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# Economic Development Administration: An Overview of Programs and Appropriations (FY2011-FY2021)

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SUMMARY

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# Economic Development Administration: An Overview of Programs and Appropriations (FY2011-FY2021)

The Economic Development Administration (EDA), a bureau of the U.S. Department of Commerce (DOC), is the only federal agency with economic development as its sole mission. The agency was established pursuant to the enactment of the Public Works and Economic Development Act (PWEDA) of 1965 (42 U.S.C. §3121 et seq.) to assist state and local stakeholders with developing the conditions and amenities to grow businesses, create jobs, and expand investment in economically distressed areas. Changing industry dynamics, global competition, technological developments, and other events, conditions, and priorities have shifted EDA's programs and priorities over time. During the agency's first 30 years, its programs focused on industrial growth and emphasized public works, roads, and infrastructure. Since then, Congress has supported an expanded portfolio of EDA programs to also advance existing and emerging industry clusters, develop human capital, strengthen supply chains, expand access to capital, build new types of infrastructure, and implement innovation and technology strategies. Additionally, EDA has also taken on new roles in developing state and local capacity, resiliency, disaster and economic recovery, as well as economic development integration across federal agencies.

Today, EDA administers nine core programs that fund a range of construction and non-construction activities in both urban and rural areas—primarily through competitive processes that solicit community-directed proposals aligned with the agency's investment priorities. EDA administers both flexible and targeted programs focused on innovation, technical assistance, and support for long-term, regional economic development planning. The major EDA programs include

- Build to Scale (B2S),
- Economic Adjustment Assistance (EAA),
- Local Technical Assistance,
- Planning,
- Public Works,
- Research and National Technical Assistance (RNTA),
- Science Technology Engineering and Math (STEM) Apprenticeships,
- Trade Adjustment Assistance for Firms (TAAF), and
- University Centers.

Congress approves annual appropriations for EDA programs as well as administration expenses, and occasionally approves supplemental appropriations for economic recovery purposes. Since FY2011, annual appropriations average approximately $283 million. Annual appropriations decreased each year between FY2011 and FY2013, and have increased slightly each year since FY2014. In FY2021, Congress approved $346 million in annual appropriations for the agency's programs and administration. In FY2020 and FY2021, Congress also provided a total of $4.5 billion in supplemental appropriations for EDA programs in response to the economic impact of the Coronavirus Disease 2019 (COVID-19) pandemic.

For FY2022, the Biden Administration requested funding increases for several EDA programs and for salaries and expenses. Under the Administration's proposal, EDA would receive $433 million, an increase of $87 million, or 25%, over the amount of FY2021 enacted appropriations, excluding the COVID-19 supplemental appropriations. The FY2022 budget request included significant increases in funding for the following programs and expenses:

- Assistance to Coal Communities grants (through the EAA program), from $33.5 million to $80.5 million;
- EAA program, from $37.5 million to $48 million;
- Build to Scale grants, from $38 million to $45 million;
- the STEM Talent Challenge ("STEM Apprenticeships"), from $2 million to $10 million; and
- salaries and expenses, from $40.5 million to $50.6 million.

Congress may wish to consider policies to change, expand, or focus the distribution of the agency's funding and related program requirements. Congress may also seek to adjust the overall role and authority of EDA and its programs in the context of changing economic conditions, specific industry trends, innovation, and disaster economic recovery and resiliency funding. Congress may consider the role of broad-based and/or targeted approaches to the allocation of economic development resources. For instance, Congress has approved appropriations to address coal-impacted and nuclear closure communities as well as demands for a STEM-capable workforce and innovation-ready regions. Congressional debate on these and other EDA issues may be associated with or separate from discussions of the reauthorization of PWEDA. PWEDA's statutory authority lapsed on September 30, 2008.

# Contents

Introduction ..... 1
Agency Overview ..... 2
EDA Mission and Origins ..... 3
Precursors to PWEDA and EDA Programs Since 1965 ..... 3
EDA Structure ..... 5
EDA Regional Offices ..... 7
EDA Staff Levels ..... 8
Economic Development Districts (EDDs) ..... 10
Investment Priorities, FY2011-Present ..... 11
Economic Development Integration (EDI) Role ..... 11
Disaster Economic Recovery Role ..... 12
EDA Performance Metrics ..... 13
EDA Grant Programs ..... 14
How to Apply ..... 17
Select Grant Requirements ..... 18
Select Grant Requirements—Public Works and Economic Adjustment Assistance Programs ..... 20
Persistent Poverty and Distressed, Small, Rural and Underserved Areas—Funding and Technical Assistance ..... 21
Assistance to Tribal Communities ..... 23
EDA Appropriations, FY2011—FY2021 ..... 23
Assistance to Coal and Nuclear Closure Communities ..... 24
Consolidated Appropriations Act of 2021, P.L. 116-260 ..... 26
Supplemental Appropriations ..... 27
Disaster Economic Recovery Assistance, FY2011-FY2021 ..... 27
COVID-19 Economic Recovery Assistance, FY2020-FY2021 ..... 28
FY2022 Funding Request ..... 29
Policy Considerations ..... 31
Changes to Program Requirements ..... 31
Expanding or Establishing EDA Programs, Roles, Offices, and Capacity ..... 32
Trade Adjustment Assistance for Firms (TAAF) ..... 34
Preparing for Future Industries and EDA's Role in Federal Innovation Policy ..... 34
Underserved Communities ..... 36
Human Capital, STEM, and Workforce Development ..... 37
Reauthorization ..... 37
Concluding Remarks ..... 38

## Figures

Figure 1. Major EDA Programs ..... 2
Figure 2. EDA Organizational Chart ..... 6
Figure 3. EDA Regional Offices ..... 8
Figure 4. EDA On-Board Employees, 2011-2021 ..... 10
Figure 5. Funding for EDA Programs, FY2011- FY2021 and FY2022 Request ..... 24

Figure 6. EAA, ACC, NCC Funding History: FY2011-FY2021 and FY2022 Request ..... 26
Figure 7. Annual and Supplemental and Disaster Recovery Appropriations, FY2011-FY2021 ..... 29

## Tables

Table 1. Comparison of EDA Investment Priorities ..... 11
Table 2. EDA Performance Goals and Metrics ..... 14
Table 3. Summary of Major EDA Programs ..... 15
Table 4. Core Elements of a Comprehensive Economic Development Strategy (CEDS) ..... 21
Table 5. FY2021 Regular Appropriations, ARP Act, and FY2022 Request, House, Senate, and House-Passed BBBA ..... 30

Table B-1. Budget Requests and Annual Enacted Appropriations, FY2011-FY2021 and FY2022 Request ..... 46
Table B-2. Funding for EDA, by Program, FY2011-FY2021 ..... 47
Table B-3. Supplemental Funding, FY2011-FY2021 ..... 49
Table C-1. EDA Employment, FY2011-FY2021 ..... 50

## Appendixes

Appendix A. Grant Programs ..... 39
Appendix B. EDA Funding—Historical Tables ..... 46
Appendix C. Staff Level History ..... 50

## Contacts

Author Information ..... 50

# Introduction

The Economic Development Administration (EDA), a bureau of the U.S. Department of Commerce (DOC), provides financial and technical assistance to support locally-driven, regionally-oriented economic development strategies. The definitions of economic development and the local scope of practice have changed in response to shifts in regional and global economies, advances in technology, and other conditions and circumstances. EDA's programs, roles, and investment priorities have also shifted since the agency was created over 56 years ago. EDA's programs continue to include support for infrastructure, public works, and distressed areas, but now also include strategies focused on entrepreneurship, innovation, disaster recovery, and facilitating state and local economic development capacity.[2] In addition to administering and monitoring grant programs, EDA roles have expanded to include research, technical assistance, and economic development integration across agencies, among others.

**EDA's Definition of Economic Development**

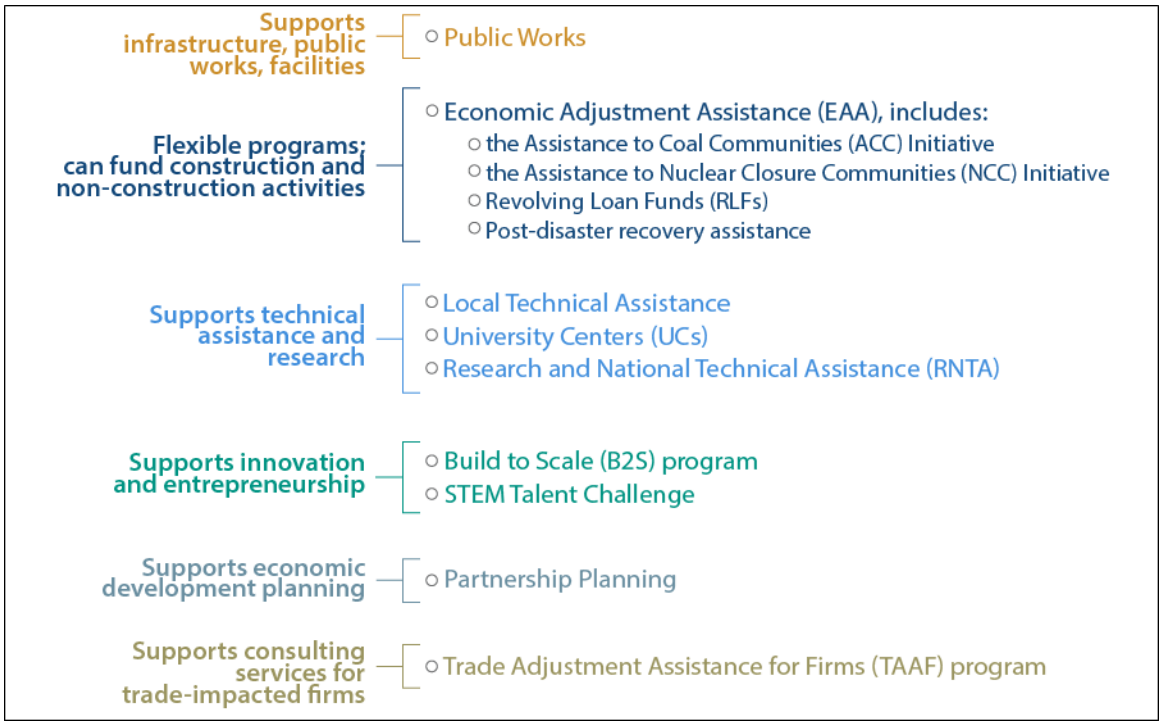
The EDA defines economic development as creating "the conditions for economic growth and improved quality of life by expanding the capacity of individuals, firms, and communities to maximize the use of their talents and skills to support innovation, lower transaction costs, and responsibly produce and trade valuable goods and services."[1]

Congress approves appropriations for EDA annually and directs the agency to allocate funding to the major programs outlined in **Figure 1**. Congress occasionally approves supplemental funding as well. Supplemental funding in recent years has supported economic recovery assistance following selected natural disasters and the Coronavirus Disease 2019 (COVID-19) pandemic. Supplemental appropriations are generally administered through one of the agency's most flexible programs, the Economic Adjustment Assistance program.

[1] EDA, "Key Definitions," https://www.eda.gov/performance/key-definitions/. See also, Karl F Seidman, Economic Development Finance (Thousand Oaks, CA: Sage Publications, 2005), p. 5, International Economic Development Council (IEDC), "What Economic Development Does for a Community," https://www.iedconline.org/clientuploads/Downloads/IEDC_Why_and_Impact_Economic_Development.pdf; Emil E. Malizia and Edward Feser, *Understanding Local Economic Development* (New Brunswick, NJ: Center for Urban Policy Research, Rutgers, 1999), pp. 12-13; among others.

[2] Testimony by Mr. Dennis Alvord, Acting Assistant Secretary of Commerce for EDA, U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, *Investing in America: Reauthorization of the Economic Development Administration*, 117th Cong., 1st sess., April 28, 2021, https://www.congress.gov/117/meeting/house/112512/witnesses/HHRG-117-PW13-Wstate-AlvordD-20210428.pdf.

**Figure 1. Major EDA Programs**




**Source:** CRS, using EDA "EDA Programs," https://eda.gov/programs/eda-programs/.

**Notes:** The figure highlights the key feature of major EDA programs. Programs may support multiple purposes and activities. For instance, the EAA and University Centers programs may also promote innovation and entrepreneurship and the EAA program may support planning or infrastructure activities.

In addition to providing appropriations, Congress performs oversight and conducts hearings on EDA programs and administration. Recent hearings regarding the EDA have addressed agency capacity, grant allocations, grant requirements, disaster recovery, and reauthorization of the Public Works and Economic Development Act (PWEDA) of 1965 (42 U.S.C. §3121 et seq.), among other matters.

This report provides a broad overview of the EDA with a focus on its programs and appropriations history since FY2011. Following an abbreviated history of the agency, the report discusses investment priorities, structure, and performance metrics, and outlines the programs that assist with state and local activities. The report includes an analysis of recent appropriations (see **Figure 5**), including disaster and economic recovery assistance (see **Figure 7**), and concludes with considerations for policymakers. For more information on the statutory history of the agency, see CRS Report R41241, *Economic Development Administration: A Review of Elements of Its Statutory History*, by Julie M. Lawhorn. The EDA's Trade Adjustment Assistance for Firms (TAAF) program is outside the scope of this report. For more information on TAAF, see CRS Report RS20210, *Trade Adjustment Assistance for Firms*, by Rachel F. Fefer.

# Agency Overview

EDA programs support the development of capacity for communities to address the conditions, circumstances, and opportunities that are unique to their region. Some EDA programs (e.g., Public Works, and Economic Adjustment Assistance, among others) prioritize areas experiencing economic distress. The programs are generally flexible and support economic adjustment,

economic resiliency, infrastructure, workforce, disaster economic recovery, innovation, planning, technical assistance, and related activities. In allocating most of its economic development assistance program funds, EDA solicits competitive proposals to align with the agency's program goals and its seven investment priorities (see "Investment Priorities, FY2011-Present" below).

## EDA Mission and Origins

The EDA's mission is to "lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy."[3] It is the only federal agency with economic development as its exclusive mission.[4] The EDA was created by the Public Works and Economic Development Act (PWEDA) of 1965 (P.L. 89-136, 42 U.S.C. §3121 et seq.) to support job creation, job retention, and investment in economically distressed areas.[5] The findings section of PWEDA reflect the origins of the agency's approach to locally-driven economic development:

> while economic development is an inherently local process, the Federal Government should work in partnership with public and private State, regional, tribal, and local organizations to maximize the impact of existing resources and enable regions, communities, and citizens to participate more fully in the American dream and national prosperity.[6]

The agency continues to describe its approach as working "directly with local economic development officials to support their bottom-up, regionally-owned economic development initiatives"[7] and helping communities "build capacity for economic development based on local business conditions and needs."[8] For instance, EDA programs generally do not require applicants to specialize in specific industries or strategies, and instead assist with locally-developed projects to advance industries or strategies based on a region's particular assets and challenges.

## Precursors to PWEDA and EDA Programs Since 1965

EDA programs focused on investments in infrastructure, public works, and basic services in the agency's first thirty years, along with support for planning and technical assistance.[9] The

[3] EDA, "Overview," https://eda.gov/about/.

[4] EDA, "EDA Informational Brochure," https://eda.gov/pdf/about/EDA-trifold-2017.pdf.

[5] For information on the agency's statutory history, see CRS Report R41241, *Economic Development Administration: A Review of Elements of Its Statutory History*, by Julie M. Lawhorn. See also EDA, "History of EDA," https://www.eda.gov/archives/2016/50/history/; and Robert W. Lake, Robin Leichenko, and Amy Glasmeier, "EDA and U.S. Economic Distress 1965–2000," EDA Research Report, 99-07-13812, July 2004, http://www.ipsr.ku.edu/KUforKS/2004julyEDAandUSeconomicdistressreport.pdf.

[6] 42 U.S.C. §3121(a)(4). See also, Maryann Feldman et al., "The Logic of Economic Development: A Definition and Model for Investment," *Environment and Planning C: Government and Policy*, vol. 34, no. 1 (2016), pp. 5-21; also available at https://www.eda.gov/files/tools/research-reports/investment-definition-model.pdf. The report defines economic development as "the development of capacities that expand economic actors' capabilities."

[7] DOC, EDA, *FY2022 Congressional Budget Justification*, p. 119, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

[8] EDA, "2020 Disaster Assistance Brochure: Leading Economic Recovery in Disaster-Impacted Communities," https://eda.gov/files/programs/disaster-recovery/EDA-Disaster-Brochure.pdf.

[9] Robert W. Lake, Robin Leichenko, and Amy Glasmeier, "EDA and U.S. Economic Distress 1965–2000," EDA Research Report, 99-07-13812, July 2004, p. 5, http://www.ipsr.ku.edu/KUforKS/2004julyEDAandUSeconomicdistressreport.pdf.

following milestones highlight precursors to EDA programs as well as program and investment directions since the 1960s:

- In 1961, prior to the enactment of PWEDA, Congress approved appropriations for a set of loans and public works grants through the Area Redevelopment Act (P.L. 87-27), which established the EDA's predecessor agency, the Area Redevelopment Administration (ARA).[10] ARA programs were smaller in scope and scale compared to later EDA programs, and expired just prior to the enactment of PWEDA. Economic development assistance programs during this time focused on commercial and industrial growth (often through investment in infrastructure and public works, business loans, and planning grants) at the state and local levels.[11]
- In August 1965, PWEDA (P.L. 89-136) was enacted. PWEDA authorized grant and loan programs that continued support for industrial and commercial growth in economically depressed areas. Prior to PWEDA amendments in the late 1960s, EDA programs focused assistance on rural areas experiencing economic distress. Eligibility criteria for economic distress were later changed by statutory and administrative changes through the 1970s.[12]
- In the 1970s, Congress authorized the Economic Adjustment Assistance (EAA) and Trade Adjustment Assistance programs.[13] Congress also began providing appropriations for defense adjustment[14] and disaster recovery through the EAA program.[15]
- In the 1980s and 1990s, EDA initiated—and later expanded—the University Center program. The agency also expanded its work on industry or regional

[10] Peter K. Eisinger, *The Rise of the Entrepreneurial State: State and Local Economic Development Policy in the United States*, Robert M. La Follette Institute of Public Affairs (Madison, WI: University of Wisconsin Press, 1988), pp. 100-101. See also CRS Report R41241, *Economic Development Administration: A Review of Elements of Its Statutory History*, by Julie M. Lawhorn.

[11] ARA focused assistance on economically distressed areas impacted by chronic unemployment. In addition to ARA, the two other laws considered precursors to PWEDA were the Public Works Acceleration Act of 1963 (PWAA; P.L. 87-658) and the Appalachian Regional Development Act of 1965 (ARDA; P.L. 89-4). The PWAA authorized an appropriation of $900 million for federal public works programs to address the 1960-1961 recession and support areas with high unemployment. ARDA authorized $1.1 billion for assistance to the Appalachian region. See CRS Report R41241, *Economic Development Administration: A Review of Elements of Its Statutory History*, by Julie M. Lawhorn; and Robert W. Lake, Robin Leichenko, and Amy Glasmeier, "EDA and U.S. Economic Distress 1965–2000," EDA Research Report, 99-07-13812, July 2004, http://www.ipsr.ku.edu/KUforKS/2004julyEDAandUSeconomicdistressreport.pdf.

[12] For additional context, see CRS Report R41241, *Economic Development Administration: A Review of Elements of Its Statutory History*, by Julie M. Lawhorn; and Peter K. Eisinger, *The Rise of the Entrepreneurial State: State and Local Economic Development Policy in the United States*, Robert M. La Follette Institute of Public Affairs (Madison, WI: University of Wisconsin Press, 1988), pp. 100-101, 123-124.

[13] EDA, "History of EDA," https://www.eda.gov/archives/2016/50/history/.

[14] Defense adjustment refers to activities that assist communities affected by base closures, reductions in defense contracts, or reductions in Department of Energy defense-related funding. See Robert W. Lake, Robin Leichenko, and Amy Glasmeier, "EDA and U.S. Economic Distress 1965–2000," EDA Research Report, 99-07-13812, July 2004, pp. 118-121, http://www.ipsr.ku.edu/KUforKS/2004julyEDAandUSeconomicdistressreport.pdf.

[15] Robert W. Lake, Robin Leichenko, and Amy Glasmeier, "EDA and U.S. Economic Distress 1965–2000," EDA Research Report, 99-07-13812, July 2004, p. 5, http://www.ipsr.ku.edu/KUforKS/2004julyEDAandUSeconomicdistressreport.pdf.

clusters,[16] Economic Development Districts, and efforts to assist communities with regional economic development plans.[17]

- Since the 2000s, Congress has supported various types of policies to promote innovation and to prepare regions for expanded innovation- and technology-based development. Among other innovation-related policies, Congress has authorized programs to promote regional competitive advantages through innovation clusters and similar programs administered by the EDA and other agencies. During this time, Congress also has supported multiple rounds of disaster recovery and COVID-19 economic recovery assistance (see "Supplemental Appropriations" below for a summary of appropriations between FY2011 and FY2021). EDA continues to lead select economic development integration efforts at federal, regional, and local levels and has done so since the U.S. Office of Management and Budget (OMB) identified this role for EDA in the mid-2000s.[18]

As noted in subsequent sections, EDA programs continue to support investments in infrastructure and public works and to assist communities experiencing economic distress.[19] EDA's activities have shifted to also include programs that address changing industry dynamics, global competition, technological developments, and other events, conditions, and priorities. Programs are available to both urban and rural areas.[20]

## EDA Structure

EDA locations include a headquarters office in Washington, DC, and six regional offices. EDA's organizational structure includes offices that administer programs at the headquarters and regional levels as well as offices for finance management and external affairs and communications (see **Figure 2**).

[16] EDA defines regional clusters as

> geographic concentrations of firms, workers and industries that do business with each other and have common needs for talent, technology, and infrastructure. Regional clusters are essentially networks of similar, synergistic, or complementary entities that are engaged in or with a particular industry sector; have active channels for business transactions and communication; share specialized infrastructure, labor markets, and services; and leverage the region's unique competitive strengths to stimulate innovation and create jobs. Regional clusters may cross municipal, county, and other jurisdictional boundaries.

See EDA, "Key Definitions," https://eda.gov/performance/key-definitions/.

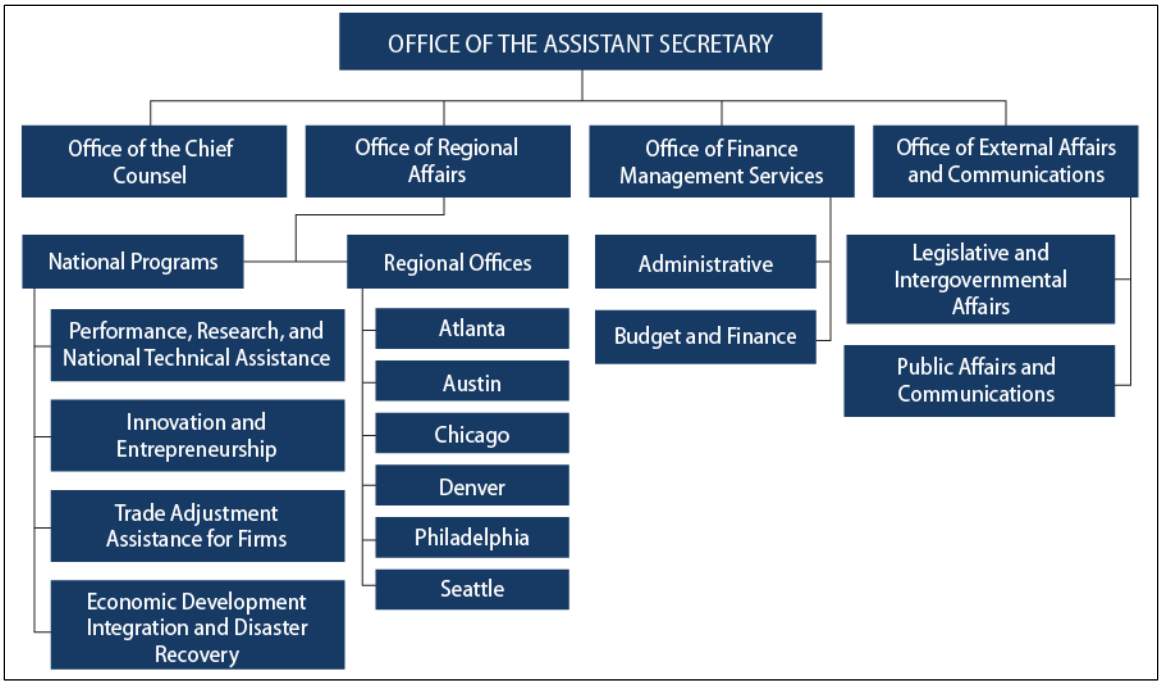
[17] EDA, "History of EDA," https://www.eda.gov/archives/2016/50/history/.

[18] EDA, "A Brief History of EDI," https://eda.gov/integration/.

[19] For additional analysis on infrastructure and the economy, see CRS Report R46826, *Infrastructure and the Economy*, by Lida R. Weinstock.

[20] EDA's *Informational Brochure* (published 2017) notes that funds are awarded to both rural and urban communities with approximately two-thirds of assistance awarded to rural communities. See EDA, "EDA Informational Brochure," https://eda.gov/pdf/about/EDA-trifold-2017.pdf.

**Figure 2. EDA Organizational Chart**




**Source:** CRS with data from DOC, EDA, *FY2022Congressional Budget Justification,* p. 7, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

EDA's four offices on national programs (see **Figure 2**) include

- The **Office of Performance, Research, and National Technical Assistance**, which administers research, evaluation, and national technical assistance initiatives.[21]
- The **Office of Innovation and Entrepreneurship (OIE)**, which was established by the America COMPETES Reauthorization Act of 2010 (P.L. 111-358). OIE facilitates EDA's efforts to "empower communities so that entrepreneurs can launch companies, scale technologies and create the jobs of tomorrow." The OIE administers programs (e.g., the Build to Scale, STEM Talent Challenge, and other programs), and coordinates inter-agency activities related to innovation, commercialization, and entrepreneurship.[22] For instance, OIE leads the National Advisory Council on Innovation and Entrepreneurship (NACIE), which was established in 2009 to "encourage the development and implementation of

[21] EDA, "Performance, Research and National Technical Assistance Program," https://eda.gov/programs/rnta/.

[22] EDA, "About OIE," https://eda.gov/oie/.

OIE administered the first round of the Regional Innovation Program competitions in September 2014 (see EDA, U.S. Department of Commerce, "Regional Innovation Program," 82 *Federal Register* 3131-3137, January 11, 2017, https://www.federalregister.gov/documents/2017/01/11/2017-00116/regional-innovation-program). OIE administered the first round of the STEM Talent Challenge (STEM Apprenticeships) program in FY2020 (see EDA, "STEM Talent Challenge," https://www.eda.gov/oie/stem/). Additionally in FY2020, EDA administered the Accelerate R2 Network competition in collaboration with the National Institute of Standards and Technology (NIST) and the First Responder Network Authority (FirstNet) to develop a network of organizations working to address disaster response and resiliency (R2) challenges with innovative technologies (see EDA, "Accelerate R2 Network Challenge," https://eda.gov/oie/accelerate-r2/).

policies that cultivate technology commercialization." NACIE was established by Section 25(c) of the Stevenson-Wydler Technology Innovation Act of 1980, as amended (15 U.S.C. §3720(c)).[23]

- The **Office of Trade Adjustment Assistance for Firms (TAAF)**, which administers the technical assistance grants that help trade-impacted U.S. firms to become more competitive, expand markets, and increase profitability in partnership with trade adjustment assistance centers and private consultants.[24]
- The **Office of Economic Development Integration (EDI) and Disaster Recovery**, which promotes interagency coordination of resources and economic recovery assistance. EDA leads integration activities designed to enhance collaboration, increase access to resources, and reduce administrative burdens across federal economic development programs across agencies.[25] EDA is the lead federal agency for economic recovery support and also administers program funds for state and local entities to plan and implement disaster economic recovery efforts.[26]

## EDA Regional Offices

EDA's regional offices review and process grant applications for economic development assistance; monitor approved projects; and provide outreach and technical assistance services.[27] **Figure 3** illustrates the six regions and locations of the regional offices.

[23] EDA announced a solicitation for NACIE members in September 2021. See EDA, U.S. Department of Commerce, "National Advisory Council on Innovation and Entrepreneurship (NACIE); Solicitation of Applications," 86 *Federal Register* 50323-50324, September 8, 2021, https://www.federalregister.gov/documents/2021/09/08/2021-19169/national-advisory-council-on-innovation-and-entrepreneurship-nacie-solicitation-of-applications. See also https://www.eda.gov/oie/nacie/.

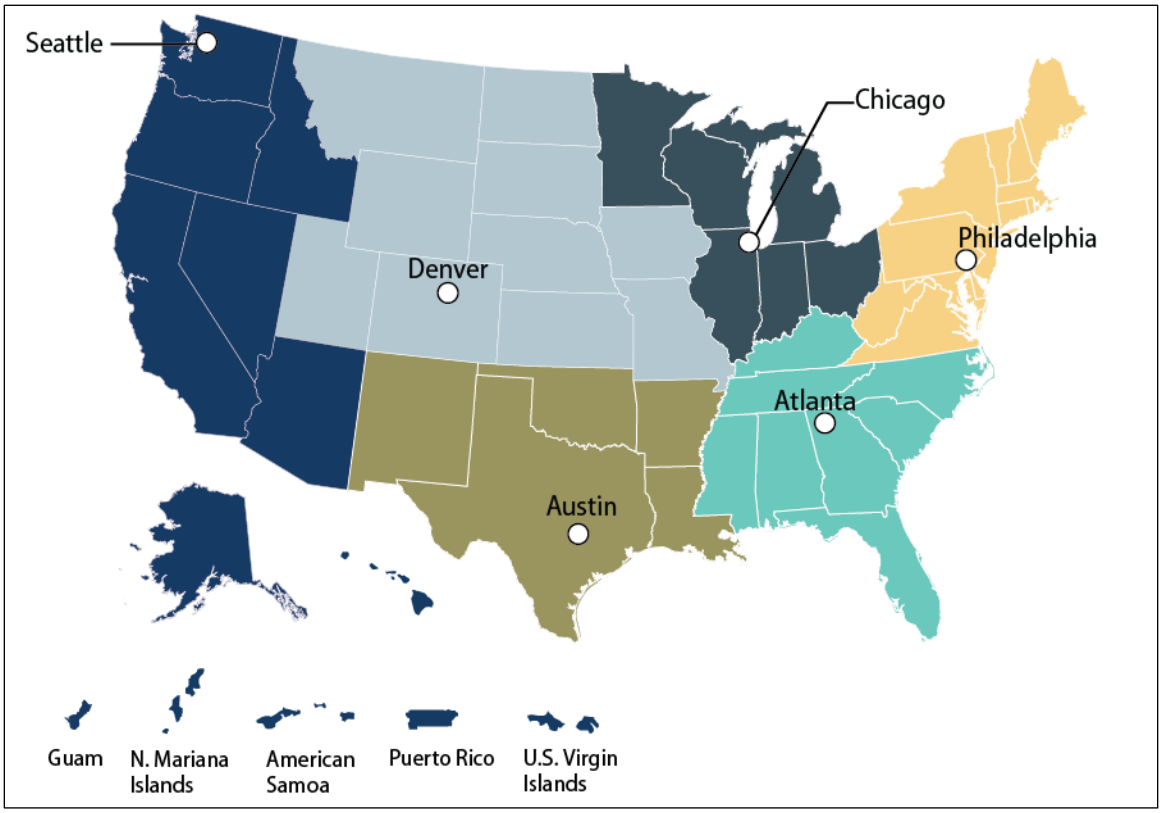
[24] EDA, "Trade Adjustment Assistance for Firms," https://eda.gov/pdf/about/TAAF-Program-1-Pager.pdf. For more information on TAAF, see CRS Report RS20210, *Trade Adjustment Assistance for Firms*, by Rachel F. Fefer.

[25] EDA, "Economic Development Integration," https://www.eda.gov/integration/, and "Disaster Recovery," https://eda.gov/disaster-recovery/. EDA also maintains a matrix of selected federal programs that can assist economic development strategies on its EDI webpage at https://www.eda.gov/integration/.

[26] EDA, "EDA and Disaster Recovery," https://eda.gov/disaster-recovery/.

[27] EDA, "About," https://eda.gov/about/.

**Figure 3. EDA Regional Offices**




**Source:** CRS using information from EDA, "Overview," https://www.eda.gov/about/.

## EDA Staff Levels

EDA staff levels ranged from 160 to 220 on-board employees between 2011 and 2019, and increased to 261 in 2020. In June 2021, EDA had approximately 272 on-board employees.[28] **Figure 4** presents the number of on-board employees for 2011 to 2021. **Table C-1** in the Appendix provides additional on-board employment data since 2011.

EDA may continue to add staff to implement recent supplemental recovery appropriations and manage related oversight and technical assistance activities. The supplemental Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) funding for EDA was nearly five times the amount of the agency's FY2020 annual appropriation (P.L. 116-93), and the American Rescue Plan (ARP) Act (P.L. 117-2) funding for EDA was over eight times the amount of the agency's FY2021 annual appropriation (P.L. 116-260)—see **Figure 7**. EDA hired additional staff in FY2020 using direct hiring authority granted under the CARES Act,[29] and the agency plans to transition 50 staff hired under the CARES Act into permanent full-time equivalent (FTE)

[28] Office of Personnel Management (OPM), FedScope, http://www.fedscope.opm.gov.

[29] U.S. Department of Commerce, Office of Inspector General, *EDA Was Effective in Implementing the Requirements for Awarding Funds Under the CARES Act*, Final Report No. OIG-21-017-I, Washington, DC, January 5, 2021, p. 3, https://www.oig.doc.gov/OIGPublications/OIG-21-017-I.pdf.

positions in FY2022.[30] According to testimony by Assistant Secretary Alejandra Castillo in November 2021:

> These new staff helped EDA obligate over two-thirds of the CARES Act funding within one year of Congress enacting the CARES Act and, as of October 11, 2021, EDA has obligated $1.385 billion of the $1.5 billion in CARES Act funding through 1,194 awards. EDA also continues to evaluate 121 applications and expects that those selected for funding will exhaust all of EDA's CARES Act supplemental appropriation.[31]

[30] DOC, EDA, *FY2022 Congressional Budget Justification*, pp. 121-124, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

As noted in CRS Report R43590, *Federal Workforce Statistics Sources: OPM and OMB*:

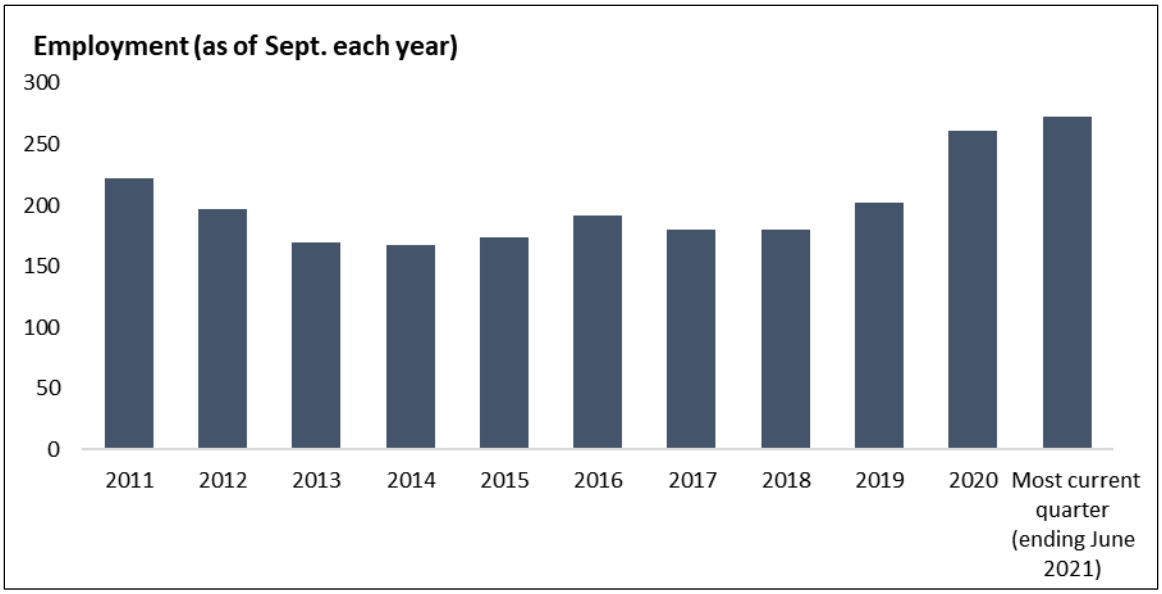
> The term full-time equivalent employment (FTE) is used to quantify employment as a function of hours worked rather than by the number of individual employees. One FTE is also known as one work year. The number of FTEs in an agency is calculated by determining the total number of regular straight time hours (i.e., not including overtime or holiday hours) worked by employees and dividing that figure by the number of compensable hours applicable to each fiscal year. One work year, or one FTE, is equivalent to 2,080 hours of work. (The figure of 2,080 hours in the work year is derived as follows: 8 hours per day multiplied by 10 days (in a 2-week pay period) equals 80 hours; 80 hours multiplied by 26 pay periods (in a year) equals 2,080 work hours.)

and

> FTE employment numbers are used by OMB to manage employment in departments and agencies. The requirements for reporting FTE employment in the President's Budget are prescribed in Section 85 of OMB Circular No. A-11 on "Estimating Employment Levels and the Employment Summary (Schedule Q)." (U.S. Executive Office of the President, Office of Management and Budget, Preparation, Submission, and Execution of the Budget (Washington: GPO, April 2021), available at https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf. See Section 85.5(c) for a detailed explanation of how FTEs are calculated.)

[31] U.S. Senate, Environment and Public Works Committee, *Examining Programs at the Economic Development Administration*, 117th Cong., 1st sess., Nov. 3, 2021, https://www.epw.senate.gov/public/index.cfm/hearings?ID=256D08CE-44DC-47B4-9663-F9AC5AA8950E. See also testimony by Mr. Dennis Alvord, Acting Assistant Secretary of Commerce for EDA, U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, April 28, 2021, https://ogc.commerce.gov/sites/default/files/media/files/2021/04-28-21_final_eda_reauthorization_testimony_.pdf.

**Figure 4. EDA On-Board Employees, 2011-2021**




**Source:** CRS using data from the U.S. Office of Personnel Management, FedScope database, Employment cubes, https://www.fedscope.opm.gov/employment.asp.

**Notes:** Each total provides the number of on-board employees as of September each year, except for 2021, which is as of June (most recent data available).

## Economic Development Districts (EDDs)

Economic Development Districts (EDDs) are multi-jurisdictional entities designated by the EDA that engage with the agency and local partners across multiple EDA programs and activity areas. EDDs generally lead, coordinate, and convene partners for the Comprehensive Economic Development Strategy (CEDS) process; assist with project development; and provide outreach, technical assistance, and grant support to applicants and grantees.[32] To be designated as an EDD, the entity must have a CEDS and cover "at least one geographical area within the designated service boundaries that meets EDA's regional distress criteria."[33] According to the EDA, there are approximately 390 EDDs; some regions of the United States are not served by an EDA-designated EDD. Most EDD regions do not align with standard, federally-defined regions, such as metropolitan statistical areas, and some EDDs cover regions that cross state borders.[34] EDDs may receive financial assistance through Partnership Planning and other programs, and may implement or manage projects.

[32] See https://eda.gov/resources/directory/ for EDA's directory of EDDs and other resources. For an analysis of EDDs in the context of regional development organizations, see CRS In Focus IF11511, *The Role of Regional Development Organizations (RDOs) in Economic Development*, by Julie M. Lawhorn.

[33] EDA, "Economic Development Districts," https://www.eda.gov/edd/. See also 42 U.S.C. §3171.

[34] EDA, "CEDS Content," https://www.eda.gov/archives/2021/ceds/content/summary.htm. Also, EDA supports the CEDS Resource Library at StatsAmerica.org where applicants can determine whether their region is served by an EDD and locate the most recent CEDS. See http://www.statsamerica.org/ceds/Default.aspx.

## Investment Priorities, FY2011-Present

EDA encourages grant applicants to align their proposals with its investment priorities.[35] In April 2021, EDA announced new investment priorities to support with the Administration's economic development goals. The agency highlights innovation and regional collaboration as two key economic drivers that inform the updated investment priorities.[36]

**Table 1. Comparison of EDA Investment Priorities**

| FY2011-FY2016 | FY2017-April 2021 | April 2021-Present |
|---|---|---|
| • Collaborative regional innovation<br>• Public private partnerships<br>• National strategic priorities<br>• Global competitiveness<br>• Environmentally-sustainable development<br>• Economically distressed and underserved communities | • Recovery and resilience<br>• Critical infrastructure<br>• Workforce development and manufacturing<br>• Exports and foreign direct investment (FDI)<br>• Opportunity zones | • Equity<br>• Recovery and resilience<br>• Workforce development<br>• Manufacturing<br>• Technology-based economic development<br>• Environmentally-sustainable development<br>• Exports and foreign direct investment (FDI) |

**Sources:** EDA, "Investment Priorities," https://eda.gov/about/investment-priorities/; and *FY2014 Congressional Budget Justification,* https://www.osec.doc.gov/bmi/budget/FY14CJ/EDA_FY_2014_CJ_Final_508_Compliant.pdf.

**Recovery and Resiliency**

EDA programs support state and local activities that facilitate long-term strategies to drive economic diversification, promote sector and cluster development, or otherwise build a region's capacity for economic recovery and resilience. According to the EDA, "in the context of economic development, economic resilience becomes inclusive of three primary attributes: the ability to recover quickly from a shock, the ability to withstand a shock, and the ability to avoid the shock altogether."[37] Shocks may include national or global economic downturns; regional industry downturns; or external events, such as a natural or man-made disaster. For example, EDA projects may support resiliency goals by assisting with business continuity and preparedness efforts or by facilitating long-term recovery from natural disasters and other economic shocks.[38]

## Economic Development Integration (EDI) Role

Following a 2011 U.S. Government Accountability Office (GAO) report on fragmentation and overlap of economic development programs, the Office of Management and Budget (OMB) selected the EDA's proposal for an economic development integration role.[39] EDA now leads integration activities across federal economic development programs in an effort to enhance collaboration, increase access to resources, and to reduce administrative burdens. The agency's

[35] EDA, "Investment Priorities," https://eda.gov/about/investment-priorities/.

[36] DOC, EDA, *FY2022 Congressional Budget Justification*, p. 10, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

[37] EDA, "CEDS Guidelines—Economic Resilience," https://www.eda.gov/ceds/content/economic-resilience.htm.

[38] EDA, "Investment Priorities," https://www.eda.gov/about/investment-priorities/.

[39] EDA, "A Brief History of EDI," https://eda.gov/integration/; and GAO, "Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear," May 19, 2011, GAO-11-477R, https://www.gao.gov/products/gao-11-477r.

EDI activities occur at various levels—federal, state, regional, and local—and through various types of partnership and coordination efforts. For instance

- EDA's regional offices work with Economic Development Districts (EDDs) to facilitate connections among local, state, and federal contacts and programs—often convening for planning purposes or post-disaster recovery initiatives.[40] Regional offices have staff identified as regional integrators as well.[41]
- EDA headquarters staff and its operations support EDI goals through interagency planning and efforts to align administrative requirements.[42]
- Eligible EDA grant recipients are allowed to combine funding from other agencies and nonfederal sources to facilitate economic development goals because state and local economic development practices are often implemented in connection with other programs.[43]
- EDA partners with other federal agencies that administer economic development programs, including the U.S. Department of Agriculture, the Department of Housing and Urban Development, and the Department of Labor, among others.[44]

## Disaster Economic Recovery Role

EDA is the lead agency in the "Economic Recovery Support Function (ERSF)" under the National Disaster Recovery Framework (NDRF).[45] According to FEMA, "The NDRF identifies Recovery Support Functions that provide a structure to facilitate problem solving, improve access to resources, and foster coordination among state and federal agencies, tribes, territories nongovernmental partners and stakeholders."[46] Within the NDRF, EDA's role is to "facilitate the delivery of federal economic development assistance to support long-term

[40] EDA, "Economic Development Integration," https://eda.gov/integration/. For a description of economic development integration in disaster resiliency planning, see U.S. House of Representatives, Select Climate Crisis Committee, "Creating a Climate Resilient America: Smart Finance for Strong Communities," Serial No. 116–16, December 11, 2019, https://www.govinfo.gov/content/pkg/CHRG-116hhrg41272/pdf/CHRG-116hhrg41272.pdf.

[41] EDA, "Regional Integrator Contacts," https://eda.gov/integration/contact/. Regional integrators may help stakeholders by convening meetings, building coalitions, identifying resources, and other activities to facilitate coordinated responses to state and local economic development issues. For an example, see EDA, "EDA's Economic Integrator Catalyzes Interagency Investments in San Diego," https://eda.gov/success-stories/integration/stories/edi-san-diego.htm.

[42] EDA, "Economic Development Integration," https://eda.gov/integration/.

[43] Limitations may apply to the total amount of federal project funding, depending on the program, type of applicant, and determination of special need. See 42 U.S.C. §3144. The FY2020 Notice of Funding Opportunity (NOFO) for the Public Works and Economic Adjustment Assistance programs noted that, "Funds from other federal financial assistance awards may be considered matching share funds only if authorized by statute, which may be determined by EDA's reasonable interpretation of the statute." See EDA, "NOFO—2020 Public Works and Economic Adjustment Assistance Programs," EDA-PWEAA2020, https://www.grants.gov/web/grants/view-opportunity.html?oppId=321695, and 13 C.F.R. §300.3 and 2 C.F.R. §200.306.

[44] EDA, "Multi-Agency Initiatives," https://eda.gov/programs/multi-agency/, and "Economic Development Integration," https://eda.gov/integration/. For an overview of federal resources for state and local economic development, see CRS Report R46683, *Federal Resources for State and Local Economic Development*, by Julie M. Lawhorn.

[45] EDA, "EDA and Disaster Recovery," https://eda.gov/disaster-recovery/.

[46] FEMA, "National Disaster Recovery Framework," https://www.fema.gov/emergency-managers/national-preparedness/frameworks/recovery.

economic recovery planning and project implementation in communities across the nation."[47] As a convener, EDA may bring together federal, state, and local stakeholders for post-disaster regional resource exchange events. In some post-disaster scenarios, EDA supports or leads efforts to assess regional assets and challenges to facilitate long-term recovery.[48] For instance

- Following Hurricane Harvey (August 2017), EDA collaborated with FEMA and state and local stakeholders to develop a Recovery Support Strategy (RSS). EDA also led regional workshops in Texas and provided recovery grants to impacted communities.[49]
- Through its ERSF, EDA deployed to Puerto Rico following Hurricanes Maria and Irma (September 2017) to provide support, coordination, and additional capacity to economic recovery efforts.[50]
- EDA coordinated a "Federal Interagency Resource Exchange" following Hurricane Laura in August 2021.[51]

As a grant-making agency, the EDA also administers program funds for state and local entities to plan and implement disaster economic recovery efforts through its EAA program.[52] For example, since 2017, EDA has invested over $111 million in 34 grants to Puerto Rico following hurricanes Maria and Irma.[53] After flooding in 2019, EDA provided a grant to the City of Moberly, MO, to improve water and wastewater infrastructure and prevent future damage to downtown businesses.[54] EDA administers recovery assistance grants through its Regional Offices.[55]

## EDA Performance Metrics

EDA collects and measures performance according to two Government Performance and Results Act (GPRA) goals. The first goal is connected to infrastructure investments and the second goal is connected to non-infrastructure investments.[56] By example, Public Works is an infrastructure program and Build to Scale is generally classified as a non-infrastructure program. The agency's goals and associated metrics are detailed in **Table 2**.

[47] EDA, "Spotlight: EDA Investments Advance Economic Recovery in American Communities Impacted by Natural Disasters," https://www.eda.gov/news/blogs/2020/09/01/spotlight.htm.

[48] EDA, "Recovering from Harvey: EDA Leads the Coordination of Federal Resources," January 2021, https://eda.gov/success-stories/disaster/stories/cog-hurricane-harvey.htm.

[49] EDA, "The Hurricane Harvey Long-Term Economic Recovery Workshops—April 5, 2018-June 1, 2018," https://www.eda.gov/files/programs/disaster-recovery/Economic-Workshops-Report-Harvey.pdf.

[50] EDA, "EDA Continues to Support the Caribbean Following the Devastating 2017 Hurricane Season," September 20, 2021, https://eda.gov/news/blogs/2021/09/20/supporting-the-caribbean-following-devastating-2017-hurricane-season.htm.

[51] See EDA, "Where We Work," https://eda.gov/disaster-recovery/where-we-work/#la.

[52] See **Figure 7** for a summary of supplemental disaster appropriations during the FY2011-FY2021 time period.

[53] EDA, "EDA Continues to Support the Caribbean Following the Devastating 2017 Hurricane Season," September 20, 2021, https://eda.gov/news/blogs/2021/09/20/supporting-the-caribbean-following-devastating-2017-hurricane-season.htm.

[54] EDA "After Reoccurring Flooding, Moberly, Missouri, Business Owners to See Relief," May 12, 2021, https://eda.gov/success-stories/disaster/stories/moberly-mo.htm.

[55] EDA, "Leading Economic Recovery Efforts in Disaster-Impacted Communities," https://eda.gov/files/programs/disaster-recovery/EDA-Disaster-Brochure.pdf.

[56] EDA, "EDA Performance Measurement and Program Evaluation," https://www.eda.gov/performance/.

**Table 2. EDA Performance Goals and Metrics**

| Performance Goal | Metric |
|---|---|
| Infrastructure investments that promote private enterprise and job creation in economically distressed communities and regions. | • Private sector dollars invested in economically distressed regions as a result of EDA's investments.<br>• Jobs created or retained in economically distressed regions as a result of EDA's investments. |
| Non-infrastructure investments that build community capacity to achieve and sustain regional competitiveness and economic growth. | • Percentage of Districts, Organizations, and Indian Tribes implementing economic development initiatives from the Comprehensive Economic Development Strategy (CEDS) process that lead to private investment and job creation and retention.<br>• Percentage of sub-state jurisdiction members actively participating in the Economic Development District (EDD) activities.<br>• Percentage of University Center (UC) clients taking action as a result of the assistance facilitated by the UC.<br>• Percentage of those actions taken by UC clients that achieved the expected results.<br>• Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAAC.<br>• Percentage of those actions taken by TAAC clients that achieved the expected results. |

**Source:** EDA, "EDA Performance Measurement and Program Evaluation," https://www.eda.gov/performance/.

**Notes:** Additional performance data is collected on local and regional economic development capacity for non-infrastructure investments for the following programs: Build to Scale, Local Technical Assistance, Partnership Planning, and Research and National Technical Assistance. For more information, see "New Performance Data Collection Instruments and Processes," https://eda.gov/performance/gpra/.

# EDA Grant Programs

EDA grant programs, which are generally flexible, locally-based and regionally-oriented, are designed to increase the capacity for state and local economic development.[57] According to EDA, between FY2012 and FY2019, the agency invested over $2.6 billion in 5,445 projects.[58] The agency's grant programs and investment priorities broadly support local initiatives that "leverage economic assets in facilitating regional economic prosperity and resiliency as well as conditions for business success."[59] Activities funded by EDA grant programs include infrastructure, planning, workforce development, disaster economic recovery, and funding for business assistance programs such as revolving loan funds, business technical assistance, innovation, entrepreneurship, and business incubator programs,[60] among others. Grant programs may also

[57] Capacity is a central component of EDA's definition of economic development. EDA defines economic development as creating "the conditions for economic growth and improved quality of life by expanding the capacity of individuals, firms, and communities to maximize the use of their talents and skills to support innovation, lower transaction costs, and responsibly produce and trade valuable goods and services." EDA further defines economic development capacity building as "developing or improving community assets that businesses need to succeed." See EDA, "Key Definitions," https://eda.gov/performance/key-definitions/.

[58] EDA, "Performance Measurement and Program Evaluation," https://www.eda.gov/performance/.

[59] EDA, "Investment Priorities," https://eda.gov/about/investment-priorities/.

[60] Business incubator programs are defined as programs

> designed to accelerate the development of entrepreneurial firms through an array of business support resources and services, developed and/or orchestrated by incubator management, delivered both by incubation staff and

support regional economic development goals by facilitating existing and emerging industry clusters, developing human capital, strengthening supply chains, expanding access to capital, and building innovation and technology strategies.[61] No minimum or maximum project amount is specified in law.[62]

**Table 3** provides a summary of EDA programs. For detailed program information, see **Appendix A**.[63]

**Table 3. Summary of Major EDA Programs**

| **Program Name** (CFDA No.) | **Description** | **Project Examples** |
|---|---|---|
| **Public Works** (11.300) | The Public Works program is designed to fund physical infrastructure projects such as water and sewer systems improvements, industrial parks, business incubator facilities, expansion of port and harbor facilities, skill-training facilities, and brownfields redevelopment. | • Construction of a workforce training center.<br>• Water and wastewater improvements in connection with the development of an industrial park. |
| **Economic Adjustment Assistance** (EAA) (11.307) | The EAA program assists communities and regions affected by natural disasters, natural resource depletion, mass layoffs, and other severe economic shocks caused by structural impacts to regional economies. Revolving Loan Funds (RLFs) are capitalized by EAA grants. See CRS In Focus IF11449, *Economic Development Revolving Loan Funds (ED-RLFs)*, by Julie M. Lawhorn. | • Capitalization of a Revolving Loan Fund for underserved regional businesses.<br>• A study to evaluate how to develop, sustain, and promote businesses including retail, restaurants, services, and others in a downtown area.<br>• Construction of a healthcare simulation lab and telemedicine space at a community college. |

through its networks of outside service providers. Business incubation programs usually provide client firms access to shared basic services and equipment, improved access to capital, and business management training.

See EDA, "Incubating Success," David A. Lewis, Elsie Harper Anderson, and Lawrence A. Molnar, http://edaincubatortool.org/pdf/NBIS%20Brochure-Incubating%20Success_NBIA_FINAL-3.pdf.

[61] DOC, EDA, *FY2022 Congressional Budget Justification*, p. 120, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

[62] 42 U.S.C. §3121 et seq.

[63] This report does not analyze EDA's grant awards by program. For an analysis of EDA funding awarded by program and other analysis, see Brett Theodos et al., "The Economic Development Administration's Programs and Projects Types - EDA Program Evaluation," The Urban Institute, October 2021, p. 6, https://www.urban.org/sites/default/files/publication/105006/economic-development-administration-programs-and-project-types_1_0.pdf.

| **Program Name** (CFDA No.) | **Description** | **Project Examples** |
|---|---|---|
| **EAA—Assistance to Coal Communities (ACC), Assistance to Nuclear Closure Communities (NCC) initiatives, and Disaster Economic Recovery programs** (11.307) | The ACC and NCC initiatives support communities and regions that have been negatively impacted by changes in the coal economy or by nuclear plant closures, respectively. In addition to ongoing annual appropriations for the discretionary EAA grant program, Congress has authorized supplemental appropriations for EAA ACC and NCC initiatives as well as for post-disaster economic recovery and COVID-19 economic recovery efforts. EDA makes ACC and NCC funding available through the Notice of Funding Opportunity (NOFO) for the Public Works and EAA programs, usually on an annual basis. | • A broadband mapping project to address current business access, an assessment of future needs, and regulatory matters for a coal-impacted community.<br>• Development of a post-disaster roadmap to improve regional economic resiliency.<br>• Storm water upgrades to minimize flooding hazards in a commercially zoned area in order to support job creation and economic resiliency goals. |
| **Partnership Planning** (11.302) | The Partnership Planning program supports a national network of EDA-designated Economic Development Districts (EDDs) as well as local organizations (Indian Tribes and other eligible recipients) with long-term strategic economic development planning efforts, and helps communities undertake focused, project-specific planning activities. | • Funds to support the development and implementation of the CEDS planning process. |
| **Local Technical Assistance** (11.303) | The Local Technical Assistance program provides grants for management and technical services, including feasibility studies or impact analyses. | • A feasibility study for a proposed, regional entrepreneurship center. |
| **University Centers (UCs)** (11.303) | Institutions of higher education operate University Centers that provide technical assistance to public and private sector organizations with the goal of enhancing local economic development. | • Operational support for a UC that assists local communities with an asset-based planning process to expand economic development opportunities in partnership with the state agencies and regional EDDs.<br>• Operational support for a UC to help firms with technology transfer and commercialization. |
| **Research and National Technical Assistance (RNTA)** (11.312 and 11.303) | The RNTA program funds research, evaluation, and national technical assistance projects that promote competitiveness and innovation in distressed rural and urban regions. | • A program evaluation of infrastructure and non-infrastructure EDA grants.<br>• A grant to national organizations to provide technical assistance and disseminate promising strategies among coal-impacted and nuclear closure communities. |

| **Program Name** (CFDA No.) | **Description** | **Project Examples** |
|---|---|---|
| **Build to Scale (Section 27)** (11.020) | The Build to Scale program funds efforts to facilitate innovation and entrepreneurship and increase access to risk capital. B2S is composed of the Venture Challenge and the Capital Challenge. The Venture Challenge supports entrepreneurship support programs and other models to accelerate high-growth entrepreneurship activities. The Capital Challenge provides operational support to help organizations and regions expand access to risk capital.<br>EDA's OIE administers the B2S program, which is authorized under Section 27 of the Stevenson-Wydler Technology Act of 1980 (15 U.S.C. §3722). | • Implementing regional strategies that support entrepreneurship, technology development, commercialization, and increased access to capital for biomedical products, agricultural technologies, advanced manufacturing, and other technology- and innovation-based industries.<br>• Operational support for a Prototype-to-Production Hardware Accelerator program to help entrepreneurs scale their business and manufacture their products. |
| **STEM Talent Challenge/ STEM Apprenticeships (Section 28)** (11.023) | The STEM Talent Challenge program funds efforts that expand career pathways and meet employers' needs for a STEM capable workforce. EDA's OIE administers the STEM Talent Challenge program, which is authorized under Section 28 of the Stevenson-Wydler Technology Act of 1980 (15 U.S.C. §3723). | • Development of a virtual smart factory environment to build advanced manufacturing skills and facilitate workforce development. |
| **Trade Adjustment Assistance for Firms (TAAF)** (11.313) | EDA partners with nonprofit or university-affiliated Trade Adjustment Assistance Centers (TAACs) to provide technical assistance to import-impacted U.S. manufacturing, production and service firms. TAAF is authorized under the Trade Act of 1974, as amended (19 U.S.C. §2341 et seq.). | • Technical assistance for import-impacted companies to develop business recovery plans and strategies such as new product lines, updated information systems, and revised marketing campaigns. |

**Sources:** EDA, "Programs," https://eda.gov/programs/eda-programs/; "Annual Reports," https://eda.gov/annual-reports; "Funding Opportunities," https://eda.gov/funding-opportunities/; and "Press Releases" https://eda.gov/news/press-releases/.

**Notes:** CFDA No. refers to the Catalog of Federal Domestic Assistance, a searchable database of federal domestic assistance programs (https://beta.sam.gov). Each program is identified by name and a five-digit number. Programs are authorized by PWEDA, except where otherwise noted. Project examples provided below are for illustrative purposes only and do not represent all potential uses of funds.

## How to Apply

Application guidance for EDA's competitive grant programs is outlined in the agency's Notices of Funding Opportunities (NOFOs), which are explanations of available grant funding and procedures.[64] Applicants may also contact Economic Development Districts (EDDs) or EDA state and regional representatives for assistance. EDA maintains an online directory, organized by state, of EDDs and other resources and agency contacts.[65]

[64] Information on EDA grant competitions is available at https://eda.gov/funding-opportunities/ and http://www.grants.gov.

[65] EDA, "Economic Development Directory," https://eda.gov/resources/directory/.

## Select Grant Requirements

In order to receive EDA grant assistance, applicants must meet program criteria related to types of eligible applicants, cost sharing, and other requirements.[66] Requirements vary by program, authorizing statute, and agency regulations.[67]

### *Eligible Recipients*

For an entity to be eligible for EDA assistance for programs authorized by PWEDA (42 U.S.C. §3121 et seq.), the recipient must be

- an economic development district (EDD);
- an Indian tribe or a consortium of Indian tribes and for-profit entities that is wholly owned by and established for the benefit of a tribe;[68]
- a state;[69]
- a city or other political subdivision of a state, including a special purpose unit of a state or local government engaged in economic or infrastructure development activities, or a consortium of political subdivisions;
- an institution of higher education or a consortium of institutions of higher education; or
- a public or private nonprofit organization or association acting in cooperation with officials of a political subdivision of a state.[70]

Businesses are not eligible for most grants authorized by PWEDA, but may be eligible for Training, Research, and Technical Assistance grants.[71]

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[66] Recipients of EDA awards follow the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) as set forth in 2 C.F.R. Part 200, https://www.gpo.gov/fdsys/pkg/CFR-2016-title2-vol1/pdf/CFR-2016-title2-vol1-part200.pdf; DOC Terms and Conditions; and other requirements.

[67] Detailed program requirements are outlined in Notice of Funding Opportunities (NOFOs) (see https://eda.gov/funding-opportunities/) and in agency regulations (see 13 C.F.R. Part 300).

[68] The term *Indian tribe* means an entity on the list of recognized tribes published pursuant to the Federally Recognized Indian Tribe List Act of 1994, as amended (P.L. 103-454) (25 U.S.C. §479a et seq.), and any Alaska Native Village or Regional Corporation (as defined in or established under the Alaska Native Claims Settlement Act (43 U.S.C. §1601 et seq.). This term includes the governing body of an Indian tribe, Indian corporation (restricted to Indians), Indian authority, or other nonprofit Indian tribal organization or entity; provided that the Indian tribal organization, corporation, or entity is wholly owned by, and established for the benefit of, the Indian tribe or Alaska Native Village. 13 C.F.R. §300.3. A rule published in the *Federal Register* on September 24, 2021, extended EDA tribal eligibility to include for-profit entities that are wholly owned by and established for the benefit of a tribe. See EDA, U.S. Department of Commerce, "Permitting Additional Eligible Tribal Entities," 86 *Federal Register* 52957-52959, September 24, 2021, https://www.federalregister.gov/documents/2021/09/24/2021-20633/permitting-additional-eligible-tribal-entities.

[69] A *state* means a state, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. 42 U.S.C. §3122.

[70] The Economic Development Administration Reauthorization Act of 2004 (P.L. 108-373) authorized select nonprofits as eligible recipients.

[71] 42 U.S.C. §3122(4) and 13 C.F.R. §300.3. Training, Research, and Technical Assistance Investment grants are authorized under 42 U.S.C. §3147.

Businesses may receive EDA-supported loans and technical assistance to support expansion and entrepreneurial activities. For instance, qualifying businesses may receive a loan from an intermediary operating an EDA-supported

The types of applicants eligible for the Build to Scale (B2S) and STEM Talent Challenge programs, which are authorized by the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. §§3722 and 3723), not PWEDA, include

- A state;
- An Indian tribe;
- A city or other political subdivision of a state;
- An entity that is—
  - a nonprofit organization,
  - an institution of higher education,
  - a public-private partnership,
  - a science or research park,
  - a federal laboratory, or
  - an economic development organization or similar; and
- A consortium of any of the immediately aforementioned entities.

Additionally, a venture development organization may be an eligible applicant for the B2S program. According to the EDA, select entities may be required to demonstrate that the application is supported by a state or a political subdivision of a state for the B2S and STEM Talent Challenge programs.[72]

For the TAAF program, which is authorized by the Trade Act of 1974, as amended (19 U.S.C. §2341 et seq.), the following types of entities can apply to operate a TAAC:

- Universities or affiliated organizations;
- States or local governments; and
- Nonprofit organizations.[73]

### *Cost Sharing Requirements*

Cost sharing is required for most EDA grant programs although some exceptions may apply. Generally, EDA investment funds 50% of total project costs. Requirements may vary based on the program, a determination of special need, type of applicant, and other factors. The Secretary may increase the federal share for a grant to Indian tribes or when certain grantees have exhausted their effective taxing and borrowing capacity or for other circumstances.[74] The Secretary may also increase the federal share up to 100% for RNTA grants. Agency regulations describe the conditions in which "projects subject to a Special Need" may receive a higher investment rate.

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Revolving Loan Fund (RLF) and the loan must be repaid with interest. There are approximately 400 organizations administering EDA-funded RLFs. See EDA, "Revolving Loan Fund Program," https://www.eda.gov/rlf/. For more information, see CRS In Focus IF11449, *Economic Development Revolving Loan Funds (ED-RLFs)*, by Julie M. Lawhorn; and CRS Insight IN11419, *COVID-19: Selected Federal Resources for Businesses Seeking to Assist with Research and Manufacturing Efforts*, by Maria Kreiser. Businesses may also receive direct *technical assistance* through projects funded by EDA grants, University Center, or Trade Adjustment Assistance Center partners.

[72] EDA, "NOFO—2020 Build to Scale Program—Concept Proposal," EDA-HDQ-OIE-2020, https://www.grants.gov/web/grants/view-opportunity.html?oppId=324375, and "NOFO—2020 STEM, EDA-HDQ-OIE-2020-2006617, https://eda.gov/files/oie/stem/Section-28-STEM-Talent-Challenge-NOFO.pdf.

[73] 13 C.F.R. §315.4.

[74] 42 U.S.C. §3144.

This includes, but is not limited to, post-disaster economic recovery projects and, as noted, projects by Indian tribes, among other circumstances and conditions.[75]

## Select Grant Requirements—Public Works and Economic Adjustment Assistance Programs

The following select grant program requirements apply to two of the EDA's economic development assistance programs, the Public Works and Economic Adjustment Assistance (PWEAA) programs, which accounted for over half of EDA's program funding in FY2021 (see **Figure 5**).[76]

### *Economic Distress Criteria*

For a project to be eligible for assistance under the PWEAA programs,

> The project shall be located in an area that, on the date of submission of the application, meets one or more of the following criteria:
>
> - An unemployment rate that is, for the most recent 24-month period for which data are available, at least one percentage point greater than the national average unemployment rate;
>
> - Per capita income that is, for the most recent period for which data are available, 80 percent or less of the national average per capita income; or
>
> - A special need, as determined by EDA."[77]

These criteria are also used for the EDD designation. An EDD must "contain at least one geographic area that fulfills the economic distress criteria" among other requirements.[78]

### *Comprehensive Economic Development Strategies (CEDS)*

The Comprehensive Economic Development Strategy (CEDS) is a locally-developed, long-term regional economic development plan. Projects must serve an area that has a CEDS or equivalent strategy in order to be eligible for Public Works and Economic Adjustment Assistance funding.[79] However, the CEDS requirement may be waived in some instances.[80] The EDA provides funding to EDDs to carry out and implement the CEDS under its Partnership Planning program.[81]

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[75] 13 C.F.R. §301.4, Subpart D—Investment Rates and Matching Share Requirements.

[76] See agency regulations (13 C.F.R. Chapter III) for detailed program requirements. See also EDA, "EDA Informational Brochure," https://eda.gov/pdf/about/EDA-trifold-2017.pdf.

[77] 42 U.S.C. §3121 et seq. EDA's regulations describe the economic distress criteria at 13 C.F.R. §300, Subpart C—Economic Distress Criteria.

[78] 42 U.S.C. §3171. The EDA also encourages University Centers (42 U.S.C. §3147(a)(2)(D)) to provide services that benefit distressed areas in their region (13 C.F.R. §306.5(a)). See EDA, *NOFO—FY 2021 EDA University Center Economic Development Program Competition*, EDA-CHI-TA-CRO-2021-2006893 and EDA-CHI-TA-CRO-2021-2006894, https://www.grants.gov/web/grants/view-opportunity.html?oppId=332622.

[79] EDA, "Comprehensive Economic Development Strategies," https://eda.gov/ceds/. According to EDA, "EDA supports the CEDS Resource Library at http://www.statsamerica.org/ceds/Default.aspx where applicants can determine whether their region is served by an EDD and locate the most recent CEDS"—see http://www.statsamerica.org/ceds.

[80] 42 U.S.C. §3149(b)(2); 42 U.S.C §3162; 13 C.F.R. §307.5.

[81] EDA, "Planning Program," https://eda.gov/pdf/about/Planning-Program-1-Pager.pdf.

CEDS involves both a planning process and the development of a regional framework for selecting and prioritizing economic development strategies—generally developed with an asset-based approach. To complete the CEDS, regional stakeholders engage local leaders, private sector firms, individuals, organizations, institutions of learning, and other participants. An organization must have a CEDS in order to receive EDA's EDD designation.[82] The EDA requires a CEDS update every five years.[83] EDA regulations require that CEDS include elements outlined in **Table 4**. According to the EDA, CEDS must also incorporate the concept of economic resilience.[84]

**Table 4. Core Elements of a Comprehensive Economic Development Strategy (CEDS)**

| CEDS Element | Description |
|---|---|
| *Summary Background* | A summary of the economic conditions of the region. |
| *SWOT Analysis* | An in-depth analysis of regional strengths, weaknesses, opportunities and threats. |
| *Strategic Direction/Action Plan* | The strategic direction and action plan should build on findings from the SWOT analysis and incorporate elements from other regional plans (e.g., land use and transportation, workforce development, etc.) where appropriate, as determined by the EDD or community/region engaged in development of the CEDS. The action plan should also identify the stakeholder(s) responsible for implementation, timetables, and opportunities for the integrated use of other local, state, and federal funds. |
| *Evaluation Framework/Performance Measures* | The strategic direction and action plan should build on findings from the SWOT analysis and incorporate/integrate elements from other regional plans (e.g., land use and transportation, workforce development, etc.) where appropriate, as determined by the EDD or community/region engaged in development of the CEDS. The action plan should also identify the stakeholder(s) responsible for implementation, timetables, and opportunities for the integrated use of other local, state, and federal funds. |

**Sources:** 13 C.F.R. §303.7 and EDA, "Comprehensive Economic Development Strategies," https://eda.gov/ceds/.

**Notes:** EDA provides "Content Guidelines" with additional resources for CEDS development and suggestions for CEDS content. However, beyond the four required sections and economic resilience component, the CEDS content and CEDS development process is managed by local and regional stakeholders.

## Persistent Poverty and Distressed, Small, Rural and Underserved Areas—Funding and Technical Assistance

In reports accompanying the FY2020 and FY2021 appropriations bills, Congress has signaled an interest in prioritizing EDA funding for persistent poverty counties and in understanding the level of funding and technical assistance provided to distressed, small, rural, and underserved areas.[85]

[82] 13 C.F.R. §304.1.

[83] 13 C.F.R. §303.6.

[84] EDA regulations specify that each regional CEDS must promote resiliency. Economic resilience in the context of the CEDS is related to "the ability to avoid, withstand, and recover from economic shifts, natural disasters, the impacts of climate change, etc." See 13 C.F.R. §303.7 and EDA, "Comprehensive Economic Development Strategies," https://eda.gov/ceds/.

[85] See *Congressional Record*, December 17, 2019, pp. H10961-10962, https://www.govinfo.gov/content/pkg/CREC-2019-12-17/pdf/CREC-2019-12-17-house-bk2.pdf; and *Congressional Record*, December 21, 2020, pp. H7922-7923, https://www.govinfo.gov/content/pkg/CREC-2020-12-21/pdf/CREC-2020-12-21-house-bk3.pdf.

In terms of persistent poverty counties, Congress has directed a portion of EDA assistance to areas that have experienced high unemployment or high poverty levels for a certain period of time through the "10-20-30" provision in recent appropriations bills.[86] The provision directs 10% of federal funds for specific programs to counties with 20% poverty rates or more for the past 30 years.[87] EDA applies the 10-20-30 provision to the Public Works and Build to Scale programs.[88]

In regards to distressed, small, rural, and underserved areas, Congress requires EDA to report on activities related to program outcomes, and directs the agency to provide technical assistance to these areas. Congress and EDA have indicated their interests in these areas in the following ways:

- PWEDA requires EDA to include information in its annual report about private sector leveraging goals set for investments awarded to rural and urban economically distressed areas and to highly distressed areas.[89]
- In FY2021, Congress directed EDA to support technical assistance for distressed small, rural, and underserved communities for "pre-development activities associated with accessing EDA programs and services."[90]
- In FY2021, EDA made a Research and National Technical Assistance (RNTA) award for the "Advancing Economic Development in Persistently Poor Communities" project. According to EDA, the project "will identify and analyze areas of persistent poverty in the United States, develop a typology of persistently poor places based on their needs to better inform future policy approaches, and assess how effective past EDA investments have been in alleviating deprivation in areas suffering from persistent poverty."[91]
- The six new ARP Act grant programs launched in July 2021 will consider the agency's new investment priority—equity—as well strategies to serve communities disproportionately impacted by the pandemic.[92] The EDA provided additional detail on definitions for underserved communities, geographies, and other terms when it released revised investment priorities in April 2021.[93]

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[86] By example, see annual appropriations bills: P.L. 115-31 (FY2017), P.L. 115-141 (FY2018), P.L. 116-6 (FY2019), P.L. 116-93 (FY2020), and P.L. 116-260 (FY2021). The 10-20-30 provision has also been applied to USDA Rural Development programs and was applied in the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5).

[87] For more information, see CRS Report R45100, *The 10-20-30 Provision: Defining Persistent Poverty Counties*, by Joseph Dalaker.

[88] GAO, "Areas with High Poverty—Changing How the 10-20-30 Funding Formula Is Applied Could Increase Impact in Persistent Poverty Counties," GAO-21-470, May 27, 2021, https://www.gao.gov/assets/gao-21-470.pdf. For EDA's list of Persistent Poverty Counties, see https://eda.gov/performance/tools/.

[89] 42 U.S.C. §3213. For an example of such reports and data, see EDA, *FY2019 Annual Report*, pp. 8-10, https://eda.gov/files/annual-reports/fy2019/FY2019-Approved-EDA-Annual-Report.pdf.

[90] Rep. Nita Lowey, "Explanatory Statement Submitted by Mrs. Lowey, Chairwoman of the House Committee on Appropriations Regarding H.R. 133, Consolidated Appropriations Act, 2021 (Division B—Commerce, Justice, Science, and Related Agencies)," *Congressional Record*, vol. 166, No. 218-Book III (December 21, 2020), pp. H7922-7923, https://www.congress.gov/congressional-record/2020/12/21/house-section/article/H7879-2.

[91] EDA, "Tackling Persistent Poverty Is Goal of New EEDA-Economic Innovation Group Initiative," July 19, 2021, https://eda.gov/news/blogs/2021/07/19/eig.htm.

[92] EDA, "EDA's American Rescue Plan Programs," https://eda.gov/arpa/.

[93] EDA, "EDA Investment Priorities—Definitions," https://eda.gov/files/about/investment-priorities/EDA-FY21-Investment-Priorities-Definitions-June.pdf.

Additionally, per Executive Order 13985 federal agencies are required to conduct an assessment of "whether, and to what extent, its programs and policies perpetuate systemic barriers to opportunities and benefits for people of color and

## Assistance to Tribal Communities

EDA provides assistance to tribal communities in several ways. In addition to being eligible recipients of EDA grant assistance (see "Eligible Recipients" above), grants may be up to 100% of the cost of the project for tribes and consortiums of tribes.[94] As noted previously, in October 2021, EDA implemented a rule to allow for-profit tribal entities that are wholly owned by and established for the benefit of the tribe to be eligible for EDA assistance.[95] Additionally, in FY2021, EDA allocated $100 million in ARP Act funding to the EDA's Indigenous Communities program, and tribes, consortiums of tribes, and other entities that serve indigenous communities are eligible recipients.[96] The Indigenous Communities program was EDA's first program developed specifically for Indigenous communities.[97]

# EDA Appropriations, FY2011—FY2021

For the FY2011-FY2021 period, annual appropriations for EDA programs and administration expenses averaged $280 million (not adjusted for inflation) excluding disaster and COVID-19 supplemental appropriations.[98] **Figure 5** provides a chart of the amounts allocated to major EDA programs since FY2011. Congress generally directs EDA to allocate the largest share of its annual appropriations to the Public Works program, with the second largest share of annual appropriations directed to the EAA program. However, in FY2021, the allocation for the Build to Scale program was slightly higher than the allocation for the EAA program ($38 million compared to $37.5 million, respectively).

other underserved groups. Such assessments will better equip agencies to develop policies and programs that deliver resources and benefits equitably to all." See https://www.govinfo.gov/content/pkg/FR-2021-01-25/pdf/2021-01753.pdf.

[94] 42 U.S.C. §3144.

[95] See EDA, U.S. Department of Commerce, "Permitting Additional Eligible Tribal Entities," 86 *Federal Register* 52957-52959, September 24, 2021, https://www.federalregister.gov/documents/2021/09/24/2021-20633/permitting-additional-eligible-tribal-entities.

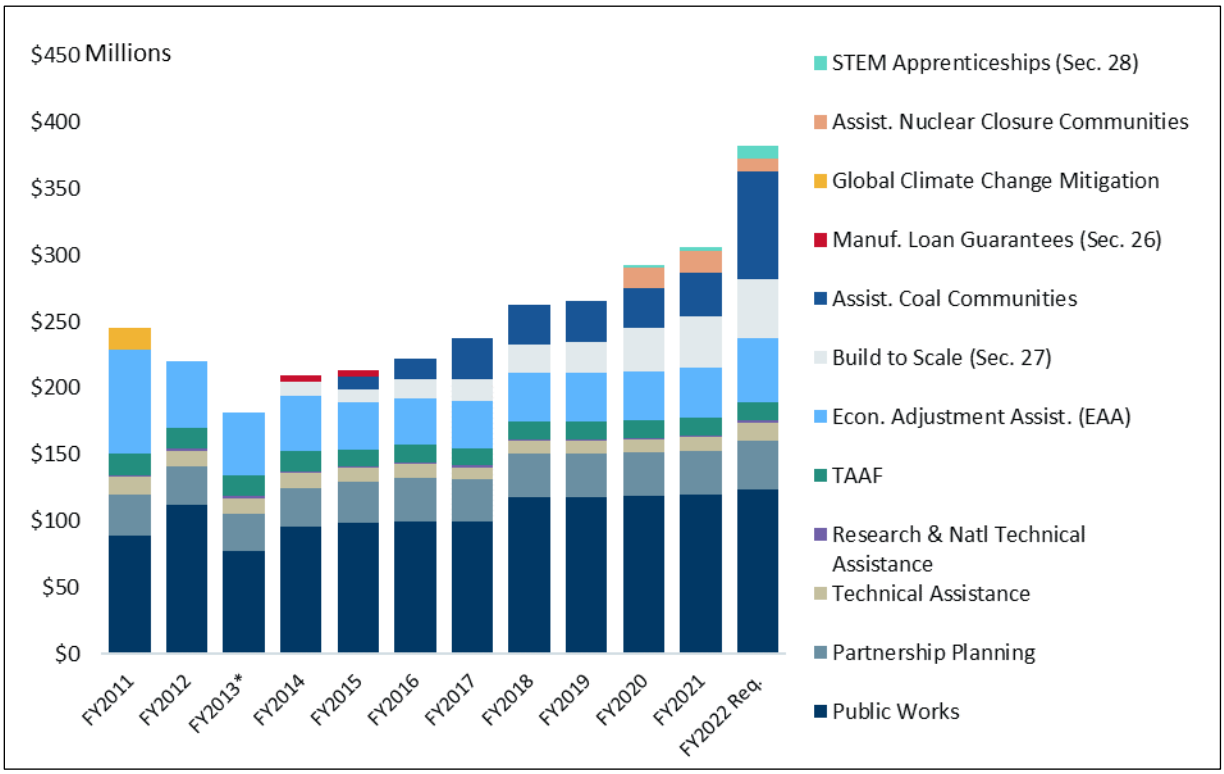
[96] EDA, "Indigenous Communities," https://eda.gov/arpa/indigenous/.

[97] EDA, "EDA Updates Regulations to Make Grants More Accessible to Native American Communities," September 24, 2021, https://eda.gov/news/blogs/2021/09/24/updated-regulations-native-american-communities.htm.

[98] For a summary of EDA programs and appropriations prior to FY2011, see Robert W. Lake, Robin Leichenko, and Amy Glasmeier, "EDA and U.S. Economic Distress 1965–2000," EDA Research Report, 99-07-13812, July 2004, http://www.ipsr.ku.edu/KUforKS/2004julyEDAandUSeconomicdistressreport.pdf.

**Figure 5. Funding for EDA Programs, FY2011- FY2021 and FY2022 Request**

(in millions of nominal dollars)




**Source:** CRS using information from the reports accompanying annual appropriations bills and EDA's *FY2022 Congressional Budget Justification,* https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf. For a breakdown of funding amounts by program, by fiscal year, see **Table B-2**.

**Notes:** Excludes supplemental appropriations and funding proposed for EDA programs in the FY2022 House-passed "Build Back Better Act" (H.R. 5376). The asterisk (*) indicates that the FY2013 levels are the post-sequestration amounts. EDA renamed the Regional Innovation Strategies program in FY2020.

## Assistance to Coal and Nuclear Closure Communities

Congress has signaled an interest in using the EDA to provide financial and technical assistance to communities impacted by changes in the coal economy since FY2014, and to communities impacted by nuclear plant closures since FY2015. The following milestones highlight Congress's interest in providing assistance to coal and nuclear closure communities since FY2014:

- In FY2014, Congress encouraged EDA to assist communities impacted by the "economic dislocation in the coal and timber industries," and directed EDA to allocate no less than $3 million "to enhance regional business development in areas negatively impacted by the downturn in the coal industry."[99]

[99] See explanatory statement accompanying the Consolidated Appropriations Act, 2014 (P.L. 113-76), printed in the January 15, 2014, *Congressional Record* (pp. H507-H532), https://www.congress.gov/congressional-record/2014/01/15/house-section/article/H475-2.

- In FY2015, a Senate appropriations report noted the negative, regional economic impact of nuclear plant closures and encouraged EDA to "identify and develop best practices" to assist communities.[100]
- Between FY2015 and FY2017, Congress continued to direct EDA to provide additional funding through the EAA program to coal-impacted communities as a part of the multi-agency Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative.[101]
- Each year in FY2018 through FY2021, Congress directed EDA to provide additional funding through the EAA program to coal-impacted communities as a part of the Assistance to Coal Communities (ACC) initiative.[102]
- In FY2020 and FY2021, Congress directed EDA to provide additional funding through the EAA program to the Assistance to Nuclear Closure Communities (NCC) initiative.[103]

**Figure 6** charts the amounts of annual appropriations that EDA has allocated to the EAA, ACC, and NCC programs since FY2011. The funding for the EAA, ACC, and NCC programs together account for approximately 25-30% of total EDA appropriations annually.[104] In FY2021, EDA allocated $300 million of the $3 billion appropriation from the ARP Act to coal-impacted communities through the Coal Communities Commitment (CCC); CCC funding is not included in **Figure 6**.[105]

[100] S.Rept. 113-181.

[101] In FY2015 and FY2016, Congress directed EDA to allocate funding to "Assistance to Coal Communities" (see explanatory statements accompanying the FY2015 and FY2016 appropriations bills, P.L. 113-235 and P.L. 114-113). In FY2015 and FY2016, the ACC initiative was administered as a component of the multi-agency POWER Initiative—a coordinated federal effort to assist coal-impacted communities. The Appalachian Regional Commission's (ARC's) POWER Initiative and the EDA's ACC initiative were developed as part of the Obama Administration's POWER+ Plan (FY2015-FY2016). At the time, the POWER Initiative was the multi-agency economic development component. During the Trump Administration, ARC's POWER Initiative and the EDA's ACC initiative continued to operate, but were no longer a part of a cross-agency POWER Initiative. See CRS Report R46015, *The POWER Initiative: Energy Transition as Economic Development*, by Julie M. Lawhorn.

[102] EDA, "FY 2018 Economic Development Assistance Programs Notice of Funding Opportunity," p. 7, https://www.grants.gov/web/grants/view-opportunity.html?oppId=306735.

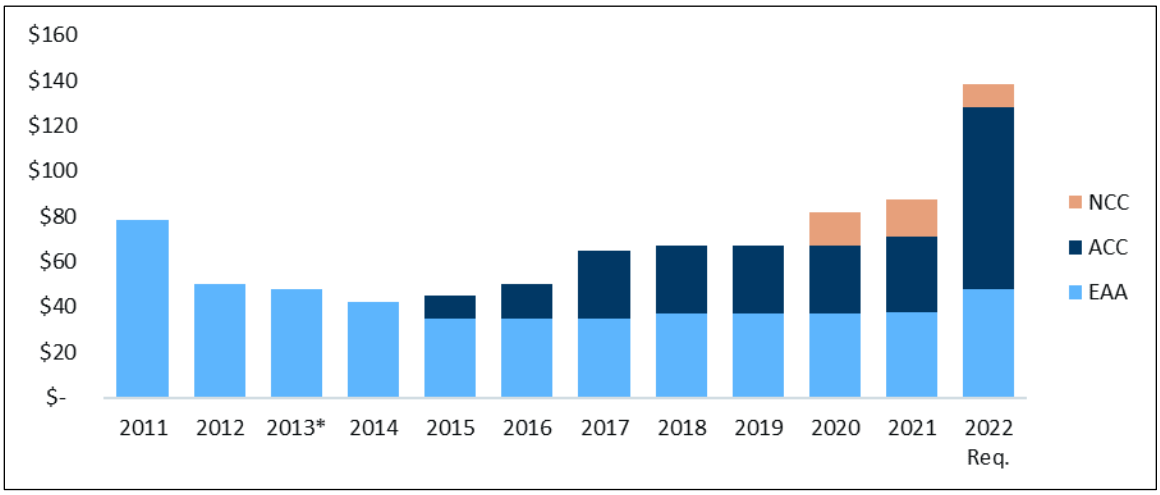
[103] In FY2020, Congress directed EDA to allocate $15 million to the Assistance to Nuclear Closure Communities (NCC) initiative (P.L. 116-93; see also *Congressional Record*, December 17, 2019, pp. H10961-10962). In FY2021, Congress directed EDA to allocate $16.5 million to the NCC initiative (P.L. 116-260; see also *Congressional Record*, December 21, 2020, pp. H7922-7923).

[104] The ACC and NCC initiatives are not independently authorized; congressional intent for funding the ACC and NCC initiatives is outlined in the explanatory statements accompanying annual appropriations committee reports. For additional information, including legislative origins, see CRS Insight IN11648, *The Economic Development Administration's Assistance to Coal and Nuclear Closure Communities Initiatives for Economic Transitions*, by Julie M. Lawhorn.

[105] See EDA, "Coal Communities Commitment," https://eda.gov/arpa/coal-communities/, which notes that the *Initial Report to the President on Empowering Workers Through Revitalizing Energy Communities* (April 2021), developed by President Biden's Interagency Working Group, recommended focused federal investments for coal-impacted communities. The report is available at https://netl.doe.gov/sites/default/files/2021-04/Initial%20Report%20on%20Energy%20Communities_Apr2021.pdf.

**Figure 6. EAA, ACC, NCC Funding History: FY2011-FY2021 and FY2022 Request**

(in millions of nominal dollars)




**Sources:** CRS using information from reports accompanying annual appropriations bills, and EDA's *FY2022 Congressional Budget Justification*, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

**Notes:** Does not include supplemental appropriations for disaster or COVID-19 economic recovery assistance or funding proposed for EDA programs in the FY2022 House-passed "Build Back Better Act" (H.R. 5376). The asterisk (*) indicates that the FY2013 level is the post-sequestration amount.

## Consolidated Appropriations Act of 2021, P.L. 116-260

On December 27, 2020, Congress approved, and the President signed into law, the Consolidated Appropriations Act of 2021 (P.L. 116-260), providing appropriations for a number of federal agencies and departments, including the programs and activities of the EDA. The act provided $346 million for EDA, including $305.5 million for programs and activities and $40.5 million for salaries and expenses. EDA's FY2021 appropriations included a 12% increase (from $30 million to $33.5 million) in the amount of funds for the ACC initiative, and a 10% increase (from $15 million to $16.5 million) in the second year of funding for the NCC initiative. The act also included $38 million for the Build to Scale program, which was an increase of $5 million over the program funding level in FY2020.[106] In addition, P.L. 116-260 included a provision rescinding $10 million in unobligated balances from prior year appropriations for economic development assistance programs.[107]

Report language accompanying the FY2021 appropriations bill provided additional direction to EDA on the following matters:

- geographic equity and rural economic development challenges;

[106] Rep. Nita Lowey, "Explanatory Statement Submitted by Mrs. Lowey, Chairwoman of the House Committee on Appropriations Regarding H.R. 133, Consolidated Appropriations Act, 2021 (Division B—Commerce, Justice, Science, and Related Agencies)," *Congressional Record*, vol. 166, no. 218-Book III (December 21, 2020), pp. H7922-7923, https://www.congress.gov/congressional-record/2020/12/21/house-section/article/H7879-2.

[107] According to OMB, "Unobligated balances refers to balances that have not yet been committed by contract or other legally binding action by the government." See OMB, *Budget of the United States, FY2022*, p. 5, https://www.govinfo.gov/content/pkg/BUDGET-2021-BALANCES/pdf/BUDGET-2021-BALANCES.pdf.

- EDA's collaborations with the Delta Regional Authority, the Appalachian Regional Commission, and the Northern Border Regional Commission to assist distressed communities;
- EDA's technical assistance outreach and capabilities on projects involving manufacturing and energy efficiency, and for distressed communities broadly;
- the allocation and distribution of B2S funding; and
- the facilitation of economic development involving specific activities or sectors such as new forest products, outdoor recreation, and aeronautics-related industries; among others.[108]

## Supplemental Appropriations

Supplemental appropriations for EDA programs have supported recovery efforts following economic injury caused by natural disasters and the COVID-19 pandemic. Disaster funding provides for expenses related to flood mitigation, disaster relief, long-term recovery, and the restoration of infrastructure for specific areas.[109] COVID-19 economic recovery funding is supporting economic recovery planning and technical assistance strategies to address economic dislocations caused by the coronavirus pandemic; entrepreneurial support programs to diversify economies; and related efforts.[110] EDA's distribution and allocation strategy for supplemental appropriations varies by each event or situation.[111]

### Disaster Economic Recovery Assistance, FY2011-FY2021

Since FY2011, Congress has approved $1.4 billion in supplemental funding for economic recovery in response to natural disasters (see **Figure 7**), including the following appropriations:

- In FY2012, Congress approved $200 million for assistance to areas that received a major disaster designation in 2011 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act.[112]
- In FY2018 and FY2019, supplemental appropriations provided $1.2 billion for assistance to communities affected by disasters that occurred in calendar years 2017-2019.
    - The Bipartisan Budget Act of 2018 (P.L. 115-123) provided EDA with $600 million in additional Economic Adjustment Assistance (EAA) funds for disaster relief and in response to economic distress or harm resulting from

[108] Rep. Nita Lowey, "Explanatory Statement Submitted by Mrs. Lowey, Chairwoman of the House Committee on Appropriations Regarding H.R. 133, Consolidated Appropriations Act, 2021 (Division B—Commerce, Justice, Science, and Related Agencies)," *Congressional Record*, vol. 166, no. 218-Book III (December 21, 2020), pp. H7922-7923, https://www.congress.gov/congressional-record/2020/12/21/house-section/article/H7879-2.

[109] By example, see P.L. 116-120, which authorizes appropriations for disaster economic recovery activities under Section 703 of the Public Works and Economic Development Act (42 U.S.C. §3233).

[110] By example, see P.L. 116-260.

[111] Testimony by Mr. Dennis Alvord, Acting Assistant Secretary of Commerce for EDA, U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, *Investing in America: Reauthorization of the Economic Development Administration*, 117th Cong., 1st sess., April 28, 2021, https://www.congress.gov/117/meeting/house/112512/witnesses/HHRG-117-PW13-Wstate-AlvordD-20210428.pdf.

[112] P.L. 112-55.

Hurricanes Harvey, Irma, and Maria, wildfires and other federally-declared natural disasters occurring in calendar year 2017.

- The Additional Supplemental Appropriations for Disaster Relief Act, 2019 (P.L. 116-120) provided EDA with $600 million in additional EAA funds for areas that received a major disaster designation under the Robert T. Stafford Act as a result of Hurricanes Florence, Michael, and Lane, Typhoons Yutu and Mangkhut, wildfires, volcanic eruptions, earthquakes, and other natural disasters occurring in calendar year 2018, as well as for areas affected by tornadoes and floods occurring in calendar year 2019.[113]

## COVID-19 Economic Recovery Assistance, FY2020-FY2021

EDA received $1.5 billion of supplemental appropriations through the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) in FY2020, and $3 billion of supplemental appropriations through the American Rescue Plan (ARP) Act (P.L. 117-2) in FY2021. As noted previously, the supplemental CARES Act funding was nearly five times the amount of EDA's FY2020 annual appropriation, and the ARP Act funding was over eight times the amount of EDA's FY2021 annual appropriation—see **Figure 7**.

### *CARES Act, P.L. 116-136*

The types of projects supported through CARES Act recovery assistance included

- economic recovery planning and preparing technical assistance strategies to address economic dislocations caused by the COVID-19 pandemic;
- preparing or updating resiliency plans to respond to future pandemics;
- implementing entrepreneurial support programs to diversify economies;
- constructing public works and facilities that will support economic recovery, and including the deployment of broadband to support telehealth and remote learning for job skills.

All geographic areas were eligible to apply for assistance under the "Special Need" criteria of the EAA program because of the widespread effects of the COVID-19 pandemic.[114] EDA used both competitive and non-competitive processes to distribute CARES Act funding. Activities that received funding through non-competitive processes included EDDs and tribal planning grantees; University Centers; and Revolving Loan Fund (RLF) programs.[115]

### *American Rescue Plan (ARP) Act, P.L. 117-2*

The ARP Act provided $3 billion to assist communities with COVID-19 recovery and resiliency strategies. These funds are available for economic adjustment assistance, to prevent, prepare for, and respond to COVID-19 conditions and for necessary expenses for responding to economic

[113] EDA, "Disaster Supplemental Funding," https://eda.gov/disaster-recovery/supplemental/.

[114] 42 U.S.C. §3149(b).

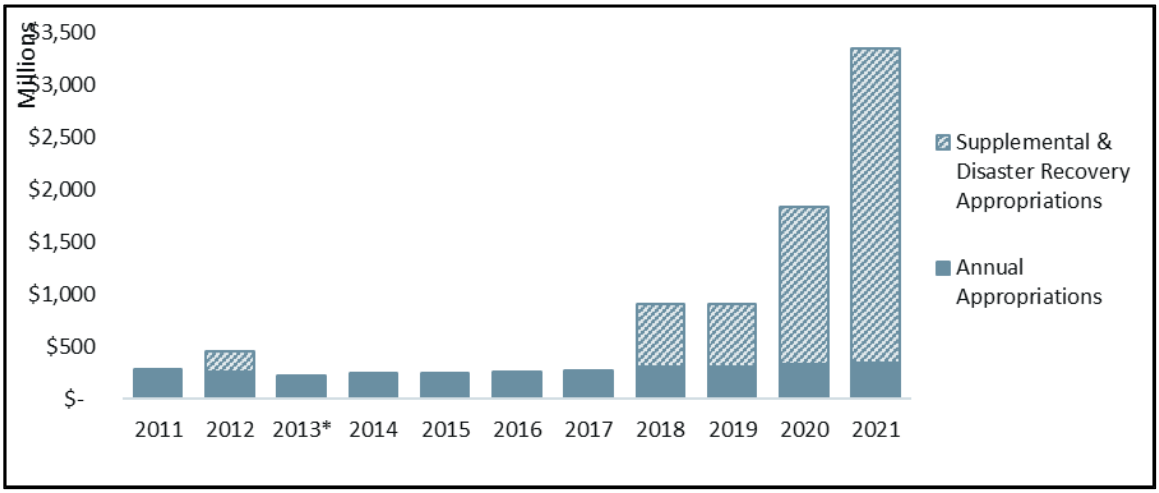
[115] For more information on the EDA's COVID-19 response, see CRS Insight IN11402, *The Economic Development Administration's Economic Recovery Assistance for COVID-19 Impacted Communities*, by Julie M. Lawhorn; and DOC, "CARES Act Implementation Plan," June 2020, https://www.commerce.gov/sites/default/files/2020-07/Commerce%20CARES%20Act%20Implementation%20Plan—Section%2015011%20PRAC%20Report—June%202020—Final.pdf.

injury as a result of the COVID-19 pandemic. Of this amount, 25% will be for states and communities that have been affected by the decline in the "travel, tourism, or outdoor recreation sectors." EDA will administer ARP Act recovery assistance through the following six new grant programs, each with different investment criteria and priorities:[116]

- the Build Back Better Regional Challenge;[117]
- the Good Jobs Challenge;
- the Economic Adjustment Assistance Program;
- the Indigenous Communities Challenge;
- the Travel, Tourism, and Outdoor Recreation Program; and
- the Statewide Planning, Research, and Networks Program.

**Figure 7. Annual and Supplemental and Disaster Recovery Appropriations, FY2011-FY2021**

(in millions of nominal dollars)




**Source:** CRS using information from the reports accompanying appropriations bills.

**Notes:** Annual appropriations include funding for programs and salaries and expenses. In FY2012, annual appropriations for programs and disaster recovery assistance were approved in one bill, the Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55). In FY2018 through FY2021, supplemental appropriations for disaster recovery assistance and COVID-19 pandemic economic recovery assistance were approved in bills separate from annual appropriations bills. The asterisk (*) indicates that the FY2013 level is the post-sequestration amount.

# FY2022 Funding Request

The Biden Administration proposed increased annual appropriations for EDA. The EDA's FY2022 congressional budget request included $433 million for the EDA, an amount that is almost 25% above the FY2021 enacted level of $346 million. The request called for increases in

[116] For more information about the six ARP Act grant programs, see CRS Insight IN11712, *The Economic Development Administration's American Rescue Plan (ARP) Act Grant Programs*, by Julie M. Lawhorn.

[117] The EDA allocated one third of the total amount of ARP Act appropriations ($1 billion of a total $3 billion in ARP Act funding) to the Build Back Better Regional Challenge (BBRC) to support new or existing regional innovation clusters. On December 13, 2021, EDA announced awards to 60 coalitions through Phase 1 of the BBRC program; see https://eda.gov/news/press-releases/2021/12/13/build-back-better-regional-challenge-finalists.htm.

funding levels for almost all of EDA's programs, with the exception of the Trade Adjustment Assistance for Firms program and the Assistance to Nuclear Closure Communities initiative. The largest nominal increases in program funding from FY2021 enacted levels were proposed for

- the STEM Talent Challenge ("STEM Apprenticeships") (from $2 million to $10 million in FY2022),
- the Build to Scale program (from $38 million to $45 million in FY2022),
- the Economic Adjustment Assistance program (from $37.5 million to $48 million in FY2022),
- the ACC initiative (from $33.5 million to $80.5 million in FY2022), and
- salaries and expenses (from $40.5 million to $50.1 million in FY2022).[118]

**Table 5** provides a summary of funding for EDA programs in annual and supplemental appropriations bills enacted in FY2021—as well as the requested FY2022 amounts, the House and Senate recommended amounts, and supplemental amounts in the House-passed "Build Back Better Act" (BBBA) in FY2022.

**Table 5. FY2021 Regular Appropriations, ARP Act, and FY2022 Request, House, Senate, and House-Passed BBBA**

(budget authority, in millions of nominal dollars)

| | FY2021 Enacted | | FY2022 | | | |
|---|---|---|---|---|---|---|
| | P.L. 116-260 | ARP Act, P.L. 117-2 | Request | House (H.R. 4505) | Senate Draft Bill | BBBA (H.R. 5376) |
| **EDA Programs** | | | | | | |
| Public Works | 119.5 | | 124.0 | 124.0 | 124.0 | |
| Economic Adjustment Assistance | 37.5 | 3,000.0 | 48.0 | 42.5 | 40.0 | 5,040.0 |
| Partnership Planning | 33.5 | | 36.0 | 36.0 | 36.5 | |
| Technical Assistance | 10.0 | | 14.0 | 14.0 | 19.0 | |
| Research and Evaluation | 1.5 | | 2.0 | 2.0 | 2.5 | |
| Traded Adjustment Assistance for Firms (TAAF) | 13.5 | | 13.0 | 13.5 | 13.0 | |
| Assist. Coal Communities (ACC) | 37.5 | | 80.5 | 80.5 | | |
| Assist. Nuclear Closure (NCC) | 16.5 | | 10.0 | 10.0 | | |
| Assist. Power Plant Closure Communities | | | | | 55.0 | |
| STEM Apprenticeships (Sec. 28) | 2.0 | | 10.0 | 10.0 | 5.0 | |
| Build to Scale (Sec. 27) | 38.0 | | 45.0 | 50.0 | 50.0 | |

[118] DOC, EDA, *FY2022 Congressional Budget Justification*, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

| | FY2021 Enacted | | FY2022 | | | |
|---|---|---|---|---|---|---|
| | P.L. 116-260 | ARP Act, P.L. 117-2 | Request | House (H.R. 4505) | Senate Draft Bill | BBBA (H.R. 5376) |
| **Subtotal Programs** | **305.5** | **3,000.0** | **382.5** | **382.5** | **345.0** | **5,040.0** |
| Salaries and Expenses | 40.5 | | $50.6 | 50.6 | 50.0 | 210.0 |
| **Total** | **346.0** | **3,000.0** | **433.1** | **433.1** | 395.0 | **5,250.0** |

**Sources:** Sources for FY2021 amounts are from the explanatory statements accompanying P.L. 116-260 and P.L. 117-2. FY2022 requested and House committee-reported amounts were taken from H.Rept. 117-97 and DOC, EDA, *FY2022 Congressional Budget Justification*, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf. Senate Committee on Appropriations majority draft bill amounts were taken from the text of the FY2022 Commerce, Justice, and Science (CJS) draft bill (S. 3042 and joint explanatory statement posted on the Senate Committee on Appropriations' website at https://www.appropriations.senate.gov/news/majority/chairman-leahy-releases-remaining-nine-senate-appropriations-bills). Amounts for the "Build Back Better Act" (H.R. 5376) funding prepared by CRS based on the text of H.R. 5376, as approved by the House on 11/3/2021, https://rules.house.gov/bill/117/hr-5376.

**Notes:** Funding in the "Build Back Better Act" (H.R. 5376) has periods of availability ranging from FY2027 through FY2031. The EDA is currently operating, as all federal agencies are, under continuing appropriations for FY2022.

# Policy Considerations

The following policy considerations center on EDA programs and the factors that affect the distribution of assistance; the agency's role in federal economic development integration and in disaster economic recovery and resiliency; the extent of innovation and technology-led economic development activities in EDA's investment portfolio; and options for EDA investments in workforce and human capital development. These considerations, among others, may inform Congress's debate on the reauthorization of PWEDA and its consideration of other legislative options involving economic development policy.

## Changes to Program Requirements

Instead of establishing new programs for specific development issues, Congress may consider changes to the factors that affect the distribution of EDA assistance, such as changes to the types of eligible recipients, cost share arrangements,[119] or other program requirements established by legislation. Such changes could be designed to limit or expand access to grants for certain projects, types of applicants, or communities with specific characteristics (e.g., regions experiencing economic distress as measured by new or revised metrics or regions affected by changes in specific industries).[120] For instance, congressional members, EDA leaders, and outside

[119] Some analysts have proposed lower cost share requirements based on the applicant community's level of economic distress, size, or other characteristics. For additional perspectives, see Anthony F. Pipa and Natalie Geismar, "Will Biden Deliver for Rural America? The Promise of the American Rescue Plan," June 21, 2021, https://www.brookings.edu/blog/up-front/2021/06/22/will-biden-deliver-for-rural-america-the-promise-of-the-american-rescue-plan/. By example, S. 307 proposed a 100% funding rate for specific project types, and lower cost share requirements were discussed in a recent EDA oversight hearing (see U.S. Senate, Environment and Public Works Committee, *Examining Programs at the Economic Development Administration,* 117th Cong., 1st sess., Nov. 3, 2021, https://www.epw.senate.gov/public/index.cfm/hearings?ID=256D08CE-44DC-47B4-9663-F9AC5AA8950E).

[120] EDA provides financial and technical assistance to communities regardless of size or density (e.g., regardless of urban or rural designations). Selected EDA grant programs prioritize areas experiencing economic distress as directed

groups have called attention to the role of broadband access in economic recovery and infrastructure policies. Broadband-related activities are currently eligible for assistance under many EDA program grants.[121] However, unlike many forms of public infrastructure (e.g., water, wastewater), broadband access is frequently provided by, or in partnership with, private, for-profit companies.[122] Congress has considered bills in the 117th Congress that would amend PWEDA to make public-private partnerships eligible for assistance for specified broadband projects (see H.R. 3193 and S. 1695).[123]

## Expanding or Establishing EDA Programs, Roles, Offices, and Capacity

Congress may also consider new or expanded EDA programs, roles, and offices, as well as adjustments to the agency's overall capacity and authorities. These options may be considered in addition to the technology and innovation policies noted in the following section.

In terms of EDA programs, Congress may wish to establish new, or redirect existing, investments to address specific development issues, including regional strategies, new types of infrastructure, human capital, and capacity challenges.[124] In terms of new program options, bills proposed in the 117th Congress (S. 2464 and H.R. 4651) would create a flexible, 10-year block grant program to be administered by the EDA to promote economic growth and opportunity in persistently distressed areas. Outside groups have called for a shift to more broad-based, multi-sector, and large-scale grants to support collaborative regional economic development strategies, similar to the structure and scale of the new Build Back Better Regional Challenge.[125] As a matter of program integration and overall policy consideration, some of Congress's existing and proposed priorities related to disaster recovery as well as climate and economic resiliency may overlap with the infrastructure planning, design, and implementation activities currently supported by the

by authorizing statute (see "Economic Distress Criteria" and 42 U.S.C. §3121 et seq.). Geographic distribution is considered in award decisions according to selected NOFOs (see EDA, STEM Talent Challenge NOFO, FY2021, p. 17, https://www.grants.gov/web/grants/view-opportunity.html?oppId=328794).

Additionally, the "10-20-30" provision, included in reports accompanying recent appropriations bills, directs the agency to award 10% of its funding to counties with poverty rates of at least 20% over the last 30 years (persistent-poverty counties). By example, see P.L. 115-31, P.L. 115-141, among other annual appropriations bills for EDA programs.

GAO's 2021 report, *Areas with High Poverty: Changing How the 10- 20-30 Funding Formula Is Applied Could Increase Impact in Persistent Poverty Counties*, notes that EDA applies the 10-20-30 provision to appropriations for two of its programs—Public Works and Build to Scale. See https://www.gao.gov/assets/gao-21-470.pdf.

[121] In a FY2021 EDA oversight hearing, testimony from a practitioner witness noted that in statutory language (i.e., PWEDA, 42 U.S.C. §3121 et seq.) and in EDA's guidance there is limited direction on broadband activities in the economic development context. See U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, *Investing in America: Reauthorization of the Economic Development Administration*, April 28, 2021, https://www.congress.gov/117/meeting/house/112512/witnesses/HHRG-117-PW13-Wstate-CooperL-20210428.pdf.

[122] Testimony by Assistant Secretary of Economic Development, Alejandra Castillo, U.S. Senate, Environment and Public Works Committee, *Examining Programs at the Economic Development Administration*, 117th Cong., 1st sess., Nov. 3, 2021, https://www.epw.senate.gov/public/index.cfm/hearings?ID=256D08CE-44DC-47B4-9663-F9AC5AA8950E.

[123] Related bills (H.R. 6491 and S. 3648) were also introduced in the 116th Congress.

[124] For additional context, Congress has also considered bills to amend PWEDA to explicitly authorize the use of grant funds for activities such as travel promotion and for projects that directly or indirectly increase the accessibility of child care, among other purposes.

[125] U.S. Senate, Environment and Public Works Committee, *Examining Programs at the Economic Development Administration*, 117th Cong., 1st sess., Nov. 3, 2021, https://www.epw.senate.gov/public/index.cfm/hearings?ID=256D08CE-44DC-47B4-9663-F9AC5AA8950E.

Public Works and EAA programs.[126] As an alternative—or in addition to—changing program or eligibility requirements, Congress may also consider additional support for direct EDA technical assistance, expanded partnerships, targeted initiatives, or other strategies to build the capacity of stakeholder groups, such as economically distressed and small, rural communities, through EDA's existing planning, RNTA, and/or University Center programs.[127]

In terms of EDA's existing interagency role, Congress may continue to direct EDA to lead economic development integration at multiple levels (e.g., federal, state, and local), or consider permanent authorization of an EDA office dedicated to economic integration. EDA assistance to state and local stakeholders may involve further alignment of program requirements with other federal agencies' requirements and procedures.[128] Alternatively, assistance to state and local stakeholders may involve expanded EDA support for capacity-building, leadership, and planning activities at the state and local levels. For instance, Congress could direct EDA to increase the level and type of assistance to state and local stakeholders in rural and underserved communities (e.g., for planning, project development, technical assistance, and data analysis or other forms of assistance). Agency officials and other groups have proposed that expanding the level of EDA support for planning, capacity, and skills development for state and local stakeholders could facilitate economic recovery following disasters or widespread economic shocks.[129] Lastly, Congress may consider additional, targeted integration activities. Such activities may involve EDA expanding its convening, coordinating, and regional interagency planning roles. Or, Congress may direct EDA to participate in joint federal interagency funding opportunities for specific development initiatives.[130]

In terms of offices, authorities, and internal capacity, Congress continues to rely on EDA for post-disaster economic recovery activities, as evidenced by the increased frequency and amount of supplemental appropriations following national disasters (see **Figure 7**). Congress may seek to formalize this role by authorizing an office for disaster recovery and/or increasing resources or authorities related to the agency's recovery role.[131] Alternatively, the agency's disaster recovery

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[126] As noted previously, EDA was one of several agencies named in the Administration's American Jobs Plan for potential new infrastructure investment through increased funding (or other changes) to the Public Works program. See White House, "Fact Sheet: The American Jobs Plan," March 31, 2021, https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/.

[127] As noted previously, in FY2021, the report accompanying the annual appropriations bill also directed EDA to support technical assistance for distressed small, rural, and underserved communities for "pre-development activities associated with accessing EDA programs and services."

[128] For information about EDA's efforts to collaborate, reduce administrative burdens, and align plans and resources, see https://eda.gov/integration/resource-alignment/. See also GAO, *Economic Development: Opportunities Exist for Further Collaboration Among EDA, HUD, and USDA,* GAO-21-579, July 2021, https://www.gao.gov/assets/720/715997.pdf.

[129] U.S. Senate, Committee on Environment and Public Works, "Oversight of the EDA," S.Hrg. 116-239, 116th Cong., 2nd sess., January 22, 2020, https://www.congress.gov/116/chrg/CHRG-116shrg40975/CHRG-116shrg40975.pdf.

[130] Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization, *Initial Report to the President on Empowering Workers Through Revitalizing Energy Communities,* April 2021, p. 21, https://netl.doe.gov/sites/default/files/2021-04/Initial%20Report%20on%20Energy%20Communities_Apr2021.pdf; and U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, *Investing in America: Reauthorization of the Economic Development Administration,* 117th Cong., 1st sess., April 28, 2021.

[131] EDA currently has an Office of Disaster Recovery and Economic Integration (see https://www.eda.gov/disaster-recovery/ and https://eda.gov/integration). In addition to and in coordination with EDA's headquarters offices, the EDA's regional offices handle disaster recovery activities through supplemental and regular funding.

In a FY2021 oversight hearing, a witness suggested that Congress could formally establish in statute an Office of Disaster Recovery within the EDA. See U.S. House of Representatives, Committee on Transportation and

role may continue to be linked, as it is now, with the agency's Office of Economic Development Integration. Congress may also consider providing additional administrative resources or emergency hiring authority to extend the agency's capacity for recovery assistance.[132]

## Trade Adjustment Assistance for Firms (TAAF)

Congress may review the TAAF program in light of current trade and economic dynamics and ongoing trade negotiations. TAAF policy discussions involve the program's reauthorization, and broadening criteria so that more firms may qualify for assistance. The program's focus, funding level, partnership structure, and options to streamline its operations, among other matters, are outlined as "Issues for Congress" in CRS Report RS20210, *Trade Adjustment Assistance for Firms*, by Rachel F. Fefer.

## Preparing for Future Industries and EDA's Role in Federal Innovation Policy[133]

One of EDA's seven updated investment priorities (April 2021) is "technology-based economic development," which is defined as

> economic development planning or implementation projects that foster regional knowledge ecosystems that support entrepreneurs and startups, including the commercialization of new technologies, that are creating technology-driven businesses and high-skilled, well-paying jobs of the future.[134]

Congress may wish to establish new, or focus existing, EDA programs to further prepare regions and workers for innovation, technology-led economic development, and "future industries."[135] Innovation and technology-led economic development strategies are based on the premise that

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Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, *Investing in America: Reauthorization of the Economic Development Administration*, witness testimony, 117th Cong., 1st sess., April 28, 2021, https://www.congress.gov/117/meeting/house/112512/witnesses/HHRG-117-PW13-Wstate-CooperL-20210428.pdf.

[132] For a discussion of EDA's recent application of its emergency hiring authority and state and local capacity challenges in the disaster recovery context, see U.S. Senate, Committee on Environment and Public Works, "Oversight of the EDA," S.Hrg. 116-239, 116th Cong., 2nd sess., January 22, 2020, https://www.congress.gov/116/chrg/CHRG-116shrg40975/CHRG-116shrg40975.pdf. See also Department of Commerce, Office of Inspector General, *EDA Was Effective in Implementing the Requirements for Awarding Funds Under the CARES Act*, Final Report No. OIG-21-017-I, https://www.oig.doc.gov/OIGPublications/OIG-21-017-I.pdf.

[133] As previously noted, EDA's involvement in innovation and technology broadly includes the administration of competitive grant programs (e.g., the Build to Scale (B2S), SPRINT Challenge, and the Accelerate Response and Recovery (R2) Network Challenge programs described above and in **Appendix A**), workforce development and technical assistance initiatives (e.g., the STEM Talent Challenge and University Centers), and coordination with other federal agencies on regional innovation strategies (e.g., NACIE), among other activities.

For a list of CRS analysts associated with science, technology, and innovation policy, see CRS Report R42688, *Science, Technology, and Innovation Policy: CRS Experts*, by John F. Sargent Jr.

[134] EDA, "Investment Priorities," https://eda.gov/about/investment-priorities/.

[135] Testimony by Mr. Dennis Alvord, Acting Assistant Secretary of Commerce for EDA, U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, *Investing in America: Reauthorization of the Economic Development Administration*, 117th Cong., 1st sess., April 28, 2021, https://www.congress.gov/117/meeting/house/112512/witnesses/HHRG-117-PW13-Wstate-AlvordD-20210428.pdf.

EDA's guidance for the STEM Talent Challenge highlighted "industries of the future" which could include, but are not limited to: artificial intelligence; machine learning; advanced manufacturing and robotics; space exploration and commerce; bioscience; quantum information science; and aqua- and agricultural technologies. EDA, "STEM Talent Challenge NOFO," FY2021, p. 1, https://www.grants.gov/web/grants/view-opportunity.html?oppId=328794.

technological breakthroughs and innovation drive economic growth. Some researchers observe that by identifying and promoting innovation, federal support may facilitate economic growth and competition.[136]

Congress has supported various policies to promote innovation and to prepare regions for expanded technology-based development through workforce development programs as well as a subset of federal innovation policies often referred to as "regional innovation" or "innovation cluster" programs.[137] Congress may seek to continue support for EDA's existing innovation-oriented programs (e.g., Build to Scale), similar programs, or new programs.[138] For instance, in the 117th Congress, a new regional technology hub program was proposed under Section 2401 of S. 1260 and a new regional technology and innovation hub program was proposed under Section 2 of H.R. 4588.[139] Additionally, funding to develop regional economic growth clusters was included in the house-passed "Build Back Better Act."[140] Alternatively, Congress may pursue a more limited federal role in the facilitation of innovation clusters, advance policies that favor stronger state and local roles in technology-led economic development, or advance policies that favor investment in public goods or other development strategies.[141]

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[136] See Congressional Budget Office, "Federal Policies and Innovation," November 17, 2014, p. 5, https://www.cbo.gov/publication/49487; and Yong-Shik Lee, "Law and Economic Development in the United States: Toward a New Paradigm," *Catholic University Law Review*, vol. 68, no. 2 (2019), pp. 1-62, May 31, 2018, SSRN: https://ssrn.com/abstract=3168964.

[137] EDA defines regional clusters as

> geographic concentrations of firms, workers and industries that do business with each other and have common needs for talent, technology, and infrastructure. Regional clusters are essentially networks of similar, synergistic, or complementary entities that are engaged in or with a particular industry sector; have active channels for business transactions and communication; share specialized infrastructure, labor markets, and services; and leverage the region's unique competitive strengths to stimulate innovation and create jobs. Regional clusters may cross municipal, county, and other jurisdictional boundaries.

EDA, "Key Definitions," https://eda.gov/performance/key-definitions/.

[138] Federal support for regional clusters and innovation cluster initiatives have included programs administered by EDA (Regional Innovation Strategies/Build to Scale) and agencies such as the Department of Energy, DOC, NIST, SBA, and others. These programs generally provide planning and other support to intermediary organizations to develop new or expand existing industry clusters. See Ryan Donahue, Joseph Parilla, and Brad McDearman, "Rethinking Cluster Initiatives," Brookings Institution Metropolitan Policy Program, July 2018, https://www.brookings.edu/wp-content/uploads/2018/07/201807_Brookings-Metro_Rethinking-Clusters-Initiatives_Full-report-final.pdf; Mark Muro and Bruce Katz, "The New 'Cluster Moment': How Regional Innovation Clusters Can Foster the Next Economy," Brookings Institution Metropolitan Policy Program, September 21, 2010, https://www.brookings.edu/research/the-new-cluster-moment-how-regional-innovation-clusters-can-foster-the-next-economy/; the National Research Council, "The Federal Dimension," *Best Practices in State and Regional Innovation Initiatives: Competing in the 21st Century* (Washington, DC: The National Academies Press), 2013, https://doi.org/10.17226/18364; and Camilla Alexandra Hrdy, "Cluster Competition," *Lewis & Clark Law Review*, vol. 20, October 7, 2016, pp. 982-986, 1013, https://ssrn.com/abstract=2672660, which includes the definition of innovation clusters as "regional economies made up of firms, suppliers, and human talent whose core activity is innovation."

As noted, the EDA's new Build Back Better Regional Challenge, a grant program launched in July 2021, will support new or existing regional innovation clusters with one third of the total amount of ARP Act appropriations ($1 billion out of a total of $3 billion in ARP Act funding).

[139] The House and Senate bills shared similar provisions, but were not identical. Both proposed to amend the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. §3701) by re-designating Section 28 of the act as Section 29 and establishing the aforementioned programs as Section 28 of the Stevenson-Wydler Act.

[140] See Title XI of H.R. 5376, as approved by the House on November 3, 2021, https://rules.house.gov/bill/117/hr-5376. As additional context, "regional innovation hubs" were included in the Administration's FY2021 American Jobs Plan. See White House, "Fact Sheet: The American Jobs Plan," March 31, 2021, https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/.

[141] Camilla Alexandra Hrdy, "Cluster Competition," *Lewis & Clark Law Review*, vol. 20, October 7, 2016, pp. 997-

Congress may also seek to review the overall distribution and coordination of existing innovation policies as well as the EDA's role in the landscape of federal innovation programs. The House Subcommittee on Research and Technology reviewed these matters in a hearing in June 2021. The hearing addressed the following questions, many of which pertain to the broader discussion on EDA and its role in future industries and regional economic development, including

- What are the critical elements and who are the necessary partners in developing a successful strategy for local and regional innovation economies?
- What is the role of the federal government, and in particular the EDA, in supporting the development of local and regional innovation economies?
- How can research universities strengthen their role in helping to anchor local and regional innovation economies?
- How can efforts to build regional innovation economies include equity and shared prosperity as a priority?[142]

## Underserved Communities

Congress may consider options to update how EDA's recovery and non-recovery programs assist underserved and disadvantaged communities. For instance, matching fund requirements and limited broadband access may limit some rural and underserved communities' access to innovation-centered competitions and other programs.[143] Additionally, Congress may continue to consider directing additional types of EDA partnerships with historically black colleges and universities (HBCUs), minority-serving institutions (MSIs), and other entities in its efforts to address regional disparities, racial equity, and inclusive strategies that serve communities that may have been left behind by prior innovation initiatives and opportunities.[144] In response to geographic and demographic disparities, Congress may consider increasing funding for innovation hubs, research and business incubators, STEM education, and other activities in rural, underserved, and disadvantaged communities beyond metropolitan areas and existing growth centers.[145] See "Persistent Poverty and Distressed, Small, Rural and Underserved Areas—Funding

1009, https://ssrn.com/abstract=2672660; and Giles Duranton, "California Dreamin': The Feeble Case for Cluster Policies," *Review of Economic Analysis*, vol. 3, pp. 3-45, http://repository.upenn.edu/real-estate_papers/2.

[142] Policy questions from the Hearing Charter for U.S. House of Representatives, Committee on Science, Space, and Technology, "Building Regional Innovation Economies," June 9, 2021, https://www.congress.gov/117/meeting/house/112753/documents/HHRG-117-SY15-20210609-SD002.pdf.

The hearing memo reviewed the role of the Department of Commerce and the EDA in expanding regional innovation economies, options for further development, and partnership opportunities with federal science agencies, and raised several considerations regarding the EDA's role and select aspects of the Build to Scale (B2S) program in particular. The memo noted that EDA's expertise includes leading regional economic development and related expertise, while NIST and other agencies are generally considered lead agencies in terms of technical expertise on innovation and research and development. The hearing charter further noted that the matching requirements associated with the competitive B2S program may limit participation by economically distressed and rural communities due to limited resources in some communities.

[143] For an example of these perspectives, see Robert D. Atkinson, Mark Muro, and Jacob Whiton, "The Case for Growth Centers—How to Spread Tech Innovation Across America," The Brookings Institution, December 2019, https://www2.itif.org/2019-growth-centers.pdf; and Olugbenga Ajilore and Zoe Willingham, "The Path to Rural Resilience in America," Center for American Progress, September 21, 2020, https://www.americanprogress.org/issues/economy/reports/2020/09/21/490411/path-rural-resilience-america/.

[144] L. Waymond Jackson, Jr., "Leveraging Regional Tech Hubs to Advance Economic Inclusion," Brookings Institution, July 13, 2021, https://www.brookings.edu/wp-content/uploads/2021/07/metro_20210713_techhubs_transcript.pdf.

[145] Mark Muro et al, "Congress Needs to Prioritize Inclusion in Our Slumping Innovation System," The Brookings

and Technical Assistance" for a summary of recent legislative and agency activities focused on underserved communities.

## Human Capital, STEM, and Workforce Development

As Congress considers workforce development in the context of EDA programs and the broader portfolio of federal economic development policies, the following issues may warrant further analysis:

- connecting stakeholders across the public, private, and education sectors in response to emerging industries and career pathways;
- allowing flexibility for new or nontraditional training programs; and
- coordinating new and existing workforce and economic development programs.[146]

Congress may seek to support innovation economies through human capital policies that prepare workers with expertise and skills to meet new and emerging opportunities. For instance, Congress approved funding for the STEM Talent Challenge (see program description in **Appendix A**), which is designed to advance the STEM-capable workforce. Additionally, EDA set aside approximately 17% ($500 million) of the ARP Act recovery assistance to enhance regional workforce systems through the Good Jobs Challenge grant program.[147] Insights from these programs could inform how new or flexible training program models may support technology-led economic development goals and address employer needs in emerging industries.[148]

## Reauthorization

PWEDA's statutory authority lapsed on September 30, 2008. Hearings during the first session of the 117th Congress indicate that policymakers may consider legislation to reauthorize and/or amend PWEDA.[149] Many of the aforementioned considerations propose to address policy through

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Institution, August 11, 2021, https://www.brookings.edu/blog/the-avenue/2021/08/11/congress-needs-to-prioritize-inclusion-in-our-slumping-innovation-system; and Brad McDearman, Joseph Parilla, and Ryan Donahue "A New Federal Grant Should Make Regional Leaders Rethink Their Industry Clusters," The Brookings Institution, September 1, 2021, https://www.brookings.edu/blog/the-avenue/2021/09/01/a-new-federal-grant-should-make-regional-leaders-rethink-their-industry-clusters/.

[146] See Federal Reserve Bank of Atlanta, "Why Connecting Economic and Workforce Development Matters," https://www.atlantafed.org/podcasts/transcripts/economic-development/121214-why-connecting-economic-and-workforce-development-matters.

[147] EDA, "Good Jobs Challenge," https://eda.gov/arpa/good-jobs-challenge/.

[148] In FY2020, Congress directed EDA to implement STEM apprenticeships (see STEM Talent Challenge in **Appendix A**) to support STEM-capable workforce initiatives. EDA highlights "industries of the future" which could include, but are not limited to: artificial intelligence; machine learning; advanced manufacturing and robotics; space exploration and commerce; bioscience; quantum information science; and aqua- and agricultural technologies." The FY2020 STEM Talent Challenge NOFO notes that applicants may address the need for computational literacy and issues related to the digital economy (e.g., remote work, shifting business practices) in order to address the current COVID-19 pandemic or prepare for virtual and remote work. See STEM Talent Challenge NOFO, EDA-HDQ-OIE-2020-2006617, pp. 1, 4, https://www.grants.gov/web/grants/view-opportunity.html?oppId=328794.

[149] For a review of reauthorization issues during the 112th Congress, see CRS Report R41162, *Economic Development Administration: Reauthorization and Funding Issues in the 112th Congress*, by Julie M. Lawhorn.

For reports from EDA oversight hearings from the 117th Congress, see

- U.S. Senate, Committee on Environment and Public Works, *Examining Programs at the Economic Development Administration*, 117th Cong., 1st sess., Nov. 3, 2021, https://www.epw.senate.gov/public/

PWEDA amendments and/or reauthorization. Reauthorization discussions may consider amending PWEDA to add new grant programs, expand or clarify the scope of existing programs, or expand eligibility criteria for specific types of projects, among other actions.

# Concluding Remarks

Throughout the agency's history, a central feature of EDA's role has been to provide matching federal funds to assist state, local, and regional economies advance projects in support of growth or to address geographic disparities for distressed areas. Expanding EDA's role to serve more communities, achieve different outcomes, or coordinate across federal and state departments and agencies may involve changes in the agency's authority, budget, or program structure.[150]

Policies that propose to change the agency's roles or programs may reflect different interpretations of what constitutes economic development and differing views on whether federal policies should provide broad-based assistance, targeted assistance, or some combination thereof. For some, broad-based economic development programs with economic distress criteria allows assistance to be accessible for a range of communities' needs and opportunities (e.g., the Public Works and EAA programs). For others, targeted economic development programs allow assistance to reach a particular type of community or circumstance (e.g., programs for energy- and resource-based industries). For others still, policies may involve a mixture of approaches and overlap in definitions, agencies, roles, and strategies of practice. In considering policy changes, Congress may also wish to maintain current program roles and authorities—many of which are broad and flexible (e.g., the EAA program)—and targeted appropriations, directed as needed to address new challenges and opportunities (e.g., in the manner of setting aside EAA funding for coal-impacted and nuclear closure communities in the ACC and NCC initiatives).[151] Congress may also review the allocation of assistance based on preferred economic development goals—to further economic growth (i.e., jobs), to prepare regions for development, to develop human capital, to recover from and prepare for economic shocks, and/or other outcomes.

The EDA—through its program investments, partnerships, and integration roles—represents one of many channels of federal and nonfederal policies designed to address economic matters at the subnational level. In practice, economic development involves multiple stakeholders, and the associated outcomes and processes will likely be impacted by multiple macroeconomic factors and community-level circumstances, conditions, and histories. Policy considerations related to EDA are likely to involve a strategic and contextual evaluation of adjacent policies, related agencies, supporting actors, and awareness of the many, dynamic factors impacting global, national, and regional economies.

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index.cfm/hearings?ID=256D08CE-44DC-47B4-9663-F9AC5AA8950E.

- U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management, *Investing in America: Reauthorization of the Economic Development Administration,* 117th Cong., 1st sess., April 28, 2021, https://www.congress.gov/event/117th-congress/house-event/112512.
- U.S. House of Representatives, Committee on Appropriations, Subcommittee on Commerce, Justice, Science, and Related Agencies, "Oversight of the Economic Development Administration's Role in Pandemic Response," 117th Cong., 1st sess., April 21, 2021, https://www.congress.gov/event/117th-congress/house-event/112466.

[150] Yong-Shik Lee, "Law and Economic Development in the United States: Toward a New Paradigm," *Catholic University Law Review*, vol. 68, no. 2 (2019), May 31, 2018, pp. 1-62, SSRN: https://ssrn.com/abstract=3168964.

[151] Congress approved appropriations for several years for the ACC and NCC initiatives. These initiatives are not separately authorized and are administered by EDA through the EAA program.

# Appendix A. Grant Programs

Summaries of EDA's current grant programs and selected requirements are provided below.

## Build to Scale (B2S)

The Build to Scale (B2S) program (formerly called Regional Innovation Strategies) supports entrepreneurship, innovation, technology commercialization, access to capital, and related efforts to expand startups, company growth, and increased access to risk capital across regional economies. B2S is composed of the Venture Challenge (formerly the "i6 Challenge") and the Capital Challenge (formerly the "Seed Fund Support").[152] The Venture Challenge funds entrepreneurship support programs and other models to accelerate high-growth entrepreneurship activities. The Capital Challenge supports efforts to expand access to risk capital. The B2S program primarily funds intermediary organizations and does not provide funding to start-ups.

**Statutory Authority:** 15 U.S.C. §3722

**Agency Regulations:** 13 C.F.R. Part 312

**Economic distress criteria:** No minimum economic distress level requirements.[153]

**Level of matching funds requirement:** In FY2020, the minimum matching share was 50%.[154]

## Economic Adjustment Assistance (EAA) Program

EDA refers to the EAA as its most flexible economic development tool.[155] The EAA program is designed to assist areas experiencing long-term economic distress or sudden and substantial economic dislocation. Under Economic Adjustment Assistance, EDA administers its Revolving Loan Fund (RLF) program, which allows local loan administrators to provide gap financing to small businesses and entrepreneurs. EAA funds are competitively awarded to qualified applicants to assist them in developing and implementing a five-year CEDS or for implementation grants that support the activities and strategies identified in a CEDS. EAA activities may include physical infrastructure projects, including water and sewer facilities, industrial parks, and business incubators; strategic planning; market or industry research and analysis; technical assistance, including feasibility studies; public services; and training.[156]

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[152] In FY2020, EDA administered a third competition in the B2S program, the Industry Challenge, which was not offered in FY2021. In FY2020, the Industry Challenge focused on advancing regional blue economies. According to the EDA, the term "blue economy" refers to the "sustainable use of ocean resources for economic growth, improved livelihoods and jobs, while preserving the health of marine ecosystems." See EDA, *February 2020 Newsletter*, "Spotlight: EDA Launches the Build to Scale Program, a Redesign of its Regional Innovation Strategies Program," https://www.eda.gov/news/blogs/2020/02/01/spotlight.htm.

[153] The B2S Program is authorized under Section 27 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. §3722). The FY2020 B2S Notice of Funding Opportunity (NOFO) notes that, "this authorization does not require applicants to meet specific distress criteria to be considered eligible." See EDA, "NOFO—2020 Build to Scale Program—Concept Proposal," EDA-HDQ-OIE-2020, https://www.grants.gov/web/grants/view-opportunity.html?oppId=324375.

[154] EDA, "NOFO—2020 Build to Scale Program—Concept Proposal," EDA-HDQ-OIE-2020, https://www.grants.gov/web/grants/view-opportunity.html?oppId=324375.

[155] DOC, EDA, *FY2022Congressional Budget Justification*, p. 58, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

[156] 13 C.F.R. Part 307.

Funding for Assistance to Coal Communities (ACC), Nuclear Closure Communities (NCC), and some forms of supplemental appropriations are administered through the EAA as well.[157] The EDA supports disaster recovery efforts primarily through the EAA program to support disaster recovery strategies, disaster recovery coordinators, construction activities, capitalizing RLFs, entrepreneurship development, technical assistance, and other recovery projects.[158] For eligibility under the ACC initiative (as administered through the EAA program), EDA applies the term "coal economy" as "the complete supply chain of coal-reliant industries. This includes, but is not limited to: coal mining, coal-fired power plants, along with related transportation, logistics, and supply chain manufacturing." To be eligible for assistance as a nuclear closure community under the NCC initiative (as administered through the EAA program), regions must demonstrate "that they have been impacted, or can reasonably demonstrate that they will be impacted, by nuclear power plant closure(s)."[159]

The SPRINT Challenge was administered through the EAA program with $25 million of CARES Act funding. The purpose of the SPRINT Challenge was to "address the economic, health, and safety risks caused by the coronavirus pandemic through entrepreneurship and innovation."[160]

**Statutory Authority:** 42 U.S.C. §3149

**Agency Regulations:** 13 C.F.R. Part 307

**Economic distress criteria:** The project area must meet one (or more) of the economic distress criteria, which includes projects that meet a "special need."

**Requirement to align with CEDS or equivalent:** Funded projects must be part of an EDA-certified Comprehensive Economic Development Strategy (CEDS) or equivalent EDA-accepted regional economic development strategy, unless the project is for a Strategy Grant (as defined in 13 C.F.R. §307.3)[161] or serves a Special Impact area (as defined in 13 C.F.R. Part 310).[162]

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[157] For more information, see CRS Insight IN11648, *The Economic Development Administration's Assistance to Coal and Nuclear Closure Communities Initiatives for Economic Transitions*, by Julie M. Lawhorn.

[158] EDA, "Leading Economic Recovery Efforts in Disaster-Impacted Communities," https://eda.gov/files/programs/disaster-recovery/EDA-Disaster-Brochure.pdf.

[159] Additionally, EDA guidance notes that

> In general, EDA will consider applications for projects in communities and regions where the primary coal economy contraction "event" (e.g., closure of a coal mine or a coal-fired power plant, closure of various coal economy supply chain businesses, etc.) took place within 1-15 years prior to the application submission date. Note, this timeframe is a range during which projects will generally be eligible; applicants may propose projects outside this timeframe, but should take special care to demonstrate that the primary coal economy contraction "event" continues to tangibly impact the community.
>
> There is no pre-defined list of impacted coal communities. To demonstrate eligibility, complete applications must provide appropriate third party economic and demographic statistics that document the extent to which contractions in the coal economy have negatively impacted the community or region.

See EDA, "FY 2020 Public Works and Economic Adjustment Assistance Programs Including CARES Act Funding," pp. 7, 17, https://www.grants.gov/web/grants/view-opportunity.html?oppId=321695; and EDA, "American Rescue Plan Coal Communities Commitment Frequently Asked Questions," https://eda.gov/arpa/coal-communities/faq/.

[160] For more information on the SPRINT Challenge, see https://eda.gov/oie/sprint/. For more information on EDA CARES Act funding, see CRS Insight IN11303, *The Economic Development Administration and the CARES Act (P.L. 116-136)*, by Julie M. Lawhorn.

[161] 13 C.F.R. §307.5(1).

[162] 13 C.F.R. §301.10(c).

**Level of matching funds requirement:** Generally 50% of project costs, but may vary. Projects may receive an additional amount, not to exceed 30%, based on the relative needs of the region in which the project will be located, as determined by EDA. In the case of certain Indian tribes, nonprofit organizations that have exhausted their effective borrowing capacity, or a state or political subdivision of a state that has exhausted its effective taxing and borrowing capacity, grants totaling 100% of a project's cost may be awarded. Credit may be given toward the nonfederal share for in-kind contributions, including contributions of space, equipment, and services.

## Local Technical Assistance Program

The Local Technical Assistance (Local TA) program provides grants for management and technical services, including feasibility studies, impact analyses, disaster resiliency plans, and project planning. Analysis from the impact and feasibility studies may help leaders in economic development decisionmaking. For instance, an eligible entity could apply for a local technical assistance grant to prepare for a business development project such as an incubator, shared-use processing facility, or an entrepreneurship center. Local technical assistance could help a city or county prepare a feasibility study regarding the reuse of an abandoned manufacturing facility to advance local economic development.

**Statutory Authority:** 42 U.S.C. §3147

**Agency Regulations:** 13 C.F.R. Part 306, Subpart A

**Economic distress criteria:** EDA's regulations (13 C.F.R. §301.3) note that there are no minimum economic distress level requirements for Local TA projects.

**Requirement to align with CEDS or equivalent:** EDA regulations (13 C.F.R. §306.2) note that projects will be evaluated based on the extent that they are "consistent with an EDA-approved CEDS, as applicable, for the region in which the project is located."

**Level of matching funds requirement**: Generally 50% of project costs, but may vary. See 13 C.F.R. §301.4.

## Planning Partnership Program

Planning grants are used for direct and indirect administrative expenses of Economic Development Districts (EDDs) as well as local organizations (Indian tribes and other eligible recipients) charged with long-term strategic economic development planning efforts such as the Comprehensive Economic Development Strategies (CEDS) in EDA-designated distressed areas.

Planning grants may also support short-term planning investments to states, sub-state planning regions and urban areas and may help communities undertake focused, project-specific planning activities. Eligible activities under this program include developing, maintaining, and implementing a CEDS and related short-term planning activities.[163]

[163] According to an example noted in EDA's FY2021-FY2023 NOFO for Planning and Local Technical Assistance, "EDA might provide Short Term Planning funding to a coalition of Tribal and regional organizations to plan a coordinated response to the sudden loss of a significant employer in the affected area. EDA also makes Short-Term Planning awards to support the preparation or update of a CEDS for regions not served by a District Organization." See EDA, "NOFO—EDA Planning and Local Technical Assistance Programs," https://eda.gov/files/programs/eda-programs/FY21-23-Planning-and-LTA-NOFO_FINAL.pdf.

**Statutory Authority:** 42 U.S.C. §3143

**Agency Regulations:** 13 C.F.R. Part 303

**Economic distress criteria:** No minimum economic distress level requirements.[164]

**Requirement to align with CEDS or equivalent:** Generally, the long-term partnership planning investments support the development of CEDS.

**Level of matching funds requirement**: Generally 50% of project costs, but may vary.

## Public Works Program

The Public Works program is designed to promote long-term economic development and assist with the construction of physical infrastructure projects in distressed areas. Grants may support the acquisition or development of land and improvements for use for a public works, public service, or development facility; and the acquisition, design and engineering, construction, rehabilitation, alteration, expansion, or improvement of such a facility, including related machinery and equipment. Examples of Public Works activities may include water and sewer systems improvements, industrial parks, business incubator facilities, telecommunications infrastructure, skill-training facilities, brownfields redevelopment, and the expansion of port and harbor facilities. Similar assistance is also available under the agency's Economic Adjustment Assistance program.

**Statutory Authority:** 42 U.S.C. §3141

**Agency Regulations:** 13 C.F.R. Part 305

**Economic distress criteria:** The project area must meet one (or more) of the economic distress criteria, which includes projects that meet a "special need."

**Requirement to align with CEDS or equivalent:** Funded projects must be part of an EDA-certified Comprehensive Economic Development Strategy (CEDS) or equivalent EDA-accepted regional economic development strategy.

**Level of matching funds requirement:** Generally 50% of project costs, but may vary. Projects may receive an additional amount, not to exceed 30%, based on the relative needs of the region in which the project will be located, as determined by EDA. In the case of certain Indian tribes, nonprofit organizations that have exhausted their effective borrowing capacity, or a state or political subdivision of a state that has exhausted its effective taxing and borrowing capacity, grants totaling 100% of a project's cost may be awarded. Credit may be given toward the nonfederal share for in-kind contributions, including contributions of space, equipment, and services.

## Research and National Technical Assistance Program (RNTA)

According to the EDA, the RNTA program funds research, evaluation, and national technical assistance projects that promote competitiveness and innovation. The EDA administers RNTA funding through a single Notice of Funding Opportunity (NOFO) for two separate programs: the Research and Evaluation (R&E) Program and the National Technical Assistance (NTA) Program.[165] Through the National Technical Assistance program, EDA may provide technical

[164] 13 C.F.R. §306.

[165] EDA, "Research and Evaluation (R&E) and National Technical Assistance (NTA) Programs," https://eda.gov/

assistance that is national in scope on a specific type of economic development challenge, opportunity, event, or condition, or for "outreach, training, and information dissemination." For instance

- EDA partnered with two national organizations (the National Association of Development Organizations (NADO) Research Foundation and the National Association of Counties (NACo)) to disseminate promising strategies among coal-impacted communities.
- EDA directs a portion of Assistance to Nuclear Closure Communities (NCC) funds to a national technical assistance provider that disseminates promising strategies and creates a 'community of practice' for applicants and grantees.[166]

**Statutory Authority:** 42 U.S.C. §3147

**Agency Regulations:** 13 C.F.R. Part 306

**Economic distress criteria:** EDA's regulations (13 C.F.R. §301.3) note that there are no minimum economic distress level requirements for RNTA projects.

**Requirement to align with CEDS or equivalent:** EDA regulations (13 C.F.R. §306.2) note that projects will be evaluated based on the extent that they are "consistent with an EDA-approved CEDS, *as applicable*, for the region in which the project is located."

**Level of matching funds requirement:** Generally 50% of project costs, but may vary. PWEDA notes that the Secretary may also increase the federal share up to 100% for Research and National Technical Assistance (RNTA) grants (42 U.S.C. §3147). See 13 C.F.R. §301.4.

## STEM Talent Challenge[167]

The STEM Talent Challenge program (or "STEM Apprenticeship Pilot" program) funds proposals to expand career pathways and meet employers' needs for a STEM-capable workforce. The program was authorized in the American Innovation and Competitiveness Act of 2017 (P.L. 114-329) and is administered by the EDA's Office of Innovation and Entrepreneurship. According to EDA, the STEM initiative aligns with the goals of the agency's Build to Scale program, which is also administered by OIE and designed to develop talent, capital, and entrepreneurial support systems. The STEM Talent Challenge seeks to address the need for the "talent" component by building a skilled workforce for regional innovation economies. Funded projects may address training gaps in order to facilitate the growth of high-growth, high-wage entrepreneurial ventures, innovation-driven businesses, and industries that leverage emerging technologies.

**Statutory Authority:** 15 U.S.C. §3723

programs/rnta/. See also EDA, "NOFO for FY 2021-2023 Research and Evaluation (R&E) and National Technical Assistance (NTA) Programs," EDA-HDQ-RNTA-2021, https://www.grants.gov/web/grants/view-opportunity.html?oppId=334079.

[166] The EDA's webpage on RNTA provides additional examples at https://eda.gov/programs/rnta/rnta-programs/national-technical-assistance/index.htm.

[167] STEM is the acronym used for science, technology, engineering, and mathematics curriculum, training, education, and related initiatives. For more information, see https://eda.gov/oie/stem/.

**Agency Regulations:** The program is governed by the terms of the Notice of Funding Opportunity (NOFO).[168]

**Economic distress criteria:** No minimum economic distress level requirements.[169]

**Requirement to align with CEDS or equivalent:** See the terms of the program's NOFO.

**Level of matching funds requirement:** Applicants must provide a matching nonfederal cost-share of at least 50% of the total project cost.

## Trade Adjustment Assistance for Firms (TAAF)[170]

The Trade Adjustment Assistance for Firms program funds a national network of Trade Adjustment Centers (TAACs) that provide assistance to American companies that have "lost domestic sales and employment because of increased imports of similar goods and services." According to the EDA, "a national network of 11 TAACs help strengthen the competitiveness of American companies that have lost domestic sales and employment because of increased imports of similar goods and services." The following entities may apply for assistance to operate a TAAC: universities or affiliated organizations; states or local governments; or nonprofit organizations.[171] EDA generally funds a TAAC for a three-year period composed of three separate funding periods of 12 months each.[172]

**Statutory Authority:** Trade Act of 1974, as amended (19 U.S.C. §2341 et seq.)

**Agency Regulations:** 13 C.F.R. Part 315

**Economic distress criteria:** No minimum economic distress level requirements.[173]

**Requirement to align with CEDS or equivalent:** The CEDS requirement is not referenced in 19 U.S.C. §2341 et seq. or agency regulations.

**Level of matching funds requirement:** There are no matching share requirements for adjustment assistance provided by the TAACs to firms for certification or for administrative expenses of the TAACs.[174] Certified firms that receive assistance from TAACs must pay a percentage of expenses associated with services.[175]

## University Center Program[176]

The University Center program connects economic development practitioners with expertise and resources from colleges and universities. University Centers provide technical assistance in

[168] EDA, "NOFO—2020 STEM, EDA-HDQ-OIE-2020-2006617," https://eda.gov/files/oie/stem/Section-28-STEM-Talent-Challenge-NOFO.pdf.

[169] The STEM Talent Challenge is authorized under Section 28 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. §3723). The FY2020 STEM Notice of Funding Opportunity (NOFO) notes that, "this authorization does not require applicants to meet specific distress criteria to be considered eligible." See EDA, "NOFO—2020 STEM, EDA-HDQ-OIE-2020-2006617," https://eda.gov/files/oie/stem/Section-28-STEM-Talent-Challenge-NOFO.pdf.

[170] For more information, see CRS Report RS20210, *Trade Adjustment Assistance for Firms*, by Rachel F. Fefer.

[171] 13 C.F.R. §315.4.

[172] 13 C.F.R. §315.5.

[173] 13 C.F.R. §315.5.

[174] 13 C.F.R. §315.5.

[175] 13 C.F.R. §315.6.

[176] For a list of University Centers, see https://eda.gov/programs/university-centers/current-list/.

support of regional economic development strategies in one or more of the following program areas:

- Advancing regional commercialization efforts,
- Advancing high-growth entrepreneurship,
- Cultivating innovation,
- Encouraging business expansion in a region's innovation cluster(s),
- Developing a high-skilled regional workforce, and
- Increasing the resiliency of a region.

Eligible recipients for the University Center program include institutions of higher education (including community colleges or junior colleges and consortia of institutions of higher education); university-affiliated research institutions; and nonprofit organizations. University Center grants generally have a five-year period of performance, with an initial funding period of one year. Since FY2004, EDA has administered the University Center program as a competitive multiyear program. In FY2021, EDA is holding the University Center competition in its Chicago and Philadelphia Regional Offices.[177] In FY2022, EDA will hold the University Center competition in its Atlanta and Seattle Regional Offices. In FY2023, EDA will hold the University Center competition in its Austin and Denver Regional Offices.[178]

**Statutory Authority:** 42 U.S.C. §3147

**Agency Regulations:** 13 C.F.R. Parts 300-302 and 13 C.F.R. §306 Subpart B

**Economic distress criteria:** No minimum economic distress level requirements.[179]

**Requirement to align with CEDS or equivalent:** Recent University Center NOFOs indicate that applicants to the University Center program are not required to submit a CEDS.[180]

**Level of matching funds requirement:** Generally 50% of project costs, but may vary. See 13 CFR §301.4.

[177] EDA, *NOFO—FY2021 EDA University Center Economic Development Program Competition*, EDA-CHI-TA-CRO-2021-2006893 and EDA-CHI-TA-CRO-2021-2006894, https://www.grants.gov/web/grants/view-opportunity.html?oppId=332622.

[178] EDA, "University Centers—Applicant Resources," https://eda.gov/programs/university-centers/applicant-resources/.

[179] 13 C.F.R. §306 Subpart B. The EDA encourages University Centers to provide services that benefit distressed areas in their region (13 C.F.R. §306.5(a)).

[180] EDA, *NOFO—FY2021 EDA University Center Economic Development Program Competition*, EDA-CHI-TA-CRO-2021-2006893 and EDA-CHI-TA-CRO-2021-2006894, https://www.grants.gov/web/grants/view-opportunity.html?oppId=332622.

# Appendix B. EDA Funding—Historical Tables

**Table B-1. Budget Requests and Annual Enacted Appropriations, FY2011-FY2021 and FY2022 Request**

(budget authority, in millions of nominal dollars)

| Fiscal Year | Request | Enacted |
|---|---|---|
| 2011 | $286.2 | $283.4 |
| 2012 | $324.9 | $457.5* |
| 2013 | $219.7 | $218.3 |
| 2014 | $320.9 | $246.5 |
| 2015 | $248.2 | $250.0 |
| 2016 | $273.0 | $261.0 |
| 2017 | $258.0 | $276.0 |
| 2018 | $30.0 | $901.5* |
| 2019 | $14.9 | $904.0* |
| 2020 | $30.0 | $1,833.0* |
| 2021 | $31.6 | $3,346.0* |
| 2022 | $433.1 | |

**Source:** OMB Budget Appendices of the United States and EDA Annual Reports. The FY2022 Administration Request amount is from the President's request for FY2022 discretionary funding.

**Notes:** Includes funding for programs and salaries and expenses. The asterisk (*) indicates that the amount includes supplemental appropriations.

## Table B-2. Funding for EDA, by Program, FY2011-FY2021

(budget authority, in millions of nominal dollars)

| | FY2011 | FY2012 | FY2013[a] | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Program** | | | | | | | | | | | |
| Public Works | 88.7 | 111.6 | 77.2 | 96.0 | 99.0 | 100 | 100 | 117.5 | 117.5 | 118.5 | 119.5 |
| Economic Adjustment Assistance | 78.7 | 50.1 | 49.0 | 42.0 | 35.0 | 35.0 | 35.0 | 37.0 | 37.0 | 37.0 | 37.5 |
| Planning Assistance | 30.9 | 29.0 | 28.4 | 29.0 | 30.0 | 32.0 | 31.5 | 33.0 | 33.0 | 33.0 | 33.5 |
| Technical Assistance | 13.4 | 12.0 | 11.8 | 11.0 | 11.0 | 10.5 | 9.0 | 9.5 | 9.5 | 9.5 | 10.0 |
| Research and Evaluation | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Trade Adjustment Assistance | 15.8 | 15.8 | 15.5 | 15.0 | 12.5 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.5 |
| Innovative Manufacturing (Sec. 26) | | —[b] | | 5.0 | 4.0 | | | | | | |
| Build to Scale (Sec. 27) | | —[c] | | 10.0 | 10.0 | 15.0 | 17.0 | 21.0 | 23.5 | 33.0 | 38.0 |
| Assistance to Coal Communities | | | | | 10.0[d] | 15.0 | 30.0 | 30.0 | 30.0 | 30.0 | 33.5 |
| Assistance to Nuclear Closure Communities | | | | | | | | | | 15.0 | 16.5 |
| STEM Apprenticeships (Sec. 28) | | | | | | | | | | 2.0 | 2.0 |
| Global Climate Change Mitigation | 16.5 | | | | | | | | | | |

| | FY2011 | FY2012 | FY2013[a] | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Subtotal—Programs** | 245.5 | 220.0 | 182.0 | 209.5 | 213.0 | 222.0 | 237.0 | 262.5 | 265.0 | 292.5 | 305.5 |
| **Supplemental Appropriations** | | 200.0 | | | | | | 600.0 | 600.0 | 1,500.0 | 3,000.0 |
| **Salaries and Expenses** | 37.9 | 37.5 | 36.2 | 37.0 | 37.0 | 39.0 | 39.0 | 39.0 | 39.0 | 40.5 | 40.5 |
| **Total** | **$283.4** | **$457.5** | **$218.3** | **$246.5** | **$250.0** | **$261.0** | **$276.0** | **$901.5** | **$904.0** | **$1,833.0** | **$3,346.0** |

**Sources:** Appropriated funding amounts compiled by CRS using data from the conference reports and explanatory statements for the following annual appropriations bills: P.L. 112-10, P.L. 112-55, P.L. 113-76, P.L. 113-235, P.L. 114-113, P.L. 115-31, P.L. 115-141, P.L. 116-6, P.L. 116-93, P.L. 116-136, and P.L. 116-260; S.Rept. 113-78; and EDA, FY2013 Annual Report, https://eda.gov/files/annual-reports/fy2013/EDA-FY2013-Annual-Report-full.pdf. Funding amounts include the following supplemental appropriations bills: P.L. 115-123, P.L. 116-20, P.L. 116-136, and P.L. 117-2.

**Notes:** Amounts may not add to totals due to rounding. Build to Scale was called Regional Innovation Strategies (RIS) or Regional Innovations Program (RIP) in annual appropriations bills from FY2014 to FY2021; EDA began administering RIS/RIP funding using the Build to Scale program name in FY2020. The RIS/RIP included Science Parks Loan Guarantees in FY2014 (P.L. 113-76). In FY2015 (P.L. 113-235), the explanatory statement indicated that the amount for regional innovation would include up to $5 million for planning grants for science park infrastructure.

a. FY2013 levels reflect post-sequestration amounts. According to CRS Report R43080, *Commerce, Justice, Science, and Related Agencies: FY2014 Appropriations*, coordinated by Nathan James, Jennifer D. Williams, and John F. Sargent Jr., "FY2013 post-sequestration amounts were provided by the Department of Commerce. FY2014-requested amounts were taken from S.Rept. 113-78. The FY2013 amounts include rescissions of FY2013 budget authority and the amount sequestered per the Budget Control Act of 2011 (P.L. 112-25)."

b. The conference report accompanying the FY2012 appropriations directed EDA to allocate up to $5,000,000 for loan guarantees under section 26 under the Economic Adjustment Assistance program. See CRS Report R41721, *Commerce, Justice, Science, and Related Agencies: FY2012 Appropriations*, coordinated by Nathan James, Jennifer D. Williams, and John F. Sargent Jr.

c. In FY2012, the annual appropriations bill did not include a separate appropriation for Regional Innovation Program activities as requested by the Administration. Grants and loan guarantees authorized by section 27 were funded under the Economic Adjustment Assistance program. See CRS Report R41721, *Commerce, Justice, Science, and Related Agencies: FY2012 Appropriations*, coordinated by Nathan James, Jennifer D. Williams, and John F. Sargent Jr. In FY2014, the explanatory statement accompanying the appropriations bill directed EDA to administer section 27 grants and loan guarantees in accordance with the requirements of 15 U.S.C. §§3721-3722 rather than the requirements of PWEDA. See Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers, Chairman of the House Committee on Appropriations Regarding H.R. 3547, Consolidated Appropriations Act, 2014," *Congressional Record*, vol. 160, no. 9 (January 15, 2014), p. H507.

d. According to the EDA, "This program line was created by the Consolidated and Further Continuing Appropriation Act, 2015 (P.L. 113-235)." See EDA, *FY2022 Congressional Budget Justification*, p. 63, https://www.commerce.gov/sites/default/files/2021-05/fy2022_eda_congressional_budget_justification.pdf.

**Table B-3. Supplemental Funding, FY2011-FY2021**

(budget authority, in millions of dollars)

| | FY2012 (P.L. 112-55) | FY2018 (P.L. 115-123) | FY2019 (P.L. 116-20) | FY2020 (P.L. 116-136) | FY2021 (P.L. 117-2) |
|---|---|---|---|---|---|
| Economic Adjustment Assistance | $200 | $600 | $600 | $1,500 | $3,000 |

**Sources:** CRS using information from the reports accompanying the following appropriations bills: Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55), Bipartisan Budget Act of 2018 (P.L. 115-123), Supplemental Appropriations for Disaster Relief Act, 2019 (P.L. 116-20), CARES Act (P.L. 116-136), and American Rescue Plan Act (ARPA, P.L. 117-2).

# Appendix C. Staff Level History

**Table C-1. EDA Employment, FY2011-FY2021**

| Year | Employment |
|---|---|
| 2011 | 222 |
| 2012 | 197 |
| 2013 | 169 |
| 2014 | 167 |
| 2015 | 174 |
| 2016 | 192 |
| 2017 | 180 |
| 2018 | 180 |
| 2019 | 202 |
| 2020 | 261 |
| 2021 | 272 |

**Source:** CRS using information from the Office of Personnel Management (OPM), FedScope, http://www.fedscope.opm.gov.

**Notes:** Each total is an "on-board" U.S.-based personnel count as of September of the year noted, except 2021. The amount for 2021 shows the total as of June, the most recent month for which data is available.

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