



**U.S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION
FY 2007 BUDGET REQUEST**

FREQUENTLY ASKED QUESTIONS (FAQS)

Q. What is different about EDA's Program in FY 2007?

A: In FY 2007, in concert with the President's American Competitiveness Initiative, and with a increase in funding of \$47 million, EDA will help distressed communities move along the development continuum by providing:

- Education and technical assistance to communities that do not know about regional economic development, but are ready and willing to learn about it;
- Planning, strategy development, and basic construction assistance to communities that are ready to begin regional development and regional collaboration on a more "localized" basis – i.e. several Economic Development Districts within a state working with local and state governments; and
- Its full range of programs (including infrastructure construction) to those communities that are poised and ready to move forward with on a broad regional basis to stimulate innovation and support entrepreneurship to achieve global competitiveness.

EDA will offer multi-component investments targeted to multi-jurisdictional consortia and public/private partnerships to promote regional collaboration to benefit distressed communities. EDA investments will provide resources for a region to:

- Analyze and understand its inherent economic strengths and competitive advantages;
- Recognize the markets available to exploit them;
- Foster innovation and encourage entrepreneurship; and
- Enable the distressed communities within the region to leverage the assets of the entire area to their benefit.

Q: How is the Strengthening America's Communities Initiative (SACI) treated in the President's FY 2007 Budget request?

A: In FY 2007, the Administration and the Department of Commerce will continue to support the principles of the SACI proposed in FY 2006 Budget.

Among those principles include:

- Better target federal assistance to communities with higher levels of economic distress;
- Reduce the administrative burden on communities;
- Reduce program duplication and bureaucracy;
- Increase focus on accountability and economic outcomes.

In FY 2007, utilizing its current authorities, EDA will continue to apply these principles to its own program operations and through cooperative efforts with U.S. Department of Housing and Urban Development (HUD) and the Community Development Block Grant (CDBG) Program, as well as the Department of Labor and its workforce development programs.

The proposed broad consolidation of programs in the FY 2006 Budget request is more modest in the FY 2007 Budget request. Reform will be part of the operating plan for all economic development programs, but the CDBG program will remain at HUD, while EDA will remain at the Commerce Department.

Q: How did the Administration develop the core principles that inform its ongoing emphasis on regional development and competitiveness?

A: To develop these principles, the Department of Commerce consulted with leading thinkers in the field of economics, development strategy and national competitiveness. The Strengthening America's Communities Secretarial Advisory Committee also provided valuable input. Committee members include the mayors of urban and rural cities, economic development practitioners and recognized national experts in the field of economic development.

Q: What will the specific program changes be to EDA's programs in FY 2007?

A: EDA's Economic Development Assistance Programs will undergo the following changes:

- While EDA will continue to support the same kind of projects in which it has traditionally invested, a greater emphasis will be placed on identifying and investing in projects within a larger regional strategy.
- Dissolution of the EDA program boundaries between Public Works, Economic Adjustment, and Technical Assistance, replaced by a new unified "Regional Development Account" (RDA). By removing program boundaries, the RDA will enable communities and regions to apply for a single grant that covers multiple

activities such as planning, technical assistance, and infrastructure construction or implementation, thus enabling an integrated approach to economic development.

- Refinement of EDA’s funding priorities to promote more directly the development of functioning economic regions focused on developing regional competitive advantage through collaboration and innovation. This will ensure that rural and distressed areas integrate into the larger economic region and participate in the growing national economy.

Q: What will EDA funding look like in FY 2007?

A: The chart below displays EDA’s funding in FY 2007.

EDA Total Budget = \$297 million

REGIONAL DEVELOPMENT ACCOUNT (RDA) \$257 MILLION	PARTNERSHIP PLANNING \$27 MILLION	TAA FOR FIRMS \$13 MILLION
<p>Capacity Building Investments:</p> <ul style="list-style-type: none"> • Research • Education and competitiveness tools and training • Analysis of linkages and competitive advantages • Understanding role of innovation and entrepreneurship in development strategy <p>Multi-Component Investments:</p> <ul style="list-style-type: none"> • Multiple activities (strategy, planning, technical assistance, public works), multi-year – single grant • Support regional innovation initiatives and efforts to bolster entrepreneurship <p>Leading Edge Investments:</p> <ul style="list-style-type: none"> • Same activities as “Multi-Component” program, but grantees are broad geographic, multiple entity consortia, perhaps between more than one state, and activities may be more expansive 	<p>Continued support for Partnership Planning program funding Districts to develop and execute Comprehensive Economic Development Strategies (CEDDS)</p> <p>Incentives for Districts to participate in broader regional development efforts</p>	<p>Continued support for network of Trade Adjustment Assistance Centers to help manufacturers and producers respond to the world-wide marketplace</p> <p>Focus on industrial innovation</p>

Q: How does this program direction impact the Partnership Planning Program?

A: EDA is committed to executing the Planning Program as currently authorized and appropriated.

- EDA's Partnership Planning programs help support local development organizations (primarily Economic Development Districts) with long-term planning.
- EDA's Planning Program has significant support from Congress and economic development interest groups.
- Congressional Report language directs EDA to spend \$27 million for the Planning Program. EDA will fulfill this requirement.

Q: How will incentive award programs be affected?

A: All of EDA's regulations, including those regarding incentive award programs, that became effective on October 1, 2005, continue to be applicable. EDA.

Q: Does this change EDA's mission as it relates to its role in BRAC?

A: As directed by Executive Order, the Department of Commerce serves as a Vice-Chair of the President's Economic Adjustment Committee, and EDA serves as the Department's representative. In making funding decisions under the Regional Development Account, EDA will continue to give priority to initiatives proposed by communities and regions adversely impacted by BRAC. Specific funding targeted to BRAC is an annual decision of Congress as it has been in the past.

Q: What will be the impact of the EDA FY 2007 Regional Development Account on the University Center program?

A: University Centers will continue to be eligible recipients under the Regional Development Account. University Centers are important components of regional development, and will be vital members of multi-jurisdictional consortia or partnerships. We will continue to support University Centers, and anticipate their increased role in fostering innovation and generating entrepreneurs.

Q: What does a “Leading Edge Investment” look like?

A: A leading edge investment is one that will typically be a very large, multi-state regional competitive project utilizing the Regional Development Account. A small handful of these investments will be made each year. These single integrated investments will take the place of separate, sequential, and less coordinated, investments for planning, technical assistance and infrastructure that might occur over the course of 3, 4 or 5 years. While the individual investment is larger, over the course of years taken as a whole, the total investment in the individual community would be similar.

While the current process can provide no assurance that funds will be available in the future when applicants submit follow-on applications, the multi-component and leading-edge investments provide applicants with certainty that funds will be available for a multi-stage regional economic development strategy.

Q: How will EDA balance the different needs of rural and urban areas?

A: EDA remains cognizant of the different needs of rural and urban areas, but is committed to integrated solutions for both to attain regional competitiveness. In pursuing a regional strategy, rural and non-rural areas must come together to form their region, identify their respective strengths and assets, and integrate those resources so that they can be utilized in a complementary fashion to achieve competitiveness and wealth for all within the region.

Q: What happens to HUD’s CDBG Program in the President’s FY 2007 Budget?

A: CDBG will remain at HUD and will implement a series of significant program reforms in keeping with the principles and direction described in the President’s 2006 Strengthening America’s Communities Initiative.