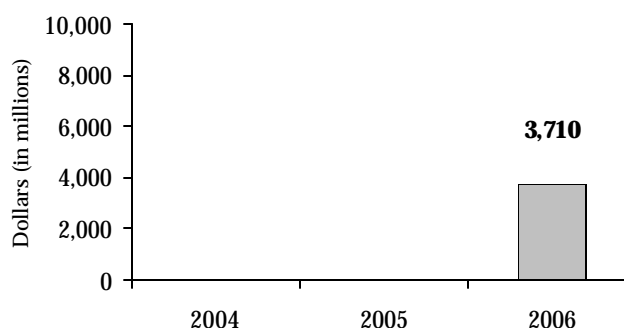


Economic Development Challenge

The FY 2006 President's Budget creates a new economic development program, the Strengthening America's Communities Grant Program, which will be administered by a new unit, the Economic Development Challenge, within the Department of Commerce. The Strengthening America's Communities Grant Program replaces the duplicative set of Federal economic and community development programs with a more consolidated approach that focuses resources on the creation of jobs and opportunities, encourages private sector investment and includes rigorous accountability measures and incentives. The program will provide flexibility and a reduced administrative burden while requiring demonstrated progress towards meeting program goals. Additionally, the program provides a bonus fund for communities that have demonstrated progress in attracting businesses. The program will provide States and communities with a source of funding for planning, infrastructure development, and business financing to help achieve long-term economic stability and growth. The Administration will propose authorization legislation for this program. FTE estimates to be provided at a later date.

EDC Total Obligations



Summary of Appropriations

Funding Levels

| | 2004 <u>Actual</u> | 2005 <u>Estimate</u> | 2006 <u>Estimate</u> | Increase (Decrease) |
|---|-----------------------|-------------------------|-------------------------|------------------------|
| Appropriation | | | | |
| Strengthening America's Communities Grant Program | \$0 | \$0 | \$3,710,000 | \$3,710,000 |
| FTE | 0 | 0 | TBD | TBD |

Highlights of Budget Changes

Appropriation: Strengthening America's Communities Grant Program

Summary of Requirements

| | Summary | |
|----------------------------|------------|---------------|
| | <u>FTE</u> | <u>Amount</u> |
| 2005 Appropriation | 0 | \$0 |
| Adjustments to Base | 0 | 0 |
| 2006 Base | 0 | 0 |
| Program Changes | TBD | 3,710,000 |
| 2006 APPROPRIATION | TBD | 3,710,000 |

Comparison by Activity

| | 2005 Currently Avail. | | 2006 Base | | 2006 Estimate | | Increase / Decrease | |
|--|-----------------------|--------|-----------|--------|---------------|-------------|---------------------|-------------|
| | FTE | Amount | FTE | Amount | FTE | Amount | FTE | Amount |
| DIRECT OBLIGATIONS | | | | | | | | |
| Economic Development Grants | 0 | \$0 | 0 | \$0 | TBD | \$3,710,000 | TBD | \$3,710,000 |
| TOTAL DIRECT OBLIGATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REIMBURSABLE OBLIGATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OBLIGATIONS / APPROPRIATION | 0 | 0 | 0 | 0 | TBD | 3,710,000 | TBD | 3,710,000 |

Highlights of Program Changes

| | <u>Base</u> | | <u>Increase / Decrease</u> | |
|--|-------------|---------------|----------------------------|---------------|
| | <u>FTE</u> | <u>Amount</u> | <u>FTE</u> | <u>Amount</u> |
| | 0 | 0 | TBD | +\$3,710,000 |

These funds will be used to create a new program that will replace the current duplicative set of Federal community and economic development programs with a more consolidated approach. The new program will include strong accountability measures and incentives designed to achieve greater results, and target funding to communities most in need of assistance.