



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 26, 2011

S. 782
Economic Development Revitalization Act of 2011
*As ordered reported by the Senate Committee on Environment and Public Works
on April 14, 2011*

SUMMARY

S. 782 would reauthorize funding for existing programs of the Economic Development Administration (EDA) through 2015. Assuming appropriation of the specified amounts, CBO estimates that implementing this bill would cost about \$1.5 billion through 2016 and an additional \$760 million after that year. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 782 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 782 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars						2011- 2016
	2011	2012	2013	2014	2015	2016	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Authorization Level ^a	254	500	500	500	500	0	2,254
Estimated Outlays	0	38	190	300	456	510	1,494

a. The Congress provided \$246 million to the EDA for fiscal year 2011 (see Public Law 112-10). CBO assumes that a supplemental appropriation would be provided to increase the overall funding level for the agency to the amount authorized by the bill.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted before the end of fiscal year 2011 and that amounts specified in the bill will be appropriated for each year (including amounts authorized for the current fiscal year).

S. 782 would authorize the appropriation of \$500 million in each of fiscal years 2011 through 2015 for EDA to provide various types of assistance to encourage economic development in distressed areas. For 2011, the Congress has thus far provided a total of \$246 million to EDA (see Public Law 112-10), leaving \$254 million remaining from the authorization level in the bill for 2011 of \$500 million.

Of amounts authorized by the bill for each year, at least \$31 million would be spent on a grant program for planning and administrative expenses (the amount authorized for this activity would vary based on actual appropriations). This amount is roughly equivalent to the amount allocated for this activity in 2011, CBO estimates. The bill also would allocate \$5 million per year for grants to redevelop abandoned or underdeveloped property through the use of renewable energy technologies.

Based on historical spending patterns, CBO estimates that assistance provided by EDA would cost about \$1.5 billion over the 2011-2016 period, and \$760 million after 2016.

S. 782 also would make several changes to the amount of assistance that may be provided to each grantee. Under current law, the federal government covers 50 percent of the cost for most projects, plus up to an additional 30 percent based on the relative needs of the region in which the project is located (as measured by unemployment rates and per capita income). The legislation would lower the threshold at which that additional federal assistance would be provided. In addition, the minimum federal share for grants made to Indian tribes would increase from 50 percent to 75 percent, and the maximum federal share of all projects located in a Presidentially declared disaster area would increase to 100 percent. Such changes would not significantly alter the pace of expenditures for EDA programs and would have no effect on the federal budget, CBO estimates.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 782 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from grants and technical assistance authorized in the bill for economic development projects. Any costs to those governments, including matching funds, would be incurred voluntarily as a condition of receiving federal assistance.

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