



Legislative Action Alert

Rep. Pompeo Bill (H.R. 3090) to Eliminate EDA

ISSUE:

On October 4, 2011, Rep. Mike Pompeo (R-KS) introduced legislation (H.R. 3090), the EDA Elimination Act, in the U.S. House of Representatives to eliminate the U.S. Department of Commerce's Economic Development Administration (EDA). Since introducing the bill, Rep. Pompeo has been aggressively pushing the legislation through blogs, cable news appearances, and multiple "Dear Colleague" letters in the House. Many of Rep. Pompeo's statements about the agency and its investments are erroneous, misleading, or sourced from dated Government Accountability Office (GAO) reports from the early 1980s.

While Rep. Pompeo's legislation is not expected to be considered or passed during the current year, the proposal makes it harder for the House and Senate Appropriations Committees to maintain level funding for EDA in the future. In addition, it makes it more difficult to advance a multi-year reauthorization bill in the House and Senate next year.

It is important to remember that EDA recently received an overwhelming

show of bipartisan Congressional support. During the U.S. House of Representatives debate on the Full Year Continuing Appropriations Act of 2011 (H.R. 1), Rep. Michael Michaud (D-ME) successfully offered an amendment to restore a proposed \$80 million cut, or 33 percent reduction, in EDA's FY2011 funding. The House agreed, by a strong bipartisan vote of 305 to 127, to retain EDA's funding at the FY2010 enacted level. *With 60 percent of the Republican caucus and 83 percent of the Democratic caucus supporting full funding for EDA, this was a clear demonstration of Congressional support for the agency and the need for future strategic public investments for economic development.*

ACTION NEEDED:

- 1. We need your help to identify a House Republican that will support EDA by circulating a "Dear Colleague" letter in the House.** If your Representative is a Republican that serves on the House Transportation and Infrastructure Committee, and willing to support EDA in this manner, contact NADO Legislative Director Deborah Cox at 202.624.8590. If your Representative voted to restore funding to EDA earlier this year (see attached voting scorecard), write a thank you letter and ask if they would be willing to circulate a Dear Colleague letter. Please reference the attached draft letter.
- 2. Each and every Economic Development District should sponsor an EDA project tour for their House and Senate members, including their DC legislative staff.** It is important for these federal lawmakers to visit successful EDA projects, learn about the role of EDA in supporting private sector job creation and retention, and hear directly from entrepreneurs and business leaders. *While letters and calls are helpful, more positive newspaper, blog and media coverage is needed. House and Senate members need to see the benefits of EDA firsthand.*

Cosponsors of Rep. Pompeo's bill to eliminate EDA:

Rep. Kevin Brady (R-TX)
Rep. Paul Broun (R-GA)
Rep. Jason Chaffetz (R-UT)
Rep. Jeff Duncan (R-SC)
Rep. Jeff Flake (R-AZ)
Rep. Trent Franks (R-AZ)
Rep. Louie Gohmert (R-TX)
Rep. Bill Huizenga (R-MI)
Rep. John Kline (R-MN)
Rep. Doug Lamborn (R-CO)
Rep. Tom McClintock (R-CA)
Rep. Ron Paul (R-TX)
Rep. Joseph Pitts (R-PA)
Rep. Joe Walsh (R-IL)

REFUTING REP. POMPEO’S CLAIMS:

MYTH	FACT
That EDA distributes earmarks	EDA is one of the few federal agencies that never had appropriations earmarks, even before the recent earmark moratorium. EDA projects come from a locally-driven strategy process and are funded with local matching funds and aggressive private sector leveraging requirements.
That EDA funds private companies directly, similar to the Department of Energy loan to the solar company Solyndra	EDA only funds local governments, nonprofits and other intermediaries that may assist private sector companies in job creation and retention efforts. By rule, EDA investments must be for the public good and benefit multiple companies.
That EDA and its programs are not duplicative of other federal agencies and programs	By federal law, EDA projects typically require a <u>50 percent local cost share</u> and significant private sector investment, ensuring that local leaders and businesses are committed to the project’s success. By federal law, <u>EDA project investments must be tied into a regional Comprehensive Economic Development Strategy (CEDS)</u> developed and vetted by local officials and their communities—this helps ensure projects have significant local support.
That the White House uses EDA to advance particular local projects that narrowly benefit certain businesses or groups	EDA’s grants are awarded on a competitive basis based on regional comprehensive economic development strategies developed by the national network of Economic Development Districts and others. Two major studies have verified EDA’s performance (Rutgers University in 1997 and Grant Thornton in 2008).
That EDA is a wealth redistribution program	By law, EDA provides investments to communities facing severe economic distress and is targeted at essential facilities like water and wastewater systems, middle mile broadband networks, intermodal facilities and science and research parks.
That EDA programs are duplicative of 80 other federal programs	EDA is unique among federal development programs. While other federal programs support broader community development activities, EDA focuses strictly on job creation/retention 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 and sectors. 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 plan, rather than just isolated, uncoordinated local projects.
That according to GAO reports, EDA is ineffective and that EDA funding “does not have a significant effect on success of projects and “may even detract” from a more flexible workforce	To make this claim, Rep. Pompeo relies on two footnotes from the CATO Institute’s Downsizing the Federal Government website. The first is a 1980 – thirty one years ago – study which, according to Rep. Pompeo, found “no sustained benefit of EDA programs to assisted communities.” However, a closer review of the Martin and Graham study shows that it did find that communities benefit from EDA investments, even after the aid period. The study showed that aided counties grew at a 10% faster rate than non-aided counties during the aid period and that the “compound growth rate of income during the post-aid period exceeded that of the non-aid comparison group by a substantial margin.” The report notes that the “business cycle does influence these growth rate comparisons and that EDA programs may not be entirely responsible” for the aforementioned growth statistics. A more recent independent study by Grant Thornton (2008) indicated that EDA investments in rural areas had a statistically significant correlation with increased employment levels in the communities in which they were made. Also, the study supported EDA’s strategic focus on innovation and entrepreneurship by suggesting that EDA investments in business incubators were more correlated with job growth than other project types.
That according to an Inspector General study, 29% of EDA grant money had been wasted	The IG did not just investigate EDA, EDA initiated many of these audits! When taken out of context, the 29% figure is misleading because it only takes into account the 10 grants that EDA had specifically requested the IG to investigate. The violations identified by the IG were violations of EDA’s own grant requirements – showing that the agency has oversight mechanisms to safeguard taxpayer funds in place. And, by asking the IG to investigate its grantees, EDA proved it is not afraid to seek legal and audit assistance in enforcing those regulations. Furthermore, over the past 10 years, less than 1.5% of EDA projects (124 out of 8,522 projects) have not been completed. When these few projects were terminated, their funding was reinvested in other job creation projects.

DRAFT LETTER IF YOUR REPRESENTATIVE SUPPORTED THE EDA AMENDMENT EARLIER THIS YEAR

The Honorable [INSERT NAME]
United States House of Representatives
[INSERT ADDRESS]
Washington, DC 20515

Re: Proposed Elimination of the Economic Development Administration

Dear Representative [INSERT NAME]:

First, we wanted to thank you for your continued support of [INSERT ORGANIZATION NAME] and for your continued support of the Economic Development Administration. We sincerely appreciated your “yes” vote earlier this year during the debate on the Full Year Continuing Appropriations Act of 2011 (H.R. 1), on an amendment to restore a proposed \$80 million cut, or 33 percent reduction, in EDA’s FY2011 funding. During that vote, EDA received an overwhelming show of bipartisan support and the House agreed, by a vote of 305 to 127, to retain EDA’s funding at the FY2010 enacted level. *With 60 percent of the Republican caucus and 83 percent of the Democratic caucus supporting full funding for EDA, this was a clear demonstration of Congressional support for the agency.*

In light of fact that Rep. Mike Pompeo (R-KS) recently introduced legislation (H.R. 3090) in the U.S. House of Representatives to eliminate the U.S. Department of Commerce’s Economic Development Administration (EDA), **would you be willing to circulate a Dear Colleague letter in the U.S. House of Representatives in support of EDA?**

Please consider these facts:

- EDA does not distribute earmarks. Even before the recent moratorium, EDA is one of the few federal agencies that never had appropriations earmarks.
- EDA does not fund private companies directly. EDA projects come from a locally-driven strategy process and are funded with local matching funds and aggressive private sector leveraging requirements. EDA only funds local governments, nonprofits and other intermediaries that may assist private sector companies in job creation and retention efforts. By rule, EDA investments must be for the public good and benefit multiple companies.
- 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. EDA investments are focused on high quality jobs, especially in advanced manufacturing, science and technology, and emerging knowledge-based industries and sectors.
- By federal law, EDA project investments must be tied into a regional Comprehensive Economic Development Strategy (CEDS) developed and vetted by local officials and their communities—this helps ensure projects have significant local support and are part of a broader regional plan, rather than just isolated, uncoordinated local projects.
- EDA’s grants are awarded on a competitive basis based on regional comprehensive economic development strategies and are developed and prioritized by the local communities.

Thank you again for all you do for our region and we thank you for considering this very important request.

Sincerely,

FINAL VOTE RESULTS FOR ROLL CALL 50

(Republicans in roman; Democrats in *italic*; Independents underlined)

H R 1 RECORDED VOTE 16-Feb-2011 2:07 PM

AUTHOR(S): Michaud of Maine Amendment No. 153

QUESTION: On Agreeing to the Amendment

	<u>AYES</u>	<u>NOES</u>	PRES	<u>NV</u>
REPUBLICAN	145	95		
DEMOCRATIC	160	32		1
INDEPENDENT				
TOTALS	305	127		1

---- AYES 305 ---

<i>Ackerman</i>	Gowdy	Nunnelee
Aderholt	Granger	Olson
Akin	Graves (MO)	<i>Olver</i>
Alexander	<i>Green, Al</i>	<i>Owens</i>
<i>Altmire</i>	<i>Green, Gene</i>	<i>Pallone</i>
<i>Andrews</i>	Griffin (AR)	<i>Pascrell</i>
Austria	Griffith (VA)	<i>Pastor (AZ)</i>
<i>Baca</i>	Guinta	Paul
Bachus	Guthrie	Paulsen
<i>Baldwin</i>	<i>Hanabusa</i>	<i>Payne</i>
Barletta	Hanna	Pearce
<i>Barrow</i>	<i>Harman</i>	<i>Pelosi</i>
Bartlett	Harper	<i>Perlmutter</i>
Barton (TX)	Harris	<i>Peters</i>
<i>Bass (CA)</i>	<i>Hastings (FL)</i>	<i>Peterson</i>
Bass (NH)	Hastings (WA)	Petri
Berg	Heck	<i>Pingree (ME)</i>
<i>Berkley</i>	<i>Heinrich</i>	Pitts
<i>Bishop (GA)</i>	Heller	Platts
<i>Bishop (NY)</i>	<i>Higgins</i>	Poe (TX)
Bishop (UT)	<i>Himes</i>	<i>Polis</i>
Blackburn	<i>Hinchey</i>	Pompeo
<i>Blumenauer</i>	<i>Hinojosa</i>	<i>Price (NC)</i>
Bonner	<i>Hirono</i>	<i>Quigley</i>
Bono Mack	<i>Holden</i>	<i>Rahall</i>
<i>Boren</i>	<i>Holt</i>	<i>Rangel</i>
<i>Boswell</i>	<i>Hoyer</i>	Reed
Boustany	Huizenga (MI)	Rehberg
<i>Brady (PA)</i>	Hultgren	Reichert
<i>Braley (IA)</i>	Hunter	Renacci
Brooks	Hurt	<i>Reyes</i>
<i>Brown (FL)</i>	<i>Inslee</i>	<i>Richardson</i>
Buchanan	<i>Israel</i>	<i>Richmond</i>
Bucshon	<i>Jackson Lee (TX)</i>	Rigell
Buerkle	<i>Johnson (GA)</i>	Roe (TN)
<i>Butterfield</i>	Johnson (IL)	Rogers (AL)
Calvert	Johnson (OH)	Rogers (KY)
Camp	<i>Johnson, E. B.</i>	Rohrabacher
Canseco	Johnson, Sam	<i>Ross (AR)</i>
Capito	Jones	Royce
<i>Capps</i>	<i>Kaptur</i>	Runyan
<i>Capuano</i>	<i>Keating</i>	<i>Ruppersberger</i>
<i>Cardoza</i>	Kelly	<i>Rush</i>

<i>Carnahan</i>	<i>Kildee</i>	<i>Ryan (OH)</i>
<i>Carney</i>	<i>Kind</i>	<i>Sánchez, Linda T.</i>
<i>Carson (IN)</i>	Kingston	<i>Sanchez, Loretta</i>
Carter	Kinzinger (IL)	<i>Sarbanes</i>
Cassidy	<i>Kissell</i>	Scalise
<i>Castor (FL)</i>	Lance	<i>Schiff</i>
Chabot	Landry	Schilling
<i>Chandler</i>	<i>Langevin</i>	Schmidt
<i>Cicilline</i>	<i>Larsen (WA)</i>	Schock
<i>Clarke (MI)</i>	<i>Larson (CT)</i>	<i>Schrader</i>
<i>Clyburn</i>	Latham	<i>Schwartz</i>
Coble	LaTourette	Schweikert
Coffman (CO)	Latta	Scott (SC)
<i>Cohen</i>	<i>Lee (CA)</i>	<i>Scott (VA)</i>
<i>Conyers</i>	<i>Levin</i>	<i>Scott, David</i>
<i>Cooper</i>	Lewis (CA)	<i>Sewell</i>
<i>Castello</i>	<i>Lewis (GA)</i>	<i>Shuler</i>
<i>Courtney</i>	<i>Lipinski</i>	Shuster
Crawford	LoBiondo	Simpson
Crenshaw	<i>Loebsack</i>	<i>Sires</i>
<i>Critz</i>	Lowey	<i>Slaughter</i>
<i>Crowley</i>	Luetkemeyer	Smith (NJ)
<i>Cuellar</i>	<i>Luján</i>	Smith (TX)
<i>Cummings</i>	<i>Lynch</i>	<i>Smith (WA)</i>
<i>Davis (CA)</i>	Mack	Southerland
<i>Davis (KY)</i>	<i>Maloney</i>	<i>Speier</i>
<i>DeFazio</i>	Manzullo	<i>Stark</i>
<i>DeGette</i>	Marchant	Stearns
<i>DeLauro</i>	Marino	Stivers
Denham	<i>Markey</i>	<i>Sutton</i>
Dent	<i>Matheson</i>	<i>Thompson (CA)</i>
<i>Deutch</i>	<i>Matsui</i>	<i>Thompson (MS)</i>
<i>Dicks</i>	<i>McCarthy (NY)</i>	Thompson (PA)
<i>Dingell</i>	<i>McCollum</i>	Thornberry
<i>Doggett</i>	McCotter	Tiberi
Dold	<i>McDermott</i>	<i>Tierney</i>
<i>Donnelly (IN)</i>	<i>McGovern</i>	Tipton
<i>Doyle</i>	<i>McIntyre</i>	<i>Tonko</i>
Duncan (TN)	McKeon	<i>Towns</i>
<i>Ellison</i>	McKinley	<i>Tsongas</i>
Emerson	McMorris Rodgers	Turner
<i>Engel</i>	<i>McNerney</i>	Upton
<i>Farr</i>	<i>Meeks</i>	<i>Van Hollen</i>
<i>Fattah</i>	Mica	<i>Visclosky</i>
<i>Filner</i>	<i>Michaud</i>	Walberg
Fincher	Miller (FL)	Walden
Fitzpatrick	Miller (MI)	<i>Walz (MN)</i>
Fleming	<i>Miller (NC)</i>	<i>Wasserman Schultz</i>
Forbes	Miller, Gary	<i>Watt</i>
Foxx	<i>Miller, George</i>	Webster
<i>Frank (MA)</i>	<i>Moore</i>	<i>Welch</i>
Frelinghuysen	Mulvaney	Westmoreland
Gallegly	<i>Murphy (CT)</i>	Whitfield
Gerlach	Murphy (PA)	Womack
Gibbs	Myrick	<i>Woolsey</i>
Gibson	<i>Nadler</i>	<i>Wu</i>
Gingrey (GA)	<i>Neal</i>	<i>Yarmuth</i>
Gohmert	Neugebauer	Young (AK)
Goodlatte	Noem	

Adams	<i>Garamendi</i>	Pence
Amash	Gardner	Posey
Bachmann	Garrett	Price (GA)
<i>Becerra</i>	<i>Gonzalez</i>	Quayle
Benishek	Gosar	Ribble
<i>Berman</i>	Graves (GA)	Rivera
Biggert	<i>Grijalva</i>	Roby
Bilbray	Grimm	Rogers (MI)
Bilirakis	<i>Gutierrez</i>	Rokita
Black	Hall	Rooney
Brady (TX)	Hartzler	Ros-Lehtinen
Broun (GA)	Hayworth	Roskam
Burgess	Hensarling	Ross (FL)
Burton (IN)	Herger	<i>Rothman (NJ)</i>
Campbell	Herrera Beutler	<i>Roybal-Allard</i>
Cantor	<i>Honda</i>	Ryan (WI)
Chaffetz	Huelskamp	<i>Schakowsky</i>
<i>Chu</i>	Issa	Scott, Austin
<i>Clarke (NY)</i>	<i>Jackson (IL)</i>	Sensenbrenner
<i>Clay</i>	Jenkins	<i>Serrano</i>
<i>Cleaver</i>	Jordan	Sessions
Cole	King (IA)	<i>Sherman</i>
Conaway	King (NY)	Shimkus
<i>Connolly (VA)</i>	Kline	Smith (NE)
<i>Costa</i>	<i>Kucinich</i>	Stutzman
Cravaack	Labrador	Sullivan
Culberson	Lamborn	Terry
<i>Davis (IL)</i>	Lankford	<i>Velázquez</i>
DesJarlais	<i>Lofgren, Zoe</i>	Walsh (IL)
Diaz-Balart	Long	<i>Waters</i>
Dreier	Lucas	<i>Waxman</i>
Duffy	Lummis	<i>Weiner</i>
Duncan (SC)	Lungren, Daniel E.	West
<i>Edwards</i>	McCarthy (CA)	<i>Wilson (FL)</i>
Ellmers	McCaul	Wilson (SC)
<i>Eshoo</i>	McClintock	Wittman
Farenthold	McHenry	Wolf
Flake	Meehan	Woodall
Fleischmann	<i>Moran</i>	Yoder
Flores	<i>Napolitano</i>	Young (FL)
Fortenberry	Nugent	Young (IN)
Franks (AZ)	Nunes	
<i>Fudge</i>	Palazzo	