



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 18, 2004

S. 1134 **Economic Development Administration Reauthorization Act of 2004**

*As ordered reported by the Senate Committee on Environment and Public Works
on June 23, 2004*

SUMMARY

S. 1134 would reauthorize the Economic Development Administration (EDA) for an additional five years and authorize funding for existing grant programs and new programs established under the bill. CBO estimates that implementing this legislation would cost about \$1.3 billion over the 2005-2009 period and an additional \$700 billion after 2009, assuming appropriation of the necessary amounts. Enacting S. 1134 would not affect direct spending or revenues.

Over the 2005-2009 period, about \$1.12 billion would be used by EDA to provide various types of grants that support activities associated with economic development and assistance for distressed communities, including a new incentive grant program that would reward grant recipients who have met certain performance measures. About \$140 million over the next five years would be used for EDA salaries and expenses.

S. 1134 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The grants and incentive awards authorized in the bill would provide financial benefits to state, local, and tribal governments that participate in the economic development and planning programs; any costs to those governments would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that implementing the bill would cost about \$1.3 billion over the 2005-2009 period, assuming appropriation of the necessary amounts each year. Those estimated outlays are based on historical patterns for ongoing and similar activities. The estimated budgetary

impact of S. 1134 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION						
EDA Spending Under Current Law						
Budget Authority ^a	310	0	0	0	0	0
Estimated Outlays	381	344	253	171	75	8
Proposed Changes:						
Economic Development Assistance Programs						
Authorization Level	0	425	450	475	500	0
Estimated Outlays	0	21	116	216	348	426
EDA Salaries and Expenses						
Estimated Authorization Level ^b	0	34	35	36	37	0
Authorization Outlays	0	31	35	36	37	3
Total Proposed Changes						
Estimated Authorization Level	0	459	485	511	537	0
Estimated Outlays	0	52	151	252	385	429
EDA Spending Under S. 1134						
Estimated Authorization Level ^a	310	459	485	511	537	0
Estimated Outlays	381	396	404	423	460	437

a. The 2004 level is the amount appropriated for EDA assistance programs and EDA's salaries and expenses.

b. The bill specifies an authorization level for 2004 administrative costs, amounts over the 2005-2008 period were estimated by adjusting this level for anticipated inflation.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1134 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from additional grant programs for economic development, performance and planning awards, and the changes to the requirements for state and local matches of federal grants. Such changes would provide additional resources for economic development projects; any costs to those governments would be incurred voluntarily.

PREVIOUS ESTIMATE

On July 15, 2003, CBO transmitted a cost estimate for H.R. 2535, the Economic Development Administration Reauthorization Act of 2003, as ordered reported by the House Committee on Transportation and Infrastructure on June 25, 2003. H.R. 2532 would authorize the Secretary of Commerce to establish a demonstration program for the redevelopment of brownfield sites using solar energy technologies. CBO estimated that program would cost \$5 million per year over the five-year period, subject to the appropriation of the authorized amounts. S. 1134 would not authorize the demonstration program.

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