

Economic Development Administration

The Economic Development Administration (EDA) helps our partners across the nation (states, regions, and communities) create wealth and minimize poverty by promoting a favorable business environment to attract private capital investments and higher-skill, higher-wage jobs through capacity building, planning, infrastructure investments, research grants, and strategic initiatives. EDA carries out its Economic Development Assistance Program (EDAP) through a network of headquarters and regional personnel that work directly with local organizations and leaders to identify and invest in projects that demonstrate potential for the greatest economic impact in distressed communities.

EDA programs serve as a catalyst for assisting the nation's distressed communities in achieving their long-term economic potential through the strategic investment of resources based upon locally and regionally developed priorities. EDA works in partnership with other federal agencies, state and local governments, regional economic development districts, public and private non-profit organizations, Native American Indian Tribes, and Alaska Native Villages to accomplish its mission. EDA investments assist communities characterized by substantial and persistent unemployment levels, low income, low population growth, loss of jobs, out-migration, and long-term economic deterioration. EDA will continue to place priority on investments that drive economic growth, enhance regional competitiveness, and diversify the regional and local economy while also seeking greater target funds to our nation's communities of highest distress.

Public Works investments support the construction or expansion of infrastructure and development facilities that are needed for industrial and commercial development, including water and sewer systems; telecommunications and other electronic commerce infrastructure; industrial parks; skill-training facilities; business incubator facilities that support entrepreneurial development; eco-industrial development projects; and brownfields redevelopment.

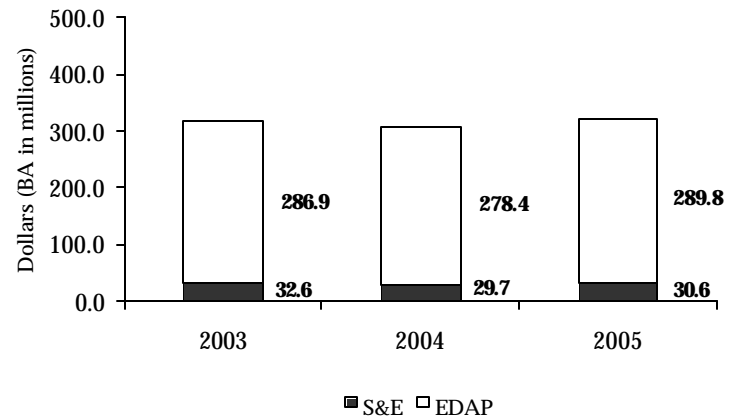
Planning investments support the design and implementation of effective economic development policies, programs and strategies of local economic development organizations, states, regional planning authorities, and communities. EDA funds a network of 323 Economic Development Districts, which are multi-county development organizations, composed of various representatives of the area, including, but not limited to, local government, private sector, and community representatives. These organizations work in a local partnership to develop a Comprehensive Economic Development Strategy (CEDs) for their area.

Technical Assistance investments provide technical assistance and expertise, such as feasibility and industry studies for economic development efforts. EDA also supports a nationwide network of 69 university centers that utilize the resources of institutions of higher education for the purpose of promoting private sector job creation and economic development in communities in their service areas.

EDA's **Trade Adjustment Assistance Program** provides assistance to U.S. firms and industries injured as a result of international trade competition. EDA investments support a nationwide system of 12 Trade Adjustment Assistance Centers strategically located to help firms and industries injured by imports to develop and implement economic recovery strategies.

Economic Adjustment investments help communities adjust to gradual erosion or a sudden downturn in economic conditions that can cause structural damage to the underlying economic base, including communities adversely affected by major catastrophic disasters, by providing long-term economic recovery assistance.

EDA Funding



Research and Evaluation funds provide a coordinated, comprehensive information gathering and distribution process and serve as the agency's conduit and repository for best practices in economic development. This program also tracks the benefits provided by EDA projects, including the number of jobs created and private sector dollars leveraged. EDA continues a series of evaluations to gauge the effectiveness of its efforts.

Summary of Appropriations

Funding Levels

	2003 <u>Actual</u>	2004 <u>Estimate</u>	2005 <u>Estimate</u>	Increase <u>(Decrease)</u>
Appropriation				
Salaries and Expenses	\$30,565	\$30,244	\$30,565	\$321
EDAP	288,115	285,083	289,762	4,679
TOTAL APPROPRIATION	318,680	315,327	320,327	5,000

Unobligated balance rescission, S&E		(550)	0	550
Unobligated balance rescission, EDAP		(6,667)	0	6,667
Transfer to Salaries and Expenses	2,000			
Transfer from Revolving Fund (P.L. 108-7, Section 205)	(800)			
Transfer from EDAP (P.L. 108-7, Section 205)	(1,200)			

Budget Authority

Salaries and Expenses	32,565	29,694	30,565	871
EDAP	286,915	278,416	289,762	11,346
EDA Revolving Fund	(800)	0	0	0
TOTAL BUDGET AUTHORITY	318,680	308,110	320,327	12,217

FTE

Salaries and Expenses	229	261	261	0
Reimbursable	7	7	7	0
Total	236	268	268	0

Highlights of Budget Changes

Appropriation: Salaries and Expenses

Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
2004 Appropriation			261	\$30,244
Adjustments to Base				
Other Changes				
2005 Pay raise		\$156		
Change in Compensable Days		(85)		
Civil Service Retirement System (CSRS)		(28)		
Federal Employees' Retirement System (FERS)		40		
Thrift Savings Plan		8		
Federal Insurance Contributions Act (FICA) - OASDI		14		
Health insurance		18		
Employees' Compensation Fund		47		
Travel		10		
Rent payments to GSA		50		
Other services: Working Capital Fund		67		
General Level Pricing Adjustment:		34		
Subtotal, other cost changes			0	331
Less amount absorbed				(10)
TOTAL, ADJUSTMENTS TO BASE			0	321
2005 Base			261	30,565
Program Changes			0	0
2005 APPROPRIATION			261	30,565

Comparison by Activity

	2004 Currently Avail.		2005 Base		2005 Estimate		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
DIRECT OBLIGATIONS								
Salaries & Expenses	261	\$33,072	261	\$30,565	261	\$30,565	0	\$0
TOTAL DIRECT OBLIGATIONS	261	33,072	261	30,565	261	30,565	0	0
REIMBURSABLE OBLIGATIONS	7	1,762	7	909	7	909	0	0
TOTAL OBLIGATIONS	268	34,834	268	31,474	268	31,474	0	0
FINANCING								
Unobligated balance, start of year (Direct)		(3,378)						
Unobligated balance, start of year (Reimbursable)		(853)						
Offsetting collections from:								
Federal funds	(7)	(909)			(7)	(909)		
Subtotal, financing	(7)	(5,140)			(7)	(909)		
TOTAL BUDGET AUTHORITY	261	29,694			261	30,565		
Unobligated balance, rescission		550						
TOTAL APPROPRIATION	261	30,244						

Appropriation: Economic Development Assistance Programs

Summary of Requirements

	<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>
2004 Appropriation		\$285,083
Base reduction pursuant to 2004 unobligated balance		(321)
2005 Base		<u>284,762</u>
Program Changes		5,000
2005 APPROPRIATION		<u>289,762</u>

Comparison by Activity

	2004 Currently Avail.		2005 Base		2005 Estimate		Increase / Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
DIRECT OBLIGATIONS								
Public Works		\$200,151		\$200,100		\$200,100	0	\$0
Planning		23,747		23,667		23,667	0	0
Technical Assistance		8,346		8,300		8,300	0	0
Research and Evaluation		495		495		495	0	0
Trade Adjustment Assistance		11,874		11,800		11,800	0	0
Economic Adjustment		40,470		40,400		45,400	0	5,000
TOTAL DIRECT OBLIGATIONS	0	285,083	0	284,762	0	289,762	0	5,000
REIMBURSABLE OBLIGATIONS		<u>17,900</u>				<u>17,900</u>		
TOTAL OBLIGATIONS	0	302,983			0	307,662		
FINANCING								
Unobligated balance, start of year		(15,355)						
Transfer to Treasury		8,688						
Offsetting collections from:								
Federal funds		(17,900)				(17,900)		
Subtotal, financing	0	<u>(24,567)</u>			0	<u>(17,900)</u>		
TOTAL BUDGET AUTHORITY	0	278,416			0	289,762		
Unobligated balance, rescission		<u>6,667</u>						
TOTAL APPROPRIATION	0	285,083						

Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Economic Adjustment Assistance Program	0	\$40,400	0	+\$5,000

The President's 2005 Budget requests an increase of \$5 million to enable EDA to offer assistance in areas that demonstrate a high level of economic distress from long-term economic deterioration or that are suffering from sudden and severe dislocation to their economies. Financial resources from state and local governments and other entities are scarce and there is a demonstrated need for as much as a 25% increase to the program. This increase will address the needs of communities facing the most severe economic crises including areas affected by major plant closures or rural and urban communities suffering from chronic economic distress. Funds will be invested in brownfields redevelopment, high-technology development and manufacturing, incubators to foster such development, and infrastructure investments that will help restructure the regional economy and support sustainable economic development efforts.

EDA Performance Measures

EDA performance measures and targets focus on program measures, some of which are generated over a period of years following EDA investment and project completion. Performance targets for the promotion of private sector investment and job creation are based on evaluations conducted by a consortium of independent research institutions led by Rutgers University. The "Public Works Program: Performance Evaluation" (May 1997) reported on 205 public works projects whose last payment was received in FY 1990. The methodology for evaluating results ensured that projects were completed and in operation long enough to assess results. The evaluation showed that actual results can be quantified at project completion (typically three years after the awarding of the grant), and increase substantially over the next six years, resulting in a median of 3,058 EDA dollars per job and a leveraging ratio of 10.08 private dollars for each EDA dollar (1997 dollars). Targets are discounted pending availability of more complete trend data.

EDA has established an ongoing reporting system, beginning with FY 1997 grant awards, to track long-term program outcomes for private sector investment and job creation in distressed communities. This reporting system is designed to obtain data on actual performance that are comparable to the baseline evaluations and long-term performance projections as discussed above. EDA will collect data (snapshots of actual performance) at three-year intervals for up to nine years following the awarding of the grant. This reporting system will enable EDA to develop a database with multi-year trend data on jobs and private sector investment generated by EDA projects. FY 2005 investments for construction and revolving loan fund projects are expected to create or retain 45,200 jobs, and leverage \$1.6 billion in private sector investment by FY 2014.

In FY 2005, EDA will continue to move from a culture of compliance to a culture of performance. Consistent with the findings of performance-based analysis, EDA will continue to examine its role within the context of overall economic development efforts and market conditions. EDA will focus on performance measures that are proven indicators of the taxpayers' and EDA's return on investment in America's distressed communities.

The following table shows the measures that EDA uses to gauge its performance. A more detailed description of these goals and measures is in the EDA section of the Department of Commerce budget. For the first two performance measures, for the FY 2003 actuals, the first amount for each performance measure represents the level generated from FY 2000 funds. The second represents the level generated from FY 1997 funds.

Performance Goals (Obligations) and Measures (Targets)

(Obligations in millions)

	2003	2004	2005
	<u>Actual</u>	<u>Estimate / Target</u>	<u>Estimate / Target</u>
Goal 1: Promote private enterprise and job creation in economically distressed communities	\$269.6	\$249.7	\$253.3
Private sector dollars invested in distressed communities as a result of EDA investments	\$1,251 M from 2000 funding \$2,475 M from 1997 funding	\$318 M by 2007 \$795 M by 2010 \$1,590 M by 2013	\$320 M by 2008 \$800 M by 2011 \$1,603 M by 2014
Jobs created or retained in distressed communities as a result of EDA investments	39,841 from 2000 funding 47,607 from 1997 funding	9,140 by 2007 22,850 by 2010 45,700 by 2013	9,036 by 2008 22,591 by 2011 45,181 by 2014
State and local dollars committed per EDA dollar	\$1 - \$1	\$1 - \$1	\$1 - \$1
Percentage of investments in areas of highest distress	37-43%	37-43%	37-43%
Percentage of EDA dollars invested in technology related projects in distressed areas	7-10%	7-10%	7-10%
Goal 2: Improve community capacity to achieve and sustain growth	\$58.4	\$65.6	\$67.0
% of economic development districts and Indian tribes implementing projects from the CEDS process that lead to private investment and jobs	96.7%	95%	95%
% of substate jurisdiction members actively participating in the economic development district program	98.7%	89-93%	89-93%
% of University Center (UC) clients taking action as a result of University Center assistance	78.1%	75%	75%
% of those actions taken by UC clients that achieve the expected results	85.7%	80%	80%
% of Trade Adjustment Assistance Centers (TAACs) clients taking action as a result of TAAC assistance	92.4%	90%	90%
% of those actions taken by TAAC clients that achieved the expected results	98.4%	95%	95%
% of local technical assistance and economic adjustment strategy investment awarded in areas of highest distress	30.2%	30-35%	30-35%
* Total	\$328.0	\$315.3	\$320.3

* All funding amounts do not include reimbursables and one time costs since these vary widely from year to year. FY 2004 targets are directly dependent on funding amounts, so the funding amount reflects the S&E and EDAP appropriated levels since those are the only certain funding amounts.