



441 G St. N.W.
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July 24, 2013

The Honorable John D. Rockefeller
Chairman
The Honorable John Thune
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Lamar Smith
Chairman
The Honorable Eddie Bernice Johnson
Ranking Member
Committee on Science, Space, and Technology
House of Representatives

COMPETES Reauthorization Act: Federal Loan Guarantees for Innovative Technologies in Manufacturing

The America COMPETES Reauthorization Act of 2010 directed the Secretary of the Department of Commerce to establish the Federal Loan Guarantees for Innovative Technologies in Manufacturing program.¹ This program is to provide loan guarantees for small- or medium-sized manufacturers for the use or production of innovative technologies. The act also mandated that GAO conduct a biennial review of the execution of the program and submit a report on the review conducted to Congress. This report addresses the status of Commerce's efforts to execute the Federal Loan Guarantees for Innovative Technologies in Manufacturing program.

To determine the status of Commerce's efforts to execute the program, we reviewed relevant laws and documentation from Commerce's Economic Development Administration (EDA). We also interviewed officials overseeing the execution of the program.

Officials with EDA said that the agency has taken preliminary steps to execute the Federal Loan Guarantees for Innovative Technologies in Manufacturing program but, as of June 2013, had not issued any loan guarantees under this program. The steps EDA officials stated that they have taken to execute the program include (1) establishing a staffing budget and initiating a search for key staff members such as an attorney and a program director, (2) obtaining technical assistance from the Small Business Administration on how to develop a loan guarantee program, (3) creating a timeline for executing the program, and (4) publishing in the *Federal Register* a request for comments from manufacturers and potential lenders on the level of demand and ideal structure for such a program. According to the timeline, initial awards could be finalized in mid- to late-2015. Officials told us they received four responses to the request for comments, which suggested to them that interest in such a program is limited. The program

¹ Pub. L. No. 111-358, 124 Stat. 3982 (Jan. 4, 2011). This law reauthorized the America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science (COMPETES) Act.

received \$10 million in appropriations—\$5 million in fiscal year 2012 and \$5 million in fiscal year 2013—which by law are to remain available until expended.² No funds have been obligated by the program as of June 2013, according to EDA officials.

We conducted our work from May to July 2013 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.

We are not making any recommendations in this report.

We provided Commerce a draft of this report. Commerce did not have any comments on the draft.

We are sending copies of this report to the Secretary of Commerce, the appropriate congressional committees, 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 members have any questions about this report, please contact me at (202) 512-3841 or ruscof@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 were Karla Springer, Assistant Director; Nicole Dery; Cynthia Norris; and Marietta Mayfield Revesz.



Frank Rusco
Director, Natural Resources and Environment

(361495)

² See Pub. L. No. 112-55 (2012) and Pub. L. No. 113-6 (2013).

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