

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

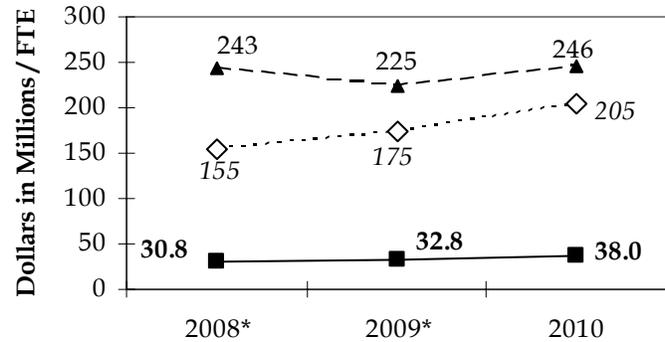
partnership with other Federal agencies, state and local governments, regional economic development districts, public and private non-profit organizations, Native American Indian Tribes, and Alaska Native Villages to accomplish its mission. The program targets communities that have been experiencing long-term chronic economic distress or sudden and severe economic dislocation, typically characterized by substantial and persistent unemployment levels, low income, slow population growth, loss of jobs, out-migration, and long-term economic deterioration.

In FY 2010, EDA plans to devote \$50 million to support the creation of Regional Innovation Clusters that leverage regions' existing competitive strengths to boost job creation and economic growth. EDA will also launch a \$50 million initiative that will create a national network of public-private business incubators to encourage entrepreneurial activity in economically distressed areas.

EDA will increase funding for the Economic Adjustment Assistance program (EDA's most flexible program), where grants are focused on communities facing sudden and severe economic distress. This increase reflects EDA's expanded commitment to Regional Innovation Clusters and Business Incubator investments. EDA will continue to fund technical assistance for the University Centers, planning support for EDA's network of Economic Development Districts and for Indian Tribes, the Trade Adjustment Assistance for firms program, the Research program, the Public Works program, and the Global Climate Change Mitigation Incentive Fund.

EDA will focus staff resources on outreach and technical assistance to distressed communities by helping communities analyze and understand socioeconomic and demographic data from a wide variety of sources, and how that data can be used to develop strategies to achieve global competitiveness. EDA staff will help communities cultivate relationships with key business, civic community, academia, and local government partners to achieve regional economic development opportunities, foster innovation, and support entrepreneurship. EDA will also continue to administer and monitor its programs, which include more than 1,368 planning, technical assistance, and economic adjustment (non-construction) investments, the trade adjustment assistance program, and 571 revolving loan funds (\$826 million in assets), in addition to its construction investments in economic adjustment and public works.

Budget Authority and FTE



*Figures do not include \$500M in Supplemental Appropriations in FY 2008 and \$150M in Recovery Act funding in FY 2009.

—■— S&E Funding ···◇··· FTE - -▲- - EDAP Funding

Summary of Appropriations

Funding Levels

Appropriation	2008 <u>Actual</u>	2009 <u>Estimate</u>	2010 <u>Estimate</u>	Increase <u>(Decrease)</u>
Salaries and Expenses	\$30,832	\$32,800	\$38,000	\$5,200
EDAP	249,100	240,000	246,000	6,000
Supplemental Appropriations (P.L. 110-252)	100,000	0	0	0
Supplemental Appropriations (P.L. 110-329)	400,000	0	0	0
Recovery Act (P.L. 111-5)		150,000	0	(150,000)
TOTAL APPROPRIATION	779,932	422,800	284,000	(138,800)
Unobligated balance rescission	(5,700)	(15,000)		

Budget Authority

Salaries and Expenses	30,832	32,800	38,000	5,200
EDAP	743,400	375,000	246,000	(129,000)
EDA Revolving Fund	0	0	0	0
TOTAL BUDGET AUTHORITY	774,232	407,800	284,000	(123,800)

FTE

Salaries and Expenses	155	175	205	30
Reimbursable	5	5	5	0
Total	160	180	210	30

*The FTE levels for FY 2010 have been adjusted and are different from the levels reflected in the President's Budget.

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>
2009 Appropriation			175	\$32,800
Adjustments to Base				
<u>Other Changes</u>				
2009 Pay raise		\$324		
2010 Pay raise		292		
Employees' Compensation Fund		5		
Payment to Working Capital Fund		18		
Civil Service Retirement System (CSRS)		(43)		
Federal Employees' Retirement System (FERS)		69		
Thrift Savings Plan		12		
Federal Insurance Contributions Act (FICA) - OASDI		38		
Health insurance		4		
Travel				
Mileage		63		
Per Diem		26		
Postage		1		
Rent payments to GSA		54		
Printing and Reproduction		1		
GSA Steam		102		
Electricity		205		
NARA		4		
Other services/Working Capital Fund		479		
Less Payment to WCF for Utilities		(290)		
Less Payment to WCF for ITA Personnel Services		(311)		
General Pricing Level Adjustment:				
Rental payments to others		2		
Other services		34		
Supplies and materials		4		
Equipment		3		
Subtotal, other cost changes			0	1,096
TOTAL, ADJUSTMENTS TO BASE			0	1,096
2010 Base			175	33,896
Program Changes			30	4,104
2010 APPROPRIATION			205	38,000

*The FTE levels for FY 2010 have been adjusted and are different from the levels reflected in the President's Budget.

Comparison by Activity

	2009 Currently Avail.		2010 Base		2010 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 and Expenses	175	\$33,974	175	\$33,896	205	\$38,000	30	\$4,104
TOTAL DIRECT OBLIGATIONS	175	33,974	175	33,896	205	38,000	30	4,104
REIMBURSABLE OBLIGATIONS	5	1,587	5	1,320	5	1,320	0	0
TOTAL OBLIGATIONS	180	35,561	180	35,216	210	39,320	30	4,104
FINANCING								
Unobligated balance, start of year (Direct)		(1,174)						
Unobligated balance, start of year (Reimb.)		(852)						
Offsetting coll. from Federal funds	(5)	(735)			(5)	(1,320)		
Subtotal, financing	(5)	(2,761)			(5)	(1,320)		
TOTAL BUDGET AUTHORITY / TOTAL APPROPRIATION	175	32,800			205	38,000		

*The FTE levels for FY 2010 have been adjusted and are different from the levels reflected in the President's Budget.

Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Salaries and Expenses	175	\$33,896	30	+\$4,104

The President's Budget Request includes approximately \$0.6 million to fund an additional 7 full-time employees for the Revolving Loan Fund (RLF) program. EDA leadership noted significant management challenges concerning the Revolving Loan Fund program, and, beginning in 2001 requested the Office of the Inspector General (OIG) to review the operation of a number of individual revolving loan funds. Additionally, the 2010 President's Budget Request includes approximately \$3.5 million for S&E to address the anticipated surge in grant processing and monitoring associated with activities from two supplementals provided to EDA in 2008. The supplemental Appropriations Act of June 30, 2008, (P.L. 110-252) which provided EDA an additional \$100 million, as well as an additional \$400 million provided to EDA under the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (P.L. 110-329), are restricted for necessary programmatic expenses related to disaster relief, long term recovery, and restoration of infrastructure for areas affected by recent natural disasters.

Appropriation: Economic Development Assistance Programs**Summary of Requirements**

	<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>
2009 Appropriation	0	\$240,000
Recovery Act Appropriation		150,000
Total Appropriation	0	390,000
Unobligated Balance Recission		(15,000)
Adjustments to Base		
Non-recurring items	0	(150,000)
Restoration of unobligated balance recission		15,000
2010 Base	0	240,000
Program Changes		6,000
2010 APPROPRIATION	0	246,000

Comparison by Activity

	2009 Currently Avail.		2010 Base		2010 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								
Global Climate Change	0	\$14,700	0	\$14,700	0	\$16,500	0	\$1,800
Public Works	0	148,296	0	163,280	0	72,800	0	(90,480)
Planning	0	31,005	0	31,000	0	31,000	0	0
Technical Assistance	0	9,497	0	9,400	0	13,400	0	4,000
Research and Evaluation	0	493	0	490	0	1,500	0	1,010
Trade Adjustment Assistance	0	15,800	0	15,800	0	15,800	0	0
Economic Adjustment	0	185,347	0	35,330	0	125,000	0	89,670
Supplemental Appropriations		492,708						
Category B Appropriations		1,743						
TOTAL DIRECT OBLIGATIONS	0	899,589	0	270,000	0	276,000	0	6,000
REIMBURSABLE OBLIGATIONS	0	15,000			0	15,000		
TOTAL OBLIGATIONS	0	914,589			0	291,000		
FINANCING								
Unobligated balance, start of year		(494,589)						
Recoveries of prior year obligations		(30,000)				(30,000)		
Offsetting collections from:								
Federal funds		(15,000)				(15,000)		
Subtotal, financing	0	(539,589)			0	(45,000)		
TOTAL BUDGET AUTHORITY	0	375,000			0	246,000		
Unobligated balance rescission	0	15,000			0	0		
TOTAL APPROPRIATION	0	390,000			0	246,000		

Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<u>Global Climate Change</u>	0	\$14,700	0	+\$1,800

Expansion of the Global Climate Change Mitigation Incentive Fund (GCCMIF) would allow EDA to increase the variety of green projects in which the Agency is able to invest, thereby enhancing the level of resource conservation, sustainability, and the associated economic impacts. Specifically, the GCCMIF would finance projects that foster the green economy by promoting economic competitiveness, and enhancing environmental quality. Such projects would promote sustainability, diversify the economy, and promote 21st century higher-skill, higher-wage jobs.

<u>Public Works</u>	0	\$163,280	0	-\$90,480
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Funding will be commensurately increased for Economic Adjustment Assistance, which can and does fund similar projects, but has somewhat greater flexibility. The statutory provisions that apply to Economic Adjustment Assistance provide for single application planning and implementation grants that speed assistance to communities suffering sudden and severe economic dislocations, such as those associated with natural disasters and the current economic crisis.

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<u>Technical Assistance</u>	0	\$9,400	0	+\$4,000

The requested Technical Assistance funding supports EDA’s efforts to increase our investment in Regional Innovation Clusters and Business Incubator Networks. The Regional Innovation Clusters component of this request will initiate the formation of an information center to begin mapping the geography of clusters and initiate a registry of cluster initiatives and programs. The resulting data-rich cluster activity geography will inform decision-making by businesses, state and local development agencies, and federal policymakers and program managers.

The Business Incubator Networks component will support and facilitate the diffusion of success models and best practices.

<u>Research and Evaluation</u>	0	\$490	0	+\$1,010
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The requested Research and Evaluation funding increase supports EDA’s efforts to understand and promote the development of the Regional Innovation Clusters and Business Incubator Network initiatives. The Regional Innovation Clusters component will expand on EDA’s successful integrated research agenda by addressing cluster dynamics, cluster initiative program impacts, and best practices in the U.S. and abroad. This research will seek to understand and inform practitioners about cluster types, trajectories, and success factors in various circumstances. The Business Incubator Network component will continue and expand EDA’s existing research agenda into business incubators and their network support systems.

<u>Economic Adjustment</u>	0	\$35,330	0	+\$89,670
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Funding will be commensurately decreased for Public Works, which has somewhat lesser flexibility. The increase in EA funding reflects EDA’s expanded commitment to the Regional Innovation Clusters and Business Incubator investment initiatives. The Regional Innovation Clusters component supports early-stage cluster initiative activities to begin planning, asset mapping, and feasibility and implementation studies. It also provides enhanced grant funding for cluster initiative programs that promote the activities of specific regional cluster initiatives. The Business Incubators Network funding expands EDA’s commitment to the business incubator investments.

EDA Performance Measures

All EDA program activities support the Department of Commerce (DOC) strategic goal to “Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.” For investments made in 2008, 2009, and 2010, long-term outcome results will be reported by investment recipients over a period of nine years at three year intervals. EDA’s nine-year targets are derived from a mid-1990s Rutgers University research project that identified and analyzed the actual jobs and private investment generated by EDA investments. EDA’s three- and six-year targets are estimates of the percentage of the nine-year projection that will be achieved in those respective time periods. These estimates have been found to underestimate actual results. Therefore, EDA will be evaluating the formula-based projections and the underlying study when final nine-year results are received. EDA will track its trade adjustment assistance programs to make certain they are providing market-based and value-added services.

Below are EDA’s current performance outcomes and selected measures. A more detailed description of these outcomes and measures is in the EDA section of the Department of Commerce budget.

Performance Outcomes and Measures

(Dollars reflect obligations in Millions)

	2008 Actual	2009 Estimate / Target	2010 Estimate / Target
Outcome 1: Promote private enterprise and job creation in economically distressed communities and regions	\$229.7	\$274.7	\$165.3
Private sector dollars invested in distressed communities as a result of EDA investments	\$4,173M from 1999 investments \$1,393M from 2002 investments \$1,013M from 2005 investments	\$437M by 2012 \$1,093M by 2015 \$2,186M by 2018	\$204M by 2013 \$511M by 2016 \$1,022M by 2019
Jobs created or retained in distressed communities as a result of EDA investments	57,701 from 1999 investments 30,719 from 2002 investments 14,819 from 2005 investments	11,183 by 2012 27,958 by 2015 55,915 by 2018	5,151 by 2013 12,877 by 2016 25,754 by 2019
Outcome 2: Build community capacity to achieve and sustain economic growth	\$82.5	\$133.1	\$118.8
% of economic development districts and Indian tribes implementing projects from the CEDS process that lead to private investment and jobs	92%	95%	95%
% of substate jurisdiction members actively participating in the economic development district program	90%	89-93%	89-93%
% of University Center (UC) clients taking action as a result of University Center assistance	80%	75%	75%
% of those actions taken by UC clients that achieve the expected results	84%	80%	80%
% of Trade Adjustment Assistance Centers (TAACs) clients taking action as a result of TAAC assistance	92%	90%	90%
% of those actions taken by TAAC clients that achieved the expected results	95%	95%	95%
Total ¹	\$312.2	\$407.8	\$284.0

¹ All funding amounts do not include reimbursable and one time costs since these vary widely from year to year. FY 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.

