State of Federal Economic Development

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Today, we will discuss key federal issues that impact the economic development profession:

- Highlights FY 2015
- Outlook FY 2016
- Budget Preview FY 2017
- Take Aways
State of Federal Economic Development

Highlights FY 2015
The President boldly stated, “The shadow of crisis has passed”, emphasizing that the nation can now look forward to progress, in the post-recession economy.

⭐ Creating a “middle class economy” was a key theme of the speech.
The Budget Resolution

Reminder:

In early 2014, Congress adopted a 2-year budget resolution setting the top-line dollar amount for discretionary spending in FY 2014 and FY 2015.

This allowed for total discretionary spending to reach levels of $1.012 trillion in 2014 & $1.015 trillion in 2015.
2015: A Quick Economic Overview

2015 was reported as being a good year for the economy by almost every metric for instance... →
In January 2016 the Bureau of Labor Statistics (BLS) reported an official unemployment rate of 4.9% — The lowest since before the Great Recession.

- The Bureau of Economic Analysis (BEA), reported that real GDP increased by 2.4%, continuing a trend from 2014.
- However, the labor force participation rate also reached the lowest it has been since 1977.
Looking more closely at Federal matters that impacted economic development in 2015...
Notable Anniversaries

- **On August 26th EDA celebrated its 50th Anniversary**
  
  ➔ This past summer, EDA announced millions in funding and other projects to alleviate poverty and create jobs

- **On September 9th HUD celebrated its 50th anniversary**
  
  ➔ Funding for the Community Development Block Grant (CDBG) - a vital economic development tool - declined significantly over the years, from $6.9 B in 1995 to $3 B in 2015
Workforce Innovation & Opportunity Act (WIOA) went into effect in July 2015

⇒ The largest overhaul of federal WF programs since 1998 Workforce Investment Act (WIA)

- 12 Communities received designations under the Investing In Manufacturing Communities Partnership Infinitive (ICMP)

- NIST launched a Re-Competition program to make it easier for winners to meet cost share requirements
The Trade Act of 2015 authorized the Trade Promotion Authority (TPA) & reauthorized the Trade Adjustment Assistance (TAA)

The 2015 A.T. Kearney FDI Confidence Index® ranked the U.S. #1 for FDI

- The EB-5 Program - a tool for investment - was reauthorized, but scrutiny continues
Rural Development & Infrastructure

The FAST (Fixing America’s Surface Transportation Act) allocates $300 B over 5 years

- Transit funding remained flat, despite a backlog of $86 B projects in the system
- A joint USDA-DOT program was launched, “Build the America Investment Initiative”

→ Aims to match non-profits, educational, and financial sectors with rural communities
Outlook FY 2016
Outlook for FY 2016

The President's 2016 Budget: aimed to foster middle class progress

- Congress passed FY 2016 appropriations in December 2015
- Congress appropriated $1.15 trillion to discretionary programs & added $82.8 billion in emergency funding
FY 2016: Driving Economic Development Efforts

- $261 M for EDA - up 4.4% from FY 2015
- $32 M for Planning - up 6.6% from FY 2015
- $35 M for Economic Adjustment Assistance
- $15 M for Assistance to Coal Communities - up 50% from FY 2015
FY 2016: Support for Rural Development

- Provides $143.9 B in both discretionary and mandatory funding
  - $3.8 B below FY 2015

- $62 million for Rural Business Cooperative Service

- $2.8 billion for Rural Development Programs - up 1.6% from FY 2015

- $1.25 B – the same as the FY 2015 – for rural water and waste program loans
FY 2016: Big Boost for Regional Development

- $25 M for the Delta Regional Authority - up $13 M from FY 2015
- $146 M for the Appalachian Regional Commission - up $56 from FY 2015
- $50 M for the POWER Plus Plan - a multi-agency initiative designed to assist coal industry communities
FY 2016: Attention on Manufacturing

- The total NIST budget would increase by 11.6% above FY 2015

- $25 M for the National Network for Manufacturing Innovation (NNMI)

- MEP program budgets stays flat at $130 M
FY 2015: Opportunities for People & Communities

- Department of Labor (DoL) received $11.7 B - $206 M less than FY 2015

- Employment Training Administration (ETA) received $9.5 B - a 2 % drop from FY 2015

- State and local workforce training & dvpt. programs are maintained at FY 2015 levels

- $1.7 B for Job Corps - same as FY 2015
Budget Preview FY 2017
The White House published the 2017 budget proposal on February 9, 2016

- The $4.15 trillion budget forecasts almost $3 trillion in deficit reduction over 10 years

- The budget proposes further investments in the nation’s infrastructure, manufacturing industry, clean energy, education, and workforce development
U.S. Department of Agriculture (USDA)

FY 2017 calls for a slight decrease at $24.2 B over the enacted $25.7 B in FY 2016

- $1.2 B is proposed for loans & grants for rural business
- $6.5 B is proposed for grants or rural electricity improvement
- $39 M in grants specifically for expanding broadband
- $450 M for the Rural Energy for America Program

→ To assist agricultural producers and rural small businesses in developing renewable energy systems and energy efficiency improvements, through loans and grants
Department of Commerce (DOC)

FY 2017 calls for a slight increase at $9.8 B over the $9.24 B enacted in FY 2016

- $521 M for the International Trade Administration
  → $20 M to expand SelectUSA

- $1.9 B in new funding to open 27 manufacturing institutes as part of the National Network for Manufacturing Innovation

- $141 M for the Hollings Manufacturing Extension Partnership

- $258 M for the Economic Development Administration (EDA)
Department of Defense (DOD)

FY 2017 calls for slight increase at $582.7 B, over $580 B enacted in FY 2016

$115 M for funding the Office of Economic Adjustment

* DOD is requesting the authority to conduct a round of BRAC in FY 2019 to repurpose defense resources

- $2.97 B is targeted for Defense Advanced Research Projects (DARPA) in military & civilian populations

- DOD plans to fund two new Manufacturing Innovation Institutes (public-private partnerships)
Department of Education

FY 2017 calls for a slight increase at $69.4 B over the $68.3 B enacted for FY 2016

- “Computer Science for All” initiative: aimed at supporting states in administering computer science education
  - $100 M in discretionary funding
  - $4 B in new mandatory funding

- $125 M for the Teacher and Principal Pathways program
  - Aims to place high quality teachers in high need schools for STEM education
Department of Energy (DOE)

Calls for a slight increase with $30.2 B for FY 2017 over the $29.6 B enacted in FY 2016

- $5.9 B supporting Mission Innovation
  - Part of a government wide initiative to double clean energy R&D

- $500 M for the Advanced Research Projects Agency–Energy

- New $4 billion of loan guarantee authority
  - Used for projects to decrease greenhouse gas emissions
Housing and Urban Development (HUD)

Calls for $38 B in FY 2017, a meager increase over the $37.8 B of FY 2016

- The majority will go towards rental housing assistance
- $200 M for the “Choice Neighborhoods” program
- $786 M in funds specifically targeted for Native American community development
- $2.8 B in Community Development Block Grants (CDBG)
  - with an emphasis on homelessness
  → $200 M less than FY 2015
Department of Labor (DOL)

Calls for $12.8 B for FY 2017, a slight increase from the $12.2 B enacted in FY 2016

- $138 M increase in WIOA funding
- $3 B over five years to create the American Talent Compact
  - To coordinate efforts with employers and training providers, community colleges and technical schools
  - Provide training for high demand jobs on a regional level
- $2 B in one-time, mandatory spending for the Apprenticeship Training Fund
Department of Transportation

Calls for $12 B in FY 2017, a decrease over the $14.3 B enacted in FY 2016

- $44 B to support the FAST Act to fix U.S. surface transportation
- Continuation of the $1.25 B per year for the TIGER Grant program, to help states & localities support projects that deliver economic benefits
- $275 M for Transportation Infrastructure Finance and Innovation Act (TIFIA) Program
- $30 B DOT for the 21st Century Clean Transportation Plan
Department of Treasury

Calls for $13.1 B in FY 2017, an increase from $12.6 B enacted in FY 2016

- $246 M for the U.S. Treasury Department’s CDFI Fund, a 5.3% increase over FY 2016
- A new program - Financing America’s Infrastructure Renewal (FAIR) - will provide $15 B in loans over 10 years for PPP infrastructure development
- $1.5 B for the State Small Business Credit Initiative (SSBCI)
The National Science Foundation (NSF)

FY 2017 proposal of $7.56 B is similar to the enacted $7.46 B enacted in FY 2016

- $1.2 B for STEM programming in public schools
  - Improving Undergraduate STEM Education (IUSE) $109 M
  - Graduate Research Fellowship (GRF) program $332.16 M
  - NSF Research Traineeship (NRT) $58.63 M

- $512 M for research/education on clean energy & renewables
Environmental Protection Agency (EPA)

Calls for $8.27 B in 2017, over $8.14 in FY 2016

- $2 B for Clean Water and Drinking Water State Revolving Funds (SRFs)
- $20 M in Water Infrastructure Finance & Innovation Act (WIFIA) funding
  - Credit assistance to water based infrastructure projects
- $90 M in Brownfields Project grants
Small Business Administration (SBA)

Calls for $719 M in discretionary funds

- $153 M to support $46 B in zero subsidy loan guarantee programs for small business expansion
  - $27 B in loan guarantees for the 7(a) program
  - $7.5 B in loan guarantees for capital expenses through the 504 Certified Development Corporation program
- $159 M for disaster loan administration as a part of the disaster relief cap adjustment
- $15 M for the State Trade & Export Promotion (STEP) program
Take Aways
Take Aways

- Despite election rhetoric, our government keeps on course through any transitions between November ‘16 - January ‘17

- However, some programs could change with Administration changes...
  
  ...for example, programs like SelectUSA & TIGER program could be impacted, as they are not statutory programs

Think about Economic Development funding for today and for tomorrow when you cast your vote
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Thank You

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