



441 G St. N.W.
Washington, DC 20548

Accessible Version

March 5, 2019

The Honorable Christopher A. Coons
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate

The Honorable Shelley Moore Capito
United States Senate

Economic Adjustment Assistance: Federal Programs Intended to Help Beneficiaries Adjust to Economic Disruption

Individuals, businesses, and communities in the United States have had to change how they work or operate because their jobs or economies were affected by external forces such as trade agreements or defense or energy policy changes. The nation's workforce has also undergone rapid, widespread change due to other economic forces such as emerging technologies and shifting business models, a dynamic that is expected to continue. Federal economic adjustment assistance (EAA) programs were established to help workers, businesses, and communities respond to these disruptions and the potential dislocation precipitated by specific economic events.

The federal government provides economic adjustment assistance both through programs and through tax expenditures.¹ Some economic adjustment assistance is funded directly, such as through grants, cooperative agreements, or formula funding to public or nonprofit entities that then provide services to beneficiaries.² The federal government also assists with economic adjustment in an indirect way. For example, it funds demonstration grants and technical assistance and training for program personnel to enhance the services provided by the program or agency.

Developing an inventory of EAA programs is a first step in assessing the scope of the federal government's involvement in this area, as well as determining whether these programs are effective, efficient, and able to meet current and future needs.³ An inventory can also be the

¹A tax expenditure is a revenue loss attributable to a provision of the federal tax laws that (1) allows a special exclusion, exemption, or deduction from gross income or (2) provides a special credit, preferential tax rate, or deferral of tax liability. These expenditures include exemptions and exclusions from taxation, deductions, credits, deferral of tax liability, and preferential tax rates.

²Grants provide federal funding, sometimes through a pass-through entity, to a non-federal entity to carry out a public purpose. Cooperative agreements are similar to grants, but they provide for substantial involvement between the federal agency awarding the grant, or the grant pass-through entity, and the entity carrying out the grant. Grants can also be provided through formula funding, which uses a formula to determine the amount each recipient receives.

³GAO, *Federal Programs: Information Architecture Offers a Potential Approach for Development of an Inventory*, [GAO-17-739](#) (Washington, D.C.: Sept. 28, 2017).

first step in identifying the extent to which programs might overlap, be duplicative, or be fragmented.⁴

You asked us to assess EAA programs that help workers, businesses, and communities prepare for and adjust to economic disruption. In this report, we describe the federal programs and tax expenditure we identified that support economic adjustment, including their objectives, eligibility requirements, beneficiaries, obligations, and expenditures.⁵

We addressed our objective in three general steps: (1) development of criteria for program and tax expenditure inclusion in this review, (2) identification of the programs and tax expenditures that met our criteria, and (3) collection of program data through agency surveys. To develop criteria for the programs and tax expenditures to be included in our inventory, we first developed a definition of EAA. This began with determining which aspects of EAA were important to policymakers. After determining the key aspects of EAA to include, we reviewed select literature on two important strands of economic research to further inform our definition: the effects associated with China entering the World Trade Organization and the impact of technological changes on the U.S. workforce. After developing a draft definition, we asked agency officials to provide feedback and incorporated their comments as appropriate.⁶ We also solicited input from internal GAO experts. Using the information we collected, we developed the following EAA definition for the purposes of this report:⁷

Economic adjustment assistance programs and tax expenditures are those whose primary purpose includes helping or preparing workers, businesses/firms, or communities to adjust to economic disruption, where disruption is defined as significant changes in the economy that reduce the demand for certain workers. Examples of these changes include, but are not limited to, U.S. or international policy decisions related to trade, defense, or energy, and other economic forces that drive changes in immigration, globalization, automation, or cause a prolonged cyclical downturn.

In addition to this EAA definition, we applied the following criteria for identifying programs and tax expenditures, regardless of their size: the program or tax expenditure must have (1) been in effect in fiscal year 2017 and (2) provided either direct or indirect assistance to individuals, businesses, or communities. To capture the full federal EAA investment, we also included agency activities such as demonstration grants and training and technical assistance designed to enhance the services provided by the program or agency.

We excluded programs and tax expenditures that might have provided income or other support to individuals during times of economic disruption or hardship, but whose primary purpose did not include assisting or preparing individuals, businesses, or communities to respond to economic disruptions by adopting alternative courses of action. For example, we excluded programs primarily designed to:

⁴Inclusion of a program in this inventory is not an assessment of its effectiveness or its potential to overlap, be duplicative, or be fragmented with regard to other programs.

⁵Obligations are a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. Payment may be made immediately or in the future. Expenditures are the actual spending of money; an outlay.

⁶We met with officials from the Departments of Agriculture, Commerce, Defense, Labor, and the Treasury as well as officials from the Appalachian Regional Commission, Delta Regional Authority, Denali Commission, and the Northern Border Regional Commission.

⁷It is important to note that the number of such programs identified will vary with the definition used, and that the application of any definition can entail subjective judgment.

- assist low-income individuals (e.g., Supplemental Nutrition Assistance Program);⁸
- provide general economic development to areas that have been distressed (1) for reasons other than economic disruption or (2) as the result of an economic disruption at one time but are now experiencing more systemic economic challenges (e.g., some programs provided through the regional commissions);⁹
- assist workers who lost their jobs but are not required to acquire new skills or move to new industries as a result of program participation or benefit (e.g., unemployment insurance programs);¹⁰ and
- respond to natural disasters because these programs generally alleviate the damage, loss, hardship, or suffering caused by a disaster incident rather than effect change in response to the economic disruption.

Using these criteria, we identified EAA programs and tax expenditures by:

- interviewing agency officials;
- conducting a comprehensive keyword search of the Catalog of Federal Domestic Assistance (CFDA);¹¹
- conducting a comprehensive keyword search of tax expenditure documents from the Office of Management and Budget, Joint Committee on Taxation, and Congressional Research Service.¹²

Once we identified programs that met our criteria, we collected program data through agency surveys.¹³ We developed a program survey, pretested it with relevant agency officials, and made modifications as appropriate. We asked agencies to confirm or provide information on program objectives, eligibility requirements, beneficiaries, obligations, and expenditures.

We reviewed the completed surveys and clarified information with agency officials as necessary. We edited the responses for clarity, as appropriate, and asked the agencies to review the revisions. In some cases, we also obtained information from agency websites and agency and congressional documents to explain certain terms or concepts. In cases where

⁸The Supplemental Nutrition Assistance Program offers nutrition assistance to eligible low-income individuals and families.

⁹We interviewed officials from four regional commissions: the Appalachian Regional Commission, the Delta Regional Authority, the Denali Commission, and the Northern Border Regional Commission.

¹⁰The Federal-State Unemployment Insurance Program, overseen by the Department of Labor and administered by the states, provides unemployment benefits to eligible workers who become unemployed through no fault of their own and meet certain other eligibility requirements. Claimants who file for unemployment benefits may be directed to register for work with their State Employment Service so they can receive assistance in finding employment.

¹¹The CFDA is a database of all federal programs available to state and local governments (including the District of Columbia); federally-recognized Indian tribal governments; territories and possessions of the United States; domestic public, quasi-public, and private and nonprofit organizations and institutions; and specialized groups and individuals. Since our search, the CFDA has been moved to "Assistance Listings," a beta site administered by the General Services Administration. See <https://beta.sam.gov/>.

¹²Office of Management and Budget, Analytical Perspectives, Budget of the United States Government, Fiscal Years 2009, 2012, and 2019; Joint Committee on Taxation, Estimates of Federal Tax Expenditures for Fiscal Years 2007-2011 (JCS-3-07; Sept. 24, 2007), 2010-2014 (JCS-3-10; Dec. 15, 2010), and 2017-2021 (JCX-34-18; May 25, 2018); and Committee on the Budget, United States Senate, Tax Expenditures: Compendium of Background Material on Individual Provisions, Prepared by the Congressional Research Service, 24-030 (Washington, D.C.: December 2016).

¹³We defined programs by CFDA number unless agency officials indicated we should do otherwise (e.g., they considered multiple CFDA numbers as components of one program).

program objectives or eligibility requirements changed during the years included in our review (2007, 2010, and 2017), we reported current program information.

In the surveys, we collected 3 non-consecutive years of data, as available, for each identified program or tax expenditure. Because program expenditures or numbers served could change in response to demand from potential beneficiaries, we collected program data for 2007 and 2010 to reflect changes in the national unemployment rate both before and after the Great Recession. To reflect current program information, we collected program data for 2017, or the most recent year available. There may be a lack of comparability of the number of beneficiaries served across programs because of different objectives and types of assistance, ranging from disseminating information to delivering services with substantial economic value to beneficiaries.

To assess the reliability of the data provided by the agencies, we asked officials to identify the databases and information sources they used to respond to our survey questions and any limitations of the data they provided. We discussed with agency officials any identified data limitations and, if unresolved issues remained, we annotated the data as appropriate. In some limited circumstances we decided not to report the data due to limitations that might have made the data misleading given our scope and context. For the data we included, we found them sufficiently reliable for the purposes of this report.

We did not independently verify the information provided by the agencies or conduct a legal analysis to confirm the various descriptions of the programs in this report, including information on their objectives, eligibility requirements, budgetary obligations, and expenditures. Further, in developing this report, we did not review or analyze financial data or materials prepared by the agencies in connection with the annual budget and appropriations process.

Enclosure I to this report provides detailed information on these programs. The information is presented alphabetically by agency and then by program name as listed in Table 1. Enclosure II provides a detailed description of our scope and methodology.

We conducted this performance audit from September 2017 to March 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

GAO identified 15 programs and 1 tax expenditure that met its EAA definition. These programs and tax expenditure are each administered by one of the following six agencies or commissions: the Appalachian Regional Commission (ARC) and the Departments of Agriculture (USDA), Commerce (Commerce), Defense (DOD), Labor (DOL), and the Treasury (Treasury). Programs differed in size. For example, according to DOL officials, in fiscal year 2017 a DOL program expended about \$974 million in formula-funded grants to states to assist workers who had lost their jobs become reemployed; whereas, according to DOD officials, a DOD program expended about \$354,000 on grants designed to conduct research and provide technical assistance to communities affected by defense-related activities. In addition to programs, a tax expenditure administered by the Treasury assisted trade-affected workers with the cost of health insurance. See table 1.

Table 1: Federal Programs and Tax Expenditure Identified by GAO That Provide Economic Adjustment Assistance and Types of Beneficiaries

	Agencies and programs/tax expenditure	Beneficiaries			
		Individuals	Businesses	Communities	Other beneficiaries ^a
Department of Agriculture – Agricultural Marketing Service	Economic Adjustment Assistance Program	not a beneficiary of the program	type of beneficiary of the program	not a beneficiary of the program	not a beneficiary of the program
Appalachian Regional Commission	Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative	type of beneficiary of the program	type of beneficiary of the program	type of beneficiary of the program ^b	not a beneficiary of the program
Department of Commerce – Economic Development Administration	Assistance to Coal Communities	not a beneficiary of the program	not a beneficiary of the program	type of beneficiary of the program ^c	not a beneficiary of the program
	Economic Adjustment Assistance	not a beneficiary of the program	not a beneficiary of the program	type of beneficiary of the program ^c	not a beneficiary of the program
	Trade Adjustment Assistance for Firms	not a beneficiary of the program	type of beneficiary of the program	not a beneficiary of the program	not a beneficiary of the program
Department of Defense – Office of Economic Adjustment	Community Economic Adjustment Assistance for Advance Planning and Economic Diversification	type of beneficiary of the program	type of beneficiary of the program	type of beneficiary of the program ^d	not a beneficiary of the program
	Community Economic Adjustment Assistance for Realignment or Closure of a Military Installation	not a beneficiary of the program	not a beneficiary of the program	type of beneficiary of the program ^e	not a beneficiary of the program
	Community Economic Adjustment Assistance for Reductions in Defense Industry Employment	type of beneficiary of the program	type of beneficiary of the program	type of beneficiary of the program ^d	not a beneficiary of the program
	Economic Adjustment Assistance for State Governments	type of beneficiary of the program	type of beneficiary of the program	type of beneficiary of the program ^d	not a beneficiary of the program

		Beneficiaries			
Agencies and programs/tax expenditure	Individuals	Businesses	Communities	Other beneficiaries ^a	
Research and Technical Assistance	not a beneficiary of the program	not a beneficiary of the program	type of beneficiary of the program ^f	not a beneficiary of the program	
Department of Labor – Employment and Training Administration	Health Coverage Tax Credit (HCTC) Infrastructure National Dislocated Worker Grants	not a beneficiary of the program	not a beneficiary of the program	type of beneficiary of the program	
	National Dislocated Worker Grant Program ^g	type of beneficiary of the program	not a beneficiary of the program	type of beneficiary of the program	
	Trade Adjustment Assistance for Workers	type of beneficiary of the program	not a beneficiary of the program	not a beneficiary of the program	
	Trade Adjustment Assistance Community College and Career Training	type of beneficiary of the program	type of beneficiary of the program	not a beneficiary of the program	
	Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Formula Program	type of beneficiary of the program	not a beneficiary of the program	not a beneficiary of the program	
Department of the Treasury – Internal Revenue Service and Office of Tax Policy^h	Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals ⁱ	type of beneficiary of the program	not a beneficiary of the program	not a beneficiary of the program	

Source: GAO analysis of data from survey responses and agency, commission, and congressional documents, as confirmed by agency and commission officials. | GAO-19-85R

^aOther beneficiaries can include agency or state personnel through, for example, technical training and assistance services or demonstration grants.

^bAccording to Appalachian Regional Commission officials, the definition of community for this program is determined by the grantee and is generally a geographic area, but could also be used to describe groups with common interests, characteristics, social systems, or business sectors.

^cAccording to Department of Commerce (Commerce) officials, for this program grantees may define community as census tracts, cities, regions, counties, or economic development districts.

^dAccording to Department of Defense (DOD) officials, for these programs community is defined by each grant in terms of the area of defense impact. A community could be one county with several cities, multiple counties, or a region/Metropolitan Statistical Area.

^eAccording to DOD officials, for this program community can be defined as: (1) an entity of state or local government or (2) a local redevelopment authority recognized by the Office of Economic Adjustment.

^fAccording to DOD officials, for this program community can be defined as: (1) one county with several cities, (2) multiple counties; or (3) a region or Metropolitan Statistical Area.

⁹According to DOL officials, this program includes three subcomponents: (1) WIOA National Dislocated Worker Grants, (2) WIOA Dislocated Worker National Reserve Demonstration Grants, and (3) WIOA Dislocated Worker National Reserve Technical Assistance and Training.

¹⁰The Department of the Treasury also administers Recovery Zone Economic Development Bonds. These bonds were created by the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) to promote economic development in economically-distressed areas. State and local governments could issue the bonds in 2009 and 2010. The authority to issue the bonds expired on December 31, 2010. While these bonds continue to be a source of estimated revenue losses, we did not include them in our list of current tax expenditures because estimates after December 2010 represent the refundable tax credits generated by the outstanding bonds rather than the issuance of new bonds.

¹¹This tax credit is also known as the Health Coverage Tax Credit.

USDA Provides Funds to Help Cotton Users Make Capital Investments in Land and Equipment

USDA's Agricultural Marketing Service administers a program designed to help the U.S. textile industry remain competitive by limiting market losses, plant closures, and declines in employment. Established in 2008,¹⁴ the Economic Adjustment Assistance Program provides assistance to domestic users of upland cotton, such as textile mills.¹⁵ This assistance can be used only for capital investments into land, plant/facilities, equipment, or machinery.¹⁶

ARC Administers a Program to Help Communities Affected by Coal Industry Decline

ARC, a regional economic development agency,¹⁷ administers the Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative, which is intended to help communities and regions affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries due to the changing economics of energy production.

Commerce's Programs Are Designed to Assist Communities Experiencing Adverse Economic Changes and Businesses Affected by Trade

Commerce's Economic Development Administration has three programs designed to assist communities experiencing adverse economic changes or businesses affected by trade. First, the Economic Adjustment Assistance program provides a wide range of technical, planning, and public works and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time. Second, the Assistance to Coal Communities (ACC) program is designed to assist communities severely affected by the declining use of coal by supporting economic diversification, job creation, capital investment, workforce development, and re-employment opportunities.¹⁸ Third, the Trade Adjustment Assistance for Firms (TAAF) program provides technical assistance to businesses or firms¹⁹ experiencing declining sales and

¹⁴Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246. This law is commonly referred to as the 2008 Farm Bill.

¹⁵Upland cotton is a type of cotton that is considered "short staple." In the United States, cotton is considered upland if its staple length is less than three-eighths of an inch.

¹⁶More specifically, payments can only be used for capital investments to acquire, construct, install, modernize, develop, convert, or expand land, plant, equipment, facilities, or machinery.

¹⁷ARC was established in 1965 to address the economic problems in the Appalachian region. It is composed of the governors of the 13 Appalachian states and a federal co-chair, who is appointed by the President. It allocates funds appropriated by Congress among its member states. The governors draw up annual state strategies and select projects for approval by the federal co-chair.

¹⁸According to Commerce officials, the ACC program is part of the Economic Development Administration's Economic Adjustment Assistance program, but ACC receives a separate appropriation and officials said they consider it a separate program.

¹⁹For this purposes of this report, GAO used the terms businesses and firms synonymously.

employment where increased imports of similar goods and services contributed importantly to such declines.²⁰

DOD Works with Communities Experiencing Defense Industry Employment Reductions and Base Realignments or Closures

DOD's Office of Economic Adjustment (OEA) administers five programs that met GAO's EAA criteria. OEA works with local and regional communities that are facing potential economic impacts due to changes within DOD or the defense industry. These changes can include base closures or realignments, as well as budget cuts and layoffs that may accompany changes such as the cancellation of a DOD contract or weapon system program.

DOL's Programs Are Intended to Help Dislocated Workers, Including Those Affected by Trade

DOL's Employment and Training Administration administers five programs that assist workers affected by trade or layoffs. The WIOA Dislocated Worker Formula Program is designed to help dislocated workers become reemployed by providing job search assistance, career services, and/or training to build their skills.²¹ In addition to this program, DOL oversees the National Dislocated Worker Grant Program, which, through the three National Reserve subcomponents, is designed to (1) temporarily expand service capacity at state and local levels in response to significant dislocation events that cannot be reasonably accommodated within the operations of the formula-funded dislocated worker program; (2) fund demonstration projects; and (3) provide state and local staff with training and technical assistance.²²

The Trade Adjustment Assistance (TAA) for Workers program is intended to provide workers adversely affected by trade with opportunities to obtain the skills, credentials, resources, and support necessary to return to the workforce in an in-demand industry. The Trade Adjustment Assistance Community College and Career Training (TAACCCT) program was aimed at helping community colleges increase their capacity to provide education and training programs for in-demand jobs.²³ Health Coverage Tax Credit (HCTC) Infrastructure National Dislocated Worker Grants provides funding to state workforce agencies to ensure they have the infrastructure to provide HCTC assistance and support related services to eligible TAA, Alternative Trade

²⁰Funds are not provided directly to firms. TAAF uses a national network of 11 Trade Adjustment Assistance Centers where eligible U.S. firms affected by imports can receive assistance to create and implement targeted business recovery plans. The Trade Adjustment Assistance Centers provide funds, which match the costs for third-party consultants to help firms expand markets, strengthen operations, and increase competitiveness. Firms contribute a matching share to create and implement their respective recovery plan.

²¹According to DOL officials, dislocated workers include (1) workers who have lost their job, are eligible for unemployment insurance, and who are unlikely to return to their previous industries or occupations; (2) workers who have lost their job as a result of plant closings or mass layoffs (i.e., a business has at least 50 initial claims for unemployment insurance filed against it during a 5-week period) and who are unlikely to return to their previous industries or occupations; (3) formerly self-employed individuals; and (4) displaced homemakers who depend on the income of another family member, but who are no longer supported by that income. Priority of services is given to veterans and other covered persons. WIOA requires that states reserve not more than 25 percent of the funds allotted under the Dislocated Worker Formula Program to be used for rapid response activities, which provide information on and access to employment and training activities for dislocated workers in the case of a plant closing, mass layoff, or natural disaster.

²²According to DOL officials, the three subcomponents are: (1) WIOA National Dislocated Worker Grants, (2) WIOA Dislocated Worker National Reserve Demonstration Grants, and (3) WIOA Dislocated Worker National Reserve Technical Assistance and Training.

²³According to DOL officials, TAACCCT was funded for 4 years, with grants awarded from 2011 through 2014 and active from 2011 through 2018.

Adjustment Assistance (ATAA) and Reemployment Trade Adjustment Assistance (RTAA) recipients.²⁴

Treasury-Administered Tax Expenditure Designed to Assist Dislocated Workers Affected by Trade

Treasury administers the Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals (also known as the Health Coverage Tax Credit or HCTC), a tax expenditure that assists individuals who lose their jobs due to trade.²⁵ HCTC reduces these individuals' after-tax cost of health insurance coverage and enables some to maintain or acquire coverage.

Agency Comments

We provided a draft of this product to USDA, ARC, Commerce, DOD, DOL, the Treasury, and the Internal Revenue Service (IRS) for review and comment. Commerce, DOD, DOL, and the IRS provided us with technical comments, which we incorporated as appropriate. USDA, ARC, and the Treasury did not provide comments.

We are sending copies of this report to the appropriate congressional committees, the Federal Co-Chair of the Appalachian Regional Commission; the Secretaries of the Departments of Agriculture, Commerce, Defense, Labor, and the Treasury; the Commissioner of the IRS; and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report please contact me at (202) 512-7215 or brownbarnesc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in enclosure III.



Cindy S. Barnes
Director, Education, Workforce, and Income Security

Enclosures – 3

²⁴ATAA and RTAA program benefits are offered under the regular TAA for Workers program. Participation in these programs allows workers aged 50 years old or older and who do not earn more than \$50,000 annually in their new employment, to accept reemployment at a lower wage and receive a wage supplement. ATAA/RTAA payments may total 50 percent of the difference between the old and new wages, with a maximum of \$10,000 paid over a period of 2 years.

²⁵In addition to individuals who lose their jobs due to trade, HCTC assists those who receive pension benefits from the Pension Benefit Guaranty Corporation. These individuals did not meet GAO's EAA criteria and were not included in the scope of this report.

Enclosure I: Economic Adjustment Assistance Programs

This enclosure inventories the economic adjustment assistance programs that we identified. We sent surveys to agency officials and asked them to confirm or provide information on program objectives, eligibility requirements, beneficiaries, obligations, and expenditures. In some cases, we also obtained information from agency websites and agency and congressional documents to explain certain terms or concepts. In cases where program objectives or eligibility requirements changed during the years included in our review (2007, 2010, 2017), we reported current program information.

To assess the reliability of the data provided by agencies, we asked officials to identify the databases and information sources they used to respond to our survey questions and any limitations of the data they provided. We discussed with agency officials any identified data limitations and, if unresolved issues remained, we annotated the data as appropriate. In some limited circumstances we decided not to report the data due to limitations that might have made the data misleading given our scope and context. For the data we included, we found them sufficiently reliable for the purposes of this report.

We did not independently verify the information provided by the agencies or conduct a legal analysis to confirm the various descriptions of the programs in this enclosure, such as information on their objectives, eligibility requirements, budgetary obligations, and expenditures. Further, in developing this report, we did not review or analyze financial data or materials prepared by the agencies in connection with the annual budget and appropriations process.

Department of Agriculture - Agricultural Marketing Service

Economic Adjustment Assistance Program

Objectives: To provide economic assistance to mills involved in spinning, paper-making, or processing non-woven cotton fabric from bales of upland cotton. This economic assistance is intended to keep the domestic cotton milling industry competitive internationally.

Year Authorized: 2008

Obligations and Expenditures: See table 2 for the program's reported obligations and expenditures.

Table 2: USDA Economic Adjustment Assistance Program Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2016

Dollars in millions

	FY 2007	FY 2010	FY 2016 ^a
Obligations	Program did not exist	\$74.2	\$53.9
Expenditures	Program did not exist	\$74.2	\$50.5

Source: Officials from the U.S. Department of Agriculture (USDA), Agricultural Marketing Service. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO.

³According to USDA officials, FY 2016 data were the most recent data available at the time of our review and expenditures were lower than obligations because of sequestration. Payments to individual companies were reduced by 6.8 percent, according to officials.

Applicant Eligibility: A person regularly engaged in the business of opening bales of eligible upland cotton for the purpose of spinning, paper-making, or processing of non-woven cotton fabric in the United States, and who has entered into an agreement with the Commodity Credit Corporation to participate in the program.¹

Beneficiary Eligibility: A person regularly engaged in the business of opening bales of eligible upland cotton for the purpose of spinning, paper-making, or processing of non-woven cotton fabric in the United States, and who has entered into an agreement with the Commodity Credit Corporation to participate in the program.

Beneficiaries Served: See table 3.

Table 3: Number of Beneficiaries Who Received USDA Economic Adjustment Assistance Program Benefits or Services in Program Years (PY) 2007, 2010, and 2016

	PY 2007	PY 2010	PY 2016 ^a
Businesses served	Program did not exist	56	42

Source: Officials from the U.S. Department of Agriculture (USDA), Agricultural Marketing Service. | GAO-19-85R

Note: The program year is October 1 through September 30.

^aAccording to USDA officials, PY 2016 data were the most recent program data available at the time of our review.

Appalachian Regional Commission

Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative

Objectives: As part of its overall authority, the Appalachian Regional Commission (ARC) administers the POWER Initiative. POWER is designed to assist communities that have been adversely affected by the recent decline in the coal industry.

Year Authorized: 2016²

Obligations and Expenditures: See table 4 for the program’s reported obligations and expenditures.

¹The Commodity Credit Corporation is a government-owned and operated entity that was created to stabilize, support, and protect farm income and prices.

²According to ARC officials, the commission’s Appalachian Area Development program was authorized in 1965. Under this program, the POWER Initiative was launched in 2016, pursuant to language in the agency’s appropriation, according to officials.

Table 4: ARC Partnerships for Opportunity and Workforce and Economic Revitalization Initiative Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	Program did not exist	Program did not exist	\$59.4
Expenditures	Program did not exist	Program did not exist	\$9.9

Source: Officials from the Appalachian Regional Commission (ARC). | GAO-19-85R

Notes: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. According to ARC officials, ARC receives a “no-year” appropriation, which is an appropriation that is available for obligation for an indefinite period, and so obligations and associated expenditures may not track directly within specific fiscal years. In addition to direct obligations and expenditures, ARC occasionally transfers money to other federal agencies for administering ARC-approved grants, according to ARC officials. According to the officials, as of August 2018, ARC had transferred Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative funds that were obligated in fiscal year 2017 to the Department of Commerce, Economic Development Administration (\$3,448,673); Department of Housing and Urban Development (\$750,000); and the Department of Agriculture, Rural Development (\$1,971,843). ARC included these transfers in the total obligations amount provided, but did not include them in the total expenditures amount provided because the commission did not know the extent to which those funds were expended by the other agencies, according to officials.

Applicant Eligibility: Eligible applicants are states, their subdivisions and instrumentalities, and private nonprofit agencies.

Beneficiary Eligibility: Eligible beneficiaries are state, local, and nonprofit organizations.

Beneficiaries Served: See table 5.

Table 5: Number of Beneficiaries Receiving ARC Partnerships for Opportunity and Workforce and Economic Revitalization Initiative Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Individuals served	Program did not exist	Program did not exist	49,034 ^a
Businesses served	Program did not exist	Program did not exist	3,760 ^b
Communities served	Program did not exist	Program did not exist	384 ^c

Source: Officials from the Appalachian Regional Commission (ARC). | GAO-19-85R

Notes: According to ARC officials, beneficiaries served are estimates from grantees for Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative projects. Before a project is approved and implemented, ARC staff review grant application estimates to determine if they are consistent with the measures ARC generally tracks. ARC also provides grantees technical assistance on developing accurate performance measures and the ARC website provides additional guidance and examples. The program year is October 1 through September 30.

^aAccording to ARC officials, this includes 26,116 students served by an education project; 10,910 workers/trainees served by a training project; 6,323 participants in projects such as a planning process, leadership program, or health promotion activity; and 5,685 patients receiving clinical services as the result of a health project.

^bAccording to ARC officials, this represents the number of businesses served or created as a result of POWER Initiative projects. The types of services received by the businesses include: access to capital (e.g., angel funds, revolving loan funds); access to business incubators; business site development (e.g., infrastructure); data network support; strategies to assist specific sectors; tourism development; workforce training; career and technical education; and a range of business technical assistance.

^cAccording to ARC officials, community is defined by the grantee and is generally defined as a geographic area, but could also describe groups with common interests, characteristics, social systems, or business sectors.

Department of Commerce – Economic Development Administration

Assistance to Coal Communities

Objectives: To assist communities severely affected by the declining use of coal through activities and programs that support economic diversification, job creation, capital investment, workforce development, and re-employment opportunities.

Year Authorized: 2015³

Obligations and Expenditures: See table 6 for the program’s reported obligations and expenditures.

Table 6: Commerce Assistance to Coal Communities Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	Program did not exist	Program did not exist	\$30.7
Expenditures	Program did not exist	Program did not exist	\$5.3

Source: Officials from the Department of Commerce, Economic Development Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO.

Applicant Eligibility: Eligible applicants for financial assistance include a(n): (1) district organization of a designated economic development district; (2) Indian tribe or a consortium of Indian tribes; (3) state, county, city, or other political subdivision of a state, including a special purpose unit of a state or local government engaged in economic or infrastructure development activities, or a consortium of political subdivisions; (4) institution of higher education or a consortium of institutions of higher education; or (5) public or private non-profit organization or association acting in cooperation with officials of a political subdivision of a state. Individuals and for-profit entities are not eligible for economic adjustment assistance under the Assistance to Coal Communities program.

Beneficiary Eligibility: Eligible beneficiaries are communities or regions that have been affected by, or can reasonably demonstrate that they will be affected by, coal mining or coal power plant employment loss, or employment loss in the supply chain industries of either.

³According to Department of Commerce officials, the Assistance to Coal Communities (ACC) program is part of the Economic Development Administration’s Economic Adjustment Assistance program. Fiscal year 2015 was the first year funds were appropriated for the Assistance to Coal Communities program as a separate budget line item, according to officials.

Beneficiaries Served: See table 7.

Table 7: Number of Beneficiaries Who Received Commerce Assistance to Coal Communities Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Communities served ^a	Program did not exist	Program did not exist	37

Source: Officials from the Department of Commerce (Commerce), Economic Development Administration. | GAO-19-85R

Note: The program year is October 1 through September 30.

^aAccording to Commerce officials, grantees may define “community” as a census tract, city, region, county, or economic development district. As such, officials said they reported the number of grantees as a proxy for the number of communities served.

Economic Adjustment Assistance

Objectives: To address the needs of distressed communities experiencing adverse economic changes that may occur suddenly or over time, and generally result from industrial or corporate restructuring, new federal laws or requirements, reduction in defense expenditures, depletion of natural resources, or natural disasters. Economic Adjustment Assistance grants are intended to enhance a distressed community’s ability to compete economically by stimulating private investment in targeted areas. Current investment priorities include proposals that focus on (1) recovery and resilience, (2) critical infrastructure, (3) workforce development and manufacturing, and (4) exports and foreign direct investment.

Year Authorized: 1965

Obligations and Expenditures: See table 8 for the program’s reported obligations and expenditures.

Table 8: Commerce Economic Adjustment Assistance Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	\$51.3	\$44.0	\$42.3
Expenditures	\$43.1	\$47.3	\$33.1

Source: Officials from the Department of Commerce (Commerce), Economic Development Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. Amounts do not include funds obligated and expended under the Assistance to Coal Communities (ACC) program because Commerce officials said they consider ACC to be a separate program. Therefore, information on the ACC program is presented separately in this report.

Applicant Eligibility: Under the Public Works and Economic Development Act of 1965 (PWEDA), eligible applicants for investment assistance include a state,⁴ city, county, or

⁴“State” includes the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

other political subdivision of a state, including a(n): (1) district organization; (2) Indian tribe or a consortium of Indian tribes; (3) state, city, or other political subdivision of a state, including a special purpose unit of a state or local government engaged in economic or infrastructure development activities, or consortium of such political subdivisions; (4) institution of higher education or a consortium of such institutions; or (5) public or private non-profit organization or association acting in cooperation with officials of a political subdivision of a state. Projects eligible for program assistance also include those located in regions that meet “Special Need” criteria.

For-profit, private sector entities do not qualify for economic adjustment assistance under PWEDA; therefore, the program does not provide grants directly to individuals or for-profit entities. These entities may refer requests for assistance to state or local agencies, or to non-profit economic development organizations.

Beneficiary Eligibility: Eligible beneficiaries are communities who satisfy one or more criteria related to economic distress and/or “Special Need.” Communities may use funds to revitalize, expand, or upgrade their economic development assets to attract new industry, encourage business expansion, diversify their local economies, and generate or retain long-term private sector jobs and capital investments.

Beneficiaries Served: See table 9.

Table 9: Number of Beneficiaries Who Received Commerce Economic Adjustment Assistance Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Communities served ^a	122	81	64

Source: Officials from the Department of Commerce (Commerce), Economic Development Administration. | GAO-19-85R

Notes: The program year is October 1 through September 30. Beneficiaries do not include those who received assistance under the Assistance to Coal Communities (ACC) program because Commerce officials said they consider ACC to be a separate program. Therefore, information on the ACC program is presented separately in this report.

^aAccording to Commerce officials, grantees may define “community” as a census tract, city, region, county, or economic development district. As such, officials said they reported the number of grantees as a proxy for the number of communities served.

Trade Adjustment Assistance for Firms

Objectives: To help economically distressed U.S. businesses build strategies to increase their global competitiveness.⁵ The program provides technical assistance to U.S. businesses experiencing declining sales and employment where increased imports of similar goods and services contributed importantly to such declines. Technical assistance is provided through a nationwide network of 11 Economic Development Administration-funded Trade Adjustment Assistance Centers. If the total adjustment assistance provided is \$30,000 or less, the Trade Adjustment Assistance for Firms (TAAF) program pays up to 75 percent of the cost of the assistance provided by private-sector consultants and contractors for operational improvements at certified businesses. If the total adjustment assistance provided is more than \$30,000, TAAF pays up to 50 percent of the cost of the assistance.

⁵For the purposes of this report, we used the terms businesses and firms synonymously.

Year Authorized: 1962⁶

Obligations and Expenditures: See table 10 for the program's reported obligations and expenditures.

Table 10: Commerce Trade Adjustment Assistance for Firms Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	\$15.6	\$15.6	\$13.3
Expenditures	\$15.0	\$14.8	\$10.8 ^a

Source: Officials from the Department of Commerce (Commerce), Economic Development Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO.

^aAccording to Commerce officials, expenditures for 2017 are estimated because grantees received extensions on their FY 2017 awards until April 30, 2019; therefore, end-of-year budget reports were not yet due at the time of our review.

Applicant Eligibility: Grants may be awarded to intermediary organizations, including Trade Adjustment Assistance Centers, to provide assistance to trade-injured businesses.

Beneficiary Eligibility: Only businesses certified by the Economic Development Administration on behalf of the Secretary of Commerce are eligible for assistance. Businesses must demonstrate that increased imports of similar goods and services have contributed importantly to decreased sales and employment.

Beneficiaries Served: See table 11.

Table 11: Number of Beneficiaries Who Received Commerce Trade Adjustment Assistance for Firms Benefits or Services in Fiscal Years (FY) 2007, 2010, and 2017

	FY 2007	FY 2010	FY 2017
Businesses served	174	1,068	676

Source: Officials from the Department of Commerce (Commerce), Economic Development Administration. | GAO-19-85R

Notes: According to Commerce officials, businesses may receive assistance in preparing their petitions, developing their recovery plans, and/or implementing their recovery plans. Businesses can receive assistance for up to 5 years following approval of their business recovery plan, according to officials. For example, businesses with recovery plans approved in 2002 could receive assistance in FY 2007.

⁶According to Commerce officials, TAAF was authorized in 1962 but the program did not take on its current form until 1975.

Department of Defense - Office of Economic Adjustment

Community Economic Adjustment Assistance for Advance Planning and Economic Diversification

Objectives: To assist state and local governments to reduce an area's dependence on defense expenditures by preparing economic diversification strategies, and contingency strategies and schematic land use plans for the potential redevelopment of a military installation prior to closure or realignment decisions.

Year Authorized: 1981

Obligations and Expenditures: See table 12 for the program's reported obligations and expenditures.

Table 12: DOD Community Economic Adjustment Assistance for Advance Planning and Economic Diversification Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations ^a	\$0.2	\$0.7	\$1.7
Expenditures ^b	\$0.2 ^c	\$0.7 ^c	\$0.6

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. According to DOD officials, these obligations and expenditures are related to budget reductions and economic diversification. Obligations and expenditures for advance planning related to base realignment and closure were awarded under the Community Economic Adjustment Assistance for Realignment or Closure of a Military Installation program, officials said.

^aAccording to DOD officials, all grant funds were obligated in the year the grants were awarded.

^bAccording to DOD officials, the expenditure amounts reported include all expenditures for grants obligated in the year indicated, even if the funds were actually expended in another year.

^cAccording to DOD officials, expenditures are estimated because the Office of Economic Adjustment no longer maintains the data system it used in fiscal years 2007 and 2010. As a result, the amount that might have been de-obligated at the end of a grant's lifecycle could not be easily confirmed; however, these grants did not often have funds de-obligated because grantees were able to correctly predict the financial needs of the grants in advance, officials said.

Applicant Eligibility: Eligible applicants are states, counties, municipalities, other political subdivisions of a state, special purpose units of a state or local government, and tribal nations where a substantial portion of economic activity or population of the applicant's geographic area is dependent on defense expenditures. The Office of Economic Adjustment must determine, in consultation with the affected state or community, that a substantial portion of the economic activity or population of the geographic area subject to the planning under this program is dependent on Department of Defense (DOD) expenditures. For purposes of eligibility determination, an area is considered defense-dependent if it can demonstrate that (1) direct military and civilian employment totals at least one and a half times the national level of defense employment as a percent of the total U.S. labor force or (2) defense-related expenditures comprise at least one and a half times the defense percent of gross domestic product.

Beneficiary Eligibility: Eligible beneficiaries are states and communities, including workers, businesses, and other community interests that could be affected by defense budget reductions and base closures/realignments.

Beneficiaries Served: See table 13.

Table 13: Number of Beneficiaries Who Received DOD Community Economic Adjustment Assistance for Advance Planning and Economic Diversification Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Individuals served	0 ^a	20	225
Businesses served	0 ^a	74 ^b	996 ^c
Communities served ^d	1 ^e	5 ^f	23 ^g

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Notes: According to DOD officials, the number of beneficiaries receiving benefits or services is estimated from grant applications. An estimate of impact is not an eligibility requirement for this program; therefore, estimates in grant applications can vary by grantee and are not verified by the agency. A majority of the grant applications focused on organizing, analyzing data, and developing a strategic plan to respond to impacts from changes in defense policy. These efforts built communities' capacity to make economic adjustments, but individual beneficiaries may not be captured consistently in reporting, according to officials. The program year is October 1 through September 30.

^aAccording to DOD officials, no requests for program assistance were received from individuals or businesses in this year.

^bAccording to DOD officials, 74 businesses received outreach or information.

^cAccording to DOD officials, this is the minimum number of businesses that received services (920 businesses received outreach or information and 76 received direct technical assistance). Twenty workshops were also provided to businesses.

^dAccording to DOD officials, they attempted to reduce instances of double-counting the number of communities served (e.g., cities with counties, counties with regions, etc.); however, some possibility of double-counting exists. Community is defined by each grant, which focused on the area of defense impact, and could be one county with several cities, multiple counties, or a Metropolitan Statistical Area/region, according to officials.

^eAccording to DOD officials, one grant served one region.

^fAccording to DOD officials, two grants served five cities.

^gAccording to DOD officials, 3 grants served 9 cities, 13 counties, and 1 Metropolitan Statistical Area/region.

Community Economic Adjustment Assistance for Realignment or Closure of a Military Installation

Objectives: To assist states and local governments to plan and carry out adjustment strategies; engage the private sector to plan and undertake community economic development and base redevelopment; and partner with the military departments in response to the proposed or actual realignment or closure of a military installation by the Department of Defense (DOD).

Year Authorized: 1988⁷

Obligations and Expenditures: See table 14 for the program’s reported obligations and expenditures.

Table 14: DOD Community Economic Adjustment Assistance for Realignment or Closure of a Military Installation Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations ^a	\$20.2	\$15.8	\$4.9
Expenditures ^b	\$20.2 ^c	\$15.8 ^c	\$2.3

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. According to DOD officials, in January 2018 a new program, Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation, was established to address base establishment and expansion. Information on grants related to base expansion or establishment awarded under the Community Economic Adjustment Assistance for Realignment or Closure of a Military Installation is not included as it did not meet our definition of economic adjustment assistance.

^aAccording to DOD officials, all grant funds were fully obligated in the year the grants were awarded.

^bAccording to DOD officials, the expenditure amounts reported include all expenditures for grants obligated in the year indicated, even if the funds were actually expended in another year.

^cAccording to DOD officials, expenditures are estimated because the Office of Economic Adjustment no longer maintains the data system it used in fiscal years 2007 and 2010. As a result, the amount that might have been de-obligated at the end of a grant’s lifecycle could not be easily confirmed, but officials estimated that less than 10 percent of the funds were de-obligated.

Applicant Eligibility: Eligible applicants are states, counties, municipalities, other political subdivisions of a state, special purpose units of a state or local government, and tribal nations if it is likely that a proposed or actual realignment or closure of a military installation will have a direct and significant adverse consequence on the affected community. Where multiple jurisdictions may be affected, one program of assistance will be available and the affected jurisdictions will need to combine their efforts into one responsive program.

Beneficiary Eligibility: Eligible beneficiaries are states and communities, including workers, businesses, and other community interests that are affected by DOD base closures and realignments.

⁷According to DOD officials, this was the year the program was created in the Catalog of Federal Domestic Assistance (CFDA) and the legal authority for the program predates the CFDA.

Beneficiaries Served: See table 15.

Table 15: Number of Beneficiaries Who Received DOD Community Economic Adjustment Assistance for Realignment or Closure of a Military Installation Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Communities served ^a	49 ^b	37 ^c	12 ^d

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Notes: According to DOD officials, the number of beneficiaries receiving benefits or services is estimated from grant applications. The program year is October 1 through September 30.

^aAccording to DOD officials, city, county, regional, or state communities can be: (1) an entity of state or local government or (2) a local redevelopment authority recognized by DOD's Office of Economic Adjustment.

^bAccording to DOD officials, 49 grants served 43 regional communities, 3 states, and 3 counties.

^cAccording to DOD officials, 37 grants served 32 regional communities, 4 states, and 1 county.

^dAccording to DOD officials, 12 grants served 10 regional communities, 1 county, and 1 city.

Community Economic Adjustment Assistance for Reductions in Defense Industry Employment

Objectives: To assist states and local governments to plan and carry out community adjustment and economic diversification activities in response to reductions in defense industry employment.

Year Authorized: 1981

Obligations and Expenditures: See table 16 for the program's reported obligations and expenditures.

Table 16: DOD Community Economic Adjustment Assistance for Reductions in Defense Industry Employment Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations ^a	\$0 ^b	\$1.0	\$6.8
Expenditures ^c	\$0 ^b	\$1.0 ^d	\$1.1

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO.

^aAccording to DOD officials, all grant funds were fully obligated in the year the grants were awarded.

^bAccording to DOD officials, no requests for program assistance were received in this year.

^cAccording to DOD officials, the expenditure amounts reported include all expenditures for grants obligated in the year indicated, even if the funds were actually expended in another year.

^dAccording to DOD officials, expenditures are estimated because the Office of Economic Adjustment no longer maintains the data system it used in fiscal years 2007 and 2010. As a result, the amount that might have been de-obligated at the end of a grant's lifecycle could not be easily confirmed, but officials estimated that between five and seven percent of the funds were de-obligated.

Applicant Eligibility: Eligible applicants are states, counties, municipalities, other political subdivisions of a state, special purpose units of a state or local government, and tribal nations if there is: (1) a publicly-announced, planned major reduction in Department of Defense (DOD) spending; (2) the closure or significantly-reduced operations of a defense facility as the result of the merger, acquisition, or consolidation of the defense contractor operating the defense facility; (3) the cancellation or termination of a DOD contract; or (4) the failure to proceed with an approved major weapon system program if these actions will have a direct and significant adverse impact on a community or its residents. To be considered for this assistance, the local action must result in the loss of 2,500 or more employee positions, in the case of a Metropolitan Statistical Area (MSA); 1,000 or more employee positions, in the case of a labor market area outside of an MSA; or 1 percent of the total number of civilian jobs in that area.

Beneficiary Eligibility: Eligible beneficiaries are states and communities, including workers, businesses, and other community interests, that may be affected by defense actions.

Beneficiaries Served: See table 17.

Table 17: Number of Beneficiaries Who Received DOD Community Economic Adjustment Assistance for Reductions in Defense Industry Employment Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Individuals served	0 ^a	0 ^a	630 ^b
Businesses served	0 ^a	74 ^c	526 ^d
Communities served ^e	0 ^a	1 ^f	74 ^g

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Notes: According to DOD officials, the number of beneficiaries receiving benefits or services is estimated from grant applications and estimates of program beneficiaries vary in grant applications. A majority of grants focused on organizing, analyzing data, and developing a strategic plan in response to defense-related impacts. These efforts built a community's capacity to make economic adjustments, but beneficiaries may not be captured consistently in reporting, officials said. The program year is October 1 through September 30.

^aAccording to DOD officials, no requests for program assistance were received in this year.

^bAccording to DOD officials, these individuals were workers affected by defense-related impacts.

^cAccording to DOD officials, the businesses and workforce of East Hartford, Connecticut, were assessed to determine the impact of reductions in defense spending.

^dAccording to DOD officials, this is the minimum number of businesses that received services (362 businesses received outreach or information and 93 received direct technical assistance). Seventy-one workshops were also provided to businesses.

^eAccording to DOD officials, each grant focused on an area affected by defense-related impacts. An area could be one county with several cities, multiple counties, or a Metropolitan Statistical Area/region. Officials said they made an effort to reduce instances of double-counting the number of communities served (e.g., cities with counties, counties with regions, etc.); however, some possibility of double-counting exists.

^fAccording to DOD officials, one grant served one region.

^gAccording to DOD officials, 5 grants served 39 cities, 34 counties, and 1 Metropolitan Statistical Area/region.

Economic Adjustment Assistance for State Governments

Objectives: To provide technical and financial assistance that enhances the capacities of a state, or an entity of state government, to assist communities, businesses, and workers affected by defense program activity to plan and carry out community adjustment and economic diversification activities; support local adjustment and diversification efforts;

and stimulate cooperation between statewide and local adjustment and diversification efforts.

Year Authorized: 2013⁸

Obligations and Expenditures: See table 18 for the program’s reported obligations and expenditures.

Table 18: DOD Economic Adjustment Assistance for State Governments Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations ^a	Program did not exist	Program did not exist	\$19.2
Expenditures ^b	Program did not exist	Program did not exist	\$6.1

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment Assistance. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO.

^aAccording to DOD officials, all grant funds were fully obligated in the year the grants were awarded.

^bAccording to DOD officials, the expenditure amounts reported include all expenditures for grants obligated in the year indicated, even if the funds were actually expended in another year.

Applicant Eligibility: Eligible applicants are states, entities of states, Indian tribal governments, the District of Columbia, and U.S. territories and possessions.

Beneficiary Eligibility: Eligible beneficiaries are states, Indian tribal governments, and communities, including workers, businesses, and other community interests affected by defense budget reductions, base closures/realignments, and/or civilian encroachment that is likely to impair the continued operational utility of a military installation.

Beneficiaries Served: See table 19.

⁸According to DOD officials, this was the year the program was created in the CFDA and the legal authority for the program predates the CFDA.

Table 19: Number of Beneficiaries Who Received DOD Economic Adjustment Assistance for State Governments Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Individuals served	Program did not exist	Program did not exist	990
Businesses served	Program did not exist	Program did not exist	5,094 ^a
Communities served ^b	Program did not exist	Program did not exist	75 ^c

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Notes: According to DOD officials, the number of beneficiaries receiving benefits or services is estimated from grant applications. A majority of the grant applications focused on organizing, analyzing data, and developing a strategic plan to respond to defense-related impacts. These efforts built communities' capacity to make economic adjustments, but beneficiaries may not be captured consistently in reporting, officials said. The program year is October 1 through September 30.

^aAccording to DOD officials this is the minimum number of businesses that received services (4,080 businesses received outreach or information and 1,014 received direct technical assistance). Ninety-six workshops were also provided to businesses.

^bAccording to DOD officials, each grant focused on an area affected by defense-related impacts. An area could be one county with several cities, multiple counties, or a Metropolitan Statistical Area/region. Officials said they made an effort to reduce instances of double-counting the number of communities served (e.g., cities with counties, counties with regions, etc.); however, some possibility of double-counting exists.

^cAccording to DOD officials, 14 grants served 14 states, 48 counties, and 13 Metropolitan Statistical Areas/regions.

Research and Technical Assistance

Objectives: To make awards to, or conclude cooperative agreements with, states or local governments, or any nongovernmental or other private entity, for research and the provision of technical assistance related to community economic adjustment needs and assistance under 10 U.S.C. § 2391(c), or Executive Order 12788, as amended. Awards provided support to the Office of Economic Adjustment, as well as the Defense Economic Adjustment Program, by (1) developing and analyzing information for program and policy considerations and (2) undertaking special research.

Year Authorized: 1981

Obligations and Expenditures: See table 20 for the program's reported obligations and expenditures.

Table 20: DOD Research and Technical Assistance Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations ^a	\$0.6	\$0.6	\$0.7
Expenditures ^b	\$0.6 ^c	\$0.6 ^c	\$0.4

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO.

^aAccording to DOD officials, all grant funds were fully obligated in the year the grants were awarded.

^bAccording to DOD officials, the expenditure amounts reported include all expenditures for grants obligated in the year indicated, even if the funds were actually expended in another year.

^cAccording to DOD officials, expenditures are estimated because the Office of Economic Adjustment no longer maintains the data system it used in fiscal years 2007 and 2010. As a result, the amount that might have been de-obligated at the end of a grant's lifecycle could not be easily confirmed, but officials estimated that five percent of the funds or less were de-obligated.

Applicant Eligibility: Eligible applicants are a state or local governmental or private entity. A “private entity” is defined for purposes of this listing as any entity that is nongovernmental.

Beneficiary Eligibility: Eligible beneficiaries are states and communities, including workers, businesses, and other community interests that may be affected by DOD activity.

Beneficiaries Served: See table 21.

	PY 2007	PY 2010 ^a	PY 2017 ^a
Communities served	55 ^b	53 ^c	49 ^d

Source: Officials from the Department of Defense (DOD), Office of Economic Adjustment. | GAO-19-85R

Note: The program year is October 1 through September 30.

^aAccording to DOD officials, the number of communities receiving benefits or services in PY 2010 and PY 2017 is estimated from grant applications.

^bAccording to DOD officials, grantees developed a technical assistance program for state governments responding to base realignment and closure. The program provided information to all 50 states and 5 territories. In addition, an internal Joint Land Use Study program identified evaluation options, but this program did not provide benefits or services directly to communities. Some communities that benefited indirectly from this program may have also been included in the number of communities that benefited from the Community Economic Adjustment Assistance for Realignment or Closure of a Military Installation and the Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies programs.

^cAccording to DOD officials, grantees conducted an economic indicators evaluation that provided technical assistance to 52 communities and 1 territory (Guam) affected by base closure or growth. While base growth was not within our scope, officials said they were not able to separate growth communities from those that experienced closure. Some communities that benefited indirectly from this program may have also been included in the number of communities that benefited from the Community Economic Adjustment Assistance for Realignment or Closure of a Military Installation program, officials said.

^dAccording to DOD officials, this program evaluated 49 Office of Economic Adjustment defense-industry program grantees. Grantees could be one county with several cities, multiple counties, or a Metropolitan Statistical Area/region. As such, there was overlap in the benefits the grantees received, and potential overlap in benefits among the grantees' indirect beneficiaries, such as individuals, businesses, or communities. Of the 49 grantees that were evaluated, 38 focused on assessing linkages between small and medium defense firms to help them fulfill DOD procurement needs as required; 36 focused on enhancing the capacity of the region/state to support their supply chain more effectively; 25 focused on helping small or medium defense companies diversify their products, customers, or markets; 23 engaged in planning activities to understand their strengths, weaknesses, opportunities, and threats or engage local/region/state partner organizations to support defense-dependent companies; 17 assisted with establishing new businesses to fill supply chain gaps or create new opportunities for dislocated defense workers through entrepreneurship; and 16 provided workforce training or career planning to workers currently or previously employed in the defense industry. Some communities that benefited indirectly from this program may have also been included in the number of communities benefiting from the Community Economic Adjustment Assistance for Advance Planning and Economic Diversification, Community Economic Adjustment Assistance for Reductions in Defense Industry Employment, and Economic Adjustment Assistance for State Governments programs.

Department of Labor - Employment and Training Administration

Health Coverage Tax Credit (HCTC) Infrastructure National Dislocated Worker Grants

Objectives: To provide states with funds to ensure they have the infrastructure to provide HCTC assistance and support related services to eligible Trade Adjustment Assistance (TAA), Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA) recipients.

Year Authorized: 2002, 2009, 2015⁹

Obligations and Expenditures: See table 22 for the program’s reported obligations and expenditures.

Table 22: DOL Health Coverage Tax Credit Infrastructure National Dislocated Worker Grants Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	Program did not exist	\$12.0	\$1.3
Expenditures	Program did not exist	\$4.7	— ^a

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO.

^aAccording to DOL officials, expenditures in this year were \$4,590, which were lower than obligations because grants were awarded late in the fiscal year leaving limited time for the expenditure of obligated funds.

Applicant Eligibility: Eligible applicants include states.¹⁰

Beneficiary Eligibility: Eligible beneficiaries include states.

Beneficiaries Served: See table 23.

Table 23: Number of Beneficiaries Who Received DOL Health Coverage Tax Credit Infrastructure National Dislocated Worker Grants Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
States served	Program did not exist	16 ^a	6 ^a

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: The program year is October 1 through September 30.

^aAccording to DOL officials, this number includes grants awarded in previous years that were still active as well as those awarded in the specified year.

⁹According to DOL officials, the Health Coverage Tax Credit Infrastructure National Dislocated Worker Grants program has been authorized during the following time periods: 2002-2006, 2009-2013, and 2015-current.

¹⁰According to DOL officials, states may apply for Health Coverage Tax Credit Infrastructure National Dislocated Worker Grants to cover administrative costs, notifying workers, public education about the benefit, staff training, and outreach activities related to the reinstatement of the advance monthly payment option of the HCTC.

National Dislocated Worker Grant Program

Workforce Innovation and Opportunity Act (WIOA) National Dislocated Worker Grants

Objectives: To temporarily expand service capacity at the state and local levels by providing time-limited funding assistance in response to significant dislocation events. Significant events are those that create a sudden need for assistance that cannot reasonably be expected to be accommodated within the ongoing operations of the formula-funded Dislocated Worker program, including the discretionary resources reserved at the state level.

Year Authorized: 1998¹¹

Obligations and Expenditures: See table 24 for the program’s reported obligations and expenditures.¹²

Table 24: DOL Workforce Innovation and Opportunity Act National Dislocated Worker Grants Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	\$57.1	\$238.7	\$120.1
Expenditures	\$54.9 ^a	\$151.2	\$175.4

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. According to DOL officials, this program was originally authorized under the Workforce Investment Act of 1998 (WIA) as the WIA National Emergency Grant program and was reauthorized under the Workforce Innovation and Opportunity Act (WIOA) in 2014 as the WIOA National Dislocated Worker Grants program.

^aAccording to DOL officials, expenditures for FY 2007 are estimated because some data are not available following the department’s move to a new accounting system.

Applicant Eligibility: Entities that are eligible to receive National Dislocated Worker Grants addressing major economic dislocations include states; local workforce development boards; a consortium of local boards; an organization eligible to receive WIOA funding through the Native American Program provisions of WIOA; and a consortium of states.

Other eligible entities include those determined to be eligible by the governor of the state involved, and any other entity that demonstrates to the Secretary of Labor the capability

¹¹According to DOL officials, this program was originally authorized under the Workforce Investment Act of 1998 (WIA) (Pub. L. No. 105–220) as the WIA National Emergency Grant program and was reauthorized under the Workforce Innovation and Opportunity Act (WIOA) (Pub. L. No. 113-128) in 2014 as the WIOA National Dislocated Worker Grants program.

¹²According to DOL officials, funds for the three subcomponents of the National Dislocated Worker Grant Program are appropriated within the Dislocated Worker National Reserve. The three subcomponents are: (1) WIOA National Dislocated Worker Grants, (2) WIOA Dislocated Worker National Reserve Demonstration Grants, and (3) WIOA Dislocated Worker National Reserve Technical Assistance and Training, according to officials.

to effectively respond to the circumstances relating to particular dislocations. The entities eligible to receive a National Dislocated Worker Grant responding to a disaster are states, outlying areas, and Indian tribal governments.

Beneficiary Eligibility: Individuals who are eligible for assistance vary by type of National Dislocated Worker Grant project; however, they must meet the criteria provided in WIOA and the applicable regulations.¹³

Beneficiaries Served: See table 25.

Table 25: Number of Beneficiaries Who Received DOL Workforce Innovation and Opportunity Act National Dislocated Worker Grants Benefits or Services in Program Years (PY) 2007, 2010, and 2016

	PY 2007	PY 2010	PY 2016 ^a
Individuals served	44,653 ^b	61,566 ^c	21,854 ^d

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Notes: The program year is July 1 through September 30 of the following year. According to DOL officials, the reason for the 15-month program year is to allow an extended opportunity for DOL to obligate program funds. The grant period of performance is specified in the grant award, and grants are made throughout the year as emergencies or dislocations arise. This program was originally authorized under the Workforce Investment Act of 1998 (WIA) as the WIA National Emergency Grant program and was reauthorized under the Workforce Innovation and Opportunity Act (WIOA) in 2014 as the WIOA National Dislocated Worker Grants program, officials said.

^aAccording to DOL officials, PY 2016 was the most recent year of program data available at the time of our review. There may be some limitations to these data because DOL implemented a new reporting system in PY 2016 and some states may still be updating their reporting systems to meet the new requirements, officials said.

^bAccording to DOL officials, 30 states received funds to provide services.

^cAccording to DOL officials, 50 states received funds to provide services.

^dAccording to DOL officials, 20 states received funds to provide services.

¹³According to DOL officials, the applicable regulations are found in 20 C.F.R. Part 687.

National Dislocated Worker Grant Program

WIOA Dislocated Worker National Reserve Demonstration Grants

Objectives: To carry out demonstration and pilot projects for the purpose of developing and implementing techniques and approaches, and demonstrating the effectiveness of specialized methods, in addressing employment and training needs of dislocated workers.

Year Authorized: 1998¹⁴

Obligations and Expenditures: See table 26 for the program's reported obligations and expenditures.¹⁵

Table 26: DOL Workforce Innovation and Opportunity Act Dislocated Worker National Reserve Demonstration Grants Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010 ^a	FY 2017 ^a
Obligations	\$21.2	\$0	\$0
Expenditures	\$13.4 ^b	\$20.9	\$18.8

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. According to DOL officials, funding for Dislocated Worker National Reserve Demonstration Grants comes from the Dislocated Worker National Reserve program. Funding for demonstration grants is optional and can be used for other purposes, according to the officials. In some years DOL did not issue any Dislocated Worker National Reserve Demonstration Grants and, instead, allowed the funds to be used for other purposes, such as disaster recovery and worker layoffs, officials said. In addition, they said this program was originally authorized under the Workforce Investment Act of 1998 and was reauthorized under the Workforce Innovation and Opportunity Act in 2014.

^aAccording to DOL officials, the department did not obligate any funds for demonstration grants in FY 2010 or FY 2017. Expenditures during those years are from grants awarded and obligated during prior fiscal years.

^bAccording to DOL officials, expenditures for FY 2007 are estimated because some data are not available following the department's move to a new accounting system.

Applicant Eligibility: Eligible applicants are defined by the particular announcement or solicitation and generally include state and local governments; private non-profit and for-profit organizations, including faith-based and community-based organizations; and educational institutions.

Beneficiary Eligibility: Project participants are dislocated workers, incumbent workers,¹⁶ and new entrants to the workforce.

¹⁴According to DOL officials, this program was originally authorized under WIA in 1998 and was reauthorized under WIOA in 2014.

¹⁵According to DOL officials, funds for the three subcomponents of the National Dislocated Worker Grant Program are appropriated within the Dislocated Worker National Reserve. The three subcomponents are: (1) WIOA National Dislocated Worker Grants, (2) WIOA Dislocated Worker National Reserve Demonstration Grants, and (3) WIOA Dislocated Worker National Reserve Technical Assistance and Training, according to officials.

Beneficiaries Served: See table 27.

Table 27: Number of Beneficiaries Who Received DOL Workforce Innovation and Opportunity Act Dislocated Worker National Reserve Demonstration Grants Benefits or Services in Program Years (PY) 2007, 2010, and 2016

	PY 2007	PY 2010	PY 2016 ^a
States and local communities awarded grants ^b	9 ^c	0 ^d	0 ^d

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Notes: The program year is July 1 through June 30. According to DOL officials, this program was originally authorized under the Workforce Investment Act of 1998 and was reauthorized under the Workforce Innovation and Opportunity Act in 2014.

^aAccording to DOL officials, PY 2016 was the most recent year of program data available at the time of our review.

^bAccording to DOL officials, demonstration grants are to develop and implement techniques in addressing the employment and training needs of dislocated workers and demonstrate their effectiveness. Some projects serve workers directly while others are designed to expand capacity or test process improvements and other new interventions. Some of these demonstrations do not have unique participants; therefore, the number of dislocated workers directly served cannot be determined, officials said.

^cAccording to DOL officials, grants were awarded for the following projects: pipeline worker training in Alaska, a workforce development planning process in Iowa following the closure of a major employer, regional planning in response to a base realignment and closure in Oklahoma, and a test of the Career Advancement Accounts for military spouses in California, Colorado, Florida, Georgia, North Carolina, and Washington.

^dAccording to DOL officials, funding for Dislocated Worker National Reserve Demonstration Grants comes from the Dislocated Worker National Reserve program; however, funding for demonstration grants is optional and can be used for other purposes. While DOL did not fund demonstration grants in 2010 or 2017, it awarded grants in PY 2011, PY 2014, and PY 2015. Examples of funded demonstration grants in these years included outreach and employment services for veterans, research on improving employment outcomes for youth, and development of innovative strategies to get young people from summer jobs into year-round work and on career pathways, officials said.

National Dislocated Worker Grant Program

WIOA Dislocated Worker National Reserve Technical Assistance and Training

Objectives: To support the coordination, development, and provision of appropriate training, technical assistance, staff development, and other activities. These activities include assisting states, local areas, and other entities involved in providing assistance to dislocated workers in replicating programs that have demonstrated effectiveness, as well as promoting the continuous improvement of assistance provided to dislocated workers under the Workforce Innovation and Opportunity Act.

Year Authorized: 1998¹⁷

¹⁶Workers who already have a job may be considered “incumbent workers,” a term each state board defines.

¹⁷According to DOL officials, this program was originally authorized under WIA in 1998 and was reauthorized under WIOA in 2014.

Obligations and Expenditures: See table 28 for the program’s reported obligations and expenditures.¹⁸

Table 28: DOL Workforce Innovation and Opportunity Act Dislocated Worker National Reserve Technical Assistance and Training Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	\$5.9	\$17.2	\$20.9
Expenditures	\$5.1 ^a	\$14.8	\$26.0

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. According to DOL officials, this program was originally authorized under the Workforce Investment Act of 1998 and was reauthorized under the Workforce Innovation and Opportunity Act in 2014.

^aAccording to DOL officials, expenditures for FY 2007 are estimated because some data are not available following the department’s move to a new accounting system.

Applicant Eligibility: Eligibility is determined through a procurement process and may include state and local governments; private non-profit and for-profit organizations, including faith-based and community-based organizations; and educational institutions. Applicant eligibility may be restricted to one or more applicant classes under the particular announcement or solicitation.

Beneficiary Eligibility: Funds are used to promote the continuous improvement of assistance provided to dislocated workers.

Beneficiaries Served: See table 29.

Table 29: Number of Beneficiaries Who Received DOL Workforce Innovation and Opportunity Act Dislocated Worker National Reserve Technical Assistance and Training Benefits or Services in Program Years (PY) 2007, 2010, and 2016

	PY 2007	PY 2010	PY 2016 ^a
States awarded grants	2 ^b	16 ^c	4 ^d

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: The program year is July 1 through June 30. According to DOL officials, this program was originally authorized under the Workforce Investment Act of 1998 and was reauthorized under the Workforce Innovation and Opportunity Act in 2014.

^aAccording to DOL officials, PY 2016 was the most recent year for which program data were available at the time of our review.

^bAccording to DOL officials, grants awarded in 2007 included providing funding to Minnesota for the www.CareerOneStop.org website (a website designed to provide career information and online services to jobseekers, students, career counselors, and businesses) and to North Carolina for the Analyst Resource Center (a state consortium designed to develop, maintain, and update labor market information-related software tools and databases).

¹⁸According to DOL officials, funds for the three subcomponents of the National Dislocated Worker Grant Program are appropriated within the Dislocated Worker National Reserve. The three subcomponents are: (1) WIOA National Dislocated Worker Grants, (2) WIOA Dislocated Worker National Reserve Demonstration Grants, and (3) WIOA Dislocated Worker National Reserve Technical Assistance and Training, according to officials.

^cAccording to DOL officials, grants awarded in 2010 included funding for the www.CareerOneStop.org website, the Analyst Resource Center, and support for other technical assistance initiatives, such as partnering with apprenticeships and career pathways. Officials said grants were received by the following states and territories: Alabama, Kentucky, Maine, Massachusetts, Minnesota, Mississippi, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virgin Islands, Virginia, and West Virginia.

^dAccording to DOL officials, grants awarded in 2016 included, for example, funding for the www.CareerOneStop.org website, operation of the suite of O*NET tools, and implementation of performance reporting changes under the Workforce Innovation and Opportunity Act. In 2016, Kansas, Maryland, Minnesota, and North Carolina received grants, according to officials.

Trade Adjustment Assistance for Workers

Objectives: To assist workers affected by foreign trade. Through the provision of a number of employment-related benefits and services, the Trade Adjustment Assistance (TAA) for Workers program provides trade-affected workers with opportunities to obtain the support, resources, skills, and credentials they need to return to the workforce in a good job in an in-demand industry. The program benefits and services include training, employment and case management services, job search allowances, relocation allowances, wage supplements for workers aged 50 and older, and Trade Readjustment Allowances.¹⁹

Year Authorized: 1975

Obligations and Expenditures: See table 30 for the program’s reported obligations and expenditures.

Table 30: DOL Trade Adjustment Assistance for Workers Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	\$260.0	\$685.0	\$391.4
Expenditures	\$ 222.0	\$503.1	\$228.9

Source: Officials from the Department of Labor, Employment and Training Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO.

Applicant Eligibility: Eligible applicants are states; local agencies or organizations (including state-designated Indian tribes, but excluding institutions of higher education and hospitals); small businesses of less than 500 employees; for-profit organizations; private non-profit institutions or organizations (including institutions of higher education and hospitals); and quasi-public nonprofit institutions or organizations; as well as other private institutions or organizations.

Beneficiary Eligibility: For a worker to be eligible to apply for TAA, the worker must be part of a group of workers that is the subject of a petition filed with the Department of

¹⁹According to DOL, Trade Readjustment Allowances are income support payments to individuals whose jobs were affected by foreign imports, as determined by DOL, and who are participating in full-time training and have exhausted Unemployment Compensation.

Labor (DOL). Three workers of a company, a company official, a union or other duly authorized representative, or an American Job Center operator or partner may file the petition with the department. In response to the filing, DOL initiates an investigation to determine whether foreign trade was an important cause of the workers' job loss or threat of job loss. If the department determines that the workers meet the statutory criteria for group certification of eligibility for the workers in the group to apply for TAA, the department issues a certification.

Once covered by a certification, individual workers apply for benefits and services through American Job Centers. Most benefits and services have specific individual eligibility criteria that must be met, such as previous work history, unemployment insurance eligibility, and individual skill levels.

Beneficiaries Served: See table 31.

Table 31: Number of Beneficiaries Who Received DOL Trade Adjustment Assistance for Workers Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Individuals served	Not available ^a	65,008 ^b	43,615 ^c

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: The program year is October 1 through September 30.

^aAccording to DOL officials, data on the number of beneficiaries receiving benefits or services are not available for PY 2007; however, an estimated 147,052 workers were certified as eligible to apply for TAA benefits and services in PY 2007. Not all people who were eligible may have applied; therefore, the number of individuals served would be a subset of those who were certified as eligible to apply for benefits and services.

^bAccording to DOL officials, an estimated 287,063 workers were certified as eligible to apply for TAA benefits and services.

^cAccording to DOL officials, an estimated 94,017 workers were certified as eligible to apply for TAA benefits and services.

Trade Adjustment Assistance Community College and Career Training

Objectives: To provide community colleges and other eligible institutions of higher education with funds to expand and improve their ability to deliver education and career training programs that (1) can be completed in two years or less, (2) are suited for workers who are eligible for training under the Trade Adjustment Assistance (TAA) for Workers program as well as other adults, and (3) prepare program participants for employment in high-wage, high-skill occupations. These multi-year grants helped to ensure that institutions of higher education assisted adults in acquiring the skills, degrees, and credentials needed for high-wage, high-skill employment while also meeting the needs of employers for skilled workers. DOL implemented the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program in partnership with the Department of Education.

Year Authorized: 2009²⁰

²⁰According to DOL officials, TAACCCT was funded for 4 years, with grants awarded from 2011 through 2014 and active from 2011 through 2018.

Obligations and Expenditures: See table 32 for the program’s reported obligations and expenditures.

Table 32: DOL Trade Adjustment Assistance Community College and Career Training Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	Program did not exist	Program did not exist ^a	\$0 ^b
Expenditures	Program did not exist	Program did not exist ^a	\$256.5

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Notes: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. According to DOL officials, the agency is not able to determine the percentage of Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant obligations and expenditures pertaining specifically to TAA-eligible participants because grants funded under TAACCCT did not pay for individual participant training costs (e.g., tuition). Rather, funds covered activities that benefited all participants, such as: (1) hiring and/or training additional instructors or staff to assist in the development and/or delivery of new curricula, (2) establishing internships, registered apprenticeships, or clinical/cooperative education programs at employer sites; and (3) purchasing or upgrading classroom supplies and equipment, and/or educational technologies; among other activities.

^aAccording to DOL officials, TAACCCT was authorized in 2009, but funds were not appropriated until 2011.

^bAccording to DOL officials, all funds were obligated from FY 2011 through FY 2014. As of September 30, 2018, all program grants had concluded, however, performance evaluations will be conducted through 2020.

Applicant Eligibility: Eligible institutions were institutions of higher education, which offer programs that can be completed in not more than 2 years.

Beneficiary Eligibility: Eligible beneficiaries were workers who are eligible for training under the TAA for Workers program, and other adults.

Beneficiaries Served: See table 33.

Table 33: Number of Beneficiaries Who Received DOL Trade Adjustment Assistance Community College and Career Training Benefits or Services in Program Years (PY) 2007, 2010, and 2017

	PY 2007	PY 2010	PY 2017
Individuals served	Program did not exist	Program did not exist ^a	118,389 ^b
Businesses served	Program did not exist	Program did not exist ^a	820 ^c
Communities served	Program did not exist	Program did not exist ^a	269 ^d

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: The program year is October 1 to September 30.

^aAccording to DOL officials, TAACCCT was authorized in 2009, but funds were not appropriated until 2011.

^bAccording to DOL officials, of the 118,389 participants served in fiscal year 2017, 71,243 were new participants and, of these, 1,580 were TAA-eligible. Because performance data were provided in aggregate and there was not a data field for TAA-eligible participants who were retained in the program, officials said they could not determine how many of the total 118,389 participants were TAA-eligible. The Trade Adjustment Assistance Community College and Career Training (TAACCCT) grants targeted the specific needs of trade-affected workers, but a broader range of adult learners were served, including some who were also within the scope of GAO’s review, such as dislocated workers.

^cAccording to DOL officials, 820 is the minimum number of businesses served. Grantees identified 820 partnerships with employers in their grant application documents, however, many continued to pursue and develop additional partnerships throughout their periods of performance. DOL does not require grantees to report on the number of active employers in a given year, officials said. The partnerships with businesses are to expand the capacity of community colleges to develop education and career training programs that are relevant to the needs of employers, officials said.

^dAccording to DOL officials, some grants went to individual institutions of higher education and some went to institution consortiums. Colleges receiving these grants were located in 52 U.S. states and territories, including Puerto Rico and the District of Columbia.

WIOA Dislocated Worker Formula Program

Objectives: To help dislocated workers become reemployed by providing them with job search assistance, career services, and/or training that builds their skills to meet labor market needs. Dislocated Worker services are targeted to workers who are unemployed and have lost a job through no fault of their own, or who have exhausted their unemployment compensation.

Year Authorized: 1998²¹

Obligations and Expenditures: See table 34 for the program’s reported obligations and expenditures.

Table 34: DOL Workforce Innovation and Opportunity Act Dislocated Worker Formula Program Obligations and Expenditures for Fiscal Years (FY) 2007, 2010, and 2017

Dollars in millions

	FY 2007	FY 2010	FY 2017
Obligations	\$1,193.5	\$1,174.6	\$1,017.2
Expenditures	\$1,181.6 ^a	\$1,829.4 ^b	\$973.6

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: Obligations and expenditures were reported by agency officials and were not independently verified by GAO. According to DOL officials, this program was originally authorized under the Workforce Investment Act of 1998 and was reauthorized under the Workforce Innovation and Opportunity Act in 2014.

^aAccording to DOL officials, expenditures for FY 2007 are estimated because some data are not available following the department’s move to a new accounting system.

^bAccording to DOL officials, expenditures exceeded obligations because grant funds are available to grantees for 3 years, therefore, in each fiscal year expenditures may include grant funds obligated in prior fiscal years.

Applicant Eligibility: The entities eligible to receive formula-based funding are the 50 states, Puerto Rico, the District of Columbia, and the outlying areas (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the United States Virgin Islands, and the Republic of Palau). Funds are allotted based on a statutory formula.²² States, in turn, allocate funds to local workforce development boards.

²¹According to DOL officials, this program was originally authorized under WIA in 1998 and was reauthorized under WIOA in 2014.

²²According to DOL, in program year 2017 the formula weighted the following three factors equally: the state’s relative share of total unemployed, excess unemployed, and long-term unemployed. A state can receive no less than 90 percent and no more than 130 percent of its relative share of funding in the previous year.

Beneficiary Eligibility: Individuals eligible for assistance are workers who have lost their jobs, including those dislocated as a result of plant closings or mass layoffs²³ and who are unlikely to return to their previous industry or occupation; formerly self-employed individuals; and displaced homemakers who depend on the income of another family member, but are no longer supported by that income. Priority is given to veterans and other covered persons.

Beneficiaries Served: See table 35.

Table 35: Number of Beneficiaries Who Received DOL Workforce Innovation and Opportunity Act Dislocated Worker Formula Program Benefits or Services in Program Years (PY) 2007, 2010, and 2016

	PY 2007	PY 2010	PY 2016 ^a
Individuals served	396,158	1,287,207	467,508

Source: Officials from the Department of Labor (DOL), Employment and Training Administration. | GAO-19-85R

Note: The program year is July 1 through June 30. According to DOL officials, all states (including the District of Columbia and the Commonwealth of Puerto Rico) and the outlying areas (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the United States Virgin Islands, and the Republic of Palau) receive funding through an annual formula allotment. This program was originally authorized under the Workforce Investment Act of 1998 and was reauthorized under the Workforce Innovation and Opportunity Act in 2014, officials said.

^aAccording to DOL officials, PY 2016 was the most recent year of program data available at the time of our review. There may be some limitations to these data because DOL implemented a new reporting system in PY 2016 and some states may still be updating their reporting systems to meet the new requirements, officials said.

Department of the Treasury - Internal Revenue Service and Office of Tax Policy

Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals (also known as the Health Coverage Tax Credit)

Objectives: To assist certain individuals, such as those who lost their jobs due to trade and who meet other criteria, with the cost of health insurance coverage.²⁴ The credit reduces individuals' after-tax cost of health insurance and enables some to maintain or acquire coverage. It provides a refundable tax credit of 72.5 percent of the qualified health insurance premiums paid by these individuals for themselves and their family members.

Year Authorized: 2002

Beneficiary Eligibility: Individuals eligible for the tax credit include those who are receiving (1) Trade Readjustment Allowances (TRA),²⁵ or who would be eligible to receive a TRA except their state unemployment benefits are not yet exhausted, (2) an Alternative Trade Adjustment Assistance (ATAA) allowance for people aged 50 or over,

²³According to DOL, mass layoffs occur when a business has at least 50 initial claims for unemployment insurance filed against it during a 5-week period.

²⁴In addition to individuals who lose their jobs due to trade, the Health Coverage Tax Credit also assists people aged 55 or over who receive pension benefits paid for by the Pension Benefit Guaranty Corporation (PBGC). These individuals did not meet our economic adjustment assistance description and were not included in our scope.

²⁵Trade Readjustment Allowances (TRA) are available to provide income support while eligible participants are engaged in full-time training. The amount of each weekly TRA payment is based on the weekly unemployment insurance benefit amount that the participant has already received.

or (3) a Reemployment Trade Adjustment Assistance (RTAA) allowance for people aged 50 or over. In general, individuals who would otherwise be eligible for the tax credit cannot receive it if they are (1) enrolled in or have access to certain government-provided health insurance coverage; or (2) enrolled in or have access to health insurance coverage subsidized 50 percent or more by any employer (or former employer) of the individual or individual’s spouse. The Department of Labor provides a list of potentially eligible individuals to the Internal Revenue Service (IRS), which then determines whether an eligible individual qualifies for the tax credit.²⁶

Beneficiaries Served: See table 36.

Table 36: Number of Tax Returns that Received the Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals for Tax Years (TY) 2007, 2010, and 2016

	TY 2007 ^a	TY 2010 ^a	TY 2016
Estimated number of tax returns that received the tax credit ^b	22,550 ^c	16,174 ^d	40,112 ^e

Source: Officials from the Department of the Treasury—Internal Revenue Service (IRS) and Office of Tax Policy. | GAO-19-85R

Note: This tax credit is also known as the Health Coverage Tax Credit or HCTC. Not all individuals who were eligible for the tax credit may have applied for or received it. This credit is potentially available to individuals eligible for Trade Adjustment Assistance (TAA) and those who receive pension benefits paid for by the Pension Benefit Guaranty Corporation (PBGC). While only the TAA-eligible individuals met our definition of economic adjustment assistance, the IRS was not able to disaggregate the number of returns attributable to each group. IRS officials noted, however, that of the total 972,591 individuals who were eligible for HCTC in fiscal year 2017, 34,561 were enrolled in TAA and 938,030 had their pension benefits paid for by PBGC.

^aAccording to the IRS, the Trade Preferences Extension Act of 2015 (Pub. L. No. 114-27), enacted June 29, 2015, extended and modified the expired HCTC through 2019. Previously, those eligible for HCTC claimed it on their tax returns only if they were eligible to claim more than the HCTC advance payments made on their behalf by the IRS. As a result, the estimated number of returns claiming the HCTC may not reflect all taxpayers using the credit.

^bThe information regarding the number of taxpayer returns that received the HCTC is based on IRS Statistics of Income (SOI) sample data. Because IRS SOI data are based on a sample, there is sampling imprecision associated with the estimates.

^cAccording to IRS officials, at the 95 percent confidence level the actual number of tax returns receiving HCTC in TY 2007 is between 14,311 and 30,789.

^dAccording to IRS officials, at the 95 percent confidence level the actual number of tax returns receiving HCTC in TY 2010 is between 8,553 and 23,795.

^eAccording to IRS officials, at the 95 percent confidence level the actual number of tax returns receiving HCTC in TY 2016 is between 28,005 and 52,219.

²⁶The PBGC also sends a list of potentially eligible individuals to the IRS.

Enclosure II: Objective, Scope, and Methodology

This enclosure summarizes our work in describing the federal economic adjustment assistance (EAA) programs and tax expenditures¹ we identified and their characteristics, including objectives, eligibility requirements, number of beneficiaries, obligations, and expenditures.² We addressed this objective in three general steps: (1) establishment of criteria for EAA program and tax expenditure inclusion; (2) identification of programs and tax expenditures that met the established criteria; and (3) collection of data on the identified programs and tax expenditures by developing and conducting a survey of relevant agencies. We also interviewed agency officials, and reviewed relevant federal policies and past GAO reports.

To assess the reliability of the data provided by agencies, we asked officials to identify the databases and information sources they used to respond to our survey questions and any limitations of the data they provided. We then discussed with agency officials any identified data limitations and, if unresolved issues remained, annotated the data as appropriate. In some limited circumstances we decided not to report the data due to limitations that might have made the data misleading given our scope and context. For the data we included, we found them sufficiently reliable for the purposes of this report.

We did not independently verify the information provided by the agencies or conduct a legal analysis to confirm the various descriptions of the programs, such as information on their objectives, eligibility requirements, budgetary obligations, and expenditures. Further, in developing this report, we did not review or analyze financial data or materials prepared by the agencies in connection with the annual budget and appropriations process. In some cases, we also obtained information from agency websites and agency and congressional documents to explain certain terms or concepts.

Establishing Criteria for EAA Program and Tax Expenditure Inclusion in GAO's Review

To develop criteria for the programs and tax expenditures to be included in our inventory, we first developed a definition of EAA. This began with determining which aspects of EAA were important to policymakers. After determining the key aspects of EAA to include, we reviewed select literature on two important strands of economic research to further inform our definition: the effects associated with China entering the World Trade Organization and the impact of technological changes on the U.S. workforce. After developing a draft definition, we asked agency officials to provide feedback, and incorporated their comments as appropriate.³ We also

¹A tax expenditure is a revenue loss attributable to a provision of the federal tax laws that (1) allows a special exclusion, exemption, or deduction from gross income or (2) provides a special credit, preferential tax rate, or deferral of tax liability. These expenditures include exemptions and exclusions from taxation, deductions, credits, deferral of tax liability, and preferential tax rates.

²Obligations are a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. Payment may be made immediately or in the future. Expenditures are the actual spending of money; an outlay.

³We met with officials from the Departments of Agriculture, Commerce, Defense, Labor, and the Treasury as well as officials from the Appalachian Regional Commission, Delta Regional Authority, Denali Commission, and the Northern Border Regional Commission.

solicited input from internal GAO experts. Using the information we collected, we developed the following EAA definition for the purposes of this report:⁴

Economic adjustment assistance programs and tax expenditures are those whose primary purpose includes helping or preparing workers, businesses/firms, or communities to adjust to economic disruption, where disruption is defined as significant changes in the economy that reduce the demand for certain workers. Examples of these changes include, but are not limited to, U.S. or international policy decisions related to trade, defense, or energy, and other economic forces that drive changes in immigration, globalization, automation, or cause a prolonged cyclical downturn.

In addition to this EAA definition, we applied the following criteria for identifying programs or tax expenditures, regardless of their size: the program or tax expenditure must have (1) been in effect in fiscal year 2017 and (2) provided either direct or indirect assistance to individuals, businesses, or communities. To capture the full federal investment in economic adjustment assistance, we also included agency activities such as demonstration grants and training and technical assistance designed to enhance the services provided by the program or agency.

We excluded programs and tax expenditures that might have provided income or other support to individuals during times of economic disruption or hardship, but whose primary purpose did not include assisting or preparing individuals, businesses, or communities to respond to economic disruptions by adopting alternative courses of action. For example, we excluded programs primarily designed to:

- assist low-income individuals (e.g., Supplemental Nutrition Assistance Program);⁵
- provide general economic development to areas that are distressed (1) for reasons other than economic disruption or (2) as the result of an economic disruption at one time but are now experiencing more systemic economic challenges (e.g., some programs provided through the regional commissions);⁶
- assist workers who lost their jobs but for whom there is no requirement that they acquire new skills or move to new industries as a result of program participation or benefit (e.g., unemployment insurance programs);⁷
- respond to natural disasters, because these programs generally alleviate the damage, loss, hardship, or suffering caused by a disaster incident rather than effect some change in response to the economic disruption.

Finally, our scope was limited to identifying and describing characteristics of federal EAA programs that help workers prepare for and adjust to economic disruption; inclusion of a program in this inventory is not an assessment of its effectiveness or its potential to overlap, be duplicative, or be fragmented with regard to other programs.

⁴It is important to note that the number of such programs identified will vary with the definition used, and that the application of any definition can entail subjective judgment.

⁵The Supplemental Nutrition Assistance Program offers nutrition assistance to eligible low-income individuals and families.

⁶We interviewed officials from four regional commissions: the Appalachian Regional Commission, the Delta Regional Authority, the Denali Commission, and the Northern Border Regional Commission.

⁷The Federal-State Unemployment Insurance Program, overseen by the Department of Labor and administered by the states, provides unemployment benefits to eligible workers who become unemployed through no fault of their own and meet certain other eligibility requirements. Claimants who file for unemployment benefits may be directed to register for work with their State Employment Service so they can receive assistance in finding employment.

Identifying Applicable Federal Agency Programs and Tax Expenditures

Using the criteria provided above, we initially identified EAA programs and tax expenditures by reviewing previous GAO work, consulting with internal GAO experts, and interviewing agency officials. When we interviewed agency officials who administered the programs or tax expenditures on our initial list, we also asked them to identify any additional programs or tax expenditures that fit our criteria.

Developing the List of Keyword Search Terms and Searching Sources

To conduct an electronic text search of the Catalog of Federal Domestic Assistance (CFDA) database⁸ and tax expenditure source documents, we developed a list of key search terms. To develop this list, we first created an initial list of key concepts relevant to our EAA program and tax expenditure criteria with the following steps:

1. Reviewed the EAA policy area to identify key terms and phrases:
 - a. economic adjustment,
 - b. trade adjustment assistance,
 - c. economic disruption,
 - d. economic dislocation,
 - e. POWER Initiative for Coal Industry,
 - f. Defense Industry Adjustment,
 - g. emerging technologies,
 - h. disruptive business models, and
 - i. globalization.
2. Reviewed past GAO reports on programs that provide services to individuals, businesses, or communities that have experienced economic disruptions to identify key concepts:⁹
 - a. dislocated workers,
 - b. employment services, and
 - c. Trade Adjustment Assistance.
3. Incorporated key concepts from our EAA program criteria:
 - a. disruption, and
 - b. adjustment.

Using this list of EAA terms and concepts as a starting point, two analysts independently reviewed a list of 3,633 CFDA subject terms and developed a list of relevant search terms. To reach concurrence on the list of search terms, the analysts reviewed the terms on both lists to

⁸The CFDA is a database of federal programs available to state and local governments (including the District of Columbia), federally-recognized Indian tribal governments, territories (and possessions) of the United States; domestic public, quasi-public, and private for profit and nonprofit organizations and institutions; and specialized groups and individuals.

⁹Reports we reviewed included GAO, *Defense Infrastructure: Communities Need Additional Guidance and Information to Improve Their Ability to Adjust to DOD Installation Closure or Growth*, [GAO-13-436](#) (Washington, D.C.: May 14, 2013); GAO, *Trade Adjustment Assistance: Labor Awarded Community College Grants in Accordance with Requirements, but Needs to Improve Its Process*, [GAO-12-954](#) (Washington, D.C.: Sept. 28, 2012); GAO, *Trade Adjustment Assistance: Changes to the Workers Program Benefited Participants, but Little is Known about Outcomes*, [GAO-12-953](#) (Washington, D.C.: Sept. 28, 2012); and GAO, *Trade Adjustment Assistance: Commerce Program Has Helped Manufacturing and Services Firms, but Measures, Data, and Funding Formula Could Improve*, [GAO-12-930](#) (Washington, D.C.: Sept. 13, 2012).

ensure all the terms were relevant, and reached agreement on which terms to include. If the analysts were undecided about a term, a GAO methodologist or economist was consulted.

After a trial search of the CFDA, some terms were removed from the list for returning a large number of irrelevant results. In addition, we refined the initial search term list, including adding terms, to ensure the programs identified matched our definition of EAA programs and tax expenditures.

The final list of search terms we used to search the CFDA and tax expenditure documents was:

- adjust
- adjustment assistance
- agriculture stabilization
- Appalachia regional development
- automation
- Base Realignment and Closure
- closure
- coal mine workers
- coal miners
- declining areas
- defense program changes
- dislocat*
- dislocated work
- disruption
- distress
- diversification
- early warning mass layoff
- economic adjustment
- economic adjustment assistance
- economic development
- economic injury
- employment adjustment allowance
- expanding economic opportunities
- green jobs training
- high unemployment areas
- import-caused unemployment, training
- import-caused, job placement
- rapid response
- realignment
- Sudden and Severe Economic Dislocation
- trade adjustment assistance
- training miners
- transition training

Identification of EAA Programs

After the development of the initial program and tax expenditure list as well as keyword search terms, we compiled our final list of EAA programs and tax expenditures by conducting comprehensive electronic text keyword searches of the CFDA and tax expenditure documents from the Office of Management and Budget, Joint Committee on Taxation, and Congressional Research Service.¹⁰

Specifically, we used the list of keyword search terms above to search the program objectives section in the CFDA database, which we downloaded from <ftp://ftp.cfda.gov/> on February 22,

¹⁰Office of Management and Budget, *Analytical Perspectives, Budget of the United States Government, Fiscal Years 2009, 2012, and 2019*; Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2007-2011* (JCS-3-07; Sept. 24, 2007), *2010-2014* (JCS-3-10, Dec. 15, 2010), and *2017-2021* (JCX-34-18; May 25, 2018); and Committee on the Budget, United States Senate, *Tax Expenditures: Compendium of Background Material on Individual Provisions*, Prepared by the Congressional Research Service, 24-030 (Washington, D.C.: December 2016).

2018.¹¹ In the tax expenditure source documents, we searched the complete documents. All searches were completed by October 1, 2018. An analyst reviewed each search term match and made a determination whether the program or expenditure fit our EAA criteria and another analyst verified these determinations. The analysts discussed any differences and reached concurrence. This process identified 15 programs and 1 tax expenditure.¹²

Survey of Agencies with EAA Programs or Tax Expenditures

For all programs that met our selection criteria, we surveyed the responsible federal agency about the program's objectives, eligibility requirements, number of beneficiaries, obligations, and expenditures. For the tax expenditure, we surveyed the responsible federal agency about the tax expenditure's description, eligibility requirements, number of returns receiving the tax credit, and number of eligible individuals.

For each program or tax expenditure meeting our criteria, we collected 3 years of data, as available. Because program expenditures or numbers served could change in response to demand from potential beneficiaries, we collected program data for 2007 and 2010 to reflect changes in the national unemployment rate both before and after the Great Recession. In addition, to reflect current program information, we collected program data for 2017, or the most recent year available. There may be a lack of comparability of the number of beneficiaries served across the programs because of different objectives and types of assistance, ranging from disseminating information to delivering services with substantial economic value to beneficiaries.

Survey Development

We developed a draft survey and pretested it with agency officials at four federal agencies and three regional commissions. We interviewed these officials to ensure that (1) the questions were clear and unambiguous, (2) the terminology was used correctly, (3) the survey did not place an undue burden on agency officials, (4) the information could feasibly be obtained, and (5) the survey was comprehensive and unbiased. The process of developing the program survey was an iterative process, where we used the results of our pretests with agency officials to modify the survey for the next pretest.

We prefilled the surveys, when possible, with information from the CFDA as well as from agency and congressional documents and websites before sending the surveys to the agencies.

Prefilled information included:

- program name
- CFDA number (when applicable)
- program objectives (what the program is intended to accomplish or the goals to which the program is directed);
- applicant eligibility (who can apply to the government for the program); and
- beneficiary eligibility (who can ultimately receive the benefits from the program).

¹¹Since our search, the CFDA has been moved to "Assistance Listings," a beta site administered by the General Services Administration, see <https://beta.sam.gov/>.

¹²We defined programs by CFDA number unless agency officials indicated we should do otherwise (e.g., they considered multiple CFDA numbers as components of one program).

We distributed the surveys to agency officials for completion, requesting that they confirm or correct the prefilled information and provide other information related to number of beneficiaries (individuals, businesses, and communities) served, obligations, and expenditures.

We also sent the agencies a blank survey form and asked officials to include additional programs, if any, they believed met our EAA criteria. No agencies submitted surveys on additional programs. For certain Department of Labor programs, we coordinated survey development and data collection with another GAO team that was collecting similar information for another review.

Survey Administration

We emailed the surveys to agency officials as an attached Microsoft Excel form that they could return electronically. For the programs and tax expenditures that were within our scope, all the corresponding surveys were completed and returned as expected.

Because this was not a sample survey, it has no sampling errors. However, the practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. For example, difficulties in interpreting a particular question or the sources of information available to respondents can introduce unwanted variability into the survey results. We took steps in developing the surveys, collecting the data, and analyzing them to minimize such nonsampling error. For example, to minimize difficulties interpreting a particular survey question we incorporated the suggestions from an independent reviewer to add explicit instructions for how to use the pull down menus and consistently phrased requests for information.

Survey Review

We reviewed the completed surveys and clarified information with agency officials as necessary. We edited the responses for clarity, as appropriate, and asked the agencies to review the revisions. In cases where program objectives or eligibility requirements changed during the years included in our review (2007, 2010, and 2017), we reported current program information.

We conducted this performance audit from September 2017 to March 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Enclosure III: GAO Contact and Staff Acknowledgments

GAO Contact:

Cindy S. Barnes, brownbarnesc@gao.gov, (202) 512-7215

Staff Acknowledgments:

In addition to the contact named above, Meeta Engle (Assistant Director), Amy Anderson, Holly Dye, Alex Galuten, Michael Hoffman, Madeline Messick, Walter Vance, and John Yee made significant contributions to this report. In addition, key support was provided by Rachael Chamberlin, Linda Collins, Randolph DeLeon, Kim Frankena, Kimberly Gianopoulos, Marshall Hamlett, Saida Hussain, Thomas James, Brian Lepore, Sheila R. McCoy, Christopher Murray, John Neumann, Mimi Nguyen, Corinna Nicolaou, Cady S. Panetta, Rhiannon Patterson, Carl Ramirez, Oliver Richard, Jessica K. Rider, Marylynn Sergent, William Shear, and Almeta Spencer.

GAO Related Products

U.S. Manufacturing: Federal Programs Reported Providing Support and Addressing Trends. [GAO-17-240](#). Washington, D.C.: March 28, 2017.

Defense Infrastructure: Communities Need Additional Guidance and Information to Improve Their Ability to Adjust to DOD Installation Closure or Growth. [GAO-13-436](#). Washington, D.C.: May 14, 2013.

Private Health Insurance: Expiration of the Health Coverage Tax Credit Will Affect Participants' Costs and Coverage Choices as Health Reform Provisions Are Implemented. [GAO-13-147](#). Washington, D.C.: December 28, 2012.

Trade Adjustment Assistance: Commerce Program Has Helped Manufacturing and Services Firms, but Measures, Data, and Funding Formula Could Be Enhanced. [GAO-13-166T](#). Washington, D.C.: November 14, 2012.

Trade Adjustment Assistance: Labor Awarded Community College Grants in Accordance with Requirements, but Needs to Improve Its Process. [GAO-12-954](#). Washington, D.C.: September 28, 2012.

Trade Adjustment Assistance: Changes to the Workers Program Benefited Participants, but Little Is Known about Outcomes. [GAO-12-953](#). Washington, D.C.: September 28, 2012.

Trade Adjustment Assistance: One-Time Grants Awarded to Trade-Impacted Communities; Results Will Not Be Known until after 2013. [GAO-12-993](#). Washington, D.C.: September 26, 2012.

Trade Adjustment Assistance: Commerce Program Has Helped Manufacturing and Services Firms, but Measures, Data, and Funding Formula Could Improve. [GAO-12-930](#). Washington, D.C.: September 13, 2012.

Entrepreneurial Assistance: Opportunities Exist to Improve Programs' Collaboration, Data-Tracking, and Performance Management. [GAO-12-819](#). Washington, D.C.: August 23, 2012.

Trade Adjustment Assistance: USDA Has Enhanced Technical Assistance for Farmers and Fishermen, but Steps Are Needed to Better Evaluate Program Effectiveness. [GAO-12-731](#). Washington, D.C.: July 12, 2012.

Multiple Employment and Training Programs: Providing Information on Colocating Services and Consolidating Administrative Structures Could Promote Efficiencies. [GAO-11-92](#). Washington, D.C.: January 13, 2011.

Health Coverage Tax Credit: Participation and Administrative Costs. [GAO-10-521R](#). Washington, D.C.: April 30, 2010.

Trade Adjustment Assistance: States Have Fewer Training Funds Available than Labor Estimates When Both Expenditures and Obligations Are Considered. [GAO-08-165](#). Washington, D.C.: November 2, 2007.

Trade Adjustment Assistance: Industry Certification Would Likely Make More Workers Eligible, but Design and Implementation Challenges Exist. [GAO-07-919](#). Washington, D.C.: June 29, 2007.

Trade Adjustment Assistance: Changes Needed to Improve States' Ability to Provide Benefits and Services to Trade-Affected Workers. [GAO-07-995T](#). Washington, D.C.: June 14, 2007.

Trade Adjustment Assistance: Program Provides an Array of Benefits and Services to Trade-Affected Workers. [GAO-07-994T](#). Washington, D.C.: June 14, 2007.

Trade Adjustment Assistance: Changes to Funding Allocation and Eligibility Requirements Could Enhance States' Ability to Provide Benefits and Services. [GAO-07-702](#). Washington, D.C.: May 31, 2007.

Trade Adjustment Assistance: New Program for Farmers Provides Some Assistance, but Has Had Limited Participation and Low Program Expenditures. [GAO-07-201](#). Washington, D.C.: December 18, 2006.

Trade Adjustment Assistance: Labor Should Take Action to Ensure Performance Data Are Complete, Accurate, and Accessible. [GAO-06-496](#). Washington, D.C.: April 25, 2006.

Trade Adjustment Assistance: Most Workers in Five Layoffs Received Services, but Better Outreach Needed on New Benefits. [GAO-06-43](#). Washington, D.C.: January 31, 2006.

Federal Programs with a Financial Eligibility Component. [GAO-06-292R](#). Washington, D.C.: December 14, 2005.

Military Base Closures: Updated Status of Prior Base Realignments and Closures. [GAO-05-138](#). Washington, D.C.: January 13, 2005.

Health Coverage Tax Credit: Simplified and More Timely Enrollment Process Could Increase Participation. [GAO-04-1029](#). Washington, D.C.: September 30, 2004.

Trade Adjustment Assistance: Reforms Have Accelerated Training Enrollment, but Implementation Challenges Remain. [GAO-04-1012](#). Washington, D.C.: September 22, 2004.

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

(102339)