 44 Programs That Can Fund Economic-Development-Planning Activities

Economic development planning is generally regarded as a key element in achieving local and regional economic development goals. Economic-planning assistance is used in a variety of ways, such as for developing comprehensive economic adjustment strategies; preparing feasibility studies, reuse studies, and land use studies; and administering local planning organizations. Some federal economic development programs target areas that are adversely affected by changes in the military and defense industry, adversely affected by sudden and severe economic changes, and/or chronically distressed economically. Programs also target land and water resource development, as well as transportation needs. We identified nine agencies that fund economic development-planning activities through 44 programs for various types of applicants.¹ (See table 3.)

¹Although many federal programs provide funding for planning, these programs were selected because they fund planning activities directed toward expanding business, creating jobs, and/or improving local economies.

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Table 3: Federal Programs That Can Be Used to Fund Economic Development Planning, Listed by Agency

Dollars in millions

Agency/program/(catalog number)/planning obligations for fiscal year 1999 ^a	Applicants					
	Individual	Local	Nonprofit	State	U.S. territories	Federal tribal governments
U.S. Department of Agriculture						
National Forest/Dependent Rural Communities (10.670), \$3		•	•			•
Rural Development, Forestry and Communities (10.672)		•	•	•	•	•
Rural Development Grants (10.769)		•	•	•		•
Rural Cooperative Development Grants (10.771)			•			
Empowerment Zones Program (10.772)		•		•		
Rural Business Opportunity Grants (10.773)		•	•	•	•	•
Rural Economic Development Loans and Grants (10.854)		•	•	•	•	•
Resource Conservation and Development (10.901)		•	•	•	•	
Watershed Surveys and Planning (10.906), \$2		•	•	•		
Appalachian Regional Commission						
Appalachian Area Development (23.002), \$3		•	•	•		
Appalachian Local Development District Assistance (23.009), \$6		•				
Appalachian State Research, Technical Assistance, and Demonstration Projects (23.011), \$0		•	•	•		
Department of Commerce						
Economic Development/Technical Assistance (11.303), \$10	•	•	•	•	•	•
Economic Development/State and Local Economic Development Planning (11.305) ^b , \$24		•		•	•	
Economic Adjustment Assistance (11.307), \$24		•	•	•	•	•
Trade Adjustment Assistance (11.313), \$10			•			
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program (11.427), \$0	•	•	•	•	•	•
Fisheries Disaster Relief (11.477), \$0				•		
Department of Defense						
Planning Assistance to States (12.110)				•	•	
Community Economic Adjustment (12.600)		•	•	•		
Community Economic Adjustment Planning Assistance (12.607)		•		•	•	•

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Selected Program Elements of Federal
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Agency/ program/ (catalog number)/ planning obligations for fiscal year 1999 ^a	Applicants					
	Individual	Local	Nonprofit	State	U.S. territories	Federal tribal governments
Joint Land Use Studies (12.610)		•		•		
Community Economic Adjustment Planning Assistance for Reductions in Defense Industry Employment (12.611)		•		•		•
Community Base Reuse Plans (12.612)		•		•		•
Growth Management Planning Assistance (12.613)		•		•	•	•
Environmental Protection Agency						
Brownfield Pilots Cooperative Agreements (66.811)		•		•	•	•
Department of Health and Human Services						
Community Services Block Grants/ Discretionary Awards (93.570)			•			
Native American Programs (93.612)			•	•		•
Department of Housing and Urban Development						
CDBG/Entitlement Grants (14.218)		•				
CDBG/Small Cities Program (14.219)		•		•		
CDBG/Special Purpose Grants/Insular Areas (14.225)					•	
CDBG/Technical Assistance Program (14.227)		•	•	•		•
CDBG/State's Program (14.228)				•		
Historically Black Colleges and Universities Program (14.237)				•		
Empowerment Zones Program (14.244), \$5				•		
CDBG/Economic Development Initiative (14.246)		•				
Rural Housing and Economic Development (14.250)		•				
Community Outreach Partnership Center Program (14.511)			•			
Indian CDBG Program (14.862), \$0						•
Department of the Interior						
Fish, Wildlife, and Parks Programs on Indian Lands (15.039), \$0						•
Department of Transportation						
Highway Planning and Construction (20.205), \$540				•	•	
Federal Transit/Metropolitan Planning Grants (20.505)		•	•	•		
Federal Transit Technical Assistance (20.512)	•	•	•	•	•	•
Transit Planning and Research (20.514)		•	•	•		

^aSpecific planning obligations were not available for all programs.

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^bThis program was subsequently merged with the program—Economic Development/Support for Planning Organizations (11.302).

Source: GAO's analysis of program information.

As shown in this table, federal programs that fund planning activities are available to various types of applicants. Each of the applicants is eligible for multiple planning programs. For example, local governments can apply for 30 of the programs, and state governments can apply for 32 of the programs. In addition, many programs are available to more than one type of applicant. For example, 17 programs allow both local governments and nonprofit organizations to apply for funding.

We found that the programs could also be grouped according to a common purpose. Of the 44 planning programs, we found that 33 programs could be used for planning to generally improve economies, 10 programs listed planning related to transportation and resources, and 8 programs listed economic planning to address crises. Further analysis shows that a local applicant could use 23 of the programs that funded planning to generally improve economies. Consequently, as long as the program requirements had been met, a local community applicant that was seeking funds to conduct planning to improve its economy could potentially apply to six Department of Defense programs, five USDA programs, four Commerce programs, five HUD programs, and three Appalachian Regional Commission (ARC) programs.

While a number of the programs overlap in their purposes and eligible applicants, in practice, the additional requirements imposed by specific programs limit the number of eligible applicants. For example, four of the Department of Defense programs are specifically designated for communities affected by military base closures or reductions in defense industry employment. Also, as the names imply, the National Forest/Dependent Rural Communities Program and the Appalachian State Research, Technical Assistance, and Demonstration Projects Program are targeted to areas in or near national forests and areas within the Appalachian region, respectively. Other programs have specific criteria based on unemployment, per capita need, and other criteria. In addition, some programs are targeted to rural or urban areas.

Almost all of the programs provide assistance through grants. Some also provide loans; direct payments; advisory services; training; and the use of property, facilities, and equipment. The total program obligation amounts for fiscal year 1999 vary widely. Twenty-three programs have obligations of \$10 million or less, 12 programs have obligations of between \$10 million

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and \$50 million, and 5 programs have obligations of \$50 million to \$100 million. One program has obligations of over \$100 million but less than \$1 billion, while three programs have obligations of over \$1 billion. Agencies reported the planning obligations for 13 programs. Five of the programs reported no planning obligations for fiscal year 1999, another five programs had planning obligations of less than \$10 million, two programs had planning obligations of \$10 million to \$25 million, and one program—Highway Planning and Construction—reported obligations of \$540 million for fiscal year 1999.

In addition, some of the programs required that the funds be used in conjunction with funds from other sources. These requirements generally fit into three categories: 17 programs require no matching, although they may use it as a priority-ranking factor; 11 programs require minimums of 20 or 25 percent; and 4 programs require at least 50 percent. In addition, 12 programs have various matching requirement percentages or other assistance requirements.

Eight Agencies Administer 29 Programs That Can Fund Buildings and Facilities

Buildings and facilities are critical components to economic development. They provide a place for manufacturing, assembling, repairing, and storing business inventories and supplies, as well as operating businesses. We identified eight agencies that administer 29 programs that can be used by various types of applicants to support buildings, through such means as purchasing, constructing, or renovating nonresidential buildings. (See table 4.)

Table 4: Federal Programs That Can Be Used to Fund Buildings and Facilities, Listed by Agency

Dollars in millions

Agency/ program/(catalog number)/ building and facilities obligations for fiscal year 1999 ^a	Applicants					
	Individual	Local	Nonprofit	State	U.S. territories	Federal tribal governments
U.S. Department of Agriculture						
Farm Ownership Loans (10.407)	•					
Fund for Rural America/Farm Ownership Loans (10.453)	•	•	•	•	•	•
National Forest/ Dependent Rural Communities (10.670)		•	•			•
Rural Development, Forestry and Communities (10.672)		•	•	•	•	•
Rural Development Grants (10.769)		•	•	•	•	•

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Agency/ program/(catalog number)/ building and facilities obligations for fiscal year 1999 ^a	Applicants					
	Individual	Local	Nonprofit	State	U.S. territories	Federal tribal governments
Community Facilities Loans and Grants (10.766)		•	•	•	•	
Empowerment Zones Program (10.772)		•		•		
Appalachian Regional Commission						
Appalachian Area Development (23.002), \$2		•	•	•		
Department of Commerce						
Grants for Public Works and Economic Development (11.300), \$32		•	•	•	•	•
Economic Adjustment Assistance (11.307), \$41		•	•	•	•	•
Department of Health and Human Services						
Surplus Property Utilization ^b (93.291)		•	•	•		
Community Services Block Grant/ Discretionary Awards (93.570)			•			
Department of Housing and Urban Development						
CDBG/Entitlement Grants (14.218), \$38		•				
CDBG/Small Cities Program (14.219)		•		•		
CDBG/Special Purpose Grants/Insular Areas (14.225)					•	
CDBG/State's Program (14.228)				•		
Historically Black Colleges and Universities Program (14.237)				•		
Empowerment Zones Program (14.244), \$3				•		
CDBG/Economic Development Initiative (14.246)		•				
CDBG/Section 108 Loan Guarantees (14.248)			•			
Rural Housing and Economic Development (14.250)		•				
Indian CDBG Program (14.862), \$24						•
Department of the Interior						
Indian Loans/Economic Development (15.124), \$2						•
Small Business Administration						
Small Business Loans (59.012)	•					
Certified Development Company Loans (504 Loans) (59.041), \$1,996	•		•			
Department of Transportation						
Airport Improvement Program (20.106), \$81	•	•	•	•	•	•
Federal Transit/Capital Investment Grants (20.500)		•	•	•	•	•
Federal Transit/Formula Grants (20.507)		•		•		
Formula Grants for other than urbanized areas (20.509)	•	•	•	•		•

^aSpecific building and facilities obligations were not available for all programs.

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^bThe Surplus Property Utilization Program (93.291) provides assistance through the sale, exchange, or donation of property and goods.

Source: GAO's analysis of program information.

As shown in the table, federal programs that fund buildings and facilities are available to various types of applicants. Also, each type of applicant is eligible for multiple programs. For example, local governments can apply for 18 programs, states can apply for 17 programs, and nonprofit organizations can apply for 15 programs. In addition, many programs allow more than one type of applicant to apply. The majority of these programs share the same purpose—to promote economic development—and the remaining programs support either the agricultural or transportation industry. Of the 23 programs that are to promote economic development, 11 were available to local governmental units, 9 were available to nonprofit organizations, and 11 were available to state governments.²

Although some of the programs appear to share the same purpose and applicant, in practice, additional requirements limit the number of applicants that would be eligible for the programs. For example, the Empowerment Zones programs in HUD and USDA are limited to specific geographic areas that have been designated as empowerment zones or enterprise communities; the ARC program is to be used for high-priority projects that are included in the applicable state's Appalachian development plan; and applicants for USDA's Community Facilities Loans and Grants Program must, among other things, be unable to finance the project using their own resources or commercial credit at reasonable rates and terms. In addition, programs can be used to support activities other than buildings. For example, the Community Development Block Grants (CDBG) Entitlement Grants Program allows recipients to undertake a wide range of activities such as rehabilitating residential buildings and other activities directed at revitalizing neighborhoods and improving community services.

The total obligations for fiscal year 1999 varied significantly among the 29 programs that could be used to fund buildings; however, the amount obligated to purchase, construct, or renovate buildings is generally not available. For fiscal year 1999, three programs—the CDBG/Section 108 Loan Guarantees, the Indian Loans/Economic Development, and the Small

²Five of these programs allowed applicants from local governmental units, nonprofit organizations, and state governments; and two programs allowed applicants from both local and state governments.

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Business Loans programs—provided loan guarantees that totaled about \$1.3 billion, of which all but \$14 million was obligated under the CDBG Program. During the same time frame, SBA obligated \$11 billion in loan guarantees through its Certified Development Company Loan and Small Business Loans programs, and USDA obligated \$171 million in direct loans through its Farm Ownership Loan Program. USDA also obligated \$332 million in loans and grants through its Community Facilities Loans and Grants Program. One program—Surplus Property Utilization—obligated less than \$1 million for salaries and expenses to carry out the sale, exchange, or donation of property, some of which may have involved buildings. The remaining 21 programs provided grants. Thirteen of these programs had total program obligations of under \$100 million each, three programs had total obligations of \$100 million to \$300 million, and five programs³ had total obligations of between \$1 billion and \$3 billion. The agencies were able to identify \$223 million that was obligated for activities related to buildings for fiscal year 1999 through eight programs. In addition, the SBA Small Business Loans Program obligated approximately \$2 billion for activities related to building for fiscal year 1999.

In addition, 11 programs from six agencies required that the funds be used in conjunction with funds from other sources. One other program—Rural Development, Forestry and Communities Grants—may also have a negotiated cost-sharing arrangement. Specifically, regarding programs with requirements for other funds,

- USDA limits its contribution to no more than 80 percent of a project's cost under the National Forest/ Dependent Rural Communities Program;
- Commerce's EDA specifies that, with some exceptions, its grants may be used for up to 50 percent of the cost of the project;⁴
- funds from HUD's CDBG/Economic Development Initiative Program can be used only in conjunction with projects assisted under the CDBG/Section 108 Loan Guarantees Program;
- the Department of Transportation generally requires applicants to provide 10 or 20 percent of the project costs under its grant programs;

³These programs were CDBG/Entitlement Grants, the CDBG/State's Program, the Airport Improvement Program, Federal Transit/Capital Investment Grants, and Federal Transit/Formula Grants.

⁴Increased federal assistance can be provided for projects in areas that are highly distressed, for projects that assist Indian tribes, and for other reasons.

- the Appalachian Area Development Program specifies that, in general, funds can be used for up to 80 percent of the eligible development costs for projects involving construction and equipment and that at least 20 percent must be obtained from sources other than the federal government;
- the Department of the Interior’s Indian Loans/Economic Development Program requires the borrower have 20 percent equity in the business being financed; and
- SBA’s Certified Development Company Loan Program generally requires that at least 10 percent of the project cost must be injected by the small business.

Five Agencies Administer 19 Programs That Can Fund Business Incubators

Business incubators are multitenant facilities that help entrepreneurs and small businesses get started. Incubators provide start-up firms with support that can include low-cost space, shared services, proactive technical and management support, a peer network, and access to financial assistance. We identified five federal agencies—USDA, the Department of Commerce, the Department of Health and Human Services (HHS), HUD, and ARC—that administer 19 programs that can be used to fund business incubator activities. Eighteen of these programs indicated that funds were to be used to generally promote economic development, and one program—Experimental Program to Stimulate Competitive Technology—has the stimulation of competitive technology as its objective.

As shown in table 5, federal programs that fund business incubators are available to various types of applicants, and many programs are available to more than one type of applicant. Conversely, each type of applicant is eligible for multiple programs. For example, applicants from local governments are eligible to apply for 13 programs, and state governments can apply for 12 programs. In addition, the programs that had the same purpose often had the same applicants. For example, 12 of the programs that indicated that the funds were to be used for promoting economic development were available to applicants from local governments, including economic development districts and electric utility companies.

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Table 5: Types of Applicants for Federal Programs That Can Be Used to Fund Business Incubators, Listed by Agency

Dollars in millions

Agency/ program/ (catalog number)/ business incubator obligations for fiscal year 1999 ^a	Applicants					
	Individual	Local	Nonprofit	State	U.S. territories	Federal tribal governments
U.S. Department of Agriculture						
National Forest/ Dependent Rural Communities (10.670)		•	•			•
Rural Development, Forestry and Communities (10.672)		•	•	•	•	•
Rural Development Grants (10.769)		•	•	•		•
Empowerment Zones Program (10.772)		•		•		
Rural Economic Development Loans and Grants (10.854), \$0	•	•	•	•	•	•
Appalachian Regional Commission						
Appalachian Area Development (23.002), \$1		•	•	•		
Department of Commerce						
Grants for Public Works and Economic Development (11.300), \$14		•	•	•	•	•
Economic Adjustment Assistance (11.307), \$3		•	•	•	•	•
Experimental Program to Stimulate Competitive Technology (11.614)		•	•	•		
Department of Health and Human Services						
Community Services Block Grant/ Discretionary Awards (93.570)			•			
Department of Housing and Urban Development						
CDBG/Entitlement Grants (14.218), \$13		•				
CDBG/Small Cities Program (14.219)		•		•		
CDBG/Special Purpose Grants/Insular Areas (14.225)					•	
CDBG/State's Program (14.228)				•		
Historically Black Colleges and Universities Program (14.237)				•		
Empowerment Zones Program (14.244), \$4				•		
CDBG/Economic Development Initiative (14.246)		•				
CDBG/Section 108 Loan Guarantees (14.248)			•			
Rural Housing and Economic Development (14.250)		•				

^aSpecific business incubator obligations were not available for all programs.

Source: GAO's analysis of program information.

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Although some of the programs appear to share the same purpose and applicant, in practice, the requirements of specific programs limit the number of eligible program applicants. For example, the Empowerment Zones programs in HUD and USDA are limited to specific geographic areas that have been designated as empowerment zones or enterprise communities, the ARC program is to be used for high-priority projects that are included in the applicable state's Appalachian development plan, and applicants for USDA's Rural Economic Development Loans and Grants Program must be electric and telephone utilities that have current loans with USDA's Rural Utilities Service or Rural Telephone Bank. In addition, all of the programs can be used to support activities other than business incubators. For example, the CDBG Entitlements Grant Program allows recipients to undertake a wide range of activities, such as acquiring real property, rehabilitating private residences, and engaging in other activities directed at revitalizing neighborhoods and improving community services.

The total obligations for fiscal year 1999 varied significantly among the 19 programs that could be used to support business incubators; however, the amount obligated to support business incubators is generally not available. For fiscal year 1999, one program provided loan guarantees of \$1.3 billion under the CDBG/Section 108 Loan Guarantees Program. HUD acknowledged that its program could be used to support business incubators but did not have information about how much of the loan guarantees had actually been used for that purpose. During the same time frame, USDA obligated \$15 million for direct loans and \$11 million for project grants through the Rural Economic Development Loans and Grants Program. USDA also agreed that the funds could be used to support business incubators but told us that none of the fiscal year 1999 funds had been used for that purpose.

Of the remaining programs, all of which involved either project grants, formula grants, or direct payments, most had total program obligations of under \$100 million each. Only the CDBG/Entitlement Grants Program and the CDBG/State's Program obligated over \$1 billion each for fiscal year 1999. HUD agreed that CDBG funds could be used to support business incubators and reported that it obligated \$13 million through the entitlement grants program specifically to support business incubators. HUD did not have information on how the states had obligated other CDBG grant funds for business incubators. EDA, HUD, and ARC provided information on the specific obligations for business incubators during fiscal year 1999 for five of the other grant programs. These included \$14 million obligated through the Grants for Public Works and Economic

Development Program for business incubators. All other specific obligations for business incubators were under \$5 million each.

For six of these programs, applicants must supplement the funds received with funds or loan guarantees from other sources. Specifically, USDA's Rural Economic Development Loans and Grants Program requires the use of supplemental funds equal to 20 percent of the amount of the application. In addition, for each of EDA's three programs that can be used to fund business incubators, EDA specifies that the basic grant rate is 50 percent of the cost of the project.⁵ Funds from the CDBG/Economic Development Initiative Program can be used only in conjunction with projects assisted under the CDBG/Section 108 Loan Guarantees Program. Finally, the Appalachian Area Development Program specifies that funds can be used for up to 80 percent of the eligible developmental costs for projects involving construction and equipment⁶ and that at least 20 percent must be obtained from sources other than the federal government.

Six Agencies Administer 20 Programs That Can Fund Industrial Parks

Industrial parks generally include a tract of land under the control of one entity that provides facilities for businesses consistent with a master plan. Industrial parks provide a wide array of economic development opportunities, such as manufacturing, research, warehousing and distribution, and service centers. Critical components of these parks include transportation, water and sewer, utilities, and telecommunications infrastructure. We identified six federal agencies that can fund industrial parks through 20 programs for various types of applicants. (See table 6.)

⁵In two of the three programs, exceptions can be made for projects in areas that are highly distressed, for projects that assist Indian tribes, and for other reasons.

⁶The percentage can be higher under certain conditions, such as high economic distress.

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Selected Program Elements of Federal
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Table 6: Federal Programs That Can Be Used to Fund Industrial Parks, Listed by Agency

Dollars in millions

Agency/ program/ (catalog number)/ industrial park obligations for fiscal year 1999 ^a	Applicants					
	Individual	Local	Nonprofit	State	U.S. territories	Federal tribal governments
U.S. Department of Agriculture						
National Forest/Dependent Rural Communities (10.670)		•	•			•
Rural Development, Forestry and Communities (10.672)		•	•	•	•	•
Community Facilities Loans and Grants (10.766), \$1		•	•	•	•	
Rural Development Grants (10.769)		•	•	•		•
Empowerment Zones Program (10.772)		•		•		
Rural Economic Development Loans and Grants (10.854), \$0	•	•	•	•	•	•
Appalachian Regional Commission						
Appalachian Area Development (23.002), \$5		•	•	•		
Department of Commerce						
Grants for Public Works and Economic Development (11.300), \$51		•	•	•	•	•
Economic Adjustment Assistance (11.307), \$11		•	•	•	•	•
Department of Health and Human Services						
Community Services Block Grant/Discretionary Awards (93.570)			•			
Department of Housing and Urban Development						
CDBG/Entitlement Grants (14.218)		•				
CDBG/Small Cities Program (14.219)		•		•		
CDBG/Special Purpose Grants/Insular Areas (14.225)					•	
CDBG/State's Program (14.228)				•		
Historically Black Colleges and Universities Program (14.237)				•		
Empowerment Zones Program (14.244), \$1				•		
CDBG/Economic Development Initiative (14.246)		•				
CDBG/Section 108 Loan Guarantees (14.248)			•			
Indian CDBG Program (14.862), \$0						•
Department of the Interior						
Indian Loans/Economic Development (15.124), \$0						•

^aSpecific industrial park obligations were not available for all programs.

Source: GAO's analysis of program information.

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USDA and HUD administer 15 of the 20 programs, while ARC and the Departments of Commerce, Health and Human Services, and the Interior administer the remaining programs. The table also shows that federal funds for industrial parks are available to various types of applicants. Each type of applicant is eligible for multiple programs. For example, local governments can apply for 12 programs, and states can apply for 12 programs. In addition, many programs provide funding for more than one type of applicant.

In analyzing the purposes of these programs, we found that 18 programs included the promotion of economic development as a program purpose, while 12 programs listed improving community and quality of life as a program purpose. We also found that programs with the same purpose often had the same eligible applicants. Eleven programs share the common purpose of promoting economic development and supporting a local applicant, and six programs share the common purpose of improving the community, improving the quality of life, and supporting a local applicant. Consequently, a local applicant wanting to promote economic development through the use of industrial parks could apply to the Rural Economic Development Loans and Grants Program; Rural Development, Forestry and Communities Program; Grants for Public Works and Economic Development Program; CDBG/Entitlement Grants Program; CDBG/Small Cities Program; CDBG/Economic Development Initiative; National Forest/Dependent Rural Communities Program; Economic Adjustment Assistance Program; or USDA's Empowerment Zone Program, Rural Development Grants, and Appalachian Area Development Program. Applicants for the Rural Economic Development Loans and Grants Program generally must be electric and telephone utilities that have current loans with USDA's Rural Utilities Service or Rural Telephone Bank.

Assistance is provided in a variety of ways; however, almost all of the programs provide assistance through grants. Of the 20 programs, 7 are targeted to rural areas and 4 to urban areas. The obligations for fiscal year 1999 for the programs vary widely, ranging from \$3 million to about \$3 billion. Fourteen of the programs' obligations were for less than \$100 million, 3 had obligations of \$100 million to \$1 billion, and 3 had obligations of over \$1 billion. Agencies provided obligation information for fiscal year 1999 on industrial parks for nine programs. Two programs reported that \$1 million or less was obligated for industrial parks, while three other programs reported no obligations. The Appalachian Area Development Program reported \$5 million, the Economic Adjustment Assistance Program reported \$11 million, and the Grants for Public Works and

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Economic Development Program reported obligating \$51 million for industrial parks in fiscal year 1999.

Five of these programs require applicants to supplement the funds received with funds from other sources. In addition, one program—Rural Development, Forestry and Communities—may have negotiated cost-sharing arrangements. For the programs requiring funds from other sources, two programs require 20 percent or more in matching funds, two programs require matching funds of up to 50 percent, and another requires various matching percentages depending on the type of activity. In addition, one program provides a 90-percent maximum loan guarantee and requires that the borrower have 20 percent equity in the business being financed. Some of the programs provide greater assistance if applicants meet other criteria, such as if an area is severely economically depressed.

**Six Agencies
Administer 26
Programs That Can
Fund Roads and
Streets Activities**

The development of roads and streets often promotes economic development. In addition, businesses consider a variety of factors, including the efficiency of transportation facilities, when making decisions to locate in a particular area. Six agencies administer 26 programs that support the development of roads and streets. As shown in table 7, federal programs for roads and streets are available to various types of applicants. Also, each type of applicant is eligible for multiple programs. For example, local governments can apply for funding from 16 programs, and states can apply for funding from 15 programs. In addition, many of these programs provide funding for multiple types of applicants.

Table 7: Federal Programs That Can Be Used to Fund Roads and Streets, Listed by Agency

Dollars in millions

Agency/ program/ (catalog number)/ roads and streets obligations for fiscal year 1999 ^a	Applicants					
	Individual	Local	Nonprofit	State	U.S. territories	Federal tribal governments
U.S. Department of Agriculture						
Schools and Roads/Grants to States (10.665)				•	•	
Schools and Roads/Grants to Counties (10.666)		•				
Community Facilities Loans and Grants (10.766), \$11		•	•	•	•	
Rural Development Grants (10.769)		•	•	•		•

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Selected Program Elements of Federal
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Agency/ program/ (catalog number)/ roads and streets obligations for fiscal year 1999 ^a	Applicants					
	Individual	Local	Nonprofit	State	U.S. territories	Federal tribal governments
Empowerment Zones Program (10.772)		•		•		
Appalachian Regional Commission						
Appalachian Local Road Access (23.008), \$3		•	•	•		
Department of Commerce						
Grants for Public Works and Economic Development (11.300), \$28		•	•	•	•	•
Economic Adjustment Assistance (11.307), \$24		•	•	•	•	•
Department of Housing and Urban Development						
CDBG/Entitlement Grants (14.218), \$216		•				
CDBG/Small Cities Program (14.219)		•		•		
CDBG/Special Purpose Grants/Insular Areas (14.225)					•	
CDBG/State's Program (14.228)				•		
Historically Black Colleges and Universities Program (14.237)				•		
Empowerment Zones Program (14.244), \$1				•		
CDBG/Economic Development Initiative (14.246)		•				
CDBG/Section 108 Loan Guarantees (14.248)			•			
Public Housing/Comprehensive Improvement Assistance Program (14.852) ^b		•				
Public Housing/Comprehensive Grant Program (14.859) ^b		•				
Indian CDBG Program (14.862), \$1						•
Department of the Interior						
Road Maintenance/Indian Roads (15.033), \$7						•
Indian Loans/Economic Development (15.124), \$0						•
Economic, Social, and Political Development of the Territories and the Freely Associated States (15.875)					•	
Department of Transportation						
Airport Improvement Program (20.106), \$29	•	•	•	•	•	•
Highway Planning and Construction (20.205)		•	•	•	•	
Federal Transit/Capital Investment Grants (20.500)		•	•	•	•	•
Federal Transit/Formula Grants (20.507), \$13		•		•		

^aSpecific roads and streets obligations were not available for all programs.

^bPrograms 14.852 and 14.859 were subsequently consolidated into a new program—Public Housing Capital Fund (14.872).

Source: GAO's analysis of program information.

In analyzing the uses of these programs, we found that 23 programs included road construction as a program use, while 22 included repair, reconstruction, or maintenance as a program use. We also found that the programs often had the same purposes and applicants. Thirteen of the programs could be used to construct roads and allowed applicants to include local governmental units. Consequently, as long as specific program requirements were met, a local community needing to construct a road could apply to one or more programs at ARC, USDA, Commerce, HUD, and the Department of Transportation. However, restrictions of specific programs distinguish one program from another. Such restrictions include a requirement that funding be used for rural areas, for areas with low- and moderate-income persons, or for areas in a targeted geographic region. For example, only communities in the Appalachian region could apply for the Appalachian Local Road Access Program.

Twenty-three of the programs that can be used to fund activities related to roads and streets provide funding through grants and three provide funding through loans. The obligations for programs varied widely, ranging from \$3 million to over \$3 billion for fiscal year 1999. Of the federal programs that we identified that funded roads and streets activities, most required no matching funds, while others required minimum matching funds ranging from 10 to 50 percent of the project's costs. For some of the programs, the required nonfederal matching funds varied on the basis of the area's level of economic distress, such as the area's level of poverty or unemployment.

Seven Agencies Administer 31 Programs That Can Fund Water and Sewer Activities

Water and sewer projects represent an important and necessary infrastructure improvement for communities seeking to promote economic development. Numerous federal programs provide funding for various aspects of water- and sewer-related activities, such as constructing, expanding, or repairing water and wastewater facilities. Seven agencies administer 31 programs that support water- and sewer-related activities for various types of applicants; however, two agencies—USDA and HUD—administer 21 of the 31 programs. In analyzing the purposes of these programs, we found that 29 programs included the provision of necessary water facilities as a program purpose, while 25 programs listed the provision of necessary water and sewer facilities as a program purpose.

As shown in table 8, federal programs that fund water and sewer activities are available to various types of applicants. Also, each type of applicant is eligible for multiple programs. For example, local and state governments

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can apply for 17 programs and 14 programs, respectively. In addition, many programs are available to more than one type of applicant.

Table 8: Federal Programs That Can be Used to Fund Water and/or Sewer, Listed by Agency

Dollars in millions

Agency/ program/ (catalog number)/ water and sewer obligations for fiscal year 1999 ^a	Applicants					Federal tribal governments
	Individual	Local	Nonprofit	State	U.S. territories	
U.S. Department of Agriculture						
Farm Ownership Loans (10.407)	•					
Rural Housing Site Loans and Self-Help Housing Land Development Loans (10.411)			•			
Water and Waste Disposal Systems for Rural Communities (10.760), \$1,244	•	•	•			•
Emergency Community Water Assistance Grants (10.763)		•	•			
Community Facilities Loans and Grants (10.766), \$2		•	•	•	•	
Business and Industry Loans (10.768)	•	•	•			•
Rural Development Grants (10.769)		•	•	•		•
Water and Waste Disposal Loans and Grants (10.770), \$22		•	•			•
Empowerment Zones Program (10.772)		•		•		
Rural Economic Development Loans and Grants (10.854), \$1	•	•	•	•	•	•
Appalachian Regional Commission						
Appalachian Area Development (23.002), \$29		•	•	•		
Department of Commerce						
Grants for Public Works and Economic Development (11.300), \$65		•	•	•	•	•
Economic Adjustment Assistance (11.307), \$39		•	•	•	•	•
Environmental Protection Agency^b						
Capitalization Grants for State Revolving Funds (66.458), \$1,296				•	•	
Capitalization Grants for Drinking Water State Revolving Loan Fund (66.468), \$791				•	•	
Department of Health and Human Services						
Surplus Property Utilization ^c (93.291)		•	•	•		

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Agency/ program/ (catalog number) water and sewer obligations for fiscal year 1999a	Applicants					Federal tribal governments
	Individual	Local	Nonprofit	State	U.S. territories	
Community Services Block Grant/Discretionary Awards (93.570)			•			
Department of Housing and Urban Development						
CDBG/Entitlement Grants (14.218), \$60		•				
CDBG/Small Cities Program (14.219)		•		•		
CDBG/Special Purpose Grants/Insular Areas (14.225)					•	
CDBG/State's Program (14.228)				•		
Historically Black Colleges and Universities Program (14.237)				•		
Empowerment Zones Program (14.244), less than \$1				•		
CDBG/Economic Development Initiative (14.246)		•				
CDBG/Section 108 Loan Guarantees (14.248)			•			
Public Housing/Comprehensive Improvement Assistance Program ^d (14.852)		•				
Public Housing/Comprehensive Grant Program (14.859) ^d		•				
Indian CDBG Program (14.862), \$7						•
Department of the Interior						
Bureau of Indian Affairs Facilities/Operations and Maintenance (15.048), less than \$1						•
Indian Loans/Economic Development (15.124), \$0						•
Economic, Social, and Political Development of the Territories and the Freely Associated States (15.875)					•	

^aSpecific water and sewer obligations were not available for all programs.

^bIn addition to programs listed in the *Catalog of Federal Domestic Assistance*, Environmental Protection Agency officials reported four other projects that fund water and sewer projects, including the Mexico Border Program, and the Alaska Native and Rural Villages, Special Needs Border, and Hardship Cities programs.

^cThe Surplus Property Utilization Program (93.291) provides assistance through the sale, exchange, or donation of property and goods.

^dTwo of the HUD programs, 14.852 and 14.859 have been consolidated into the HUD program, Public Housing Capital Fund (14.872).

Source: GAO's analysis of program information.

We also found that the programs often had the same purposes and applicants. Of the 25 programs that could be used to provide necessary water facilities, 17 allowed applicants to be local governmental units, and 14 allowed applicants to be a state governmental unit (nine programs

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allowed both types of applicants). Consequently, as long as specific program requirements were met, a local community needing to provide necessary water facilities could apply for five HUD programs, eight USDA programs, two EDA programs, one ARC program, and one Department of Health and Human Services program. In some cases, specific program requirements do limit who is eligible to apply for these programs. Under these requirements, funding must be used for rural areas or to principally benefit low- and moderate-income people. USDA's Water and Waste Disposal Systems for Rural Communities Program is generally available only in areas with a population of 10,000 or less.

Twenty-three of the programs provide funding through project or formula grants, 5 provide loans (4 provide both grants and loans), and 3 provide other resources such as a donation of property. The obligations that were made through these programs for fiscal year 1999 vary widely, ranging to nearly \$3 billion (for the Community Development Block Grants/Entitlement Grants program). Seventeen of the programs' obligations were less than \$100 million, 7 had obligations of \$100 million to \$1 billion, and 7 had obligations over \$1 billion. Of the 31 federal programs that funded water and sewer activities, 22 required no matching funds, other programs required minimum matching funds of 20 or 25 percent, and still others required matching funds of 50 percent of the project's costs.

Timeline of Federal Programs That Fund Selected Economic Development Activities

1920s	1930s	1940s	1950s
<ul style="list-style-type: none"> - Fish, Wildlife, and Parks Programs on Indian Lands (1921) - Indian Loans/Economic Development (1921) - Road Maintenance/Indian Roads (1928) - Economic, Social, and Political Development of the Territories and the Freely Associated States (1929) 	<ul style="list-style-type: none"> - Schools and Roads/Grants to Counties (1937) 	<ul style="list-style-type: none"> - Surplus Property Utilization (1949) 	<ul style="list-style-type: none"> - Small Business Loans (1953) - Watershed Surveys and Planning (1954) - Certified Development Company Loans (1958)
1960s	1970s	1980s	1990s
<ul style="list-style-type: none"> - Farm Ownership Loans (1961) - Water and Waste Disposal Systems for Rural Communities (1961) - Federal Transit Technical Assistance (1964) - Federal Transit/Capital Investment Grants (1965) - Appalachian State Research, Technical Assistance, and Demonstration Projects (1965) - Economic Development/Technical Assistance (1965) - Economic Development/State and Local Economic Development Planning (1965) - Appalachian Area Development (1965) - Grants for Public Works and Economic Development (1965) - Appalachian Local Access Roads (1965) - Appalachian Local Development District Assistance (1965) - Highway Planning and Construction (1966) - Rural Housing Site Loans and Self-Help Housing Land Development Loans (1968) 	<ul style="list-style-type: none"> - Business and Industry Loans (1972) - Community Facilities Loans and Grants (1972) - Rural Development Grants (1972) - Rural Economic Development Loans and Grants (1973) - Economic Adjustment Assistance (1974) - CDBG/Entitlement Grants (1974) - CDBG/State's Program (1974) - CDBG/Small Cities Program (1974) - CDBG/Section 108 Loan Guarantees (1974) - CDBG/Special Purpose Grants/Insular Areas (1974) - Trade Adjustment Assistance (1974) - Planning Assistance to States (1974) - Native American Programs (1974) - Bureau of Indian Affairs Facilities/Operations and Maintenance (1975) - Federal Transit/Formula Grants (1975) - Indian CDBG Program (1977) - Community Economic Adjustment (1978) - Federal Transit/Metropolitan Planning Grants (1978) - Formula Grants for Other Than Urbanized Areas (1978) 	<ul style="list-style-type: none"> - Fisheries Development and Utilization Research and Developmental Grants and Cooperative Agreements Program (1980) - Experimental Program to Stimulate Competitive Technology (1980) - Public Housing/Comprehensive Improvement Assistance Program (1981) - Joint Land Use Studies (1981) - Resource Conservation and Development (1981) - Growth Management Planning Assistance (1981) - Community Economic Adjustment Planning Assistance (1981) - Community Services Block Grant/Discretionary Awards (1981) - CDBG/Special Purpose Grants/Technical Assistance Program (1983) - Capitalization Grants for State Revolving Funds (1987) - Public Housing/Comprehensive Grant Program (1988) - Historically Black Colleges and Universities (1989) - Rural Development, Forestry, and Communities (1989) 	<ul style="list-style-type: none"> - Emergency Community Water Assistance Grants (1990) - Water and Waste Disposal Loans and Grants (1990) - Community Base Reuse Plans (1990) - National Forest/Dependent Rural Communities (1990) - Rural Cooperative Development Grants (1990) - Community Economic Adjustment Planning Assistance for Reductions in Defense Industry Employment (1990) - Transit Planning and Research (1991) - Community Outreach Partnership Center Program (1992) - Brownfield Pilots Cooperative Agreements (1993) - Empowerment Zones Programs (1993) - Airport Improvement Program (1994) - CDBG/Economic Development Initiative (1994) - Fisheries Disaster Relief (1996) - Capitalization Grants for Drinking Water State Revolving Fund (1996) - Fund for Rural America/Farm Ownership Loans (1996) - Rural Business Opportunity Grants (1996) - Rural Housing and Economic Development (1999)

Appendix IV
Timeline of Federal Programs That Fund
Selected Economic Development Activities

Note: The Schools and Roads/Grants to States Program is not listed in the table because it began in 1908. Also, for some programs, the dates listed reflect the authorization of the current program even though similar activities existed before that program's authorization.

Source: GAO's analysis of program information.

Objectives and Restrictions of Federal Programs That Fund Selected Economic Development Activities

The programs that we have identified as funding similar activities have various objectives and use restrictions. For each of the programs, table 9 shows the total obligations for fiscal year 1999 and the program's objectives, as well as some of the restrictions that are placed on program applicants or beneficiaries.

Table 9: Listing of Selected Program Information by Agency

Dollars in millions

Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
U.S. Department of Agriculture			
Farm Ownership Loans, \$171	10.407	To assist eligible farmers, ranchers, and aquaculture operators through the extension of credit and supervisory assistance to become owners and/or operators of farms that are family farms or smaller; make efficient use of the land, labor, and other resources; carry on sound and successful farming operations; and enable farm families to have a reasonable standard of living.	Loan funds may be used to enlarge, improve, and buy family farms; provide necessary water and water facilities; provide basic soil treatment and land conservation measures; construct, repair, and improve buildings needed in the operation of a family farm; construct or repair farm dwellings; and provide facilities to produce fish under controlled conditions. Among other things, an applicant must not have received debt forgiveness on more than three occasions prior to April 4, 1996, to receive a guaranteed loan; be unable to obtain suitable credit from other sources at reasonable rates and terms; be a U.S. citizen or permanent resident; have the necessary education and/or experience, training, and managerial ability to operate a family farm; realistically project the ability to repay the loan; and have a minimum of 3 years of farming experience.

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Objectives and Restrictions of Federal
Programs That Fund Selected Economic
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Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
Rural Housing Site Loans and Self-Help Housing Land Development Loans, \$1	10.411	To assist public or private nonprofit organizations interested in providing sites for housing; and to acquire and develop land in rural areas to be subdivided as adequate building sites and sold on a cost-development basis to families eligible for low- and very-low-income loans, cooperatives, and broadly based nonprofit rural rental housing applicants.	<p>Funds may be used for purchasing and developing adequate sites and water and sewer facilities; paying necessary engineering costs, legal fees, and closing costs; and landscaping and other necessary facilities related to buildings such as walks, parking areas, and driveways. Loan funds may not be used for the refinancing of debts; payment of a fee or commission to a broker, negotiator, or other person for the referral of a prospective applicant or solicitation of a loan; and operating costs or expenses of administration other than the actual cash cost of incidental administrative expenses if funds to pay for those expenses are not otherwise available.</p> <p>An applicant must be a private or public nonprofit organization that will make the developed sites available to qualified borrowers in open country and towns with a population of 10,000 or less and places with a population of up to 25,000 under certain conditions. Developed sites must be for housing to be built by the self-help method for low- and very-low-income families and may be sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any section of Title V of the Housing Act of 1949, or under any other law that provides financial assistance.</p>
Fund for Rural America/Farm Ownership Loans, \$0	10.453	To support research, education, and extension activities and to assist eligible farmers, ranchers, and aquaculture operators through the extension of credit and supervisory assistance to become owners and/or operators of farms that are family farms or smaller; make efficient use of the land, labor, and other resources; carry on sound and successful farming operations; and enable farm families to have a reasonable standard of living.	Among other things, an applicant must be unable to obtain suitable credit from other sources at reasonable rates and terms; be a U.S. citizen or permanent resident; have the necessary education and/or experience, training, and managerial ability to operate a family farm; and have a minimum of 3 years of farming experience.
Schools and Roads/Grants to States, \$210	10.665	To share receipts from the national forests with the states in which the national forests are located.	Applicants are states or territories of the U.S. containing national forest land.
Schools and Roads/Grants to Counties, \$5	10.666	To share receipts from national grasslands and land utilization projects with the counties in which the national grasslands and land utilization projects are located.	Applicants and beneficiaries may only be counties within the states that contain national grasslands or land utilization projects.

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Objectives and Restrictions of Federal
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Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
National Forest/Dependent Rural Communities, \$3	10.670	To provide accelerated assistance for rural communities that are (1) located in or near a national forest, (2) economically dependent on forest resources, and (3) faced with acute economic problems. Assistance is for developing strategic action plans to diversify their economic base and to improve the economic, social, and environmental well-being of their areas.	An applicant must be a general purpose local government or a tribe represented by a nonprofit organization in areas with a population of not more than 10,000 or any county that is not contained within a metropolitan statistical area. A county must derive at least 15 percent of its primary and secondary labor and proprietary income from forestry and forest-related industries, such as recreation and tourism, range, minerals, and wildlife. In all cases, the community or county must be within 100 miles of the boundary of a national forest. Individual businesses are not eligible for direct assistance. Beneficiaries are rural communities.
Rural Development, Forestry, and Communities, \$4	10.672	To identify, assist, and support local strategic planning objectives by joining state foresters; tribes; state and federal agencies; local governments; not-for-profit organizations; and others in finding, developing, and sustaining rural development activities that extend and diversify natural resource use.	The Forest Service's regional policies may further define and focus resources to meet the needs of the communities that they serve.
Water and Waste Disposal Systems for Rural Communities, \$1,253	10.760	To provide basic human amenities, alleviate health hazards, and promote the orderly growth of the rural areas of the nation by meeting the need for new and improved rural water and waste disposal facilities.	Grant funds may not be used to pay interest on loans, pay operation and maintenance costs, or to acquire or refinance an existing system. Funded facilities shall primarily serve rural residents and rural businesses. The service area shall not include any area in any city or town having a population in excess of 10,000, according to the latest decennial census of the United States. The applicant must (1) be unable to finance the proposed project from its own resources or through commercial credit at reasonable rates and terms and (2) have the legal authority necessary for constructing, operating, and maintaining the proposed facility or service, and for obtaining, giving security for, and repaying the proposed loan. Among other requirements, the plans and specifications must be developed to comply with state and local health and pollution regulations.

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Objectives and Restrictions of Federal
Programs That Fund Selected Economic
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Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
Emergency Community Water Assistance Grants, less than \$1	10.763	To help rural residents who have experienced a significant decline in the quantity or quality of water to obtain adequate quantities of water that meet the standards of the Safe Drinking Water Act.	Grants provided under this program shall not be used (1) to assist a rural area or community with a population of more than 10,000 or a median household income in excess of the statewide nonmetropolitan median household income according to the most recent decennial census of the United States; (2) to finance facilities that are not modest in size, design, and cost; (3) to pay loan or grant finders' fees; (4) to pay any annual recurring costs considered to be operational expenses; (5) to pay rent for the use of equipment or machinery owned by the rural community; (6) to purchase existing systems; (7) to refinance existing indebtedness; and (8) to make reimbursement for projects developed with other grant funds.
Community Facilities Loans and Grants, \$332	10.766	To construct, enlarge, extend, or otherwise improve community facilities providing essential services for rural residents.	All facilities financed in whole or in part with these funds shall be for public use.
Business and Industry Loans, \$1,206	10.768	To assist public, private, or cooperative organizations (profit or nonprofit), Indian tribes, or individuals in rural areas to obtain quality loans for the purpose of (1) improving, developing, or financing businesses, industry, and employment and (2) improving the economic and environmental climate in rural communities, including pollution abatement and control.	The program places numerous restrictions on the use of the loans. Applicants and beneficiaries must be located in rural areas.
Rural Development Grants, \$36	10.769	To facilitate the development of small and emerging private business, industry, and related employment for improving the economy in rural communities.	Applicants eligible for rural business enterprise grants are public bodies and nonprofit corporations serving rural areas. Applicants eligible for television demonstration grants are statewide, private, nonprofit, public television systems whose coverage is predominantly rural—a city, town, or unincorporated area that has a population of 50,000 or less and is not an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population of over 50,000. Beneficiaries are generally any private business that will employ 50 or fewer new employees, has less than \$1 million in projected gross revenue, has or will use technological innovation, and will use new products in rural areas and new processes that can be used in such production.

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Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
Water and Waste Disposal Loans and Grants, \$22	10.770	To provide water and waste disposal facilities and services to low-income rural communities whose residents face significant health risks.	The projects funded under this program must primarily provide water and/or waste disposal services for residents of a county where the per capita income of the residents is not more than 70 percent of the most recent national average per capita income, as determined by the Department of Commerce, and the unemployment rate of the residents is not less than 125 percent of the most recent national average unemployment rate, as determined by the Bureau of Labor Statistics. Also, the residents must face significant health risks because they do not have access to an affordable community water and/or waste disposal system.
Rural Cooperative Development Grants, \$2	10.771	To establish and operate centers for rural cooperative development to improve economic conditions in rural areas by promoting the development of new cooperatives and/or the improvement of existing cooperatives.	Applicants must be nonprofit corporations and institutions of higher education. Funds must benefit residents of rural areas, which can be any area of a state that is not within the outer boundary of a city with a population of 50,000 or more, according to the latest decennial census of the United States.
Empowerment Zones Program, \$15	10.772	To stimulate the creation of new jobs, particularly for the disadvantaged and long-term unemployed, and to promote revitalization of economically distressed rural areas.	USDA is not authorized to grant new designations under this program. Applicants must have been previously designated as a rural empowerment zone or enterprise community.
Rural Business Opportunity Grants, \$0	10.773	To promote sustainable economic development in rural communities with exceptional needs.	Applicants must be public bodies, nonprofit corporations, Indian tribes on federal or state reservations or other federally recognized tribal groups, and cooperatives with members who are primarily rural residents and who conduct activities for the mutual benefit of the members. The beneficiaries must be rural communities and businesses in rural areas.
Rural Economic Development Loans and Grants, \$26	10.854	To promote rural economic development and job creation projects, including funding for project feasibility studies, start-up costs, incubator projects, and other reasonable expenses for the purpose of fostering rural development.	Funds must be used for projects that promote rural economic development and job creation. Limits are placed on the maximum amount for each grant or loan, as well as the term of the loan. Applicants must be electric and telephone utilities that have current Rural Utilities Service loans or that have Rural Telephone Bank loans or outstanding guarantees. Applicants may not be delinquent on any federal debt or be in bankruptcy proceedings.
Resource Conservation and Development, \$35	10.901	To encourage and improve the capability of state and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation and development.	Technical assistance is available only to sponsors within areas authorized by the Secretary of Agriculture for planning and installing approved projects specified in Resource Conservation and Development area plans, for land conservation, water management, community development, and environmental enhancement elements.

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Watershed Surveys and Planning, \$10	10.906	To provide planning assistance for federal, state, and local agencies for developing coordinated water and related land resources programs in watersheds and river basins.	Studies should focus on a limited number of critical problems of special concern nationally, such as flood damage reduction, erosion control, water conservation, preservation of wetlands, and water quality improvement.
Appalachian Regional Commission			
Appalachian Area Development, \$89	23.002	To create opportunities for self-sustaining economic development and improved quality of life in the Appalachian region.	Projects funded must be of high priority in the state's Appalachian development plan and be either of critical importance to a phased investment and development program for a multicounty area or of unusual economic benefit to such area. The grants may be used for providing supplemental funds under any federal grant-in-aid program.
Appalachian Local Access Roads, \$3	23.008	To provide access to industrial, commercial, educational, recreational, residential, and related transportation facilities that directly or indirectly relate to the improvement of the areas determined by the states to have significant development potential and to meet the objectives stated under the Appalachian Regional Development program.	Funds may be used for engineering, right-of-way, relocation, and construction of projects relating to the program's objectives. The federal and the state governments must accept the roads, and total access road construction may not exceed 1,400 miles. Applicants are state governments. State governments may solicit project proposals from other public entities and private groups within Appalachia.
Appalachian Local Development District Assistance, \$5	23.009	To provide planning and development resources in multicounty areas, to help develop the technical competence essential to sound development assistance, and to meet the objectives stated under the Appalachian Regional Development program.	Applicants must be multicounty organizations that are certified by states within the Appalachian region.
Appalachian State Research, Technical Assistance, and Demonstration Projects, \$1	23.011	To assist ARC in accomplishing its objectives by expanding the knowledge of the region through state-sponsored research.	Applicants are states within the Appalachian region—either singly or in combination with one another, local public entities, and state entities.

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Department of Commerce			
Grants for Public Works and Economic Development, \$206	11.300	To promote long-term economic development and assist in the construction of public works and development facilities needed to initiate and support the creation or retention of permanent jobs in the private sector in areas experiencing substantial economic distress.	Qualified projects must fulfill a pressing need of the area and must (1) tend to improve the opportunities for the successful establishment or expansion of industrial or commercial plants or facilities, (2) assist in the creation of additional long-term employment opportunities, or (3) benefit the long-term unemployed or underemployed and members of low-income families. In addition, proposed projects (1) must be consistent with the currently approved Comprehensive Economic Development Strategy for the area and for the Economic Development District, if any, in which it will be located and (2) must have an adequate local share of funds. Projects must be capable of being started and completed in a timely manner.
Economic Development/Technical Assistance, \$10	11.303	To promote economic development and alleviate underemployment and unemployment in distressed areas by (1) enlisting the resources of designated university centers in promoting economic development, (2) supporting innovative economic development projects, (3) disseminating information and studies of economic development issues of national significance, and (4) financing feasibility studies and other projects leading to local economic development.	Technical assistance is used for projects that promote economic development in economically distressed areas and to fund a network of university centers that provide technical assistance to distressed communities and businesses. Grants may not be used to start or expand a private enterprise.
Economic Development/State and Local Economic Development Planning, \$24	11.305	To help states, substate planning units, Indian Tribes, and/or local urban governments strengthen the economic-development-planning capability and formulate and establish comprehensive economic development plans designed to reduce unemployment and increase incomes.	Funds must be used to support comprehensive planning for economically distressed communities/areas. Beneficiaries are the unemployed and low-income residents in areas that are covered by the applicant.
Economic Adjustment Assistance, \$137	11.307	To assist state and local interests in designing and implementing strategies to adjust or bring about change to an economy. Economic Adjustment Assistance grants may be used for planning, technical assistance, construction, and revolving loan funds.	Beneficiaries must meet one of three criteria, which relate to unemployment rate, per capita income, or a special need resulting from severe short-term changes in economic conditions.

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Trade Adjustment Assistance, \$10	11.313	To provide trade adjustment assistance for firms and industries adversely affected by increased imports.	Applicants may be intermediary organizations (including Trade Adjustment Assistance Centers) that assist trade-injured firms. For an industry association or other organizations to be eligible for industry assistance, evidence must be submitted to demonstrate that the industry faces import competition and includes a substantial number of Trade Act- certified firms or worker groups.
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program, \$3	11.427	To increase greatly the nation's wealth and quality of life through sustainable fisheries that support fishing industry jobs, safe and wholesome seafood, and recreational opportunities.	Proposals must respond to funding priorities that are described in the annual solicitation.
Fisheries Disaster Relief, \$4	11.477	To deal with commercial fishery failures due to fishery resource disasters that may be natural, man-made, or of undetermined origin.	Funds can be used for assessing the effects of commercial fishery failures, or restoring fisheries or preventing future failures, and assisting fishing communities affected by the failures. However, the Secretary of Commerce must first determine that the activity will not expand the commercial fishery failure in that fishery or into other fisheries or other geographical regions.
Experimental Program to Stimulate Competitive Technology, \$4	11.614	To support technology-based economic growth in eligible jurisdictions by promoting partnerships between state and local governments, universities, community colleges, nonprofit organizations, and the private sector.	Eligible organizations must be headquartered in Alaska, Arkansas, Delaware, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Utah, Vermont, West Virginia, Wisconsin, Wyoming, or the Commonwealth of Puerto Rico.
Department of Defense			
Planning Assistance to States, \$6	12.110	To cooperate with any state in the preparation of comprehensive plans for developing, using, and conserving water and related land resources of drainage basins located within the boundaries of such state.	The state must have a planning program for developing, using, or conserving the water and related land resources either under way or laid out in sufficient detail so that the relationship of a state's request for a particular aspect of the program may be appraised.
Community Economic Adjustment, \$0	12.600	To help communities, regions, and states alleviate serious economic impacts that result from Department of Defense program changes, such as base openings, expansions, and closings; contract changes; and personnel reductions and increases.	Funds are used in communities that are affected by changes in Department of Defense programs.

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Community Economic Adjustment Planning Assistance, \$27	12.607	To assist local governments or states, on behalf of local governments, to undertake community economic-adjustment-planning activities to respond to military base closures and realignments.	Funding is provided for areas requiring the reuse of military property. An applicant must be from an area where the Secretary of Defense has announced that the local military installation is a candidate for closure or realignment or that a final decision has been made that the installation will be closed or realigned. A determination must have been made that the action will result in a direct and significantly adverse consequence to the affected community.
Joint Land Use Studies, less than \$1	12.610	To enable the Army, Navy, Air Force, and Marine Corps to participate in developing and implementing Joint Land Use Studies that will be used to identify land use measures needed to ensure that further public and private development around a military installation is compatible with both the mission of the military installation and the plans of the jurisdictions responsible for the land surrounding the installation.	An applicant must be studying an area where the Secretary of Defense determines that encroachment of the civilian community on a military installation is likely to impair the continued operation and utility of the military installation.
Community Economic Adjustment Planning Assistance for Reductions in Defense Industry Employment, \$2	12.611	To assist local governments or states, on behalf of local governments, to undertake economic-adjustment-planning activities to respond to major reductions in defense industry employment resulting from the cancellation, termination, or failure to proceed with a major Department of Defense acquisition.	Funding may be provided for community economic-adjustment-planning activities in response to publicly announced planned reductions in Department of Defense spending, the cancellation or termination of a Department contract, or the failure to proceed with a previously approved major defense acquisition program, where the Secretary of Defense has determined that the action is likely to impose a direct and significantly adverse consequence. An applicant may be eligible for funding Defense industry adjusting planning if the cancellation, termination, or failure to proceed with a major weapons system involves the loss of (1) 2,500 or more full-time contractor employee positions in a metropolitan statistical area, (2) 1,000 or more jobs in a labor market area outside a metropolitan statistical area, and (3) 1 percent of the total number of civilian jobs in that area.

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Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
Community Base Reuse Plans, \$1	12.612	To assist local governments or states, on behalf of local governments, to conduct community base reuse plans at military installations that are closing or being realigned.	<p>Funding may be provided for developing the community base reuse plan that is required as part of the Environmental Impact Statement for the disposal and reuse of military installations.</p> <p>An applicant must be from an area with a local military installation that the Secretary of Defense announced (in 1988, 1992, 1993, or 1995) was a candidate for closure or realignment or announced that a final decision had been made that the installation would be closed or realigned and for which a community reuse plan is required for the Department of Defense Environmental Impact Statement or Environmental Assessment.</p>
Growth Management Planning Assistance, \$0	12.613	To assist local governments or states, on behalf of local governments, to undertake community economic-adjustment-planning activities to respond to military base openings or expansions.	<p>Funding may be provided for community growth-management-planning activities when the opening or expansion of a military installation results in large-scale military-related population growth requiring additional public facilities and services off base.</p> <p>An applicant may be eligible if (1) establishing or expanding a local military installation involves the assignment of more than 2,000 military, civilian, and contractor personnel to a new or expanded installation or the assignment of more military, civilian, and contractor personnel that is equal to 10 percent of the employment in counties or independent municipalities within 15 miles of the installation, whichever is lesser; (2) the new or expanded installation will result in a direct and significantly adverse consequence on the affected community; and (3) other special impact assistance is not available.</p>
Environmental Protection Agency			
Capitalization Grants for State Revolving Funds, \$1,329	66.458	To create state revolving funds that will provide a long-term source of financing for constructing wastewater treatment facilities and implementing other water quality management activities.	The state must certify that it has the legal, managerial, technical, and operational capabilities to administer the program competently and that it will comply with applicable federal statutes.
Capitalization Grants for Drinking Water State Revolving Loan Fund, \$775	66.468	To create state revolving funds that will provide a long-term source of financing for the costs of infrastructure needed to achieve or maintain compliance with requirements of the Safe Drinking Water Act and to protect public health.	The state must certify that it has the legal, managerial, technical, and operational capabilities to administer the program competently and that it will comply with applicable federal statutes.

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Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
Brownfield Pilots Cooperative Agreements, \$51	66.811	To provide funds for states, tribes, and local governments to assess Brownfields, establish revolving loan funds to clean up brownfields, and provide environmental training in brownfield communities.	Funds for assessment demonstration pilot activities must show direct links to site assessment, site identification, site investigation, and planning and/or site characterization at sites that have an actual, threatened, or suspected release of a hazardous substance. Funds for the capitalization of revolving loan fund pilots may be used only for specific removal actions and may not be used for remedial actions. Funds for assessment demonstration pilots and the capitalization of revolving loan fund pilots may not be used for actual development activities. Funds for pilot activities may not be used at sites contaminated by petroleum products except to address a nonpetroleum hazardous substance (e.g., comingled waste). Funds may not be used to match any other federal funds. Funds awarded for the capitalization of revolving loan fund pilots must be used for removal actions at brownfield sites that have completed or have substantially completed assessment activities, unless unique circumstances warrant an exception to this restriction. Funds awarded for environmental job training must be used to prepare trainees to handle and remove hazardous substances, including training in innovative or alternative treatment technologies.
Department of Health and Human Services			
Surplus Property Utilization, less than \$1	93.291	To convey or lease all surplus federal real properties that were made available by the disposal agency and are needed and usable by eligible organizations to carry out health programs.	Real property must be used for eligible health purposes. Applicants must be states; their political subdivisions; tax-supported public health institutions; and nonprofit, tax-exempt institutions. Beneficiaries must attend, work with or for, or be served by one of the eligible applicants.
Community Services Block Grant/Discretionary Awards, \$33	93.570	To support program activities of national or regional significance to alleviate the causes of poverty in distressed communities.	Funds may be used to improve the quality of the economic and social environment of low-income residents by providing resources for eligible applicants; by arresting tendencies toward dependency, chronic unemployment, and community deterioration in urban and rural areas; by addressing water and wastewater treatment needs; by providing national or regional character building, sports, and physical fitness programs for low-income youth; and by involving significant new combinations of resources. Funds must be used for projects that are generally capable of being completed within 12 to 60 months of the award of the grant. Beneficiaries are low-income families and individuals.

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Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
Native American Programs, \$36	93.612	To provide financial assistance; training and technical assistance; and research, demonstration, and evaluation activities for public and private nonprofit organizations for the development and implementation of social and economic development strategies that promote self-sufficiency, improve social and economic conditions of Native Americans within their communities, and increase the effectiveness of Indian tribes and Native American organizations in meeting their economic and social goals.	Beneficiaries are Native Americans.
Department Housing and Urban Development			
CDBG/Entitlement Grants, \$2,953	14.218	To develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income.	<p>The grantee must certify that at least 70 percent of the grant funds received during a designated period of 1 to 3 years are expended for activities that will principally benefit low- and moderate-income persons. Funds must be used to aid in preventing or eliminating slums or blight or meet other community development needs having a particular urgency.</p> <p>Applicants are determined by a statutory formula and include cities in metropolitan statistical areas that are designated by the Office of Management and Budget as a central city of the metropolitan statistical area, as well as other cities with populations of over 50,000 in metropolitan statistical areas and qualified urban counties with populations of at least 200,000.</p>
CDBG/Small Cities Program, \$60	14.219	To develop viable urban communities by providing decent housing; a suitable living environment; and expanding economic opportunities, principally for persons of low and moderate income.	<p>At least 70 percent of each grant made available to a unit of general local government must benefit low- and moderate-income persons. Funds may not be used for constructing or rehabilitating public facilities for the general conduct of government and for making housing allowances or other income maintenance-type payments.</p> <p>Applicants must be communities in Hawaii that are not eligible for funding under the CDBG entitlement community program. All other states have elected to administer the Small Cities Program under the CDBG State's Program. Applicants may not be metropolitan cities, urban counties or units participating in an urban county's CDBG program, and Indian tribes eligible for assistance under section 106(a) of the act, as amended.</p>

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Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
CDBG/Special Purpose Grants/Insular Areas, \$7	14.225	To provide community development assistance for American Samoa, Guam, the Northern Mariana Islands, Palau, and the Virgin Islands.	Applicants must be from American Samoa, Guam, the Northern Mariana Islands, Palau, and the Virgin Islands. The principal beneficiaries are low- and moderate-income persons.
CDBG/Special Purpose Grants/Technical Assistance Program, \$8	14.227	To help states, units of general local government, Indian tribes, and areawide planning organizations to plan, develop, and administer local CDBG programs.	Applicants must be qualified to provide technical assistance to assist governmental units and may not use funding for the cost of acquiring or developing the necessary specialized skills or knowledge for carrying out this program.
CDBG/State's Program, \$1,206	14.228	To develop viable urban communities by providing decent housing; a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.	The grantee, which must be a state government, must ensure that at least 70 percent of the grant funds received during a designated period of 1 to 3 years are expended for activities that will principally benefit low- and moderate-income persons. Funds must be used to help prevent or eliminate slums or blight or meet other community development needs having a particular urgency.
Historically Black Colleges and Universities Program, \$10	14.237	To help historically black colleges and universities expand their role and effectiveness in addressing community needs in their locality, including neighborhood revitalization, housing, and economic development.	Funds must be used for projects that meet both a CDBG national objective and the CDBG eligibility requirements. Applicants must be historically black colleges and universities as determined by the Department of Education. The principal beneficiaries include any city, county, town, township, parish, village, or other general political subdivision of a state within which the historically black college or university is located.
Empowerment Zones Program, \$45	14.244	To stimulate the creation of new jobs empowering low-income persons and families receiving public assistance to become economically self-sufficient, particularly for the disadvantaged and long-term unemployed, and to promote revitalization of economically distressed areas.	HUD is not authorized to grant new designations under this program. Applicants must have been previously designated as an urban empowerment zone or enterprise community.

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CDBG/Economic Development Initiative, \$60	14.246	To help public entities that are eligible under the Section 108 Loan Guarantees Program to carry out economic development projects. Grant assistance must enhance the security of loans guaranteed under the Section 108 Program or improve the viability of projects financed with loans guaranteed under the Section 108 Program. In addition, this program will make competitive economic development grants in conjunction with Section 108 loan guarantees for qualified brownfield projects. ^a	Funds may be used only in conjunction with projects and activities assisted under the Section 108 Loan Guarantees Program. Applicants are units of general local government that are eligible public entities under the Section 108 Loan Guarantees Program. The principal beneficiaries are low- and moderate-income persons.
CDBG/Section 108 Loan Guarantees, \$1,261	14.248	To provide communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.	Funds must be used for projects and activities that principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community. Applicants include metropolitan cities and urban counties that are CDBG entitlement recipients, nonentitlement communities that are assisted in their submission of applications by states that administer the CDBG Program, and nonentitlement communities eligible to receive CDBG funds under the CDBG Small Cities Program.
Rural Housing and Economic Development, \$25	14.250	To expand the supply of affordable housing and access to economic opportunities in rural areas.	Applicants are local, rural, and nonprofit community development organizations and Indian tribes.
Community Outreach Partnership Center Program, \$8	14.511	This program funds partnerships among institutions of higher education and communities to solve urban problems through research, outreach, and the exchange of information.	Funds must be used for research and outreach activities that focus on problems associated with housing, economic development, neighborhood revitalization, infrastructure, health care, job training, education, crime prevention, planning, community organizing, and other areas deemed appropriate by the Secretary of Housing and Urban Development. Applicants must be institutions of higher education with a demonstrated ability to carry out eligible activities. Beneficiaries are institutions of higher education and the communities that they serve.
Public Housing/ Comprehensive Improvement Assistance Program, ^b \$356	14.852	To improve the physical condition and upgrade the management and operation of existing public housing projects.	Applicants must be public housing agencies that own and operate low-income housing projects with fewer than 250 units.

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Public Housing/ Comprehensive Grant Program ^b , \$2,493	14.859	To provide funds to improve the physical condition and upgrade the management and operations of existing public housing projects to assure that they continue to be available to serve low-income families.	Applicants must be public housing agencies that own and operate low-income housing projects with 250 or more units under an existing annual contributions contract with HUD.
Indian CDBG Program, \$67	14.862	To assist Indian tribes and Alaska Native villages in the development of viable Indian communities.	Funds may not be used for constructing and improving governmental facilities, purchasing equipment, general government expenses, operating and maintenance expenses, political activities, new housing construction (except through community-based development organizations), and income payments. Applicants must be any Indian tribe, band, group, or nation, including Alaska Indians, Aleuts, and Eskimos and any Alaska Native village that is eligible for assistance under the Indian Self-Determination and Education Assistance Act or which had been eligible under the State and Local Fiscal Assistance Act of 1972. The principal beneficiaries are low- and moderate-income persons.
Department of the Interior			
Road Maintenance/Indian Roads, \$7	15.033	To provide limited routine maintenance on paved, gravel, earth, and unimproved roads, bridges, and airstrips.	Funds must be used to repair and maintain public roads serving Indian reservations, with particular emphasis on school bus routes and arterial highways; for snow removal, ice control, washout repair, and landslide removal; for replacement, rehabilitation, or maintenance of bridges on Indian reservation roads; for the operation and maintenance of a ferry across Lake Roosevelt; and for the maintenance of public airstrips that are not maintained by other governmental entities and are located on Indian reservations. Applicants must be federally recognized Indian tribal governments and Native American organizations authorized by tribal governments that have jurisdiction over qualifying road miles or other facilities that qualify for this program. Beneficiaries must be federally recognized Indian tribal governments and individual American Indians.
Fish, Wildlife, and Parks Programs on Indian Lands, \$26	15.039	To promote conserving, developing, and using fish, wildlife, and recreational resources for the sustenance, cultural enrichment, economic support, and maximum benefit of Indians.	Applicants and beneficiaries must be federally recognized Indian tribal governments that have facilities and Native American organizations authorized by Indian tribal governments.

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Bureau of Indian Affairs Facilities/Operations and Maintenance, \$1	15.048	To provide funds for basic operating and maintenance services of noneducation facilities that are owned or operated by the Bureau of Indian Affairs and located on reservations.	Applicants and beneficiaries must be federally recognized Indian tribal governments that have facilities on a reservation that is owned or operated by the Bureau of Indian Affairs.
Indian Loans/Economic Development, \$5	15.124	To assist federally recognized Indian tribal governments, Native American organizations, and individual American Indians in obtaining financing from private sources to promote business development initiatives on or near federally recognized Indian reservations.	Loans may be used to finance commercial, industrial, agricultural, or business activities organized for profit. Loan guarantees to private lenders will be provided only if funds would otherwise be unavailable to the borrower. Funds may not be used for speculation. The financial assistance must be used on or near an Indian reservation. Applicants and beneficiaries must be federally recognized Indian tribal governments, Native American organizations authorized by Indian tribal governments, and individual American Indians.
Economic, Social, and Political Development of the Territories and the Freely Associated States, \$282	15.875	To promote the economic, social, and political development of the territories and freely associated states, leading toward greater self-government and self-sufficiency for them.	Applicants and beneficiaries must be the U.S. territories of Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the freely associated states of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.
Small Business Administration			
Small Business Loans [Regular Business Loans—7(A) Loans], \$8,998	59.012	To provide guaranteed loans for small businesses that are unable to obtain financing in the private credit marketplace but can demonstrate an ability to repay loans.	Funds must be used to construct, expand, or convert facilities; to purchase building equipment or materials; or for working capital. Funds may not be used for gambling establishments, nonprofit organizations, speculators in property, lending or investment organizations, financing real property held for investment, indiscriminately relocating a business, or paying off a loan to an unsecured creditor who is in a position to sustain loss. Funds are available only when other funds are not available on reasonable terms. Applicants are small businesses as defined by the SBA. Beneficiaries are small businesses, including those owned by low-income and handicapped individuals or located in high unemployment areas.
Certified Development Company Loans (504 Loans), \$1,779	59.041	To assist small businesses by providing long-term, fixed-rate financing for fixed assets through the sale of debentures to private investors.	A nonprofit Certified Development Company must certify applicants. Beneficiaries are small businesses, as defined by SBA.

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Department of Transportation			
Airport Improvement Program, \$1,618	20.106	To assist sponsors, owners, or operators of public-use airports in developing a nationwide system of airports adequate to meet the needs of civil aeronautics.	Grants may not be used to construct hangars, most parking facilities, and buildings that are not related to safety, landscaping, or routine maintenance. Applicants must be states; counties; municipalities; U.S. territories and possessions; and other public agencies, including an Indian tribe or pueblo that has jurisdiction over an airport that is listed in the National Plan of Integrated Airport Systems. Certain units of local government may be eligible for grants to implement noise-compatibility projects. Private owners of public-use reliever airports or airports having at least 2,500 passengers boarding annually and receiving scheduled passenger aircraft service also are eligible.
Highway Planning and Construction, \$25,936	20.205	To assist state transportation agencies in planning and developing an integrated, interconnected transportation system by constructing and rehabilitating the National Highway System, including the Interstate System; and for transportation improvements to all public roads except those functionally classified as local; to provide aid for the repair of federal-aid roads following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes.	Federal aid highway funds are generally apportioned by statutory formulas to the states and generally reserved to roads open to the public and not functionally classified as local. Projects in urban areas with a population of 50,000 or more must be based on a transportation-planning process carried out by the metropolitan planning organization in cooperation with the state and transit operators. Projects in nonmetropolitan areas of a state must be consistent with the state transportation plan.
Federal Transit/Capital Investment Grants, \$2,182	20.500	To assist in financing the acquisition, construction, reconstruction, and improvement of facilities, rolling stock, and equipment for use in public transportation service in urban areas and in coordinating service with highway and other transportation in such areas.	Applicant must have legal, financial, and technical capacity to carry out the proposed project and maintain facilities and equipment purchased with federal assistance.
Federal Transit/Metropolitan Planning Grants, \$41	20.505	To assist in developing transportation improvement programs, long-range transportation plans, and other technical studies.	States receive an apportionment for subsequent distribution by formula to the metropolitan planning organization to be used in urban areas in each state.

**Appendix V
Objectives and Restrictions of Federal
Programs That Fund Selected Economic
Development Activities**

(Continued From Previous Page)

Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
Federal Transit/ Formula Grants, \$2,465	20.507	To assist in financing the acquisition, construction, leasing, maintenance, planning, and improvement of facilities and equipment in mass transportation service and to assist with paying the operating expenses to improve or to continue such service for urbanized areas with populations of under 200,000.	Funds will be used in urbanized areas (as defined by the Bureau of the Census) through designated recipients that must be public entities and legally capable of receiving and dispensing federal funds. Beneficiaries are publicly owned operators of mass transportation services.
Formula Grants for Other than Urbanized Areas, \$183	20.509	To improve, initiate, or continue public transportation service in nonurbanized areas by providing financial assistance for operating and administrative expenses and for the acquisition, construction, and improvement of facilities and equipment and to provide technical assistance for rural transportation providers.	Funds are apportioned to states and may be used for eligible capital expenses, project administration, and operating expenses needed to provide efficient and coordinated public transportation service in nonurbanized areas. Fifteen percent of the state's annual apportionment must be spent to support rural intercity bus transportation, unless the governor certifies that such needs are adequately met. Eligible recipients may include state agencies, local public agencies, nonprofit organizations, Indian tribes, and operators of public transportation services, including intercity bus service in rural and small urban areas. Urbanized areas, as defined by the Bureau of the Census, are not eligible.
Federal Transit Technical Assistance, \$6	20.512	To improve mass transportation service; to contribute toward meeting total urban transportation needs at a minimum cost; and to assist in the reduction of urban transportation needs by improving the ability of transit industry operating officials to plan, manage, and operate their systems more effectively and safely.	Criteria for preliminary approval include (1) compatibility with the Federal Transit Administration's Strategic Plan; (2) availability of funding; (3) nonfederal funding match; (4) importance of proposal to the fiscal year program activity; (5) potential for impact on the state-of-the-art from the viewpoint of innovation in transit technology, services, and operations; (6) technical feasibility and potential for successful introduction into use in the transit industry; (7) background, experience, and demonstrated capabilities of applicant; (8) geographic distribution of existing projects; and (9) other pertinent matters, such as questions of environmental impact and labor impact.

**Appendix V
Objectives and Restrictions of Federal
Programs That Fund Selected Economic
Development Activities**

(Continued From Previous Page)

Program's name and obligations for fiscal year 1999	Catalog number	Objectives	Use restrictions
Transit Planning and Research, \$9	20.514	To foster innovation in public transit systems, through local demonstrations of promising, but risky, new technologies and service or operational concepts; to address economic and social issues resulting from human impacts on the environment and develop risk-assessment methodologies, integrated assessments, and other analytical tools for effective policy formulation; to develop practical know-how for solving fundamental industrywide problems, such as how to accommodate the travel needs of persons with disabilities, how to finance transit infrastructure construction, and how to meet the requirements of the Clean Air Act; and to support developing information and technical assistance to convey the results of research, technology development, and innovative demonstrations for adaptation and local implementation.	Criteria for preliminary approval include (1) compatibility with the Federal Transit Administration's plans; (2) availability of funding; (3) potential for impact on the state-of-the-art from the viewpoint of innovation in transit technology, services, and operations; (4) technical feasibility and potential for successful introduction into use in the transit industry; (5) background, experience, and demonstrated capabilities of the applicant; (6) partnerships with public and private organizations; (7) non-Federal Transit Administration funding match; and (8) other pertinent matters, such as geographic distribution of projects and questions of environmental and labor impact.

^aBrownfield sites are abandoned, idled, or under-used industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.

^bAccording to the *Catalog of Federal Domestic Assistance*, these programs have been consolidated into the Public Housing Capital Fund (14.872).

Source: The *Catalog of Federal Domestic Assistance*.

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