



NOV 19 2003

The Honorable James M. Inhofe
Chairman, Committee on Environment and
Public Works
United States Senate
Washington, D.C. 20510-6175

Dear Mr. Chairman:

On behalf of Secretary Evans, I am submitting this letter to provide our views on H.R. 2535, the Economic Development Administration Reauthorization Act of 2003, as passed by the House of Representatives on October 21, 2003.

This bill would extend the authorization of appropriations for the Economic Development Administration (EDA) within the Department of Commerce for an additional five years, starting at a level of \$400 million in FY 2004 and increasing by \$25 million each year to \$500 million in FY 2008. The bill includes a number of technical amendments proposed by the Administration to provide incentives for performance and improve program operation. In this regard, we note that the bill provides the Secretary of Commerce with new authority to reward outstanding performance by grant recipients who excel in carrying out projects that create jobs. It also provides new authority to issue regulations to maintain the financial integrity of the revolving loan fund grant program. While the bill includes some provisions we did not seek, including unwarranted authority for planning performance awards, the bill reflects compromises reached on a bipartisan basis. Although we are pleased with passage of the bill in the House, the Administration will seek appropriations for EDA programs consistent with amounts requested in the President's budget.

At the same time, we would note that the bill includes redundant authority regarding brownfields redevelopment (see section 213 of H.R. 2535) and a brightfields demonstration program (see section 214). EDA's statutory authority, the Public Works and Economic Development Act of 1965, provides the agency with ample discretion to provide support for these kinds of projects. For example, over the last seven years, EDA has invested \$355 million in 356 projects involving brownfields redevelopment. Such projects remain an important aspect of EDA's work. There is no need for new statutory authority regarding such projects as current authority has been fully sufficient and flexible to meet community needs. We also urge the Committee to retain section 701 of H.R. 2535 which provides a general authorization of appropriations for EDA's programs without imposing special limits for brownfields redevelopment or other programs which could limit EDA's flexibility to respond to a variety of economic situations. Lastly, the Administration notes that title VIII of the bill modifies programs outside of the Department. The Administration would urge the Congress to consider a version of the bill unencumbered with matters extraneous to the reauthorization of EDA.

Thank you for considering these views. The Department appreciates the support of the Committee for EDA over the years and urges it to act on legislation to reauthorize its programs as soon as possible. The Office of Management and Budget advises that it has no objection from the standpoint of the Administration's program to the submission of this letter for the consideration of the Committee.

Sincerely,

A handwritten signature in dark ink, appearing to read "Theodore W. Kassinger".

Theodore W. Kassinger

Identical letters sent to:

The Honorable James F. Jeffords
Ranking Minority Member
Committee on Environment and Public Works

The Honorable Christopher S. Bond
Chairman, Subcommittee on Transportation and
Infrastructure
Committee on Environment and Public Works

The Honorable Harry Reid
Ranking Minority Member, Subcommittee on
Transportation and Infrastructure
Committee on Environment and Public Works