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EDA's Disaster Economic Recovery and Resiliency Roles

Since 2011 Congress has provided \$1.9 billion in supplemental funding for long-term disaster recovery for selected incidents under the Department of Commerce, Economic Development Administration's (EDA's) economic adjustment assistance (EAA) program (42 U.S.C. §§3149(c)(2), 3233). Congress may seek to review EDA's implementation efforts in facilitating economic resilience in advance of disasters, as well as its role in supporting communities during the long-term recovery and redevelopment phases, which can take years or decades.

Interagency Coordinating Role

Immediately after certain disasters, the federal government approaches emergency management and disaster recovery using a coordinated approach mobilizing more than 30 different agencies. Agency roles are delineated through interagency guidance, including the National Disaster Recovery Framework. Under this framework, the EDA serves as the lead agency for economic recovery support. EDA's role is to facilitate federal economic development assistance to support long-term economic recovery planning and project implementation. This role generally involves EDA convening state and federal agencies, tribes, territories, nongovernmental partners and stakeholders and coordinating certain recovery efforts. For instance, EDA may convene federal agencies (e.g., Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), the U.S. Department of Agriculture (USDA), Federal Reserve Banks, the Department of Transportation), EDA-designated economic development districts (EDDs), and state and local stakeholders for post-disaster regional resource exchange events or help stakeholders assess regional assets and challenges related to long-term recovery. In 2022 and 2023, EDA served as an interagency coordinator in Arkansas, California, Florida, Guam, Hawaii, Kentucky, Mississippi, Missouri, New Mexico, the U.S. Virgin Islands, Puerto Rico, and Vermont.

Example: Interagency Coordinating Role

Hurricanes Laura and Delta impacted southwest Louisiana in the winter of 2021. EDA worked with federal partners, including SBA, USDA, and Department of Commerce agencies, to provide assistance to small and tourism-based businesses, and to support broadband and disaster resilience activities. EDA also coordinated recovery efforts with USDA to assist fisheries and agricultural businesses. EDA and other agencies led workshops, helped stakeholders with applications for recovery funding, and linked individuals and businesses to federal agency representatives.

Disaster Economic Recovery Grants

Generally, supplemental appropriations laws relevant to the EDA specify an amount of funding available for disaster economic recovery assistance. These appropriations laws

typically state that the relevant funding is to support areas with Stafford Act declarations during a specific period of time. For instance, the Consolidated Appropriations Act, 2023 (P.L. 117-328) provided EDA with \$500 million in additional EAA funds for areas that received a major disaster declaration under the Stafford Act (42 U.S.C. §5121 et seq.) as a result of Hurricanes Ian and Fiona, as well as wildfires, flooding, and other natural disasters occurring in calendar years 2021 and 2022.

EDA's Notices of Funding Opportunity (NOFOs) outline the review and selection processes for recovery funding requests, which are competitively assessed. EDA's distribution and allocation strategy for supplemental appropriations may vary by each event or situation. In recent years, EDA has evaluated several factors—including measures of impact and economic distress—to determine supplemental funding allocations for its six regional offices.

EDA provides financial assistance for disaster economic recovery efforts directly to public sector stakeholders, including units of local government, institutions of higher education, Indian tribes, and nonprofit organizations. EDA also provides assistance indirectly to businesses through grantees that administer revolving loan funds (RLFs). EDA assistance is generally designed to support infrastructure, long-term community economic recovery planning, and other related projects. For instance, EDA disaster economic recovery funding may be used for resiliency planning, workforce development, entrepreneurship, RLFs, and infrastructure projects. Funding may also be used for "strategy grants" to develop or update a regional Comprehensive Economic Development Strategy (CEDS). The CEDS is a locally developed, long-term regional economic development plan.

Example: Disaster Recovery Grants in Paradise, CA

Following the 2018 wildfires in Paradise, CA, EDA provided grants for planning and project implementation, including to support the development of a new transportation master plan. EDA funding also supported a disaster recovery management position.

RLFs for Businesses

Businesses and individuals do not qualify for EDA grants. However, in many regions, EDA grantees may receive EAA grants to administer RLF programs. RLFs provide alternative financing options to businesses following disasters and for non-disaster purposes.

Example: RLFs for Business Expansion, Jobs

Following Hurricanes Katrina and Rita in 2005, EDA did not receive supplemental appropriations. However, according to the U.S. Government Accountability Office

(GAO), EDA RLF grantees made approximately \$36 million in below-market-rate loans to small businesses in the Gulf Coast region to support the launch of new businesses and assist with job retention and creation. These RLF activities resulted in over \$196 million in private investment. EDA also provided an additional \$2 million in funding to four RLF grantees in Louisiana for loans to hurricane-impacted businesses (GAO-10-723).

Economic Resilience

EDA's disaster recovery grants are explicitly designed to support community-level efforts to rebuild and develop capacity for future disasters. Economic resilience is a core aspect of EDA's disaster recovery and non-recovery grant activities. EDA's NOFO encourages disaster recovery grant recipients to incorporate resiliency into project proposals to the greatest extent possible. EDA defines economic resilience as the ability to recover quickly from a shock. Under this umbrella, the agency funds projects ranging from flood mitigation (constructing resilient infrastructure) to capacity building (support for disaster recovery coordinators).

Since 2017, EDA's investment priorities – including for grant-making – have included “recovery and resilience.” As an example, EAA projects may support post-disaster business continuity and preparedness efforts or facilitate long-term recovery from natural disasters and other economic shocks. Economic resiliency is also a feature of EDA's Partnership Planning program. The Partnership Planning program provides grant funding to the EDA's network of EDDs and local organizations for long-term economic development planning (e.g., the CEDS) and helps communities undertake other project-specific planning activities. EDA guidance notes that all CEDS must incorporate the concept of economic resilience.

Example: Economic Resilience Data Tool

With funding from EDA's National Research and National Technical Assistance grant program, the National Economic Research and Resilience Center at Argonne National Laboratory developed an online tool, the National Economic Resilience Data Explorer, to support economic development practitioners with economic recovery and resiliency data and analysis. The tool provides data on economic distress, employment and gross domestic product, clusters of industries, and ongoing COVID-19 impacts, which may help them plan for and implement disaster and non-disaster recovery projects.

Considerations for Congress

According to EDA's analysis of data from the National Oceanic and Atmospheric Administration, in recent years “billion-dollar disasters occur almost every three weeks in the U.S.” In light of the increasing frequency of major disasters, some outside groups suggest that Congress should seek to authorize a dedicated fund with annual appropriations to allow EDA to respond immediately to disasters and emergencies. Currently, EDA funding may be available on a competitive basis for disaster economic recovery and resiliency activities through (1) occasional supplemental funding for the EAA program for specific areas; and/or (2) annual appropriations provided for the

EAA and other EDA programs, which is available to disaster and non-disaster impacted areas. Both funding pathways may be subject to the availability of appropriations, and supplemental appropriations may be available months after the disaster or emergency occurs. Alternatively, Congress may determine when and how appropriations are provided to EDA through ad-hoc supplemental laws.

The authority for many of EDA's grants—including disaster recovery grants—was established by the Public Works and Economic Development Act (PWEDA) of 1965 (42 U.S.C. §§3121 et seq.) and does not expire. However, the authorization of appropriations to fund certain PWEDA programs expired in 2008. If Congress considers legislation to reauthorize program appropriations and/or amend PWEDA, policymakers may seek to maintain or change aspects of EDA's current disaster recovery activities. For instance, EDA currently has an Economic Development Integration and Disaster Recovery Division in its Office of Regional Affairs and reauthorization may provide a vehicle to establish the office in statute. In the 117th Congress, H.R. 8526 would have established an EDA Office of Disaster Recovery. A comparable bill in the 118th Congress (S. 2779) would create an Office of Disaster Recovery and Resilience. Additionally, the authorization of appropriations for EDA disaster recovery activities in both bills would require a 100% federal cost share. Outside groups have proposed that EDA be required to provide these grants with just federal funding (see H.Hrg. 117-15).

Unlike certain other federal disaster response agencies, EDA does not have special hiring authorities (H.Hrg. 116-38). In 2020, P.L. 116-136 provided EDA with a temporary, flexible hiring authority to administer supplemental recovery funding in response to the COVID-19 pandemic. In 2022, a GAO report noted that EDA made 74 hires under this authority. Some outside groups have called for making this a permanent authority.

Resources

- A list of EDA's economic recovery missions is available at <https://www.eda.gov/strategic-initiatives/disaster-recovery/where-we-work>.
- For economic recovery and resilience data and guidance, see <https://www.anl.gov/dis/national-economic-resilience-data-explorer-nerde> and <https://www.eda.gov/resources/comprehensive-economic-development-strategy/content>.
- Declared disasters are listed on FEMA's website at www.fema.gov/disaster.
- The *Economic Development Recovery & Resiliency Playbook* is available at <https://www.eda.gov/strategic-initiatives/disaster-recovery/economic-recovery-resilience-resources>.
- For a directory of RLFs, see <https://www.eda.gov/rlf>.

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