



July 30, 2004

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, DC 20510

Dear Mr. Leader:

On behalf of Secretary Evans, I am submitting this letter to provide our views on S. 1134, the Economic Development Reauthorization Act of 2004, as ordered reported by the Senate Environment and Public Works Committee on June 23, 2004.

This bill, like its House counterpart, H.R. 2535, extends the authorization of appropriations for the Economic Development Administration (EDA) within the Department of Commerce for an additional five years, and authorizes funding for the Economic Development Assistance Programs at a level of \$400 million in FY 2004 and increasing by \$25 million each year to \$500 million in FY 2008. This bill includes a number of technical amendments proposed by the Administration to provide incentives for performance and to improve program operations. In this regard, we note that this 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 grant fund program. While the bill includes some provisions we did not seek, including increased minimum funding for planning programs, the bill reflects compromises reached on a bipartisan basis. Although we are pleased the Committee ordered the bill reported, we are concerned that the authorized funding levels are significantly above the amounts requested in the President's FY 2005 Budget. The Administration will seek appropriations for EDA programs consistent with amounts requested annually.

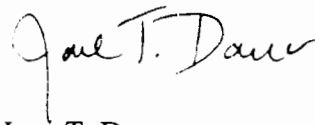
At the same time, we would note the bill includes restrictive language regarding brownfields redevelopment (section 213 of S. 1134). EDA's statutory authority, the Public Works and Economic Development Act of 1965, provides the agency with ample discretion to provide support for these kinds of projects. 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 and get people back to work. We fear that the new language could inadvertently restrict EDA's work in redeveloping

former brownfields sites. We would note that S. 1134 provides the flexibility for EDA to continue to award grants to redevelop closed federal facilities and is preferable to the House brownfields language (section 213 of H.R. 2535).

We would also note that S. 1134 includes language that intrudes on the management prerogatives of the Executive Branch (section 204 of S. 1134). This language micromanages internal Executive Branch performance management issues and is unnecessary.

Thank you for considering these views. The Department appreciates the support of the Senate 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 has advised that there is no objection to the transmittal of this letter from the standpoint of the Administration's program.

Sincerely,

A handwritten signature in cursive script that reads "Jane T. Dana".

Jane T. Dana
Acting General Counsel

cc: The Honorable James M. Inhofe
Chairman, Committee on Environment and Public Works

The Honorable James M. Jeffords
Ranking Member, Committee on Environment and Public Works Committee