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S. 782 THE ECONOMIC DEVELOPMENT REVITALIZATION ACT OF 2011

CENTRAL POINTS:

- For nearly fifty years, the Economic Development Administration (EDA) has helped to create jobs and spur growth in economically hard-hit communities nationwide.
- Reauthorization of the EDA will help ensure that the agency is able to continue creating jobs and investing in distressed communities.
- Since 2005, the EDA has awarded more than \$1.2 billion in grants to hundreds of communities nationwide – investments that are expected to create more than 314,000 jobs.
- Every \$1 dollar in EDA grant funding is expected to leverage nearly \$7 dollars worth of private investment.
- S. 782 makes changes to the EDA that will: increase flexibility for grantees; lower threshold requirements for grantees to receive an increased federal share; and, make more investments available for planning assistance if EDA funding increases.

LEGISLATIVE BACKGROUND

The Economic Development Revitalization Act of 2011, a bipartisan bill supported both by Committee Chair Barbara Boxer and Ranking Member Jim Inhofe, amends the Public Works and Economic Development Act of 1965 (PWEDA) to authorize programs of the Economic Development Administration (EDA) for an additional five years. The EDA works to promote job creation and to accelerate industrial and commercial growth in communities suffering from limited job opportunities, low per capita income levels, or similar economic distress. The EDA accomplishes these goals through grants in public infrastructure, the provision of technical assistance and research, and the development and implementation of comprehensive economic development strategies. EDA assistance programs include the following grants: [CRS, [1/24/11](#); Senate Report 112-15, [5/2/11](#)]

- Public Works grants are used to finance infrastructure-related activities that support job creation, including, but not limited to, water and sewer facilities, industrial parks and business centers, broadband facilities, port and rail improvements, and business incubator facilities. [CRS, [1/24/11](#)]

- Economic Adjustment Assistance (EAA) grants are used to fund strategic planning and implementation activities, including the same activities eligible under Public Works grants. Assistance may also be used to capitalize Revolving Loan Funds (RLFs) targeted to assist businesses in areas experiencing sudden economic dislocation. [CRS, [1/24/11](#)]
- Planning grants are used for direct and indirect administrative expenses of Economic Development Districts (EDDs) and Indian tribes or other organizations charged with formulating and implementing Comprehensive Economic Development Strategies (CEDs) in EDA-designated distressed areas. [CRS, [1/24/11](#)]
- Technical Assistance grants provide management and technical services, including conducting feasibility studies for projects located in distressed areas. [CRS, [1/24/11](#)]
- Research and Evaluation grants support research into the practices, principles, and innovations that guide the effective formulation and implementation of economic development strategies. [CRS, [1/24/11](#)]
- Trade Adjustment Assistance grants support technical assistance to firms and communities adversely affected by international trade, to help recipients develop and implement recovery strategies. [CRS, [1/24/11](#)]
- Climate Change Mitigation grants are used to support projects that promote energy efficiency and curb greenhouse emissions in economically distressed communities. [CRS, [1/24/11](#)]

The most recent EDA authorization expired on September 30, 2008. S. 782 would reauthorize funding for existing programs of the Economic Development Administration (EDA) through 2015. CBO estimates the cost of this bill at about \$1.5 billion through 2016 and an additional \$760 million after that year. The Committee on Environment and Public Works passed S. 782 by voice vote on April 14, 2011. [Senate Report 112-15, [5/2/11](#)]

KEY FACTS

EDA Investments Since 2005 Are Expected to Create More Than 314,000 Jobs; More Than 161,500 In Last 2 ½ Years. Since 2009 alone, EDA has funded public/private projects that grantees estimate have created 161,500 jobs. Between 2005 and 2010, EDA awarded more than \$1.2 billion in construction-related and revolving loan fund projects, expected to create more than 314,000 jobs. [Fernandez Testimony, [3/3/11](#); CQ, [4/14/11](#)]

Every \$1 in EDA Investment Produces Nearly \$7 in Private Sector Investment. EDA estimates its return on investment to be \$6.90 per dollar invested based on the Agency's historical portfolio and findings from the Rutgers study which evaluated outcomes of EDA's investments. [Fernandez Testimony, [3/3/11](#)]

S. 782 is A Non-Controversial, Bipartisan Job Creation Bill. This bipartisan bill to reauthorize the Economic Development Administration for five years was reported out of the Senate Environment and Public Works Committee by voice vote. The bill would authorize \$500 million annually for the EDA. The last multi-year reauthorization of the EDA expired at the end of fiscal year 2008. [CQ, [4/14/11](#)]

S. 782 Makes A Number of Changes to EDA Programs To Ensure Investments Reach The Communities That Need It Most. S. 782 makes several changes to EDA programs including: changing the current cost sharing requirements to allow an increased federal share for areas in which unemployment is especially high and per capita income is especially low; allowing for

increases in the amount of planning program assistance; modifying the existing Revolving Loan Fund program to allow recipients to convert an existing, but no longer needed revolving loan fund, to carry out another EDA eligible project; and modifying existing maintenance of effort rules to allow recipients of grants that are more than 10 years old to buy out the government's interest using a depreciated figure based on the project's estimated useful life. [Senate Report 112-15, [5/2/11](#)]

S. 782 Enjoys Strong Public and Private Sector Support. The Economic Development Revitalization Act of 2011 is strongly supported by public and private sector groups including: American Planning Association, American Public Works Association, Association of University Research Parks, Educational Association of University Centers, International Economic Development Council, National Association of Counties, National Association of Development Organizations, National Business Incubation Association, State Science & Technology Institute, United States Conference of Mayors, University Economic Development Association. [Letter to Members of the U.S. Senate, 6/3/2011]

CBO Estimates S. 782 Would Cost About \$1.5 Billion Through 2016. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues. S. 782 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. [Senate Report 112-15, [5/2/11](#); CBO, [4/26/11](#)]

	By fiscal year, in millions of dollars—						
	2011	2012	2013	2014	2015	2016	2011-2016
Changes in Spending Subject to Appropriations							
Authorization Level ^a	254	500	500	500	500	0	2,254
Estimated Outlays	0	38	190	300	456	510	1,494

^a The Congress provided \$246 million to the EDA for fiscal year 2011 (see [Public Law 112-10](#)). CBO assumes that a supplemental appropriation would be provided to increase the overall funding level for the agency to the amount authorized by the bill.

STATE-SPECIFIC INFORMATION

State-by-State Jobs Estimates: This data is based on job estimates that grantees provide at the time of the award – they do not include every single project that EDA funds, so you can say “In [state], EDA investments from 2006-2010 are expected to create or protect at least [xxx] jobs.” http://democrats.senate.gov/pdfs/eda_grantee_estimates_by_state_fy06-10.pdf

Examples of EDA Awards by State in the last year, including job creation estimates for specific projects: <http://www.eda.gov/NewsEvents/NewInvestments/states.xml>

Individual EDA Investments By FY2005-FY2010:
<http://democrats.senate.gov/pdfs/state-by-state-eda-awards.pdf>

Projected Private Sector Investment By State:
 FY2009 <http://www.eda.gov/PDF/EDA%20FY%202009%20Annual%20Report.pdf> (Pg. 83)

FY2008 <http://www.eda.gov/PDF/FY08%20EDA%20Annual%20Report.pdf> (Pg. 30)

FY2007 <http://www.eda.gov/PDF/2007AnnualReport.pdf> (Pg. 62)

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Section 1 designates the short title of the Act as the 'Economic Development Revitalization Act of 2011'.

Section 2. Findings and declarations

Section 2 updates the findings of the Public Works and Economic Development Act of 1965 (the Act) to include the location of information technology and manufacturing jobs in the United States as one of the means by which communities can develop a more competitive and diversified economic base.

This section also modifies the Act's declarations to state that distressed communities should be encouraged to promote the formation of business incubators, as appropriate, to promote innovation and entrepreneurship.

Section 3. Definitions

Section 3 adds the Southeast Crescent Regional Commission, Northern Border Regional Commission, and Southwest Border Regional Commission established by section 15301(a) of title 40, U.S.C. to the definition of Regional Commissions.

Section 4. Economic development partnerships

Subsection (1) lists economic development districts (EDDs) and university centers as eligible to receive technical assistance from the Secretary of Commerce (the Secretary), and adds promoting innovation, entrepreneurship and beneficial development as eligible purposes for which the Secretary can provide technical assistance.

Subsection (2) adds EDDs to the list of entities to which the Secretary must provide reasonable opportunity to review and comment on proposed projects that may have a significant impact on the economy in the area.

Section 5. Encouragement of certain coordination

Subsection (1) amends the Act to emphasize that EDA should consult and cooperate with its Federal, State, and local governmental partners.

Subsection (2) specifies that EDA should cooperate with the Department of Labor on economic and workforce development strategies and the promotion of regional innovation clusters.

Section 6. Additional support for enterprise development organizations within the public works program

This section broadens the activities for which EDA can provide grants through Section 201 of the Act to include planning, technical assistance, business development assistance and other forms of assistance the Secretary determines are necessary or useful to support the establishment and operation of public works, public service or development facilities.

Although this section provides EDA with additional flexibility in the awarding of grants, the Committee believes EDA should maintain the construction focus of this program for the great majority of its investments.

Section 7. Grants for planning and grants for administrative expenses

Subsection (1) includes fostering innovation and entrepreneurship, fostering regional collaboration, and facilitating a stakeholder process that takes into account local and regional assets and global economic change on the list of items to be achieved through the EDA planning process.

Subsection (2) specifies that a state's economic development planning should consider the ability of public works to support development practices that enhance energy and water efficiency, reduce the dependence of the United States on foreign oil, and encourage efficient coordination and leveraging of public and private investments.

Subsection (2) also requires states that receive planning assistance from EDA to provide a copy of their annual report on the planning process to each EDD within the state.

Subsection (3) adds a new subsection (e) to Section 203 of the Act that authorizes the Secretary to provide additional assistance to highly distressed regions that are eligible for a grant rate of 80 percent or higher, and a new subsection (f) that authorizes the Secretary to provide additional assistance or a larger federal share to organizations who are planning on a regional scale.

Section 8. Cost sharing

Subsection (a) modifies existing cost sharing requirements to clarify that the Federal share shall not exceed 50 percent, unless otherwise provided for.

Subsection (b) inserts a new (c)(1) in the Act which allows for an increase in Federal share for communities that meet the following requirements: the federal share may be increased up to 60 percent for communities with a 24-month unemployment rate of at least 150 percent of the national average or a per capita income of not more than 70 percent of the national average; the Federal share may be increased up to 70 percent for communities with a 24-month unemployment rate of at least 175 percent of the national average or a per capita income that is not more than 60 percent of the national average; the Federal share may be increased up to 80 percent for communities with a 24-month unemployment rate of at least 200 percent of the national average or a per capita income that is not more than 50 percent of the national average.

Subsection (b) clarifies that the Secretary may establish additional eligibility criteria that would allow for increased federal share in areas impacted by severe outmigration, sudden and severe economic dislocations, and other economic circumstances, as long as the Federal shares established under this criteria do not exceed 80 percent.

Subsection (b) amends subsection (c)(2) of the Act as redesignated to strike 'may' and require the Secretary to provide to Indian Tribes a Federal share of 75 percent, which may be increased to 100 percent. It also adds a new subsection (c)(5) to the Act which allows the Secretary to increase the Federal share up to 100 percent for an area that has had a major disaster or emergency declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) for up to 18 months following the disaster or emergency designation.

Section 9. Grants for training, research, and technical assistance

Section 9 clarifies that the Secretary may make grants that would be useful in alleviating or preventing unemployment, outmigration, underemployment, or in assisting in the location of information technology and manufacturing jobs in the United States. In addition, this section states that grants may be used for a peer exchange program to promote industry-leading practices and innovations relating to the organizational development, program delivery, and regional initiatives of EDDs.

Section 10. Enhancement of recipient flexibility to deal with project assets

Section 10(a) provides explicit authority for EDA to help communities respond to economic adjustment problems caused by the expansion of defense facilities, not just defense-related closures and realignments.

Section 10(a) also specifies that communities whose economies have been injured by the loss of information technology, manufacturing, natural resources-based, agricultural, or service sector jobs shall be eligible for assistance to reinvest in and diversify their economies.

Section 10(b) requires that the Secretary shall periodically solicit input on the revolving loan fund program from fund grantees, national experts, and employees of Federal agencies with knowledge of international, national, regional, and statewide trends, innovations, and noteworthy practices relating to business development finance, including public and private lending and technical assistance intermediaries.

Section 10(b) also provides flexibility to the revolving loan fund program by allowing the recipient of a revolving loan fund that is no longer needed to submit to the Secretary a request to approve the conversion of the revolving loan fund assistance to other eligible projects. This subsection also authorizes the Secretary to use up to 2 percent of the amounts made available for grants under section 209 to improve the management of the revolving loan fund program.

Section 11. Renewable energy program

Section 11 authorizes EDA to provide grants of up to \$5 million for each of fiscal years 2011 through 2015 for the redevelopment of brownfield sites through the use of one or more renewable energy technologies including, but not limited to, solar, wind, and geothermal technologies.

Section 12. Energy efficiency and economic development

Section 12 adds a new section to the Act which specifies that EDA shall support economic development practices that enhance energy and water efficiency, and reduce the dependence of the United States on foreign oil.

Section 13. Comprehensive economic development strategies improvements

Section 13 makes minor technical changes to clarify that comprehensive economic development strategies must address economic development opportunities, as well as the economic development problems communities' face, and that such strategies must efficiently increase the effective use and functionality of resources.

Section 14. Designation of economic development districts

Section 14 specifies that each EDD shall engage in a full range of economic activities including: coordinating and implementing economic development; carrying out economic development research, planning, implementation and advisory functions; and coordinating the development and implementation of the comprehensive economic development strategy with other Federal, State,

local, and private organizations. This section also allows EDDs to enter into contracts for services to accomplish these activities.

One function of EDDs is to coordinate with other Federal, State, local, and private organizations, including with Federal agencies that provide grants or loans, or award a substantial number of contracts to the communities in the EDD. For example, EDDs should coordinate with the Forest Service, or other relevant agencies, in the case of timber sale, service, or stewardship contracts. Coordination should be executed in a manner to help the communities understand the probable levels of Federal support or contracts so that the communities can adequately and accurately plan for their economic future.

Section 15. Consultation with other persons and agencies

Section 15 adds area and regional outmigration to the list of items for which the Secretary may consult with other persons and agencies who may be of assistance.

Section 16. Notification of reorganization

Section 16 moves the State of Montana from the purview of the Denver Regional Office to the Seattle Regional Office.

Section 17. Administrative expenses

Section 17 amends Section 604 of the Act, which authorizes EDA to delegate functions to other Federal agencies, and to transfer to and receive funds from other Federal agencies. The amendment allows EDA to use 3 percent of the transferred funds, in the case of projects not involving construction, and 5 percent of the transferred funds, in the case of projects involving construction, for administrative expenses incident to projects associated with the transfers.

Section 18. Maintenance of effort

Section 18 modifies existing maintenance of effort rules to allow recipients of grants that are more than 10 years old to buy out the Government's interest using a depreciated figure based on the project's estimated useful life.

Section 19. Extension of authorization of appropriations

Section 19 authorizes EDA for an additional five years (fiscal year 2011 through fiscal year 2015) at \$500 million per year.

Section 20. Funding for grants for planning and grants for administrative expenses

Section 20 provides that not less than the lesser of 12 percent and \$31 million shall be provided each year for grants for planning and administrative expenses. The amount made available each year for grants for planning and administrative expenses will increase to an amount equal to: the greater of \$32 million and 11 percent if \$291 million or more is appropriated for economic development assistance programs; the greater of \$33 million and 10 percent if \$330 million or more is appropriated for economic development assistance programs; the greater of \$34 million and 10 percent if \$340 million or more is appropriated for economic development assistance programs; and, the greater of \$35 million and 10 percent if \$350 million or more is appropriated for economic development assistance programs.

Section 21. Report on duplicative programs

Section 21 requires the Government Accountability Office to report to the Environment and Public Works Committee of the Senate within 90 days after enactment with a list of programs or portions of programs from other federal agencies, including the Department of Housing and Urban

Development, Department of Agriculture, and the Small Business Administration, that are duplicative of programs administered by EDA.