



## National Association of Development Organizations

# Priorities for the Reauthorization of the U.S. Department of Commerce Economic Development Administration

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## NADO Priorities for EDA Reauthorization

### 1. Increase funding for EDA Partnership Planning grants to **\$100 million annually**

- a. In reauthorizing EDA, Congress should increase the annual authorized funding level for EDA Partnership Planning Grants to **\$100 million**.
- b. Over the past five years, while overall EDA funding has increased substantially through annual appropriations, along with historic increases for the agency in the CARES Act and the American Rescue Plan Act, EDA Partnership Planning funds for EDA's core local partners -- the Economic Development Districts (EDDs) -- have remained nearly flat.
- c. NADO's recommended amount of \$100 million for EDA Partnership Planning grants divided among the nearly 400 existing EDA-designated Economic Development Districts (EDDs) nationwide would amount to roughly **\$250,000** annually for each EDD. This would allow for all EDDs across the country to maintain sufficient operating capacity and staff capacity and would enhance the ability of EDDs to effectively serve as EDA's core frontline institutional partners across the country.
- d. Currently, each individual EDD only receives about **\$70,000 annually**<sup>1</sup> in the form of "Partnership Planning" dollars from EDA to carry out the planning process. This amount is barely enough to cover one full-time staff person who is tasked with overseeing Comprehensive Economic Development Strategies (CEDS) planning responsibilities, leading the public input process, assisting local community stakeholders with EDA grant applications, and conducting other planning and local government advisory services. A typical EDD covers numerous counties, cities, and towns, so one staff person covering this entire region is already stretched thin. The dollar amount that each EDD receives from EDA has not increased in well over a decade. Furthermore, in order to receive this annual amount, EDDs much provide matching funds.<sup>2</sup>
- e. See page 4 for more information on [Economic Development Districts](#) (EDDs), why they are important, and their roles as core institutional EDA partners since EDA's inception.

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<sup>1</sup> Median dollar amount of EDA Partnership Planning investments is approximately \$70,000 annually as described within the EDA planning NOFO on page 7 [https://eda.gov/files/programs/eda-programs/FY21-23-Planning-and-LTA-NOFO\\_FINAL.pdf](https://eda.gov/files/programs/eda-programs/FY21-23-Planning-and-LTA-NOFO_FINAL.pdf)

<sup>2</sup> Match requirements for EDA planning programs described in the EDA Planning NOFO on pages 8-9 [https://eda.gov/files/programs/eda-programs/FY21-23-Planning-and-LTA-NOFO\\_FINAL.pdf](https://eda.gov/files/programs/eda-programs/FY21-23-Planning-and-LTA-NOFO_FINAL.pdf)

## **2. Increase EDA’s federal share to 90% for EDA Partnership Planning grants, and reduce EDD local match to 10%**

- a. Currently, EDA’s federal investment rate for EDA Partnership Planning grants is often **50%**, which leaves the Economic Development District (EDD) or local entity responsible for providing a **50% local match** in order to access EDA planning funds.<sup>3</sup>
- b. Providing a 50% match is already burdensome for many EDDs, and this challenge will only worsen as the EDA funding level for Partnership Planning grants increases. Although an increase in EDA planning grant funding levels would be a positive and welcome development, it would carry with it an unfortunate unintended consequence in the form of burdening EDDs with having to come up with additional matching dollars, unless the cost share ratio is changed.
- c. The CEDS planning process is an **EDA-mandated** process. While it is appropriate to ensure that local communities bear responsibility for some portion of a *project’s* cost, this argument is less appropriate in the context of an **EDA-mandated planning process**. EDA should provide a more significant proportion of federal cost share for federally-mandated EDD planning processes.
- d. In reauthorizing EDA, Congress should specify that the **federal share for EDA Partnership Planning Grants shall be at least 90%**, and the local match percentage shall be no more than 10% for all EDA-designated EDDs.

## **3. Create a rural communities competition and/or a rural communities funding category**

- a. Rural communities often struggle to compete against larger urban applicants or sophisticated consortiums of applicants in the federal grants application process. In reauthorizing EDA, Congress should create a **rural communities competition** and/or a **rural and underserved communities funding category**. These resources should be available only to rural communities under a certain population threshold.
  - i. One approach would be to launch a competitive grant process that is open only to rural applicants. This would put rural communities on an even playing field by disallowing urban applicants above a certain population threshold from entering the competition and competing against rural applicants.
  - ii. Another approach would be to create a rural communities funding category, and to make this funding available only to rural communities under a certain population threshold.
  - iii. An example of this approach is the Department of Transportation’s RAISE grant program (formerly BUILD/TIGER grants) which specifies in legislation that half of the program’s funds must go toward rural projects.

## **4. Authorize a pre-development funding category to support early-stage project development activities**

- a. Communities often struggle to move from economic development concept to reality due to a lack of funding at the earliest stages of the project. Known as “pre-

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<sup>3</sup> Match requirements for EDA planning programs described in the EDA Planning NOFO on pages 8-9 [https://eda.gov/files/programs/eda-programs/FY21-23-Planning-and-LTA-NOFO\\_FINAL.pdf](https://eda.gov/files/programs/eda-programs/FY21-23-Planning-and-LTA-NOFO_FINAL.pdf)

development” work, these initial steps must be taken before a project can move forward or even secure financing and partners. A dedicated funding source for pre-development work at EDA would help spark economic development projects that otherwise might never advance.

- b. Local county and city officials are increasingly reliant on EDDs to help them navigate the landscape of federal funding and initiatives. Especially since the passage of the CARES Act and the American Rescue Plan Act, EDDs are increasingly being depended upon by local community organizations, city and county governments, and prospective EDA applicants for help navigating the latest guidance. EDDs continue to provide this support, but this aspect of their work is often unfunded.
- c. In reauthorizing EDA, Congress should include a **pre-development category**, and should make EDDs eligible for pre-development funding.

## **5. Dedicate 20% of EDA’s overall annual budget to investments in EDDs**

- a. [Economic Development Districts](#) (EDDs) are EDA’s primary core institutional partners at the local level, just as they have been historically since the EDA’s inception. As can be seen within EDA’s original authorizing statute – [the Public Works and Economic Development Act of 1965](#) (PWEDA) – EDDs are mentioned repeatedly throughout the original statute and are envisioned as key local partners and regional assets.
- b. In reauthorizing EDA, Congress should **avoid diluting EDA’s original mission**. Instead, Congress should **strengthen and invest in EDA’s traditional structure** and local partnerships, including the nearly 400 EDDs across the country.
- c. As part of EDA reauthorization, Congress should dedicate **20% of EDA’s annual budget to providing sufficient funding for EDDs** nationwide. This would help address longstanding issues with lacking funding for EDDs, and would allow EDDs to maintain sufficient staffing capacity, which has historically been a challenge. In reauthorizing EDA, it is critical to retain, protect, and strengthen EDA’s historic structure comprised of regionally-based partners.

## **Other Background Information Related to EDA Reauthorization**

### **Importance of EDA Reauthorization**

EDA was last authorized in 2004. Since then, the challenges that communities and regions are facing have changed and evolved, and EDA has been tasked with increasingly extensive responsibilities. EDA reauthorization is an important next step that will allow for a modern renewal of the agency's mission and vision. As part of reauthorization, EDA's statute should be updated in a manner that is reflective of the increasingly important role the agency plays today. EDA reauthorization should also be used as a tool to help modernize the approaches EDA uses in responding to regional challenges, and in facilitating economic and community development. Additionally, EDA reauthorization is an opportunity to ensure that EDA has the necessary structure in place to administer the exponentially increasing funding levels that the agency has been tasked with administering in recent years. In reauthorizing EDA, Congress should modernize EDA's statute, while also being careful not to dilute EDA's core mission of facilitating community and economic development.

### **Importance of the Inclusion and Elevation of Economic Development Districts (EDDs) in EDA Reauthorization**

[Economic Development Districts](#) (EDDs) have been core institutional EDA partners since EDA's inception. There are nearly 400 EDDs across the country. EDDs are multi-jurisdictional entities commonly comprised of multiple counties. EDDs are designated by EDA and are tasked with carrying out certain EDA-mandated responsibilities related to facilitating local and regional economic development planning. EDDs are EDA's core frontline partners at the local level and act as extensions of EDA in the sense that they provide extensive expertise and knowledge of EDA and its programs as a resource for their communities. EDDs use their knowledge of the agency and their relationship with EDA to help their communities identify project opportunities, and to ultimately leverage EDA funding to help solve regional problems. In EDA's original statute – the Public Works and Development Act of 1965 (PWEDA) – EDDs are defined throughout the statute as both key EDA partners and as eligible entities for EDA funding.

The majority of EDDs are housed within Regional Development Organizations (RDOs), which are also known locally by other names such as Regional Planning Councils (RPCs), Councils of Government (COGs), Local Development Districts (LDDs), Area Development Districts (ADDs), or Planning and Development Districts (PDDs). These organizations collectively assist thousands of cities and counties with economic and community development. In recent years, EDDs have struggled with lacking funding and lacking staff capacity to support their basic administrative functioning. In reauthorizing EDA, Congress should make a historic investment into EDDs to help strengthen their organizational capacity, to support them in increasing their staffing levels, and to help maintain EDDs as EDAs core institutional partners at the local level for years to come.

### **About NADO**

The National Association of Development Organizations (NADO) represents the nation's network of Regional Development Organizations across the country. For more information, please contact Mirielle Burgoyne, Deputy Executive Director/Director of Government Relations at [mburgoyne@nado.org](mailto:mburgoyne@nado.org)