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# THE SOUTHEAST CRESCENT AUTHORITY, THE NORTHERN BORDER ECONOMIC DEVELOPMENT COMMISSION, AND SOUTHWEST REGIONAL BORDER AUTHORITY

**(110–36)**

## HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

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# U.S. House of Representatives
## Committee on Transportation and Infrastructure

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Washington, DC 20515

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May 1, 2007

**SUMMARY OF SUBJECT MATTER**

**TO:** Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management

**FROM:** Subcommittee on Economic Development, Public Buildings, and Emergency Management Staff

**SUBJECT:** Hearing on "The SouthEast Crescent Authority, the Northern Border Economic Development Commission, and Southwest Regional Border Authority"

### PURPOSE

The Subcommittee will meet on Thursday, May 3, 2007, at 10:00 a.m., in room 2167 Rayburn House Office Building, to receive testimony from Members of Congress on "The SouthEast Crescent Authority, the Northern Border Economic Development Commission, and the Southwest Regional Border Authority". Members will provide testimony on the potential impact of these commissions on their Districts and States, the role of the Federal Government in economic development, and successful models of economic development with federal support.

### BACKGROUND

The Subcommittee on Economic Development, Public Buildings, and Emergency Management has jurisdiction over the authorization and oversight of programs promoting economic development in communities suffering economic distress. The economic development activities of the Subcommittee include jurisdiction over the Economic Development Administration (EDA) of the U.S. Department of Commerce, the Appalachian Regional Commission (ARC), the Denali Commission, the Delta Regional Authority (DRA), and the Northern Great Plains Regional Authority.

Many other regions also experience high poverty, areas of significantly higher than-average unemployment rates, limited access to capital, low per capita personal income, and high job loss. These regions have expressed interest in creating regional economic development authorities, similar to the structure of the ARC, to provide funding for projects that stimulate economic development

and promote the character and industries of the region while not supplanting existing institutions and programs that provide funding, such as the Economic Development Administration, state agencies, and local development organizations.

**Northern Border Economic Development Commission**

On March 15, 2007, Representative Hodes introduced H.R. 1548, a bill to establish the Northern Border Economic Development Commission. Modeled after the Appalachian Regional Commission (ARC), the Northern Border Economic Development Commission would be composed of a Federal member appointed by the President, with the advice and consent of the Senate, and the Governors of each State in the region covered by the Commission who elect to participate. States covered by the Commission would include Maine, New Hampshire, New York, and Vermont. The proposed legislation authorizes $40 million each year for fiscal years 2008 through 2012, to fund projects that will foster economic development and job creation in the most economically distressed areas of covered states.

The Commission will establish priorities and approve grants for economic development, assess the region's needs and capital assets, support local development districts or foster the creation of such districts, encourage private investment, and initiate a special resource study of the north woods of Maine. The Commission will give grants to States, local development districts, and public and nonprofit entities for approved projects.

**Southeast Crescent Authority (SECA)**

On January 4, 2007, Representative McIntyre introduced H.R. 66, a bill to establish the SouthEast Crescent Authority. The bill establishes a Federal economic development commission for a seven-state region that includes parts of the states of Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Virginia. States included under the SouthEast Crescent Authority are not eligible for assistance from the ARC or the Delta Regional Authority. The SECA would perform various functions, including: formulating plans and programs to spur economic development, and approving grants to States and public and nonprofit entities toward that end; establishing priorities in a development plan for the region; supporting local development districts and creating them where they do not exist; and encouraging private investment in the region. The SECA would annually designate economically distressed counties and isolated areas of distress in non-distressed counties.

SECA would be modeled after the highly successful ARC, which has assisted in eliminating large pockets of poverty in Appalachia. The Governors of the seven participating States or their appointees shall serve on the SECA board of directors, along with a Federal Co-chair appointed by the President of the United States. The States' Co-chair would be elected from among the seven Governors or appointees. Projects eligible for funding under SECA include infrastructure development, education and training, entrepreneurship and leadership development.

**Southwest Regional Border Authority**

On April 26, 2007, Representative Reyes introduced H.R. 2068, a bill to establish the Southwest Regional Border Authority. The bill establishes a Federal economic development authority for certain counties in Arizona, California, New Mexico, and Texas. The Authority shall

develop comprehensive and coordinated plans and programs to establish priorities and approve grants for the economic development of the region. The Authority shall also conduct and sponsor investigations, research, and studies, including an inventory and analysis of the resources of the region, using the materials compiled by the Interagency Task Force on Economic Development of the Southwest Border established by Executive Order No. 13122. The Authority shall also encourage private investment in industrial, commercial, and recreational projects in the region, and provide a coordinating mechanism to avoid duplication of efforts among the border programs of the Federal agencies and the programs established under the North American Free Trade Agreement.

## PREVIOUS LEGISLATIVE HISTORY

In the 109th Congress, Rep. McIntyre introduced H.R. 20, a bill to establish the SouthEast Crescent Authority, and the bill was referred to the Subcommittee on Economic Development, Public Buildings, and Emergency Management. On July 12, 2006, the Subcommittee held a hearing on H.R. 20. No further action was taken.

In the 109th Congress, Rep. Michaud introduced H.R.1695, a bill to establish the Northeast Development Commission, and the bill was referred to the Subcommittee on Economic Development, Public Buildings, and Emergency Management. On July 12, 2006, the Subcommittee held a hearing on H.R. 1695. No further action was taken.

In the 109th Congress, Rep. Reyes introduced H.R. 5742, a bill to establish a Southwest Regional Border Authority, and the bill was referred to the Subcommittee on Economic Development, Public Buildings, and Emergency Management. On July 12, 2006, the Subcommittee held a hearing on H.R. 5742. No further action was taken on the bill.

## WITNESSES

### PANEL I

**The Honorable Paul W. Hodes**
Member of Congress
New Hampshire, District 2

**The Honorable Peter Welch**
Member of Congress
Vermont, At Large

### PANEL II

**The Honorable Mike McIntyre**
Member of Congress
North Carolina, District 7

**The Honorable Elizabeth Dole**
Senator
North Carolina

**The Honorable Robin Hayes**
Member of Congress
North Carolina, District 8

**The Honorable G.K. Butterfield**
Member of Congress
North Carolina, District 1

X

PANEL III

**The Honorable Silvestre Reyes**
Member of Congress
Texas, District 16

**The Honorable Bob Filner**
Member of Congress
California, District 51

**The Honorable Ruben Hinojosa**
Member of Congress
Texas, District 15

**The Honorable Ciro D. Rodriguez**
Member of Congress
Texas, District 23

**The Honorable Henry Cuellar**
Member of Congress
Texas, District 28

# HEARING ON THE SOUTHEAST CRESCENT AUTHORITY, THE NORTHERN BORDER ECONOMIC DEVELOPMENT COMMISSION, AND THE SOUTHWEST REGIONAL BORDER AUTHORITY

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**Thursday, May 3, 2007**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT,
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:13 a.m., in Room 2167, Rayburn House Office Building, the Honorable Eleanor Holmes Norton [chairwoman of the subcommittee] presiding.

Ms. NORTON. I want to welcome today's witnesses and say good morning to all of you. It is my privilege to welcome Members of Congress to testify before the Subcommittee this morning on economic development and the elimination of poverty. I have only brief opening remarks because the Subcommittee appreciates and values the additional information and the very valuable time of the Members who will provide testimony following our own hearing on this very issue in July, 2006, concerning regional economic development initiatives.

I especially want to acknowledge the efforts of Mr. Michaud, Mr. Hodes, and Mr. McIntyre and to commend you for your perseverance and dedication to pursue legislation you believe is vital and necessary for your region. We appreciate the time and energy you have invested in efforts to address poverty in your regions. For the Members new to the effort, we welcome your participation and will draw on your insights to help move these initiatives forward.

In these times of severe budget constraints, we are mindful of the need to avoid redundancy and duplication in programs, and of the importance of targeting scarce resources in areas that will bring the highest investment return. We are very interested in hearing from Members about how your initiative fits into these concerns as well.

We thank each of you for coming this morning, and we offer a special welcome to Senator Elizabeth Dole, who we believe will join us later. We look forward to hearing testimony from all of today's witnesses. I am pleased to say to the Ranking Member, everybody take note, the Ranking Member has been totally feminized here, we appreciate that Mrs. Capito has come in for Mr. Graves, whose

grandmother died. I know he would have wanted to be here to hear the Members. We very much appreciate her coming in his stead.

Mrs. Capito.

Mrs. CAPITO. Thank you, Madam Chair. I wish to extend my condolences to Mr. Graves on the death of his grandmother. I know that he wishes he could be here today to hear the testimony.

I just briefly want to thank you for holding the hearing. And I also want to thank the distinguished panels of witnesses for taking the time out of their very busy schedules today. You will be providing testimony on the proposed regional economic development initiatives for the southeast, southwest, and northern border. Areas in these regions have high unemployment, low per capita income, and lack necessary infrastructure.

Over the past couple of years, there has been increasing interest in creating regional economic development authorities to spur economic development in these areas. As a Member of Congress from West Virginia, I have great experience with one such commission, that being the Appalachian Regional Commission, which covers all 55 counties of my State of West Virginia. Interestingly enough, during the past five years, three counties of my 18 counties have been removed from the ARC's list of economically distressed counties, and one has jumped to the competitive category.

I have seen first-hand what the ARC has done in my district, what it has done for the region, and it has had a long-standing history of success and great help for local economic development authorities. So I am very familiar with that.

I look forward to everybody's testimony. I thank the gentlemen for coming today. Thank you.

Ms. NORTON. Other members who have statements to make? Mr. Michaud.

Mr. MICHAUD. Thank you very much, Madam Chairwoman. I want to thank both you and the Ranking Member for holding this hearing. Chairwoman Norton, you have been an incredible advocate for economic development and for helping regions that are struggling, and on behalf of one such region, I want to thank you very much.

I also want to recognize our colleagues here today. Mr. Hodes, Mr. Welch, and Mr. McHugh, who will not be able to make it today but I would ask, Madam Chair, that we ask unanimous consent that Mr. McHugh's testimony be inserted in the record.

Ms. NORTON. Without objection, so ordered.

Mr. MICHAUD. The work of these colleagues and the work of their staffs has been invaluable in developing this legislation. They are truly dedicated to helping improve the economy in our region.

I first lead a group of bipartisan cosponsors three years ago in developing this bill, and I especially want to commend Mr. Hodes, who has shown extraordinary leadership in heading up our group on this legislation in this Congress, as well as Mr. Welch.

Madam Chairwoman, for 40 years the ARC has shown us an effective way to address regional economic distress. A small Federal investment in that region is going a long way towards creating jobs, infrastructure, business opportunities, and hope for the future.

In the northern border region, we have seen a clear, persistent pattern of economic distress, with a lost of natural resource-based industries, the loss of jobs, and aging and crumbling infrastructure. If you look at the 28 counties in this bill that lie on the border or right next to the border between Maine and New York, you will find poverty above the national average, median household income that is $7500 below the national average, persistent unemployment that is consistently higher than the rest of the country, and most striking of all, a loss of almost 1 percent of the population between 1990 and 2000, compared to 13 percent growth nationally over the same period.

Clearly, this region has a compelling need for new investment.

As we have heard in testimony before in this Subcommittee, most recently on January 23rd of this year, the regional commissions are an extremely valuable tool for promoting economic development. They can help us address the unique challenges of different regions without duplicating other Federal programs. I think the testimony we will hear today, and that we did hear on July 10th of last year, will show that the northern border region has a real need and that a regional commission can help us tremendously. A regional commission can help us invest in transportation, health care, agriculture, broadband, and alternative energy. It can help us create jobs for the long term.

Our region has all of the ingredients we need to face our challenges head-on and make ourselves an economic engine. A regional commission would bring us the resources and leadership we need to make a fundamental change in our future.

In closing, Madame Chairwoman, I can say from personal experience that this commission is sorely needed. Like my father and my grandfather before me, I worked at Great Northern Paper Company in East Millinocket. Two days after I was elected and sworn in to Congress, the mill filed bankruptcy and closed its doors. It devastated the community. The story that I tell is not unfamiliar to other areas in the State of Maine that have had this happen to them as well. That is why this bill has the strong bipartisan support of our group of cosponsors. It also has the united support of economic development district directors, local NGOs, and major conservation groups.

We need the kind of leadership and investment that a regional commission can bring, to make sure that instead of more mills closing, we can get onto a path of new jobs, new industry, where young people can stay, build, and live in the region where they were born.

I look forward to hearing the testimony of the witnesses and to moving forward with this legislation to improve the lives of the people who live in the northern border region. With that, I yield back, Madam Chairwoman.

Ms. NORTON. Thank you, Mr. Michaud.

Are there any other opening statements? Mr. Arcuri.

Mr. ARCURI. Thank you, Madam Chair. I would like to thank the Chairwoman and the Ranking Member for holding this hearing. Also, Mr. Hodes, Mr. Welch, thank you very much for your leadership, and Mr. Michaud, thank you very much for your leadership on this bill as well. It is a very important piece of legislation that I think will greatly benefit the region.

I am proud to join the chorus of supporters here today as an original cosponsor of H.R. 1548, the Northern Border Economic Development Commission Act of 2007. This bipartisan legislation would be incredibly beneficial to the region by assessing and addressing the very specific needs, assets, and challenges of the region as a whole. The commission would create a Federal-State partnership where local development districts and other non-profits bring projects, ideas, and priorities to the commission from the local level to promote economic development through the planning, technical assistance, and funding of projects aimed at encouraging economic prosperity, specifically by providing grants for local transportation, infrastructure projects, broadband development, alternative energy projects, agricultural development, and health care facilities.

Most importantly, this legislation is modeled after the very successful Appalachian Regional Commission approach, an idea conceived by the distinguished full Committee Chair, Mr. Oberstar, when he was a staffer on this very Committee over 40 years ago. Simply put, the numbers speak for themselves. Since its creation, the ARC has reduced the number of distressed counties in its region from 210 to 100, cut the poverty rate from 31 percent to 15 percent, and helped 1,400 businesses create 2,600 new jobs.

Speaking from personal experience, six counties in my upstate New York district have experienced similar success. The Village of Sherburne, New York, in Chenango County is a great example of how a small ARC award granted to them was extremely helpful in leveraging additional funds from State, local, and private sources for economic development initiatives that create jobs. A $200,000 grant from ARC for the enhancement of aging water infrastructure in Sherburne, a problem that is plaguing many of the States in the northeast, was able to leverage close to $4 million dollars in State, local, community investment. By providing enhanced infrastructure capabilities, Sherburne, New York, has become a home for a number of new businesses in the area and continues to attract new investment.

The Northern Border Economic Development Commission not only will extend similar benefits to economically distressed counties in Maine, New Hampshire, and Vermont, but will also allow upstate New York counties like Oneida, Herkimer, Cayuga, and Seneca to enjoy the same benefits their neighboring counties in the southern tier of New York enjoy under the Appalachian Regional Commission.

Over the last several decades, upstate New York has had a consistent pattern of economic distress as a result of substantial losses in the manufacturing sector coupled with the aging infrastructure and lack of opportunities for a skilled workforce. My district alone has seen a staggering loss of more than 14,000 manufacturing jobs between 2000 and 2005. This has been devastating to our local communities. However, this is not an anomaly, it is extremely characteristic of several States in the northeast. A targeted regional approach like the one created by this bill can help bring economic vitality to a region in dire need.

Madam Chair, I look forward to working together with my colleagues on both sides of the aisle to expedite the consideration of

this bill before the Subcommittee and the full Committee. I thank you, and I yield back the balance of my time.

Ms. NORTON. I want to thank both of these members. Your remarks I think have been tantamount to testimony that helps the Committee to understand why this bill and these regions are so important because of the kind of approach we have taken through this effort. We are fortunate to have with us the architect of all of this. I am very pleased that the Chairman of the Committee has joined us and would ask him if he would say a few words of opening remarks at this time.

Mr. OBERSTAR. Madam Chair, your opening statement is right on target. You have framed the issue. We need to proceed with this hearing. We need to proceed with this legislation. It has broad bipartisan support. This is legislation that is in the best tradition of what we do on this Committee, and that is provide jobs, growth, mobility, economic development.

But as we enter this hearing and move toward reporting this legislation from Committee in the near future, I am reminded of the report of the Chair and Co-Chair of the Appalachian Regional Commission about 20 years ago. It said, "Halfway home and a long way to go." You cannot overturn 100 years of decline in 5, 10, 15, or 20 years. It takes long-term investment and partnerships, and that is what this legislation creates the opportunity to do, as we have done with the Appalachian Regional Commission, to deal with the underpinnings—the need for infrastructure investment, the backbone road system, water and sewer and sewage treatment facilities, and then move to the vocational education centers, and then to the health clinics, and then to the industrial parks, and then the airports, the rail sidings. All that are needed to create the underpinnings for growth. "If the public sector does its part," as Adam Smith said 200 years ago, "then the private sector can do its part." Thank you.

Ms. NORTON. Thank you very much, Mr. Chairman.

I am very pleased to welcome the first two Members who will testify. Representative Paul Hodes of New Hampshire's District 2, and Representative Peter Welch, a Vermont Member at Large. Which of you would like to proceed first?

Mr. HODES. I am happy to begin, Madam Chair.

Ms. NORTON. Are you both new Members of Congress?

Mr. HODES. We are both.

Ms. NORTON. See, I will not even ask you about seniority. No, I knew you were both new. Please go ahead, Mr. Hodes.

## TESTIMONY OF THE HONORABLE PAUL W. HODES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW HAMPSHIRE; THE HONORABLE PETER WELCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VERMONT

Mr. HODES. Madam Chairwoman and Ranking Member Capito, I want to thank you for giving my colleague Peter Welch and me the opportunity to present testimony before the Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management today. I also thank the dis-

tinguished panel for attending. And I join with you in expressing condolences to the Ranking Member, Mr. Graves.

As you know, I am Paul Hodes. I represent New Hampshire's 2nd congressional district. I come before you today to offer my strong support for H.R. 1548, the Northern Border Economic Development Commission Act of 2007.

My home State of New Hampshire is a unique State, blessed with incredible beauty, an abundance of natural resources, and a citizenry that values hard work, community, and fiscal restraint. But we are also facing our share of significant challenges. Parts of our State, specifically the northern region, have taken an economic beating are struggling to recover. A staggering number of jobs, and especially manufacturing jobs, have been lost. New Hampshire, and especially northern New Hampshire, has seen plants close and young people disappear to places that offer more opportunity. Parts of New Hampshire are economically stricken and for the people there it is getting harder and harder to get by.

While running for office, I spent a lot of time in the North country and I spoke with countless people who had great pride of place, pride in their community, they had the drive to work hard and to improve their neighborhoods, but they felt their communities had been ignored for years, and especially by the Federal Government. Despite this neglect, there is a compelling case for coordinated Federal investment in northern New Hampshire. In fact, for the entire northern border region, which you can see here on the chart we have brought, which includes the northernmost counties of Maine, New Hampshire, Vermont, and New York, that region has higher unemployment, a higher percentage of people living in poverty, and lower household income than the rest of the Nation.k

In northern New Hampshire, as I was campaigning, I will just point out one example that comes to mind, campaigning in the city of Berlin, the largest metropolitan area, if you will call it that, in my State north of Franconia Notch, is a city that was built on paper. Generations of people worked in the paper mills—fathers, sons, members of families. And entire culture was built on paper. As I campaigned this past summer in Berlin, while the paper mill had been bought and there were jobs there, the pulp mill had been closed down—300 jobs lost, moved out of the county. People were walking the streets at the annual summer festival for the first time in their lives without jobs, without prospects, ready to work but without the infrastructure and the help to do it.

When I was first elected to serve in Congress this past November, I was very proud to work closely with other Members of Congress, along with my staff, and especially Mr. Michaud, from the border region to put together a plan to bring much needed economic development to the area. The Northern Border Economic Development Commission Act will help create jobs and kick-start local economies in northern New Hampshire and in the entire northern border region.

The commission enforces the notion that if you are willing to work hard and play by the rules, we are here to help you get ahead. The people in the area this bill targets deserve a Government that works for them and with them. The Northern Border Economic Development Commission is an important step towards

providing good paying jobs and economic opportunity in an area that needs and deserves it.

The commission this bill would create would be charged with investing Federal resources for economic development and job creation in the most distressed counties of the northern border region. I am proud to say that a number of Representatives from both sides of the aisle have signed on as cosponsors to show their support. Among them is my colleague from New Hampshire, Carol Shay Porter, Maine Representatives Michael Michaud, who is with the panel today, and Tom Allen; New York Representatives John McHugh and Michael Arcuri, who is on this panel today; and my colleague, At Large Representative Peter Welch of Vermont, who you will hear from.

By design and purpose, this bill follows the innovative Appalachian Regional Commission model drafted by Chairman Oberstar, who is also with us today, and I thank him for his extraordinary leadership in fashioning the notion and implementing commissions that show the great results that can be achieved. Based on this model, the commission we propose today would create a unique Federal-State partnership charged with promoting developing through regional planning, technical assistance, and funding of projects aimed at encouraging economic prosperity. Community development groups and other non-profits are encouraged to bring project ideas and priorities to the commission from the local level. This is very important in New Hampshire because we value public-private partnerships and grassroots initiatives. In fact, I am already working with local groups to prioritize funding needs.

This bottom-up approach ensures that actions reflect both local needs and regional economic development goals. It also ensures that States have a deciding voice in what investment is made within their borders.

I would like to bring to the Committee's attention the Northern Forest Center, which has submitted a letter of support which, with the Chair's permission, I would submit for the record.

Ms. NORTON. So ordered.

Mr. HODES. Thank you very much. This letter you will see points to a 2006 sustainable economic initiative in the northern border region which will work in close harmony I think with the commission we create.

With its proposed budget of $40 million per year, the Northern Border Economic Development Commission can help meet a range of local needs. Whether the need is agricultural development, land and forestry conservation to maintain productive traditional uses, investment in transportation infrastructure, cyber infrastructure, alternative and renewable energy, or health care, this commission will play a key role in investing in the Nation's economy.

If this bill is passed, it will provide a much-needed boost for our northern communities. The people who live in this region that might be called the "ice belt" are hard-working, taxpaying, caring citizens. Their plight deserves our consideration. Working together, we can improve life in these distressed communities and build a better future not only for the region but for our entire country.

I thank you for your time. Thank you for allowing me to testify before this distinguished Subcommittee. I look forward to working with you as we move ahead. Thank you very much.

Ms. NORTON. Thank you very much, Mr. Hodes.

Mr. Welch.

Mr. WELCH. Thank you very much. I have a certain amount of modesty appearing before this Committee because the Members who have already given opening statements and have long experience have forgotten more about this than I will ever know. But I want to say, Mr. Michaud, you have laid out what is the challenge for these economically depressed areas, and that is what this is all about.

Across the northern tier in New York, Vermont, New Hampshire, and Maine, we have those challenges. The idea here, Mrs. Capito, you have described exactly what the model is. I gather it is not a bad idea to do again, follow a model that has worked successfully in one place and transport it to another. That is essentially what it is that we are doing. I think Mr. Arcuri, Mr. Hodes, and I are very grateful that there is this model that has been successful, and we are grateful to you, Mr. Michaud, that you have encouraged us to come forward and try to provide this in a cooperative way to the northern tier.

Vermont, in Franklin County, Orleans County, and Essex County, are all on the northern tier and have many of the problems that my colleague Mr. Hodes described and you did as well. This would have a very significant impact on that region of Vermont. These counties share similar struggles—infrastructure, high unemployment, youth who are leaving for better opportunities elsewhere. The northern border regions of Vermont, New York, and New Hampshire share those similar challenges. And what I think is great about this commission is it allows us as a region to work together and to try to leverage our assets into opportunity across that entire tier.

Many community and economic development organizations work in this region in Vermont to promote higher quality of life and good paying jobs, I was very alarmed when I learned that there is no single economic development entity that is focused on the overall needs of the northeast border region as a whole. We do believe that we have to partner with our fellow States in order to best provide for the future opportunities for our citizens.

I invite any of you here to come up sometime to Franklin County or the northeast kingdom. It is great biking, Mr. Chairman, some hills, if you can handle that. But if you did come, you would find some wonderful people—entrepreneurial, hard-working, and incredible natural resources, wonderful towns, but high unemployment, low wages, $10,000 below the national median. People are struggling and doing their best to get from here to there and pay their bills. They would like to be able to do what all of us would like to be able to do, and that is live in the communities we grew up in.

The creation of this commission is going to give us a chance to face and tackle the challenges of rural economic development together. I thank this Committee for inviting us, and for your work and for your commitment to helping all of us across this country. Thank you.

Ms. NORTON. I thank you both for your insights and this testimony. Let me just ask a couple of questions.

We had a hearing on economic development and the Economic Development Act and the important advances that have been made in other regions, leveraging a very small amount of funds, drawing in industry in quite extraordinary ways, many times Federal investment. We began with areas where poverty had been endemic despite the industrial revolution, despite all that has happened to make this country an economic powerhouse. Now we are to the point where we better watch out about stereotyping where such needs are because the global economy has shuffled the deck. You, of course, come from New England and this was the strong manufacturing sector. People are moving from New England in part because it is cold and in part because of the loss of that manufacturing job base.

In the testimony that we had before us previously, people have often focused on the difference between the investments made in the early years of the Act in traditional public works and toward new investments in technology, the information highway, if you will, instead of the concrete highway. I do not know that this is the only wave of the future, but any insights you could give us on whether or not that or other entirely new kinds of activities—you mentioned some of them—would take easily in the New England area where this has now become an endemic problem?

Mr. HODES. Sure. Let us focus for a moment on the existing natural resources. In the norther border region there is an abundance of wood. This country faces a crisis in our energy policy, for example. The possibility of a new vision for the northern border region where the natural resources are used as biomass alternative fuels to create new industries, new jobs out of existing facilities and using the workforce in place is a great opportunity. For instance, there is a possibility, I talked about the pulp mill in Berlin that is now closed, there is a great opportunity to transform that potentially into an alternative fuel electricity-generating facility. We then would have the need for infrastructure in terms of moving that alternative energy out of the region into the grid. So that involves the basic infrastructure of electric transmission lines and other transportation facilities.

So along with other initiatives, there is the possibility I think of a transformation and a new vision for the northern border region which this commission can play a key part in helping to create, first, with the appropriate studies, then with the appropriate investments that I think would transform the region. I see the possibility, being parochial for a moment, that New England and the northern border region can lead this Nation towards a new 21st century energy policy that will not only transform the lives of the people here, but throughout the country, and then we can lead the world in alternative energy. That is just one example of the way this commission could work to create a new kind of infrastructure than that which traditionally was focused on with other commissions.

Ms. NORTON. Mr. Welch?

Mr. WELCH. Madam Chair, it is a great question, but in Vermont we are creating jobs mainly from small companies. Oftentimes it is

folks who live in urban areas, have an idea, and they prefer the lifestyle, and some of you from urban areas may not believe this, but there are actually folks who like living in the country and they want to come up and live there, they think it is a great place to raise their kids. They need infrastructure and they need a trained workforce.

We are creating jobs in some of these northern areas but they are literally because somebody has an idea, they have a company, but they need an infrastructure and they need a workforce. Broadband is a big deal. We do not have it everywhere in Vermont. What has happened where there have been successful partnerships is we have had these development agencies that want to get to yes, what are the practical problems that a new business faces in order to get started. There is a location that these entrepreneurs can go to and get practical answers to there questions of people who want to help them succeed. We have got to have jobs, we know that, but we really need them in these poorer, lower income areas of Vermont.

Ms. NORTON. I would like to ask the Ranking Member, Mrs. Capito, if she has any questions for these witnesses.

Mrs. CAPITO. I do not really have a question. I would like to make a comment just as a person who lives in the ARC and has enjoyed the benefits I spoke about earlier. And thank you to Chairman Oberstar for his leadership those many years ago. We still have a lot of work to do and we are going to continue to do that, and he knows that.

My comment is really centered on resources. The ARC, every year we fight to get the funding into the budget to be able to keep viable projects within the ARC. Certainly, as you create new regional commissions, it becomes again a question of resources. So I would hope if this is the direction that we go that we would all join together and make sure that to provide resources for a commission such as this and maintain our ARC resources it is not divide by half, it is multiply by two. With that, I yield back my time.

Ms. NORTON. I would like to ask the Chairman if he has any questions to these witnesses?

Mr. OBERSTAR. Thank you, Madam Chair, and I thank Mrs. Capito. I have been in West Virginia on numerous occasions, going back to the very origins of the ARC.

Mr. Hodes, your predecessor some years removed, a member of this Committee, Congressman Jim Cleveland did not vote for much in the way of social programs funded by the Federal Government. The things he did support, the Federal Aid Highway Program, the Appalachian Regional Commission, and the Federal Economic Development Administration programs. He was a strong, articulate, and persistent advocate. And because he had such staunch views on other issues, when he spoke favorably on EDA and ARC people on his side of the aisle listened. We had a great partnership. He served with my predecessor and then I served with him.

Creating this kind of regional economic development crosses over; it is not Democratic or Republican, it is people, it is needs. And we see this all throughout the country where resource-dependent areas have been depleted. The need to create new economic op-

portunities that are not natural resource-based is a huge, steep challenge.

New England was the birthplace of industrial revolution in America. But it was also the first to be hurt by long-term economic decline. First, the leather goods industry moved out, and then the needle trades moved out, and then wood fiber moved out as the lowly southern yellow pine was perfected for scientists to find a way to take the resin out and cure it to create straight two-by-fours instead of curvy ones and use that wood chip in pulp production, as I am sure Mr. Michaud very painfully knows. This is competition within the United States, however.

So, creating an entity for economic development, but regional economic development. We know that problems do not start or stop at political boundaries, they cross over.

I want to see more of an emphasis on regional initiatives in the legislation. As I have read through this, I think there are some refinements that I would suggest to my colleagues on shaping this and the other commissions to prioritize projects that truly are regional. I had an experience with the Upper Great Lakes Regional Commission in my district where all too often projects masqueraded under the name of regional but they were intensely local. You have to build coalitions across borders.

I would suggest one of the priorities to be development of a natural resource research center. We established such an entity in Duluth for northern Minnesota, northern Wisconsin, it benefits the Upper Peninsula of Michigan. We do not have a regional commission any longer, it was dissolved many years ago, and I also want to take the lessons of failure of that commission to benefit the new commissions that we are creating here. But the establishment of a natural resource research institute that does some of the basic research on new product development. For example, they initiated hybrid poplar that grows to an eight inch, ten inch round wood in eight years. They harvest it just like any other crop on a farm. It can grow on those lands that we have taken out of production of corn or wheat or other grains, and you do not need the fertilizer or the limestone or the other to mend the soil. Those are the kinds of initiatives that really cross over boundaries, cross jurisdictions, and come back to the resource base of the area to benefit and create new job opportunities.

So I encourage you to stimulate the regionality of your approach. And there are many others, we need not go into all of the parameters. But for that, and the southeast, and the other commissions that are created, those are the kinds of initiatives I think create justification for regional commission development, including backbone highway development where we can accelerate the movement of goods as well as people, both for travel and tourism and for goods movement. Thank you, Madam Chair. I thank our colleagues for their comments.

Mr. HODES. Madam Chair, may I just briefly respond?

Ms. NORTON. By all means, Mr. Hodes.

Mr. HODES. Thank you, Mr. Oberstar, for those insightful comments. It is very helpful for you to focus the work of this commission regionally. I hesitate of course to speak for Mr. Cleveland, but I recognize his good work in this area and it is because he recog-

nized the I think genius in these commissions of the bottom-up grassroots approach and the public-private partnership.

I would commend to you, Mr. Oberstar, the letter from the Northern Forest Center which I think addresses your thoughts very directly, because it talks about the cooperation here between New Hampshire, Vermont, Maine, New York, and the governors of those States. This letter has appended to it a list of all the members of the Sustainable Economic Initiative. I think you will see that this work that has begun lays the kind of foundation you suggest is important and that this commission would then be instrumental in working with this initiative that has begun to focus regionally in exactly the way you suggest. I have submitted this for the record, as the Chairwoman has allowed me to do, but I commend it to your attention. Thank you very much.

Ms. NORTON. I am going to move on because we have Senator Dole here and we have promised her that we would take her right away because she has such a narrow window. So we are finished with this panel. We very much appreciate their testimony, very appropriate testimony to open this hearing.

Ms. NORTON. We appreciate that Senator Dole has walked all the way across from the other side to be with us. I am told that our Members from North Carolina will appear on the same panel with Senator Dole. Therefore, I am pleased to welcome Representative Mike McIntyre, Representative Robin Hayes, and Representative G.K. Butterfield as well to this panel. Thank you very much.

Senator Dole, you may proceed.

**TESTIMONY OF THE HONORABLE ELIZABETH DOLE, SENATOR FROM THE STATE OF NORTH CAROLINA IN THE UNITED STATES SENATE; THE HONORABLE MIKE MCINTYRE, MEMBER OF THE UNITED STATES HOUSE OF REPRESENTATIVES FROM THE STATE OF NORTH CAROLINA; THE HONORABLE ROBIN HAYES, MEMBER OF THE UNITED STATES HOUSE OF REPRESENTATIVES FROM THE STATE OF NORTH CAROLINA; THE HONORABLE G.K. BUTTERFIELD, A MEMBER OF THE UNITED STATES HOUSE OF REPRESENTATIVES FROM THE STATE OF NORTH CAROLINA**

Senator DOLE. Thank you very much, Chairwoman Norton, Congresswoman Capito, members. I thank you very much for holding this hearing today and I welcome the opportunity to address the SouthEast Crescent Authority Act, SECA.

This important legislation, which is identical to a companion bill I introduced in the Senate, would improve the lives of people in economically distressed communities across the southeastern United States. I sincerely appreciate the hard work of my friend Congressman Mike McIntyre on this issue, and I am grateful for the work that Congressmen Hayes and Butterfield are doing to help get this legislation passed by the House of Representatives.

Broadly speaking, economically distressed hardly seems to describe my home State of North Carolina. Our statewide unemployment rate is a low 4.5 percent. Our economy is growing and adding new jobs. In fact, it was reported last month that 7,600 new tech jobs have been filled in just one year. North Carolina is home to

25 of the Fortune 500 companies, many of which are in Charlotte, the second largest financial center in the United States.

But if you travel beyond the glittering skyline of the queen city, the thriving research and university campuses of the Raleigh-Durham-Chapel Hill triangle, the bustling main streets and commerce centers of the Piedmont triad and our other cities, and the picturesque storefronts of our small towns, or if you just head down the road from the sprawling ocean front and mountainside vacation homes, you find a vastly different North Carolina. It is largely rural and it is significantly poorer.

It is in these parts of North Carolina where educational attainment tends to be lower, unemployment rates tend to be higher. The challenges of globalization have landed smack on the shoulders of the region's textile mill towns, tobacco producing areas, and furniture manufacturing communities. It is also in these parts of North Carolina where the rates of health problems such as cardiovascular disease, diabetes, and obesity are well above average. Just consider this. If the region east of Interstate 95 in North Carolina were its own State, it would rank fiftieth in terms of premature mortality.

Madam Chairwoman, my aim is certainly not to paint a depressing picture of rural North Carolina. Rather, I describe this all too often overlooked part of my State so that this Subcommittee understands the tremendous opportunity that SECA holds for certain areas in North Carolina and across the southeast, areas that while distressed still hold great promise.

SECA would provide the assistance to enable communities to leverage existing resources, update infrastructure, improve educational opportunities, and attract economic development. Proof positive is what the Appalachian Regional Commission, on which SECA is modelled, has done for parts of western North Carolina. According to the ARC, the percentage of Appalachian adults with a high school education has doubled over the past 30 years—doubled. Many residents now have access to adequate health care for the first time. And more than 840,000 Appalachian adults now have clean water and sanitation facilities.

While 29 of our counties in western North Carolina have benefitted from the Appalachian Regional Commission, there is no Federal partnership to help our 71 counties to the east, counties that could desperately use a helping hand. For example, one community that would greatly benefit from SECA is located in rural Washington County. Approximately 30 families there live in serious poverty, 8 miles away from the closest public sewer system.

Because these families do not have indoor plumbing, they are forced to rely on wellwater and outhouses. This is totally unacceptable in this day and age. Washington County has a modest operating budget of only $13 million per year, and three-quarters of these funds are allocated to State and federally-mandated programs such as health care, social services, and public safety. The county is financially unable to provide public sewer service to these families due to the lack of available programs at the State and Federal levels. This is just one example of where SECA could be a tremendous help.

Another place that would benefit from SECA is the town of Ahoskie, a small community of approximately 4,500 residents in rural Hertford County. Hertford County is classified as Tier I; meaning, it is among North Carolina's most economically deprived communities. According to the National Association of Development Organizations, Ahoskie's wastewater treatment plant has reached full capacity, placing a tremendous burden on the town's ability to grow and prosper. Under current estimates, the Town of Ahoskie must finance a $15.9 million project to expand the treatment plant. But it has only been able to secure $6.5 million in grant funding. In order to make up the over $9 million difference, the town will have to raise average sewer rates from $19 to $58 per household. This more than 200 percent rate increase will result in Ahoskie, one of the most economically depressed towns in the State, having the highest sewer fees in North Carolina.

Last year my friend Al Delia, the former director of Federal Relations at East Carolina University, testified before this Subcommittee about SECA. In his testimony, Al mentioned a conversation he had with former Appalachian Regional Commission national chair, who said, and I will quote Al: "ARC rarely puts in the most money to a project, but it often puts the first or the last money into a project. In effect, the ARC money is the glue that holds projects together."

Let me underscore, communities across North Carolina and throughout the southeast need this glue. These areas are hurting. And we have seen with ARC and similar development commissions that SECA would make that positive difference. I am proud to support this legislation because SECA is not just about trying to provide opportunity, SECA is about not missing out on the tremendous opportunity that is just within the region's grasp. Thank you very much for this opportunity to share my views this morning.

Ms. NORTON. Thank you, Senator Dole.

The way I am going to proceed is I am going to ask one question of Senator, and I am going to ask the three Members to go vote and then come back. Before I ask Senator Dole a question, I am going to ask any of those Members who are privileged to vote on the House floor whether they have a question first for the Senator because you now have a vote.

Mr. Oberstar?

Mr. OBERSTAR. Madam Chair, may I join you in welcoming Senator Dole.

Senator DOLE. Thank you very much.

Mr. OBERSTAR. It is wonderful to have our colleagues from the other body make the long journey.

[Laughter.]

Senator DOLE. Thank you. I appreciate that.

Mr. OBERSTAR. When Members from this side try to make the journey to the other side, there are more whitened bones along the 200 meters than along the old Chisholm Trail. But when they come from the other side over here, it is wonderful.

We have a partnership and we intend to work together, and we have a great delegation in your State with strong advocates on both sides of the aisle. And I said earlier, I am a strong advocate of regional economic development initiatives and probably have one

of the pens that Lyndon Johnson used to sign into law the Economic Development Act of 1965 and the Appalachian Regional Commission Act. I was on the staff with my predecessor over there in the corner, John Blotnik, when that legislation was created and drafted much of the language and the Committee Report on the bill. So all those years I have followed ARC and supported other regional economic development initiatives.

But I will say to this panel as I said to the previous one, in looking in over the draft and the proposed bill, I want to see more emphasis on regionality of projects. I also seek to develop kind of an umbrella entity for the regional commissions so that regionality really means something.

We had some very unfortunate experiences in the Upper Great Lakes Regional Commission of Minnesota, Wisconsin, Michigan that caused its collapse and I want to avoid such failures for other commissions going forward. I think an important way to do that is to ensure that in the mix you have projects that are truly regional in nature, that cross over boundaries, because geography determines your economics, not the political boundaries. And whether it is development of roadways, regional rail systems, or emphasis on wood fiber resource development, and I need not go any further than that, we should stimulate and provide incentives for and increased grant support for projects that truly are regional in nature.

Senator DOLE. Thank you very much. I appreciate those comments. And as we move forward together, we will certainly be looking at all aspects of this and understand exactly the message that you are conveying. Thank you very much.

Mr. OBERSTAR. Thank you, Senator.

Ms. NORTON. Before I ask my question, let me ask again if any member has a question? Mr. Coble, we are pleased to have you. I ask unanimous consent that Mr. Coble be welcomed to sit on the panel. He is not a member of the Subcommittee. Hearing no objection, Mr. Coble, you may speak.

Mr. COBLE. Thank you, Madam Chair. I just wanted to welcome my friends, particularly Senator Dole, to this side of the Hill. I may have to stay on the floor, Madam Chairman, and may not get to come back. But I am fully supportive. My six counties probably will not directly benefit but certainly will indirectly benefit, as will the entire State. Thank you, Madam Chairman.

Ms. NORTON. Yes, indeed. The members should go to vote.

I just have one question for the Senator—the bell does not toll for her, at least over here—and that is, I think people might be surprised to hear you talk about wellwater and outhouses in a part of North Carolina which we now associate with the New South and all that sort of thing and the Research Triangle. Again, the Chairman talked about how geography determines this. One side of the State is "in the Appalachian Region" because of where the Appalachian Mountains flow, and the other side equally poor and does not have the same benefit. Do you think that the focus should be first on clean water and sewer treatment with some Federal money leveraging state money to make the area seem like an area where businesses of various kinds would want to locate?

Senator DOLE. Certainly, that is a very important aspect. But I think there are many issues—education, economic opportunity,

health care access, infrastructure. All of these are aspects where grants would be provided. So many parts of the rural south just fall below the national average with regard to these areas. And I think that, you know, as I have said, east of I-95, yes, it is almost like two different States in terms of these areas that are economically depressed that really have no economic base off which they can build. So we have got to provide the basics, and certainly infrastructure is very important. The Town of Ahoskie cannot grow, it cannot prosper when the treatment plant is at full capacity. And to think that a town, one of the most depressed economically, people suffering in Ahoskie from this situation, that their water rates would go from $19 to $58 and they would be paying the highest sewer rates of any town in North Carolina, and yet they are one of the most economically depressed.

So I think we are on target to try to make the difference, to work this through carefully. I look forward to working with my colleagues to get this done in this session of Congress because it will make a tremendous difference to these areas of North Carolina and other parts of the southeast.

Ms. NORTON. I very much appreciate your coming, Senator Dole. And I want to say, one of the first things we say is if we did anything will the Senate reciprocate. So I am very pleased to have you here and to note your interest.

I am now going to call a recess until——

Mr. BUTTERFIELD. Madam Chairman.

Ms. NORTON. Yes, sir?

Mr. BUTTERFIELD. May I ask unanimous consent to enter my strong statement of support into the record in case I cannot get back?

Ms. NORTON. Indeed, sir.

Sorry for this bell, but I know I have held you already.

Senator DOLE. Thank you again for the opportunity to work together to get this done. Thank you.

Ms. NORTON. Thank you, Senator.

We will resume in about 20 minutes.

[Recess.]

Ms. NORTON. Mr. McIntyre, rather than hold you, and I am not sure if the other members are coming back, I understand Mr. Hayes has indicated that he wanted his remarks in the record, I would be happy to receive your testimony at this time.

Mr. MCINTYRE. Thank you so much, Madam Chairman. And you are correct, Representative Hayes told me he was doubtful he would be able to make it back. So I am happy to proceed. Thank you for your kindness.

Madam Chairwoman, many thanks to you for agreeing to hold this important hearing on legislation that I have introduced, H.R. 66, a bill to create the SouthEast Crescent Authority. And thanks also to Chairman Oberstar, who I know was here earlier, and to all the Subcommittee members.

This is a measure that I have introduced, as you may recall, every Congress since the 107th Congress. It has continued to receive bipartisan support and cosponsorship from Members from States throughout the Union, including several southern States. I want to also thank Senator Dole and my colleagues Representa-

tives Hayes and Butterfield, who are appearing on this panel as well today and for their presence earlier this morning.

In fact, the first time this bill was introduced, the first time, back in the 107th Congress, and subsequently, we have not only been warmly received, but the first time it received unanimous bipartisan support. My hope is that this Subcommittee will once again endorse this bill and perhaps this legislative session we can move it to full Committee and hopefully ultimately to the floor.

A Chapel Hill, North Carolina think tank that has studied changes in the south for almost 40 years, including in its State of the South Report for the year 2007, had information and statistics that examine the job and population growth, education systems, racial gaps, and economy of all the southern States. This report states: "As a result of the national economic slowdown of the early part of this decade, job growth stagnated in much of the south between the years 2000 and 2004." The report continues to state: "The slowdown illuminated the restructuring of the south's economy."

I can tell you well, as many of my friends in my neighborhood, my church, friends I grew up with in school, friends of our family, jobs in the textiles in our area and in furniture-making factories in other areas of North Carolina, those jobs are gone, they have fled, while jobs in services, retail, and the professions have come in. And as a Member that represents a district from one of these southern States, the 7th District of North Carolina, as discussed in this 2007 report, I understand the conventional wisdom that low-wage manufacturing jobs are being exchanged for even lower-wage service and retail jobs. However, this conventional wisdom only goes so far. And it is apparent that, as the 2007 report states, "A more high-tech, globally competitive economy has introduced new employment opportunities for southerners but," it says, "it has also destroyed jobs held by mature adults who have had prospects, very few, for shifting into jobs with comparable pay."

I know factories in my own hometown of Lumberton and in Robeson County and in adjoining counties particularly in southeast North Carolina where folks who had worked at factory jobs for the last 25 to 35 years, went straight out of high school, they got off the tobacco farms, were told that your future will not be in the tobacco farms, it will be in the factories, go work in the factories, then those children grew up, many of whom are my age now, and have been working in those factories literally for the last 25 to 35 years and now find themselves without a job and having to go back for worker retraining or trying to find the kind of opportunity at community colleges and other places so that they can find other jobs that may have somewhere that they hope they can get comparable pay.

Madam Chairman, the time is now in this situation and this atmosphere to work to change this pattern and ensure those individuals, whether they worked in textiles, tobacco, or manufacturing, and those communities that have been affected are not left behind. I am confident that the SouthEast Crescent Authority will do just that. The southeastern portion of our country, encompassing the States of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, and Florida, is an area that has seen poverty

rates well above the national average, unfortunately coupled with record unemployment. In fact, the Census Bureau found that in the calculation of poverty rates for 2003 to 2005 ten southern States exceeded the national average poverty rate of 12.6. And unfortunately, the educational gaps contribute to the economic gap, causing southerners to have even a harder time finding work that pays an above average wage that does not require education beyond high school.

The seven States in the SouthEastern Crescent Region also experience natural disasters at a rate two to three times greater than any other region of the U.S. I can tell you during my first four years in office we had six hurricanes alone strike North Carolina in our district. We know of the other tragedies and unfortunate situations with storms, floods, the effect of nor'easters and hurricanes, as mentioned, tornadoes, that the south is affected at a rate two to three times greater than other regions and this vulnerability to natural disasters only further exacerbates the ability to recover from economic distress.

This legislation is modeled primarily after the successful Appalachian Regional Commission, to which Mr. Oberstar referred earlier when Ms. Dole was testifying. It puts together a local-Federal-State partnership to lift our citizens out of poverty and to create jobs. Unfortunately, we have been hit by the double whammy with the high record levels of unemployment and poverty, the highest in the Nation over several of these years. We want to help. And that is what SECA would do, with infrastructure, education and job training, an emphasis on health care, entrepreneurship, small business development, and leadership development. The communities with the greatest need would be targeted and grants would be made according to the degree of distress.

Madam Chairwoman, the southeastern United States is one of the last vast areas of our country not to have a Federal focus on dealing with economic development and ending poverty and strengthening these communities. We know that the other various economic commissions all serve great areas, but the south has had no such entity. We have many projects, as I am sure we could discuss for a long time, where Federal funding like SECA could help make those projects a reality and help leverage the Federal funds into much greater return. This is just the final component that is missing to help the south truly have a chance to move ahead.

Madam Chairwoman, thank you for this opportunity to testify. SECA will be a valuable tool to assist local and county officials to work with regional officials. I know the Chairman, Mr. Oberstar, raised that issue with Ms. Dole earlier. We are focusing on working with councils of governments, which by definition serve regions that have a multi-county area, that can focus on those pockets of economic distress and that could leverage additional funds to allow our citizens to reach their economic potential. I am pleased we will have the opportunity to continue to hear from others from the affected region. We all share the same excitement to help this area of our country that, unfortunately, has been too often overlooked. This will be that opportunity to bring those new resources. This will be that final chance we have to access Federal monies to help

clean up the distress left in the wake of unemployment, poverty, drop-outs, and poor health care delivery.

Thank you so much for your willingness to hold this hearing. I look forward to working with you, Madam Chairwoman, the members of the Subcommittee, and, Lord willing, the full Committee so that we can move this to the floor. It is the least we can do to act now and to help the least of these who have suffered enough to help bolster economic progress and help them, indeed, fulfill their opportunity for the American dream. Thank you so much, and may God bless you as you consider this and deliberate upon it.

Ms. NORTON. Thank you very much, Mr. McIntyre. This is very interesting testimony. You indicated that the region, the SouthEast Crescent Region, those three, four, five States——

Mr. MCINTYRE. Seven States.

Ms. NORTON. Seven States.

Mr. MCINTYRE. Yes, ma'am.

Ms. NORTON. That region has had flat or only a slight increase in job creation. You know, what happened to the New South? What is the biggest impediment? Why has job growth, which in past decades spurted in this area, are slowed?

Mr. MCINTYRE. Thank you for asking that. That is why I would be happy to provide to the Committee in much more detail that State of the South Report, to which I referred, that has all the demographics and statistics. But let me say in more general terms, yes, there have been great opportunities, as Mrs. Dole indicated in her testimony. We know that banking and commerce are tremendous particularly in the Charlotte area, that runs right up to the South Carolina line from North Carolina. We know that the Research Triangle Park has been the cutting edge in terms of high-tech opportunity in the Raleigh-Durham-Chapel Hill-Cary area. We know Atlanta has taken off. And there are other certain areas that we can point to as beacons of progress, thankfully. But move beyond those areas and we are in great distress.

Madam Chairwoman, I can tell you as the Chairman of the Subcommittee on Rural Development over on the Agriculture Committee, we just had testimony two days ago on rural broadband access and the great distress that is suffered now because a lot of these areas do not even have broadband access to telemedicine, health care delivery, business opportunity, educational opportunity. In the Subcommittee that I Chair on Rural Development, this was a very vicious problem in terms of allowing any economic progress. For instance, in North Carolina 85 our 100 counties, which makes the math easy, therefore 85 percent of our counties in North Carolina are considered by definition rural. So, yes, we have 15 counties we are very proud of and that you regularly hear about as part of the New South, the other 85, including nearly all the ones except for one that I represent, are all involved in a dire situation with regard to poverty, with regard to high school drop-outs, with regard to worker retraining.

Let me say also another reason is, I mentioned earlier I grew up and I live on tobacco road, we all know the changes that have occurred with regard to tobacco production. It was the last, and a lot of people still do not realize this, when we did the tobacco buy-out, that I helped co-author a couple of sessions ago, that was the last

Federal farm program in America from the Depression Era that the farmers were still living under in eastern North Carolina and South Carolina and Virginia, down into Georgia and northern Florida. They are just coming out of that, just from the last two to three years, of living under a Depression Era federally-mandated farm program. And as they make the transition out of the tobacco economy, then we are hit with the whammy of the textile mills closing, which was to support farm families. Those are gone now with some the trade agreements that have occurred, that are a matter of record, and that has affected textiles and furniture, particularly in North Carolina.

I remember when President Clinton used to talk about how the trade agreements would positively affect America. We have had some positive benefits, as we know, but he also would say there would be pockets of distress. And yes, that is what this is targeted at is those pockets of distress, to use President Clinton's phrase, the economically distressed counties that are still way far behind the curve and that are still suffering from high unemployment levels because of the economic downturn they have suffered.

Ms. NORTON. Mr. Capito, do you have any questions for Mr. McIntyre?

Mrs. CAPITO. I want to thank the gentleman for his testimony. I appreciate the analysis that you made.

Mr. MCINTYRE. Thank you.

Mrs. CAPITO. I just have one quick question. Senator Dole in her comments mentioned that parts of North Carolina are part of the Appalachian Regional Commission.

Mr. MCINTYRE. Right.

Mrs. CAPITO. And I guess parts of the SouthEast Crescent Authority are also part of the Delta Regional Commission. Is that correct?

Mr. MCINTYRE. Not exactly. What we have tried to do, and Dr. Al Delia, who was with East Carolina University, and we have a representative from ECU today that is here on their behalf, did was to make sure there is no overlap. This covers counties that have not been helped. For instance, in North Carolina, yes, we have some counties way up in the western part of the State in the mountains that are part of the, thankfully, very successful Appalachian Regional Commission. I live five hours from the mountains because I am down from I-95, which I am sure you all are familiar with, and East to the coast. And it is that eastern part of I-95, as Senator Dole mentioned, that is the most severely affected by poverty and drop-outs and economic downturn.

We live on Tobacco Road, as I referred to earlier, and where the textile mills have closed. This is where we have some of the most impoverished counties actually in America, and these counties are not covered now at all in our State because we are so far East away from the mountains. This legislation covers eastern and central Virginia, the Carolinas, down to Georgia, northern Florida and over. This does not touch anywhere near the mountain areas, barely runs into the piedmont areas, which are the rolling hills between the mountains and the coastal plain.

Mrs. CAPITO. I thank you. I was just wondering about any kind of duplication. I know a lot of the coordination has to go through

the governors' offices. They are on the commissions and they do a lot of the detail work and the research work. I am sure it could be worked out. Anyway, thank you very much.

Mr. MCINTYRE. Thank you. In fact, if anything, the governor's office, for instance, could use ARC in the western part of our State, they would not have to reinvent the wheel, they could use it as an example for the counties down East, as we say, who are literally five hours away, 250 miles East of the mountains, that are still in this unfortunate poverty cycle that we are in.

Mrs. CAPITO. Thank you. I yield back.

Ms. NORTON. Thank you very much, Mrs. Capito. And I very much thank you, Mr. McIntyre, for coming and offering us this very helpful testimony.

Mr. MCINTYRE. Thank you, Ms. Norton. I appreciate your consideration. God bless you all in your work.

Ms. NORTON. I would like to ask what looks like a Texas delegation to come forward now. Mr. Cuellar, Mr. Reyes, Mr. Filner from California, Mr. Hinojosa, and Mr. Rodriguez, from Texas as well.

Mr. Cuellar, we will have begin. You said you had to be out of here by a time certain.

**TESTIMONY OF THE HONORABLE HENRY CUELLAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS; THE HONORABLE SILVESTRE REYES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS; THE HONORABLE BOB FILNER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA; THE HONORABLE RUBEN HINOJOSA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS; THE HONORABLE CIRO D. RODRIGUEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. CUELLAR. Thank you, Madam Chair. [Remarks made off mic.] First of all I want to thank Chairman Reyes. The Chairman is the elite sponsor and I want to thank Chairman Reyes for the leadership that he has taken.

I am honored to join Congressman Reyes as one of the cosponsors of H.R. 2068, the Southwest Regional Border Authority Act. This legislation strives to reverse the economic hardship facing our communities along the border. What I want to focus on, Madam Chair and members of the Committee, is the hundreds of thousands of citizens that live in the unique communities called colonias. I think Congressman Filner and Congressman Rodriguez know about the colonias. These are unincorporated communities that are composed of families with very low income and usually lack the basic services. They do not have water, they do not have sewage, they do not have sewer systems, they do not have the basic utilities that we take for granted.

As a former Texas Secretary of State, I can tell you that there are about 400,000 people living in more than 2,000 colonias in Texas alone. When you look, for example, at my congressional district, the average household income is about $28,866, which is about 31.3 percent below the national average. When you look at the people who live in the colonias, their average income is usually around $10,800 a year. So you are talking about people who have incomes of $10,800 a year, you are talking about people who do not

have water and sewers, you are talking about people that do not have the roads, and it affects them in so many ways. It is not only the physical infrastructure that is not available for them, but it is also what I call the social infrastructure, because they do not have access to health care and the other things that we take for granted.

I am in support of this legislation because it is one way that the Federal Government can join the States along the southwest border. I know in the State of Texas as a former legislator, and I believe I passed probably the landmark legislation that we had in Texas at the State level dealing with colonias, but also as a former Secretary of State, I can tell you that when you talk about 400,000 people that live in the colonias just in Texas, and Mr. Filner can talk about California also, you are talking about 2,000 colonias that are basically "people that live in Third World conditions." I certainly would invite you all to come in. I think once you walk out of one of the colonias you will see that we are not exaggerating. We are talking about people that really are living in very difficult areas.

I will close at this time, Madam Chair. I want to thank you. I have to go introduce the Tejano, I think means Texan, of the Year for the Speaker; I think the Members are going to join me. But I want to thank you, and I certainly want to thank Chairman Reyes, Mr. Filner, and Mr. Rodriguez, but especially Mr. Reyes for taking the lead on this. Thank you.

Ms. NORTON. Thank you. Obviously, the notion of such primitive conditions should make us understand there is a lot of work to be done on this issue. We appreciate your testimony. Thank you very much for coming.

Mr. Reyes.

Mr. REYES. Good morning, Madam Chair and Ranking Member Capito. Thank you very much for holding this hearing and for allowing me to testify on H.R. 2068, the Southwest Regional Border Authority Act. I would also like to thank Chairman Oberstar for his vision in helping me with this issue, and also to thank all my colleagues here from the U.S.-Mexico border region for their support in creation of this very important piece of legislation.

Members of the Subcommittee, I am here today to talk about the conditions that exist in many places along the border and to give you I think a better understanding of the great need for the creation of a regional economic development authority for the southwest border region of the United States. It was because of this need in places like my congressional district of El Paso, Texas, that I introduced H.R. 2068. I just want the members to understand that I have introduced this particular legislation for the past three congresses. I would greatly appreciate your support to move this legislation very important to our border region in this the 110th Congress.

The southwest border region, as defined in H.R. 2068, includes all counties within 150 miles of the U.S.-Mexico border. This region contains 11 counties in New Mexico, 65 counties in Texas, 10 counties in Arizona, and 7 counties in California, for a combined population of approximately 29 million people. According to research compiled by the Interagency Task Force on Economic Development of the Southwest Border, 20 percent of the residents in this region

of the Nation live below the poverty level. Unemployment rates often reach as high as five times the national unemployment rate. And a lack of adequate access to capital has created economic disparities and has made it very difficulty for businesses to start up and to remain in business in this border region. Border communities have long endured a depressed economy and very low paying jobs.

Our economic challenges partly stem from our position as a border community. Economic development in border communities is difficult to stimulate without assistance from the Government, private sector, and community non-profits. H.R. 2068 would help foster planning to encourage infrastructure development, technology development, and deployment of that technology, education and workforce development, and community development through entrepreneurship.

Modeled in part after the Appalachian Regional Commission, the Southwest Border Region Authority would be successful because of four guiding principles:

First, the Authority would fund proposals designed at the local level, followed by approval at the State level, in order to meet regional economic development goals.

Second, these projects would lead to the creation of a diversified regional economy to be prioritized. Currently, States and counties often are forced to compete against each other for the very limited funding that is available.

Third, the Authority would be an independent agency. Having the Authority set up in this manner would keep it from having to attempt to satisfy another Federal agency's mission requirements when determining which projects are to be funded.

And finally, the Authority would be comprised of one Senate confirmed Federal representative and the governors of the States of Texas, New Mexico, Arizona, and California. The proposed structure would allow equal representation by each State and a liaison back to the Federal agencies.

For too long, Madam Chair, the needs of the southwest border region have been either ignored or overlooked and certainly underfunded. We need to recognize all of the challenges facing this potentially vibrant border and to help the region make the most of its many, many assets. One important part of that effort would be to establish a new economic development opportunity in the southwest through an authority created by H.R. 2068, the Southwest Border Regional Authority Act.

Madam Chair, I want to thank you and Ranking Member for allowing me to speak on behalf of this very important legislation. I would be glad to answer any questions you might have. Thank you very much.

Ms. NORTON. Thank you very much, Representative Reyes, for this testimony on this terrible poverty in the southwest region. Again, that is not what people think of when they think of Texas. And so you have brought to light an important problem somehow or the other we are going to have to deal with.

Mr. Filner.

Mr. FILNER. Thank you, Madam Chair. Thank you for holding this hearing. We thank Mr. Reyes for the legislation. And I accept your apology for lumping me in with the Texans.

[Laughter.]

Ms. NORTON. Well, I do not know what rich California is doing here in the first place.

[Laughter.]

Mr. FILNER. Well let me tell you. I represent the entire Mexico-California border. The issue I think for us is that because of the border, which impacts every aspect of life in our community, what happens there is a result of national policy and yet the local communities are expected to bear the brunt of that. And I just want to give you a few examples.

Interestingly enough, Madam Chair, 300,000 people per day go back and forth across the border in my district, legally, 300,000 a day. That is an incredible movement. That is a major city going back and forth. When we built the border crossings which handle this incredible volume of traffic, the local infrastructure was not considered. When NAFTA, for example, lead to an increase of trucks from, say, 1500 to 3000 a day, there was no road envisioned, planned, or built to take that traffic to the Interstate Highway System. Local roads had to handle it. Those roads are now the most dangerous roads in America because of this heavy international truck traffic. Yet the Federal Government, whose policy resulted in the traffic, did nothing to help ameliorate it.

I am probably the only Congressman in America who can say that 50 million gallons of raw sewage flows daily through my district. That is because the rivers that come from south of the border in Tijuana and other parts of Baja flow north, the Tijuana River in one part of my district, the New River and Alamo River in another part, flow through my district, one of them into the Pacific Ocean. Because Tijuana has no sewage facilities for more than half of its population of two or three million, that raw sewage, which gets dumped in back gullies and flows into a river, comes through my district. It is an international problem.

The local community cannot afford to build a waste treatment plant to cover that. It took us two decades to finally get one built at the border and it was obsolete the day it opened. That took two decades to get Federal funding for that infrastructure. And everybody in America is entitled to waste treatment, and yet we at the border did not have that. Mexico could not handle it. We had to do it to protect the health of our own citizens, and yet the local community has to bear the brunt.

One of my counties at the border is a nonattainment area for a particulate matter. The Mexican city of Mexicali in fact produces much of the pollution that U.S. citizens have to deal with. And yet we are required under the law to mitigate that pollution. It is not pollution coming from our Nation, and so how can our communities be burdened with the expense of that.

We can go on and on. Local hospitals have closed in my area because of the impact of having to provide medical care for poor and also undocumented workers. In every aspect, whether you talk about health, transportation, environmental protection, highways, other means of infrastructure, the border impacts the local commu-

nities. The mechanism that Mr. Reyes envisions in this bill will help us get support for doing the work that has to be done just for the quality of life that everybody else in America enjoys but because of the border pressures we cannot afford.

So we are looking forward to the passage of this bill and to these mechanisms to help us deal with these very crucial problems. Thank you, Madam Chair.

Ms. NORTON. Thank you very much, Mr. Filner.

Mr. Rodriguez.

Mr. RODRIGUEZ. Thank you, Madam Chair. Thank you very much for allowing us this opportunity to present to you some of our concerns and ask for your support on this important legislation. Let me also take this opportunity to thank Congressman Silvestre Reyes for introducing this legislation that is drastically needed. Let me also indicate to you that there is a real serious situation on the border and the Southwest Regional Border Authority Act provides the opportunity for many communities along the border to receive the assistance and resources they have long needed in order for them to develop their infrastructure and economic prosperity.

Madam Chair, I represent an extensive district that spans from El Paso County, far West Texas, to Dimmit County, close to 700 miles along the Mexican border, and also up 150 miles to San Antonio. This district encompasses one of the largest stretches of border of any other that is contiguous in the United States. I have represented this district for the last five months. But as I have travelled through the 20 counties which I represent in the 23rd Congressional District, I have seen some of the poorest counties in the entire country. The Southwest Regional Border Authority Act brings the Federal Government to the border and this particular legislation can help enhance that community.

I would like to share with the Committee a situation in a community in my district that we are facing. They are a small rural community that was in great need of a wastewater treatment plant, and I have several that fit this description. The current wastewater plant was built years ago on a flood plain, and with the annual rains came the overflow of waste. The State environmental agency had threatened to fine this particular community. The community applied and received approval from the USDA Rural Development Loan Grant Program. They were approved and the award was granted, an 80 percent loan, 20 percent grant. This posed a significant problem for this particular community. They have very little resources and could not afford the payment on the loan to be able to make that happen. These rural communities have a very small tax base and most of the individuals go at this time of year to the north to work in the fields, then come back to the community. These are communities that as they go they build their own homes, without any insurance, and have very little resources.

The community ended up accepting the award, but other communities have not always been that fortunate. Now they find themselves having to double and in some cases triple the amount that they charge for water in order to pay for that loan. The Southwest Regional Border Authority Act could help in future situations such as this. It includes a section intended to supplement Federal grant programs. Section 206 of this bill provides opportunities for the

communities who are unable to take advantage of current Federal grant programs because they do not have the required State or local match funds that are needed in order for them to be able to access those loans.

Madam Chair, this is just one example of the situation that we find ourselves in along the border. As I traveled through all of the 20 of my counties, what I heard over and over again was Congressman, please help us help ourselves. I believe this bill does that.

Let me also share one thing that is seldom understood. Every single community, and I will mention Eagle Pass, Texas, that just got hit with a tornado, a very small community, about 34,000, 35,000, 7 people were killed, and finally after seven days the Administration is there to help out—but the Mexican border side has over 300,000 people. Each community, when you look at El Paso, Juarez is approximately, what, over a million people, 2 million people.

As Congressman Filner indicated, the communities on the other side are usually ten times larger than our communities, they continually come and use our infrastructure, they use our access to health care, they use all of our facilities, and those burdens usually have to be carried by the local individuals there, such as law enforcement and other facilities. That is one of the areas that is often overlooked and not understood, that individuals come over and purchase on our side and go back, but they use our infrastructure. So we ask for your help and your assistance.

I will close by sharing with you. I have had this district for just five months. I went to one of the communities when I was campaigning and afterwards they asked me for an all-weather road so the Border Patrol could go through there for checking. And I felt like telling them, my God, you need an all-weather road on all your existing roads. We have some communities that are on the U.S. side and they almost look like, this sounds very bad, but it looks like we are in a Third World country in some of those communities, and I am talking about on the U.S. side. So I would ask for your help and your assistance in this area. It is an area that, as we look at trade with NAFTA, these are the areas that need infrastructure in order to allow those 18-wheelers to go up north to Chicago through Eagle Pass, and Del Rio, and some of my communities, Presidio. So I ask for your help and your assistance in making this happen. Thank you very much, Madam Chair.

Ms. NORTON. I thank all three of you for your testimony. I think most Americans have no idea about the grinding poverty you are talking about. That is just not the image we have of our country. And as to California and Texas, you appear to share more than a border. And, yes, importantly, your Southwest Border Regional Authority would cross State lines. These appear to be all border towns. They are the first towns that would receive immigration, legal and illegal. It is as if when emigrants came in the 19th century, the very first place they settled, they settled right in New York, New Jersey, in the first places they hit. Of course, the difference was that they came because there was an overwhelming need for work. So nobody would have thought you needed some kind of economic development. They needed jobs and that was the

economic development. The conditions were not the best, but then we rectified that.

I would like to know, would your Southwest Border Authority bill set up the first network for working together in these two States on the impact of immigration from a poorer country to our country? Is there any existing network, or would you in effect be creating it?

Mr. REYES. Our legislation, as I said, models the legislation from Appalachia. What we are trying to do with this legislation is provide an economic development engine for border counties. We are not only America's first line of defense, we are also America's best economic opportunity, because trade and commerce, since the passage of the North American Free Trade Agreement, comes through all of our respective communities. There are four major trade routes coming into the United States from Mexico, and by extension from Latin America. They come through these four States.

So this is an opportunity to provide one authority that would take into account all four States. It would be working under a coordinated effort, also in conjunction with the State governments, the governor would have an appointee on this board. So we feel that it does three very important things: first, it is a coordinated effort; secondly, it addresses the biggest problem in terms of the economies of our border region, and that is giving our communities an economic development engine; and third, it also provides under this coordinated effort an opportunity for States to work together. But more than that, it provides a vehicle where we hope we can use it as a springboard to bring Mexico into the equation. In other words, everything on our border we feel strongly, I am not speaking for the other Members, but having heard them speak before, we all feel very strongly that Mexico needs to be looked at as a partner. Whether it is dealing with issues in border enforcement, economic opportunity, trade, commerce, tourism, our communities are interlaced or interlocked. And this authority would give us a great springboard for that.

Mr. FILNER. Ms. Norton, if I may add.

Ms. NORTON. Yes, Mr. Filner.

Mr. FILNER. You hit upon a very good question. There is no institutional mechanism that unites us. This would be the first. We have informal alliances. We have a border caucus in Congress; the governors have a border governors conference; and the counties have a border counties caucus. So we have these attempts to work together informally, but there is no institutionalized mechanism and this would be a credible step forward.

Ms. NORTON. Yes, Mr. Rodriguez?

Mr. RODRIGUEZ. Let me just reinforce the fact that this is essential and critical. I have always said that this would be a good way for us also to communicate with each other. I have always felt real strongly that in order to protect our country, we also need to be well aware in terms of what is happening in Mexico and for us to have good relationships. And what better way than to be working on projects together. I think this legislation allows that to begin to occur. So I ask for your serious consideration.

Ms. NORTON. Well thank you very much. Formalizing this border relationship across States will be very important. If one State

works by itself on reducing poverty and economic development, you just simply end up exchanging poor people. Well, poor people will go to where the economic development appears and where there are jobs, and you do not get anywhere that way. This is one value of being the United States; we can work across borders.

I must say what is most intriguing to me about your testimony is this opportunity for the several States to work together now not only on border protection issues, which obviously is already occurring, that is a Federal issue, but on issues on which we are deeply implicated but issues of poverty which come to you because of where you happen to be located.

I am going to ask the Ranking Member, Mrs. Capito, if she has any questions for the panel.

Mrs. CAPITO. Thank you Madam Chair. I do not really have a question. Well, I guess I do have a question. Since your region is so vastly different than my region, which is a part of the Appalachian Regional Commission, and I mentioned to the panel before this that we are always struggling to fund the ARC and have been for decades now to keep the funding source and stream going. But in realizing that, the monies there are monies that are supplemental to what you are already doing in Texas and in California to help I am sure alleviate some of the problems that you have described.

I am kind of curious to know how a commission created by States would be able to interact with Mexico. I am sure that is something that could be worked out and I am certain that it is necessary as you move through the process. But I am just interested to know, in each of your two States, what kind of efforts the States are doing right now to try to alleviate this. And how do you think a commission like this would come in, as an overseer, or as a supplementer, or as a replacement?

Mr. REYES. Thank you for that question. It is a great question and gives us an opportunity to let the Committee know that there are already organizations such as the Border Health Commission that takes that into account. Because when we look at the border region, as my colleague Mr. Filner mentioned, there is no way to keep out pollution from Mexico, or vice versa. Although the international boundary exists, it is an imaginary line. So issues of pollution, contamination, as Mr. Filner said, the problems that they have with sewer treatment, affect both sides of the border.

We have the Border Health Commission, the Border Economic Commission, and we have the Pan American Health Organization. There are a number of organizations that have been in place already that serve as models for what we think will spring from this authority, and that is to help address the number one issue of the border region in terms of poverty, unemployment and even underemployment, because underemployment is a huge issue along the border region. So we would be very happy to provide you additional information because in this short period of time it is impossible to really fully cover it but I think it would be worthwhile for the Committee to consider.

Mr. FILNER. Just briefly. You raise a really important issue. Obviously, the Federal governments have the policy and the authority at the border areas, and yet both Washington and Mexico City do

not really understand the border. The relationships have been built around local relationships. I mean, it is a truly binational community—families, jobs, education, everybody going back and forth all the time. Families have relationships, mayors have relationships, the governors have tried in recent years, but the Federal governments do not come as an integrative force from either country. Obviously, the policies affect what is going on but there is no attempt at the federal level to really integrate with the things at that local level. So we need this kind of organization, we need others. Right now we try to survive with local relationships when it is the two Federal governments that have the power and have not used that power to really aid our border communities in a realistic way.

Mrs. CAPITO. Thank you. I yield back.

Mr. RODRIGUEZ. I just want to add. Our problem right now, and I would say especially with Mexico but also probably with Canada, we need new institutions that allow us to begin to dialogue together, and this allows that and it allows an opportunity to create those new institutions. I am sure there are others that are needed and that are lacking there. To give an example, the tornado hit and I went and visited both Piedras Negras and they got hit harder.

They are very different the way they operate. They cut to the chase, they were out there cleaning up. After five days they were offering help to us. I told the county judge there, go in and take it, and so they came over and started helping us. I went across and the reason I went across is because during Katrina we had 20,000 people in San Antonio, the Mexican army came into San Antonio and they just came in and set up and they did not ask for anything, they just started to feed people, and they fed people there for about 20 days or so. And so I went over there to pay my respects and because they also had lost three lives with the tornado, we lost seven.

And so I think this will allow us to begin to create those institutions that might be needed. Maybe later on there might be some changes that we might have to make. But I think this is an essential institution that would help us dialogue together and make some things happen that are positive for both side.

Ms. NORTON. Again, I want to thank all three of you from the now California/Texas delegation for coming to testify here. It has been very, very informative and very helpful to us as we try to see if we can find some way to be of assistance to you. Again, thank you very much for your testimony this morning.

Mr. REYES. Thank you, Madam Chair. We will provide that additional information for the record.

Ms. NORTON. Thank you very much.

The hearing is now adjourned.

[Whereupon, at 12:25 p.m., the committee was adjourned.]

**Subcommittee on Economic Development, Public Buildings and Emergency Management**

**Hearing on "Economic Development Commissions"**
**Thursday, May 3, 2007**

**Statement – Congressman Jason Altmire (PA-04)**

Thank you, Chairwoman Norton, for holding today's hearing on Economic Development Commissions. In the interest of time, I will keep my comments brief. I applaud the efforts of my colleagues to advance proposals that provide economic development in communities suffering economic distress. Rep. McIntyre's legislation would create a SouthEast Crescent Authority to cover parts of seven states and would include counties in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Virginia. The Northern Border Economic Development Commission, as defined in my freshman colleague, Rep. Hodes' bill, would include Maine, New Hampshire, New York, and Vermont. The final bill that we are considering here today was introduced by Rep. Reyes and would establish a Southwest Regional Border Authority to cover certain counties in Arizona, California, New Mexico, and Texas.

Modeled after the other regional authorities, including the Appalachian Regional Commission which covers my entire district in western Pennsylvania, the proposed Economic Development Commissions would help foster economic development and job creation in these parts of the country. I look forward to learning more about each proposal today and to working with my colleagues to advance their regional economic development initiatives.

Thank you again, Madam Chair. I yield back the balance of my time.

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**U.S. Representative Michael A. Arcuri (NY-24)**
**Subcommittee on Economic Development, Public Buildings, and Emergency Management hearing: SouthEast Crescent Authority, the Northern Border Economic Development Commission, and the Southwest Regional Border Authority**
**Opening Remarks**
**May 3, 2007**

Thank you, Madame Chair.

I would like to thank Chairwoman Norton for holding this hearing today on the Northern Border Economic Development Commission, Southern Crescent Authority, and the Southwest Regional Border Authority – all fine legislative proposals that will help bring economic development to regions of our country that are in desperate need of revitalization.

Also, I would like to share my deep appreciation to Mr. Hodes, the lead author of the Northern Border Economic Development Commission bill, my esteemed colleague from New York, Mr. McHugh, and the rest of the distinguished Members on this panel for taking the time to come here and express their deep support in favor of the establishment of this Commission.

I am proud to join the chorus of supporters here today as an original cosponsor of H.R. 1548, the Northern Border Economic Development Commission Act of 2007.

This bipartisan legislation would create a Northern Border Economic Development Commission that would bring much needed job creation and economic development resources to the Northeast region. Maine, New Hampshire, Vermont and Upstate New York will all benefit tremendously from the establishment of this Commission because it will assess and address the very specific needs, assets, and challenges of this region as a whole.

The Commission would create a federal-state partnership where local development districts and other non-profits bring project ideas and priorities to the Commission from the local level to promote economic development through regional planning, technical assistance, and funding of projects aimed at encouraging economic prosperity. Specifically, by providing grants for local transportation infrastructure projects, broadband development, alternative energy projects, agricultural development, and health care facilities.

Most importantly, this legislation is modeled after the very successful Appalachian Regional Commission (ARC) approach, an idea conceived by the distinguished Full committee Chair, Mr. Oberstar, when he was a staffer on this very committee over 40 years ago.

Simply put, the numbers speak for themselves. Since its creation, the ARC has reduced the number of distressed counties in its region from 219 to 100, cut the poverty rate from 31% to 15%, and helped 1,400 businesses create 26,000 new jobs since its establishment.

Speaking from personal experience, 6 counties in my Upstate New York district, which I am proud to represent, have experienced similar success. The Village of Sherburne, NY in Chenango County is a great example of how small ARC awarded grants are extremely helpful in

leveraging additional funds from state, local, and private sources for economic development initiatives that create jobs. A $200,000 grant from the ARC for the enhancement of aging water infrastructure in Sherburne – a problem that is plaguing many states in the Northeast – was able to leverage close to $4 million in state and local community investment. By providing enhanced infrastructure capabilities, Sherburne, NY has become a home for a number of new businesses in the area and continues to attract new investment.

The Northern Border Economic Development Commission not only will extend similar benefits to economically distressed counties in Maine, New Hampshire and Vermont, but will also allow Upstate New York counties like Oneida, Herkimer, Cayuga and Seneca to enjoy the same benefits their neighboring counties in the Southern Tier enjoy under the Appalachian Regional Commission.

Over the last several decades, Upstate New York has had a consistent pattern of economic distress as a result of substantial losses in the manufacturing sector, coupled with aging infrastructure and lack of opportunities for a skilled workforce. My district alone has seen a staggering loss of more than 14,000 manufacturing jobs between 2000 and 2005. This has been devastating to our local communities. However, this isn't an anomaly, it is extremely characteristic of several states in the Northeast and a targeted regional approach, like the one created by this bill, can help bring back economic vitality to a region in dire need.

A question you may ask yourself is: *How does helping the Northeast benefit Americans across the country?* It benefits all Americans because this is a smart, forward-looking investment in maintaining the future competitiveness of the entire U.S. economy. As the saying goes, "A rising tide lifts all boats."

As my predecessor, Sherry Boehlert, a former senior member of Transportation and Committee used to say, "For years, America could look over its shoulder and other nations would be miles behind in terms of competitiveness, innovation and education, but nowadays when our nation looks over its shoulder those same countries are within arms reach."

We need to act now to ensure that every American has access to job training, employment-related education, and high-tech infrastructure, so that we can retain and grow our global competitive edge. And I am confident the Northern Border Economic Development Commission Act will help us achieve that end.

Madame Chair, I look forward to working together with my colleagues on both sides of the aisle to expedite the consideration of this bill before the subcommittee and Full Committee.

Thank you, I yield back the balance of my time.

Submit for Record

**OPENING STATEMENT OF REP. STEVE COHEN**

Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings and Emergency Management

"The Southeast Crescent Authority, the Northern Border Economic Development Commission and Southwest Regional Border Authority"

May 3, 2007

I look forward to hearing from my House colleagues today as well as the Honorable Senator from North Carolina, Elizabeth Dole in support of the SouthEast Crescent Authority, the Northern Border Economic Development Commission and the Southwest Regional Border Authority.

As you may know, my district is located within the Delta Regional Authority, which encompasses 240 counties and eight states across the delta including Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri and Tennessee. Established by Congress in 2000, the Delta Regional Authority (DRA) has provided valued assistance to these areas fostering almost 31,000 jobs and providing drinking water and sewer services to more than 24,000 families in its first five years.

Unfortunately, there are countless communities, some not far outside its borders, suffering from higher than-average rates of unemployment, poverty and job loss. I am a strong proponent of initiatives which would advance economic opportunity in a fashion similar to the DRA.

I look forward to hearing from our Members today on the importance of establishing these commissions and their potential impacts on the districts they have been elected to represent.

**Statement of Congressman Mike Michaud**
**Before the Subcommittee on Economic Development, Public Buildings, and Emergency Management**
**May 3, 2007**

Thank you very much Madame Chairwoman and Mr. Ranking Member, for holding this hearing. Chairwoman Norton, you have been an incredible advocate for economic development and for helping regions that are struggling, and on behalf of one such region, I thank you.

I also want to recognize our colleagues Mr. Hodes, Mr. Welch, and Mr. McHugh, who are here today to give testimony, and Mr. Arcuri, who is a member of this committee. Their work, and the work of their staffs, has been invaluable in developing this legislation. They are truly dedicated to helping improve the economy in our region.

I first led our group of bipartisan cosponsors three years ago in developing this bill, and I especially want to commend Mr. Hodes, who has shown extraordinary leadership in heading up our group on this legislation in this Congress.

For 40 years, ARC has shown us an effective way to address regional economic distress. ARC has helped to reduce the region's poverty rate by half, cut the infant mortality rate by two-thirds, and create hundreds of thousands of new jobs. In the last 5 years, ARC-funded projects have resulted in the creation or retention of 136,000 jobs.

The federal investment in ARC has also been a good investment for the American taxpayer. In Fiscal Year 2005, each dollar of ARC funding leveraged $2.57 in other public funding and $8.46 in private funding.

Clearly, a small federal investment is going a long way toward creating jobs, infrastructure, business opportunities, and hope for the future.

In the Northern Border region, we have seen a clear, persistent pattern of longstanding economic distress. It spreads across several states, and has a common character — the loss of natural resource-based industries and aging, crumbling infrastructure. A lack of transportation infrastructure has left it geographically isolated, just like the ARC region was historically.

If you look at the 28 counties that lie on the border or right next to the border between Maine and Cayuga County, New York, you find poverty above the national average, median household income that is $7500 below the national average, persistent unemployment that is consistently higher than the rest of the country, and most striking of all, a loss of almost 1% of population between 1990 and 2000, compared to 13% growth nationally over the same period.

Clearly, this region has a compelling need for investment.

The bill to create the Northern Border Commission is written to be consistent with the proven management structure of ARC, and other existing commissions. It has a strong role for states and localities, while maintaining federal oversight.

As we have heard in testimony before this subcommittee, most recently on January 23rd of this year, regional commissions are an extremely valuable tool to promote economic development. They can help us address the unique challenges of different regions without duplicating other federal programs. I think the testimony today and in the hearing of July 10 of last year shows that our region has a pressing need, and that a regional commission could help us tremendously.

A regional commission can help us invest in transportation, health care, agriculture, broadband, and alternative energy. It can help us create jobs for the long term.

We have all the ingredients we need to face our challenges head-on, and make our region an economic engine — a regional commission would bring us the resources and leadership we need to make a fundamental change in our future.

Ms. Chairman and Mr. Ranking Member, I would suggest a set of five principles or guidelines that we should use to decide whether we should add new regional commissions.
First, any proposed region should have clear economic distress that has persisted over a long period of time. The federal government cannot react to every local downturn — but it should be focused on fighting long-term, structural economic problems in a region.

Second, the region should either be spread over multiple states, or the economic problems that it addresses should be so severe that no state acting alone would be able to deal with them. In other words, there should be a clear federal interest and a federal role.

Third — and this is extremely important — the proposed region should have a common character. It should be geographically linked together, and it should cover an area that has common economic challenges and assets.

In other words, it should be an area where a regional commission can address a clear set of regional problems, and can use the region's assets to help build new economic opportunities.

Fourth, any new commission must have a clear, consistent structure with an appropriate balance of federal, state, and local roles. The federal government should not be imposing solutions on states, but it must maintain oversight. Local economic development professionals and stakeholders must have a strong role.

And finally, we should have a rational process for setting up any new commissions. It should be done by this committee, where the oversight has always been, and with a clear understanding of that they would be administered in a similar efficient, common sense model like the ARC.

Madame Chairman, of course I have a small bias in this matter. But I do believe that our proposed commission would meet all of these guidelines.

In closing, Madame Chairman, I can say from personal experience that this commission is sorely needed. Like my father and grandfather before me, I left school and went straight to work in the

paper mill in my home town. 28 years later, and two days after I was elected to Congress, the mill went bankrupt. My hometown was devastated.

The story of my town and the mill where I worked has been repeated across our region. That is why this bill has the strong bipartisan support of our group of cosponsors. It also has the united support of economic development district directors, local NGOs, and major conservation groups.

I look forward to hearing the testimony of the witnesses and to moving forward with legislation to improve the lives of people living in the most economically distressed regions of our country.

CONGRESSMAN G. K. BUTTERFIELD
TESTIMONY ON THE SOUTHEAST CRESCENT AUTHORITY
MAY 3, 2007

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
*SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,*
*PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT*
*COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE*

According to the U.S. Census Bureau, I represent one of the nation's poorest regions. In fact, The First Congressional District of North Carolina is the 15th poorest district in the United States. Nearly 30 percent of the children and well over 20 percent of all people living in the district are poor. This is illustrated by the nearly one in 20 homes in some counties don't have a telephone or a kitchen, and by the fact that many people are still living without indoor plumbing. These numbers paint a bleak picture. I know personally that for far too many people living in the First District of North Carolina, these revelations are much more than just numbers. These sad and terrible realities embody a good number of my constituents. Economic development authorities like the proposed SouthEast Crescent Authority, which is H.R. 66, will help alleviate poverty and unemployment, and promote economic growth in a distressed and struggling region. I fully support its creation.

I co-chair the Congressional Out of Poverty Caucus, which is comprised of a group of Members whose ultimate goal is to see poverty eradicated across our country. Members of the Caucus see economic development authorities like the Appalachian Regional Commission as having tremendous and far-reaching success in eliminating large pockets of poverty. I hope to see a similar program developed in the South East region.

My Congressional District's per capita income is $7,000 below the state average and close to $10,000 below the national average. Like many places in America, it was not long ago that manufacturing provided great economic opportunities and jobs in Eastern North Carolina, but times have changed.

In Oxford, North Carolina, a town in my district with a population of about 12,000, a textile manufacturer called Burlington Mills, which employed a several hundred people closed its doors a little over a decade ago leaving its employees looking for other work where there is little to be found. In Plymouth, North Carolina, population 4,100, Weyerhaeuser has downsized its workforce from 2,000 to 700, a 65% decrease. The town of Rocky Mount, North Carolina lost 3 textile mills while the Town of Jamesville saw the shutdown of McMurray Fabrics and a loss of nearly 150 jobs.

East Carolina University's Regional Development Institute, which is located in my Congressional District, in collaboration with North Carolina State University, North Carolina A & T University, UNC-Wilmington and the regional development organizations from the seven states in the proposed SouthEast Crescent Authority region have been working together to obtain federal authorization and funding for its creation. It is imperative that the Committee report H.R. 66 favorably. The SouthEast Crescent Authority is desperately needed and long overdue. I believe strongly in the merits and goals of the bill.

# TESTIMONY OF CONGRESSMAN HENRY CUELLAR, PH.D.

**Southwest Regional Border Authority Act**
**Subcommittee on Public Buildings, Economic Development, and Emergency Management**
**Thursday May 6, 2007**

I want to start by thanking Chairwoman Holmes Norton and Ranking Member Graves, as well as the other Members of the Subcommittee on Public Buildings, Economic Development, and Emergency Management for hosting me today.

I am honored to have joined Congressman Reyes as an original cosponsor of H.R. 2068, Southwest Regional Border Authority Act. This legislation strives to reverse the economic hardship faced in communities along the US Mexico border.

Across the Southern Border of the United States live hundreds of thousands of citizens in unique communities called "Colonias." These normally unincorporated communities are composed of families with very low incomes and usually lack basic services such as clean and abundant water, roads, sewer systems, schools, and law enforcement. According the Texas Secretary of State there are approximately 400,000 people living in more than 2,000 Colonias in Texas alone. These communities especially need help from the creation of the Southwest Regional Border Authority.

In my district the average household income is $28,866, which is 31.3% below the national average. There are over 40,065 families below poverty line. The working poor are most in need of economic help. The general prosperity of the region continues to be hampered by low wages and high unemployment. The Border's jobless rate averages almost 3.5 percentage points above the statewide rate.

It is clear that the border region is ripe with the potential of business development. It is important to provide these future entrepreneurs with the skills and assistance needed to turn our nation's border economy around. Due to the location, the greatest potential is through trade, yet we must ensure that the infrastructure exists to create companies and expand job opportunities.

The legislation will create an independent joint federal-state agency to coordinate economic development projects in the Southwest border region. The new agency would bring together local, state and national leaders in an effort to address the long term economic needs of the region. Through this coordination improvements will be made to the region's water, sewer, telecommunications, technology and transportation infrastructure.

Congress has a long success record in creating regional economic development commissions such as the Appalachian Regional Commission and the Delta Regional Authority. These government entities helped to spur growth, create jobs, and improve the quality of life for the people living within them. In this same vein I believe we must address the unique economic problems facing the Southwest border. The Southwest Regional Border Authority Act will bring needed attention to the region.

I commend this Subcommittee for reviewing this important legislation and urge your support in moving it through Congress. Together we can improve the economy and thus the quality of life for thousands of people living along the US Mexico border.

**Senator Elizabeth Dole**
**Testimony to the House Transportation & Infrastructure Committee**
**Subcommittee on Economic Development, Public Buildings, and Emergency Management**
**Thursday, May 3, 2007**

***Remarks as Prepared***

Chairwoman Norton and Ranking Member Graves, thank you very much for holding this hearing today. I welcome the opportunity to discuss the Southeast Crescent Authority, or SECA Act. This important legislation, which is identical to a companion bill I introduced in the Senate, would improve the lives of people in economically distressed communities across the Southeastern United States. I sincerely appreciate the hard work of my friend, Congressman Mike McIntyre, on this issue.

Broadly speaking, "economically distressed" hardly seems to describe my home state of North Carolina. Our statewide unemployment rate is a low 4.5 percent. Our economy is growing and adding new jobs – in fact, it was reported last month that 7,600 new tech jobs have been filled in just one year. North Carolina is home to 25 of the Fortune 500 companies – many of which are in Charlotte, the second largest financial center in the United States.

But if you travel beyond the glittering skyline of the Queen City, the thriving research and university campuses of the Raleigh-Durham-Chapel Hill Triangle, the bustling Main Streets and commerce centers of the Piedmont Triad and our other cities, and the picturesque storefronts of our small towns…or, if you just head down the road from the sprawling oceanfront and mountainside vacation homes…you find a vastly different North Carolina.

It is largely rural, and it is significantly poorer. It is in these parts of North Carolina where educational attainment tends to be lower and unemployment rates tend to be higher. The challenges of globalization have landed smack on the shoulders of the region's textile mill towns, tobacco producing areas, and furniture manufacturing

communities. It is also in these parts of North Carolina where the rates of health problems, such as cardiovascular disease, diabetes and obesity, are well above average. Consider this, if the region east of Interstate 95 in North Carolina were its own state, it would rank 50th in terms of premature mortality.

Madam Chairwoman, my aim is certainly not to paint a depressing picture of rural North Carolina; rather, I describe this all-too-often overlooked part of my state so that this subcommittee understands the tremendous opportunity that SECA holds for certain areas in North Carolina and across the Southeast – areas that while distressed, still hold great promise. SECA would provide the assistance to enable communities to leverage existing resources, update infrastructure, improve educational opportunities and attract economic development. Proof positive is what the Appalachian Regional Commission, on which SECA is modeled, has done for parts of Western North Carolina and other areas in rural Appalachia. According to the ARC, the percentage of Appalachian adults with a high school education has doubled over the past 30 years. Many residents now have access to adequate health care for the first time. And more than 840,000 Appalachian adults now have clean water and sanitation facilities.

While 29 of our counties in Western North Carolina have benefited from the Appalachian Regional Commission, there is no federal partnership to help our 71 counties to the east – counties that could desperately use a helping hand. For example, one community that would greatly benefit from SECA is located in rural Washington County. Approximately thirty families there live in serious poverty, eight miles away from the closest public sewer system. Because these families do not have indoor plumbing, they are forced to rely on well water and outhouses.

Washington County has a modest operating budget of only $13 million per year, and three-quarters of these funds are allocated to state and federally mandated programs such as health care, social services and public safety. The county is financially unable to provide public sewer service to these families due to the lack of available programs at the

state and federal level. This is just one example of where SECA could be a tremendous help.

Another place that would benefit from SECA is the Town of Ahoskie, a small community of approximately four and a half thousand residents in rural Hertford County. Hertford County is classified as "Tier 1," meaning that it is among North Carolina's poorest of the poor. Ahoskie's wastewater treatment plant has reached full capacity, placing a tremendous burden on the town's ability to grow and prosper. Under current estimates, the Town of Ahoskie must finance a $15.9 million project to expand the treatment plant, but has only been able to secure $6.5 million in grant funding. In order to make up the over $9 million difference, the town will have to raise average sewer rates from $19 to $58 per household. This more than 200 percent rate increase will result in Ahoskie -- one of the most economically distressed towns in the state -- having the highest sewer fees in North Carolina.

Last year, my friend Al Delia, the former director of federal relations at East Carolina University, testified before this subcommittee about SECA. In his testimony, Al referenced a conversation he had with a former Appalachian Regional Commission national Co-Chair, who said, (and I'll quote Al): "ARC rarely puts in the most money to a project, but it often puts the first or the last money into a project. In effect, the ARC money is the glue that holds projects together."

Madam Chairwoman, communities across North Carolina and throughout the Southeast need this "glue." These areas are hurting, and as we've seen with ARC and similar development commissions, SECA would make such a positive difference. I am proud to support this legislation – because SECA is not just about trying to provide opportunity – SECA is about not missing out on the tremendous opportunity that is just within this region's grasp. Thank you.

**Testimony**
**Congressman Robin Hayes**
**Subcommittee on Economic Development,**
**Public Buildings and Emergency Management**
**Committee on Transportation and Infrastructure**

**3 May 2007**

Madame Chair, thank you for allowing me the opportunity to testify before the Subcommittee regarding H.R. 66, the SouthEast Crescent Authority Act of 2007 better known by its acronym, SECA. I have had the pleasure of working with my good friend, Congressman Mike McIntyre on this effort for many years, and I appreciate his leadership on this important issue.

This bipartisan legislation would establish a SouthEast Crescent Authority for the southeastern states not currently eligible for assistance from either the Appalachian Regional Commission or the Delta Regional Authority.

SECA would be instrumental in formulating plans and programs to spur economic development in severely distressed areas and would provide grants for local municipalities for job training and business development. This legislation would also help foster investment in our communities creating additional jobs and opportunities.

I am fortunate to have been able to work with the Economic Development Administration (EDA) on economic development issues that are critical to the future and the people of the 8th District of North Carolina. Established in 1965, the EDA was created in an effort to improve conditions of substantial and persistent economic distress throughout the United States.

In the 8th District, our counties have come together to develop a comprehensive economic development strategy, CEDS. Our CEDS committee is a local initiative led by local economic development, education, chamber, and elected officials. After lots of hard work the CEDS committee came together and presented a blueprint to further regional economic development for the 8th District of North Carolina.

With relatively small investments of Federal funds, the EDA has been able to achieve remarkable successes and change the economic outlook for many citizens. As an example, since 1965, I understand the Appalachian Regional Commission has invested in excess of $400 million toward transportation, business development, education, health care, and community projects in North Carolina. As a direct result of this investment, poverty rates in the commission region have been cut almost in half.

These are real results for real people. I look forward to working with EDA and our partners as we continue to address economic development and jobs in areas throughout the region and within the 8th Congressional District of North Carolina. Once again, I am hopeful the 110th Congress will authorize the SouthEast Crescent Authority. This authority would help provide crucial access to Federal funds and expertise that will support increased economic opportunity, prosperity, and jobs for all our citizens.

**Committee on Transportation and Infrastructure**
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT
**Testimony of Rep. Rubén Hinojosa**
**"The Southwest Regional Border Authority"**
**May 3, 2007**

Chairwoman Norton, Ranking Member Graves and Members of the Subcommittee, I appreciate the opportunity to testify before you on H.R. 2068, which would establish the Southwest Regional Border Authority. I also wish to thank my colleague, Congressman Reyes, for his efforts to ease the poverty and financial hardships faced by residents of the Southwest border region by introducing this long-overdue legislation.

The U.S.-Mexico border region's economic challenges have become deeply entrenched as they have been overlooked by national policymakers. Throughout my district, low incomes and high unemployment have translated into a stagnant and depressed local marketplace. Many colonias along the border lack adequate water supplies and paved roads while a shortage of investment and development has limited the economic opportunities of residents throughout the region. In addition to current challenges, the border region is anticipating a rapidly expanding population and a resulting strain upon the area's local infrastructure which could exacerbate these problems.

Historically, Congress has confronted regional economic challenges by creating multi-state development commissions designed to coordinate local resources and encourage cooperation between federal, state, and local governments. While the Mississippi Delta and the Appalachian regions have received the focused attention of federally-sponsored economic development authorities, the federal government has neglected to provide leadership in addressing the dire needs of our southern border region.

The Southwest Regional Border Authority would represent a significant commitment by Congress to developing the economy of the Southwest. Because the challenges of this region cannot be isolated in any one city, county, or state, the Authority will work to stimulate the entirety of the area's economy by recognizing the connections between local economies and by coordinating the efforts of local officials.

By facilitating the provision of grants to states, local governments, universities, small businesses, and non-profit entities, the Authority will plant the seeds of future economic growth throughout the region.

By expanding transportation, public health facilities, wastewater treatment plants, and telecommunications networks, these grants will provide the border region with the infrastructure it needs to meet its current needs while preparing for the strain of an expanding population.

The provision of grants to state and local workforce development boards and to public and non-profit entities for job training and business development will assist the residents of border communities in attaining the skills needed to acquire well-paying jobs and to compete in the global economy. By creating a well-qualified workforce, the Authority

would provide leadership in developing a diverse and sophisticated economy throughout the region.

Through research grants to universities, national laboratories, and non-profit organizations, technologies can be developed to ease the problems facing the region including water supply, public health, border security, and pollution while fostering economic development and creating skilled local jobs.

At a time when the mounting pressures of the global economy and income disparities are causing great economic distress in the border region, the Southwest Regional Border Authority has never been more needed. I appreciate the opportunity to testify on it today and encourage you to enact this legislation.

**Committee on Transportation and Infrastructure**
**SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT**
**Testimony of Congressman Paul Hodes' (NH-02)**
**May 3, 2007**

Subcommittee Chairwoman Eleanor Holmes Norton and Ranking Member Sam Graves, thank you for giving me the opportunity to present testimony before the Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings and Emergency Management today. My name is Paul Hodes, and I represent New Hampshire's Second Congressional District. I come before you today to offer my strong support for H.R. 1548, the Northern Border Economic Development Commission Act of 2007.

New Hampshire is a unique state blessed with incredible beauty, an abundance of natural resources, and a citizenry that values hard work, community and fiscal restraint. But we are also facing our share of challenges. Parts of our state, and specifically the northern region, have taken an economic beating and are struggling to recover. A staggering number of jobs have been lost. New Hampshire and especially Northern New Hampshire has seen plants close and young people disappear to places that offer more opportunity. Parts of New Hampshire are economically stricken, and for the people there it is getting harder and harder to get by.

While running for office, I spoke with countless people who had the drive to work hard and improve their neighborhoods, but whose communities had been ignored by the federal government for years. Despite this neglect, there is a compelling case for coordinated federal investment in Northern New Hampshire. In fact, the Northern Border region (which includes the northern-most counties of Maine, New Hampshire, Vermont and New York) has higher unemployment, a higher percentage of people living in poverty, and lower household income than the rest of the nation.

When I was first elected to serve in Congress this past November, I worked with other Members of Congress from the border region to put together a plan to bring much needed economic development to the area. The Northern Border Economic Development Commission Act will help create jobs and kick-start local economies in northern New Hampshire and, hopefully, in the entire Northern Border Region.

The Commission enforces the notion that if you are willing to work hard and play by the rules, we are here to help you get ahead. The people in the area this bill targets deserve government that works for them. The Northern Border Economic Development Commission is a good first step towards providing good-paying jobs and economic opportunity in an area that needs and deserves it.

The commission this bill would create would be charged with investing federal resources for economic development and job creation in the most distressed counties of the Northern Border Region. A number of Representatives from both sides of the aisle have signed on as co-sponsors to show their support. Among them is my colleague from New Hampshire Carol Shea-Porter (D), Maine Representatives Michael Michaud (D) and Tom Allen (D), New York Representatives John McHugh (R) and Michael Arcuri (D), and At Large Representative Peter Welch (D) of Vermont.

By design and purpose, this bill follows the innovative Appalachian Regional Commission model drafted by Chairman Oberstar. Based on this model, the Commission would create a unique federal-state partnership charged with promoting development through regional planning, technical assistance, and funding of projects aimed at encouraging economic prosperity.

Community development groups and other non-profits are encouraged to bring project ideas and priorities to the Commission from the local level. In fact, I am already working with local groups to prioritize funding needs. This "bottom-up" approach ensures that actions reflect both local needs and regional economic development goals. It also ensures that states have a deciding voice in what investment is made within their borders.

With its proposed budget of $40 million per year, the Northern Border Economic Development Commission can help meet a range of local needs. Whether the need is agricultural development, land and forestry conservation to maintain productive traditional uses, investment in transportation infrastructure, alternative and renewable energy, or health care facilities—this Commission will play a key role in investing in the region's economy.

If this bill is passed, it will provide a much-needed boost for our northern communities. The people who live in this region, that might be called "The Ice Belt," are hard-working, tax-paying citizens, and their plight deserves consideration. Working together, we can improve life in these distressed communities and build a better future for our country as a whole. Thank you for your time and for allowing me to testify before the Committee today. I look forward to working with you as we move ahead.

Hodes submit for Record

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April 30, 2007

Congressman Paul Hodes
506 Cannon House Office Building
Washington, DC 20515

Dear Congressman Hodes:

In 2005, recognizing that the economies and landscape of the most rural and northernmost parts of New Hampshire, Vermont, Maine, and New York are changing rapidly, Governors Lynch, Baldacci, Douglas, and Pataki and the Northern Forest Lands Council 10th Anniversary Forum called for the states to work together to "Invest public and private resources to develop and implement community and economic development strategies across the region to reinvigorate the rural economies of the Northern Forest."

In 2006, with support from the four governors and the congressional delegation, the Northern Forest Center and North County Council took the lead in implementing this call for action by creating the Northern Forest Sustainable Economy Initiative. The Sustainable Economy Initiative is guided by leaders from the four states appointed jointly by the four governors and the project managers, and funded by the Economic Development Administration and private contributions. The Initiative is conducting extensive research and analysis to develop a set of sustainable economic development recommendations for presentation to the governors in early summer of 2008.

We are struck by the close alignment of interests between the existing initiative called for by the four governors and the intent of your proposal to create a Northern Border Economic Development Commission. We urge you to pay the closest possible attention to the work of the Initiative as you develop and advance the legislation.

The proposed Northern Border Economic Development Commission speaks to many of the same economic challenges and opportunities that are the focus of the Sustainable Economy Initiative. Both initiatives seek to foster a 21st century economy for the Northern Forest region, and the development needs specifically mentioned in your bill—business development and entrepreneurship, leadership development, modernization of the forest products industry, nature and heritage-based tourism, renewable energy, and infrastructure—align closely with the focal areas of the Northern Forest Sustainable Economy Initiative.

The Northern Forest Sustainable Economy Initiative is based on the belief that the natural and cultural assets of the Northern Forest can once again be the basis for a vibrant rural economy. One hundred years ago Berlin, New Hampshire was a worldwide center of R&D in papermaking. Millinocket, Maine—"the Magic City"—sprang up out of the wilderness in 1899, an enormous and prosperous industrial city in one of the most remote corners of the country. Bangor, Maine and Burlington, Vermont competed for the title of timber capital. International Paper—now the largest pulp and paper company in the world—formed in New York's Northern Forest in 1898 with the merger of 17 pulp and paper companies. Great wealth and hundreds of communities were created and sustained by the forest. In the last several decades, however, the Northern Forest has followed the path traced by manufacturing regions around the US. Many Northern Forest communities are struggling economically, in large part due to transitions in the forest products industry and other manufacturing sectors brought about through global competition.

At the same time, issues we are all aware of are bringing dramatic new opportunities, as well as threats: High tech, the knowledge economy, globalization, carbon, climate change, China, India, energy security - all these reflect an economy and a world that is very different from what we have known.

This time of global transition presents opportunities as well as continuing challenge for the Northern Forest region. Forests are taking on new importance as a potential source of fuel and as a means of sequestering carbon. A growing "go local" movement—for energy, food and other products—and the proximity of our region to major metropolitan markets holds great potential. New technologies mean new products from the region's forests, alongside our historical strengths in the forest industry.

As global trends and demands align with the strengths of the Northern Forest region, there is great potential for regional revitalization—if we are bold, quick, and committed enough to seize it.

As HR 1548 moves forward, we ask that you take in to consideration the ongoing work and findings of the Northern Forest Sustainable Economy Initiative. The members of the project steering committee—over 60 regional leaders appointed by the governors—take seriously their charge from the governors and want to know that their work is listened to, understood, and used to inform public policy. Further, this ongoing research can provide you, your co-sponsors, and your staff with a wealth of information and insights about what is most needed in the region and how best to advance collaborative regional initiatives.

Coordinating the development of legislation in Washington with the work being conducted and coordinated through Northern Forest Sustainable Economy Initiative can ensure that new federal investments made in the Northern Forest region build on work that has already been done, and serve to build a strong base of information, wisdom, and support.

We have three specific questions that we urge you to consider as you advance your legislation:

First, how can HR 1548 specifically incorporate the work of the Northern Forest Sustainable Economy Initiative? One possibility is to specify in the legislation that the report of the Initiative be considered as an input by any commission in creating a regional development plan. Senate Bill 26 -- introduced in the last Congress by Senator Snowe -- used language to this effect (please see Section 4.e.1 and Section 6.a of that bill).

Second, how can the geographic area of your legislation be as congruent as possible with the area that is being considered in the Northern Forest Sustainable Economy Initiative – and that has been the focus of collaborative four-state efforts since the late 1980s? We attach a list of the counties that are involved in the Initiative for your consideration.

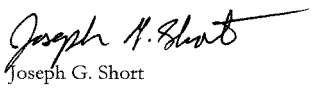
Third, how can a voluntary, bottoms-up, collaborative, and consensus-based process such as the Northern Forest Sustainable Economy Initiative be a model for any regional process? While we applaud and support your leadership for the people and places of the rural North Country regions of our four states, we are sure you also recognize that the independent communities of our region may have concern about greater federal government involvement. While many would welcome additional federal funds for implementation of important projects, there is a significant degree of concern about the creation of a new layer of bureaucracy across the region. This is particularly so if existing

initiatives such as the Northern Forest Sustainable Economy Initiative are not carefully considered and incorporated into proposed federal-level action. How can public-private partnerships, which have a great track record of incorporating the best of bottoms-up and voluntary initiatives with key functions of government, play a role?

Thank you for your consideration. We are grateful for your leadership and that of your congressional colleagues on behalf of the Northern Forest region. We look forward to working with you and the other members of the delegation to secure a vibrant future for the people, communities, economies, and lands of this special place.

Sincerely,

Stephen D. Blackmer
President
Northern Forest Center



Joseph G. Short
Project Manager
Sustainable Economy Initiative

Cc: Governor John Lynch
Governor John Baldacci
Governor Jim Douglas
Governor Eliot Spitzer
Congressman Michael Michaud
Congressman Michael Arcuri
Congressman John McHugh
Congressman Tom Allen
Congressman Peter Welch
Members of the Sustainable Economy Initiative Steering Committee

Attachments:

- Sustainable Economy Initiative overview
- Steering Committee membership
- List of Northern Forest counties
- Excerpted language from S.26

**Northern Forest Sustainable Economy Initiative**
**Overview and Emerging Strategy & Implementation Ideas**

**DRAFT 3/28/07**

The Sustainable Economy Initiative was created in 2006 by the Northern Forest Center and the North Country Council in partnership with the four Northern Forest governors. The project is implementing the first recommendation of the Northern Forest Lands Council 10th Anniversary Forum, which called for the development of "community and economic development strategies across the region to reinvigorate the rural economies of the Northern Forest."

The project is led by a four state steering committee appointed jointly by the four governors and the project managers. It will deliver a set of sustainable economic development recommendations to governors in early summer, 2008. This brief outlines the current directions and strategy ideas of the initiative.

**I. Statement of Purpose**
To enable the Northern Forest to be again a world leader in raising the health and well-being of people, rural communities, and the natural world.

**II. Two roles of the Initiative**
**Mobilize the human energy of the region with a shared vision and direction.** The vibrant future we seek for the communities, economies, and lands of the NF will not rely on public policy or new funding streams alone. Far more important will be leadership from within the region, community by community. This is a long term process, one already being undertaken by organizations and individuals across the region.

**Recommend broad public policy directions and specific public mechanisms** - policies, institutions, and resources- that will support and expand the mobilization of human energy in the region.

**III. Strategic Focus** The strategy will identify and recommend initiatives and mechanisms to:
- Strengthen, protect and market the quality of place in the Northern Forest as a basis for economic revitalization;
- Invest in innovation, R&D, and commercialization of new technologies and business strategies that build on the natural, cultural and intellectual assets of the region; and
- Create public policies and infrastructure to catalyze and support the creation of new jobs consistent with quality of place and innovative, sustainable uses of our natural resources.

**IV. Implementation Areas** The project steering committee is discussing and refining strategy and implementation ideas in six areas:
- Forests and forest industry
- Agriculture
- Renewable Energy
- Heritage development
- Community
- Infrastructure

# Northern Forest Sustainable Economy Initiative

## Project Steering Committee

**New Hampshire**

| | |
|---|---|
| Stephen Barba | Executive Director for University Relations, Plymouth State University |
| Thomas Deans | Tillotson Fund |
| Deanna Howard | Director of Regional Development, Dartmouth Hitchcock Medical Center |
| Cleve Kapala | Director of Government Affairs and Relicensing, TransCanada Hydro, Northeast Inc. |
| Patrick McDermott | Economic & Community Development Manager, Public Service of New Hampshire |
| Catherine McDowell | Executive Director, Family Resource Center at Gorham |
| Frumie Selchen | Executive Director, Arts Alliance of Northern New Hampshire |
| Racheal Stuart | Vice President of Program, NH Charitable Foundation |
| Henry Swan | Wagner Forest Management |
| James Tibbetts | President, First Colebrook Bank |
| Jim Wagner | Economic Development Director, Androscoggin Valley Economic Recovery Corporation |
| Donald Wharton | President (retired), Plymouth State University |
| Natalie Woodroofe | Rural Initiative Manager, Association for Enterprise Opportunity |

**NH State Government Representatives**

| | |
|---|---|
| George Bald | Commissioner, NH Dept. of Resources & Economic Development |

**Maine**

| | |
|---|---|
| Bruce Bornstein | Chief Operating Officer, Isaacson Lumber Company |
| Sandra Brawders | Executive Director, Professional Logging Contractors of Maine |
| Robert P. Clark | Executive Director, Northern Maine Development Commission |
| Warren C. Cook | Sugarloaf Global Partners |
| Bruce Hazard | Director, Mountain Counties Heritage, Inc. |
| Bruce D. McLean | Executive Director, Millinocket Area Growth & Investment Council |

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|---|---|
| Tracy S Michaud Stutzman | Executive Director, The Maine Highlands Guild |
| Sandra Neily | Communications Coordinator, University of Maine Forest Bioproducts Research Initiative |
| Matt Polstein | President, New England Outdoor Center |
| Andy Shepard | President & CEO, Maine Winter Sports Center |
| John Simko | Town Manager, Town of Greenville |
| Robert Thompson | Executive Director, Androscoggin Valley Council of Governments |
| Everett Towle | President, Small Woodland Owners Association of Maine |
| Keith Van Scotter | President & CEO, Lincoln Paper and Tissue, LLC |
| Stephen Wight | Owner and Manager, Sunday River Inn & Cross Country Ski Center |
| Robin Zinchuk | Executive Director, Bethel Area Chamber of Commerce |

**ME State Government Representatives**

| | |
|---|---|
| Alec Giffen | Director, Maine Forest Service |
| Peter Beringer | Maine Forest Service |

**New York**

| | |
|---|---|
| Cali Brooks | Executive Director, Adirondack Community Trust |
| Brian Houseal | Executive Director, Adirondack Council |
| Terry Martino | Executive Director, Adirondack North Country Association |
| John Mills | President, Paul Smith's College |
| J.R. Risley | President, Adirondack Association of Towns & Villages and Supervisor, Town of Inlet |
| Ann Ruzow Holland | Community Planning Advisor |
| Zoe Smith | Program Coordinator, Wildlife Conservation Society, Adirondack Communities & Conservation Program |
| Bill Thomas | Chair, Warren County Board of Supervisors and Supervisor, Town of Johnsburg |
| Lani Ulrich | Founding Director, CAP-21 |
| Chris Westbrook | Director, SUNY ESF Ranger School; President, Clifton-Fine EDC; Vice Chair, Council of Eastern Forest Technology Schools |
| Ross Whaley | Chairman, Adirondack Park Agency |

**NY State Government Representatives**

| | |
|---|---|
| John Bartow | Director, Tug Hill Commission |
| Stuart Buchanan | Director, NY Dept. Environmental Conservation Region 5 |
| Rob Davies | State Forester, NY Dept. Environmental Conservation |

**Vermont**

| | |
|---|---|
| Michele Boomhower | Executive Director, Lamoille County Planning Commission |
| Darby Bradley | Director, Vermont Land Trust |
| Maureen Connolly | Development Director, Economic Development Council of Northern Vermont |
| George Gay | Executive Director, Northern Forest Alliance |
| Kay Henry | Northern Forest Canoe Trail |
| Jolinda LaClair | State Director, USDA Rural Development |
| Steve Patterson | Executive Director, Northern Vermont Development Agency |
| Parker Riehle | Vermont Ski Area Association |
| William Sayre | Treasurer, A. Johnson Lumber |
| Stephen Webster | Attorney |
| Richard White | Chairman and CEO, Community Bancorp. and CEO, Community National Bank |

**VT State Government Representatives**

| | |
|---|---|
| Steven Sinclair | Director of Forests, Department of Forests Parks and Recreation |
| Jonathan Wood | Commissioner, VT Dept. of Forests, Parks and Recreation |

**Northern Forest Counties**
As considered by the Northern Forest Sustainable Economy Initiative

**Maine**
Aroostook
Franklin
Hancock
Oxford
Penobscot
Piscataquis
Somerset
Washington

**New Hampshire**
Coos
Carroll
Grafton

**New York**
Clinton
Essex
Franklin
Fulton
Hamilton
Herkimer
Jefferson
Lewis
Oneida
Oswego
Saratoga
St. Lawrence
Warren
Washington

**Vermont**
Caledonia
(Chittenden)*
Essex
Franklin
(Grand Isle)*
Lamoille
Orange
Orleans
Washington

* Metropolitan counties not typically included in the Northern Forest region, but important to understanding economic patterns in the region

**Excerpted language from S.26, introduced in the 109th Congress**

S.26 ("To establish the Northern Appalachian Economic Development Commission") contained two references directing the proposed commission to consider the work and findings of the Northern Forest Sustainable Economy Initiative, described below by the title of the Initiative's EDA grant award as the "Northern Forest Economic Adjustment Strategy."

**SEC. 4. NORTHERN APPALACHIAN ECONOMIC DEVELOPMENT COMMISSION.**

(e) Duties- The Commission shall--

(1) assess the capital assets of the Region based on available research, demonstration projects, assessments, and evaluations of the Region prepared by Federal, State, or local agencies, local development districts, or other appropriate sources, including the Northern Forest Economic Adjustment Strategy funded by the Economic Development Administration;

**SEC. 6. REGIONAL DEVELOPMENT STRATEGY.**

(a) In General- Not later than 1 year after the date of enactment of this Act, the Commission shall develop an integrated development strategy for the Region (including 5-year regional outcome targets), taking into consideration the Northern Forest Economic Adjustment Strategy funded by the Economic Development Administration.

**Statement of Rep. John M. McHugh**

**before the**

**Subcommittee on Economic Development, Public Buildings and Emergency Management**
**House Committee on Transportation and Infrastructure**

**"The Southeast Crescent Authority, the Northern Border Economic Development Commission, and the Southwest Regional Border Authority"**

**May 3, 2007**

Thank you, Madame Chairwoman, for the opportunity to testify today on an issue of great importance to the residents of my Northern New York Congressional District. I am pleased to follow my good friends and colleagues on the other side of the aisle, Congressmen Allen and Hodes, in commending to you legislation we introduced with Representative Hodes, that would create a Northern Border Economic Development Commission, H.R. 1548.

As you are aware from the statements my colleagues and I previously made before this Subcommittee on July 12, 2006, this Commission would invest $40 million into the most economically distressed communities in the four states comprising the Northeast region – New York, Maine, Vermont, and New Hampshire. We strongly believe that a number of factors warrant establishment of this Commission. Specifically, statistics illustrate that certain counties along the northern border, compared to most other regions that have an existing regional commission, have higher unemployment, greater loss of population and, similarly, lower household income. It bears mentioning that all of these measures are far worse in the householded areas than current national averages. However, despite a national trend toward the creation of independent entities, to date, the Northeast has largely been ignored. My constituents and this region can no longer afford to be left behind in the years ahead.

The approach of the Northern Border Economic Development Commission is ideal because it follows a "bottom-up" strategy whereby direction emanates from the local level. It is founded on the principle that success is best achieved when actions reflect both local needs and regional economic development goals. To that end, I am pleased that so many of the communities I have the honor to represent have taken the time to read this bill and offered their strong support. Like me, they view this bill as an effective way to create a better economy while fostering a higher quality of life for themselves and their families.

If I may, I would like to once again highlight a county within my 23rd Congressional District that would directly benefit from the creation of the Northern Border Economic Development Commission. Some of you on the panel might recall that I cited Hamilton County, New York, during my previous testimony last July. Hamilton County is one of the 11 counties in New York's 23rd Congressional District that I have the honor of representing in Congress, which I might note, is the largest Congressional District east of the Mississippi River and spans nearly 15,000 square miles. Scenic Hamilton County encompasses approximately 7,200 square miles in the heart of the Adirondack Park and is home to only 5,200 residents, of whom approximately 20 percent are senior citizens. Hamilton County's unemployment rate, like much of New York's North Country, is generally higher than that of the State in general, and substantially so during the long winter months. Overall, local governments and educational systems are the largest employers. To that end, the need for expanded commercial development is pressing.

The reason for this, Madame Chairwoman, can be identified by one of the facts I just mentioned – Hamilton County's geographic location within the picturesque Adirondacks. As beautiful as the Park is, this location, unfortunately, serves as an impediment to commercial development due to the rigorous rules and regulations that severely curtail development. I would point out, however, that the creation of the Northern Border Economic Development Commission would in no way circumvent any of these regulations. Rather, it would seek to mitigate the negative impact they are having on regions, such as Hamilton County.

I would further note that federal investment through a Commission such as this bill envisions would be used to organize efforts to stimulate the economy and create jobs in distressed areas throughout the Northeast. As I previously mentioned, while similar efforts have been organized in several areas of the country, to date, there has been no coordinated focus on these problems in the northern border region. Until now. Thanks to the support of this Subcommittee and its Chairwoman our voices are now being heard and we are moving one step closer to action. That is why I am so pleased we have the opportunity today to once again underscore the importance of the Commission to this distinguished panel and we look forward to working with you to enact H.R. 1548.

As you know, the regional formula used in creating the Northern Border Economic Development Commission is identical to that used for the Appalachian Regional Commission (ARC), which has been in existence for more than 40 years and has seen much success. To its credit, the ARC has reduced the number of economically distressed counties in the Appalachian area by more than 50 percent. Clearly, this is a significant milestone and one we hope to emulate. The ARC has also been successful in cutting the poverty rate in half and has helped more than 1,000 businesses create a total of 26,000 jobs in less than 30 years.

As my colleagues and I continue to work toward restoring economic prosperity to Northern New York – and across the Northeast – we obviously have good reason to believe that this Commission is the way to go. We know that you share our concerns.

I thank you again for your attention to this matter of great importance to the future economic livelihood of this long-treasured region of New York, and I look forward to working with you as we move forward.

**CONGRESSMAN MIKE McINTYRE**
**7th District, North Carolina**
**May 3, 2007**

Testimony before the U.S. House of Representatives Committee on Transportation & Infrastructure
Subcommittee on Economic Development, Public Buildings, and Emergency Management

| | |
|---|---|
| Chairman of Full Committee: | James Oberstar D-Minnesota |
| Ranking Member of Committee: | John Mica R-Florida |
| Chairman of Subcommittee: | Eleanor Holmes-Norton D-D.C. |
| Ranking Member of Subcommittee: | Sam Graves R-Missouri |

Madame Chairwoman, many thanks to you for agreeing to hold this very important hearing today on legislation that I have introduced, H.R. 66, a bill to create the SouthEast Crescent Authority. I have introduced this measure in every Congress since the 107th and it has continued to receive bipartisan support from members from several southern states including Tennessee, Texas, Florida, Georgia, Virginia, Mississippi, and my home state of North Carolina.

A Chapel Hill, N.C. think tank that has studied changes in the South for almost 40 years, included in its The State of the South Report 2007 information and statistics that examine the job and population growth, education systems, racial gaps and economy of all southern states. The report states, "as a result of the national economic slowdown of the early part of this decade, job growth stagnated in much of the South between 2000 and 2004. With the exceptions of Virginia and Florida, the number of jobs in Southern states stayed flat or increased by a mere 1.5 percent or less."

The report continues, " The slowdown illuminated the restructuring of the South's economy. Jobs in textile- and furniture-making fled, while jobs in services, retail and the professions rushed in."

As a member that represents a district from one of the southern states discussed in the 2007 report, I understand the conventional wisdom that low-wage manufacturing jobs are being exchanged for even lower-wage service and retail jobs. However, this conventional wisdom only goes so far and it's apparent that, as the 2007 report states, "A more high-tech globally competitive economy has introduced new employment opportunities for Southerners, but it also has destroyed jobs held by mature adults who have few prospects for shifting into jobs with comparable pay."

Madame Chairman, the time is now to work to change this pattern and ensure that those individuals – whether those working in textiles, tobacco or manufacturing – and those communities that have been affected – are not left behind. And I am confident that the SouthEast Crescent Authority will be able to do that.

The southeastern portion of the United States, encompassing the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, and Florida, is an area which has seen poverty rates well above the national average coupled with record unemployment. In fact, the Census Bureau found in its calculation of poverty rates for 2003-2005, that 10 Southern states exceeded the national average poverty rate of 12.6. Unfortunately, as the State of the South 2007 report points out, the South's educational gaps contribute to the economic gaps causing Southerners to have a harder time finding work that pays an above-average wage that does not require education beyond high school.

The seven states of the SECA region also experience natural disasters at a rate of two to three times greater than any other region of the US, and this vulnerability to natural disasters further exacerbates the ability to recover from economic distress.

Modeled primarily after the successful Appalachian Regional Commission (ARC), the SouthEast Crescent Authority hopes to enjoin a local-state-federal partnership to lift our citizens out of poverty and create jobs. With the federal allocation of funding, SECA seeks to funnel monies to programs which address one or more of the following criteria for community betterment: 1) infrastructure, 2) education and job training, 3) health care, 4) entrepreneurship, and 5) leadership development. Those communities with the greatest need will be targeted, and grants will be made according to the degree of distress.

Madame Chairwoman, the Southeastern United States is one of the last areas of the country not to have a federal authority totally dedicated to ending poverty and strengthening communities. The ARC, the SW Border Partnership, the Delta Regional Authority, the Denali Commission, the Northern Great Plains Authority all serve vast areas of our country, but the South has no such entity in the area described in our bill. We have many projects where federal funding from an entity like SECA could make the project a reality. That is, we need the final component for funding when all other resources have been exhausted.

Madame Chairwoman, the SouthEast Crescent Authority will be a valuable tool to assist state and local officials, county development organizations and many others in providing resources and leveraging additional funds to allow our citizens to reach their economic potential. I am pleased that we will have the opportunity to hear from some of my colleagues today who represent Southern districts and who have a vested interest in the establishment of the SouthEast Crescent Authority. We all share the same excitement over the opportunities that this bill has to offer the southern region of the country, and I am confident that we can use the ARC's successful partnership model to bring new resources – and new hope – to the SouthEast Crescent region. As a matter of economics, it costs a lot less to leverage local and state dollars and allow access to available federal grants than to clean up the distress left in the wake of unemployment, poverty, dropouts, and poor health care delivery.

Again, many thanks for your willingness to hold this hearing, and we look forward to working with you and all the members of this Subcommittee to enact this critical legislation. It's the least we can do to act now and help "the least of these" who have suffered enough and to help bolster economic progress and possibility! Thanks you, and may God bless you!

**TESTIMONY OF REP. SILVESTRE REYES (TX-16)**
**BEFORE THE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT**
**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**
**U.S. HOUSE OF REPRESENTATIVES**
**MAY 3, 2007**

Good morning. I would like to thank Chairwoman Eleanor Holmes Norton and Ranking Member Sam Graves for holding this hearing and for allowing me to testify on H.R. 2068, the Southwest Border Regional Authority Act. I would also like to thank Chairman Oberstar for his vision in this issue and my colleagues from the U.S. - Mexico border for their support of the creation of this important authority.

Members of the Subcommittee, I am here today to talk about the conditions that exist in many places along the border to give you an understanding of the great need for the creation of a regional economic development authority for the southwest border region of the United States. It was because of this need in places like my congressional district of El Paso, Texas that I introduced H.R. 5742. I have introduced this legislation for the past three Congresses and I would greatly appreciate your efforts to move this legislation in the 110th.

The Southwest border region, as defined in H.R. 2068, includes all counties within 150 miles of the U.S.-Mexico border. This region contains 11 counties in New Mexico, 65 counties in Texas, 10 counties in Arizona, and 7 counties in California for a combined population of approximately 29 million.

According to research compiled by the Interagency Task Force on the Economic Development of the Southwest Border: 20 percent of the residents in my region of the nation live below the poverty level, unemployment rates often reach as high as five times the national unemployment rate, and a lack of adequate access to capital has created economic disparities and made it difficult for businesses to start up in the region. Border communities have long endured a depressed economy and low-paying jobs. Our economic challenges partly stem from our position as a border community.

Economic development in border communities is difficult to stimulate without assistance from the government, private sector, and community non-profits. H.R. 2068 would help foster planning to encourage infrastructure development, technology development and deployment, education and workforce development, and community development through entrepreneurship.

Modeled in part after the Appalachian Regional Commission, the Southwest Border Regional Authority would be successful because of four guiding principles:

First, the Authority would fund proposals designed at the local level followed by approval at the

state level in order to meet regional economic development goals;

Second, projects leading to the creation of a diversified regional economy will be prioritized. Currently, states and counties often are forced to compete against each other for limited funding;

Third, the Authority would be an independent agency. Having the authority set up in this manner would keep it from having to attempt to satisfy another Federal agency's mission requirements when determining which projects to fund; and

Finally, the Authority would be comprised of one Senate-confirmed Federal representative and the governors of the states of Texas, New Mexico, Arizona, and California. The proposed structure would allow equal representation by each state and a liaison back to the Federal agencies.

For too long, the needs of the Southwest border region have been ignored, overlooked, and underfunded. We need to recognize all of the challenges facing the border, and to help the region make the most of its many assets. One important part of that effort would be to establish new economic development opportunities in the southwest through an authority created in H.R. 2068, the Southwest Border Regional Authority Act.

Thank you for allowing me to speak on behalf of my bill this morning.

**Committee on Transportation and Infrastructure**
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT
**Testimony of Rep. Ciro D. Rodriguez**
**Southwest Regional Border Authority Act**
**May 3, 2007**

Mr. Chairman, Ranking Member and Distinguished Members of the Subcommittee,

I would like to thank you for allowing me the opportunity to speak on behalf of this piece of legislation. I am glad the committee understands the importance of this bill and the impact this legislation can make on border communities such as the ones I represent.

I would also like to thank my friend and colleague in my neighboring district, Congressman Silvestre Reyes, for introducing this legislation. He has been a true leader on border issues and I am proud to be here to support this bill with him.

The Southwest Regional Border Authority Act provides the opportunity for many communities along the border to receive the assistance and resources they have long needed in order for them to develop their infrastructure and economic prospects.

Mr. Chairman, I represent an expansive district spanning from El Paso County in far west Texas, to Dimmitt County about 550 miles south and to South San Antonio about 150 miles west. This district encompasses the longest stretch of border of any other in the contiguous United States. I have represented this district for only five months, but as I've traveled through the 20 counties which make up Texas' 23rd congressional district, I have seen some of the poorest communities in the country.

The Southwest Regional Border Authority Act essentially brings the federal government to the border. This is what every member sitting here supporting this bill today came to Congress to do.

I would like to share with the committee a situation a community in my district faced earlier this year. This small rural community was in great need of a new wastewater treatment plant. The current wastewater plant was built years ago on a flood plain and with the annual rain came spillage and overflowing. The state was threatening fines; so a new plant had to be built right away. They applied and received assistance from a USDA rural development loan-grant program. They were approved, but their award was granted as 80% loan and 20% grant. This posed a significant problem for this community. They could not afford that large of a loan. $4 million dollars is not something his community has on hand. These rural communities have very small tax bases and revenue is not significant. The alternatives were either bonds or tripling of their water rates. The mayor was concerned about accepting the award out of fear that Sabinal would not be able to pay back the loan portion. They ended up accepting the award, but other communities have not always been as fortunate -- and there are many others.

The Southwest Regional Border Authority Act could help in future situations like this one. It includes a section intended to supplement federal grant programs. Section 206 of this bill provides opportunities for communities who are unable to take advantage of current federal grant programs because they do not have the required state or local matching funds or because there are insufficient Federal funds to meet the needs of the region. This bill allows the Authority to help pay for the Federal share.

Mr. Chairman, this is just one example of the many benefits this bill could provide to communities in my district and many others on the border. I traveled through all twenty of my counties, and what I heard over and over again was "Congressman, please help us help ourselves." I believe this bill does that. I ask the Chairman, the Ranking Member and the distinguished members of the subcommittee to support this legislation.

Thank you for your time.

**Statement of Congressman Peter Welch**
**Committee on Transportation and Infrastructure**
**Subcommittee on Public Building, Economic Development and Emergency Management**
**"The SouthEast Crescent Authority and the Northern Border Economic Development Commission"**
**May 2, 2007 10:00 AM**

I want to thank the Chairwoman for holding this hearing today, and for the invitation to speak about the importance of the Northern Border Economic Development Commission.

I am happy and honored to tell you about how this bill will help my state of Vermont. and I praise my colleagues in Maine, New York and New Hampshire for coming together to try to solve these critical issues for our shared region.

The Commission would have a significant impact on the three counties in Vermont that border Canada – Franklin, Orleans and Essex. These counties share similar struggles – below average wages, high unemployment rates, aging infrastructure, and youth who are leaving to seek better opportunities elsewhere. This is a growing problem.

The northern border regions of Vermont, New York and New Hampshire share many of the same challenges, This Commission will enable these border communities to, instead, focus on their shared common assets – an under-developed business community, untapped natural resources and a workforce that is ready, able and willing to take on new challenges.

While many community and economic development organizations work throughout this border region in Vermont to promote a higher quality of life and good paying jobs, I was shocked to learn that there is currently no single regional economic development entity focused on the needs of the Northeast border region as a whole. We must partner with our neighbors to bring economic development to this region and working together will hopefully bring success.

I invite any of you here today to visit Franklin County and the "Northeast Kingdom" of Vermont with me. If you did, you would find entrepreneurial, hard working people, incredible natural resources, and wonderful towns. For example, Newport, Vermont has a nearly 8% unemployment rate, and an annual average wage of just $27,000. This is $10,000 below the national average. I believe that we have the opportunity with the development of this Commission to make real progress in helping foster much needed economic development across our northeastern border.

The creation of this Commission gives us the chance to face and tackle the challenge of rural economic development together.

I thank the Chair, Ranking Member and the Members of the Committee for their time.

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