# Facts and Figures: EDA Awards Phase 2 Grants Under Tech Hubs and Recompete Programs

August 27, 2024

In the summer of 2024, U.S. Economic Development Administration (EDA) awarded $688 million through two recently authorized programs:

- $504 million to 12 Regional Technology Hubs (Tech Hubs) grantees (see **Figure 2**); and
- $184 Million to six Recompete Pilot Program (Recompete) grantees (see **Figure 3**).

For both programs, EDA used a two-phased award process to administer the recently-awarded funding, which differs from EDA's typical grant-making approach.

In light of the award announcements, Congress may seek to review select program features (e.g., sizes and geographic diversity of awards, scope of projects) as well as funding levels and outcomes. Observers note that the scope of projects and the size of the awards also make these awards different from EDA's existing programs.

## Background and Select Program Features

Both the Regional Tech Hubs program and Recompete Pilot Program were authorized by P.L. 117-167, the CHIPS and Science Act, in August 2022. The programs have distinct policy objectives, yet were both designed as place-based approaches to addressing economic development. The programs support projects comprised of multiple, integrated component activities rather than a single activity. The programs' authorizations also required applicants to involve a consortium or coalition of public and private stakeholders—each with a lead institution as the primary applicant.

EDA administered both programs in two phases with two types of awards (see **Figure 1**): strategy development grants (SDGs), awarded in Phase 1, and strategy implementation grants (SIGs), awarded in Phase 2. The recent grant announcements were for SIGs—Phase 2 implementation activities. EDA and analysts noted that the phased approach may have helped applicants to plan, coordinate, and enhance governance and future grant management activities. EDA further noted that the phased approach may
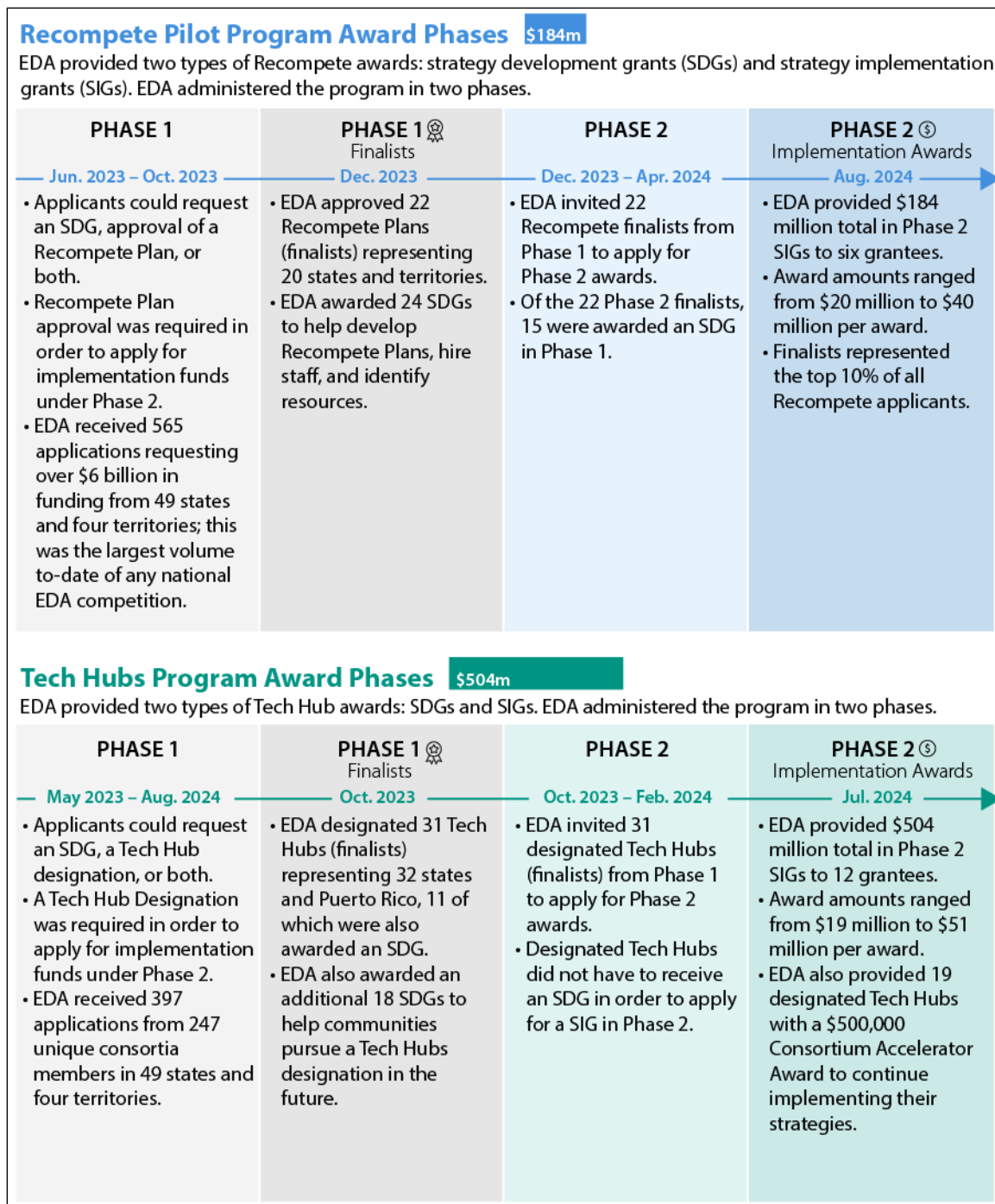
have contributed to improved Phase 2 applications and applicant readiness, and may help applicants become more competitive for future funding.

The Tech Hubs program is authorized at $10 billion over five years (FY2023-FY2027), and has received $541 million to date from FY2023 and FY2024 appropriations as of August 2024. The Recompete Program is authorized at $1 billion over five years (FY2022-FY2026), and has received $200 million from FY2023 appropriations as of August 2024. The Phase 2 Tech Hubs and Recompete SIG awards ranged from $19 million to $51 million, which is greater than the amounts typically awarded through most EDA grants.

**Figure 1. Award Phases**

**Recompete Pilot Program Award Phases** `$184m`

EDA provided two types of Recompete awards: strategy development grants (SDGs) and strategy implementation grants (SIGs). EDA administered the program in two phases.

| PHASE 1 | PHASE 1 🎖 Finalists | PHASE 2 | PHASE 2 ⑤ Implementation Awards |
|---|---|---|---|
| — Jun. 2023 – Oct. 2023 — | — Dec. 2023 — | — Dec. 2023 – Apr. 2024 — | — Aug. 2024 — |
| • Applicants could request an SDG, approval of a Recompete Plan, or both.<br>• Recompete Plan approval was required in order to apply for implementation funds under Phase 2.<br>• EDA received 565 applications requesting over $6 billion in funding from 49 states and four territories; this was the largest volume to-date of any national EDA competition. | • EDA approved 22 Recompete Plans (finalists) representing 20 states and territories.<br>• EDA awarded 24 SDGs to help develop Recompete Plans, hire staff, and identify resources. | • EDA invited 22 Recompete finalists from Phase 1 to apply for Phase 2 awards.<br>• Of the 22 Phase 2 finalists, 15 were awarded an SDG in Phase 1. | • EDA provided $184 million total in Phase 2 SIGs to six grantees.<br>• Award amounts ranged from $20 million to $40 million per award.<br>• Finalists represented the top 10% of all Recompete applicants. |

**Tech Hubs Program Award Phases** `$504m`

EDA provided two types of Tech Hub awards: SDGs and SIGs. EDA administered the program in two phases.

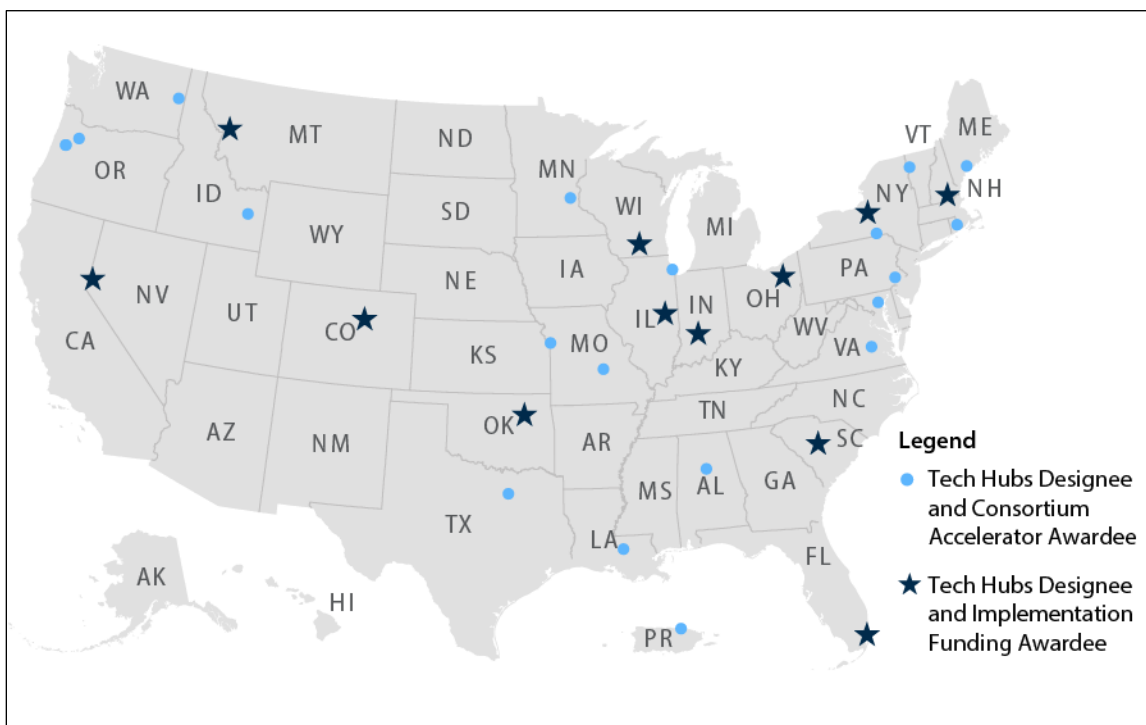| PHASE 1 | PHASE 1 🎖 Finalists | PHASE 2 | PHASE 2 ⑤ Implementation Awards |
|---|---|---|---|
| — May 2023 – Aug. 2024 — | — Oct. 2023 — | — Oct. 2023 – Feb. 2024 — | — Jul. 2024 — |
| • Applicants could request an SDG, a Tech Hub designation, or both.<br>• A Tech Hub Designation was required in order to apply for implementation funds under Phase 2.<br>• EDA received 397 applications from 247 unique consortia members in 49 states and four territories. | • EDA designated 31 Tech Hubs (finalists) representing 32 states and Puerto Rico, 11 of which were also awarded an SDG.<br>• EDA also awarded an additional 18 SDGs to help communities pursue a Tech Hubs designation in the future. | • EDA invited 31 designated Tech Hubs (finalists) from Phase 1 to apply for Phase 2 awards.<br>• Designated Tech Hubs did not have to receive an SDG in order to apply for a SIG in Phase 2. | • EDA provided $504 million total in Phase 2 SIGs to 12 grantees.<br>• Award amounts ranged from $19 million to $51 million per award.<br>• EDA also provided 19 designated Tech Hubs with a $500,000 Consortium Accelerator Award to continue implementing their strategies. |

**Source:** CRS with EDA information.

## Tech Hubs

The Tech Hubs program was designed to improve the development and commercialization of key technology focus areas outlined in statute and to support job creation and U.S. innovation capacity. The Phase 2 awardees include projects focused on the development of quantum computing, biomanufacturing,

and critical minerals supply chain activities. Numerous Tech Hubs awardees were also awardees of other large-scale EDA awards such as the Build Back Better competition, or federal programs such as the National Science Foundation Regional Innovation Engines Program.

In October 2023, EDA designated 31 Phase 1 finalists as Tech Hubs. Tech Hubs Phase 1 finalists were invited to apply for Phase 2 implementation grants and 12 were selected for Phase 2 funding. Tech Hubs that were designated in Phase 1, but not awarded grants in Phase 2, may still benefit from the designation by receiving technical assistance and access to other federal funding opportunities. According to the EDA, the designation confers "a strong endorsement of a region's plan to supercharge a critical technology ecosystem and become a global leader over the next decade." In July 2024, the EDA also provided $9.5 million in Consortium Accelerator Awards to 19 designated Tech Hubs so that they may "continue implementing their strategies, including the pursuit of additional capital."

The program's authorization allows for awardees to receive multiple awards, with initial awards authorized for amounts up to $150 million per Hub and a maximum total award amount of $1 billion per Hub. EDA is statutorily required to designate at least 20 Tech Hubs. The program's authorization required EDA to "ensure geographic and demographic diversity" in the Hub designations. EDA noted that of the 12 awardees, 10 hubs will serve small and rural communities, nine will serve underserved communities, four include tribal governments in their consortia, and two are located in low-population states.

**Figure 2. Tech Hubs Designees and Phase 2 Implementation Grant Awardees**



Source: CRS, using EDA data (https://www.eda.gov/funding/programs/regional-technology-and-innovation-hubs/2023).
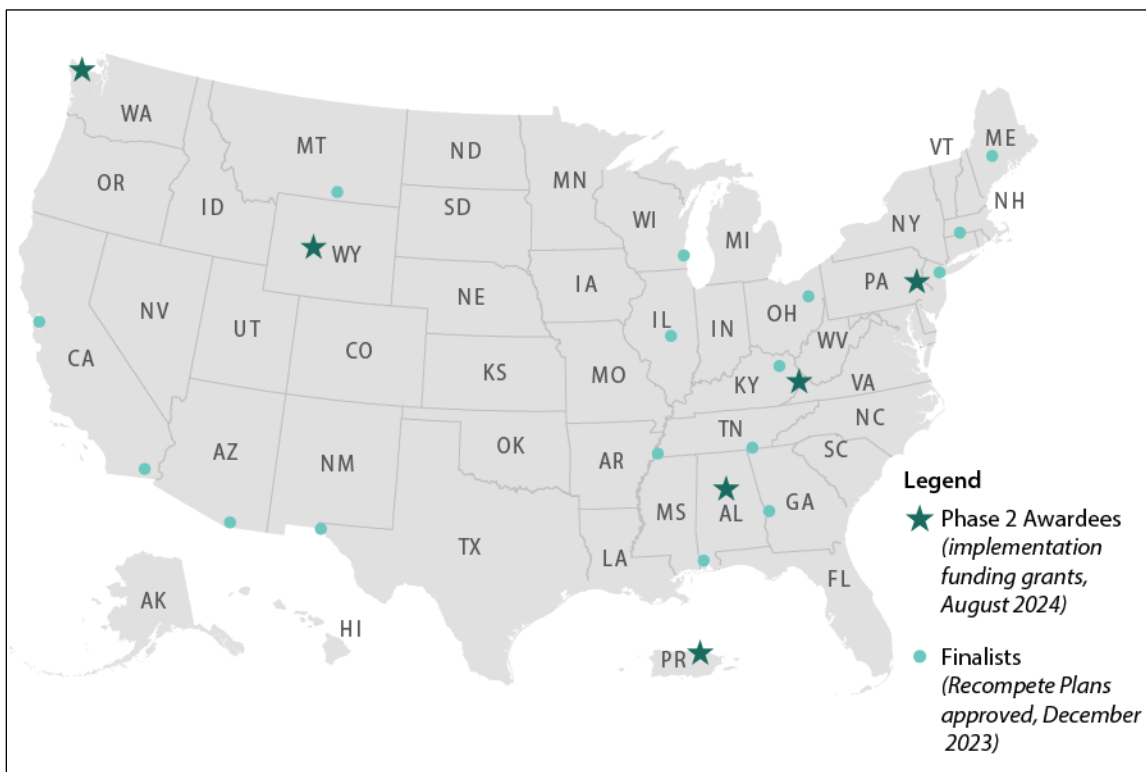
Notes: Symbols show the location of the organization's requesting office.

# Recompete

The Recompete Program was designed to provide long-term, place-based assistance for areas where the prime-age (25-54 years) employment rate "significantly trails the national average." For Phase 1, EDA instructed applicants to choose either an SDG, approval of a Recompete Plan, or both.

Eligible activities under Recompete Phase 2 implementation grants included development of entrepreneurship, workforce, and infrastructure, as well as childcare and wraparound services, which are not activities that EDA has historically funded. Unlike most EDA grant programs, Recompete did not require matching funds for Phase 1 or 2 awards. Half of the Phase 2 awardees were for fully rural project areas. The statutory minimum grant award for Recompete is $20 million.

**Figure 3. Recompete Finalists and Phase 2 Implementation Grant Awardees**



**Source:** CRS, with EDA data (https://www.eda.gov/funding/programs/recompete-pilot-program/2023).

**Notes:** Symbols show the location of the organization's requesting office.

# Appropriated and Requested Funding Amounts

The two programs received supplemental and annual appropriations in FY2023 for a combined $700 million (see **Table 1**), which is over two times the amount allocated to all of EDA's other grant programs in FY2022.

**Table 1. Recent Appropriated, Proposed, and Requested Funding Levels**
($ in millions)

| Program | FY2023 (P.L. 117-328, Divisions B and N) | FY2024 (P.L. 118-42) | FY2025 Request | FY2025 House Committee-Reported Bill | FY2025 Senate Committee-Reported Bill |
|---|---|---|---|---|---|
| Tech Hubs | $500 | $41 | $41 | $41 | $100 |

| | | | | | |
|---|---|---|---|---|---|
| Recompete | $200 | — | $41 | $41 | $10 |

**Source:** Appropriated and proposed funding amounts compiled by CRS using explanatory statements accompanying H.R. 9026 and S. 4795. FY2025 requested amounts are from EDA's *Congressional Budget Justification.*

**Notes:** In addition to the funding shown in Table 1, EDA requested $4 billion in mandatory funding (of which $1.5 billion would be appropriated in FY2025) for Tech Hubs.

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