



U.S. ECONOMIC DEVELOPMENT ADMINISTRATION: MAINTAIN VITAL JOB CREATION FUNDING IN THE FY2014 APPROPRIATIONS PROCESS

ACTON NEEDED: Urge your members of Congress, especially those serving on the House and Senate Appropriations Committees, to support funding for the U.S. Economic Development Administration (EDA) at the President's proposed FY2014 level of \$320.9 million. NADO also supports maintaining FY2012 funding for the public works program at \$111.64 million and for the planning grant program at \$29 million.

ISSUE: This year, Congress reduced EDA's FY2013 budget. In total, Congress appropriated \$224 million for EDA, which is \$33 million below the FY2012 enacted level (\$257.5 million) and represents a 24 percent reduction since FY2010. Under this budget, the public works program was reduced by \$79 million, down from \$111.64 million in FY2012.

On February 28, Rep. Mike Pompeo (R-KS) reintroduced legislation (H.R. 887), the EDA Elimination Act, in the U.S. House of Representatives. Since introducing the bill, Rep. Pompeo has been aggressively pushing the legislation through blogs and multiple "Dear Colleague" letters in the House. Currently, there are eight Republican co-sponsors to the legislation. The bill has not been introduced in the U.S. Senate.

LATEST ACTION: On March 21, Congress approved a six-month Continuing Resolution or "CR" (H. R. 933), which sets EDA funding at \$224 million through September 30, 2013. EDA was also subject to the 5 percent, automatic across-the-board cuts (known as "sequestration") and a 1.8 percent cut in all Department of Commerce spending, which occurred on March 1, 2013.

The President's budget requests \$320.9 million for EDA in FY2014, which is a 45% increase from FY2013. However, the President recommends cutting the public works program by \$38.5 million or 49% from FY2013. Additionally, planning grants would be reduced to \$27 million from \$29 million in FY2014.

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(Numbers indicate program level in millions of dollars unless specified)	Final FY2012	Final FY2013	President's Request FY2014	% Change Final FY13 vs. President's FY14 Request
Department of Commerce				
Economic Development Administration	257.50	221.00	320.90	45%
<i>Economic Development Assistance Programs</i>	220.00	185.50	282.00	52%
Planning Grants	29.00	29.00	27.00	-7%
Public Works	111.64	79.00	40.50	-49%
Economic Adjustment Assistance	50.06	50.06	76.00	52%
Grant Program for Small Businesses	1.00	1.00	0.00	-100%
Technical Assistance	12.00	12.00	12.00	0%
Research & Evaluation	1.50	1.50	1.00	-33%
Trade Adjustment Assistance for Firms	15.80	15.80	10.00	-37%
Regional Innovation Strategies	0.00	0.00	0.00	0%
Loan Guarantee (Program Authority)	70.00	70.00	140.00	100%
Loan Guarantee (Subsidy)	5.00	3.00	1.00	-67%
Disaster Assistance	200.00	0.00	0.00	0%
Investing in Manufacuurng Communities-NEW	0.00	0.00	113.00	100%
Regional Export Challenge-NEW	0.00	0.00	12.00	100%
Salaries and Expenses	37.50	37.50	38.90	4%

BACKGROUND: The U.S. Economic Development Administration (EDA) is the only federal agency focused solely on private sector job creation in distressed areas as its entire mission. With its modest budget, EDA has developed an impressive record of making strategic investments and building partnerships that help regions and communities address severe unemployment challenges recover from plant closures, major natural disasters, and other chronic and sudden and severe economic hardships. At a time when the nation must make the public sector investments necessary to compete in the global economy, the flexibility, partnership structure, and accountability of EDA’s programs should be at the forefront of the federal toolbox. EDA’s portfolio of economic development infrastructure, business development finance, regional innovation strategies, and public-private partnerships are tailored to support the unique needs of each region.

KEY TALKING POINTS:

- **EDA is unique among federal programs.** While other federal programs often support broader community development activities, EDA focuses solely on private sector job creation and economic growth.
- **By federal law, EDA projects typically require a 50 percent local cost share and significant private sector investment,** ensuring that local leaders and businesses are committed to the project’s success. In addition, EDA investments are focused on high quality jobs, especially in advanced manufacturing, science and technology, and emerging knowledge-based industries.
- **By federal law, EDA project investments must be tied into a regional Comprehensive Economic Development Strategy (CEDS) developed and vetted by local officials (including Economic Development Districts)—**this helps ensure projects have significant local support and are part of a broader regional strategy.

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- **EDA creates American jobs.** Two major independent studies conducted over the past decade have concluded that EDA projects have a significant impact on employment levels in communities where EDA investments are made. The most recent analysis released by Grant Thornton and ASR Analytics found that EDA's public works program generates "between 2.2 and 5.0 jobs per \$10,000 in incremental EDA funding, at a cost per job of between \$2,001 and \$4,611." These results mirror an in-depth study of EDA's public works and economic adjustment assistance programs by Rutgers University and a consortium of researchers in 1998. EDA's job creation and private sector leveraging ratios are highly cost effective and rank at the very top of any public economic development agency.
- **EDA partners with the nationwide network of 380 Economic Development Districts and other state and local officials** to address the fundamental building blocks for economic growth, such as regional innovation strategies, vital public infrastructure, business loan funds, and flexible resources for communities to respond to plant closings, base closures, natural disasters, and other sudden and severe economic dislocations. EDA's infrastructure investments are targeted at essential facilities like water and wastewater treatment systems, broadband networks, workforce training centers, business incubators, and science and research parks. These assets are often lacking in the nation's most distressed areas, yet they are a prerequisite for private industry to invest in job creation and economic growth activities in these areas. As we have witnessed in recent years, private companies will relocate to places with these basic yet vital public infrastructure assets, including outside of the United States.

For additional information, please contact Ted Stiger at 202.624.8467 or tstiger@nado.org

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**Indicates Senator serves on the U.S. Senate Commerce, Justice and Science Appropriations Subcommittee which provides annual funding for EDA.*

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