

ANNUAL REPORT TO CONGRESS on the  
TRADE ADJUSTMENT ASSISTANCE FOR FIRMS  
PROGRAM  
Fiscal Year 2011 Annual Report

ECONOMIC DEVELOPMENT ADMINISTRATION  
U.S. DEPARTMENT OF COMMERCE  
December 15, 2011



## Executive Summary

This annual report is submitted in accordance with Section 1866 of the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA), which was included as subtitle I (letter "I") of title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 123 Stat. 115, at 367). Section 1866 of the TGAAA directs the Secretary of Commerce to submit to Congress an annual report on the Trade Adjustment Assistance for Firms (TAAF) program by the 15<sup>th</sup> of December each year. The TAAF program is authorized by chapters 3 and 5 of title II of the Trade Act of 1974, as amended (19 U.S.C. § 2341 et seq.) (Trade Act).

Administered by the Department of Commerce's Economic Development Administration (EDA), the goal of the TAAF program is to help economically distressed U.S. businesses develop strategies to compete in the global economy. In general, the program provides cost-sharing technical assistance to eligible businesses to create and implement targeted business recovery plans called Adjustment Proposals. Firms contribute a matching share to create and implement their respective recovery plan.

Technical assistance is provided through a nationwide network of eleven EDA-funded Trade Adjustment Assistance Centers (TAACs), which are either non-profits or university-affiliated. The TAACs provide assistance to firms petitioning EDA for certification of eligibility under the program and in the development and implementation of business recovery plans.

In January 2011, as authorization of the Trade Adjustment Assistance (TAA) programs was about to expire, Congress passed the Omnibus Trade Act of 2010 (Pub. L. No. 111-344). This act extended the TAAF program through February 12, 2012, but allowed expanded provisions in Pub. L. No. 111-5 covering eligibility for services firms and other matters to expire on February 13, 2011. The TAAF program remained authorized in FY 2011 and continued to operate at FY 2010 spending levels of \$15.8 million under a full-year continuing resolution, so interruption of operations was not expected.<sup>1</sup>

On October 21, 2011, the President signed into law the Trade Adjustment Assistance Extension Act of 2011 (Pub. L. No. 112-40). This Act retroactively extends the provisions of the TAA programs that were enacted as part of the TGAAA.

The expiration of the TGAAA provisions did, however, limit the number of firms entering the program as TAACs were unable to assist service firms or use extended look-back periods to certify firms. In addition, uncertainty regarding the TAA program's future caused TAACs to focus on existing clients instead of recruiting new firms.

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<sup>1</sup> For more on this policy discussion see, CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by J. F. Hornbeck.

Performance of the TAAF program is measured in terms of both “inputs” (e.g., types of firms assisted, petition, and Adjustment Proposals submissions) and “outputs” (changes in sales, employment levels, and productivity of client firms).

In terms of inputs, the TAAF program effectively targeted small and medium-sized firms in FY 2011. The average sales and productivity of firms certified in the program in FY 2011 were higher than that of firms certified in FY 2010. The average employment of firms certified into the program in FY 2011 was lower than that of firms certified in FY 2010.

The most popular types of Adjustment Proposal projects in FY 2011 were marketing/sales improvement. Over half of all firms proposed to implement a marketing/sales project or production/engineering project in their Adjustment Proposals.

There was a decrease in the number of new clients serviced in FY 2011, as demonstrated by the decrease in the number of petitions for certification and Adjustment Proposals submitted to EDA for approval. In FY 2011, EDA certified 149 petitions, a 55 percent decrease compared to FY 2010. EDA approved 183 Adjustment Proposals in FY 2011, a 31 percent decrease compared to FY 2010.

EDA successfully met both the 40-day processing deadline (to make a final determination for petitions accepted for filing) and the 60-day processing deadline for approval of Adjustment Proposals, as required in the TGAAA. In fact, in FY 2011, the average processing time for petitions was 21 days, which is a 48 percent reduction from FY 2010. Meanwhile, the average processing time for Adjustment Proposals was 16 days, a 33 percent reduction from FY 2010.

In terms of program outputs, performance measures focus on the extent to which client firms increase their sales, employment levels, and productivity following the implementation of TAAF-supported projects (program completion). To measure these outputs, EDA compares average sales, average employment and average productivity of all firms completing the program in a particular year (the most recent “base year”) to these same measures for the same firms one and two years following program completion. The base year used for this report is FY 2009, as this allows EDA to compare these measures looking back two years from the date of this report.

Firms that completed the TAAF program in FY 2009 report that, at completion, average sales were \$14.4 million, average employment was 54, and average productivity was \$266,536 (sales per employee).

One year after completing the program (FY 2010), these same firms report that average sales decreased by 6.7 percent, average employment decreased by 1.9 percent, and average productivity decreased by 4.9 percent. The U.S. Bureau of Labor Statistics (BLS) reports that nationwide for the manufacturing industry in FY 2010, average employment decreased 5.8 percent and average productivity increased by 3.4 percent from FY 2009.

Two years after completing the program (FY 2011), these firms report that average sales decreased by 1.6 percent, average employment decreased by 1.9 percent, and average productivity increased by less than one percent. BLS reported that nationwide for the manufacturing industry in FY 2011, average employment decreased 4.5 percent and average productivity increased by 10 percent from FY 2009. It should be noted that TAAF clients are operating in the same weak economic environment as other firms, but are also attempting to adjust to import pressures that may not impact other firms as severely.

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## Introduction

**T**his report is provided in compliance with Section 1866 of the Trade and Globalization Adjustment Assistance Act (TGAAA) of 2009, which was included as subtitle I (letter “I”) of title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 123 Stat. 115, at 367). Section 1866 of the TGAAA directs the Secretary of Commerce to provide an annual report on the Trade Adjustment Assistance for Firms (TAAF) program by the 15<sup>th</sup> of December each year. Section 1866 of the TGAAA states:

IN GENERAL.—Not later than December 15, 2009, and each year thereafter, the Secretary of Commerce shall prepare a report containing data regarding the trade adjustment assistance for firms program provided for in chapter 3 of title II of the Trade Act of 1974 (19 U.S.C. 2341 et seq.) for the preceding fiscal year.

This report will provide findings and results to the extent that the data are available on the following 14 measures:

1. The number of firms that inquired about the program.
2. The number of petitions filed under section 251.
3. The number of petitions certified and denied.
4. The average time for processing petitions.
5. The number of petitions filed and firms certified for each Congressional district in the United States.
6. The number of firms that received assistance in preparing their petitions.
7. The number of firms that received assistance developing business recovery plans (Adjustment Proposals).
8. The number of Adjustment Proposals approved and denied by the Secretary of Commerce.
9. Sales, employment, and productivity at each firm participating in the TAAF program at the time of certification.
10. Sales, employment, and productivity at each firm upon completion of the program and each year for the two-year period following completion.
11. The financial assistance received by each firm participating in the program.
12. The financial contribution made by each firm participating in the program.
13. The types of technical assistance included in the Adjustment Proposals of firms participating in the program.
14. The number of firms leaving the program before completing the project or projects in their Adjustment Proposals and the reason the project was not completed.



## Program Description

The TAAF program is authorized under chapters 3 and 5 of title II of the Trade Act of 1974, as amended (19 U.S.C. § 2341 et seq.) (Trade Act). The responsibility for administering the TAAF program is delegated by the Secretary of Commerce to the Economic Development Administration (EDA). The TAAF program provides technical assistance to manufacturers and service firms affected by import competition to help the firms develop and implement projects to regain global competitiveness.

The mission of the TAAF program is to help U.S. firms regain competitiveness in the global economy. Import-impacted U.S. manufacturing, production and service firms can receive matching funds for projects that expand markets, strengthen operations and increase competitiveness through TAAF. The program provides assistance in the development of business recovery plans, which are known as Adjustment Proposals under Section 252 of the Trade Act, and matching funds to implement projects outlined in the Adjustment Proposals.

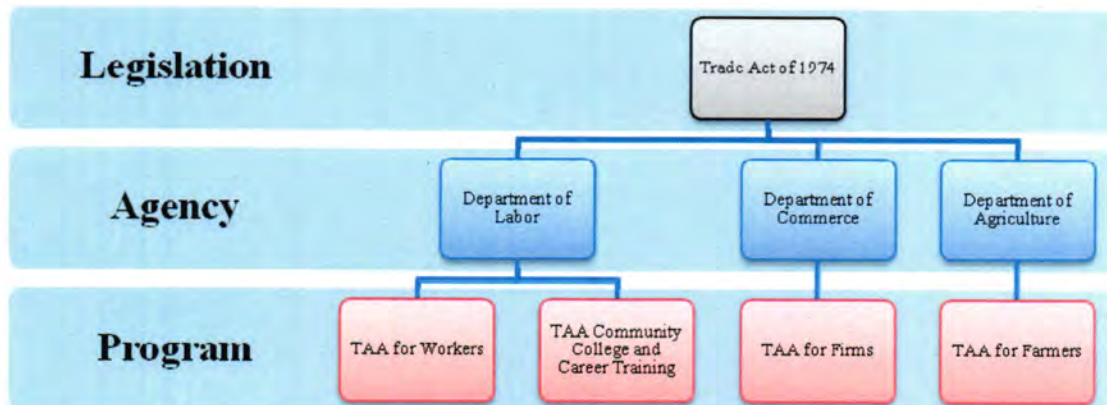
The TAAF program supports a national network of 11 non-profit or university-affiliated Trade Adjustment Assistance Centers (TAACs) to help U.S. manufacturing, production, and service firms in all 50 States, the District of Columbia and the Commonwealth of Puerto Rico. Firms work with the TAACs to apply for certification of eligibility for TAAF assistance, and prepare and implement strategies to guide their economic recovery.

Exhibit 1: TAACs and their Respective Service Areas

TAAC	Service Areas
Great Lakes	Indiana, Michigan and Ohio
Mid-America	Arkansas, Kansas and Missouri
Mid-Atlantic	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia and West Virginia
Midwest	Illinois, Iowa, Minnesota and Wisconsin
New England	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont
New York State	New York
Northwest	Alaska, Idaho, Montana, Oregon and Washington
Rocky Mountain	Colorado, Nebraska, New Mexico, North Dakota, South Dakota, Utah and Wyoming
Southeastern	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee and the Commonwealth of Puerto Rico
Southwest	Louisiana, Oklahoma and Texas
Western	Arizona, California, Hawaii and Nevada

The other TAA programs are TAA for Workers and Community Colleges, both administered by the U.S. Department of Labor, and TAA for Farmers, administered by the U.S. Department of Agriculture.

Exhibit 2: TAA Programs



## Program Initiative

As noted above, the TAAF program provides technical assistance in the development and implementation of Adjustment Proposals. Projects are aimed at improving a firm's competitive position. Specifically, funds are applied toward the cost of consultants, engineers, designers, or industry experts for improvement projects in targeted areas such as engineering, information technology, management, market development, marketing, new product development, quality improvement, and sales, which can better a firm's position. Funds are not provided directly to firms; instead, EDA funds TAACs and TAACs pay a cost-shared proportion of the cost to secure specialized business consultants.

Exhibit 3: Program Phases



There are three main phases to receiving technical assistance under the program: (1) petitioning for certification, (2) recovery planning, and (3) project implementation.



### **Phase I - Petitioning for Certification**

The first step to receiving assistance is the submission of a petition to EDA to be certified as a trade-impacted firm. The petition is comprised of Form ED-840P, titled "*Petition by a Firm for Certification of Eligibility to Apply for Trade Adjustment Assistance*," and required supporting documentation. Generally, certification specialists in the TAACs work with the firm at no cost to complete and submit a petition to EDA.

Upon receipt of the petition, EDA performs an analysis of the petition and supporting documents to determine if the petition is complete and may be accepted. EDA is required to make a final determination on the petition within 40 days of accepting a petition.<sup>2</sup>

To certify a firm as eligible to apply for adjustment assistance, the Secretary must determine that the following three conditions are met:

1. A significant number or proportion of the workers in the firm have been or are threatened to be totally or partially separated;
2. Sales and/or production of the firm have decreased absolutely, or sales and/or production of an article or service that accounted for at least 25 percent of total production or sales of the firm during the 12, 24, or 36 months preceding the most recent 12-, 24-, or 36-month period for which data are available have decreased absolutely; and
3. Increased imports of articles like or directly competitive with articles produced or services provided by the firm have "contributed importantly" to both the layoffs and the decline in sales and/or production.

### **Phase II - Recovery Planning**

Certified firms then work with TAAC staff to develop a customized Adjustment Proposal for submission to EDA for approval. Once an Adjustment Proposal has been submitted, EDA is required to make a final determination within 60 days.

### **Phase III - Adjustment Proposal Implementation**

The firm works with consultants to implement projects in an approved Adjustment Proposal. As projects are implemented and if the firm is satisfied with the work, the firm will first pay their match to the consultant, and then send a notice to the TAAC stating that they are satisfied with the work and that they have paid their matching share. The TAAC will then pay the Federal matching share. Firms have up to five years from the date of an Adjustment Proposal's approval to implement it, unless they receive approval for an extension. Generally, firms complete the implementation of their respective Adjustment Proposals over a two-year period.

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<sup>2</sup> As of May 17, 2009, the deadline for making a final determination is 40 days. Before May 17, 2009, EDA had 60 days to make a determination.

The main responsibilities of the TAACs include:

- Assisting firms in preparing their petitions for TAAF. Firms are not charged for any assistance related to preparing a petition.
- Once a petition has been approved, TAACs work closely with firm management to identify the firm's strengths and weaknesses and develop a customized Adjustment Proposal designed to stimulate recovery and growth. The program pays up to 75% of the cost of developing an Adjustment Proposal and the firm must pay the rest. EDA must approve all Adjustment Proposals to ensure they conform to statutory and regulatory requirements.
- After an Adjustment Proposal has been approved, company management and TAAC staff jointly identify consultants with the specific expertise required to assist the firm.
- Under the TAAF program, EDA shares the cost of Adjustment Proposal task implementation. For an Adjustment Proposal in which proposed tasks total \$30,000 or less, EDA will provide 75 percent of the cost and the firm is responsible for the balance. For an Adjustment Proposal in which proposed tasks total over \$30,000, EDA and the firm share the implementation costs evenly; EDA pays 50 percent of the total cost and the firm pays 50 percent. Due to limited program funding, EDA limits its share of technical assistance to a certified firm to \$75,000. After a competitive procurement process, the TAAC and the firm generally contract with private consultants to implement the Adjustment Proposal.

## Results/Findings

### Data for This Report

The data used in this report were collected from the TAACs as part of their reporting requirements, petitions for certification, and the Adjustment Proposals submitted by the TAACs on behalf of firms. Data from these sources were recorded into a central database by Eligibility Reviewers at EDA. Results for average processing times and the number of approved and denied petitions and Adjustment Proposal were derived by EDA.

#### (1) The number of firms that inquired about the program.

In FY 2011, the TAACs received 2,170 inquiries about the TAAF program.

Exhibit 4: Inquiries about the TAAF program by TAAC

TAAC	No. of Firms that Inquired about the TAAF program
Great Lakes	53
Mid-America	68
Mid-Atlantic	101
Midwest	75
New England	52
New York State	106
Northwest	218
Rocky Mountain	131
Southeastern	25
Southwest	412
Western	929
<b>Total</b>	<b>2,170</b>

#### (2) The number of petitions filed under section 251.

#### (3) The number of petitions certified and denied.

#### (4) The average time for processing petitions.

Performance under the TAAF program is measured in terms of both “inputs” (e.g., types of firms assisted, petition, and Adjustment Proposals submissions) and “outputs” (changes in sales, employment levels, and productivity of client firms).

In terms of inputs, in FY 2011, 127 petitions were filed under section 251 of the Trade Act, down by 178 petitions, a 58 percent decrease compared to the number of petitions filed in FY 2010. EDA certified 149 petitions, down by 181 petitions, a 55 percent decrease compared to the number of certifications in FY 2010. Petitions are certified on a rolling basis throughout the year. Petitions certified in FY 2011 may be the result of those filed or accepted in FY 2010; and petitions filed or accepted in FY 2011 may not result in certification in FY 2011.

EDA successfully met both the 40-day processing deadline (to make a final determination for petitions accepted for filing). In fact, in FY 2011, the average processing time for petitions was 21 days, which is a 48 percent reduction from FY 2010.

Exhibit 5: Petition Activity: FY 2008 – FY 2011

<b>FY</b>	<b>No. of Petitions Filed</b>	<b>No. of Petitions Accepted for Filing</b>	<b>No. of Petitions Certified</b>	<b>No. of Petitions Denied</b>	<b>Average Days Between Acceptance and Certification</b>	<b>Average Days Between Filing and Certification</b>
2008	189	190	188	0	45	N/A
2009	278	244	216	1	44	89
2010	305	325	330	0	40	74
2011	127	127	149	1	21	36
<b>% Change (2010 to 2011)</b>	<b>(58)%</b>	<b>(61)%</b>	<b>(55)%</b>	<b>N/A</b>	<b>(48)%</b>	<b>(52)%</b>



Exhibit 6: Petitions Filed by TAAC: FY 2008 – FY 2011

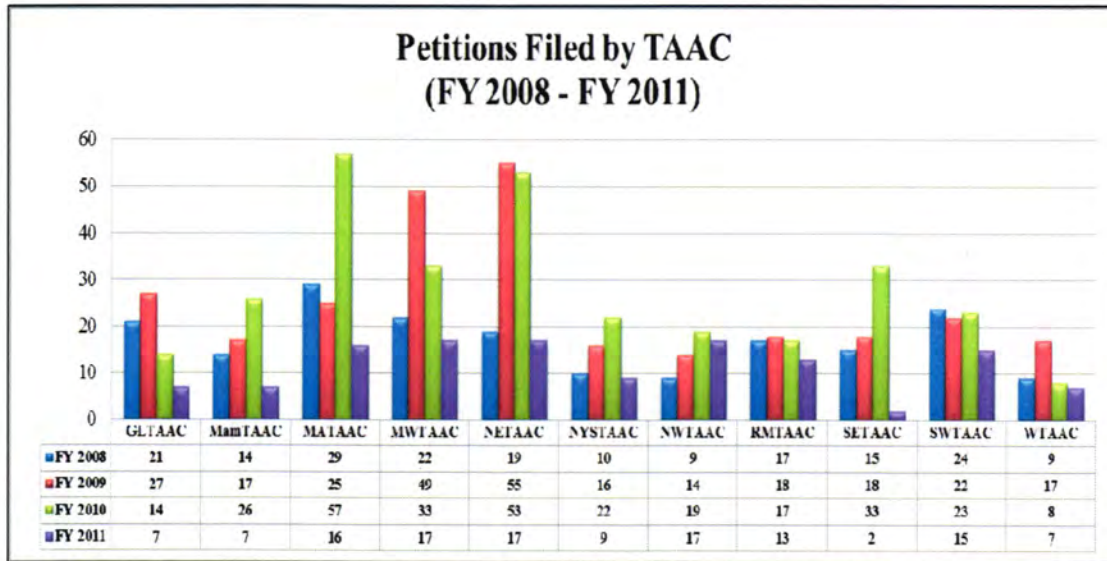


Exhibit 7: Petitions Accepted by TAAC: FY 2008 – FY 2011

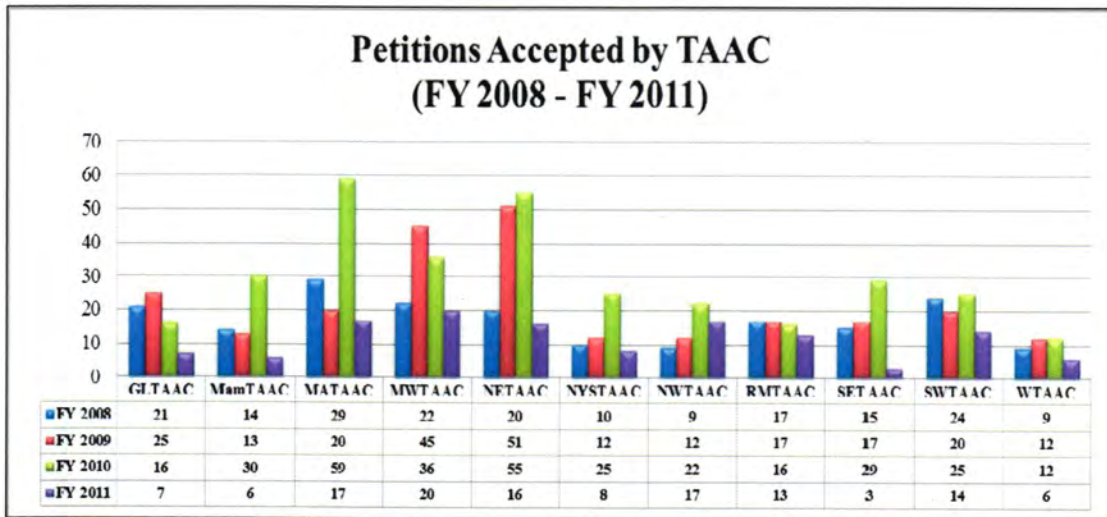




Exhibit 8: Petitions Certified by TAAC: FY 2008 – FY 2011

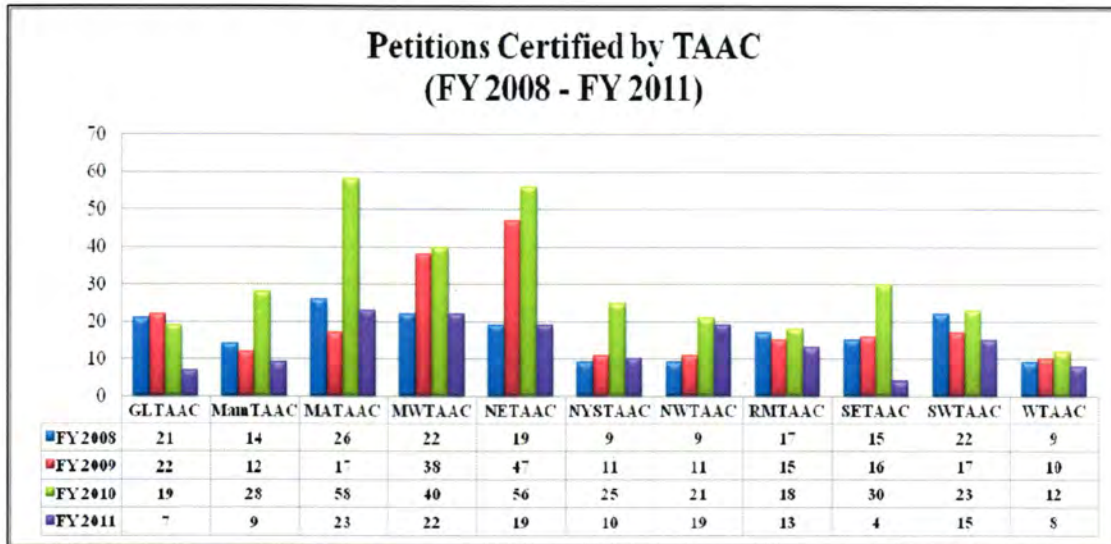


Exhibit 9: Petitions Filed, Accepted and Certified by TAAC: FY 2011

TAAC	No. of Petitions Filed <sup>3</sup>	No. of Petitions Accepted for Filing	No. of Petitions Certified
Great Lakes	7	7	7
Mid-America	7	6	9
MidAtlantic	16	17	23
Midwest	17	20	22
New England	17	16	19
New York State	9	8	10
Northwest	17	17	19
Rocky Mountain	13	13	13
Southeastern	2	3	4
Southwest	15	14	15
Western	7	6	8
<b>Total</b>	<b>127</b>	<b>127</b>	<b>149</b>

<sup>3</sup> Petitions are certified on a rolling basis throughout the year, therefore activity in these categories may not result in certification within the same FY. These totals represent the activity under each category within FY 2011.

Exhibit 10: Petitions Filed, Accepted, and Certified by TAAC: FY 2011

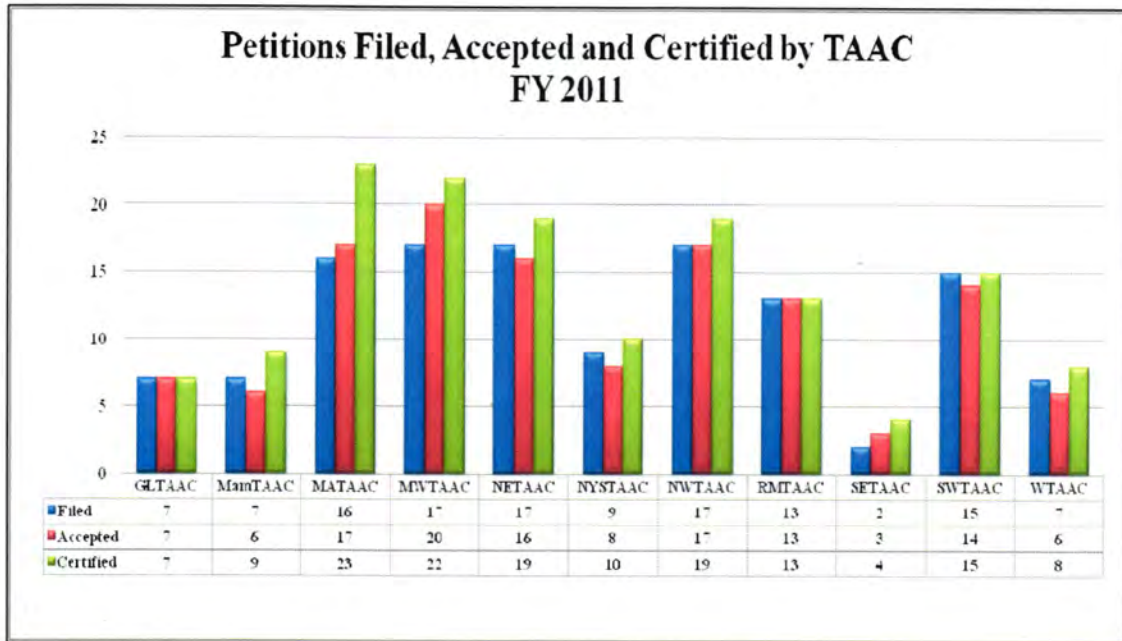
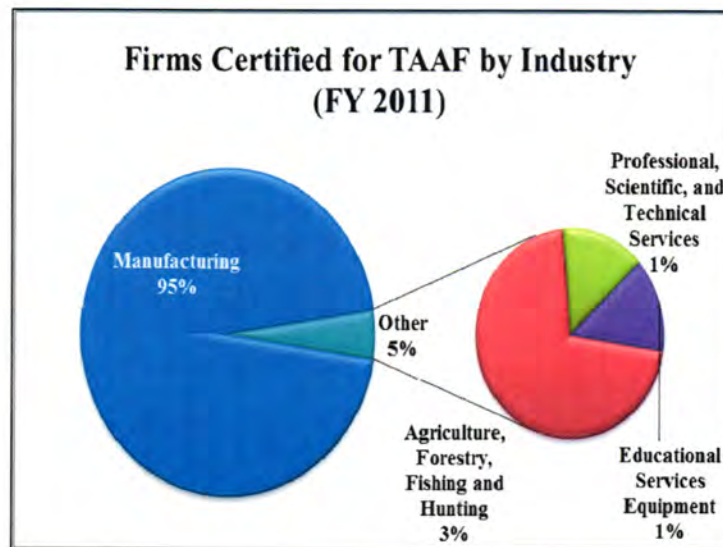


Exhibit 11: Firms Certified for TAAF by Industry: FY 2011

The majority of petitions certified under the TAAF program were submitted by firms in the manufacturing industry. Firms in agriculture and technical services rounded out the top three industries. Approximately 2 percent of firms certified in FY 2011 were service sector firms. As a result the Trade Adjustment Assistance Extension Act of 2011 (Pub. L. No. 112-40) that retroactively extends the provisions of the TAA programs that were enacted as part of the TGAAA, demand from service firms in FY 2012 is likely to increase at the same rate as in FY 2011.



(5) The number of petitions filed and firms certified for each Congressional District in the United States.

Exhibit 12: Petitions Filed by Congressional District: FY 2011

Congressional District(s)	No. of Petitions Filed
<b>AR</b>	<b>1</b>
2	1
<b>AZ</b>	<b>2</b>
2	1
4	1
<b>CA</b>	<b>5</b>
7	1
19	1
44	1
47	1
48	1
<b>CO</b>	<b>4</b>
1	1
2	2
5	1
<b>CT</b>	<b>1</b>
3	1
<b>GA</b>	<b>1</b>
7	1
<b>ID</b>	<b>2</b>
1	1
2	1
<b>IL</b>	<b>14</b>
3	1
5	2
6	1
7	4
8	3
9	1
14	1
16	1
<b>IN</b>	<b>2</b>
2	1
4	1
<b>KS</b>	<b>1</b>

<b>Congressional District(s)</b>	<b>No. of Petitions Filed</b>
4	1
<b>LA</b>	<b>8</b>
1	4
3	4
<b>MA</b>	<b>10</b>
1	2
2	1
3	2
5	1
7	1
9	2
10	1
<b>ME</b>	<b>2</b>
2	2
<b>MI</b>	<b>1</b>
9	1
<b>MN</b>	<b>1</b>
6	1
<b>MO</b>	<b>5</b>
3	1
5	2
7	2
<b>MT</b>	<b>1</b>
At-Large	1
<b>ND</b>	<b>2</b>
At-Large	2
<b>NE</b>	<b>1</b>
2	1
<b>NH</b>	<b>1</b>
<b>2</b>	<b>1</b>
<b>NM</b>	<b>1</b>
3	1
<b>NY</b>	<b>9</b>
2	2
11	1
23	1
24	2
26	1
29	2
<b>OH</b>	<b>4</b>

<b>Congressional District(s)</b>	<b>No. of Petitions Filed</b>
1	1
5	1
13	1
18	1
<b>OK</b>	<b>3</b>
2	2
3	1
<b>OR</b>	<b>3</b>
2	1
3	1
4	1
<b>PA</b>	<b>15</b>
1	1
5	3
6	1
7	1
9	3
14	1
15	2
16	1
19	2
<b>RI</b>	<b>2</b>
1	2
<b>SD</b>	<b>2</b>
1	1
At-Large	1
<b>TN</b>	<b>1</b>
1	1
<b>TX</b>	<b>4</b>
2	1
11	1
13	1
32	1
<b>UT</b>	<b>3</b>
1	2
3	1
<b>VA</b>	<b>1</b>
1	1
<b>VT</b>	<b>1</b>
1	1



<b>Congressional District(s)</b>	<b>No. of Petitions Filed</b>
<b>WA</b>	<b>11</b>
1	1
3	3
5	1
6	2
7	3
9	1
<b>WI</b>	<b>2</b>
6	2
<b>Total</b>	<b>127</b>

Exhibit 13: Petitions Certified by Congressional District: FY 2011

<b>Congressional District(s)</b>	<b>No. of Petitions Certified</b>
<b>AR</b>	<b>1</b>
2	1
<b>AZ</b>	<b>3</b>
2	1
5	1
6	1
<b>CA</b>	<b>5</b>
7	1
13	1
44	1
47	1
48	1
<b>CO</b>	<b>4</b>
1	1
2	2
5	1
<b>CT</b>	<b>1</b>
3	1
<b>GA</b>	<b>1</b>
7	1
<b>ID</b>	<b>2</b>
1	1
2	1

<b>Congressional District(s)</b>	<b>No. of Petitions Certified</b>
<b>IL</b>	<b>15</b>
3	1
5	2
6	1
7	4
8	3
9	1
14	1
16	2
<b>IN</b>	<b>2</b>
2	1
4	1
<b>KS</b>	<b>3</b>
2	1
4	2
<b>LA</b>	<b>6</b>
1	3
3	2
6	1
<b>MA</b>	<b>10</b>
1	2
2	1
3	2
5	1
7	1
9	2
10	1
<b>ME</b>	<b>3</b>
2	3
<b>MI</b>	<b>1</b>
9	1
<b>MN</b>	<b>3</b>
3	1
6	1
7	1
<b>MO</b>	<b>5</b>
5	2
7	2
8	1
<b>MT</b>	<b>1</b>

<b>Congressional District(s)</b>	<b>No. of Petitions Certified</b>
At-Large	1
<b>NC</b>	<b>1</b>
8	1
<b>ND</b>	<b>3</b>
At-Large	3
<b>NH</b>	<b>1</b>
2	1
<b>NJ</b>	<b>2</b>
8	1
12	1
<b>NM</b>	<b>1</b>
3	1
<b>NY</b>	<b>10</b>
2	1
11	1
22	1
23	1
24	2
25	1
26	1
29	2
<b>OH</b>	<b>4</b>
1	1
5	1
13	1
18	1
<b>OK</b>	<b>4</b>
1	1
2	2
3	1
<b>OR</b>	<b>3</b>
2	1
3	1
4	1
<b>PA</b>	<b>20</b>
1	1
3	1
5	4
6	1
7	1

Congressional District(s)	No. of Petitions Certified
9	4
13	1
14	1
15	2
16	2
19	2
<b>RI</b>	<b>2</b>
1	2
<b>SC</b>	<b>1</b>
5	1
<b>SD</b>	<b>2</b>
At-Large	2
<b>TN</b>	<b>1</b>
1	1
<b>TX</b>	<b>5</b>
2	1
11	1
13	2
32	1
<b>UT</b>	<b>3</b>
1	2
3	1
<b>VA</b>	<b>1</b>
1	1
<b>VT</b>	<b>2</b>
1	2
<b>WA</b>	<b>13</b>
1	1
3	3
5	1
6	3
7	3
9	2
<b>WI</b>	<b>4</b>
1	1
5	1
6	1
7	1
<b>Total</b>	<b>149</b>

**(6) The number of firms that received assistance in preparing their petitions.**

In FY 2011, 348 firms received assistance in preparing petitions. Firms may receive assistance in preparing petitions more than once in a single year.

Exhibit 14: Petition Assistance Activity: FY 2011

<b>TAAC</b>	<b>Petition Assistance</b>
Great Lakes	14
Mid-America	17
MidAtlantic	11
Midwest	113
New England	21
New York State	40
Northwest	32
Rocky Mountain	21
Southeastern	10
Southwest	45
Western	24
<b>Total</b>	<b>348</b>

**(7) The number of firms that received assistance developing business recovery plans (Adjustment Proposals).**

In FY 2011, 224 firms received assistance in developing Adjustment Proposals. Firms may receive assistance in developing Adjustment Proposals more than once in a single year.

Exhibit 15: Adjustment Proposal (AP) Development Activity: FY 2011

<b>TAAC</b>	<b>AP Assistance</b>
Great Lakes	9
Mid-America	12
MidAtlantic	37
Midwest	37
New England	32
New York State	21
Northwest	22
Rocky Mountain	13
Southeastern	10
Southwest	20
Western	11
<b>Total</b>	<b>224</b>



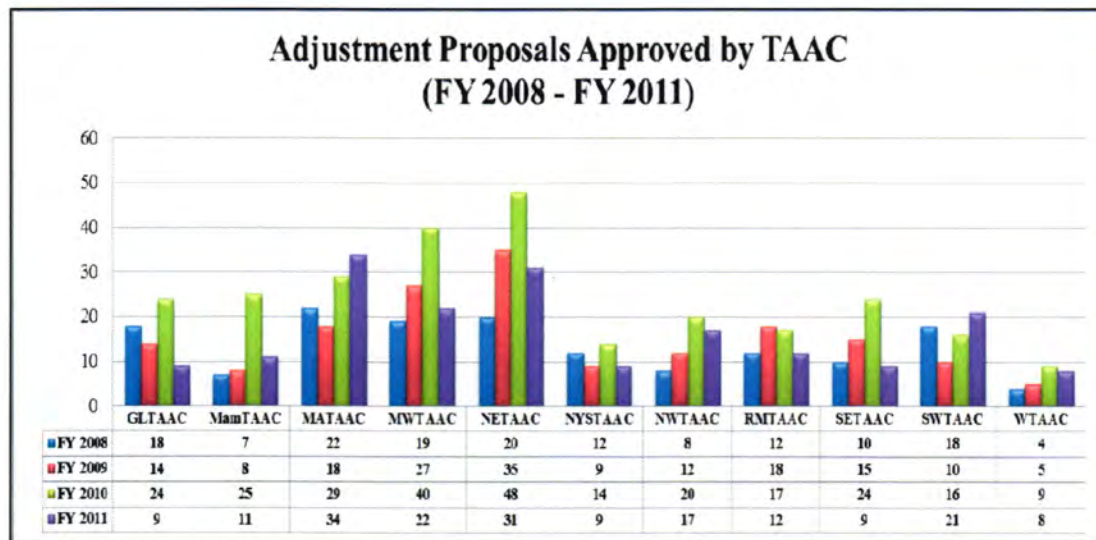
**(8) The number of Adjustment Proposals approved and denied by the Secretary of Commerce.**

In FY 2011, EDA approved 183 Adjustment Proposals, down by 82 business recovery plans, a 31 percent decrease as compared to FY 2010. EDA successfully met the 60-day processing deadline for approval of Adjustment Proposals, as required in the TGAAA. In fact, the average processing time for Adjustment Proposals was 16 days, a 33 percent reduction from FY 2010.<sup>4</sup>

Exhibit 16: Summary of Adjustment Proposals Approved: FY 2008 – FY 2011

FY	No. of Adjustment Proposals Approved	Total Government Share (millions)	Total Firm Share (millions)	Total Projected Adjustment Proposal Costs (millions)	Average Government Assistance Per Firm	Average Days Between Submission and Approval
2008	139	\$7.9	\$7.5	\$15.4	\$56,835	21
2009	172	\$10.3	\$9.8	\$20.2	\$59,884	20
2010	265	\$16.4	\$15.6	\$32.1	\$61,958	24
2011	183	\$21.6	\$11.0	\$32.6	\$118,033	16
<b>% Change (2010 to 2011)</b>	<b>(31)%</b>	<b>32%</b>	<b>(29)%</b>	<b>2%</b>	<b>91%</b>	<b>(33)%</b>

Exhibit 17: Adjustment Proposals Approved by TAAC: FY 2008 – FY 2011



<sup>4</sup> Firms have two years from the date of certification to submit an Adjustment Proposal to EDA. Adjustment Proposals approved in FY 2011 may represent firms that were certified for TAAF between FY 2009 – FY 2011.

Exhibit 18: Adjustment Proposals Approved by TAAC: FY 2011

TAAC	Approved APs
Great Lakes	9
Mid-America	11
MidAtlantic	34
Midwest	22
New England	31
New York State	9
Northwest	17
Rocky Mountain	12
Southeastern	9
Southwest	21
Western	8
<b>Total</b>	<b>183</b>

**(9) Sales, employment, and productivity at each firm participating in the TAAF program at the time of certification.**

The average sales and productivity of firms certified into the program in FY 2011 was higher than that of firms certified in FY 2010. The average employment of firm certified into the program in FY 2011 was lower than that of firms certified in FY 2010. For the purposes of this report, productivity is defined as net sales per employee. Since the certified firms are in various industries, which have a variety of ways to measure productivity, sales per employee was chosen as the productivity measure. This measure is used because it can be generally applied to all certified firms.

Exhibit 19: Comparison of Average Sales, Employment, and Productivity at Firms at the time of Certification: FY 2008 – FY 2011

FY	Average Sales	Average Employment	Average Productivity
2008	\$13,081,993	82	\$159,537
2009	\$10,338,422	79	\$130,866
2010	\$19,137,139	138	\$138,675
2011	\$19,549,619	91	\$214,831
<b>% Change (2010 to 2011)</b>	<b>2%</b>	<b>(34)%</b>	<b>55%</b>

Exhibit 20: Summary Comparison of Average Sales, Employment, and Productivity for Firms at the time of Certification by TAAC: FY 2011

TAAC	Average Sales	Average Employment	Average Productivity <sup>5</sup>
Great Lakes	\$74,286,166	219	\$339,206
Mid-America	\$9,937,178	83	\$119,725
MidAtlantic	\$14,725,952	81	\$181,802
Midwest	\$4,169,385	33	\$126,345
New England	\$8,086,898	64	\$126,358
New York State	\$3,977,898	27	\$147,330
Northwest	\$8,394,982	62	\$135,403
Rocky Mountain	\$37,349,185	146	\$255,816
Southeastern	\$40,579,598	200	\$202,898
Southwest	\$5,294,524	36	\$147,070
Western	\$8,244,047	54	\$152,668
<b>Total</b>	<b>\$19,549,619</b>	<b>91</b>	<b>\$214,831</b>

Exhibit 21: Summary of Sales, Employment, and Productivity at each Firm Participating in the Program at the time of Certification: FY 2011

Firm Number	Sales	Employment	Productivity
-2097319639	\$26,976,792	110	\$245,244
-2095008401	\$10,598,050	129	\$82,155
-2070695382	\$3,075,507	20	\$153,775
-2014339212	\$1,712,738	36	\$47,576
-2009973782	\$65,269,662	145	\$450,136
-1998971565	\$2,184,457	16	\$136,529
-1966869516	\$148,962,800	728	\$204,619
-1854226401	\$2,044,340	13	\$157,257
-1720150011	\$521,311	4	\$130,328
-1689080536	\$24,209,912	159	\$152,264
-1673644047	\$889,200	30	\$29,640
-1651973134	\$1,021,070	90	\$11,345
-1613283323	\$541,676	21	\$25,794
-1574800631	\$6,735,674	37	\$182,045

<sup>5</sup> The total productivity as presented in the summary line of Exhibit 20 represents the actual total average productivity at all TAACs in FY 2011. This total, derived by calculating the mean horizontally (not vertically), is based on raw data and provides the most accurate representation of productivity for all TAACs. Calculating total productivity vertically introduces additional degrees of error as it represents the average of averages.



Firm Number	Sales	Employment	Productivity
-1520264717	\$11,681,241	54	\$216,319
-1503305288	\$7,154,262	26	\$275,164
-1487107820	\$139,644	1	\$139,644
-1475933560	\$10,364,018	124	\$83,581
-1453177652	\$2,462,496	31	\$79,435
-1242561781	\$7,330,872	79	\$92,796
-1100482512	\$3,980,543	29	\$137,260
-951495446	\$1,148,712	20	\$57,436
-928493930	\$6,778,740	61	\$111,127
-814141636	\$5,929,691	68	\$87,201
-785414214	\$28,679,216	115	\$249,384
-758137203	\$168,814	5	\$33,763
-692909591	\$10,654,880	82	\$129,938
-665775677	\$1,943,671	21	\$92,556
-503281902	\$6,571,601	20	\$328,580
-416392454	\$2,014,425	13	\$154,956
-353836022	\$4,337,441	49	\$88,519
-197974509	\$21,277,000	146	\$145,733
-87132737	\$1,791,444	46	\$38,944
-83413278	\$2,053,895	8	\$256,737
-81214429	\$7,204,774	70	\$102,925
-46022543	\$7,905,444	61	\$129,597
16098964	\$1,647,644	19	\$86,718
101659517	\$365,025,000	396	\$921,780
236064041	\$11,015,662	70	\$157,367
248334009	\$4,072,694	23	\$177,074
300125959	\$12,045,325	68	\$177,137
313403683	\$756,266	12	\$63,022
368494884	\$36,007,807	340	\$105,905
421685210	\$763,254	13	\$58,712
446537017	\$7,648,000	46	\$166,261
516849868	\$75,416,399	606	\$124,450
549501047	\$12,641,957	67	\$188,686
688122845	\$776,063	22	\$35,276
708396224	\$1,914,356	21	\$91,160
731741529	\$2,126,571	19	\$111,925
779390104	\$41,737,860	271	\$154,014
833410153	\$1,055,675	1	\$1,055,675
940232113	\$418,341	6	\$69,724
971334344	\$3,237,502	8	\$404,688
976607494	\$13,006,122	113	\$115,098
1192583133	\$16,922,503	95	\$178,132
1196801537	\$377,625	5	\$75,525

<b>Firm Number</b>	<b>Sales</b>	<b>Employment</b>	<b>Productivity</b>
1280939599	\$11,098,231	1	\$11,098,231
1282231627	\$38,890,972	341	\$114,050
1282849581	\$628,712	7	\$89,816
1283179226	\$4,474,315	45	\$99,429
1283196709	\$32,453,000	139	\$233,475
1283264575	\$15,806,057	101	\$156,496
1283456392	\$1,925,922	21	\$91,711
1283523565	\$267,714	8	\$33,464
1284387218	\$2,973,000	17	\$174,882
1284474177	\$9,370,287	30	\$312,343
1284568071	\$3,265,864	25	\$130,635
1284995007	\$562,872	5	\$112,574
1285259336	\$23,282,141	184	\$126,533
1285863427	\$6,141,919	52	\$118,114
1285944383	\$59,419,138	245	\$242,527
1286207221	\$11,967,244	58	\$206,332
1286210377	\$2,169,893	16	\$135,618
1286219292	\$6,329,614	49	\$129,176
1286469771	\$6,759,011	61	\$110,803
1286977183	\$48,747,704	225	\$216,656
1286983525	\$21,479,319	119	\$180,498
1288012088	\$1,905,184	26	\$73,276
1288279511	\$6,096,068	31	\$196,647
1288617797	\$2,397,133	44	\$54,480
1288621336	\$270,197,032	665	\$406,311
1288706765	\$6,333,870	57	\$111,121
1288812059	\$817,800	11	\$74,345
1288987337	\$42,996,664	203	\$211,806
1289920045	\$573,990	4	\$143,498
1290195500	\$18,193,399	135	\$134,766
1291046584	\$4,928,879	30	\$164,296
1291398928	\$1,820,545	11	\$165,504
1291732174	\$15,732,617	93	\$169,168
1291739097	\$1,246,894	16	\$77,931
1291839882	\$16,843,701	14	\$1,203,122
1291904550	\$14,030,166	167	\$84,013
1292344643	\$1,800,211	22	\$81,828
1293468272	\$2,054,080	35	\$58,688
1294074968	\$3,159,565	13	\$243,043
1294089956	\$3,786,113	21	\$180,291
1294419641	\$1,220,258	15	\$81,351
1294842252	\$4,908,000	31	\$158,323
1294860194	\$3,029,961	18	\$168,331

<b>Firm Number</b>	<b>Sales</b>	<b>Employment</b>	<b>Productivity</b>
1295469929	\$1,044,743	24	\$43,531
1296571630	\$396,909	11	\$36,083
1296656768	\$6,416,072	85	\$75,483
1296838118	\$1,162,155	28	\$41,506
1297184256	\$2,335,151	1	\$2,335,151
1297270365	\$12,088,016	48	\$251,834
1297470191	\$5,702,749	33	\$172,811
1298992904	\$2,472,823	32	\$77,276
1299165555	\$86,965,011	338	\$257,293
1299169430	\$1,243,912	14	\$88,851
1300979348	\$1,904,920	32	\$59,529
1302017905	\$2,992,590	1	\$2,992,590
1302708930	\$4,474,051	52	\$86,039
1303134550	\$12,308,076	68	\$181,001
1303146354	\$23,011,936	160	\$143,825
1303150000	\$1,441,226	32	\$45,038
1303843277	\$4,811,250	44	\$109,347
1304187639	\$6,321,758	88	\$71,838
1304951927	\$1,844,396	30	\$61,480
1307035210	\$3,534,283	29	\$121,872
1307988176	\$3,294,193	38	\$86,689
1307990319	\$2,469,594	14	\$176,400
1307994927	\$842,025	41	\$20,537
1308599467	\$1,144,439	9	\$127,160
1308947621	\$28,361,599	115	\$246,623
1309372039	\$342,776	4	\$85,694
1309441084	\$4,130,200	69	\$59,858
1309532591	\$5,886,918	110	\$53,517
1310055466	\$108,086	1	\$108,086
1310148367	\$12,416,843	33	\$376,268
1311014257	\$12,362,392	156	\$79,246
1311180080	\$387,407	16	\$24,213
1311281676	\$52,829,665	204	\$258,969
1311352507	\$1,688,100	11	\$153,464
1312214671	\$662,704	49	\$13,525
1312908126	\$13,877,336	19	\$730,386
1313668750	\$3,300,823	50	\$66,016
1334112630	\$71,298,792	214	\$333,172
1406108472	\$378,010	7	\$54,001
1410567473	\$7,049,552	55	\$128,174
1433161482	\$1,352,282	27	\$50,085
1612835880	\$10,489,824	133	\$78,871
1673153260	\$1,062,272	20	\$53,114



Firm Number	Sales	Employment	Productivity
1685216094	\$918,180	32	\$28,693
1869353093	\$4,658,071	26	\$179,157
1965746647	\$8,412,115	77	\$109,248
1983934012	\$8,634,448	57	\$151,482
2095174521	\$3,115,683	21	\$148,366
2136491230	\$32,410,000	134	\$241,866

**(10) Sales, employment, and productivity at each firm upon completion of the program and each year for the two-year period following completion.**

Regarding program outputs, performance measures focus on the extent to which client firms increase their sales, employment, and productivity following the implementation of TAAF-supported projects (program completion). To measure these outputs, EDA compares average sales, average employment and average productivity of all firms completing the program in a particular year (the most recent “base year”) to these same measures for the same firms one and two years following program completion. The base year used for this report is FY 2009, as this allows EDA to compare these measures looking back two years from the date of this report.

Firms that completed the TAAF program in FY 2009 report that, at completion, average sales were \$14.4 million, average employment was 54, and average productivity was \$266,536 (sales per employee).

One year after completing the program (FY 2010), these same firms report that average sales decreased by 6.7 percent, average employment decreased by 1.9 percent, and average productivity decreased by 4.9 percent. BLS reports that nationwide for the manufacturing industry in FY 2010, average employment decreased 5.8 percent and average productivity increased by 3.4 percent from FY 2009.

Two years after completing the program (FY 2011), these firms report that average sales decreased by 1.6 percent, average employment decreased by 1.9 percent, and average productivity increased by less than one percent. BLS reported that nationwide for the manufacturing industry in FY 2011, average employment decreased 4.5 percent and average productivity increased by 10 percent from FY 2009. It should be noted that TAAF clients are operating in the same weak economic environment as other firms, but are also attempting to adjust to import pressures that may not impact other firms as severely.

For the purposes of this report, data are reported only for firms where all data were available. Since the certified firms are in various industries, which have a variety of ways to measure productivity, sales per employee was chosen as the productivity measure. This measure is used because it can be generally applied to all certified firms. However, BLS’ productivity measures relate output to the labor hours used in the production of that output.



Exhibit 22: Summary of Average Sales, Employment, and Productivity at Firms upon Completion of the Program and the One-Year Period Following Completion.

Program Completion	Average Sales	Average Employment	Average Productivity
Completion (FY 2009)	\$14,392,937	54	\$266,536
1st Year Following Completion (FY 2010)	\$13,429,013	53	\$253,378
<b>% Change 1<sup>st</sup> Year Following Completion</b>	<b>(6.7)%</b>	<b>(1.9)%</b>	<b>(4.9)%</b>

Exhibit 23: Summary of Average Sales, Employment, and Productivity at Firms upon Completion of the Program and the Two-Year Period Following Completion.

Program Completion	Average Sales	Average Employment	Average Productivity
Completion (FY 2009)	\$14,392,937	54	\$266,536
2nd Year Following Completion (FY 2011)	\$14,159,299	53	\$267,157
<b>% Change 2<sup>nd</sup> Year Following Completion</b>	<b>(1.6)%</b>	<b>(1.9)%</b>	<b>0.2%</b>

Exhibit 24: Sales, Employment, and Productivity at Each Firm upon Completion of the Program and two-year Period Following Completion.

Firm ID	Average Sales at Completion (FY 2009)	Average Sales, 1st Yr Following Completion (FY 2010)	Average Sales, 2nd Yr Following Completion (FY 2011)	Average Employ at Completion (FY 2009)	Average Employ, 1st Yr Following Completion (FY 2010)	Average Employ, 2nd Yr Following Completion (FY 2011)	Average Productivity at Completion (FY 2009)	Average Productivity, 1st Yr Following Completion (FY 2010)	Average Productivity, 2nd Yr Following Completion (FY 2011)
FY11-45	\$50,000	\$338,000	\$15,000	1	9	1	\$50,000	\$37,556	\$15,000
FY11-62	\$1,405,000	\$615,332	\$375,000	32	46	19	\$43,906	\$13,377	\$19,737
FY11-47	\$650,000	\$490,000	\$591,263	16	7	7	\$40,625	\$70,000	\$84,466
FY11-84	\$816,322	\$674,255	\$710,095	11	10	11	\$74,211	\$67,426	\$64,554
FY11-50	\$686,000	\$510,000	\$800,000	4	4	4	\$171,500	\$127,500	\$200,000
FY11-49	\$1,869,000	\$1,091,000	\$958,000	27	13	15	\$69,222	\$83,923	\$63,867
FY11-43	\$1,630,666	\$1,923,379	\$1,350,071	20	18	19	\$81,533	\$106,854	\$71,056
FY11-53	\$1,000,000	\$1,200,000	\$1,400,000	42	44	44	\$23,810	\$27,273	\$31,818
FY11-41	\$1,420,000	\$1,570,000	\$1,650,000	16	16	16	\$88,750	\$98,125	\$103,125

Firm ID	Average Sales at Completion (FY 2009)	Average Sales, 1st Yr Following Completion (FY 2010)	Average Sales, 2nd Yr Following Completion (FY 2011)	Average Employ at Completion (FY 2009)	Average Employ, 1st Yr Following Completion (FY 2010)	Average Employ, 2nd Yr Following Completion (FY 2011)	Average Productivity at Completion (FY 2009)	Average Productivity, 1st Yr Following Completion (FY 2010)	Average Productivity, 2nd Yr Following Completion (FY 2011)
FY11-46	\$1,633,000	\$1,770,000	\$1,725,000	29	33	33	\$56,310	\$53,636	\$52,273
FY11-60	\$2,144,712	\$3,260,000	\$1,870,950	39	34	27	\$54,993	\$95,882	\$69,294
FY11-35	\$2,044,000	\$2,044,000	\$2,200,000	14	14	16	\$146,000	\$146,000	\$137,500
FY11-25	\$2,000,000	\$1,000,000	\$2,400,000	21	10	22	\$95,238	\$100,000	\$109,091
FY11-85	\$3,027,576	\$2,292,154	\$2,666,603	37	33	36	\$81,826	\$69,459	\$74,072
FY11-54	\$3,786,866	\$2,543,378	\$2,753,926	19	19	13	\$199,309	\$133,862	\$211,840
FY11-26	\$3,000,000	\$3,000,000	\$3,000,000	13	13	13	\$230,769	\$230,769	\$230,769
FY11-29	\$3,000,000	\$1,300,000	\$3,000,000	30	16	30	\$100,000	\$81,250	\$100,000
FY11-33	\$3,080,000	\$3,080,000	\$3,100,000	18	18	18	\$171,111	\$171,111	\$172,222
FY11-67	\$2,305,300	\$2,741,919	\$3,383,200	28	29	29	\$82,332	\$94,549	\$116,662
FY11-27	\$4,000,000	\$4,000,000	\$4,000,000	17	17	17	\$235,294	\$235,294	\$235,294
FY11-30	\$4,200,000	\$4,200,000	\$4,250,000	29	27	29	\$144,828	\$155,556	\$146,552
FY11-90	\$6,535,827	\$4,675,983	\$4,675,983	36	36	36	\$181,551	\$129,888	\$129,888
FY11-86	\$6,101,363	\$4,593,196	\$4,705,196	26	27	29	\$234,668	\$170,118	\$162,248
FY11-42	\$3,535,035	\$4,000,000	\$5,200,000	30	32	40	\$117,835	\$125,000	\$130,000
FY11-38	\$6,271,000	\$4,000,000	\$5,600,000	34	30	31	\$184,441	\$133,333	\$180,645
FY11-36	\$6,000,000	\$6,600,000	\$6,500,000	50	52	52	\$120,000	\$126,923	\$125,000
FY11-31	\$7,000,000	\$7,500,000	\$7,000,000	67	65	67	\$104,478	\$115,385	\$104,478
FY11-34	\$8,300,000	\$8,300,000	\$8,400,000	42	42	43	\$197,619	\$197,619	\$195,349
FY11-39	\$8,446,247	\$8,000,000	\$8,700,000	51	49	52	\$165,613	\$163,265	\$167,308
FY11-02	\$10,588,936	\$7,100,000	\$8,865,462	40	43	56	\$264,723	\$165,116	\$158,312
FY11-01	\$9,500,000	\$8,150,000	\$9,100,000	64	71	80	\$148,438	\$114,789	\$113,750
FY11-04	\$10,000,000	\$10,000,000	\$10,000,000	72	70	65	\$138,889	\$142,857	\$153,846
FY11-06	\$8,900,000	\$8,271,230	\$10,235,000	81	76	77	\$109,877	\$108,832	\$132,922
FY11-32	\$10,500,000	\$10,500,000	\$11,000,000	80	80	85	\$131,250	\$131,250	\$129,412
FY11-03	\$8,168,664	\$6,559,000	\$12,558,000	63	73	79	\$129,661	\$89,849	\$158,962
FY11-07	\$14,200,000	\$15,303,521	\$14,051,000	90	84	85	\$157,778	\$182,185	\$165,306
FY11-28	\$15,125,000	\$15,125,000	\$15,125,000	73	73	73	\$207,192	\$207,192	\$207,192
FY11-37	\$18,750,000	\$18,750,000	\$19,000,000	86	86	87	\$218,023	\$218,023	\$218,391
FY11-87	\$28,000,000	\$18,700,000	\$19,800,000	204	147	146	\$137,255	\$127,211	\$135,616
FY11-88	\$40,000,000	\$22,500,000	\$22,700,000	75	75	71	\$533,333	\$300,000	\$319,718



Firm ID	Average Sales at Completion (FY 2009)	Average Sales, 1st Yr Following Completion (FY 2010)	Average Sales, 2nd Yr Following Completion (FY 2011)	Average Employ at Completion (FY 2009)	Average Employ, 1st Yr Following Completion (FY 2010)	Average Employ, 2nd Yr Following Completion (FY 2011)	Average Productivity at Completion (FY 2009)	Average Productivity, 1st Yr Following Completion (FY 2010)	Average Productivity, 2nd Yr Following Completion (FY 2011)
FY11-05	\$22,156,774	\$11,376,225	\$23,335,097	112	120	116	\$197,828	\$94,802	\$201,165
FY11-48	\$27,069,000	\$27,800,000	\$30,100,000	142	150	145	\$190,627	\$185,333	\$207,586
FY11-55	\$300,000,000	\$310,000,000	\$310,000,000	350	350	350	\$857,143	\$885,714	\$885,714
<b>Total</b>	<b>\$14,392,937</b>	<b>\$13,429,013</b>	<b>\$14,159,299</b>	<b>54</b>	<b>53</b>	<b>53</b>	<b>\$266,536</b>	<b>\$253,378</b>	<b>\$267,157</b>

- (11) The financial assistance received by each firm participating in the program.  
(12) The financial contribution made by each firm participating in the program.

In FY 2011, firms received \$12.1 million in technical assistance provided by the TAACs to prepare petitions, and to develop and implement Adjustment Proposals (often through business consultants and other experts). Firms participating in the program contributed \$7.9 million towards the development and implementation of Adjustment Proposals. Funds are not provided directly to firms; instead, EDA funds the TAACs and TAACs pay a cost-shared proportion of the cost to secure specialized business consultants.

Exhibit 25: Summary of TAAF program Financial Assistance by TAAC: FY 2011

TAAC	TAAC Assistance to Firms	Amount Paid to Consultants by the TAACs	Total TAAC Assistance to Firms (TAACs + Consultants)	Financial Contribution by the Firms
Great Lakes	\$119,586	\$513,741	\$633,327	\$504,213
Mid-America	\$160,319	\$1,776,004	\$1,936,323	\$824,147
MidAtlantic	\$346,017	\$1,408,221	\$1,754,238	\$1,378,732
Midwest	\$245,093	\$716,807	\$961,900	\$608,569
New England	\$148,261	\$1,427,260	\$1,575,521	\$1,437,236
New York State	\$67,619	\$1,220,357	\$1,287,976	\$925,663
Northwest	\$200,317	\$720,934	\$921,251	\$657,006
Rocky Mountain	\$568,037	\$549,047	\$1,117,084	\$526,679
Southeastern	\$191,046	\$347,260	\$538,306	\$297,968
Southwest	\$174,092	\$581,603	\$755,695	\$552,485
Western	\$189,180	\$459,876	\$649,056	\$229,938
<b>Total</b>	<b>\$2,409,567</b>	<b>\$9,721,110</b>	<b>\$12,130,677</b>	<b>\$7,942,636</b>

**(13) The types of technical assistance included in the Adjustment Proposals of firms participating in the program.**

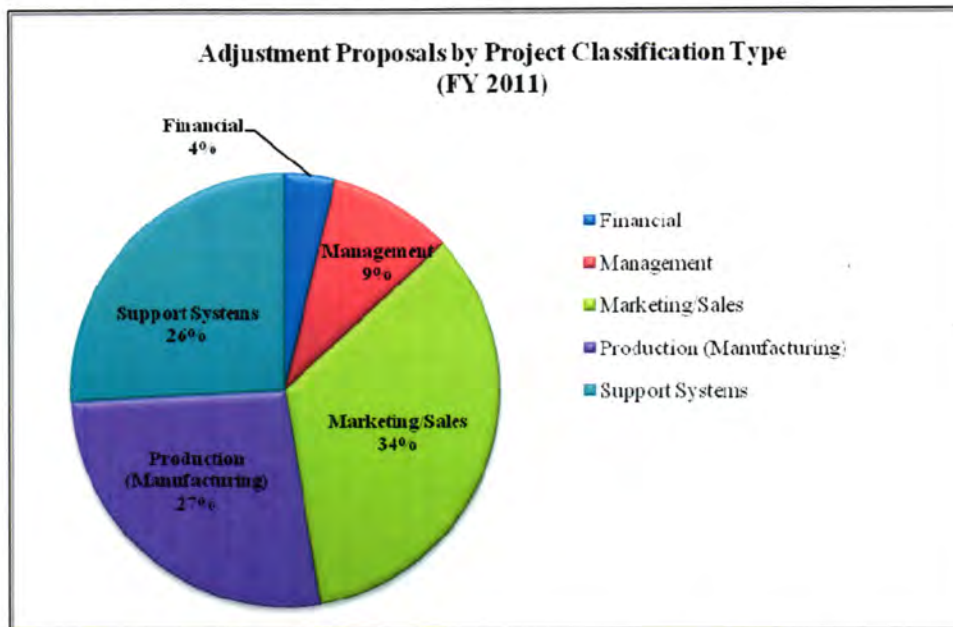
In FY 2011, firms proposed various types of projects in their respective Adjustment Proposals. Marketing/sales projects are geared toward increasing revenue, whereas production/manufacturing projects tend to be geared toward cutting costs. Support system projects can provide a competitive advantage by either cutting costs or creating new sales channels. Management and financial projects are designed to improve management's decision making ability and business control. Over half of all firms proposed to implement a marketing/sales project or production/engineering project in their Adjustment Proposals. Sample projects are listed below in Exhibit 26.

Exhibit 26: Characteristics of Technical Assistance in Adjustment Proposals: FY 2011

<b>Project Classification</b>	<b>Sample Types of Projects</b>	<b>Number of Adjustment Proposal Projects</b>	<b>Adjustment Proposal Project Costs</b>
Financial	<ul style="list-style-type: none"> <li>• Accounting systems upgrade</li> <li>• Cost control tracking system</li> <li>• Automatic Data Processing development</li> </ul>	19	\$388,000
Management	<ul style="list-style-type: none"> <li>• Strategic business planning</li> <li>• Succession management</li> <li>• Management development</li> </ul>	47	\$1,187,500
Marketing/Sales	<ul style="list-style-type: none"> <li>• Sales process training</li> <li>• Market expansion and feasibility analysis</li> <li>• Web site design and upgrade</li> </ul>	171	\$8,199,000
Production	<ul style="list-style-type: none"> <li>• Lean manufacturing and certification</li> <li>• New product development</li> <li>• Production and warehouse automation</li> </ul>	134	\$5,787,900
Support Systems	<ul style="list-style-type: none"> <li>• Enterprise Resource Planning</li> <li>• Management Information Systems upgrades</li> <li>• Computer Aided Design software</li> <li>• Supply chain management software</li> </ul>	129	\$6,043,690



Exhibit 27: Adjustment Proposals by Project Classification: FY 2011



(14) The number of firms leaving the program before completing the project or projects in their Adjustment Proposals and the reason the project was not completed.

In FY 2011, of the 108 firms that left the TAAF program, 44 completed the program and the remaining 64 firms left for the reasons listed below in Exhibit 28.

Exhibit 28: Summary of Firms Leaving the TAAF program: FY 2011

Reason for Leaving Program	Number of Firms
Completed Program	44
Expired without completing all projects within 5 year limit	37
Did not proceed after certification	8
Company was bought by another company	6
Management Change - Main contact left the firm	5
Out of Business	4
Bankruptcy Filing	2
Completed Some Projects	1
Firm had inadequate funds for project cost sharing	1
<b>Total</b>	<b>108</b>

## Conclusion

Performance of the TAAF program is measured in terms of both “inputs” (e.g., types of firms assisted, petition, and Adjustment Proposals submissions) and “outputs” (changes in sales, employment levels, and productivity of client firms).

In terms of inputs, the TAAF program effectively targeted small and medium-sized firms in FY 2011. The average sales and productivity of firms certified in the program in FY 2011 were higher than that of firms certified in FY 2010. The average employment of firms certified into the program in FY 2011 was lower than that of firms certified in FY 2010.

The most popular types of Adjustment Proposal projects in FY 2011 were marketing/sales improvement. Over half of all firms proposed to implement a marketing/sales project or production/engineering project in their Adjustment Proposals.

There was a decrease in the number of new clients serviced in FY 2011, as demonstrated by the decrease in the number of petitions for certification and Adjustment Proposals submitted to EDA for approval. In FY 2011, EDA certified 149 petitions, a 55 percent decrease compared to FY 2010. EDA approved 183 Adjustment Proposals in FY 2011, a 31 percent decrease compared to FY 2010.

EDA successfully met both the 40-day processing deadline (to make a final determination for petitions accepted for filing) and the 60-day processing deadline for approval of Adjustment Proposals, as required in the TGAAA. In fact, in FY 2011, the average processing time for petitions was 21 days, which is a 48 percent reduction from FY 2010. Meanwhile, the average processing time for Adjustment Proposals was 16 days, a 33 percent reduction from FY 2010.

In terms of program outputs, performance measures focus on the extent to which client firms increase their sales, employment levels, and productivity following the implementation of TAAF-supported projects (program completion). To measure these outputs, EDA compares average sales, average employment and average productivity of all firms completing the program in a particular year (the most recent “base year”) to these same measures for the same firms one and two years following program completion. The base year used for this report is FY 2009, as this allows EDA to compare these measures looking back two years from the date of this report.

Firms that completed the TAAF program in FY 2009 report that, at completion, average sales were \$14.4 million, average employment was 54, and average productivity was \$266,536 (sales per employee).

One year after completing the program (FY 2010), these same firms report that average sales decreased by 6.7 percent, average employment decreased by 1.9 percent, and average productivity decreased by 4.9 percent. The U.S. Bureau of Labor Statistics (BLS) reports that nationwide for the manufacturing industry in FY 2010, average

employment decreased 5.8 percent and average productivity increased by 3.4 percent from FY 2009.

Two years after completing the program (FY 2011), these firms report that average sales decreased by 1.6 percent, average employment decreased by 1.9 percent, and average productivity increased by less than one percent. BLS reported that nationwide for the manufacturing industry in FY 2011, average employment decreased 4.5 percent and average productivity increased by 10 percent from FY 2009. It should be noted that TAAF clients are operating in the same weak economic environment as other firms, but are also attempting to adjust to import pressures that may not impact other firms as severely.