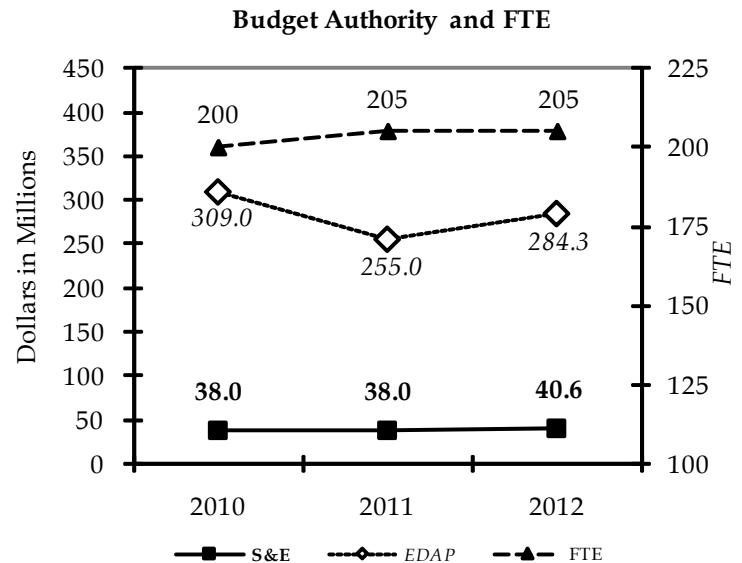


# Economic Development Administration

The Economic Development Administration (EDA) focuses on accelerating the transition to the 21st Century economy by supporting sustainable job growth and regional competitiveness across the United States through the promotion of the Jobs and Innovation Partnership. At its core, the Jobs and Innovation Partnership puts a premium on regional innovation cluster strategies as the platform for linking, aligning, and organizing multiple initiatives across the Administration and across the nation's economically integrated metropolitan and rural areas. EDA's Jobs and Innovation Partnership agenda reflects the reality that American communities and businesses must embrace the global economy and re-tool to develop the 21st century infrastructure, technology, exportable products and services, and international markets needed to compete.



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.

In FY 2010, EDA announced the i6 Challenge, a new \$12 million innovation competition, led by EDA and in partnership with the National Institutes of Health and National Science Foundation, to reward the most innovative ideas to drive commercialization and entrepreneurship in regions across the country. It was designed to foster stronger collaboration among entrepreneurs, investors, universities, private sector companies, non-profits, and state and local governments. EDA plans to continue this effort in FY 2011 through a competitive i6 Challenge focused on promoting innovations in the green economy, and will run the successful challenge grant program again in FY 2012.

EDA will continue to leverage the potential of institutions of higher education to promote economic development. EDA's Office of Innovation and Entrepreneurship has led the federal government's effort to build stronger mechanisms for commercializing research at our universities. And, EDA's University Center program can play an important role in this effort as well; therefore, EDA is proposing to increase investments in university-based economic development investments as part of its FY 2012 budget.

In FY 2012, EDA will expand its efforts to foster globally competitive regions through its new Regional Innovation Program. This program will be specifically targeted to support Growth Zones, a collaborative, multi-agency effort to stimulate regional economic development. Additionally, EDA will utilize its 21<sup>st</sup> Century Infrastructure Program (successor to Public Works) to support a new loan guarantee program which authorizes EDA to guarantee up to 80 percent of the amount of a loan provided that the maturity date does not exceed the lesser of 30 years or 90 percent of the useful life of any physical asset financed by the loan. EDA will utilize \$7,000,000 in 21<sup>st</sup> Century Infrastructure Program funds for the subsidy cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990), to remain available until expended.

The Agency has strategically invested resources to support a wide array of critical infrastructure for Regional Innovation Clusters, including science and research parks, broadband/smartgrid technology, business incubators and accelerators, high-tech shipping and logistics facilities, and workforce training centers. For example, the Virginia Tech University Institute for Advanced Learning and Research in Danville established a branch of the University in a very rural area near the North Carolina border. The regional economic impact of this science park may be felt well beyond the state line as it focuses on research in fields of study such as nanotechnology and polymer science and draws companies to the area that want to be close to access this expertise. EDA utilizes its many programs, including its University Center, Partnership Planning (Successor to Planning), and 21st Century Innovation Infrastructure programs, to strengthen the unique regional assets that support and drive cluster development and economic prosperity across the nation.

EDA will continue to provide strategic investments that provide technical assistance for the University Centers; planning support for EDA’s network of Economic Development Districts and for Native American Indian Tribes; resources to help distressed communities revitalize, expand, and upgrade their hard and soft infrastructure through the 21st Century Innovation Infrastructure, the Economic Adjustment Assistance, and the Sustainable Economic Development (Successor to Global Climate Change Mitigation Incentive Fund) Programs; and investments to foster cutting-edge tools and data through the Research and Evaluation program.

## Summary of Appropriations

### Funding Levels

	2010 <u>Actual</u>	2011 CR <u>(Annualized)</u>	2012 <u>Estimate</u>	Increase <u>(Decrease)</u>
Appropriation, Discretionary				
Salaries and Expenses	\$38,000	\$38,000	\$40,631	\$2,631
EDAP	309,000	255,000	284,300	29,300
<b>DISCRETIONARY APPROPRIATION</b>	<b>347,000</b>	<b>293,000</b>	<b>324,931</b>	<b>31,931</b>
Transfers from EDAP to S&E	[(1,882)]			
<b>Budget Authority</b>				
Salaries and Expenses	38,000	38,000	40,631	2,631
EDAP	309,000	255,000	284,300	29,300
EDA Revolving Fund	0	0	0	0
Subtotal, Discretionary Budget Authority	347,000	293,000	324,931	31,931
<b>Appropriation, Mandatory</b>				
Wireless Innovation Fund (WIN)	0	0	20,000	20,000
<b>TOTAL BUDGET AUTHORITY</b>	<b>347,000</b>	<b>293,000</b>	<b>344,931</b>	<b>51,931</b>
<b>FTE</b>				
Salaries and Expenses	200	205	205	0
Reimbursable	5	5	5	0
Total	205	210	210	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>
<b>2011 CR (Annualized)</b>			205	\$38,000

#### Adjustments to Base

Restoration of Base Reductions 1,820

#### Other Changes

Civil Service Retirement System (CSRS)	(\$106)		
Federal Employees' Retirement System (FERS)	177		
Thrift Savings Plan	30		
Employees' Compensation Fund	(12)		
Federal Insurance Contributions Act (FICA) - OASDI	69		
Health insurance	76		
Travel:			
Mileage	37		
Per Diem	(31)		
Rent payments to GSA	40		
Printing and Reproduction	1		
Water	1		
Electricity	64		
Other services/Working Capital Fund	203		
General Pricing Level Adjustment:			
Rental payments to others	3		
Other services	248		
Supplies and materials	6		
Equipment	5		
Subtotal, other cost changes		0	811
<b>TOTAL, ADJUSTMENTS TO BASE</b>		0	2,631
<b>2012 Base</b>		205	40,631
Administrative Savings			[361]
Program Changes		0	0
<b>2012 APPROPRIATION</b>		205	40,631

**Comparison by Activity**

	2011 Currently Avail.		2012 Base		2012 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>
<b>DIRECT OBLIGATIONS</b>								
Salaries and Expenses	205	\$43,481	205	\$40,631	205	\$40,631	0	\$0
<b>TOTAL DIRECT OBLIGATIONS</b>	205	43,481	205	40,631	205	40,631	0	0
REIMBURSABLE OBLIGATIONS	5	2,053	5	1,320	5	1,320	0	0
<b>TOTAL OBLIGATIONS</b>	210	45,534	210	41,951	210	41,951	0	0
<b>FINANCING</b>								
Unobligated balance, start of year (Direct)		(5,481)						
Unobligated balance, start of year (Reimb.)		(733)						
Offsetting coll. from Federal funds	(5)	(1,320)			(5)	(1,320)		
Subtotal, financing	(5)	(7,534)			(5)	(1,320)		
<b>TOTAL BUDGET AUTHORITY / TOTAL APPROPRIATION</b>	205	38,000			205	40,631		

**Administrative Savings**

The Administration is pursuing an aggressive government-wide effort to curb non-essential administrative spending called the Administrative Efficiency Initiative. In order to be good stewards of taxpayer money the Federal Government should continue to seek ways to improve the efficiency of programs without reducing their effectiveness. As such, the President directed each agency to analyze its administrative costs and identify savings where possible. After reviewing its administrative costs, EDA identified \$361,000 in administrative savings. Of these savings, \$210,000 is tied to the acquisition plans for FY 2012 and \$151,000 in Working Capital Fund savings. The \$361,000 in administrative savings will be reinvested in activities relating to priority programmatic initiatives within EDA.

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

	<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>
<b>2011 CR (Annualized)</b>	0	\$255,000
<b>2012 Base</b>	0	255,000
Program Changes		29,300
<b>2012 APPROPRIATION</b>	0	284,300

**Comparison by Activity**

	2011 Currently Avail.		2012 Base		2012 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>
<b>DIRECT OBLIGATIONS</b>								
Sustainable Economic Development (Successor to Global Climate Change)	0	\$25,000	0	\$25,000	0	\$16,500	0	(\$8,500)
21st Century Innovation Infrastr. (Successor to Public Works)	0	163,340	0	158,280	0	121,000	0	(37,280)
Partnership Planning (Successor to Planning)	0	31,000	0	31,000	0	27,000	0	(4,000)
Technical Assistance	0	9,800	0	9,800	0	18,400	0	8,600
Research and Evaluation	0	1,500	0	1,500	0	1,500	0	0
Trade Adjustment Assistance	0	15,800	0	15,800	0	0	0	(15,800)
Economic Adjustment Assistance	0	43,620	0	43,620	0	89,900	0	46,280
Regional Innovation Program (Growth Zones)	0	0	0	0	0	40,000	0	40,000
Category B Appropriations	0	54,991	0	0	0	0	0	0
<b>TOTAL DIRECT OBLIGATIONS</b>	0	345,051	0	285,000	0	314,300	0	29,300
<b>REIMBURSABLE OBLIGATIONS</b>	0	16,464				15,000		
<b>TOTAL OBLIGATIONS</b>	0	361,515			0	329,300		
<b>FINANCING</b>								
Unobligated balance, start of year (Direct)		(61,515)						
Recoveries of prior year obligations		(30,000)				(30,000)		
Offsetting collections from:								
Federal funds		(15,000)				(15,000)		
Subtotal, financing	0	(106,515)			0	(45,000)		
<b>TOTAL BUDGET AUTHORITY</b>	0	255,000			0	284,300		
Unobligated balance rescission	0				0	0		
<b>TOTAL APPROPRIATION</b>	0	255,000			0	284,300		

**Highlights of Program Changes**

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
<u>Sustainable Economic Development</u>	0	\$25,000	0	-\$8,500

Funding will be decreased for the Sustainable Economic Development (SED) Program (Successor to the Global Climate Change Mitigation Incentive Fund). Its focus is on strengthening the linkages between economic development and environmental quality by financing economic development projects that limit the nation's dependence on fossil fuels, enhance energy efficiency, curb greenhouse gas emissions, and protect natural systems while generating jobs and private investment. Since this focus has been infused into EDA's investment funding priorities and other programs, encouraging them to seek and achieve many of the SED's desired outcomes, this program's funding can be reduced.

<u>21<sup>st</sup> Century Innovation Infrastructure</u>	0	\$133,280	0	-\$37,280
--	---	-----------	---	-----------

EDA requests a reduction in funding for the 21<sup>st</sup> Century Innovation Infrastructure Program (Successor to Public Works) and a commensurate increase for the Economic Adjustment Assistance Program, which can and does fund similar projects, but has somewhat greater flexibility. The statutory provisions that apply to the Economic Adjustment Assistance Program 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>Partnership Planning</u>	0	\$31,000	0	-\$4,000
-----------------------------	---	----------	---	----------

Funding will be decreased for EDA's Partnership Planning Program (Successor to Planning) to bring the program to its statutorily required level. The Partnership Planning Program provides a foundation for EDA's infrastructure investments, which are designed to stimulate economic growth in distressed regions. The planning process supports an assessment of the region's economic conditions and the development of a Comprehensive Economic Development Strategy (CEDS) to guide resource allocation and project development. The key value of this process is that it is locally determined and involves participation from all the diverse interests in the community.

<u>Technical Assistance</u>	0	\$9,800	0	+\$8,600
-----------------------------	---	---------	---	----------

Funding will be increased for EDA's Technical Assistance Program to bring the expertise of America's world-class universities to bear on the economic challenges faced in almost every region of our country. The University Center (UC) and Technical Assistance sub-programs will increase EDA's ability to foster regional innovation clusters. Specifically, the increase to base resources will enable EDA to strategically invest in projects that stimulate commercialization, promote technology based economic development, and encourage regional economic development. EDA will utilize some of the Technical Assistance funds for FY 2012 to support place-based strategies such as a national competition designed to encourage distressed or transitioning cities to develop comprehensive economic, workforce and sustainable development strategies that can foster economic potential of the community.

<u>Trade Adjustment Assistance</u>	0	\$15,800	0	-\$15,800
------------------------------------	---	----------	---	-----------

Funding will be eliminated for the Trade Adjustment Assistance for Firms (TAA) Program as the underlying issues that are confronted by these types of investments can be addressed more cost-effectively and more quickly using other EDA programs that can provide critical public infrastructure or strategic technical assistance designed to help communities support business creation and expansion. While EDA proposes eliminating this program, the bureau continues to recognize the significant impacts that trade is having across the country. In order to more effectively address these impacts, EDA has implemented deliberative strategies and investment priorities which enable all of the bureau's programs to be utilized to help mitigate the negative impacts of trade, encourage export potential of business, and increase the competitiveness of regions across the country.

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<u>Economic Adjustment Assistance</u>	0	\$38,620	0	+\$46,280

EDA is requesting a shift of funding from the 21<sup>st</sup> Century Innovation Infrastructure Program, which has somewhat lesser flexibility than the Economic Adjustment Assistance Program. Additionally, EDA is requesting additional funds for this program to expand the Agency's ability to fully support and leverage the promise afforded by the Regional Innovation Clusters framework. 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, including targeted infrastructure investments that support the growth of clusters. EDA will utilize some of the Economic Adjustment Assistance funds in FY 2012 to support place-based strategies, such as the Taskforce for the Acceleration of Regional Innovation Clusters (TARIC), a collaborative inter-agency group focused on identifying mechanisms for support economic development through promotion of regional innovation cluster framework, Regional Business Plans, and other initiatives.

<u>Regional Innovation Program (Growth Zones)</u>	0	\$0	0	+\$40,000
---	---	-----	---	-----------

In FY 2012, this program will be specifically targeted to support Growth Zones, a collaborative, multi-agency effort to stimulate regional economic development. Specifically, the program will support a nationwide competition to encourage 20 communities to develop and implement regional strategic plans that identify how the community can build on assets and link to drivers of regional economic growth in order to stimulate job creation, business expansion and creation, and enhanced regional prosperity.

## Performance Objectives and Measures

(Dollars reflect obligations in Millions)

In FY 2012, the Department will complete the reorganization of its performance structure from three strategic goals and a management integration goal to three program themes and three administrative themes. An overview of the Strategic Plan can be found on Page 169. EDA's program activities support the theme of Economic Growth, two corresponding goals (Innovation and Entrepreneurship and Market Development and Commercialization), and three objectives – Stimulate high growth business formation and entrepreneurship, through investments in high-risk, high-reward technologies and removing impediments to accelerate technology commercialization (Objective 3); Promote and support the advancement of green and blue technologies and industries (Objective 6); and, Promote competitiveness of disadvantaged and distressed communities and businesses (Objective 7). EDA's GPRA performance measures capture the impact of EDA's investments in terms of job creation and private sector leverage and help EDA assess its performance against its goal of cultivating economic development in communities across the country. EDA's focuses on assessing the outcomes of EDA investments, and identifying mechanisms for ensuring continuous improvement. EDA continues to work to improve its methods for tracking, reporting, and evaluating performance against key goals. EDA has also taken steps to implement new management tools, including a balanced scorecard and a dashboard, and is working to implement a more competitive and standardized grant making process, in order to ensure that the Agency is able to most effectively accomplish its mission. Below are EDA's current performance outcomes and selected measures. A more detailed description of these objectives and measures is in the EDA section of the Department of Commerce budget.

	FY 2010 Actual	2011 CR (Annualized)/ Targets	FY 2012 Estimate/Target
<b>Objective 3: Stimulate high growth business formation and entrepreneurship, through investments in high-risk, high-reward technologies and removing impediments to accelerate technology commercialization <sup>1</sup></b>	<b>\$107.2</b>	<b>\$107.2</b>	<b>\$134.1</b>
<b>Objective 6: Promote and support the advancement of green and blue technologies and industries</b>	<b>\$25.0</b>	<b>\$25.0</b>	<b>\$16.5</b>
<b>Objective 7: Promote competitiveness of disadvantaged and distressed communities and businesses <sup>1</sup></b>	<b>\$122.8</b>	<b>\$122.8</b>	<b>\$133.8</b>
Private sector dollars invested in distressed communities as a result of EDA investments <sup>2</sup>	\$2,758M from 2001 investments \$2,281M from 2004 investments \$1,544M from 2007 investments	\$261M by 2014 \$652M by 2017 \$1,303M by 2020	\$273M by 2015 \$683M by 2018 \$1,366M by 2021
Jobs created or retained in distressed communities as a result of EDA investments <sup>2</sup>	66,527 from 2001 investments 26,695 from 2004 investments 9,159 from 2007 investments	6,330 by 2014 15,825 by 2017 31,650 by 2020	6,642 by 2015 16,605 by 2018 33,210 by 2021
% of economic development districts and Indian tribes implementing projects from the CEDS process that lead to private investment and jobs	89.1%	95%	95%
% of substate jurisdiction members actively participating in the economic development district program	87.1%	89%	89%
% of University Center (UC) clients taking action as a result of University Center assistance	75.9%	75%	75%
% of those actions taken by UC clients that achieve the expected results	89.8%	80%	80%
% of Trade Adjustment Assistance Centers (TAACs) clients taking action as a result of TAAC assistance	82.2%	90%	N/A
% of those actions taken by TAAC clients that achieved the expected results	100%	95%	N/A
<b>Total <sup>3</sup></b>	<b>\$255</b>	<b>\$255</b>	<b>\$284.3</b>

<sup>1</sup> All of EDA's performance measures support DOC Objectives 3 and 7 with the following exception: TAAC performance measures support Objective 7 exclusively.

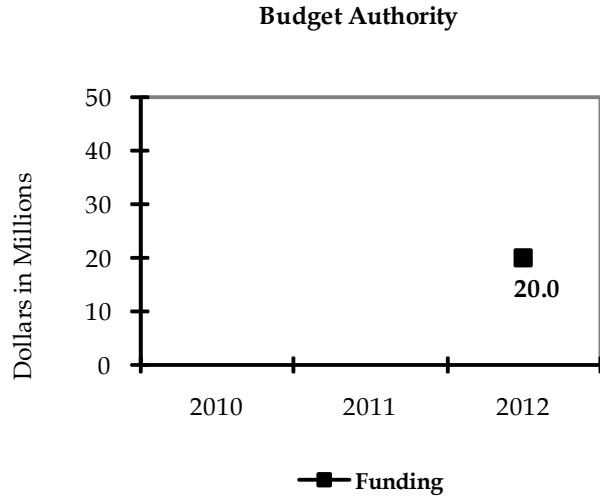
<sup>2</sup> For investments made in FY 2010, FY 2011, and FY 2012, long-term outcome results are reported by investment recipients over a period of nine years at three year intervals. EDA's nine-year targets are derived from a mid-1990s Rutgers University research project that identified and analyzed 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. Both of these performance measures support DOC Objectives 3, 6, and 7.

<sup>3</sup> All funding amounts do not include reimbursable, one-time costs, and legislative proposal programs 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.



## Wireless Innovation Fund (WIN)

The President’s Wireless Innovation and Infrastructure Initiative (WI3) proposes to reallocate a total of 500 megahertz of Federal agency and commercial spectrum bands over the next 5 years in order to increase Americans’ access to wireless broadband. The auctions of reallocated spectrum licenses are expected to raise more than \$27 billion by 2021. Repurposing spectrum will greatly facilitate access for smart phones, portable computers, and innovative technologies that are on the horizon. This effort will also enhance America’s public safety, infrastructure, and competitiveness by investing some of the expected receipts in the creation of a broadband network for public safety, expanding access to wireless broadband in rural America, and a Wireless Innovation (WIN) Fund to help develop cutting edge wireless technologies.



As part of this initiative, EDA will participate by creating a WIN challenge program designed specifically to leverage public/private partnerships to build or upgrade the 21<sup>st</sup> century innovation inputs that foster regional competitiveness. Through the new WIN challenge program EDA will catalyze public and private community investments to demonstrate next generation technologies and applications drawing upon “bottom up” innovations.

## Summary of Appropriations

### Funding Levels

<b>Appropriation, Mandatory</b>	2010 <u>Actual</u>	2011 CR <u>Annualized</u>	2012 <u>Estimate</u>	Increase <u>(Decrease)</u>
Wireless Innovation Fund (WIN)	\$0	\$0	\$20,000	\$20,000

## Highlights of Budget Changes

### Appropriation, Mandatory: Wireless Innovation Fund (WIN)

#### Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<b>2011 CR (Annualized)</b>			0	\$0
<b>Adjustments to Base</b>			0	0
<b>2012 Base</b>			0	0
Program Changes			0	20,000
<b>2012 Mandatory Budget Authority</b>			0	20,000

#### Comparison by Activity

	2011 Currently Avail.		2012 Base		2012 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>
<b>DIRECT OBLIGATIONS</b>								
Grants	0	\$0	0	\$0	0	\$20,000	0	\$20,000
<b>TOTAL DIRECT OBLIGATIONS</b>	0	0	0	0	0	20,000	0	20,000
<b>FINANCING</b>								
Unobligated balance, start of year	0	0			0	0		
<b>TOTAL MANDATORY BUDGET AUTHORITY</b>	0	0			0	20,000		

#### Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Wireless Innovation Fund (WIN)	0	\$0	0	+ \$20,000

The President's Wireless Innovation and Infrastructure Initiative (WI3) will be an important component of EDA's toolkit for fostering regional competitiveness and economic development in distressed communities. This program will provide EDA with the ability to assist communities in expanding or cultivating new innovation-based infrastructure that will promote the competitiveness of the regional economy. Through this program, EDA will be able to help communities leverage their full economic potential by providing access to a range of innovation related infrastructure.

The rationale for the FY 2012 request for EDA's WIN Program is intuitive: regional economies need 21<sup>st</sup> century infrastructure if they are to become and remain globally competitive. However, state and local government revenues have plummeted since the current recession began in December 2007 and the communities EDA serve are caught in a declining revenue spiral at precisely the time they need to make significant investments. The newly created WIN program will enable EDA to make strategic investments that create jobs and attract private investment, both of which restore the local tax base. These critical needs require significant financial commitments, at a time when state and local governments are increasingly finding it difficult if not impossible to do so.