



The Economic Development Administration's Economic Recovery Assistance for COVID-19 Impacted Communities

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As a part of the federal disaster response and recovery assistance, the Economic Development Administration's (EDA's) Economic Adjustment Assistance (EAA) program can be used to support efforts to respond to the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) provided \$1.5 billion in supplemental economic recovery funding for the EAA program. This Insight provides an overview of the EAA program and highlights how community stakeholders may apply for EAA funds to support economic development efforts in response to the COVID-19 pandemic.

Economic Adjustment Assistance Program Overview

The EAA program awards grants to areas experiencing long-term economic distress or sudden and substantial economic dislocation ([42 U.S.C. §3149](#)). For FY2020, Congress appropriated \$333 million for programs and administration of the EDA ([P.L. 116-93](#)), with [\\$37 million of its FY2020 appropriations](#) allocated to the EAA program. The EAA program is also used to meet long-term recovery needs in [disaster-affected areas](#), generally through supplemental appropriations, and for targeted initiatives (such as the [Assistance to Coal Communities](#) and [Assistance for Nuclear Closure Communities](#) programs) designed to meet ongoing economic restructuring needs. The average award is approximately \$650,000, with amounts ranging from \$150,000 to \$1,000,000.

Economic Adjustment Assistance and CARES Act Funding for COVID-19 Response and Recovery

The EDA [CARES Act Recovery Assistance](#) funding will be administered through the EAA program as a competitive grant program. EDA also is to invite select current grantees to apply for CARES Act Recovery Assistance funding using specific award conditions in order to expedite funding and

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implementation timelines. The noncompetitive grants are to fund planning, assessments, and technical assistance activities and provide capital for existing [Revolving Loan Funds](#).

All projects must explicitly identify how their projects will “prevent, prepare for, and respond to coronavirus” or respond to “economic injury as a result of coronavirus.” Among other factors, the [Notice of Funding Opportunity \(NOFO\)](#), which is an explanation of available grant funding and procedures, emphasized that any proposed project will be evaluated on the basis of the extent to which the project “responds to needs caused by the coronavirus pandemic.”

Eligible Activities

According to the EDA, eligible activities for CARES Act funding may include:

- Planning and technical assistance initiatives (e.g., economic recovery planning and technical strategies to address economic dislocations caused by the COVID-19 pandemic, as well as creating or updating resiliency plans to respond to future pandemics);
- Planning or implementing regional diversification strategies designed to support entrepreneurs or create jobs in new or existing industries;
- Capitalization and recapitalization of Revolving Loan Funds (RLFs), which provide access to capital for businesses;
- Skills-training and workforce development projects to help employees compete for high-quality jobs or projects to help businesses retain existing or hire new employees; and
- Construction or renovation of infrastructure and other economic development projects, including broadband to support telehealth and remote learning for job skills.

In addition to projects with a regional focus, EDA is to make awards for projects that are national in scope, including innovation grants. The innovation grants are intended to be similar to the EDA’s [Build to Scale](#) grants, and would focus on technology and innovation strategies designed to address the coronavirus pandemic. EDA is to issue a separate NOFO for the innovation grants, which would be administered through the EAA program. Approximately \$40 million of CARES Act funding is to be awarded by EDA headquarters for projects that are national in scope.

Eligible Applicants

Eligible types of recipients are the same as the non-CARES Act EAA program and include:

- EDA-designated [Economic Development Districts \(EDDs\)](#);
- Indian tribes or a consortium of Indian tribes;
- states and local governments;
- institutions of higher education or a consortium of institutions; and
- nonprofit organizations acting in cooperation with officials of a political subdivision of a state ([42 U.S.C. §3122\(4\)\(a\)](#)).

Individuals, businesses, and for-profit entities are not eligible to apply for EDA CARES Act assistance. Businesses may qualify for [Revolving Loan Funds](#) administered by EDA grantees. Businesses may also qualify for technical assistance by EDA-designated [University Centers](#) and other EDA grantees.

Eligible Areas

With the impact of the COVID-19 pandemic widespread, all areas are eligible to apply for assistance under the “Special Need” criteria of the EAA program ([42 U.S.C. §3149 \(b\)](#)).

Applicants are encouraged to include details about the economic impact of the COVID-19 pandemic specific to their project and/or region. Additionally, the applicants should describe how the project will address EDA’s [Recovery and Resilience investment priority](#) and any other relevant investment priorities.

CARES Act Recovery Assistance projects must be consistent with the area’s [Comprehensive Economic Development Strategy](#) (CEDS) or equivalent EDA-accepted regional economic development strategy. The CEDS is a locally-driven economic development plan that outlines a vision and key strategies for a region. Strategy grants to develop or update a CEDS are exempted from this requirement.

Cost Share Requirements

EAA grants for disaster economic recovery activities are to be funded with a federal cost share of 80-100% ([42 U.S.C. §3233](#)). Applicants seeking a federal cost share exceeding 80% of project costs are asked to provide context for the request for an increased rate (e.g., based on the area’s level of economic distress, the degree of COVID-19 impact, or other factors).

How to Apply

The CARES Act Recovery funding is allocated among EDA’s six regions in amounts ranging between \$193 million and \$266 million. The EDA’s regional offices began reviewing applications May 7, 2020. Interested applicants can follow instructions outlined in the [NOFO](#).

EDA recommends that interested applicants contact the agency’s state or regional [Economic Development Representatives](#) with questions about project eligibility. [Economic Development Districts \(EDDs\)](#) or [regional development organizations](#) may be able to partner with communities for project development and application assistance. EDA maintains a [directory of EDDs and other resources](#), organized by state.

As noted above, existing grantees, including recipients of [Partnership Planning](#), [Revolving Loan Funds](#), and EDA-funded [University Centers](#), are to be invited to apply for noncompetitive awards.

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