



Economic Development Administration Programs and Project Types

EDA Program Evaluation

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The US Economic Development Administration (EDA) conducts eight programs designed to promote innovation, competitiveness, and economic growth throughout the country. Through these programs, EDA funds planning grants, technical assistance, large-scale construction projects, revolving small-business loan funds, and various other economic development activities. This brief reviews the EDA’s grantmaking over the past decade (2010–19).

In the years leading up to 2020, the US experienced its longest period of economic growth on record. That expansion was dramatically and severely reversed by the COVID-19 pandemic–induced recession, which many experts predict will have long-lasting effects. And yet, even before the current contraction, nationwide growth was not enough to spread investment and opportunity to all corners of the country. Business formation has been declining in recent years. Rural areas, along with many small and midsize communities, were not keeping pace with the wealth gains of globally connected cities. Some areas have faced persistent poverty for a generation or more, with these conditions disproportionately concentrated in communities of color and other underresourced areas.

EDA’s mission is to lead the federal economic development agenda, preparing regions for success in the worldwide economy.¹ Established in 1965 as part of the US Department of Commerce, EDA is the only federal government agency focused exclusively on economic development.² EDA provides grants to economic development stakeholders working at the local level to advance new and ongoing regional economic development strategies, frequently targeting communities experiencing economic distress.

EDA is first and foremost a grantmaking entity, distributing more than 80 percent of its resources to grantees. To improve understanding of how EDA works toward its mission, this brief answers four big-picture questions about the agency's grantmaking:

- What programs does EDA operate, and how much grantmaking do these programs support?
- What types of projects does EDA fund?
- How large are the projects EDA funds, and to what extent is other financing brought into EDA projects?
- How long do EDA projects take to be completed, and how does this vary by project type?

To answer these questions, we reviewed 10 years (2010–19) of EDA grants. This period provides an accurate, up-to-date view of EDA's work. We sorted grants both by the EDA program that funded them and using a typology of construction grants that helped us separate out the different kinds of work EDA supports. We also reviewed how programs in the agency shifted in size over time.

Our analysis reveals the following:

- EDA invested an average of \$361 million a year.³
- EDA funds a combination of technical assistance, planning, and infrastructure that support regional economic development goals.
- The EDA program that distributed the most individual grants is Planning, averaging 345 grants a year.
- Although only one in five EDA grants supported physical construction, these grants were much larger on average, accounting for two-thirds of EDA grant funding.
- EDA grants, especially for construction projects, were highly leveraged (i.e., involving non-EDA financing). EDA provided 50 percent of the funding for construction projects and 60 percent of the funding for nonconstruction projects.
- Construction projects took longer to complete than nonconstruction projects (3.6 years versus 2.5 years).
- Little variation existed in project size, timeline, or leverage among the different types of construction projects (facilities, utilities, and transportation).

BOX 1

Program Evaluation of the Economic Development Administration

This brief is the first in a series from the Urban Institute reporting on our evaluation of EDA and the agency's effects on local economies. This first brief describes the agency's programs and projects using EDA's administrative data from 2010 to 2019. The second brief describes the agency's background and goals and provides a history of the EDA (Theodos et al. 2021). Results are also summarized at [Urban.org/EDA](https://www.urban.org/eda).

EDA's Programs

EDA administers programs in eight areas. These programs range from technical assistance for local governments to grants for large-scale construction projects.⁴ This section summarizes EDA's programs, ordered by average annual funding.⁵

Economic Adjustment Assistance helps state and local interests design and implement strategies to adjust or bring about changes to an economy. The program focuses on areas that have experienced or are under threat of serious structural damage to the underlying economic base. As part of Economic Adjustment Assistance (EAA), EDA administers its Revolving Loan Fund Program, which supplies small businesses and entrepreneurs with the capital needed to start or expand their businesses. EAA also provides strategy grants to support the development, updating, or refinement of a Comprehensive Economic Development Strategy (CEDS) and implementation grants to help execute activities identified in a CEDS. Implementation grants could include infrastructure improvements, such as site acquisition, site preparation, construction, rehabilitation, and facility equipment. For example, in 2017, EAA provided funding to support the establishment of the Advanced Manufacturing Performance Center at the State University of New York Polytechnic Institute's Albany and Utica campuses.

Public Works helps distressed communities revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term, private sector jobs and investment. Public Works program investments include infrastructure development such as fiber-optic cable for businesses and industrial parks, water and sewer systems improvements, business incubator facilities, port and harbor facility expansions, and brownfields redevelopment. For example, in 2018, a Public Works grant provided funding to a telephone cooperative in Eureka, Montana, to install fiber-optic cable to provide high-speed internet services to businesses in the region.

Planning supports local organizations (Economic Development Districts, Indian Tribes, and other eligible areas) with short- and long-term planning efforts. The CEDS Content Guidelines provide suggestions, tools, and resources for developing a CEDS. For example, the New Hampshire Department of Business and Economic Affairs received a planning grant in 2018 to create a statewide economic development strategic plan informed by industry cluster analysis, economic and workforce

development structures, foreign direct investment opportunities, economic resiliency, communications strategies, and public input.

Build to Scale, previously named Regional Innovation Strategies, is a program that supports innovation and entrepreneurship capacity-building activities by creating and expanding cluster-focused proof-of-concept and commercialization programs and early-stage seed capital funds. Build to Scale oversees three competitive grant programs: the **Venture Challenge** (formerly i6 Challenge), the **Capital Challenge** (formerly Seed Fund Support Grants), and the **Industry Challenge**. The Venture Challenge provides competitive grants to intermediary organizations, such as accelerators, universities, and nonprofits, that support the development of new business ventures. The Capital Challenge focuses on entities like angel networks or investor training programs in communities with limited access to risk capital. The Industry Challenge is a pilot partnership between the EDA and Department of Energy to support entrepreneurship and accelerate company growth within a particular part of the energy economy.

Trade Adjustment Assistance for Firms (TAAF) is a national network of 11 centers that help strengthen the competitiveness of US companies which lost domestic sales and employment because of an increase in imports of similar goods and services. Through TAAF, eligible firms can receive direct technical assistance to create and implement targeted business recovery plans.

University Centers are a partnership between the federal government and academia that makes the resources of universities available to the economic development community. University Centers devote the majority of their funding to responding to technical assistance requests from local governments and private-sector businesses in the economically distressed parts of their EDA-designated service regions. For example, an EDA grant supported a University Center in Indiana where two universities worked to create a tool for researchers to document local poverty levels for use with new initiatives such as Opportunity Zones.

Local Technical Assistance helps fill the knowledge and information gaps that may prevent leaders in the public and nonprofit sectors in distressed areas from making optimal decisions on local economic development issues. This could include feasibility studies to determine whether a region's market will support, for example, a high-technology business incubator.

Research and National Technical Assistance (RNTA) supports research and evaluation projects and technical assistance projects with a national scope. Many research projects focus on identifying best practices in economic development or providing data and tools to support economic development goals. National Technical Assistance projects support specific groups or stakeholders or focus on a nationwide set of issues. For example, RNTA provided grant support so the Indiana Business Research Center could develop many of the tools on StatsAmerica.org. EDA funds were used to develop the research behind the tools and support the maintenance and public availability of this source of information for economic development stakeholders across the nation.

For our analysis, we combined two program areas—University Centers and Local Technical Assistance—into a program we call Technical Assistance.

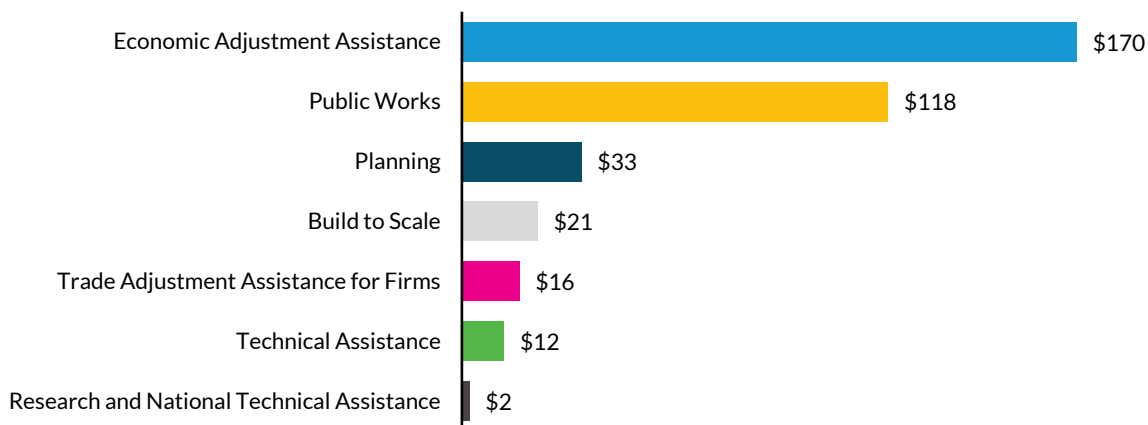
Grantmaking by Program: Funding

The EDA provided \$3.6 billion in grants from 2010 to 2019, or an average of \$361 million a year. More than three-quarters of EDA's grant funds were distributed through two programs: EAA and Public Works. EAA alone represented nearly half of all EDA grant funding, averaging \$170 million a year (figure 1). Public Works granted an average of \$118 million a year.

Planning was the next-most-used program, with \$33 million in annual grants. It was followed by Build to Scale (\$21 million annual average) and TAAF (\$16 million).⁶ Another \$12 million was devoted to Technical Assistance annually and \$2 million to RNTA. (All dollar amounts in this brief are inflation-adjusted to 2019.)

FIGURE 1

Economic Development Administration Funding Awarded by Program, Annual Average, 2010–19
Millions of 2019 dollars



Source: US Economic Development Administration administrative data.

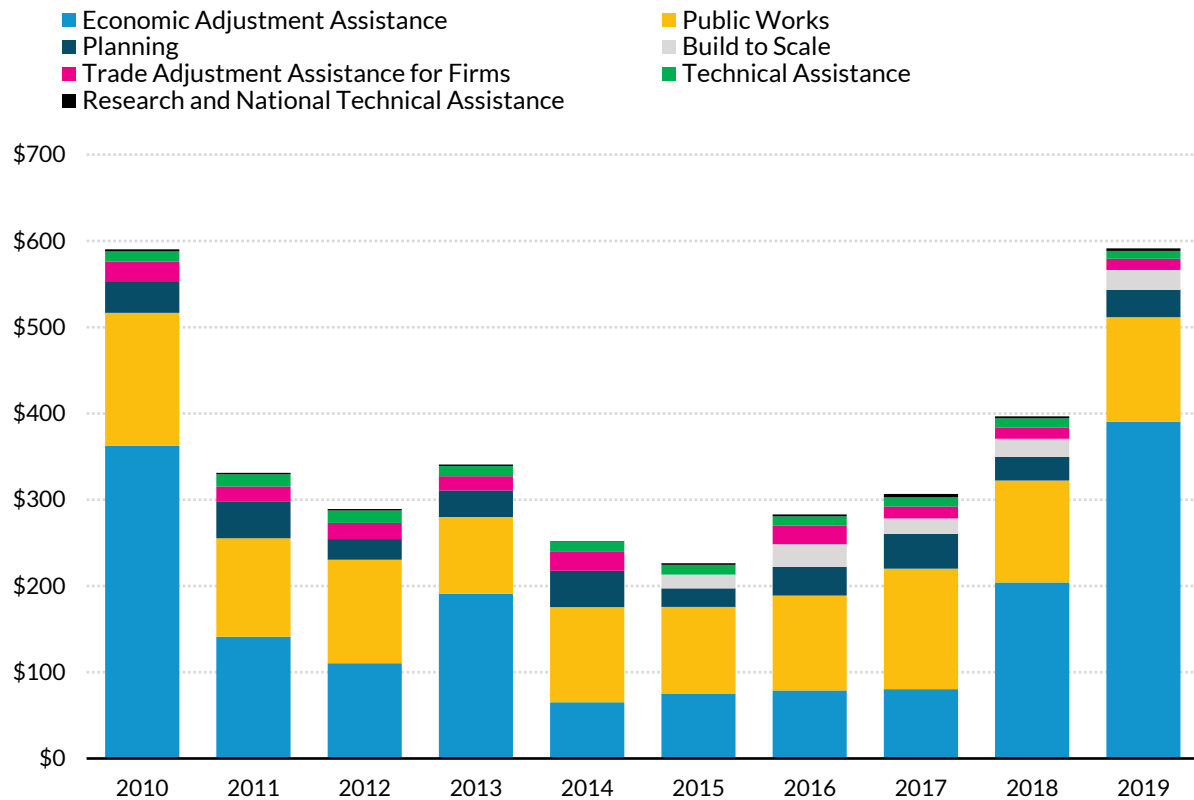
Note: Build to Scale's annual average covers only 2015–19; the program did not operate before 2015.

Between 2010 and 2019, grant funding from Public Works, Planning, Technical Assistance, and RNTA was relatively stable (figure 2). EAA grant levels, however, changed notably year to year. EAA awarded \$362 million in grants in 2010. Grants then declined to a low of \$65 million in 2014 before rising to \$390 million in 2019. As EAA funds have increased and decreased, EAA and Public Works have alternated being the largest grantmaking program within EDA. Other notable changes include the introduction of Build to Scale in 2015.

FIGURE 2

Economic Development Administration Funding Awarded by Program, 2010–19

Millions of 2019 dollars



Source: US Economic Development Administration administrative data.

Note: Years are assigned based on each project’s decision date.

Grantmaking by Program: Number of Grants

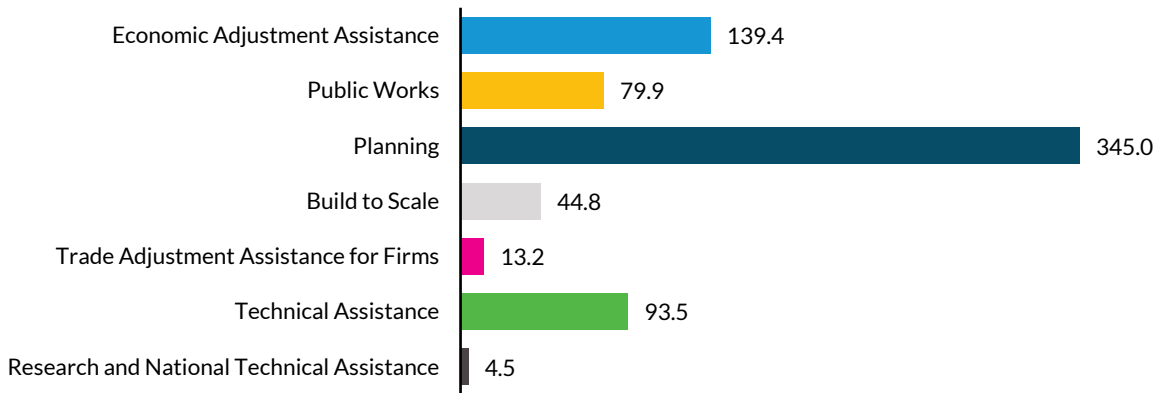
The EDA provided 6,979 grants from 2010 to 2019, or an average of 698 grants a year. Although EAA was the program that provided the largest amount of grant dollars, the Planning program provided the most grants. EDA awarded an average of 345 Planning grants a year between 2010 and 2019 (figure 3). Roughly half of all EDA-funded projects were Planning grants. Planning grantmaking did fluctuate by year, however, reaching a high of 474 grants in 2017 and a low of 237 in 2015 and 2019 (figure 4).

The next most frequently granted program was EAA, which averaged 139 grants a year. EAA grants ranged from a low of 76 in 2015 to a high of 207 in 2010. Technical Assistance averaged 94 grants a year, and Public Works averaged 80. Both were fairly consistent in number across years. Build to Scale averaged 45 grants a year, TAAF averaged 13, and RNTA averaged 5.

FIGURE 3

Economic Development Administration Grants Awarded by Program, Annual Average, 2010–19

Number of grants awarded



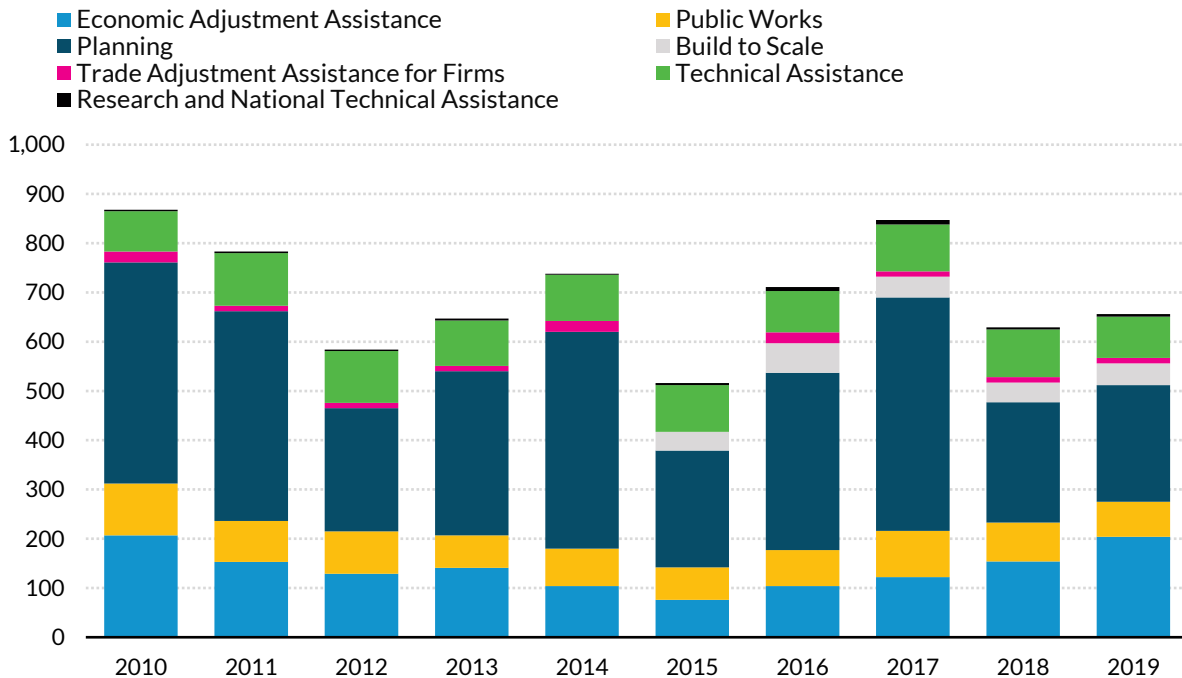
Source: US Economic Development Administration administrative data.

Notes: Build to Scale’s annual average covers only 2015–19; the program did not operate before 2015. For Trade Adjustment Assistance for Firms, the analysis includes grants to fund Trade Adjustment Assistance Centers and does not count the number of firms receiving technical assistance.

FIGURE 4

Economic Development Administration Grants Awarded by Program, 2010–19

Number of grants awarded



Source: US Economic Development Administration administrative data.

Notes: Years assigned based on each project’s decision date. For Trade Adjustment Assistance for Firms, the analysis includes grants to fund Trade Adjustment Assistance Centers and does not count the number of firms receiving technical assistance.

Project Types

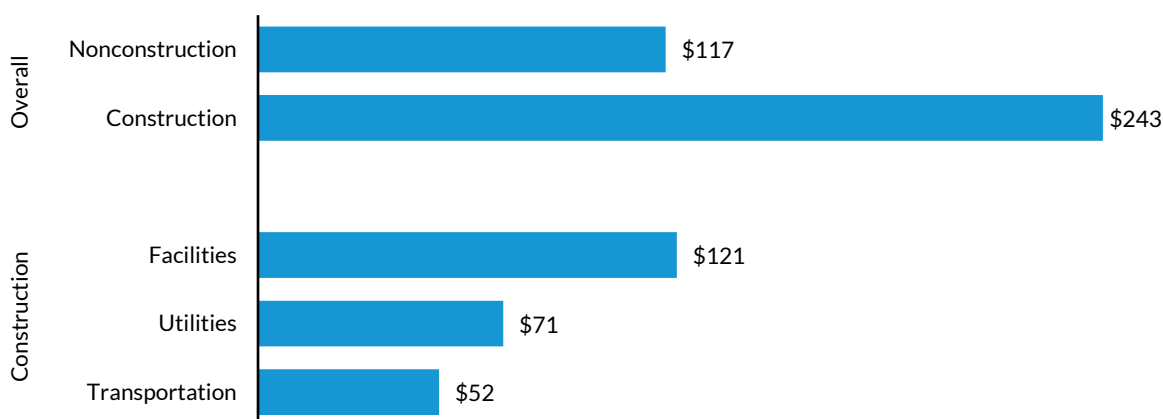
EDA projects are generally either construction projects, such as developing new utility lines in a county, or nonconstruction projects, such as providing funding to support a municipality’s disaster and resiliency planning efforts. Planning, Build to Scale, TAAF, Technical Assistance, and RNTA support nonconstruction projects, while Public Works supports construction projects. EAA is flexible, supporting both construction and nonconstruction projects.

In creating a typology of projects, we define construction projects as facilities, utilities, or transportation infrastructure. We establish these categories by building from EDA’s internal project classifications. In the small share of cases where project classifications were still in doubt, we used a combination of automated text analysis and individual sorting to determine what category to place grants in. In the most challenging cases, EDA staff assisted with individual sorting to ensure grants were correctly classified.

From 2010 to 2019, construction projects received roughly two-thirds of EDA’s funding, with the remainder going to nonconstruction projects. On average, construction projects received \$243 million a year, and nonconstruction projects received \$117 million a year (figure 5).

Within construction projects, facility projects received the highest level of funding—half of all construction funding and more than all nonconstruction funding. Facility projects received \$121 million a year on average. Utility projects were roughly a third of EDA’s annual construction spending and almost a fifth of EDA’s overall spending; they received \$71 million a year on average. Transportation projects received roughly \$52 million on average each year.

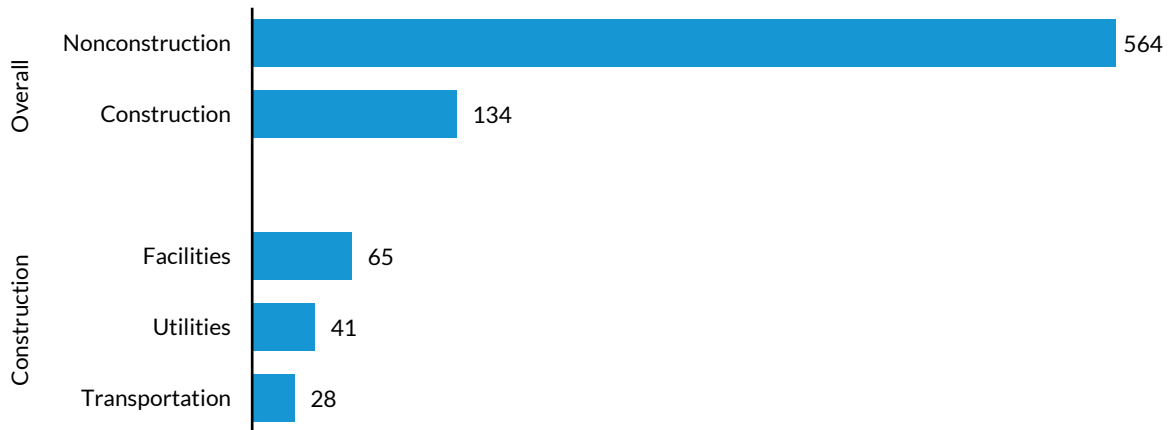
FIGURE 5
Economic Development Administration Funding by Project Type, Annual Average, 2010–19
Millions of 2019 dollars



Source: US Economic Development Administration administrative data.

Looking at the annual average number of grants, nonconstruction projects received the vast majority—more than 80 percent. Between 2010 and 2019, construction grants averaged 564 per year compared with 134 for construction grants (figure 6). Among the 134 construction projects, facility projects received the most grants, with 65, followed by utility projects (41) and transportation projects (28).

FIGURE 6
Number of Economic Development Administration Grants by Project Type, Annual Average, 2010–19



Source: US Economic Development Administration administrative data.

Average Project Size and Leverage

The data discussed up to this point relate to program and project type outlays. EDA grants cover a sizable portion of project costs, but the projects also regularly leverage local funds. (Many of EDA’s grant programs require a local match to access the agency’s funding.)

The Public Works and Economic Development Act of 1965 requires that the maximum EDA investment in a project cannot exceed 50 percent of the total project cost unless certain conditions are met. EDA can cover up to 80 percent of total project costs in more economically distressed regions. Regions eligible for an EDA investment of up to 80 percent include those with a 24-month unemployment rate that is at least 225 percent of the national average and those whose per capita income is no more than 50 percent of the national average.⁷

From 2010 to 2019, EDA funds covered 53 percent of full project costs, but the share varied by program and project type.⁸ The average EDA project was \$975,000 in size, including the local match, and received \$517,000 in funding from the agency.

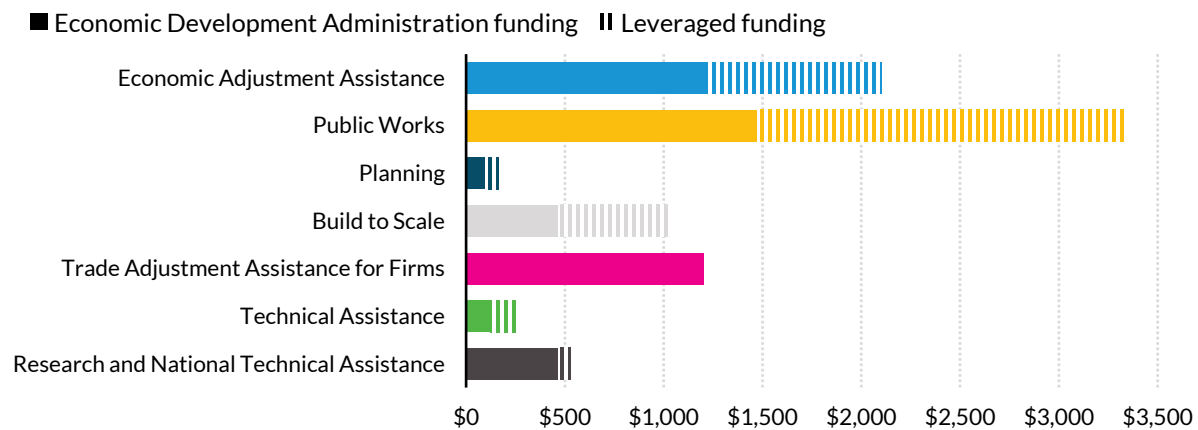
Looking by program, the largest projects between 2010 and 2019, on average, were in Public Works (figure 7). The average Public Works project cost \$3.35 million to complete, with EDA providing 44 percent of the funding (\$1.47 million). The rest (\$1.88 million) came from local matches.

EAA projects were the next largest, averaging \$2.10 million in total funding. The average EAA project received \$1.22 million from EDA and \$882,000 from local matches. EDA funds made up 58 percent of the total funding for EAA projects.

TAAF grants were the next largest. The average grant to Trade Adjustment Assistance Centers was \$1.20 million. Unlike the majority of EDA programs, TAAF is governed by the Trade Act of 1974, which does not require a cost share for TAAF grantees.

Build to Scale is highly leveraged, with EDA funds representing 46 percent of total project financing. Build to Scale requires a 50 percent match from private firms and local governments, under the Stevenson-Wydler Technology Innovation Act of 1980.⁹ EDA's average funding per project for this program was \$467,000, the average match was \$554,000, and the average total size was \$1.02 million.

FIGURE 7
Average Grant and Project Size by Program, 2010–19
Thousands of 2019 dollars



Source: US Economic Development Administration administrative data.

Notes: Build to Scale's average covers only 2015–19; the program did not operate before 2015. For Trade Adjustment Assistance for Firms, analysis includes grants to fund Trade Adjustment Assistance Centers and does not include the expenditures of firms receiving technical assistance.

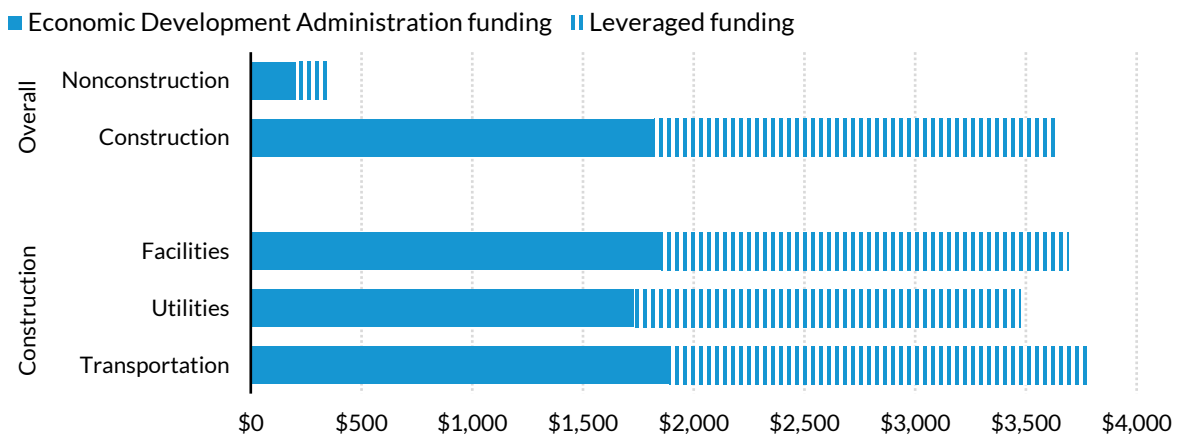
In contrast to Build to Scale, RNTA leverages relatively few local dollars, with 88 percent of funding coming from EDA. RNTA's average total project size was \$527,000, the average EDA grant was \$467,000, and the average local match was \$61,000.

Technical Assistance projects were the second-smallest among the seven EDA programs. On average, they received \$249,000, with funding split evenly between EDA (\$125,000) and local matches (\$125,000). (These figures are for single grants, but technical assistance providers can receive successive grants to support their work.)

The program with the smallest projects, on average, was Planning. Its projects averaged \$162,000 in total costs. The average EDA grant to these projects was \$96,000. The average local match was \$66,000. EDA contributed 59 percent of total costs for Planning projects.

The differences in leverage amounts can largely be explained by the types of projects funded by the various EDA programs. Nonconstruction projects were smaller and leveraged fewer local dollars. The average nonconstruction project cost \$344,000, and EDA grants covered 60 percent of the costs (figure 8). The typical EDA nonconstruction grant amount was \$208,000, and the typical local leverage was \$136,000. In contrast, the typical construction project cost \$3.64 million, with 50 percent coverage from the EDA. Both the average EDA construction grant and the average local contribution were \$1.82 million.

FIGURE 8
Average Grant and Project Size by Project Type, 2010–19
Thousands of 2019 dollars



Source: US Economic Development Administration administrative data.

Duration

In addition to how much funding projects receive, we examine the length of time they take to complete. To give projects time to complete, we examined projects awarded between 2005 and 2014. We define a project’s duration as the time between project decision date and project closeout, as recorded in EDA’s data. In cases where there was no project closeout, we worked with EDA staff to determine which grants were still open. For grants that EDA could not review individually, as well as the grants EDA confirmed as closed, we imputed the median closeout length for that program and assigned the project a closeout date based on that calculation.

EDA grants generally lasted between two and four years, with the average project taking 2.9 years to complete. Planning grants tended to be shorter, averaging 2.4 years from award date to closeout (figure 9). EAA and Public Works grants lasted roughly a year longer, on average.

The biggest differentiator appears to be whether the grant included construction activities. Construction grants lasted about 3.6 years, on average, while the average nonconstruction grant took only 2.5 years to complete (figure 10). On average, facility and transportation projects took about 3.6 years to complete, and utility projects took 3.7 years. The quickest 10 percent of construction projects closed out within 1.9 years, while the slowest 10 percent took more than 5.2 years.

FIGURE 9
Years from Economic Development Administration Grant Award Decision Date to Project Conclusion by Program

For projects awarded in 2005–14



Source: US Economic Development Administration administrative data.

Note: 2005–14 predates Build to Scale, so the program is not included.

FIGURE 10
Years from Economic Development Administration Grant Award Decision Date to Project Conclusion by Project Type

For projects awarded in 2005–14



Source: US Economic Development Administration administrative data.

Note: 2005–14 predates Build to Scale, so the program is not included.

Conclusion

EDA exists to support innovation, competitiveness, and economic growth throughout the US. It accomplishes this work through various programs and project types, supporting needed infrastructure, planning, and technical assistance provision. By program, most EDA grants go to Planning, but by dollars, most go to Economic Adjustment Assistance. That is because construction projects, which EAA can support but Planning does not, are generally much larger than nonconstruction grants. Construction projects also leverage more local dollars than nonconstruction projects. Within construction grants, facility projects receive the most funding, followed by utility and then transportation projects.

With these insights into EDA's programs and grantmaking activity, it is also important to understand the broader goals and evolution of the agency, the places where the agency works, and the impacts it has locally. These themes will be explored in subsequent research briefs.

Notes

- ¹ "Overview," US Economic Development Administration, accessed September 1, 2020, <https://www.eda.gov/about/>.
- ² "U.S. Economic Development Administration Value Proposition Statement," US Economic Development Administration, accessed September 1, 2020, <https://www.eda.gov/about/Value-Proposition.htm>.
- ³ This number includes annual appropriations, disaster response funding, and money from the prior year that was recertified or was obligated but was withdrawn before it was spent. For more information about how EDA funding has changed over time, see Theodos and colleagues (2021).
- ⁴ "EDA Programs," US Economic Development Administration, accessed September 1, 2020, <https://www.eda.gov/programs/eda-programs/>.
- ⁵ In addition to EDA's grant programs, Economic Development Integration is an effort whereby the Office of Management and Budget designated EDA to lead the federal government's efforts to maximize the integration of economic development resources from all sources—including federal, state, local, and philanthropic—to achieve more effective and sustainable outcomes for communities across the US.
- ⁶ Trade Adjustment Assistance for Firms grants are typically made for five-year periods to Trade Adjustment Assistance Centers.
- ⁷ Investment Rates, 13 CFR 301.4 (2006–14), <https://www.law.cornell.edu/cfr/text/13/301.4>.
- ⁸ This figure reflects a project-level average for the portion of EDA funds provided to a given project as a share of total project cost. This project-level average differs from the agency-wide total EDA financing provided as a share of summed total project costs. (That figure is 53 percent.) The difference emerges because the total share of funds is more influenced by EDA's largest projects, which are more leveraged.
- ⁹ See "2021 Build to Scale FAQ" on "Build To Scale (B2s) Program" US Economic Development Administration, accessed October 27, 2021, <https://eda.gov/oie/buildtoscale/>.

Reference

Theodos, Brett, Leiha Edmonds, Daniel Teles, Christina Stacy, Benjamin Docter, Christopher Davis, and Jonathan Schwabish. 2021. "History and Programmatic Overview of the Economic Development Administration: EDA Program Evaluation." Washington, DC: Urban Institute.

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