Economic Development Administration Announces New Recompete Program

July 10, 2023

The federal government considers certain areas of the United States to be persistently economically distressed based on long-term rates of high poverty, elevated unemployment, or other socioeconomic measures. Congress has supported efforts to direct assistance to persistently distressed communities in various ways, including economic adjustment assistance programs and the 10-20-30 provision in some appropriations laws. In the 117th Congress, P.L. 117-167, commonly referred to as the CHIPS and Science Act, established a new Economic Development Administration (EDA) program to try to address persistent economic distress and support long-term, comprehensive economic development—the Distressed Area Recompete Pilot Program (Recompete Program).

On June 29, EDA released the first of two planned Notices of Funding Opportunity (NOFOs) for the program. This Insight provides a program overview and considerations for Congress. It does not cover application instructions, which are included in the NOFO. P.L. 117-167 authorized $1 billion over five years for the program.

Program Overview and Structure

EDA plans to administer two types of funding awards through two award phases for the program.

For Phase 1, EDA instructs applicants to choose either a strategy development grant, approval of a Recompete Plan, or both. Strategy development grants are designed to help applicants strengthen regional coordination and support planning and pre-development activities, including hiring a coordinator or the formulation of a Recompete Plan. A strategy development grant conveys funding. A Recompete Plan is a comprehensive economic development plan that includes the proposed multiyear activities to be implemented, projected costs, partner roles, and other information. EDA also says it will approve Recompete Plans in Phase 1, but approval of a Recompete Plan does not convey funding. According to EDA, applicants must have their Recompete Plan approved in order to be invited to apply for implementation funds under Phase 2. In Phase 1, EDA anticipates approving approximately $6-$12 million in strategy development awards (award sizes ranging between $250,000 and $500,000), and anticipates approving at least 20 Recompete Plans. The Phase 1 deadline is October 5, 2023.

In Phase 2, EDA plans to fund implementation awards to support a range of economic development activities based on regional priorities. Implementation award recipients are not required to have previously received a strategy development award. In Phase 2, EDA plans to award four to eight implementation grants (average award sizes of $20 million for local communities and $50 million for local labor markets—see "Eligible Applicants

Eligible applicants include:

- **political subdivisions of a state;**

- **tribal governments;**

- **U.S. territories;**

- **District of Columbia;**

- **nonprofit organizations working in cooperation with a political subdivision of a state;**

- **economic development districts; and**

- **a coalition of any of the entities listed above.**

Eligible Areas").

There is no match requirement for Phase 1 or Phase 2 awards; matching is to be a competitive factor in Phase 2.

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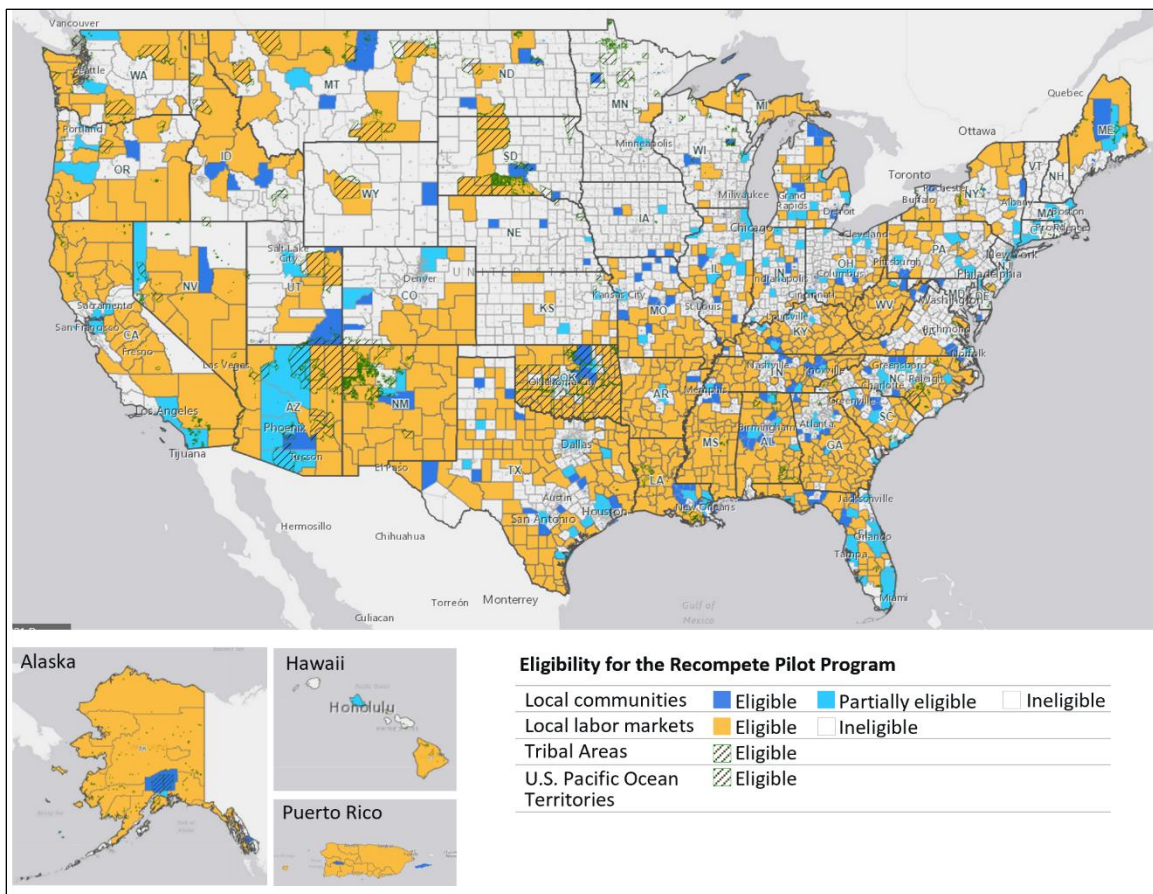- a coalition of any of the entities listed above.

Eligible Areas

According to the NOFO, the program targets areas where prime-age (25-54 years) employment falls below the national rate. The prime age employment gap (PAEG) is the difference (expressed as a percentage) between (i) the national five-year average prime-age employment rate; and (ii) the five-year average prime-age employment rate of the eligible area.

Among other requirements, projects must be located in one of two eligible area types and meet certain PAEG requirements. The two eligible geographic areas are:

1. **Local Labor Markets (LLMs)**—a Metropolitan Statistical Area (MSA), a Micropolitan Statistical Area (μMSA), a commuting zone, or tribal lands. LLMs with a PAEG of at least 2.5% are eligible. Tribal lands and Pacific Ocean territories are considered eligible LLMs.

2. **Local Communities (LCs)**—an area served by a general-purpose unit of local government (e.g., county government) that is located within, but does not fully cover, an ineligible LLM. In addition, one of these conditions must apply:

   - The entire area served by the unit of local government on average has a PAEG of at least 5% and a median annual household income of no more than $75,000; or

   - A subset of the area served by the unit of local government has five or more contiguous Census tracts that each individually have a PAEG of at least 5% and median annual household income of no more than $75,000. In this instance, the applicant's service area must be contained within the identified Census tracts.

Mapping Tools

To help identify LLMs and LCs, EDA, in partnership with Argonne National Laboratory, developed a Recompete Eligibility Mapping Tool showing both types of eligible areas. A separate mapping tool for partially eligible local communities shows eligible census tracts in LCs where the entire geography is not eligible. According to EDA, regions that are not included on the maps are not automatically considered ineligible. These applicants may submit data to demonstrate eligibility that EDA will verify.

Figure 1. Example from Recompete Eligibility Mapping Tool

Notes: Figure does not display partially eligible local communities (i.e., eligible census tracts in local communities where the entire geography is not eligible). Figure does not display U.S. territories.

Considerations

The PAEG differs from other indicators of economic distress used for two of EDA's programs, the Public Works and Economic Adjustment Assistance (PWEAA) programs. PWEAA programs are designed to assist areas that are economically distressed as measured by unemployment levels, per capital income, or a 'special need.' The PAEG definition of distress includes workers who have stopped looking for jobs and left the labor force, instead of measuring only those who are unemployed. These areas include persons who may have stopped seeking employment for various reasons, such as limited job availability, challenges meeting job qualifications, or other barriers (e.g., transportation, childcare), as well as the unemployed (who, by definition, are still seeking employment). EDA's NOFO notes that Recompete funding may be used to address these local and regional circumstances to create jobs or connect workers to jobs.

The Consolidated Appropriations Act, 2023 (P.L. 117-328) appropriated $200 million for the Recompete Program. As EDA implements the first phase of the Recompete Program, Congress may consider continuing appropriations for the program and at what level of funding.

Author Information

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