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U.S. DEPARTMENT OF COMMERCE

BRIEFING HANDBOOK



ECONOMIC DEVELOPMENT
ADMINISTRATION

ECONOMIC DEVELOPMENT ADMINISTRATION

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ECONOMIC DEVELOPMENT ADMINISTRATION

Mission: Establish stable and diversified local economies.

Objectives:

- o Reduce incidence of substantial, persistent, and potential unemployment and underemployment.
- o Improve economic development planning and implementing capabilities.
- o Improve coordination, continuity and use of all resources available for economic development.
- o Provide leadership in formulating economic development policy and programs.

Strategies:

- o Continuing and counter-cyclical programs designed to provide financial and expert assistance needed to relieve the nationwide problems of unemployment and underemployment.
- o Initiative and requests for assistance must originate at local level.
- o Full cooperation between the public sector and private enterprise.
- o Essential requirement for economic development is planning -- identification of specific goals and preferred means of achieving those goals.
- o Maximum coordination of Federal, State and local programs.

MAJOR STATUTORY AUTHORITIES

Public Works and Economic Development Act of 1965

This Act established the Economic Development Administration whose purpose is to administer a program which provides assistance to regions, counties, and communities of the nation which suffer substantial, persistent, and potential unemployment and underemployment. From this Act EDA has a mission to create permanent jobs through Federal financial assistance to local/state governments and business entities, both for profit and non-profit. Its program includes financial assistance through planning, technical assistance, public works grants and loans, and business loans, business development loans and loan guarantees, and economic adjustment assistance.

Recent counter-cyclical entitlements for the Public Works Impact Program and Title X provide financial assistance to create temporary jobs on projects which can be initiated and completed quickly. Title IX of the Act enables EDA to provide for the loss or threatened loss of a major source of jobs in an area. Section 304 of the Act provides formula grants to each of the States to use, at their discretion, on public works or business development projects which meet the criteria of Title I and II of the Act.

Authorization for the Act has been extended through September 30, 1979, by a Congressional Act signed by the President on October 12, 1976.

Title I - Local Public Works, Public Works Employment Act of 1976.

This Act established a counter-cyclical program administered by the Economic Development Administration. Under this Title, EDA may make grants to any State or local government for construction (including demolition and other site preparation activities), renovation, repair, or other improvement of local public works projects. The Title authorizes EDA to make grants to complete plans, specifications, and estimates for local public works projects where additional architectural and engineering work or related planning is required to permit construction of the project. In addition, EDA may make grants to provide all or any portion of the required State or local share of the cost of any public works project for which financial assistance is authorized under any provision of State or local law requiring such contribution.

The Act became law by Congressional override of a Presidential veto and was given authorization until September 30, 1977.



Title II of the Trade Act of 1974

Title II of this Act requires that EDA certify the eligibility for adjustment assistance of a firm or a community which has or will have a significant number of its workers totally or partially separated as a result of increases of imports of articles like or directly competitive with articles it produces. Once certified, eligible firms or communities may apply for financial assistance authorized by the Public Works and Economic Development Act of 1965 including technical assistance, direct loans, loan guarantees and public works grants.

The Trade Act of 1974 was signed into law by the President on January 3, 1975, and provides authority for EDA until September 30, 1982.

ECONOMIC DEVELOPMENT ADMINISTRATION

Historical Background

Introduction

The foundation for Federal programs providing aid to economically depressed areas was laid in the decade before the creation of EDA in 1965. However, the primary influence in shaping the statutory authorization for EDA was the experience acquired from the operations of the Area Redevelopment Administration (ARA). Other influences have included the concepts embodied in two other pieces of legislation enacted in the early 1960's--the Appalachian Regional Development Act and the Public Works Acceleration Act.

The ARA, established in 1961, had the goal of alleviating conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas. This action was the culmination of seven years of debate on the subject, during which time two similar programs had been rejected by Presidential vetoes.

Despite a degree of success, ARA experienced a variety of problems from the outset. Conceived as an instrument for encouraging private enterprise to locate in depressed areas with such tools as business loan funds and public facility grants, ARA was faced with administering a broadly defined but inadequately funded program. ARA was further handicapped by the national economy of the early 1960's, which, by operating considerably below capacity produced a climate particularly unfavorable to the expansion or establishment of business.

The Beginning of EDA

Although the ARA program operated under the handicaps noted above, its results in creating jobs and generating income supported the premise that Federal aid could cause economic viability in lagging areas. On August 26, 1965, the Public Works and Economic Development Act was enacted empowering an Assistant Secretary of Commerce for Economic Development to administer a much broader economic development program for the Secretary of Commerce. While reaffirming the original ARA mission, the framers of EDA's legislation also emphasized (1) the related goal of stemming migration from depressed areas, and (2) the need to encourage expanded economic growth in natural growth centers of depressed regions and areas. The EDA legislation remedied one major deficiency in the ARA program: The requirement for long-term economic planning by residents of distressed areas.

With an appropriation authorization of from 4 to 5 years, the EDA program was equipped with the following tools:

- Public Works grants and loans to develop community infrastructure.
- Business loans and guarantees to induce business development in depressed areas.
- Technical Assistance grants and contracts for feasibility studies, management assistance and reports evaluating and recommending resource usage.
- Planning and administrative grants to finance full-time planners at the local level.
- Economic research funds to investigate the causes of unemployment and underemployment.

First Expansion of EDA's Program

By June 1970, with the original appropriation authorizations expiring, the President and the Congress were not prepared to propose major changes to the program and consequently, a one-year extension was enacted. During the early part of 1971, as Congress deliberated over EDA's future, the President proposed a program of special revenue sharing. EDA's program was among those recommended for administration at the State level rather than the Federal level.

After considerable debate between the Congress and the President, a two-year authorization (i.e. thorough June 30, 1973) was enacted with the first program expansion. This was a modified accelerated public works program which required that between 25 and 35% of appropriations for public works grants be invested in specially designated areas to provide immediate useful work to the unemployed and under employed. This program has become known as "PWIP", or the Public Works Impact Program.

Proposal to Abolish EDA

In December 1972, EDA was notified that the President would not be requesting appropriations for EDA programs for fiscal year 1974 and that EDA was to be abolished as an organizational entity no later than June 30, 1973. The President's budget for FY 1974 consolidated and reoriented the country's rural development programs, using the Rural Development Act of 1972 (RDA) as the basis for beginning efforts consistent with revenue sharing. EDA's programs were to be phased out in favor of programs established mainly under the RDA and the Small Business Administration.

The Congress, however, after examining the President's proposal contended that his program alternatives were either not sufficiently operational to fill the void left by the termination of EDA programs or not sufficiently focused on distressed areas. After rejecting several proposals, the President on June 18, 1973, enacted a one-year extension of the program (i.e. June 30, 1974).

Continuation of EDA

The law extending EDA through FY 1974 contained a requirement for the President to submit to the Congress proposals for restructuring the Federal approach to economic development. This report, submitted in early 1974, proposed a new program of economic adjustment assistance which would supersede the EDA program. After considerable deliberation, there was enacted on September 27, 1974, several amendments to the EDA law including an extension of the programs through FY 1976. These amendments contained a Title IX economic adjustment assistance program as well as other new programs: (1) operating funds for health facilities, (2) fixed-asset and lease guarantees, (3) comprehensive planning assistance for states and cities, and (4) a supplemental and basic state grant program.

Introduction of Counter-cyclical Programs

(1) Job Opportunities Program: On December 31, 1974 there was enacted a one-year additional title (X) to the EDA Act. The program's objective was to provide immediate employment opportunities to unemployed workers. The entire \$500 million authorized for this program was obligated by its expiration date of December 31, 1975. Almost 2,300 projects sponsored by 43 Federal agencies were approved covering a wide range of activities including public works construction, public service employment, and job training programs.

(2) Local Public Works Program: On July 22, 1976, a counter-cyclical program of \$2 billion was enacted for EDA to administer. Under this program EDA can make grants to states and local governments for construction, renovation, repairs or other improvement of local public works projects. The first project approvals are expected to begin during the latter part of December.

Present Authorization

EDA is presently operating under an authorization through September 30, 1979. This recently enacted authorization (October 12, 1976) made several significant changes to the program: (1) Cities of populations of 25,000 or more are eligible for EDA assistance, (2) Title IX funds can be used to alleviate "long-term economic deterioration", (3) the addition of a new long-term interest-free loan program to redevelopment areas for the purpose of carrying out a redevelopment plan (the funds must be loaned by

recipient and the repayments must be placed in a revolving fund to be used for economic development purposes), and (4) the Title X Job Opportunities Program is re-authorized as a standby anti-recession measure to come into effect whenever the national unemployment rate rises above 7% for the preceding calendar quarter.

ORGANIZATION

The Economic Development Administration administers the economic development programs authorized by the Public Works and Economic Development Act with the exception of the Title V Regional Commission program. As of September 30, 1976, EDA had 766 permanent full-time and 75 temporary employees for a total staff of 841. Of this number, 446 were in Washington and 395 were in the field.

	<u>Washington</u>	<u>Field</u>	<u>Total</u>
Full-time	392	374	766
Temporary	<u>54</u>	<u>21</u>	<u>75</u>
TOTAL	446	395	841

Washington Operations

The Assistant Secretary for Economic Development is assisted by three Deputy Assistant Secretaries:

- o Deputy Assistant Secretary for Economic Development (no incumbent)
- o Deputy Assistant Secretary for Economic Development Operations (William Henkel)
- o Deputy Assistant Secretary for Economic Development Planning (Joseph G. Hamrick)

The Assistant Secretary is assisted by a Special Assistant - Beverly Milkman

The Deputy Assistant Secretary directs the Special Assistant for Field Operations (Bill Phillips), the Special Assistant for Investigations and Inspections (Howard Scharf), the Special Assistant for Environmental Affairs (John Hansel), and the Special Assistant for Indian Affairs (Ray Tanner)

The Deputy Assistant Secretary for Economic Development Operations supervises the coordination and execution of the financial and technical assistance programs with the exception of planning grants. Through the three offices reporting to him -- The Office of Public Works, (George Karras), The Office of Business Development, (Glenn Waldron), and The Office of Technical Assistance (I. M. Baill) he reviews and recommends approval or denial of project applications.

The Deputy Assistant Secretary for Economic Development Planning is the principal advisor to the Assistant Secretary on all development planning matters, and carries out the planning functions of EDA, including State planning, Economic Development District planning, city, Indian area and redevelopment area planning. These programs include administrative support for economic development planning, professional services, and research grants and contracts. He determines which areas and districts are qualified for assistance and recommends designation of those areas, districts and economic development centers that fulfill statutory criteria. He is assisted by three offices -- Office of Planning and Program Support (Pat Keeler), Office of Economic Research (Pat Choate), and Office of Development Organizations (Tom Francis).

The Assistant Secretary and the Deputy Assistant Secretaries are assisted by several staff and support offices:

- o Administration and Program Analysis (Herbert S. Becker)
- o Civil Rights (David Lasky)
- o Congressional Relations (David Rally)
- o Public Affairs (Barbara Estabrook)
- o Chief Counsel (William Clinger)

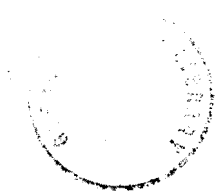
Field Operations

EDA has six Regional Offices:

<u>Name</u>	<u>Location</u>	<u>Director</u>
Atlantic	Philadelphia, Pa.	Jack Corrigan
Southeastern	Atlanta, Ga.	Charles Oxley
Midwestern	Chicago, Ill.	George Muller, Actg.
Rocky Mountain	Denver, Colo.	Craig Smith
Western	Seattle, Wash.	C. Mark Smith
Southwestern	Austin, Texas	Joseph Swanner

Each Regional Director is responsible for:

- o Coordinating with local communities in economic planning and development of Overall Economic Development Programs (OEDPs), which are related to the needs of designated areas and districts serviced by the Regional Office;
- o Managing EDA resources available for use for the economic development of designated areas and districts serviced by the Regional Office; and
- o Processing applications for assistance and monitoring and servicing approved projects. The Regional Directors are

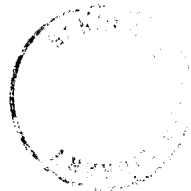
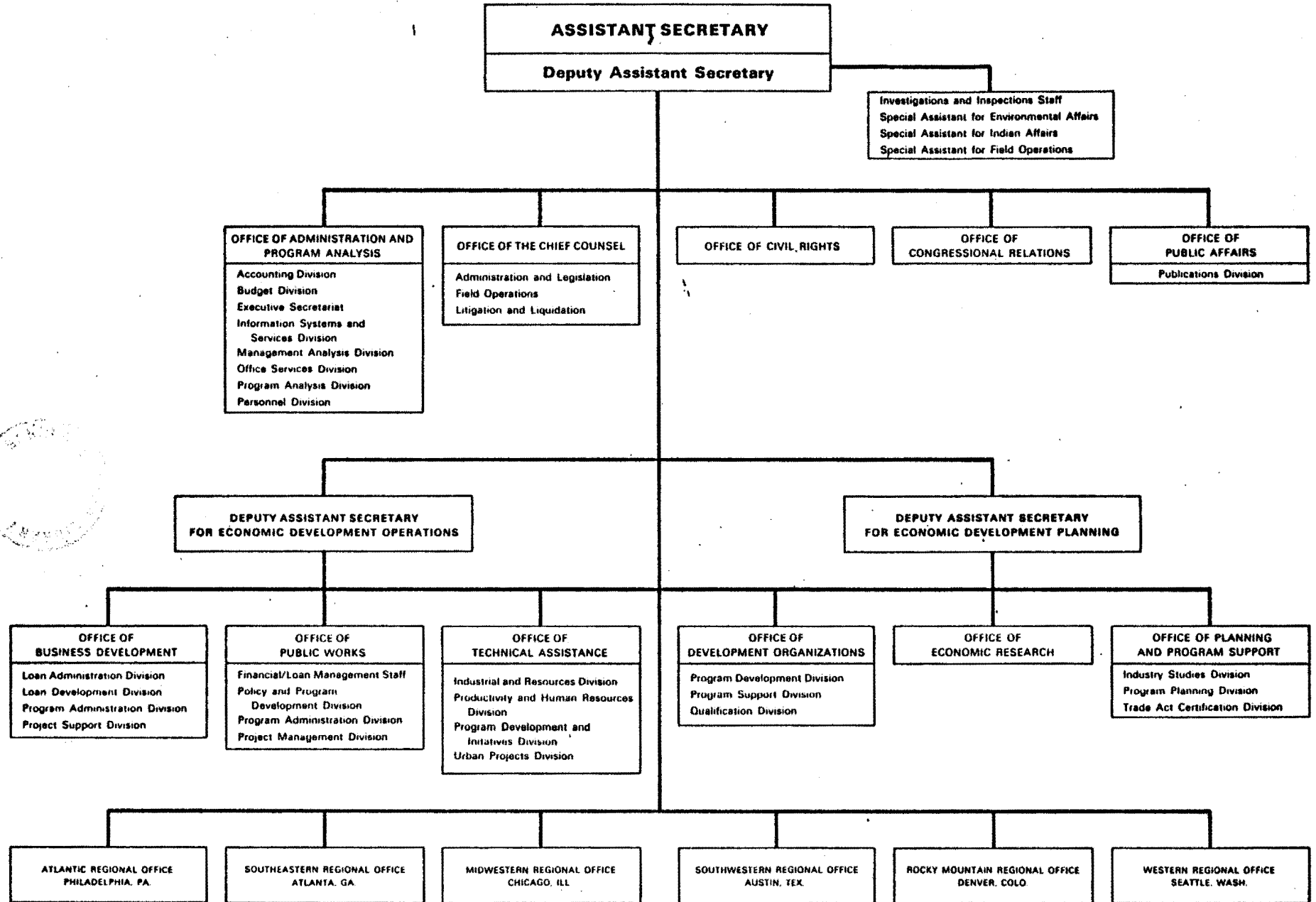


responsible for complete processing of public works applications. After they are satisfied that the application will fulfill an economic development need, they forward a summary of the project along with an affirmative recommendation for approval to the Assistant Secretary.

EDA has 50 Economic Development Representatives (EDRs), located primarily away from the Regional Office sites, who are responsible for disseminating information about EDA's programs and activities, and effectively helping to foster or maintain an economic development process in economically distressed communities. They also assist prospective grantees and borrowers to prepare applications for financial, planning and technical assistance, explaining EDA's policies and the manner in which statutory requirements are to be met, and indicate such alternative forms of assistance as may be available under other Federal programs or from private sources. EDRs report to their respective Regional Directors.

Biographies on each of the officials who report directly to the Assistant Secretary for Economic Development are contained in the "Biographies of Principal Officials" section of this briefing book.

EDA ORGANIZATION





BIOGRAPHIES OF PRINCIPAL OFFICIALS

Following are the biographies of the Assistant Secretary for Economic Development and those officials in the Agency who report directly to him.

ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT

John W. Eden

Before his appointment, Mr. Eden served as Deputy Under Secretary of Commerce for Field Programs and Acting Special Assistant to the Secretary for Regional Economic Coordination. He also serves as a member of the Secretary Staff and the Commerce Policy Council.

Eden came to the Commerce Department in October 1975 after being associated with Graham Engineering Corp. of York, Pennsylvania, where he was assistant to the president. He had been with the company since 1968, formerly serving as vice president and executive vice president with responsibilities in corporate management and marketing.

From 1959 to 1967, he was with AMF, Inc., in Stamford, Connecticut; Shreveport, Louisiana; and York, serving as general manager of the Friction Welding Division and later as executive vice president of AMF Thermatool, Inc., an industrial machinery subsidiary of the parent firm.

From 1955 until 1959, he headed his own company in Detroit, the Eden Corp., a manufacturers' representative firm engaged in engineering and selling subcontract component parts to the automobile industry.

Eden was vice president of sales and part owner in the Production Die Cast Co., manufacturers of zinc and aluminum die castings, from 1951 to 1955 in Grand Rapids, Michigan, a position from which he was on a leave of absence while serving in the U.S. Navy as a Lieutenant from 1953 to 1955.

Born in Cleveland, Ohio, on July 30, 1927, Eden was graduated from Yale University with a bachelor of arts degree in 1951. He also attended the Program for Management Development at Harvard Business School in 1961.

He sought elective office twice, running in the primary election in May of 1973 for the Republican nomination for Congress from the 19th District of Pennsylvania, finishing second in a field of seven candidates. He ran for the same post in 1972. He has served as director of the American Red Cross of York County, Pennsylvania; is a former vice chairman of the United Fund, school board member, and Episcopal vestryman; and has served as president of the Yale Alumni Association of Central Pennsylvania.

WASHINGTON

SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY

Beverly L. Milkman

Before this assignment, Mrs. Milkman was a Program Specialist for the Economic Development Administration. She was responsible for conducting evaluations of Agency programs and preparing the results for submission to Department officials and the Office of Management and Budget.

Formerly Milkman was a staff member at Peat, Marwick, Mitchell & Co. This position involved work as a research associate and in final report preparation for consulting projects for numerous clients in both government and industry.

Milkman has a Bachelor of Arts Degree in Journalism and History from the University of Arizona with honors. She received a Master of Liberal Arts Degree from The Johns Hopkins University and she is currently completing course work on a Ph. D. in American civilization at the George Washington University. Milkman has co-authored a book entitled: Alleviating Economic Distress: Evaluating a Federal Effort.

DEPUTY ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT OPERATIONS

William Henkel, Jr.

Mr. Henkel came to EDA from the White House in April 1975. He had joined the White House staff in August 1970, serving initially as a Presidential advance representative and Staff Assistant to the President. During his last 2 years at the White House, Henkel was Director of the White House Advance Office, and Special Assistant to The President, responsible for all Presidential public activities outside the White House.

Prior to entering government service, Henkel was, for 5 years, an account executive with Merrill Lynch, Pierce, Fenner & Smith, Inc., in New York City. He completed the 18-month junior executive training program conducted by Merrill Lynch.

Henkel was born June 19, 1941, in Mineola, New York. He is a graduate of St. Lawrence University in Canton, New York.

DEPUTY ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT PLANNING

Joseph G. Hamrick

Mr. Hamrick was named to his current position in June 1970. He entered Federal service in 1969 as a Special Assistant to the Assistant Secretary of Commerce for Economic Development.

Prior to joining EDA Hamrick was President and General Manager of Lynchburg Gas Company, a public utility distributing natural gas in central Virginia.

From 1962 to 1966 he served as Executive Assistant and as the State's Director of Industrial Development and Director of Planning to Governor Albert S. Harrison, Jr., of Virginia.

Hamrick's business experience includes positions with Kahn-Southern, a consultant and engineering firm of Columbia, South Carolina, and Burlington Industries. He was Executive Vice President of Kahn-Southern and a manufacturing executive with Burlington Industries.

He was born in Rutherford County, North Carolina, on June 9, 1916. Hamrick attended Mars Hill College and Appalachian State University and received his bachelor of arts degree from Atlantic Christian College in Wilson, North Carolina.

DIRECTOR, OFFICE OF ADMINISTRATION AND PROGRAM ANALYSIS

Herbert S. Becker

Mr. Becker, a career Federal executive, came to EDA in June 1967 from the Small Business Administration, where he was Director of the Office of Program Planning and Evaluation. Before joining SBA in 1965, Becker was Director of the Management Systems Division under the Deputy Assistant Postmaster General for Administration.

From 1957 to 1962 he held various posts in budget, financial, and program management units of the U.S. Department of the Navy.

Born in Rochester, New York, on December 4, 1931, Becker graduated with honors from Cornell University in 1954 with a B.A. degree in Sociology. He received an M.A. degree from the University of Chicago in 1957. He also attended graduate school and was an instructor at the University of Illinois in 1957.

CHIEF COUNSEL, OFFICE OF THE CHIEF COUNSEL

William F. Clinger, Jr.

Mr. Clinger was appointed as EDA's Chief Counsel on March 28, 1975.

Before his appointment, Clinger practiced law for ten years with the firm of Harper, Clinger and Eberly of Warren, Pennsylvania, which was active in assisting local communities with economic growth programs. The firm represented the Warren County Development Authority in attracting job opportunities to the county and the Industrial Development Authority of the Commonwealth of Pennsylvania in its statewide industrial development programs.



Clinger obtained his law degree at the University of Virginia in 1965.

He joined the advertising department of New Process, a mail-order firm in Warren, where he remained until 1963.

Clinger spent four years on active duty with the U.S. Navy, serving as an air intelligence officer stationed at Patuxent Naval Air Station in Maryland and with the 6th Fleet at Port Lyautey, French Morocco.

He is a native of Warren, Pennsylvania and was educated in public schools at Warren and the Hill School at Pottstown. He received his B.A. degree from The Johns Hopkins University in Baltimore in 1951.

DIRECTOR, OFFICE OF PUBLIC AFFAIRS

Barbara A. Estabrook

Prior to accepting this position in January 1970, Ms. Estabrook was assistant vice president and director of public relations for the Franklin National Bank in New York City and Long Island. She had been associated with the bank since 1957.

Ms. Estabrook is a graduate of Skidmore College, Saratoga springs, N.Y., from which she received a bachelor of science degree in business administration. She has served as an alumnae trustee of the college and in 1972 was named one of its 50 outstanding graduates.

DIRECTOR, OFFICE OF CIVIL RIGHTS

David E. Lasky

Mr. Lasky was appointed to this position in July 1973.

Before coming with EDA, Lasky held positions with several Federal government agencies in the field of Civil Rights. In 1967 he was selected to be a Management Intern with the Agency for International Development.

From 1962 to 1967 Lasky held various positions in the field of juvenile probation for the State of California.

Lasky is a native of New York City and moved to California at an early age. He graduated from Sonoma California State College in 1964 with an AB Degree in Political Science. In 1967 he completed all course requirements at UCLA for a Master of Arts Degree in Africa Studies.

DIRECTOR, OFFICE OF CONGRESSIONAL RELATIONS

A. David Rally

Mr. Rally was named to his present post on April 3, 1972.

Before joining the Economic Development Administration, Rally was Acting Director of Congressional Affairs for the Pay Board in the Executive Office of the President.

He has served as legislative and administrative assistant to Representative Lawrence G. Williams of Pennsylvania and as administrative assistant to Representative Lawrence J. Hogan of Maryland.

He was associated with the International Travel Management Corp. from June 1969 to April 1970, when he rejoined the Federal Government as Chief of the Congressional Services Office in the Department of the Interior's Bureau of Sport Fisheries and Wildlife.

A native of Pittsburgh, Pennsylvania, Rally has a bachelor's degree from Jackson College, Hawaii. He retired in 1965 with the rank of Lieutenant Colonel after serving 20 years with the United States Air Force.

REGIONAL OFFICES

DIRECTOR, ATLANTIC REGIONAL OFFICE

John E. Corrigan

Mr. Corrigan has been Director of the Atlantic Regional Office of the Economic Development Administration, U.S. Department of Commerce, since October 1972.

He served for 1 year as assistant director of the Career Programming Institute in Washington, D.C., before joining EDA in 1969 as Director of the Office of Civil Rights.

Corrigan served from 1956 to 1968 as an associate administrator in the Archdiocese of Washington, and from 1959 to 1968 he also held the position of Director of Vocations for the Archdiocese.

A native of Newark, New Jersey, Corrigan received a bachelor's degree from Seton Hall University, South Orange, New Jersey, in 1952, and a master's degree from Catholic University, Washington, D.C., in 1962. Currently he is a doctoral candidate at the Washington Public Affairs Center, an extension of the University of Southern California.

DIRECTOR, SOUTHEASTERN REGIONAL OFFICE

Charles E. Oxley

Mr. Oxley was appointed as the Director of the Southeastern Regional Office of the Economic Development Administration on August 1973.

Oxley has been with EDA 10 years. Prior to that he had been with GSA for 6 1/2 years.

Before joining the Federal government he was an engineer with Union Carbide.

A native of Springhill, West Virginia, Oxley was born on January 21, 1928, and attended West Virginia public schools and West Virginia University.

He has attended courses sponsored by the U.S. Civil Service Commission, including the Executive Seminar on Intergovernmental Programs and Problems, at the U.S. Merchant Marine Academy in Kings Point, New York. He also attended the Executive Seminar for New Managers at Oak Ridge, Tennessee, and the Labor-Management Relations Seminar in Philadelphia.

DIRECTOR, SOUTHWESTERN REGIONAL OFFICE

Joseph B. Swanner

Mr. Swanner was named as EDA's Southwestern Regional Director on August 20, 1973. Before this he served as Deputy Regional Director.

Swanner, whose Federal career spans more than 25 years, joined EDA's Washington staff as a special assistant to the Administrator in 1966. Previously he had held various positions with the Small Business Administration and other Federal agencies.

Swanner is a graduate and a member of the Board of Trustees of Howard Payne University, Brownwood, Texas. He is also a graduate of the U.S. Maritime Academy, Kings Point, New York.

MIDWESTERN REGIONAL OFFICE

George Muller
(Acting Director)

George Muller was named Acting Regional Director of the Economic Development Administration's Midwestern Regional Office in Chicago in September 1976.

He joined the Agency in 1968 as an attorney advisor in the Southwestern Regional Office in Austin, Texas, and was transferred to the Rocky Mountain Regional Office in Denver, Colorado, in 1974 as Chief, Technical Assistance Division. He was named Deputy Director of the Denver office in July 1976.

He was employed as an attorney advisor by the Federal Communications Commission in Washington, D.C., from 1965 to 1968.

Muller is a graduate of Rutgers University. He received an LLB-J Degree from Columbia University in 1962. From 1962 to 1965 he was engaged in the private practice of law in Cleveland, Ohio. He is a member of the Ohio and Texas Bar Associations.

As a participant in the U.S. Department of Commerce's mid-career program, Muller received a Masters Degree in Public Affairs from the University of Texas in 1974.

DIRECTOR, ROCKY MOUNTAIN REGIONAL OFFICE

Craig M. Smith

Mr. Smith was appointed to this position in March 1973.

He became associated with the business and investment staff of the late Governor Winthrop Rockefeller of Arkansas as administrative assistant in July 1963 and remained with Mr. Rockefeller and his estate as an administrator and coordinator of business affairs until early 1973.

Smith served as a financial analyst with the Carborundum Co. in Niagara Falls from August 1956 to May 1959. He began his association with economic development in July 1959 with the Arkansas Industrial Development Commission at Little Rock, becoming a senior administrator with the Commission and serving until June 1963.

Born in Plainfield, New Jersey, on August 27, 1929, Smith was reared in Niagara Falls, New York. He received a Bachelor of Science degree from the University of Virginia in 1955. He attended the University's Graduate School of Business for 1 year.

Smith is the author of "An Industrial History of Arkansas."

DIRECTOR, WESTERN REGIONAL OFFICE

C. Mark Smith

Mr. Smith has served as Director of the Western Regional Office since June 1970.

Prior to assuming his duties with EDA, Smith was associated with Coast Mortgage Co., Seattle, as a vice president and manager of the residential mortgage department of the firm. He began his mortgage-banking career in 1961 with Ward Smith, Inc., in Tacoma.

He was active in mortgage banking and real estate trade associations at the national, State, and local levels during the period 1961-1969 and served as chairman of several standing committees of the Mortgage Bankers Association of America.

Smith is a native of Taxoma, Washington. He attended Whitman College, Walla Walla, and received a Bachelor of Arts degree in Economic History from the University of Puget Sound, Tacoma, in 1961. Smith did graduate work and served as a graduate assistant in Economic History at Puget Sound. He also is a graduate of the School of Mortgage Banking, Northwestern University, Chicago, and of the University of California, Berkeley, School of Public Policy Formulation. Smith was on active duty with the U.S. Army from November 1955 to November 1957.

MAJOR PROGRAMS

Public Works and Economic Development Act of 1965Title I (Public Works Grants)

Title I of the EDA legislation authorizes a program of public works grants for the construction or expansion of projects that offer substantial employment potential, improve the capacity for economic growth, or provide essential public services. In FY 1976, \$146.0 million was appropriated for this program, whose typical projects include water and sewer systems, industrial parks, access roads, and expansion of harbor and airport facilities. The FY 1977 appropriation also is \$146.0.

Title II (Public Works Loans and Business Development Assistance)

Title II of EDA's Act authorizes a public works loan program for the same kinds of projects funded under Title I. In FY 1976, \$2.5 million was appropriated for this program, and the same amount has been appropriated for FY 1977.

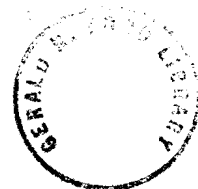
Title II also authorizes a business development loan and guarantee program. This includes long-term, low interest loans for fixed assets and working capital, guarantees of private loans for working capital, guarantees of fixed asset loans made by private institutions, guarantees of lease payments for buildings and equipment, and a program of interest subsidies.

In addition, a new program of long-term interest-free loans to redevelopment areas for the purpose of carrying out a redevelopment plan for an entire area or part thereof has been added by the 1976 revisions to the Act. These interest-free loans will be made on the condition that the recipient redevelopment area will use the funds to make loans to carry out the plan and that the funds resulting from the repayment of these loans will be placed in a revolving fund.

The appropriation for the above types of assistance was \$33.5 million for FY 1976 and 1977.

Title III

Title III of EDA's legislation authorizes the Agency's planning grant, technical assistance, research, and Section 304 Grants to State programs. The planning grant programs include Section 301 administrative support for districts and individual depressed areas (\$14.0 million in FY 1976 and 1977) and Section 302 support for the economic development planning programs of States and other political subdivisions (\$9.0 million in FY 1976 and 1977).



EDA's technical assistance program, which operated with an FY 1976 appropriation of \$11.0 million, covers a broad range of assistance. This includes information and management assistance in connection with EDA public works and business loan projects, the conduct of feasibility studies, and support for public and private institutions that in turn provide assistance or promote growth. The FY 1977 appropriation is \$9.5 million. There is an additional amount for trade adjustment (see below).

EDA administers an economic research program that reflects emerging and anticipated agency needs and associated problems, programs, and policies on regional development; \$1,250,000 was appropriated in 1976 and the 1977 appropriation is \$2,500,000. Another Title III program is the recently enacted Section 304 grant assistance to States for their use in supplementing or providing base funding of the types of public works and business development projects eligible for EDA funds. The 1976 and 1977 appropriations are \$20 million. In addition, another \$250,000 in 1976 and \$500,000 in 1977 were appropriated for an evaluation program.

Title IV

Title IV of the Public Works and Economic Development Act authorizes designation of individual depressed areas, multi-county economic development districts, and economic growth centers located near EDA-designated depressed areas. It also authorizes 10 percent bonus grants for projects located in districts, and Title I and II expenditures in centers. In addition, Title IV authorizes the appropriation of up to \$25 million per fiscal year for EDA assistance to Indian tribes. The 1976 and 1977 appropriation contained \$18.0 million for public works and \$7.5 million for business development.

Titles VI and VII

Titles VI and VII cover administrative functions, certain legal requirements, and miscellaneous matters, such as the submission of an annual report.

Title VIII

Title VIII authorizes a variety of assistance to help promote economic recovery in major disaster areas, as defined by the Disaster Relief Act of 1974. Although no funds have been appropriated for implementing this Title, areas hit by major disasters are eligible for assistance under Title IX of EDA's legislation.

Title IX

Title IX, which was added in the September 1974 amendments to EDA's legislation, authorizes a comprehensive, flexible program to help areas adjust to changing economic conditions. This program was funded at a



\$77.0 million level in FY 1976 and 1977. Under this activity, States, cities, counties, Indian tribes, and other combinations of areas can receive grant assistance to develop and implement economic adjustment plans. The assistance can be used for public facilities, public services, business development, planning, rent supplements, technical assistance, and a variety of other types of aid.

Title X

In December 1974, Title X was added to the Public Works and Economic Development Act to establish a job opportunities program that would provide emergency financial assistance to stimulate, maintain or expand job creating activities in rural and urban areas suffering from unusually high levels of unemployment. A \$500 million program has been implemented. These funds have been divided among a number of Federal agencies, including EDA and the Regional Commissions.

The 1976 amendments to the Act reauthorized Title X as a standby anti-recession measure to come into effect whenever the national unemployment rate rises above seven percent for the preceding quarter.

Trade Adjustment Assistance (Trade Act of 1974)

In FY 1976, EDA began administering a program of assistance for communities and firms adversely affected by increased import competition. This program, which was authorized by the Trade Act of 1974, will include loans and guarantees to help firms become more competitive and a variety of development assistance for communities, including technical assistance and direct grants for the acquisition and development of land and improvement of public works and public services. The 1976 and 1977 appropriations contain \$17.0 million for business development and \$3.0 million for technical assistance. The economic adjustment program also has a program of trade adjustment assistance but this is authorized under Title IX.

Title I, Local Public Works, Public Works Employment Act of 1976

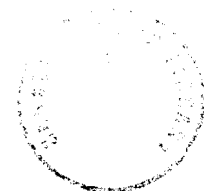
This is the most recent and, in terms of funding, the largest program being administered by EDA in FY 1977. A counter-cyclical program, it is designed to provide grants to State or local governments for construction (including demolition and other site preparation activities), renovation, repair, or other improvements of local public works projects. Supplementary grants to assist in funding projects authorized by other Federal or State laws are permitted by this Title. In addition, EDA may make grants for completing plans, specifications, and estimates for local public works projects where either architectural design or preliminary engineering or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction of the project under this Title. Projects approved by LPW must be capable of being initiated and completed in a relatively short time. The primary emphasis is on creating temporary rather than permanent jobs.

The Title provides a formula allocation to States and for prioritizing projects for approval according to a ratio of local area/national unemployment rates.

In FY 1977 \$2 billion in program funds were appropriated for LPW. No budget request for LPW has been made for FY 1978.

Program Dimensions:

- o As of October 27, 1976, 69.4% (141.2 million) of the nation's people live in EDA areas (1970 Census).
- o As of October 27, 1976, 2,335 areas were qualified -- 1960 had been designated:
 - 153 were Indian areas
 - 224 were Urban areas
 - 1,282 were in "Districts"
 - 676 were outside "Districts" but neither Indian nor Urban (other areas)
 - Qualified areas have increased by 636 since June 30, 1975.

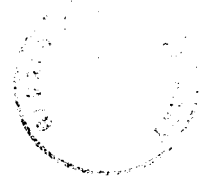


RESOURCES

(dollars in thousands)

<u>Program</u>	<u>FY 1976 Obligations</u>	<u>FY 1977 Appropriations</u>	<u>1978 OMB Request</u>
Public Works	\$162,488	\$166,500	\$100,450
Business Development	55,802	58,000	50,500
Planning:			
Districts	7,270	10,000	10,000
Indians	3,485	3,740	3,750
Areas	284	260	250
States	1,013	5,500	5,500
Sub-State (302)	438	3,500	2,500
Subtotal	<u>12,490</u>	<u>23,000</u>	<u>22,000</u>
Technical Assistance	13,008	12,500	8,000
Research	1,130	2,500	1,500
Program Evaluation	433	500	1,000
Grants to States	19,763	20,000	20,000
Economic Adjustment	76,671	77,000	45,000
Total, Program (appropriation)	341,785	360,000	248,450
Administration	<u>24,512</u>	<u>26,725</u>	<u>24,750</u>
TOTAL, EDA	\$366,297	\$386,725	\$273,200
End-of-year employment:			
Permanent	760	815	745
Other	81	58	58
TOTAL	841	873	803

For FY 1977, \$2 billion in program funds have been appropriated for Title I, Local Public Works, Public Works Employment Act of 1976. This program is being administered by EDA. The administration resources and personnel needed for LPW are included in the listings for these items above.



ECONOMIC DEVELOPMENT ADMINISTRATION

Authorization and Appropriations
(In millions)

<u>Fiscal Year</u>	<u>Authorized*</u>	<u>Appropriated</u>	<u>Difference</u>
1966	695	315	380
1967	745	275	470
1968	745	249	496
1969	745	236	509
1970	770	228	542
1971	770	231	539
1972	1,070	261	809
1973	1,070	301	769
1974	335	221	114
1975	530	247	283
1976	645	360	285
1976 (T.Q.)	161	90	71
1977	<u>1,070</u>	<u>360</u>	<u>710</u>
TOTAL 1966-1977	9,351	3,374	5,977

*Excludes Title V Regional Action Planning Commission Program, Title VII Administrative Costs, and Title X Job Opportunities Program.

Appropriations for the period 1966 through 1977 averaged 36.1 percent of the authorized amounts.



ECONOMIC DEVELOPMENT

- o Lack of Federal economic development goals and objectives
- o Proliferation of programs affecting economic development
- o Reexamination of EDA's investment strategy
- o Optimal levels of funding for EDA including new program authorities
- o Demand for Local Public Works Capital Development and Investment Program Funds
- o Use of EDA's Title I Funds for the 1980 Winter Olympics

LACK OF FEDERAL
ECONOMIC DEVELOPMENT GOALS AND OBJECTIVES

I. Background

When Congress passed the Housing and Urban Development Act of 1970, the legislation contained a mandate for a biennial Presidential Report on national growth which would attempt to define a national growth policy. Three reports, 1972, 1974 and 1976, have been issued. Each of these is oriented toward a description of growth and of development problems. None has provided a design or direction for an overall national economic development policy which would attempt to rationalize and coordinate the multiplicity of federal programs designed to facilitate subnational economic development.

II. Issue

Presently, there are no explicit federally designated overall economic development goals and objectives for the United States. The only guidelines which exist are very generalized objectives for the performance of the national economy.

III. Analysis of the Issue

There are no national policies on population distribution. However, a myriad of policies which affect these issues and their regional impacts presently are implemented in ways which reflect little or no understanding of spatial and economic development impacts.

The effects of these fragmented programs, legislated and administered without reference to national goals and overall economic development objectives, are often counter-productive to regional and local efforts to facilitate economic development. For example, a national program of investment credits on new housing designed to stimulate the construction industry, can more than offset the efforts of Federal, State and local government to revitalize deterioration residential districts in cities. The same effect occurs from programs which create incentives for construction of new sewage and water facilities, but which make no provision for the upgrading and maintenance of existing facilities in older sections of cities.

Under a system of clearly articulated national goals and priorities, programs could be designed and coordinated

to achieve maximum impact on not only the specific and more narrowly focused goals such as energy and urbanization, but also on related broader goals such as regional economic development. This approach would not only avoid conflicting policies which have detrimental cross-impacts, but would permit these policies to mutually enhance and reinforce one another in the effort to achieve balanced regional economic growth and welfare.

IV. Schedule

During the past fiscal year, EDA has approved a number of research projects that will serve as future agency policy and operational guides. These studies identify and quantify both present and future economic development needs and the nation's physical, fiscal, institutional and manpower capacities. These analyses can serve as the basis for effective policy formulation for not only EDA but also for the establishment of a comprehensive national economic development effort.

V. Appendix

Research projects concerned with Sub-national problems and Remedial policies and programs.



Research Projects Concerned with Sub-National
Problems and Remedial Policies & Programs,

FY 1976 & 1977

<u>Grantee/Contractor</u>	<u>Topic Description</u>	<u>Status</u>
Resources for the Future	<u>High Plains Project</u> A study to identify the actions necessary to assist the States of Texas, Oklahoma, Kansas, Nebraska, Colorado and New Mexico to overcome the known economic problems that will adversely affect that region with the loss of the irrigated agricultural base due to the depletion of the High Plains ground irrigation water reserves .	Study Design Completed, August 1976. Major study scheduled for funding in FY '77.
University of Arkansas	Formulate a set of policy and options and strategies that will accomodate environmental and development requirements of economically depressed sub-national areas.	Phase I will be completed Dec. 31, 1976. Grant to be re-funded for one year, beginning Jan. 1, 1977.
Oak Ridge National Laboratory	Seven year estimates of the net supplies by form of energy available for individual States' Economic Development Programs.	Initial phase completed. Second phase will be funded during FY 1977.

<u>Grantee/Contractor</u>	<u>Topic Description</u>	<u>Status</u>
Northeastern Development Project (Grantee not selected)	An analysis of the research and knowledge gaps about the changing character of the economy of the Northeastern United States. Study will identify a strategy which will meet future development <u>needs of this region.</u>	Completed initial study design and in process of selecting grantee.
Southern Growth Policies Board Conference	The future of the South's Economy	Conference planned for December 15-18, 1976.
American Institute of Planners	<u>Economic Development Through State Planning.</u> Inventory of state planning capabilities in economic development planning.	Completed August 1976.
Rand Corporation	<u>The Demographic Structure and Implications of Nonmetropolitan Growth Since 1970.</u> Analysis of the extent of the economic revival of non-metropolitan economic growth and the policy <u>implications for EDA.</u>	Funded FY 1976. Due for completion October 1977.
National Bureau of Economic Research	Development of a model to estimate selected economic effects of alternative national and subnational development Policies. This model was recently used to project the subnational <u>impact of a 100% tax on gasoline.</u>	Current funding will run to December 31, 1976. Will fund \$50,000 in FY '77 for further expansion and refinement of IDIOM.

Grantee/Contractor

Topic Description

Status

Oklahoma Research Foundation

Measuring of sub-national characteristics of water supply and waste water capacities.

Initial inventory of all facilities has been completed. Second phase is field checking and updating information and widening its scope and application.

PROLIFERATION OF PROGRAMS AFFECTING
ECONOMIC DEVELOPMENT

I. Background

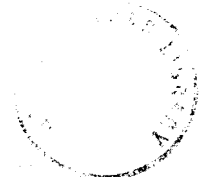
The failure to establish a cohesive and integrated set of national economic development goals and objectives has resulted in conflicting Federal policies and programs. Many serious national economic development issues have a myriad of agencies evaluating the problem, designing policies and expending funds.

Proliferation of the Federal government's perceived responsibilities has led to overlapping goals and objectives, programs, and program tools at all levels of government.

II. Issue

The basic issue that must be dealt with in order to lessen conflict between economic development programs and make them more effective has the following elements:

- (1) The need for a precise statement of economic development goals.
- (2) The allocation and programming of adequate resources to meet these goals within a realistic time horizon.
- (3) The ability to project not only the primary and secondary effects of each new development program but also its relationship with those preceding it.
- (4) The examination of the organization of both the executive agencies and legislative committees assigned the responsibilities for economic development.
- (5) A more efficient and responsive allocation of functions by level of government - federal, state and local.
- (6) Adequate and equitable responses to inevitable growth imbalances that arise between regions, between urban and rural areas and between different segments of the population.



III. Analysis of Issue

- (1) The task of selecting economic development goals is a difficult one. The Biennial National Growth Reports jointly prepared by Federal agencies directly involved in economic development reflect the difficulty of the selection process and the problems involved in concensus decision-making. Greater Departmental priority should be assigned to this multi-agency effort. The previous three reports have outlined the problems involved and have progressed only hesistantly toward hard policy decisions. Hopefully the 1978 Report, now under preparation, will come to grips with the basic issues.
- (2) One of the problems of affecting a coordinated development effort is the technical inability to forecast the multiple, long-range effects of each program. Sufficient funds should be allocated for research and development to raise the technical level and proficiency in this area.
- (3) The present Federal organizational structure -- executive as well as legislative -- is not conducive to a carrying out coordinated economic development programs. A critical examination of program responsibilities is an essential prerequisite. Additionally, a reallocation of functions and responsibilities at the Federal, state and local levels of government should be undertaken.

IV. Schedule

EDA cannot appropriately set forth a schedule for resolution of the issue.

RE-EXAMINATION OF EDA'S INVESTMENT STRATEGY

I. Background

On an annual basis EDA develops investment strategies for its funding programs. A component of this process is a specific allocation of funds to the Agency's six regional offices to provide an equitable distribution of limited EDA resources among a large number of potential applicants for project assistance. The EDA Regional Director must decide where he can effectively make investments which will achieve the program's objectives to (1) stabilize or diversify existing economic activity, (2) ameliorate distress and initiate development, and (3) to stimulate growth. EDA's investments are critically dependent upon the quality of local planning and the amount of effort localities devote to economic development plans.

II. Issue

EDA has made initial allocations of available FY 1977 funds. However, a re-examination is necessary because of the recently enacted extension of the new program containing new authorities.

III. Analysis of the Issue

During the relatively short lifetime of EDA, the Congress has enlarged its program mandate significantly -- from a rural orientation to a growing role in urban development, a new role in special economic adjustment, and a responsibility for counter-cyclical manpower programs. This effort must include a prioritization of EDA goals and objectives, an understanding of the types of economic situations to which EDA can effectively respond, an integration of EDA program tools, and a formulation of effective area designation criteria.

A critical element of this investment strategy is the role of EDA in urban economic development. Given the Department of Commerce's responsibilities for stimulating economic development and working with the business community and the lack of emphasis and leadership in this direction, it is important that the Department lead business and government into the kind of relationships and programs that have potential to achieve lasting success in the cities.

IV. Schedule

Although funds have not been appropriated for many of the new authorities, EDA should re-examine its investment strategy during the second quarter of Fiscal Year 1977 to guide any requests for funding, such as the FY 1979 budget or FY 1978 supplemental.

V. Appendix

Initial FY 1977 investment strategies for public works, business development, technical assistance funds, and economic adjustment assistance.

ECONOMIC DEVELOPMENT ADMINISTRATION

PUBLIC WORKS INVESTMENT STRATEGY

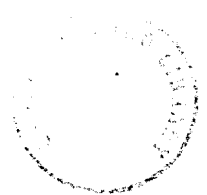
Public Works funds are allocated to the six regional offices on the basis of entity programs. This provides a guide which eliminates direct competition for funds and objectives with other entity groupings.

The entity programs are:

1. Indian. This is a special grouping in the appropriations because of the unique mandate to EDA that Indian areas do not compete directly for funds with other eligible areas.
2. Districts. This is the multi-county economic development center concept which encourages joint or multiple local governments cooperation in economic development endeavors.
3. Urban Areas. Geographic size and population size coupled with the immensity of the many infrastructural needs of these areas demand special attention of the Agency.
4. Other Areas. This category consists of predominately rural areas where the unemployment and underemployment are problems. The economic problems are also enhanced by high statistics of outmigration.

With their allocations, the Regional Directors are encouraged along the following lines:

1. Designated Areas. Strive to reach those areas which have had no previous EDA assistance but have been designated for at least two years. In these areas, efforts are made to identify characteristic problems in establishing programs to overcome such problems.
2. Growth Center Investments. Maintain and encourage an impact program to assist the economic development center and improve far reaching and long-term benefit community cooperation.
3. Non-Profit Applicants. Includes constituencies who are normally residents of high distress urban and rural areas. EDA may be the only resource for some of these groups and if EDA is not the catalyst, possibly it is a source of supplemental assistance.



4. Innovative and/or Multi-Area Investments. Continually investigate new types and scales of projects suggested by improving or changing economic and locational trends such as, the growth of the service industry in urban centers, the availability of old structures or acreages for rehabilitation, and the need to develop large scale infrastructure for potential development related to sources of energy and other resources.
5. Urban Area Investments. There now are new horizons and responsibilities placed on this sector of the EDA universe by recent legislation.

BUSINESS DEVELOPMENT INVESTMENT STRATEGY

The Business Development program assists the private sector in the creation or preservation of jobs through:

- Direct, low interest rate, long-term loans to companies that are unable to obtain financing from banks or other sources.
- Loan guarantees whereby the Agency guarantees up to 90% of the loans banks make to borrowers who would not ordinarily make the loan without an EDA guarantee.
- Interest subsidies on guaranteed loans.
- Refinancing assistance where it is essential to save employment or create new or increased employment.

Historically, EDA has invested Business Development funds with the purpose in mind of maximizing the economic impact of its financial assistance in terms of new or saved jobs. Because of the new three-year extension of the program, EDA must formulate an urban Business Development strategy. This strategy could result in EDA taking a greater than normal risk in its loans and guarantees, and the utilization of new program tools.

TECHNICAL ASSISTANCE INVESTMENT STRATEGY

EDA has highlighted the following areas of concern which are expected to require technical assistance investments.

A. Building Local Economic Development Competence

There is a growing realization that Federal agencies need to work with urban governments to improve their capacity to plan and execute urban economic revitalization activities. These urban centered activities not only reflect a heightened Federal priority to increase effective local

government competence but also deal with the greatest concentration of workers who find it most difficult to obtain productive employment. EDA already has seen the first of what is likely to be a substantial number of applications to assist urban areas and states to develop industrial retention programs.

B. Interagency Cooperation

Over the past few years, EDA/TA has worked with other Federal and non-Federal agencies to develop and fund projects that aim to achieve economic stability of growth in specific locations. The most recent of these is the Multi-City Multi-Federal Resource Program that EDA, HUD, and DOL have agreed to fund. In view of the limited technical assistance resources and the growing awareness of economic development as a major element of non-Federal public policy, we would expect that an increasing number of opportunities to combine Federal agencies funds at state and local locations will emerge.

C. Trade Adjustment

Concern over import competition will continue to be a factor in FY 1977. It is likely that many of the technical assistance responses will be industry-wide or community assisted rather than to individual firms.

D. University Centers

University Centers are steadily increasing the significance of technology transfer as an element in that program. University Centers are particularly effective in saving threatened firms and in adding jobs to existing firms.

E. Energy

It is likely that the continued rise of energy costs as well as our increasing dependence on foreign supplies of energy will lead to greater efforts to develop domestic energy resources and to improve the efficiency of energy supplies available to us.

F. Utilize 302 Plans

FY 1977 should represent the emergence of the first generation of Section 302 Plans for all states and some cities. These plans should be carefully examined in each regional office to see whether requirements for technical assistance can be identified.

ECONOMIC ADJUSTMENT ASSISTANCE INVESTMENT STRATEGY

The major focus of the Title IX program during FY 1977 will be a continued emphasis on sudden severe economic dislocations resulting in unemployment. The principal areas of activity are:

- Environmental requirements
- Major plant closures
- Energy impacted communities on a limited basis
- Trade adjustment assistance

Judging from the interest already expressed, it is apparent that there is a great deal of interest in the use of Title IX for long-term deterioration problems. The versatility of Title IX is particularly useful in urban areas. Not only do urban areas have well trained staffs to make best use of the administrative latitude available under Title IX, but there are many more potential resources with which Title IX can combine to accomplish an adjustment. Thus the full potential of the authority can be better realized in urban settings.

Guidelines and Rules and Regulations governing long-term economic deterioration are being drafted. These will be ready by the end of the first quarter of the fiscal year.

OPTIONAL LEVELS OF FUNDING FOR EDA
INCLUDING NEW PROGRAM AUTHORITIES IN THE NEW EXTENSION ACT

I. Background

Since its creation under the Public Works and Economic Development Act of 1965, EDA's regular programs have been authorized at an average level of \$763 million per year. Appropriations for the same period have averaged only \$275 million per year. An additional consideration is the fact that the 1976 amendments to the authorizing legislation provide for a number of new programs and program expansions for which no funding is available in the current appropriation for FY 1977 nor in the budget request for FY 1978. A new Redevelopment Area Loan Program has been added; there is a new provision for interest rate subsidies; Grants to States authority has been expanded; the Title IX authority has been expanded to include areas suffering long term deterioration; and there is a continuing authorization for Title X at a rate of \$81,250,000 for each calendar quarter of a fiscal year in which the national average unemployment exceeds 7 percent.

II. Issue

The authorizing legislation for the basic programs of the Economic Development Administration provides for the funding of many diverse economic development programs. In spite of the fact that the total authorization has averaged \$763 million annually for the period 1966-1977, the most ever appropriated has been \$360 million. Over that period appropriations have averaged approximately one third the level authorized. It is appropriate that optional funding levels be considered.

III. Analysis of the Issue

Determining the need for economic development programs is an extremely difficult task; it is one that we are giving increased emphasis.

Between now and 1980, there will have to be approximately 13 million new jobs in the economy if we are to achieve an unemployment rate of four percent. If these jobs were to be created through the use of public funds of the type EDA administers, the cost would be approximately \$47 billion or almost \$12 billion per year for the next four years.



If federal funds could be used as a catalyst and could be counted on to produce matching shares from other sources at a ratio of two to one, the federal cost would still approach \$4 billion per year.

Clearly, the amounts appropriated to date can be said to have primarily a "demonstration" effect in terms of meeting the need for economic development on a truly national scale, even though our impact on any particular locality may be of tremendous importance. Indeed, it could be argued that even at a funding level of ~~one~~ billion dollars or more annually, we would be operating as a demonstration agency. Under such a concept, EDA's major objectives would be to formulate and test new techniques of development and to make clear to public and private economic development leaders the value of selected development activities, programs, plans, and processes. All this could of course be accomplished while at the same time striving for maximum economic development effectiveness at the local level.

IV. Schedule

The FY 1978 budget process leading to the President's Budget Request to the Congress has been completed as far as EDA and the Department are concerned until such time as we may be directed by the new Administration to submit a revised request. Options could be considered at that time. EDA is now in the process of assessing budget alternatives for FY 1977 and 1978.

When we submit our Preview Estimates for FY 1979 next spring, we expect to present a program level which relates realistically to the authorizing legislation and to the needs of the Nation for economic development programs. If there are constraints imposed by the OMB or if we are operating under a Zero Base Budget concept, we would present such a program as an alternative.

APPENDIX

The following table shows the amounts authorized and appropriated for EDA basic programs as authorized by Titles I, II, III, IV, and IX of the Public Works and Economic Development Act of 1965 as amended and the Trade Act of 1974. Not included in the table are the Title V programs of the Regional Action Planning Commissions and the special Title X Job Opportunities Program and the current Local Public Works Program.

(amounts in millions)

<u>Fiscal Year</u>	<u>Authorization</u>	<u>Appropriation</u>
1966	\$695	\$315
1967	745	275
1968	745	249
1969	745	236
1970	770	228
1971	770	231
1972	1,070	261
1973	1,070	302
1974	335	221
1975	530	247
1976	645	360
T.Q.	161	90
1977	1,070 ^{2/}	360 ^{1/}
Subtotal	9,351	3,375 (36%)
1978	1,070 ^{2/}	NA
1979	1,070 ^{2/}	NA

1/ This amount does not include funding for the following new programs authorized by the extension legislation: Redevelopment area loan program (Section 204); expanded Grants to States authorities (Section 304); interest rate subsidies; Title X; or for Title IX assistance to areas suffering from long term deterioration.

2/ These amounts do not include authorization for Title X of \$81,250,000 per calendar quarter of a fiscal year during which the national average unemployment is equal to or exceeds 7 percentum.

DEMAND FOR LOCAL PUBLIC WORKS CAPITAL
DEVELOPMENT AND INVESTMENT ACT OF 1976 FUNDS

I. BACKGROUND

Title I of the Public Works Employment Act of 1976, which is entitled the Local Public Works Capital Development and Investment Act, was enacted July 22, 1976. It authorizes grants to any State or local government for the expeditious construction of local public works projects in areas of high unemployment. Regulations, program guidelines and application forms for the program were distributed on August 23. A \$2 billion appropriation was received mid-October and EDA began accepting applications on October 26, 1976.

II. & III. ISSUE AND ANALYSIS

The demand for the Local Public Works program greatly exceeds the \$2 billion that was appropriated. As of C.O.B. November 22, 1976, EDA received 16,216 applications totalling \$16,019,713,280. It is estimated that the total ultimate demand will exceed \$20 billion.

It is anticipated that the Congress will express considerable interest in appropriating additional funds for the unmet demand. Funds will have to be authorized before an appropriation can be made.

IV. SCHEDULE

The deadline for the initial submission of applications for the first round of the program is December 3, 1976, and the deadline for resubmissions that were submitted on or prior to December 3 is December 9, 1976. It is expected that the majority, if not all of the funds, will be expended in the first round of the program. Selection of the applications will begin in mid-December and approvals the end of December.

USE OF EDA'S TITLE I FUNDS FOR THE 1980 WINTER OLYMPICS

I. Background

In 1973, the U. S. Olympic Committee (USOC) issued an invitation to communities in the U. S. interested in hosting the 1980 Olympics. Lake Placid sought designation by the USOC for the Winter Games. The North Elba Town Board and the Lake Placid Village Board unanimously favored the Games by resolutions passed in October, 1973.

The New York State Legislature adopted a joint resolution on February 4, 1974, which assured the International Olympic Committee (IOC) of the cooperation of the State. Subsequently, the Legislature enacted a bill creating a temporary State Olympic Winter Games Commission. A supporting letter to the OIC was written by then President Nixon on February 13, 1974; this support was reaffirmed by President Ford in a letter to the IOC on September 19, 1974. On August 5, 1974 the House of Representatives agreed, by a vote of 382 to 4, to Senate Concurrent Resolution 72 to endorse Lake Placid as the site.

The LPOOC estimated that approximately \$50 million would be necessary for capital improvements other than those proposed to be provided by the State of New York. This \$50 million would provide for the Olympic athletes' housing complex, a new Field House, renovation of the existing 70 Meter Jump, a Luge Run, Administrative Center, Press Center, and supporting power, utilities and parking facilities. It is expected that the athletes' housing will be funded through the Department of Justice; the remaining projects would be funded by EDA. The Agency is now processing a \$20 million application submitted by the LPOOC to cover construction of the ski jumps, field house, and speed skating oval.

In September, 1976, President Ford signed a bill authorizing more than \$49 million for facilities (originally the Administration had submitted legislation which would have authorized \$28 million for the construction of permanent, unique facilities), and said that in his opinion the legislation "will not only furnish the resources necessary for the next Winter games to be held in the United States, but will also

provide training facilities for future American Olympic athletes which will enhance their ability to compete with heavily subsidized teams from other nations."

II. Issue

The Department has recommended that the appropriations subcommittees of the House and Senate be asked for their concurrence in a reprogramming action which would make \$30.1 million available for the 1980 Winter Olympics facilities development. The funds would be diverted from EDA's regular Title I activities. The amount reprogrammed will provide full funding of those projects which must be started in 1977 in order to meet completion schedules.

Although this action will have been presented before the 95th Congress convenes, it is expected that this will be a topic of continuing interest.

III. Analysis of the Issue

- It is necessary to obtain Congressional approval, of the reprogramming since this project is beyond the scope of EDA's activity as contemplated at the time funds were appropriated.

It is important to recognize that in making this reprogramming there is a significant impact on EDA's Public Works program. The 1977 appropriation contains \$166.5 million for public works, including \$146 million for Title I grants. The recommended reprogramming of \$30.1 million is 18 percent of the total program amount and is 21 percent of the amount available for Title I. Such a reduction to its regular program would mean that EDA would be able to fund approximately 50 fewer projects in other areas of the Nation.

Nonetheless, reprogramming is the recommended course of action because of the urgency of making funds available as soon as possible and because we believe that the OMB would not support a request for a supplemental appropriation.



IV. Schedule

In order to complete the facilities by early 1979 as required by the IOC, construction must begin in April, 1977. It is desirable that Congressional approval be obtained as soon as possible even though the project is not likely to be approved prior to February 1, 1977 because of requirements relating to the environmental impact statement. Early concurrence would offer solid assurance to the LPOOC and would help them obtain interim private financing if they determined such a course was necessary. Subsequent to approval of the \$20 million project now pending, an amendment would be drawn up for the additional \$10.1 million needed to complete the funding of the remaining activities which must be started in FY 1977.



CONGRESSIONAL OVERSIGHT

Public Works and Economic Development Act of 1965, as Amended, and Title I,
the Local Public Works of the Public Works Employment Act of 1976.

1. Authorizing legislation

House Committee on Public Works and Transportation (Chairman to be elected by 95th Congress)

- o Subcommittee on Economic Development (Probable Chairman: Robert Roe, D-N.J.)

Senate Committee on Public Works (Probable Chairman: Jennings Randolph, D-W.Va.)

- o Subcommittee on Economic Development (Chairman to be elected by 95th Congress)

2. Appropriations

House Appropriations Subcommittee on State, Justice, Commerce, the Judiciary (Probable Chairman: John Slack, D-W.Va.)

Senate Appropriation-Subcommittee on State, Justice, Commerce, the Judiciary (Chairman to be elected by the 95th Congress)

Title II of the Trade Act of 1974

1. Authorizing legislation

House Committee for Ways and Means (Probable Chairman: Al Ullman, (D-Ore.)

- o Subcommittee on Trade (Chairman to be elected by 95th Congress)

Senate Committee on Finance (Probable Chairman: Russell B. Long, D-La.)

- o Subcommittee for International Trade (Probable Chairman: Abraham Ribicoff, D-Conn.)

2. Appropriations

Same as PWEDA and LPW above.

OTHER MAJOR OUTSIDE CONTACTSAdvisory Committee

1. NPAC: National Public Advisory Committee on Regional Economic Development - Established by Section 602 of the Public Works and Economic Development Act to make recommendations to the Secretary relative to the carrying out of his duties under the Act. More details are attached.
2. National Commission on Manpower Policy - Established by CETA composed of 17 members (six heads of Federal agencies and 11 appointed by the President). The Secretary of Commerce is designated as one of the members in addition to the Secretaries of Defense, Agriculture, Labor, Health, Education and Welfare, and the Administrator of Veteran Affairs. The Assistant Secretary for Economic Development is the official Department of Commerce alternate. The other 11 members appointed by the President are to be broadly representative of labor, industry, commerce, education and the general public as well as State and local elected officials involved with manpower programs and persons served by manpower programs.

The Act charges the Commission with the broad responsibility of advising the Secretary of Labor on national manpower issues. Moreover, the Commission is given a series of specific functions involving reports to the President and Congress that relate to human resources policy throughout the Federal Government including making specific recommendations to the heads of Federal departments.

Public Interest

National Association of Development Organizations "NADO" - Representatives of Economic Development Districts and Planning Districts concerned with furthering the cause of development planning on a multi-jurisdictional basis.

National Association of State Development Agencies "NASDA" - NASDA develops those forums and information services that enable State development agencies to exchange development information among the States and with appropriate Federal officials. Founded 1946.

National Association of Counties "NACO" - NACO represents county government in the U.S. NACO is dedicated to improvement of county government; acting as a liaison between the counties and other levels of government; and achieving public understanding of the role of counties in the Federal system. Founded 1935.

National Association of Regional Councils "NARC" - NARC assists local government officials in developing regional councils of governments to deal with problems that cross local boundary lines. Founded 1967.



National Governor's Conference "NGC" - NGC's functions are to provide a medium for exchange of views and experiences on the subjects of general importance to the people of the several states; to foster interstate cooperation; to promote greater uniformity in State laws; to attain greater efficiency in State administration; and to improve State-local and State-federal relations. Founded 1908.

National Council for Urban Economic Development "CUED" - A non-profit, non-partisan tax-exempt organization which links public and private efforts in local economic development in an agenda of policy and legislative analysis, technical assistance, communications, pragmatic research, and professional interchange. Founded 1967.

Council of State Planning Agencies "CSPA" - CSPA objectives are to aid in research and analysis and provide other staff assistance to State government policymakers, encourage improved planning of state government programs. Founded 1964.

American Indian Management Institute "AIMI" - AIMI is an all Indian management institute set up to provide expertise to all Indian tribes in the areas of management, business development, motel operations and tribal government administration. Headquarters are in Albuquerque. Founded 1971.

United Indian Planners Associated "UIPA" - UIPA is an association of individuals engaged in planning for the social and economic development of Indian Reservations. Its purpose is the advancement of the professional expertise of its members in planning for Indian development. Founded 1975.

U.S. Conference of Mayors "USCM" - USCM is the agency of elected chief executives of the nation's major cities (over 30,000 population or state capital cities). It serves as a national forum and clearing house for solutions to urban problems, and for the development of USCM policy regarding Federal policy and legislation affecting the cities. Founded 1933.

Interagency

1. Federal Regional Councils - EDA is an ad hoc member of the ten Federal Regional Councils. Major contact is at our Regional Office level where our Regional Directors or their designated representatives attend Council meetings and participate in various task forces.
2. Regional Commissions - Much of EDA's relationship with the Appalachian and Title V Regional Commissions have been on a project-by-project basis. There is presently under review a draft Secretary's Circular which will formalize the EDA/Title V relationship so that the agencies can jointly discuss economic development programs and projects in their formative stages.

3. Federal Agencies

- a. Commerce - Maritime (port facilities), DIBA (trade adjustment assistance and data for industry capacity studies and analyses), Census Bureau and BEA (data for analyses), NTIS (maintains record and file of EDA technical studies).
- b. Labor - Area designation and Title X Job Opportunities Program.
- c. HUD - Community Development Assistance program, disaster assistance.
- d. Agriculture - Rural Development program, Farmers' Home Administration, Soil Conservation Service, Forest Service.
- e. Interior - BIA, Outdoor Recreation
- f. Transportation - FAA
- g. HEW - Education, Public Health
- h. Environmental Protection Agency

National Public Advisory Committee
on Regional Economic Development

The NPAC is authorized under Section 602 of the Public Works and Economic Development Act of 1965 (PWEDA). It is composed of representatives of labor, management, agriculture, State and local governments, and the public in general.

The NPAC's responsibility is to make recommendations to the Secretary of Commerce from time to time relative to the carrying out of the Act. It is required by law to hold not less than two meetings during each calendar year. In brief, the NPAC:

1. Evaluates reports of the Secretary and the Assistant Secretary regarding progress made, future progress planned and problems encountered in the administration of PWEDA.
2. Submits recommendations for the administration of PWEDA including future revisions of the Act or related legislation.
3. Submits to the Secretary information pertaining to the public understanding and acceptance of the economic development program and, upon request, assist the Secretary in attaining a public understanding and acceptance of the program.

