

Innovative Way to Measure Performance and Impact of Economic Development Grant Programs

The Economic Development Administration (EDA) and SRI International have partnered to develop a performance measurement and program evaluation system that captures the economic impacts of public investments, including EDA's, through local and regional economic development capacity-building.

Background:

The progress and impact of EDA projects have been traditionally assessed in terms of job creation/retention and generation of private investment, particularly in the case of its public works infrastructure projects.

Since 2011, EDA has partnered with leading research institutions (UNC-Chapel Hill, GWU, and SRI International) to develop an innovative system that would capture and measure linkages between economic development grant-sponsored activities, their short-term impacts on regional economic development capacity, and the resulting long-term desired economic outcomes.

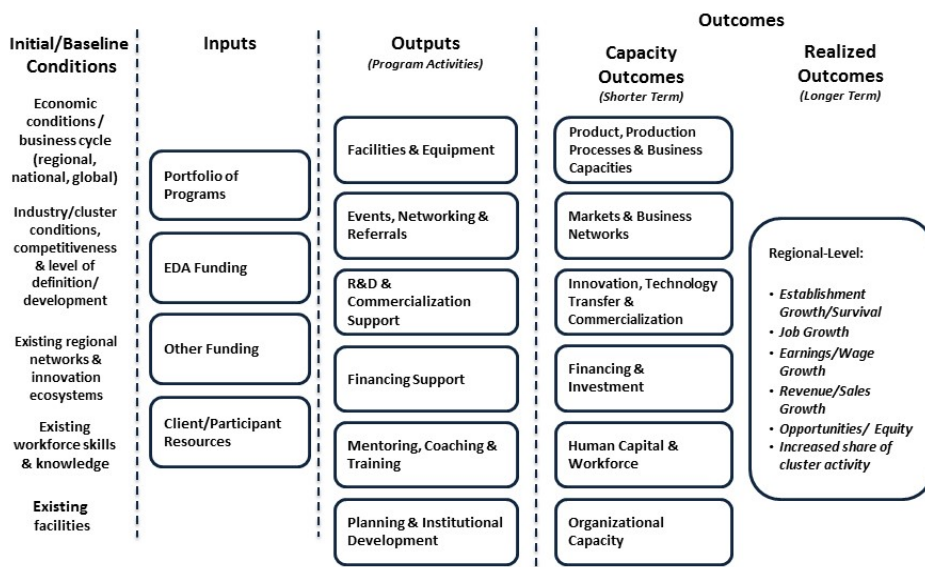
Throughout the research, EDA and partners conducted rigorous studies to build and test logic models and potential metrics of capacity outcomes. The reports detailing the results of these studies are available on <https://www.eda.gov/tools/research-reports/>.

Development and implementation:

The second phase of the research project has consisted of EDA collaborating with [SRI International](#) on refining of the program evaluation system through enhancement of the economic development logic model (figure below) and of testing (and confirming, where possible) the statistical relationships among



Economic Development Logic Model



SRI International

* Developed through a cooperative agreement between EDA and SRI International (2017)

the elements in the logic model, particularly, among capacity outcomes and long-term economic outcomes on a regional level.

SRI also developed an operational toolkit for the economic development practitioners' use. The toolkit proposes a plan for implementation of the system, justifying the selected metrics, delineating recommended data collection protocols, and proposing impact analyses in accordance with the developed econometric model ([the full report on SRI's testing of the model is available on https://www.eda.gov/performance/](https://www.eda.gov/performance/)).

The system mandates collection and aggregation of four sets of data at the program level or at the regional level: baseline metrics, program outputs metrics, capacity outcomes metrics, and the realized outcomes metrics. EDA will approach the implementation in the following ways:

- The baseline metrics will be collected automatically through publicly available baseline conditions data on a regional level. These data will help consider how initial conditions, such as per capita income or employment levels in a region, affect grantee organizations and the work they accomplish.
- The data on program activities will be collected directly from the grantees through program-targeted online survey instruments on a quarterly basis in order to monitor and assess grantees' progress, as well as to compile the data for future explorations of the linkages between program activities and capacity building outcomes. Examples of grant-sponsored program activities to monitor through the survey are: number of networking events held, amount of financial support secured (e.g., obtaining angel/seed/venture capital/loan funding), and number of training/skills assistance sessions held.
- Information on the capacity outcomes will be collected directly from the grantees through online survey instruments on an annual basis. The directly-collected dataset will be supplemented with third party indicators proposed by SRI. The data will reflect short term, direct impacts that result from the activities and services provided as a result of the grant and will be used to evaluate the effects of such activities on building of capacities. The capacities measured include the number of new professional and business relationships formed, number of new export strategies developed, and number of patents obtained, as a result of the program activities sponsored under the grant.
- Finally, the system requires compilation of data on the realized outcomes that encapsulate the traditional long-term economic goals such as per capita income growth and job and company creation on a regional level. Similar to the baseline data collection, EDA will gather publicly available data from sources such as the Bureau of Labor Statistics and Bureau of Economic Analysis. The capacity outcomes data will be continuously tested against the long-term realized outcomes data as part of this new program evaluation system.

Next Steps:

The pilot implementation of the framework has begun at the end of the fiscal year 2017. EDA has selected grantees representing all of its non-infrastructure programs (Trade Adjustment Assistance for Firms, Partnership Planning, Non-Infrastructure Economic Adjustment Assistance, University Centers, Regional Innovation Strategies, Local Technical Assistance, Revolving Loan Fund, and Research and National Technical Assistance) to support the pilot phase of the framework implementation.