

# Economic Development Administration (EDA) Stakeholder Coalition

## EDA Reauthorization Priorities for the 117<sup>th</sup> Congress

- **ENHANCE EDA'S ROLE IN CAPACITY BUILDING:**
  - **Increase EDA funding for Partnership Planning and enhance the scope of related activities:**
    - As communities continue to respond to the COVID-19 pandemic, they will need to reevaluate and revise their existing regional development plans and Comprehensive Economic Development Strategies (CEDS). Congress should significantly increase EDA funding for planning assistance for communities as they endeavor to build stronger and more resilient economies.
  - **Increase EDA funding for Research and National Technical Assistance (RNNTA) and enhance the scope of related activities:**
    - Congress should enhance EDA's role and increase EDA funding for national technical assistance that helps support the ultimate success of economic development projects.
  - **Increase EDA funding for Public Works and enhance the scope of related activities, particularly related to broadband and resiliency:**
    - Congress should include direction for EDA to support both broadband access and adoption. Broadband is an essential missing piece in many communities with struggling economies. EDA is uniquely positioned to provide strategic direction and funding for broadband access and adoption and should be given further flexibility to seek out new capabilities and partnerships in this realm. Emphasis should be placed on ensuring equitable resource allocation among urban and rural communities.
    - In support of EDA's role in disaster resiliency and impact mitigation, Congress should also direct the agency to take the current and future impacts of climate change into consideration for Public Works projects. In addition, a separate fund should be established within the Public Works program that is expressly dedicated to projects mitigating the impacts of climate change.
  - **Create a new EDA Capacity-Building Grant Program:**
    - Communities taking advantage of EDA's planning resources often lack the human and financial resources to implement those plans. **Congress should establish a grant program within EDA to fund three-year positions for qualified economic development professionals** to execute CEDS or economic development strategic plans and dedicated funding for economic development project pre-development work.
    - Communities often struggle to move from economic development concept to economic development reality due to a lack of funding at the earliest stages of a project. Known as 'pre-development' work, these items must be completed before a project can move forward or even secure financing and partners. A dedicated funding source for pre-development work at EDA would spark numerous economic development projects that would otherwise never advance.
    - Many communities lack the human resources necessary to implement their CEDS or execute their strategic plans. Providing funding for communities to hire staff and engage professional consultants would allow projects to move forward with competent, sustained oversight and direction, dramatically increasing the chances for lasting success. This funding would be available to any organization or entity otherwise eligible to receive EDA funding.

- **REASSESS AND RECONSTITUTE EDA’S ECONOMIC DISTRESS FORMULA:**
  - **Reassess and reconstitute EDA’s economic distress formula and consider reducing local match requirements permanently.** Currently, EDA’s economic distress formula requires communities to invest as much as 50 percent of the total project cost via matching funds, with EDA providing federal funding for the remaining 50 percent of the total project cost. For the most distressed communities, EDA’s standard Notice of Funding Opportunity (NOFO) guidance dictates that the maximum allowable federal investment rate is 80 percent, which still requires very distressed communities to contribute 20 percent of the project’s overall cost via matching funds, except in rare cases when the EDA Assistant Secretary deems that an applicant has exhausted its taxing and borrowing capacity.<sup>1</sup> Congress should include direction for EDA’s economic distress formula to be reconstituted so that all communities with eligible projects -- and especially distressed communities -- are eligible to receive a higher overall percentage of federal funding.
  - Reducing EDA’s matching fund requirements is important also because communities will be recovering from the COVID-19 pandemic for an extended duration of time. This reality should be taken into consideration and EDA’s formula funding approach should be overhauled accordingly. We encourage eliminating local match requirements for the remainder of the declared COVID-19 Public Health Emergency (PHE) and for at least 3 years following its culmination.
- **CODIFY EDA’S ROLE IN DISASTER RESILIENCY AND RECOVERY:**
  - **Congress should amend the Public Works and Economic Development Act (PWEDA) to formally outline and designate EDA’s significant role in post-disaster assistance** for impacted communities.
  - In EDA’s reauthorization, Congress should establish an EDA Office of Disaster Resilience & Recovery to preserve institutional knowledge and leadership in the economic disaster resilience and recovery realm. Enhancing EDA’s disaster recovery leadership and resources will help communities prepare for and mitigate negative economic impacts associated with disasters. **Congress should authorize a dedicated fund with annual appropriations for immediate responses to economic crises associated with declared disasters or states of emergency.**
  - In cases where a major disaster or emergency has been declared under the Stafford Act, EDA should be required to increase the federal share to 100 percent of the project cost, waiving all match requirements for any funding appropriated for the purpose of disaster or emergency response.
  - EDA has successfully utilized the flexible hiring authority Congress provided to the agency to aid in EDA’s response to COVID-19. This authority was based in part on similar authorities provided to other disaster response agencies and **should be made a permanent authority.** Disasters and emergencies require increased resources to ensure timely delivery of services while the agency continues to provide vital services and resources through their normal, non-emergency related work.

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<sup>1</sup> Source: <https://www.grants.gov/web/grants/view-opportunity.html?oppld=321695> EDA’s FY20 NOFO, document name: “FY20 PWEAA NOFO including NCC and CARES.pdf” PDF page 12 of 45

- **CODIFY AND FUND EDA’S ECONOMIC DEVELOPMENT INTEGRATION (EDI) ROLE:**
  - While EDA is the only federal agency with a focus *solely* on economic development, there are other agencies that engage in economic development efforts. Enhanced coordination among federal agencies and divisions supporting economic development can yield significant benefits for stakeholders of all kinds. **Congress should formally establish an EDA Office of Economic Development Coordination & Integration to formalize EDA’s leadership role in the economic development realm, and to emphasize its cross-cutting role** in coordinating economic development resources across the federal government. Although EDA currently has an existing Economic Development Integration (EDI) practice, PWEDA should be amended to include language that formally establishes EDI and fully outlines its role.
  - **Congress should provide dedicated funding for EDI so that this practice can become a fully-resourced and fully-staffed division within EDA.** This would enhance the ability of EDI specialists to conduct on-the-ground technical assistance in communities across the country, ensuring the entirety of the federal government’s resources are effectively and efficiently utilized in support of local and regional economic development.
- **STRENGTHEN COLLABORATION BETWEEN EDA, ECONOMIC DEVELOPMENT DISTRICTS (EDD), AND ECONOMIC DEVELOPMENT ORGANIZATIONS:**
  - Economic Development Districts (EDDs) and Economic Development Organizations (EDOs) are core constituencies of EDA. As such, EDA should explore all avenues to partner with and support collaboration between EDDs and EDOs utilizing their authority and resources.
  - EDDs have long partnered with the Agency and have a dedicated line of funding. EDOs are eligible to apply for competitive EDA funding as they are units of local, state and tribal government, non-governmental organizations or public-private partnerships. However, many EDOs do not currently partner with EDA due to a combination of a lack of available funding, lack understanding of EDA programming, misperceptions related to eligibility and a perceived inflexibility at EDA to explore new partnerships. Unfortunately, for various reasons EDOs do not always partner with their local EDD either. This lack of collaboration between EDDs, EDOs and EDA negatively impacts communities as they look to better develop their economies. The disaster scenarios in recent years have emphasized a need to significantly increase collaboration between EDA, EDDs, and EDOs.
  - **Congress should include clear directive for EDA to collaborate, partner and support EDDs and EDOs in reauthorizing the agency.** Such a directive would further cement the vital, balanced roles of planning and execution in supporting economic development. **Congress should also establish a technical and operational capacity assistance program** that provides resources to increase regional collaboration and to execute regional economic development strategic plans.
- **ELEVATE EDA LEADERSHIP TO AN UNDER SECRETARY LEVEL:**
  - EDA is currently headed by an Assistant Secretary-level appointee. Given EDA’s role as the lead federal agency for economic development and the vital importance of this role during times of economic distress -- and consistent with EDA’s increased funding and its thereby heightened role in facilitating disaster resiliency and recovery and coordination among other agencies -- **Congress should elevate the Assistant Secretary position to an Under Secretary level position in EDA’s reauthorization.**

- **RAISE EDA’S AUTHORIZATION LEVEL TO \$3 BILLION:**

- EDA’s authorized funding level does not accurately reflect the importance of the role the agency plays as the lead federal economic development agency, nor does it adequately meet the demonstrated need for economic development leadership and resources that exists across America’s communities and regions. EDA investments have a track record of leveraging additional investments and catalyzing new economic opportunity. Congress should significantly increase its annual investment in EDA to enhance the reach and impact of the agency.
- Between supplemental disaster response funding and annual appropriations EDA received nearly \$2 billion in funding for FY 2020 and more than \$3 billion in FY 2021. In FY 2020 the agency received requests for funding that far surpassed EDA’s available funding, which is indicative of both the value of EDA’s leadership and programming, as well as the significant and growing need for federal economic development resources. **Congress should increase EDA’s annual authorized funding level to \$3 billion.**

**Coalition Members:**

International Economic Development Council (IEDC)

Main Street America

National Association of Counties (NACo)

National Association of Development Organization (NADO)

National Association of Regional Councils (NARC)

National League of Cities (NLC)

Rural Community Assistance Partnership (RCAP)