

NADO SUMMARY OF HR 2535
REAUTHORIZATION FOR THE ECONOMIC DEVELOPMENT ADMINISTRATION

The US House of Representatives passed by voice vote a multi-year reauthorization bill (HR 2535) for the Economic Development Administration (EDA) on October 21, 2003. While no formal action was taken in the Senate, the Environment and Public Works Committee is expected to address the EDA reauthorization issue during the 2004 session. The current authorization for EDA expired on September 30, 2003.

**Following is a brief overview of the House bill (HR 2535),
as amended on the floor and in committee.**

Title I
SEC. 101

FINDINGS AND DECLARATIONS

- Clarifies and updates the description of the agency's mission and the role of the federal government and EDA in regional and local economic development.

SEC. 102 **DEFINITIONS**

- Adds "special purpose unit of a State or local government engaged in economic or infrastructure development activities" to list of eligible entities.
- Adds reference to new regional commissions authorized by Congress since 1998 – Delta Regional Authority, Denali Commission and Northern Great Plains Regional Authority.
- Adds a definition for EDA university centers – no previous definition.

Sec. 103 **Establishment of Economic Development Partnerships**

- Adds "multi-state regional organizations and nonprofit organizations" to list of eligible entities.

Sec. 104 **Coordination**

- Adds language stating the Secretary of Commerce may convene meetings related to economic development.

TITLE II – GRANTS FOR PUBLIC WORKS AND ECONOMIC ADJUSTMENT

Sec. 201 **Grants for Planning**

- Plan Development – Changes language to "Before providing assistance for a state plan under this section, the Secretary shall consider the extent to which the State will consider local and economic development district plans."

- Under current law, states are required to certify that the state plan is consistent with local plans and economic development district plans. The House bill changes the language to require states, before receiving EDA planning funds, to outline the extent to which they will consider local and planning district plans.
- Adds “workforce development” to list of considerations in state strategic plan.

SEC. 202 COST SHARING

- Allows EDA to fund up to 80 percent of project cost. The proposal gives EDA the authority to issue new regulations to establish applicable grant rates for projects and programs.
- Allows waiver for grants up to 100 percent for tribes, states, local governments and nonprofits.
- Sets the federal share of EDD planning grants at a minimum of 65 percent and a maximum of 80 percent. Currently, the federal share is 50 percent, with a waiver provision allowing up to 75 percent.

SEC. 203 GRANTS SUPPLEMENTING OTHER FEDERAL GRANTS

- Allows EDA to make supplemental grants to increase federal share in projects.

Sec. 204 Regulations On Relative Needs and Allocations

- Adds “grants made under this title promote job creation and will have a high probability of meeting or exceeding applicable performance requirements established in connection with the grants.”

SEC. 205 GRANTS FOR TRAINING, RESEARCH AND TECHNICAL ASSISTANCE

- Adds projects related to workforce development.

SEC. 206 PREVENTION OF UNFAIR COMPETITION

- Repeals current provision.

SEC. 207 GRANTS FOR ECONOMIC ADJUSTMENT

Special Provisions Relating to Revolving Loan Funds (RLFs)

- Gives EDA broad authority to issues new rules and regulations to ensure the “proper operation and financial integrity” of Revolving Loan Funds (RLF).
- Adds new language allowing EDA to permit grantees that are operating more than one RLF to consolidate funds – at the request of the local grantee.
- Allows EDA to transfer assets of RLF to 3rd party for purpose of liquidation.

- Adds new provision allowing EDA to authorize RLF operators to securitize or sell loans to secondary market.

SEC. 211 USE OF FUNDS IN PROJECTS UNDER PROJECT COST

- Allows grantees to use excess (underrun) funds, if determined before closeout, to improve a project or for other EDA eligible activities. Excess money may also be returned to EDA, instead of the general fund (Treasury).
- The new language allows local grantees to use excess funds to increase the federal share of the project cost (meaning lowering the local match). It also allows EDA to recapture and reprogram excess funds, instead of returning the money to the general fund.

SEC. 214 SPECIAL IMPACT AREAS

- New language clarifies that EDA may waive the CEDS requirements for project grantees. This provision is intended for remote areas, such as isolated areas of Alaska. EDA will also be required to provide the congressional committees with a justification for any waiver.

SEC. 215 PERFORMANCE AWARDS

- Establishes a new performance incentive award program for public works and economic adjustment grantees. Project grantees would be eligible to receive a performance award of up to 10 percent of the original grant amount. Grantees could use the award money to fund up to 100 percent of any other EDA-eligible project or activity. In addition, project grantees could use the award grant to meet the non-federal match requirements of another EDA project or any other related federal program.
- The new performance incentive program would focus on the grantees ability to complete the project as scheduled, exceed job creation goals and leverage private sector capital.

Sec. 216 Planning Performance Awards

- Instead of the current 10 percent district bonus award, the new awards program includes an additional five percent planning bonus for project grantees located in an economic development district. To receive the planning bonus, grantees must be active participants in the economic development district and the project must be consistent with the comprehensive economic development strategy of the district. In addition, the grant recipient must continue working with EDA, the district and other governmental partners to complete the project.

Sec. 217 Subgrants

- A recipient of a grant may redistribute the funds in the form of a subgrant to another eligible recipient to fund work approved for a project. They can not redistribute the grant to make a profit.

Sec. 218 Brownfields Redevelopment

- Clarifies that brownfields redevelopment activities are eligible under EDA programs.
- It allows grantees to charge administrative costs on EDA brownfields projects.

Sec. 219 Brightfields Demonstration Program

- Establishes a new authorization for brightfields projects, which are brownfields-related projects that use solar energy technology. The bill authorizes up to \$5 million annually from FY2004 through 2008 for brightfields projects.

TITLE III – COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

SEC. 301 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

- Adds workforce development as a planning factor under local and economic development district plans. However, it does not specifically reference the coordination of economic development plans with the Department of Labor's workforce investment plans, as proposed by the Administration. As requested by NADO, it reinforces that other local plans developed with EDA money need to be "consistent and coordinated with any existing comprehensive economic development strategy for the area."

TITLE IV – ECONOMIC DEVELOPMENT DISTRICTS

SEC. 404 CEDs TO REGIONAL COMMISSIONS

- Updates reference that requires EDDs in areas covered by regional commissions - ARC, DRA and Denali Commission - to provide the federal-state commissions with a copy of their CEDs.

TITLE V – ADMINISTRATION

SEC. 503 PERFORMANCE EVALUATIONS

- Retains the current performance evaluation criteria for economic development districts, instead of expanding criteria as recommended by the Administration.

TITLE VI – MISCELLANEOUS

- Planning and coordination among Federal agencies, State and Local governments, Indian Tribes and EDDs is vital to the success of an economic development program.

Title VII – Funding

Sec. 701 Authorization of Appropriations

- Authorizes \$2.25 billion for EDA programs from FY2004 through 2008. This includes \$400 million for FY2004 and an additional \$25 million each year until FY2008. The Administration had requested \$331 million for FY2004 and such sums as necessary in the remaining years. In FY2003, Congress appropriated a total of \$320.76 million for EDA programs and operations.

Title VIII – Appalachian Regional Development

Sec. 801 Additions to Appalachian Region

- Provides a small increase in the authorization level for the Appalachian Regional Commission (ARC) to account for the 12 new ARC counties added in the bill, including two each in Kentucky and Virginia and four each in Ohio and Tennessee.

**For more information,
visit the NADO Command Center on EDA Reauthorization at
www.nado.org/legaffair/edacenter.html.**