



## 2008 LEGISLATIVE PRIORITIES

### ECONOMIC DEVELOPMENT ADMINISTRATION

#### ISSUE

The National Association of Regional Councils (NARC) supports sufficient and sustained funding for the Economic Development Administration (EDA) reauthorization, which is set to expire at the end of FY2008, at the FY2008 authorized level of \$500 million.

#### RECOMMENDATIONS TO CONGRESS

- Recognize the contributions EDA programs have made to economic revitalization with the FY2008 authorized funding level of \$500 million to sufficiently provide for programs and operations resources at all levels of the agency.
- Increase overall funding for public works grants.
- Increase overall funding for the global climate change initiative, which intends to support projects that contribute to sustainable "green" construction and resource conservation.
- Increase individual planning grants from \$55,000 to \$75,000 – currently economic development districts (EDDs) are receiving the same \$52,000 per year that they received 25 years ago.
- Include performance measures and increased timeframe (at least three years) for Comprehensive Economic Development Strategies (CEDs) and Construction grants.
- Provide incentives and/or rewards for those who utilize EDA funds for projects that are done ahead of or on-time and below budget.
- Support of the continuation and reauthorization of the core programs of the EDA and the agency's long-standing relationship with economic development districts.
- Fully staff the EDA to ensure all essential regional economic development and planning needs are met.
- Promote the implementation of criteria for EDA programs that require development through a collaborative process with practitioners and stakeholders.
- Support increases in funding or other incentives for ongoing EDA programs that promote regionalism through economic development.
- Support the consolidation of government programs within EDA that will make processes more effective and efficient.
- Support balance between public and private sector investment to raise planning funding.
- Ensure that EDA commitment continues in both urban and rural areas.
- Incorporate the use of "Regional Infrastructure Improvement Zones," a financing mechanism that would allow for businesses or individuals to make contributions toward infrastructure/economic development project(s) for a tax deduction.

#### BACKGROUND

The EDA was established under the Public Works and Economic Development Act of 1965 to create and maintain jobs, as well as stimulate industrial and commercial growth in economically distressed areas, rural and urban alike. According to EDA, the agency helps "create new American jobs at a cost of only \$2,825 per job" and "leverages over \$28 in private sector investments for every taxpayer dollar we invest." EDA programs address bottom-up economic development strategies and are an invaluable resource to the nation's communities as they have moved to implement regional strategies that promote innovation and global competitiveness. Continuance of these programs is critical to sustain the nation's posture in the world economy.

The FY2007 budget request included an increase of \$43 million for EDA, a total budget request of \$327.1 million. Under the Continuing Resolution, the EDA programs are funded at \$280 million; and, therefore, the EDA increases have gone unrealized. Estimates show that EDA declined more than \$170 million in funding requests for more than 115 public works projects that were "ready to go" and involved significant job creation initiatives due to a lack of funds. These unfunded projects were projected to match more than \$219 million in state and local funds and more than \$7.2 billion in private sector investments, resulting in the retention and creation of more than 47,000 private sector jobs.

For FY2009, the President requested \$132.8 million, an overall reduction of nearly \$147 million from FY08, cutting \$141 million to the public works account and nearly eliminating its function. This is significantly under both the FY07 and FY08 authorized levels and will not provide adequate support for vital economic and community development programs throughout the U.S.