AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 111–1192

OVERSIGHT OF THE ECONOMIC DEVELOPMENT ADMINISTRATION

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

MAY 21, 2009

Printed for the use of the Committee on Environment and Public Works

Available via the World Wide Web: http://www.gpo.gov/fdsys

U.S. GOVERNMENT PUBLISHING OFFICE

94–586 PDF WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

BARBARA BOXER, California, *Chairman*

MAX BAUCUS, Montana
THOMAS R. CARPER, Delaware
FRANK R. LAUTENBERG, New Jersey
BENJAMIN L. CARDIN, Maryland
BERNARD SANDERS, Vermont
AMY KLOBUCHAR, Minnesota
SHELDON WHITEHOUSE, Rhode Island
TOM UDALL, New Mexico
JEFF MERKLEY, Oregon
KIRSTEN GILLIBRAND, New York
ARLEN SPECTER, Pennsylvania

JAMES M. INHOFE, Oklahoma
GEORGE V. VOINOVICH, Ohio
DAVID VITTER, Louisiana
JOHN BARRASSO, Wyoming
MIKE CRAPO, Idaho
CHRISTOPHER S. BOND, Missouri
LAMAR ALEXANDER, Tennessee

BETTINA POIRIER, *Staff Director*
RUTH VAN MARK, *Minority Staff Director*

C O N T E N T S

Page

MAY 21, 2009

OPENING STATEMENTS

Inhofe, Hon. James M., U.S. Senator from the State of Oklahoma 1
Boxer, Hon. Barbara, U.S. Senator from the State of California 3
Bond, Hon. Christopher S., U.S. Senator from the State of Missouri, prepared statement 133

WITNESSES

Walters, Sandra R., Chief Financial Officer, Chief Administrative Officer, Acting Assistant Secretary of Commerce for Economic Development, Economic Development Administration 4
Prepared statement 6
Responses to additional questions from Senator Boxer 14
Response to an additional question from Senator Merkley 17
Responses to additional questions from Senator Inhofe 17
Kennedy, Hon. James, Commissioner, Butler County, Pennsylvania, on behalf of the National Association of Regional Councils 19
Prepared statement 21
Responses to additional questions from Senator Inhofe 56
Phillips, LaVern W., President, Woodward Industrial Foundation 82
Prepared statement 84
Response to an additional question from Senator Inhofe 87
Mazer, Leanne, Executive Director of the Tri-County Council for Western Maryland 89
Prepared statement 91
Responses to additional questions from Senator Inhofe 105

OVERSIGHT OF THE ECONOMIC DEVELOPMENT ADMINISTRATION

THURSDAY, MAY 21, 2009

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The full Committee met, pursuant to notice, at 10 a.m. in room 406, Dirksen Senate Office Building, Hon. Barbara Boxer (chairman of the full Committee) presiding.

Present: Senators Boxer, Inhofe, Cardin, Klobuchar, Udall, and Merkley.

Senator BOXER. If everyone would kindly take their seats. We are so grateful to you all for being here this morning.

We will start right away. Senator Inhofe has a competing hearing on Armed Services, very urgent, that he has to go to. So I am going to do something different today. I am going to give him the opportunity to open it up. Senator Inhofe, please.

OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator INHOFE. Thank you, Madam Chairman. Thanks for having this hearing today.

I am hoping that this will precipitate that this will get us into the reauthorization. That is something that I have been trying to do now for quite some time. I thought we were going to get it done last year, but there were some problems, not with this Committee but on the House side.

I want to welcome all of our witnesses, particularly LaVern Phillips, the guy with the green tie, most appropriately, and you would expect that. He is the President of the Woodward Industrial Foundation. I was actually in his town to visit with him 3 days ago and he was not there. But they have done some wonderful things in Woodward and I am very, very proud of it.

I have had the pleasure of working with the State and local interests to begin to address some of the infrastructural problems in Northwest Oklahoma and the Panhandle. For example, the WRDA 2007 authorized water and waste water treatment related infrastructure, including $1.5 million for Woodward and $16 million for Guymon. I also went to Guymon on the same day, on Monday, LaVern.

Anyway, one of my trips to Woodward was last August. It was for a $1 million EDA check presentation that will help build the Woodward Community Campus. And when you look at the successes that we have had in Oklahoma, and I think other States

have, too, the leverage is so impressive. We had a total, I believe, in this last authorization of some $26 million and that was leveraged into $556 million. If we had released all that stuff that we wasted on the bank bailouts in programs like this, it sure would be worthwhile.

This is a program where liberals and conservatives get together and say, this is what Government should be doing. I think that the successes we have had in Oklahoma are very similar to successes all around the Country.

The EDA's authorization expired on September 30th of last year and I am concerned that the lapse in authorization may leave the agency vulnerable to funding cuts during the appropriations cycle and more generally result in uncertainty for the agency as well as the struggling communities.

We have a lot of struggling communities, Madam Chairman, in my State of Oklahoma. I have so many examples all over the State. One thing is the EDA grant that we did down in Elgin, Oklahoma. Mr. Phillips precipitated the building of a 150,000 square foot building in Laverne, Oklahoma which has a population of 300. It shows you that things can be done and that was all done with a very small EDA grant.

So, I am hoping this will lead to authorization, Madam Chairman.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR
FROM THE STATE OF OKLAHOMA

Thank you, Chairman Boxer, for holding this hearing on the Economic Development Administration. Oversight is an important function of our Committee, and with reauthorization of the agency several months overdue, as well as a more than tripling of funding over the past year through regular appropriations, disaster-related supplemental funding and stimulus bill funding, an oversight hearing now is very timely.

I would like to welcome our witnesses, especially LaVern Phillips, President of the Woodward Industrial Foundation in Oklahoma. I visited the city many times, including just last week. I also want to note that I understand that Mr. Phillips and the rest of Woodward will be welcoming former President George W. Bush to the city to celebrate the 4th of July this year.

I've had the pleasure of working with State and local interests to begin to address several infrastructure needs for Northwest Oklahoma and the Panhandle. For example, WRDA 2007 authorized water and waste water treatment related infrastructure, including $1.5 million for Woodward, $16 million for Guymon and $275,000 for Oklahoma Panhandle State University. We were able to secure funding for transportation improvements as well, including $6.4 million to construct a viaduct on U.S. Highway 270 over the railroad tracks in Woodward and $1 million to widen U.S. Highway 54 from north of Optima to the Kansas State line. I intend to continue working with dedicated professionals like Mr. Phillips to improve the infrastructure, and therefore the economic viability and quality of life, of this area.

One of my trips to Woodward was last August for a $1 million EDA check presentation that will help build the Woodward Community Campus. I will let Mr. Phillips talk more about the details of the project, but I would like to mention that I very much support this project and was pleased to see it recognized for funding by EDA.

The Woodward project is one recent in a long line of smart and incredibly beneficial investments EDA has made in Oklahoma. In fact, over the past 6 years, EDA grants awarded in my home State have resulted in more than 9,000 jobs being created or saved. With an investment of about $26 million, we have leveraged another 30 million in State and local dollars and more than 558 million in private sector dollars.

That's real economic development with real jobs. I only wish more of the so-called "stimulus" bill had been dedicated to programs like EDA that are truly successful at spurring economic development.

My belief in EDA's success is not just anecdotal either. Studies show that EDA uses Federal dollars efficiently and effectively, creating and retaining long-term jobs at an average cost that is among the lowest in Government. Today's hearing gives us an opportunity to discuss possible tools to improve performance even further during the reauthorization process.

The EDA's authorization expired on September 30, 2008. I am concerned that the lapse in authorization may leave the agency vulnerable to funding cuts during this appropriations cycle and more generally result in uncertainty for the agency as well as the struggling communities that depend on its assistance.

I had introduced a reauthorization bill in July 2008, and this Committee reported a bipartisan bill in September. Unfortunately the bill was never enacted. In February of this year, I again introduced a bill to reauthorize and improve EDA's programs.

Madam Chairman, I hope that this hearing is the first step in our Committee again reporting an EDA reauthorization bill and this time seeing it through to enactment. I look forward to working with you and our colleagues to accomplish that task as soon as possible. Thank you.

OPENING STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator BOXER. Senator Inhofe, my Ranking Member, I could not agree with you more. We need to move on this soon. Regardless of whom the Administration names, I feel we need to get ahead of the curve here. I have talked to Gary Locke about this. He is very supportive and excited about this.

I am going to put my statement on the record, but I am going to through it just in about 2 minutes.

[The referenced material was not received at time of print.]

We know the EDA has a long history of helping economically distressed communities and, as my colleague has said, leveraging funds in magnificent ways. This program was created during the Johnson administration, so it certainly has been proven. I bet some of you in this audience were born well after that. Oh, but if could say that about myself.

[Laughter.]

Senator BOXER. As Senator Inhofe has said, from providing money for water and sewer improvements to helping manufacturers become more competitive in the global marketplace, the EDA provides valuable assistance to communities across the Nation. It is cost effective. It has a very important role to play in economically challenging times.

I went out to Sacramento to an area that has just made a proposal for EDA funding. It is like the perfect place. It is a redevelopment area. They built a stadium there, a ballpark for the farm team. It is the biggest field there. And they really are just getting ready now to add housing and so on and so forth. It is just the perfect place to leverage those types of funds.

When the former Deputy Assistant Secretary of Commerce for Economic Development testified before us in September, he stated that from Fiscal Year 2004 to 2008, EDA awarded over $1.29 billion in investments which are expected to create 392,000 jobs at an average cost of only $2,500 per job. Now I would put that up against almost anything else that we do.

We know that Federal dollars spur large amounts of private sector investment and it is estimated that for every dollar in Federal funding, $33 in private sector investment was created. This is really a great success story.

Congress recognized EDA's unique role in job creation in the American Recovery and Reinvestment Act, our stimulus bill, and I worked hard to get this $150 million. Boy, I had to work hard to get it. But we did get it. And I want to thank Bettina Poirier and her staff on that one because that was a climb.

But I do look forward today to hearing how those funds have been distributed. It may be that they are still being distributed. We want to know about that and how those funds are helping our communities across the Nation.

We also provided EDA with a total of $500 million in natural disaster assistance through supplemental appropriations in 2008 and 2009 and I would love to hear about how those funds are being used to support long-term post-disaster economic recovery in response to hurricanes, floods and other disasters.

So, as was stated by my Ranking Member, EDA's authorization expired at the end of September 2008, but the agency has been able to continue operating through the appropriation of funds. We do need to reauthorize and I intend to do it. So does Senator Inhofe. And when the two of us get our mind to something, we do it. Right, Ruthie? And so, we are going to do it because we have got to push on this. This is a win-win.

I am going to get this going and then, Paul, will you tell me when there is like 5 minutes left to go?

So, Sandra Walters, Acting Assistant Secretary of Economic Development, accompanied by Dennis Alvord, we will start with you.

STATEMENT OF SANDRA R. WALTERS, CHIEF FINANCIAL OFFICER, CHIEF ADMINISTRATIVE OFFICER, ACTING ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT, ECONOMIC DEVELOPMENT ADMINISTRATION

Ms. WALTERS. Chairman Boxer, Ranking Member Inhofe and members of the Committee, thank you for this opportunity to testify on behalf of the Economic Development Administration.

EDA's mission is to lead the Federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. EDA's achievements have two major goals: attracting private capital investment and creating higher skill, higher wage jobs. EDA's achievements are a reflection of our policy priorities: to encourage collaborative regional economic development, to promote competitiveness and innovation, to cultivate entrepreneurship, and to spur our economic development partners to take advantage of the opportunities of the worldwide marketplace.

As part of its 2010 budget request, the Administration has emphasized two priority areas for EDA: regional innovation clusters and business incubator networks. EDA is encouraged by this focus and finds it consistent with the results of recent EDA research, as well as best practice in the economic development field overall.

EDA has a history of investing in regional innovation clusters and business incubator projects, such as a $2.2 million investment to JumpStart in Northeast Ohio, which has helped its clients create 650 new jobs and raise $43 million in private sector investments, and a $1.25 million investment in the Bio-Innovations Center in the New Orleans Medical District which is assisting in the develop-

ment of biotechnology-related companies looking to commercialize technologies from the greater New Orleans area universities and research institutions.

Another critical element to our success is our focus on planning, which research shows is essential for successful economic development. EDA is pleased that Congress recently provided the first funding increase in the planning program's contemporary history.

At the direction of Congress, EDA established the Global Climate Change Mitigation Incentive Fund in 2008 to advance the connections between economic competitiveness and environmental quality. By using the U.S. Green Building Council's Leadership in Energy and Environmental Design, EDA is able to verify that each fund-related investment effectively contributes to sustainability and mitigates associated environmental impacts.

EDA is pleased that the President's 2010 budget request provides for $16.5 million, which represents a $1.8 million increase.

Another key area for EDA is responding to sudden and severe economic dislocations. For example, EDA is on the front line in assisting communities following natural disasters. Last year, Congress allocated $500 million in two supplemental appropriations to EDA in response to natural disasters that severely impacted communities across the Nation. To date, EDA has $411.3 million in projects in various stages of the application process.

Additionally, EDA received $150 million as part of the American Recovery and Reinvestment Act of 2009 to respond to sudden and severe economic dislocation and job loss due to corporate restructuring. We are ahead of the curve in implementation, having published a Federal Funding Opportunity notice on March 11th, 2009. We allocated funds to each of our six regional offices to initiate the process of disbursing funds quickly to assist communities.

To date, EDA has $100.3 million in projects in various stages of the application process.

Chairman Boxer, Ranking Member Inhofe and members of the Committee, thank you for your time today and for inviting me to give an overview of EDA's programs. With me today is Dennis Alvord, the Acting Deputy Assistant Secretary of Commerce for Economic Development, who oversees EDA's six regional offices. We look forward to answering any questions you may have and working with the Committee on legislation to reauthorize the agency.

[The prepared statement of Ms. Walters follows:]

Testimony by

Sandra R. Walters
Chief Financial Officer, Chief Administrative Officer

Economic Development Administration
Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230
202-582-4521

before the

United States Senate Committee on Environment and Public Works

May 21, 2009

Testimony by
Sandra R. Walters
Chief Financial and Administrative Officer,
Economic Development Administration
United States Senate, Committee on Environment and Public Works
May 21, 2009

Introduction

Chairman Boxer, Ranking Member Inhofe, and members of the committee, thank you for this opportunity to testify on behalf of the Economic Development Administration (EDA). EDA's mission is to *lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy.* Through grants to local government entities and eligible non-profits to create jobs and generate private investment, EDA is seeding our communities for success. Our investments create the conditions in which jobs are created, often in the midst of economic hardship or adjustment. At EDA, we are proud of the bureau's accomplishments and believe that we can continue our work to assist distressed American communities especially in the current economic climate.

EDA's investments have two major goals: attracting private capital investment and creating higher-skill, higher-wage jobs. EDA's achievements are a reflection of our policy priorities: to encourage collaborative regional economic development; to promote competitiveness and innovation; to cultivate entrepreneurship; and to spur our economic development partners to take advantage of the opportunities of the worldwide marketplace.

As part of its FY 2010 budget request, the Administration has emphasized two priority areas for EDA: regional innovation clusters and business incubator networks. EDA supports the creation

of regional innovation clusters that leverage the region's existing competitive strengths to boost job creation and economic growth. Business incubator networks will expand on EDA's existing efforts to fund business incubators and begin the creation of a nationwide network of incubators that can facilitate the sharing of best practices and all-important business contacts. EDA is encouraged by this focus and finds it consistent with the results of recent EDA research, as well as best practice in the economic development field overall.

EDA has a history of investing in regional innovation clusters and business incubator projects. For example, in 2007, EDA approved a Public Works investment in the amount of $1,217,000 for the city of Oak Ridge, Tennessee to construct utility infrastructure improvements to support the development of the Innovation Valley Science and Technology Park. Within three years of construction completion, two companies have committed to locate and collectively invest $32.5 million and create 600 new jobs. The park will provide space for private sector companies with the goal of commercializing technologies developed at the Oak Ridge National Laboratory. The Science and Technology Park will include: prospective land and buildings intended primarily for private research and development facilities for technology and science-based companies; engineering support services; technology commercialization incubation space; and prototype manufacturing facilities.

EDA is also working to assist communities in diversifying their economies and in transitioning to high-tech industries. In northeast Ohio, EDA is currently partnering with JumpStart, a non-profit whose programs focus on preparing the region for a transition from old-line, manufacturing industries to a high-tech, entrepreneurial-based economy. EDA supports

JumpStart's outreach to, and development of, entrepreneurs in 21 counties of northeast Ohio, an area that is among the hardest hit by the recent economic decline and the foreclosure crises. JumpStart expects to support the creation of 650 new jobs and help its clients raise $43 million in private sector investments.

Another element critical to our success is our focus on planning. While economic development planning is often overlooked, research confirms that projects developed with effective planning and significant local support tend to have more positive impacts on communities. EDA is pleased that Congress recently provided the first funding increase in the planning program's contemporary history.

EDA's Innovative and Sustainable Initiatives

At the direction of Congress, EDA established the Global Climate Change Mitigation Incentive Fund (Fund) in FY 2008 to advance the connections between economic competitiveness and environmental quality. The goal of the Fund is to promote EDA policies and strategies which contribute to sustainable "green" construction and resource conservation in an effort to address the effects of global climate change. EDA used the Fund to invest in projects in which a building or structure is developed or redeveloped using green building techniques. By utilizing the US Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system to certify the environmental benefits of the project, EDA is able to verify that each Fund-related investment effectively contributes to sustainability and mitigates associated environmental impacts. EDA supports the Fund and is pleased that the President's 2010 budget request provides for $16.5 million, which represents a $1.8 million increase. As part of this

request, EDA is exploring whether the Fund might be broadened to include additional types of projects such as developing or manufacturing a green end-product, or, greening an existing function, process, or activity.

Responding to Severe Economic Dislocations

EDA's expertise has proven to be extremely valuable in responding to sudden and severe economic dislocations through our Economic Adjustment Assistance program. Whether dislocations result from a major employer closing a plant or a defense facility, or from a natural disaster, EDA is able to assist communities in responding to the loss of jobs.

EDA is on the front line of reacting to assist communities following national disasters. Last year, Congress allocated $500 million in two supplemental appropriations to EDA in response to the natural disasters that severely impacted communities across the nation in 2008. To date, EDA has $411.3 million worth of projects in various stages of the application process. With this additional funding, EDA has assumed the role of secondary responder and is working closely with disaster-affected communities to help rebuild their economic bases. EDA has invested in the redevelopment strategies of 11 states severely impacted by last summer's Midwest floods and continues to develop, review and fund applications from communities affected by hurricanes, wild fires, and other natural disasters.

EDA's support in this area is showcased in its $1.25 million investment in the New Orleans Bio-Innovation Center, a project funded in 2006 and located in the New Orleans Medical District. As part of a new wave of advancements in Louisiana, this Center is at the forefront of today's

biotechnology surge. The Center's mission is to assist in the development of biotechnology–related companies looking to commercialize technologies from greater New Orleans area universities and research institutions, including the LSU Health Sciences Center, the Tulane Health Sciences Center, the University of New Orleans, and Xavier University.

American Recovery and Reinvestment Act Funding

EDA received $150 million as part of the American Recovery and Reinvestment Act (ARRA) of 2009 to respond to sudden and severe economic dislocation and job loss due to corporate restructuring. EDA is ahead of the curve in its implementation of the Act and published a Federal Funding Opportunity (FFO) notice on March 11, 2009. EDA received approval of its ARRA spending plan and has allocated funds to each of our six regional offices to initiate the process of disbursing funds quickly to assist communities. To date, EDA has $100.3 million worth of projects in various stages of the application process.

Revolving Loan Funds

EDA is also aggressively confronting its challenges, most specifically the administration of its Revolving Loan Fund (RLF) program. In response to the Department of Commerce Office of Inspector General's (OIG) September 2007 report on Revolving Loan Funds, EDA developed an Action Plan and published an Interim Final Rule implementing many of the Plan's milestones. To date, EDA has successfully completed 26 of the 30 milestones and anticipates successful completion of an additional three more in the coming months. Furthermore, in the last 18 months, EDA has successfully implemented six of the OIG's seven recommendations. EDA has

made excellent progress towards implementing the seventh recommendation—developing and implementing a web-based reporting and data management system to manage EDA's RLF portfolio— and we are on target for online reporting beginning with the period ending September 30.

In partnership with OIG, EDA also organized a series of comprehensive training sessions on RLF reporting and audit requirements in 2008, which was attended by more than 600 individuals representing more than 450 RLFs. Feedback from those sessions was extremely positive, and EDA plans to conduct further training sessions in 2009.

Impact Assessment Report

In an effort to evaluate the agency's strengths and weaknesses, EDA recently funded a study focused on assessing the economic impacts and federal costs of the agency's construction investments. The study, conducted by Grant Thornton in partnership with academia, the private sector, and outside experts, used regression models to investigate whether counties that received EDA funding for construction projects had experienced increased job creation.

The study indicated that EDA investments in rural areas had a statistically significant correlation with increased employment levels in the communities in which they were made. Moreover, the study supported EDA's strategic focus on innovation and entrepreneurship by suggesting that EDA investments in business incubators were more correlated with job growth than other project types.

Conclusion

Chairwoman Boxer, Ranking Member Inhofe, and members of the committee, thank you for your time today, and for inviting me to give an overview of EDA's programs. With me today is Dennis Alvord, the acting Deputy Assistant Secretary for Economic Development, who oversees EDA's six regional offices. We look forward to answering any questions you may have, and working with the committee on legislation to reauthorize the agency.

Environment and Public Works Committee Hearing
May 21, 2009
Responses to Follow-up Questions
Submitted by the Economic Development Administration (EDA)

Senator Boxer:

1. **What discretion does EDA have to reduce the normal local share required for individual projects?**

EDA generally establishes the local share based on the level of distress as evidenced by the unemployment rate and poverty level (the applicant's unemployment rate or per capita income level compared to national average). The typical local share varies between 50 percent and 20 percent depending on the severity of distress.

However, the Public Works and Economic Development Act provides broad flexibility to determine distress based on a "special need," such as the loss of a major employer, natural disaster, rate of outmigration, and other factors. "Special need" projects may only require a 20 percent local share. In addition, the statute also allows EDA to waive the local share entirely for projects of Indian tribes and certain other applicants that the Secretary determines have exhausted their effective borrowing and taxing capacity. In the last year, EDA has also received supplemental appropriations to respond to the 2008 natural disasters which allowed EDA to waive the local match.

2. **At the hearing I requested that EDA provide me with a list of the first EDA projects that receive funding from the American Recovery and Reinvestment Act. Please provide a summary of EDA projects funded to date under this program.**

The following is a list of the 18 EDA projects funded to-date under the Recovery Act, which total $25,491,613:

- $1.26 million to the city of Ladysmith, Wisconsin, to help expand the Meadowbrook Industrial Center and the Fritz Avenue Manufacturing Plant industrial sites to meet an increased need for affordable leased operating space by the manufacturing sector. The expanded facilities will provide affordable industrial space that will benefit existing businesses looking to expand and allow new industrial growth which is expected to help diversify the regional economy and create jobs to replace those lost in recent closures.

- $616,441 to the Village of Milledgeville, Illinois, to help build roadways and sewer service for a new industrial park. The industrial park fills a regional need for space for industrial expansion and new business development and will help offset severe regional job loss.

- $184,000 to the city of Kennedy, Minnesota, to help renovate a vacated school building for use as a business incubator. The new incubator will provide space

and resources to businesses looking to start up or expand in the alternative energy "green" industries.

- $843,052 to Muskogee County and the city of Muskogee, Oklahoma to help make roadway improvements to serve the Harris-Shawnee Corridor Development Project. The road will allow commercial development and a new hospital to locate in the area, bringing new jobs and industries to an area which has suffered major job losses recently.

- $600,000 to Richland Center, Wisconsin, to provide infrastructure improvements needed to expand the North Industrial Park. The new infrastructure will benefit the existing businesses and allow new industrial growth. The presence of the University of Wisconsin's Richland Campus in the city will encourage the development of new technologies and attract entrepreneurs to the region.

- $2.964 million to the City of Fremont, Ohio for the construction necessary for the use of a new reservoir that will provide safe and reliable water to the entire community. The city's previous water source is polluted with high levels of toxic nitrates. This project will also save other local jobs and attract new industries to the area.

- $1.9 million to the City of Little Rock, Arkansas for roadway extensions to and from an aircraft completion and service center near Little Rock National Airport. The new roadway will permit additional industries to locate to the site and bring more jobs to the region.

- $1.75 million to ACCION New Mexico in Albuquerque, New Mexico for the construction of the regional headquarters of ACCION in the historic Sawmill District of Albuquerque. The non-profit organization will promote small businesses in Bernalillo, Sandoval, Torrance, and Valencia counties through micro-lending and technical assistance. The new headquarters will be LEED-Certified as an energy-efficient, green building.

- $1.5 million to the Port of Pasco in Pasco, Washington for the upgrading and modernization of roof structures for nine large warehouse bays at the Big Pasco Industrial Center. This construction will allow the structures to house business incubators, warehouse and distribution businesses, and manufacturing. The Center will serve high-tech environmental manufacturing companies, including those involved in renewable energy.

- $906,840 to Cleveland Community College in Shelby, North Carolina to support the renovation and expansion of an existing building on the campus of Cleveland Community College to create classroom and laboratory space for a workforce training facility. Workers in transition will be trained for new, advanced manufacturing positions, which are much needed because of the region's extremely high unemployment rate.

- $425,000 to Copiah County, Mississippi for the construction of a new water well to replace one that failed during 2008's severe storms. The industries in the Copiah County Industrial Park depend on a reliable water supply.

- $3.3 million to the City of Levelland, Texas to construct expanded rail service, as well as water, wastewater, and road infrastructure, at the Levelland Industrial Rail Park. These improvements will benefit current tenants of the Park and make it possible to recruit new industries. The new rail service will produce transportation savings for smaller users and make them more competitive in the worldwide marketplace.

- $1.6 million to the Terrebonne Parish Consolidated Government in Houma, Louisiana to extend and improve wastewater infrastructure with backup power for continued operation when storms create power outages to the Port of Terrebonne, the Woodlawn Industrial Park, and the Louisiana Petroleum Institute. The area has been repeatedly damaged by the Hurricanes of 2005 and Gustav and Ike in 2008. The improved utility structure will protect industry and shipping.

- $672,280 to the City of Gadsden, Alabama to construct water and sewer infrastructure to expand the occupancy of an industrial park in Gadsden. The construction will allow updating and expansion of facilities and open up the site for additional industries. The region has suffered from the closing of steel mills and outsourcing of other industry.

- $1.6 million to St. James Parish in Lutcher, Louisiana to expand the water treatment capacity of the East Bank Water Treatment Plant in St. James Parish. The planned expansion will enable new industries to locate in the parish, creating many jobs in this region, which suffered damage from Hurricane Gustav in 2008, and where evacuees from Hurricanes Katrina and Rita have remained.

- $2.7 million to the State of Montana to create a Revolving Loan Fund for the timber and wood products industry in Montana. The RLF will provide both technical assistance and financing, saving many family wage jobs in the state's leading industry.

- $2.25 million to Elk City, Oklahoma for improvements to storm drainage and substandard streets at Elk City's industrial park. The improvements will save jobs at existing companies and create additional opportunities for industry. The region suffered extraordinary losses from severe storms and flooding in 2008.

- $420,000 to Rockcastle County Industrial Development Authority in Mount Vernon, Kentucky for the construction of water, sewer, and electrical infrastructure to expand the Rockcastle Industrial Park South in Mount Vernon.

Senator Merkley:

1. **One of EDA's grant recipients, the Umatilla tribe, told my staff that while she believes that EDA is very supportive of tribal economic development, she's noticed that during the Bush Administration more projects went to urban and medium size cities rather than rural areas. In Oregon, rural areas are suffering from higher unemployment rates than urban areas of the state.**

   Was there a decision made to allow more urban areas to receive EDA grants? Have grants awarded to urban areas increased in the last decade? If so, please explain the reason behind this change.

EDA has made no decisions to provide more funding to urban areas and remains committed to supporting rural economic development. Historically, EDA has invested over 50 percent of its resources in rural communities. Since 2000, 36 percent of EDA investments have gone to urban areas. These data would not indicate a trend toward an increase in urban area investments.

Senator Inhofe:

1. **Has EDA seen an increased level of interest in the RLF program in light of the credit crunch in the overall economy, as well as for the disaster assistance funding EDA received? If yes, has the agency made sufficient progress in RLF program oversight to be able to increase RLF investments?**

EDA has seen an increase in applications for new Revolving Loan Funds (RLF), as well as recapitalizations of existing RLFs. The bureau has evaluated these applications according to the criteria used to evaluate all applications for Economic Adjustment Assistance.

EDA's very first ARRA award was a $2.7 million grant for an RLF to support the State of Montana's timber and wood products industry, and the agency also awarded a $10 million grant to the Gulf Coast Economic Development District in Texas using 2008 disaster supplemental funds. In the wake of Hurricane Katrina in 2006, EDA recapitalized four Louisiana RLFs. EDA expects to award at least one more RLF using ARRA funds and at least one more RLF using disaster supplemental funds.

EDA has made significant progress in enhancing its oversight of the RLF program. It has fully implemented six of the Office of Inspector General's seven recommendations following OIG's extensive audit of the program in 2007, and the seventh—the development of an automated RLF tracking, monitoring, and reporting system—should be completed October 1, 2009; user acceptance testing of this system will commence this August. In addition, EDA has completed 28 of the 30 milestones listed in EDA's RLF Action Plan which the bureau developed after the audit. EDA expects to complete the remaining milestones—deployment of the automated system and termination of nonresponsive RLFs—shortly. In addition, EDA has strengthened agency oversight of

the program by developing comprehensive RLF program and policy guidance for EDA staff; obtaining OMB approval for a new, electronic grantee reporting form; enlisting the OIG to provide single audit training to EDA's RLF staff; and providing training for more than 600 individuals representing more than 450 recipient organizations.

2. What process did EDA use to select LEED as its measure of efficiency and sustainability? What factors do you consider when establishing a project? What other systems or processes were considered before deciding on LEED?

In establishing the Global Climate Change Mitigation Incentive Fund (Fund), EDA followed Congressional guidance to fund "sustainable green construction" and to ensure that each investment effectively contributed to sustainability while mitigating environmental impacts. Since EDA did not possess extensive green building expertise, it was necessary to adopt a green building rating and certification system that could be effectively incorporated into EDA's pre- and post-approval award processes. EDA conducted an extensive literature review of existing green building rating systems and consulted with other federal agencies (e.g., GSA) to determine which system they adopted (and why). When attempting to identify an applicable rating system, EDA took into consideration each rating systems' stability, accessibility, market-penetration (in the federal, state, local, and private sectors), objectivity and overall applicability to EDA's construction projects. Based on the aforementioned research and consultations, EDA determined that, while LEED was the preferred alternative, other third-party verified certification rating systems (such as Green Globes) were also deemed acceptable.

3. With so many Green Building Standards or Rating Systems in addition to LEED in operation such as: Green Globes for New Construction, Green Globes for Continual Improvement of Existing Buildings, EPA Energy Star Target Finder and Portfolio Manager, CHPS -- Collaborative for High Performance Schools, ICC-700 National Green Building Standard, and with so many Green Building Standards or Rating Systems in addition to LEED about to be completed such as: GBI/ANSI for New Construction, ASHRAE 189P Standard for the Design of High Performance Green Buildings, and California's Green Building Standard, does EDA have plans to review their choice in the future? Why or why not?

The Fund has expanded in FY 2009 to include projects that support, in addition to green building construction, the development of renewable energy, greater energy efficiency, product reuse, and natural resource restoration (among others). As such, EDA remains open to revisiting all components of the Fund that would improve the development, implementation, and measurement of projects that promote the nexus between economic development and environmental quality. In terms of green building construction, EDA will actively consider the use of other (i.e., non-LEED) green party rating systems as long as they are third-party verified and compatible with EDA's construction projects.

Senator BOXER. Thank you so much. Can I ask Dennis if he could raise his hand so I know—great. Great. And when I get to my questions, I am going to ask you for examples of some of these projects that you are working on through the stimulus and through the emergency. So be prepared to give us a couple of examples. Not right now, when I get to questions.

Now we are going to hear from the Honorable James Kennedy. He is the Commissioner, Butler County, Pennsylvania, on behalf of the National Association of Regional Councils. After you finish, I am going to go vote. If Senator Inhofe does get back, I will ask him to convene and he can convene with Mr. Phillips because I know he has a special interest in that. And then I will come right back and we will continue.

So go ahead, Mr. Kennedy.

STATEMENT OF HON. JAMES KENNEDY, COMMISSIONER, BUTLER COUNTY, PENNSYLVANIA, ON BEHALF OF THE NATIONAL ASSOCIATION OF REGIONAL COUNCILS

Mr. KENNEDY. Good morning and thank you, Chairman Boxer, and Ranking Member Inhofe and the distinguished members of the Committee. I am honored to be before you today to testify on the Economic Development Administration, the EDA, and its reauthorization, economic stimulus and the idea of sustainable and livable communities.

I am James Kennedy, a Commissioner from Butler County, PA. I sit on the Board of Directors of Southwestern Pennsylvania Commission, SPC. I am also an elected Board Member and Past President of the National Association of Regional Councils, NARC, and President of the County Commissioners Association of Pennsylvania. I am also a lifelong resident of Butler County and serve proudly as a Commissioner, an avid regionalist and a dairy and grain farmer.

On behalf of NARC and SPC, I am here to stress the importance of the EDA programs, funding and activities, the need for immediate reauthorization, SPC's successes and challenges with EDA, and how EDA can revitalize to meet the growing needs of our communities and regions.

NARC advocates multi-jurisdictional cooperation as the most effective way to address community planning and development. NARC is governed by the local elected officials, like me, and represents regional planning organizations such as SPC that work to improve America's communities, large, small, urban and rural. Regional planning organizations are important to our communities and for their delivery of funding and programs, providing support and technical assistance, especially during the economic crisis.

My regional council, SPC, represents the greater Pittsburgh region, a 10-county area with diverse urban and rural make up of 2.6 million people and 7,000 square miles. SPC is the MPO, the LDD and the EDD, and is responsible for regional economic development priorities with a wide range of public services including the development and implementing of the region's Comprehensive Economic Strategy, which brings critical funding to our region for improved infrastructure, job opportunities and resources.

In a time of softening economy, declining Federal and State funding, rising unemployment, and the clear need for substantial investments in the Country's infrastructure, we must revive our Federal commitment to EDA's core mission, and bring about more comprehensive regional planning activities.

For SPC, EDA recently provided $150,000 to Pittsburgh Life Sciences for the expansion of the Executive-in-Residence Program, which provides capital investments, customized company formation and business growth services in the region of life sciences, one of my region's largest targeted industrial clusters. The investment part of the $300,000 project was recently profiled in Science Progress as an innovative way to create jobs and maintain long-term economic competitiveness.

Another EDA-supported project in our region is the Armstrong County Industrial Development Council in Kittanning, Pennsylvania which received $2 million to construct the Northpointe Technology Center to house advanced technology firms. This is part of the $4.4 million project that will generate $20 million in private investment to help create 60 jobs, a typical return on investment for EDA funds.

Based on my experience as a local elected official, I believe that the Federal Government should be reestablishing a strong role in urban and rural economic development and support local and regional efforts like those I mentioned, while providing sustained local and regional authority and increased funding to support these levels.

In order to accomplish NARC's recommendation, EDA would be authorized a minimum of $500 million to sufficiently provide funding operations for all levels of agencies, including increased funding for flexibility and the EDA's core programs, which should be the primary focus of EDA. EDDs have received the same $52,000 per year in planning grants for the last 25 years and must be increased. The grants are vital to local governments to address the economic development.

EDA funding is critical in my region, particularly as we face 75 percent State funding cuts this year. We need to leverage as much Federal funds and State and local funding as possible in order to work regionally in order to get the biggest return on our investment.

For Federal economic stimulus, my region conveyed stimulus funding opportunities to potential applicants through public participation panels.

Senator BOXER. Sir, I am going to have to interrupt because your 5 minutes is up and I just ran out of time to vote. So we will put the rest of your statement into the record. But I get your message loud and clear and I am with you. We are going to do this.

[The prepared statement of Mr. Kennedy follows:]

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

Written Statement for the Record

Hearing on
"Oversight of the Economic Development Administration"

Before the U.S. Senate
Committee on Environment and Public Works
Washington, DC

From
The Honorable James Kennedy
Commissioner, Butler County, PA
Board Member, National Association of Regional Councils
and
Board Member, Southwestern Pennsylvania Commission

Thursday, May 21, 2009

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

Good morning and thank you, Chairman Boxer, Ranking Member Inhofe and distinguished members of the Committee. I am honored to be before you to testify on the vital role the Economic Development Administration (EDA) and its programs play within regional economic development, as well as the creation of sustainable and livable communities as it pertains to reauthorization, economic stimulus and other innovative opportunities.

I am James Kennedy, Commissioner of Butler County, Pennsylvania, and sit on the Board of Directors for the Southwestern Pennsylvania Commission (SPC). I am also the Region II (Delaware, New Jersey, New York and Pennsylvania) Board of Directors' Representative and Past President of the National Association of Regional Councils (NARC). Today, on behalf of NARC, I am here to stress the importance of EDA's programs, funding and activities; the need for immediate reauthorization; SPC's successes and challenges with EDA, particularly with economic stimulus funding; and, and how EDA can be innovatively revitalized to meet the growing requirements of communities and regions within a 21st century context.

The National Association of Regional Councils is a non-profit trade organization that serves as the national voice for regionalism, advocating for multi-jurisdictional cooperation as the most effective way to address community planning and development opportunities and challenges. NARC is governed by local elected officials and represents member regional planning organizations composed of multiple local governments that work together to improve America's communities - large and small, urban and rural. Through advocacy and assistance, NARC's mission is to increase funding and authority for all regional councils (RCs) and metropolitan planning organizations (MPOs), regardless of their size or location, and to strengthen American regions and communities in transportation, economic and community development, homeland security, and the environment – cross-linking fundamental planning and implementation functions within these areas.

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

Regional councils deliver an array of federal, state and local programs that provide planning support and technical assistance to local governments. The national network of regional councils includes organizations such as Metropolitan Planning Organizations (MPO), Councils of Government (COG), Rural Planning Organizations (RPO), Economic Development Districts (EDD) and Local Development Districts (LDD). Regional councils are either created by compact and enabling legislation or as a voluntary consortia of local governments. Their mission is the delivery of services and programs for economic development, first responder and 9-1-1, health care, infrastructure development, aging services, air and water quality, land-use and long-range planning, economic and workforce development, data collection and transportation planning at a regional level. As such, regional councils are responsible for much of the planning and programming of federal, state and local dollars.

The Southwestern Pennsylvania Commission (SPC) is the cooperative forum for regional collaboration, planning, and public decision-making within the greater Pittsburgh region, representing a 10-county area with a diverse urban and rural make up that accounts for 2.66 million in population and 7,112 square miles. By providing essential services to the region, SPC develops plans and programs for public investments; fulfills federal and state requirements for transportation, economic development, and local government assistance programs; and operates with public involvement and trust. As the Local Development District (LDD) and Economic Development District (EDD) for southwestern Pennsylvania (as designated by the U.S. Appalachian Regional Commission and the U.S. Department of Commerce), SPC establishes regional economic development priorities and provides a wide range of public services to the region.

A well-planned, coordinated strategy for public priorities in economic development is critical at local, state, and federal levels for sound use of public dollars. As the federally designated EDD, SPC is responsible for developing, monitoring and updating the region's Comprehensive Economic Development Strategy (CEDS). These public-sector, EDA-approved plans for economic development are used as a guide in grant awards for water and sewer infrastructure systems, technology training centers, telecommunications facilities, research parks and other major

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

public-works projects. The EDA grants for infrastructure development, local capacity building and business development help the communities served by SPC to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas within southwestern Pennsylvania.

Many of NARC's members, SPC included, support this Committee's efforts to create and maintain robust investment in economic and community development through regional efforts, and commend the Committee's commitment to a strong federal partnership with our nation's local elected officials. NARC and its members welcome the Committee's questions in addressing the needs, opportunities and challenges facing our nation's regional planning organizations and constituent local governments, particularly as it relates to revived economic and workforce opportunities in our rural and urban regions.

Regional planning organizations like SPC are today's "boots on the ground" planners and implementers of tomorrow's regional infrastructure – built on a strong foundation of regional economic development initiatives. In order to continue our successful efforts, regional planning organizations need a robust federal partner, decisive federal leadership and increased flexibility, funding and resources within federal programs to help make long lasting economic development investments that promote economic development strategies throughout our regions.

Madam Chairman, the convergence of a softening economy, declining federal and state funds, rising unemployment, forecasted population growth, and the clear need for substantial investments in the country's infrastructure, communities and job opportunities provides us with the necessity and opportunity to boost EDA's program success through a revived federal commitment to EDA's core mission – "to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy" – and through a realignment of comprehensive planning activities that spur livable, sustainable and vibrant communities. The question is – how can Congress best direct funding to provide

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

family-wage jobs, while stimulating innovation and entrepreneurship, and offering a wealth of cross-linked options within housing, transportation, and economic opportunity? Let me offer some thoughts on EDA reauthorization, the progress of EDA economic stimulus, innovative economic development concepts and practices, and SPC and the greater Pittsburgh region as a successful example of progress toward comprehensive economic development.

Reauthorization of Economic Development Administration (EDA)

The reauthorization of the Economic Development Administration (EDA) is essential, particularly in these difficult economic times, for providing cost-effective programs, efficient investment of federal resources, creation and retention of jobs, generation of important tax revenues in distressed communities, and tools to achieve regional and global competitiveness. A healthy national economy depends on creating robust regional and local economies. EDA is one of the few federal agencies solely focused on private sector job growth and serves as a critical resource to distressed communities striving to improve local economics through bottoms-up economic development strategies with infrastructure grants, strategic planning assistance, business development capital or technical assistance. EDA programs are an invaluable resource to our communities to implement regional strategies that promote innovation and competitiveness. EDA's role in creating and maintaining jobs while stimulating industrial and commercial growth in economically distressed areas, both urban and rural, is critical to the sustainability of our regions and local governments, many of whom are facing fiscal budget restraints. EDA programs are also flexible, allowing funding to be applied towards long-term economic development planning, as well as sudden and severe economic distress, meeting the nation's needs on multiple levels through one comprehensive program.

Through EDA, the federal government must re-establish a strong federal role in urban and rural economic development. The federal government should include new federal, state and local economic development priorities into existing programs; establish pilot programs to test new ideas; and, act as a convener to facilitate peer-to-peer

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

practice exchanges. NARC recommends the federal government, through EDA reauthorization and other comprehensive economic development opportunities, provide:

- **Sustained authority** to ensure the effectiveness of federal economic development efforts by including local elected officials and their regional planning organizations as engaged partners, which is a long-standing practice of EDA. By increasing the authority and flexibility of local governments and regional planning organizations, and strategically targeting scare funding, the federal government can strengthen regional and national economies;
- **Increased commitment** to funding infrastructure, improving safety, protecting the environment and connecting commerce by leveraging multi-jurisdictional, regional solutions through robust, sustained and coordinated federal funding effort that puts EDA at the center of comprehensive planning, while urging new opportunities that create and incentivize a trained, readily available workforce, which is essential to attracting and retaining industries; and,
- **Increased U.S. innovation and entrepreneurship** that bolsters competitiveness and economic growth through incentives, increased funding, job training and public-private partnerships. Developing strategic alliances with the private sector, entrepreneurial firms, academic institutions and federal research facilities will allow for greater economic opportunities and smoother industry transitions.

In order to do this, NARC recommends that EDA be authorized at the fiscal year 2008 authorized level of a minimum of $500 million to sufficiently provide for programs and operations resources at all levels of the agency. This would include increased funding and flexibility for EDA's core programs – Public Works and Economic Adjustment Assistance – which should remain the primary focus of EDA. The individual planning grants that EDD organizations such as SPC receive also should be increased; EDDs have been receiving the same $52,000 per year in planning grants for the last 25 years. EDA planning grants are the linchpin for local governments to cooperatively address economic development challenges on a regional basis. For this reason, our members look

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

forward to working with the Committee to determine the appropriate increased level of individual planning grants to meet the growing needs of regional economic development.

For years the federal government, through federal surface transportation legislation, has insured that adequate dollars were invested in transportation planning to effectively plan and program transportation investments. With the advent of such national and international sustainability movements, such as the Administration's *Livable Communities* initiative, it has become increasingly apparent that a community's overall health is tied to the successful integration of mobility and accessibility infrastructure, its economic strengths and weaknesses, and its environmental attributes. The time has come to place as much national emphasis on strategic regional economic planning as is placed on the planning of our transportation investments. EDA is the vehicle by which to do just that by increasing the funding that goes directly to the planning, maintenance and monitoring of regional CEDS and by directly tying EDA to the federal *Livable Communities* initiatives.

EDA serves as a vital resource for distressed communities striving to improve their local economies through bottoms-up economic development strategies with infrastructure grants, strategic planning assistance, business development capital or technical assistance. Without the EDA dollars devoted to sound, strategic planning investments through a regional planning effort our communities would not have the ability to develop cross-sector strategies needed to insure our investment of public and private dollars brings the greatest benefit and is used effectively and efficiently. NARC strongly believes and continues to support the kind of extensive public-private partnerships and public involvement called for by EDA in its planning guidance. Furthermore, we believe that it is only through such partnerships and involvement that true success can be measured.

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

EDA Success: SPC Regional Example

SPC promotes regionally integrated, cooperative planning and development activities for communities throughout Southwestern Pennsylvania – urban, rural, large and small. Southwestern Pennsylvania region's communities range from the high density urban center of the City of Pittsburgh, to the fast growing suburbs and rural farmlands of my home county of Butler. Southwestern Pennsylvania has over 110,000 businesses and is the second largest region in the state of Pennsylvania. SPC combines management of community assistance, financial assistance, export and government procurement assistance, and special enterprise development activities with the delivery of other state and federal programs to help our region become increasingly competitive in national and global markets.

SPC has had a long history with EDA as an EDD in identifying priority needs of local communities by working with their citizens to foster economic development and to target and meet the most pressing needs by building community cohesion and leadership. Through the development of CEDS, SPC seeks to create and retain domestic jobs; increase local business stability; revitalize local communities; utilize local transportation facilities; and, enhance productivity and competitiveness.

Most recently, EDA provided $150,000 to the Pittsburgh Life Sciences Greenhouse in Pittsburgh, Pennsylvania, to support expansion of the Executive-in-Residence (EIR) program, which provides capital investments, customized company formation and business growth services to the region's life sciences enterprises, one of the target industry clusters identified for our region. This expansion will allow additional early-stage companies to benefit from the services offered by the program. This investment is part of a $300,000 project. Just recently, *Science Progress* profiled the Pittsburgh Life Sciences Greenhouse in promoting regional centers of innovation around the nation as a way to create jobs and maintain long-term economic competitiveness. The President's fiscal year 2010 budget request includes funding for multiple regional innovation clusters and creating a network of public-private

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

business incubators. This funding could go a long in supporting and strengthening many of the regional cluster activities already underway.

Another EDA supported project is the Armstrong County Industrial Development Council in Kittanning, Pennsylvania, which received $2 million to construct Northpointe Technology Center II, a facility to house advanced technology firms. This investment is part of a $4.4 million project that will help create 60 jobs and generate $20 million in private investment, and is typical in the type of return on investment we see in EDA projects.

For SPC, EDA's funding is critical, particularly as we face a 75 percent state budget cut this year alone. More than ever, we need to patch together as much federal, state and local funding as possible and work regionally in order to get the biggest return on investment, providing for the greatest community benefit.

SPC and Stimulus

As the region's principal regional resource for planning and development information, SPC develops plans and programs through committees involving the public, private and civic sectors. For the American Recovery and Reinvestment Act (ARRA), SPC conveyed stimulus funding opportunities to a wide range of potential applicants, through public participation meetings that focused on opportunities to amend the region's transportation and development plan to incorporate available ARRA money. SPC, in its capacity as a crosscutting regional organization, is a natural venue developing and publicizing new initiatives. We recently held a specially targeted stimulus update workshop for local school districts and municipalities that was co-convened with our two senators' regional offices. ***(Invitation attached)***

EDA has very limited staff resources in the regional office with which to adequately address the aggressive timeline associated with accessing ARRA funds. This is problem should be directly addressed within EDA

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

reauthorization through adequate funding to fully staff EDA headquarters and regional offices. We are in contact with our regional office on a regular basis, and are working on several projects that may, in the future, be able to access some of the limited ARRA funds available through EDA. One issue that did come up in the ARRA process was the ability for businesses and individuals to bypass the SPC regionally-developed EDA process and apply directly on www.grants.gov for EDA ARRA project funding. This is particularly disconcerting given the need to tie all economic development investment to the larger regional plan, meeting the established needs of the region.

EDA and Economic Development for the 21st Century

Creating strong regional economies is critical to maintaining a strong national economy. Regions are economic powerhouses and incubators of opportunity. By drawing on the collective strength of cities, counties and towns across a geographic region, the federal government can build economic and industrial centers to pioneer and test new technologies, train workers and maximize public and private relationships. SPC and its fellow regional planning organizations are recognized as experienced partners, consensus builders, community leaders and program managers. We convene local and multi-jurisdictional government leaders with businesses to support rural, suburban and urban workforce development activities. We have a proven record for administering local, state and federal funds and programs that bolster economic vitality. Our organizations develop innovative approaches and replicable practices that support strategic investments for sustainability and growth agendas in the nation's communities. To support regional and local economic health, we recommend the federal government:

- Coordinate federal funding into mechanisms that fully fund and establish regions and their local constituencies as primary recipients of (current and future) federal resources;
- Create linkages between regions —regardless of size— and avoid a "one-size-fits-all" approach;
- Create a mechanism to establish regional planning organizations where they do not currently exist to meet the needs of contiguous local jurisdictions;

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

- Examine the expanded use of Comprehensive Economic Development Strategies (CEDS), comprehensive regional plans done every five years, to help direct government economic development spending within the region and look to coordinate other federal agency planning efforts with the CEDS process;
- Consider coordinating CEDS with regional transportation (Transportation Improvement Program), land use planning and any other regional planning functions;
- Promote the development of a national study to examine all federal programs that provide economic and workforce development funding for communities and businesses, and determine how these monies and programs can best be leveraged together and innovatively implemented; and,
- Gather all federal agency economic development departments with state, local and regional partners in roundtable discussions focusing on the future of the U.S. economy.

Livability / Livable Communities

The President's fiscal year 2010 budget request contains a myriad of items that addresses a new federal role in economic and community development activities. For the U.S. Department of Commerce, the president increased EDA Economic Assistance Programs by over $11 million compared to fiscal year 2009. Additionally, in the U.S. Department of Housing and Urban Development (HUD), the president calls for $150 million for the *Sustainable Communities Initiative* to integrate housing and transportation, and reform zoning and land use. Of that, $100 million would be geared towards Regional Planning Grants for MPOs and HUD block grant consortia. These items, and many other intermingled throughout the budget request, are laudable and integral to comprehensive regional planning that lead to "livability" or "livable communities" as it is being coined. However, they miss the necessity for inclusion of EDA and the vital role it plays in economic development strategies for urban and rural areas of distress. NARC and its members recommend that EDA's core functions and successes be integrated into these comprehensive planning initiatives in order to ensure appropriate community involvement, maximized federal investment(s), coordinated approaches on long term planning, improved organizational effectiveness, stronger

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

environmental management, reduced costs and time to complete regional projects, and a multitude of other benefits that can drive regional economic growth.

The connection between transportation and economic development is undeniable. SPC has worked tirelessly over the years to optimize the connection in a way that makes sense. As the EDD and the MPO for Southwestern Pennsylvania, SPC has integrated the development of its CEDS with the development of its Long Range Transportation Plan (LRTP) into a joint transportation and development plan. In that regard, this plan explicitly recognizes and stresses the linkage between a well-maintained, efficient transportation system and economic opportunity. This linkage takes place at both the regional policy and the project level. As one joint plan, SPC's Regional Plan has a single vision and a set of policy statements that guide investments for transportation and economic development. On the project level, consistently evaluating investments in transportation and economic development against the spirit and intent of the plan ensures that projects are mutually beneficial. This means that projects either work in tandem or are mutually supportive, and that they do not work at cross purposes or hinder one another.

In its most recent award winning planning effort, *Project Region*, the Commission took this connection further, by examining the impacts of investment decisions on the region's built environment and communities. The *Livable Communities* concept, as mentioned above, is spurring more active acknowledgment of the need for this kind of coordinated planning nationwide through a full integration of transportation, economic and environmental planning. EDA should be one of the lead agency fulfilling this mission by increasing the funding that goes directly to the planning, maintenance and monitoring of regional CEDS, and by directly tying EDA activities to the federal *Livable Communities* initiatives that call for integrated functional planning.

In 2008, *Project Region* was honored as a Best Practice in Regional Visioning with four national excellence awards, including the American Planning Association 2008 National Planning Excellence Award for Public

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

Outreach; American Planning Association 2008 Technology Division Award for Best Use of Technology for Public Participation; Federal Highway Administration & Federal Transit Administration 2008 Transportation Planning Excellence Award; and EDA's 2008 Planning Performance Award.

The EDA award was given to SPC as an EDA investment recipient for a project demonstrating outstanding collaboration and effectiveness in the planning phase of a project. The "2035 Transportation and Development Plan" ***(Executive Summary attached)*** for Southwestern Pennsylvania received this recognition because of its development through an unprecedented community engagement process, *Project Region*. SPC collaborated regionally and produced a unified regional plan, promoting economic growth and generating jobs within its ten-county area. In its collaborative outreach, SPC went well beyond standard public outreach formats, using state of the art technologies to collect feedback across the ten-county region on policy choices. SPC used technology and cost-effective public involvement techniques, rather than expensive traditional marketing, to develop consensus on plans by combining GIS tools, forecasting and scenario methods, electronic kiosk surveys and web facilitated simultaneous public planning meetings.

In pursuing livability from the federal perspective, NARC recommends developing incentives that promote comprehensive regional planning and allows each region to meet federally-established goals by setting regionally-driven objectives based on consensus and a shared regional vision. These objectives should be initiated by strong public and local government involvement, and seek to address new and existing challenges, advance regional collaboration, and leverage a region's assets to compete in a new global economy. While tailored to a region's needs and composition, livability initiatives generally should seek to highlight a region's core strengths while addressing (in most cases, but not all) land use, transportation, the environment, energy, economy/economic development, social welfare, housing, and public safety issues -- in order to properly balance growth, improve the overall quality of life and maintain vibrant local and regional economies. This should be a bottoms up approach that informs a federal process and links the cross-purposes of various federal agencies and programs.

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (tel) 202.986.1038 (fax)
www.NARC.org

Conclusion

Reauthorizing EDA with increased funding and integrating the agency into regional comprehensive planning measures is critical to empowering local governments and propelling regional efforts to help improve the quality of life within U.S. communities. The EDA approach is a cost-effective, efficient investment of federal resources with programs paying for themselves through the creation of jobs and generating tax revenues in distressed communities. Moreover, the bottoms-up approach reflected in the comprehensive economic development planning process ensures the development of a planning strategy that reflects input from the local government level and meets the needs of local communities.

Thank you for allowing me to testify on behalf of NARC and giving me the opportunity to highlight some of the accomplishments and exemplary work of my region. NARC offers its support and assistance on these issues, and any future economic or community development topic that might arise. We look forward to working with Congress on developing proactive federal economic development policies and programs that can help to restore economic prosperity in our nation's communities and foster partnerships and innovative practices that make each region a great places to live, work, play and invest.

Municipality / School District Briefing on the American Recovery and Reinvestment Act (ARRA)

Hosted by
Senator Arlen Specter and Senator Robert Casey, Jr.

Sponsored by
Southwestern Pennsylvania Commission

Join the offices of Senator Arlen Specter and Senator Robert Casey, Jr. to hear first-hand about the economic stimulus funding and how it can impact or benefit your municipality or school district. Don't miss this opportunity to learn and ask questions about the current opportunities of this landmark legislation.

This briefing will focus on the implementation of the legislation from the federal perspective, as well as the Commonwealth of Pennsylvania. Invited speakers will include representatives from sectors of the federal and state government that have direct responsibility for putting the legislation and programs into action.

Briefing topics will include:

- implementation
- drinking / wastewater
- energy
- education
- weatherization
- block grants
- broadband deployment

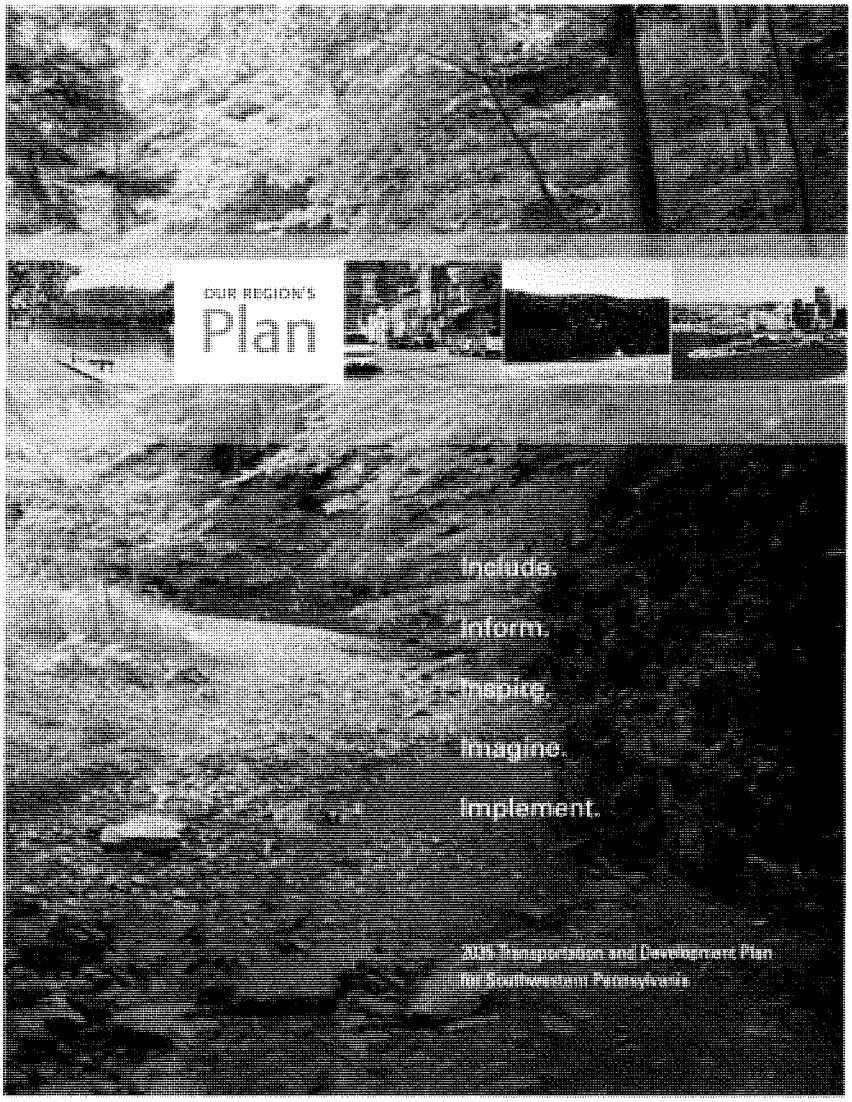
FRIDAY - MAY 1, 2009
Registration: 8:00 a.m. - 8:30 a.m.
Program: 8:30 a.m. - 12:30 p.m.

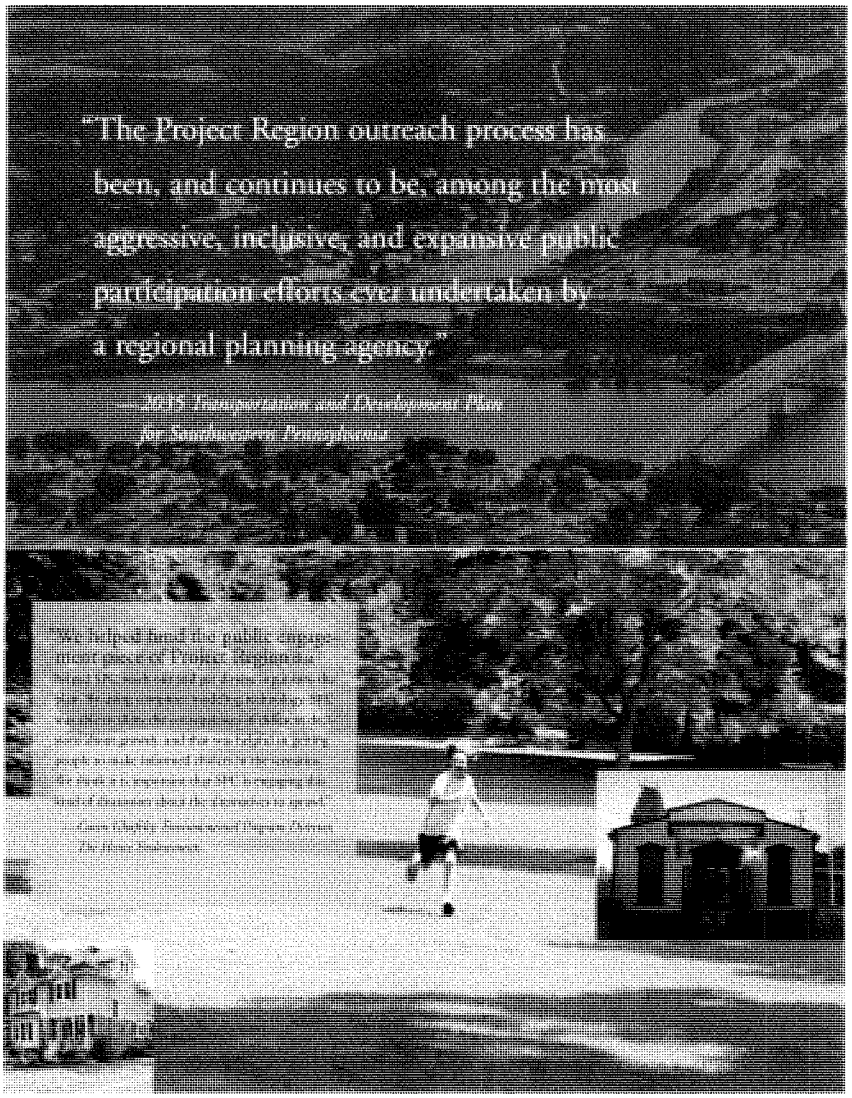
Regional Learning Alliance
850 Cranberry Woods Drive
Cranberry Township, PA 16066

THERE IS NO COST TO ATTEND
SEATING IS LIMITED FOR THIS EVENT...RSVP EARLY!

RSVP BY April 28, 2009 to Marisa Rowe
at the Southwestern Pennsylvania Commission
mrowe@spcregion.org
412-391-5590 x 309

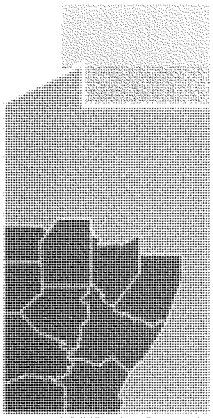
Continental breakfast and refreshments will be provided.


OUR REGION'S
Plan
Include.
Inform.
Inspire.
Imagine.
Implement.
2035 Transportation and Development Plan
for Southeastern Pennsylvania


"The Project Region outreach process has been, and continues to be, among the most aggressive, inclusive, and expansive public participation efforts ever undertaken by a regional planning agency."
— 2045 Transportation and Development Plan for Southwestern Pennsylvania

Not Just "A" Plan. *The* Plan.

Your Plan.



The Southwestern Pennsylvania Commission (SPC) has singular status as the Metropolitan Planning Organization, Local Development District and Economic Development District for our region's 10 counties: Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington and Westmoreland. In these roles, we develop the region's Long-Range Transportation Plan (LRTP) and Comprehensive Economic Development Strategy (CEDS).

The LRTP and CEDS are integrated within the regional *2035 Transportation and Development Plan for Southwestern Pennsylvania* (our Region's Plan). But that plan's purpose, and SPC's work, go far beyond official requirements.

Like other large regions, Southwestern Pennsylvania has many development-related plans—and planning communities. SPC's mission is to bring them together as part of a unified regional vision—to be the region's forum for collaboration, planning, and public decision-making.

That mission reached new heights with the Project Region planning process that gave birth to our Region's Plan. Proactive outreach techniques and state-of-the-art technology helped us achieve a level of public participation that has distinguished Southwestern Pennsylvania nationwide as a leading innovator in regional planning. Over 3,000 participants from our region were directly involved in planning workshops and meetings, and gave input through our websites and surveys.

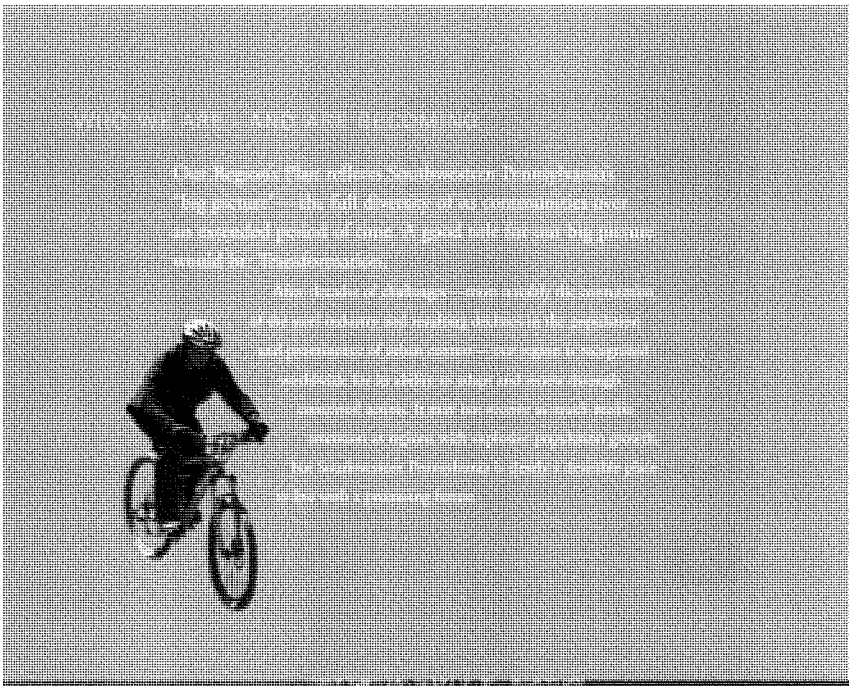
Our Region's Plan is an extraordinary accomplishment—truly a consensus vision of our region's future and the road map for realizing that vision. In both lineage and purpose, it is also *your* plan. Be proud of it, read it, and incorporate it into your understanding of our region, your communications, and your decisions. Using our Region's Plan will help ensure that our region's many policies and projects are mutually supportive to maximize benefits. Together, we can continually improve Southwestern Pennsylvania's quality of life, making our region one of the best places to live, work, play and invest.

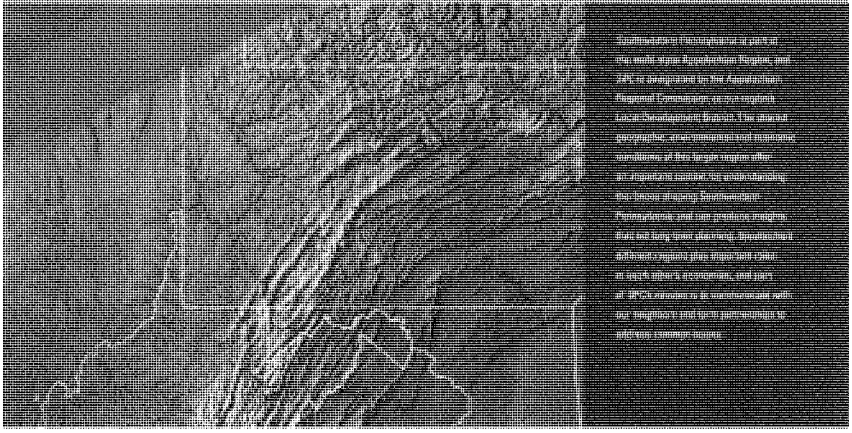
Your Partners at SPC

EMPOWERING THE REGION

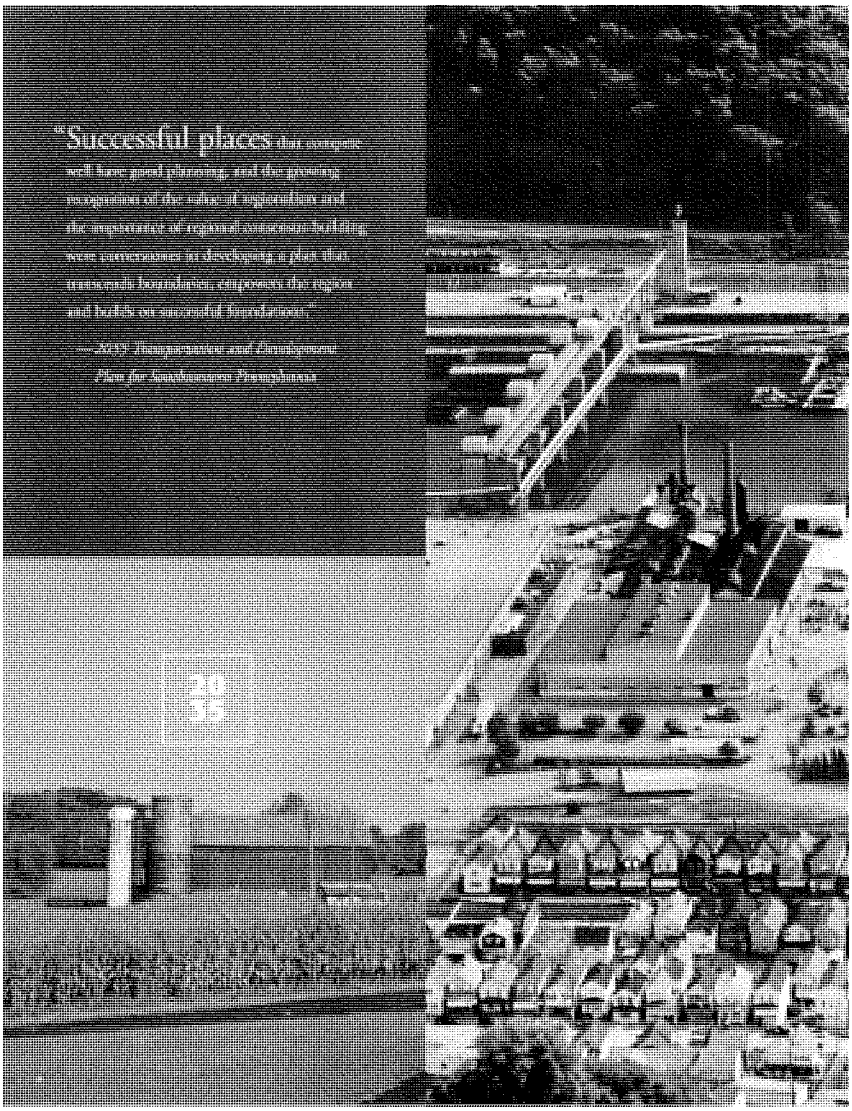
ALLEGHENY
ARMSTRONG
BEAVER
BUTLER
FAYETTE
GREENE
INDIANA
LAWRENCE
PITTSBURGH
WASHINGTON
WESTMORELAND

To obtain a copy of our Region's Plan, learn more about SPC, or participate in future planning efforts, visit www.spcregion.org or call 412-391-5590.





Who We Are...
Effective long-term regional planning starts with knowing who we are and what trends are in play.
11
Average household size
2.38
7,112
2.6
And Who We Are Becoming


"Successful places that navigate well have good planning, and the growing recognition of the value of regionalism and the importance of regional consensus-building were instrumental in developing a plan that transcends boundaries, empowers the region and builds on successful foundations."
— 2035 Transportation and Development Plan for Southwestern Pennsylvania

PROJECT REGION:

HOW You CREATED OUR REGION'S PLAN

SPC believes that a regional plan must involve active participation by all of the region's communities—both geographic and functional (public, private, civic, philanthropic, etc.) Beyond ensuring fairness, such participation creates a broader sense of ownership in, and ongoing adherence to, the plan itself.

Our Region's Plan achieved unprecedented breadth and depth of community participation through a multi-year outreach and consensus-building process known as Project Region. To mine the initial ore for this innovative process, SPC invited dozens of planning experts to analyze diverse regional plans and identify common goals, values and synergies.

When we say that "this plan is your plan," we mean it literally—our Region's Plan policies and strategies come directly from our partners' documents: county and city strategic plans, the Commonwealth's Transportation and Land Use for Economic Development Initiative, Keystone Principles for Development, Action Plan for Investing in a New Pennsylvania (IBM), Regional Vision for Public Transportation, Allegheny Conference on Community Development strategies, PennDOT Mobility Plan, and many others.

Additional Project Region activities, including meetings, open houses, workshops, conferences, online and traditional surveys, interactive kiosks and regional "town meetings" via the Internet ensured that individuals from all walks of life also contributed directly to our final Region's Plan. The bottom line? **More stakeholders than ever can say our Region's Plan expresses their thoughts, values and visions for Southwestern Pennsylvania.**

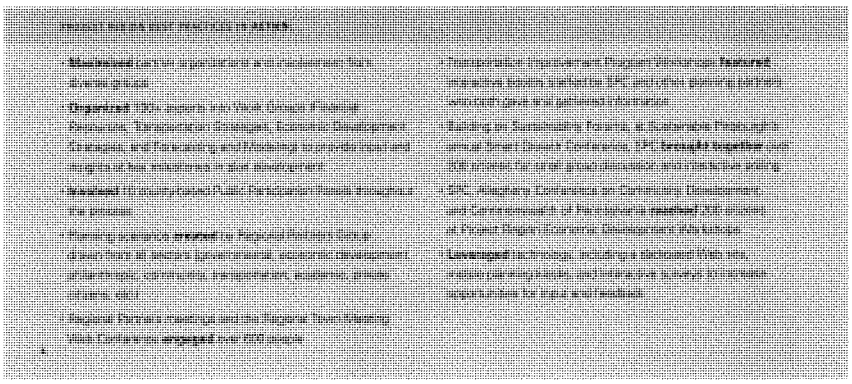
"As a member of the business community, I found this to be a unique opportunity to participate in the inception of this plan's development. SPC took seriously our suggestions and comments on the policy statements and scenario development. I can open the plan, read a policy statement or description and say, 'I was a part of the initial team that helped shape the approved plan.'"

— Doris Carson Williams, African American Chamber of Commerce of Western Pennsylvania and Member of the Economic Development Strategies Work Group

Best Practices

Extensive research into regional planning best practices and an innovative spirit made Project Region the most inclusive discussion of development priorities and strategies in our region's history—and a model program for planning agencies around the country.

PROJECT REGION



SCENARIO PLANNING: Imagine Your Possibilities

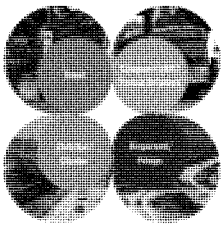
Project Region employed "scenario planning," an inclusive, collaborative approach that involves developing and discussing various scenarios with different future conditions and policy directions in order to arrive at a consensus preferred scenario.

Our Work Groups first created six "sketch scenarios" based on research-proven best practices. Each scenario described development location, density and mix; identified predominant transportation system elements; and listed policy statements. Sketch scenarios were refined by Regional Partners into four more distinct draft scenarios: Trend; Dispersed/Fringe; Compact/Infill/Transit-Oriented; and Corridor/Cluster.

SPC presented these scenarios to the entire region through a live Webcast Regional Town Meeting—the first time residents throughout a region had come together via the Web to work together on planning the region's future. After discussing pros and cons, participants voted on their preferences in six categories: development density; amount of land developed; households near transit; households near highway interchanges; regional travel; and infrastructure cost. The Compact and Corridor scenarios were the top vote-getters, by far, in every category.

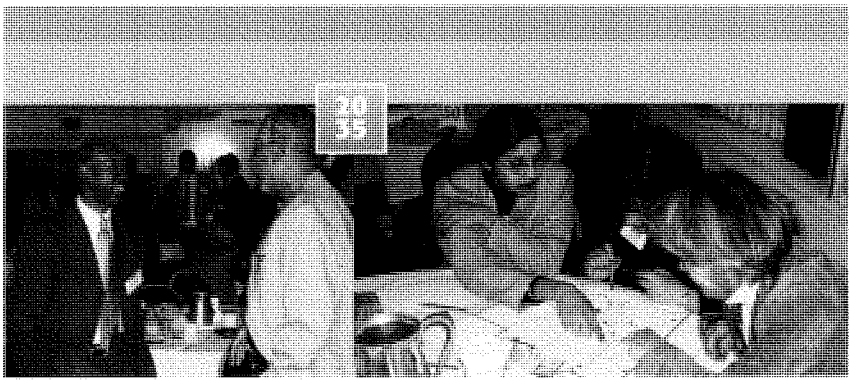
Based on this feedback and additional analysis, SPC created the Regional Vision Scenario—an invaluable guide for decision-makers throughout the region and the heart of our Region's Plan.

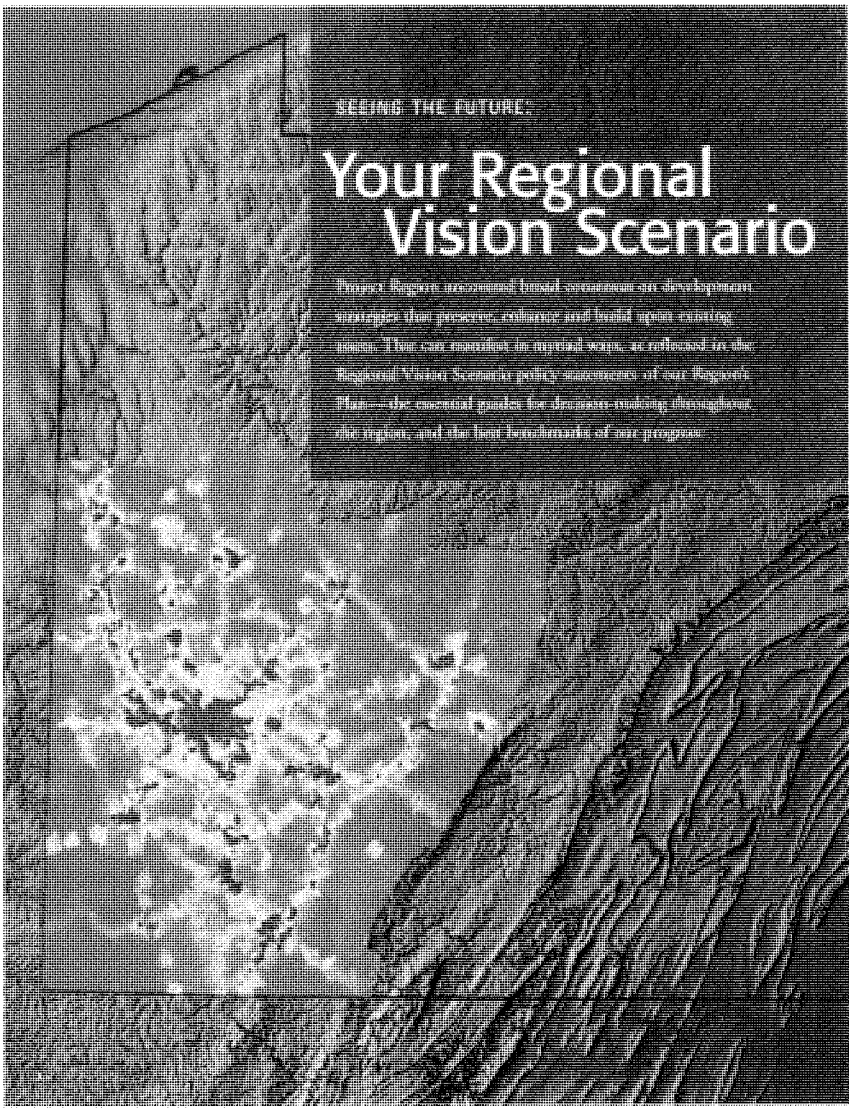
Draft Scenarios

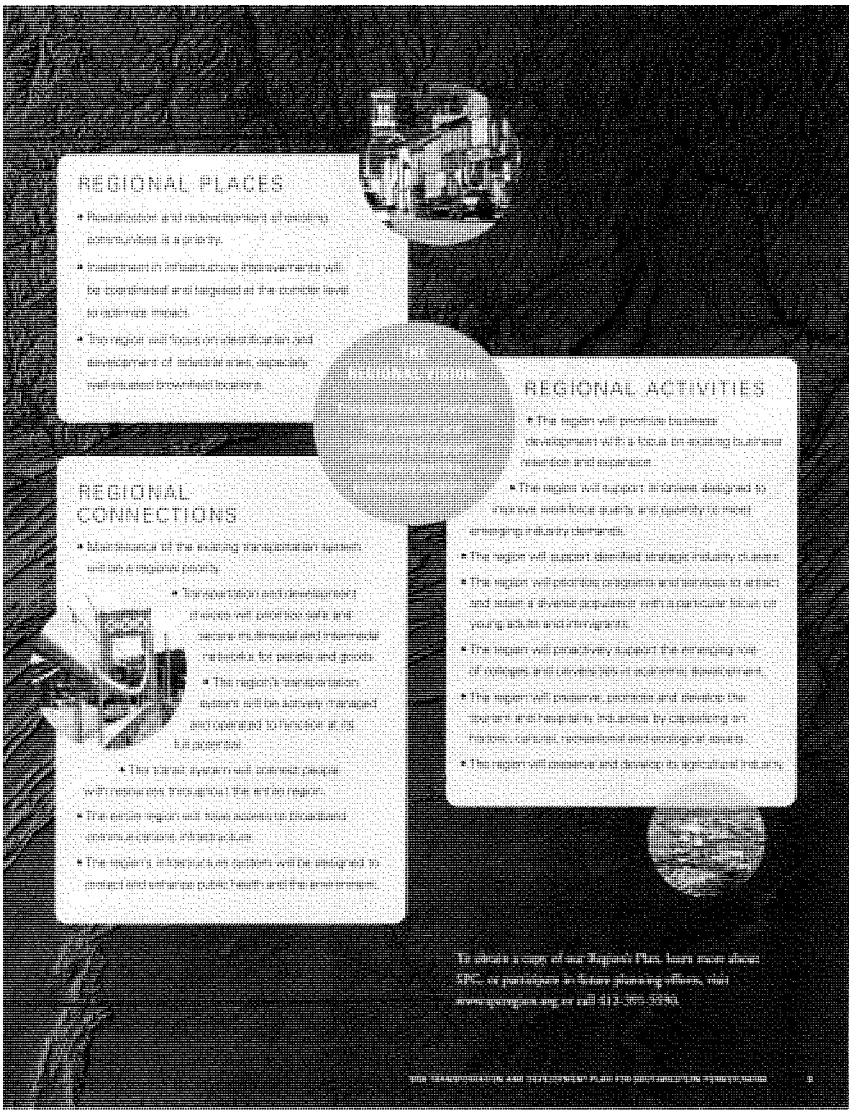


Participants voted on their preferences in six categories:

- development density
- amount of land developed
- households near transit
- households near highway interchanges
- regional travel
- infrastructure cost




SEEING THE FUTURE:
Your Regional Vision Scenario
Project Report recommend broad consensus on development strategies that preserve, enhance and build upon existing assets. This can manifest in myriad ways, as reflected in the Regional Vision Scenario policy statements of our Report's Plan—the essential guides for decision-making throughout the region, and the best benchmarks of our progress.



REGIONAL PLACES

- Revitalization and redevelopment of existing communities is a priority.
- Investment in infrastructure improvements will be coordinated and targeted at the corridor level to maximize impact.
- The region will focus on redevelopment and development of industrial sites, especially well-located brownfield locations.

REGIONAL CONNECTIONS

- Maintenance of the existing transportation system will be a regional priority.
  - Transportation and development choices will prioritize safe and secure multimodal and intermodal networks for people and goods.
  - The region's transportation system will be actively managed and operated to maximize its life potential.
  - The transit system will connect people with resources throughout the entire region.
- The entire region will have access to broadband communications infrastructure.
- The region's infrastructure system will be designed to protect and enhance public health and the environment.

REGIONAL ACTIVITIES

- The region will promote business development with a focus on existing business retention and expansion.
  - The region will support initiatives designed to improve workforce quality and quantity to meet emerging industry demands.
- The region will support identified strategic industry clusters.
- The region will promote programs and services to attract and retain a diverse population with a particular focus on young adults and immigrants.
- The region will proactively support the emerging role of colleges and universities in economic development.
- The region will preserve, promote and develop the tourism and hospitality industries by capitalizing on historic, cultural, recreational and ecological assets.
- The region will preserve and develop its agricultural industry.

To obtain a copy of our Regional Plan, learn more about SPC, or participate in future planning efforts, visit www.spcregion.org or call 413-365-5334.

Traveling to our Future

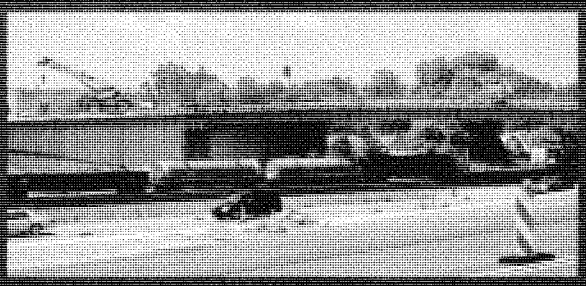
Your Long Range Transportation Plan (LRTP)

Metaphorically, our Region's Plan is a road map for our region's journey to a successful future. But our literal journeys—and real means of transportation—are crucial to both quality of life and quality of business.

SPC is currently scheduled to create a Long Range Transportation Plan matching "reasonably anticipated" funding with defined investment priorities and projects over at least 20 years. Aligned closely to your Regional Vision Statement policy statements, the current LRTP has a "multi-faceted approach to future mobility, including infrastructure and promotion operations improvements.

"SPC's planning process helps me and the members I represent understand the urgent priorities and needed improvements. I appreciate their efforts in developing the 2035 Plan."

— The Honorable John Martin
Chairman, Texas House of Representatives



LRTP Investment Categories and Sample Projects

"I am pleased to see the completion of Project Region is a tribute to the Congressional Delegation to see significant public input and regional support of transportation planning and plans. This plan will enable us in Washington, DC, to fight for the funding that is critical to the continued development of this region."

—The Honorable
Arlen Specter
United States Senator

Capital Maintenance–Bridge Preservation, Reconstruction and Replacement. Sample Plan projects include: Rankin Bridge; Ambridge-Aliquippa Bridge; Point Marion Bridge; Freeport Bridge; West Kittanning Bridge; State Street Bridge.

Capital Maintenance–Roadway Preservation and Reconstruction. Sample Plan projects include: S.R. 981 Laurel Valley betterments from Turnpike to Air Cargo Park; S.R. 119 interchange reconstruction at S.R. 819; Pittsburgh Central Business District street reconstruction; I-70 Bentleyville Interchange reconstruction.

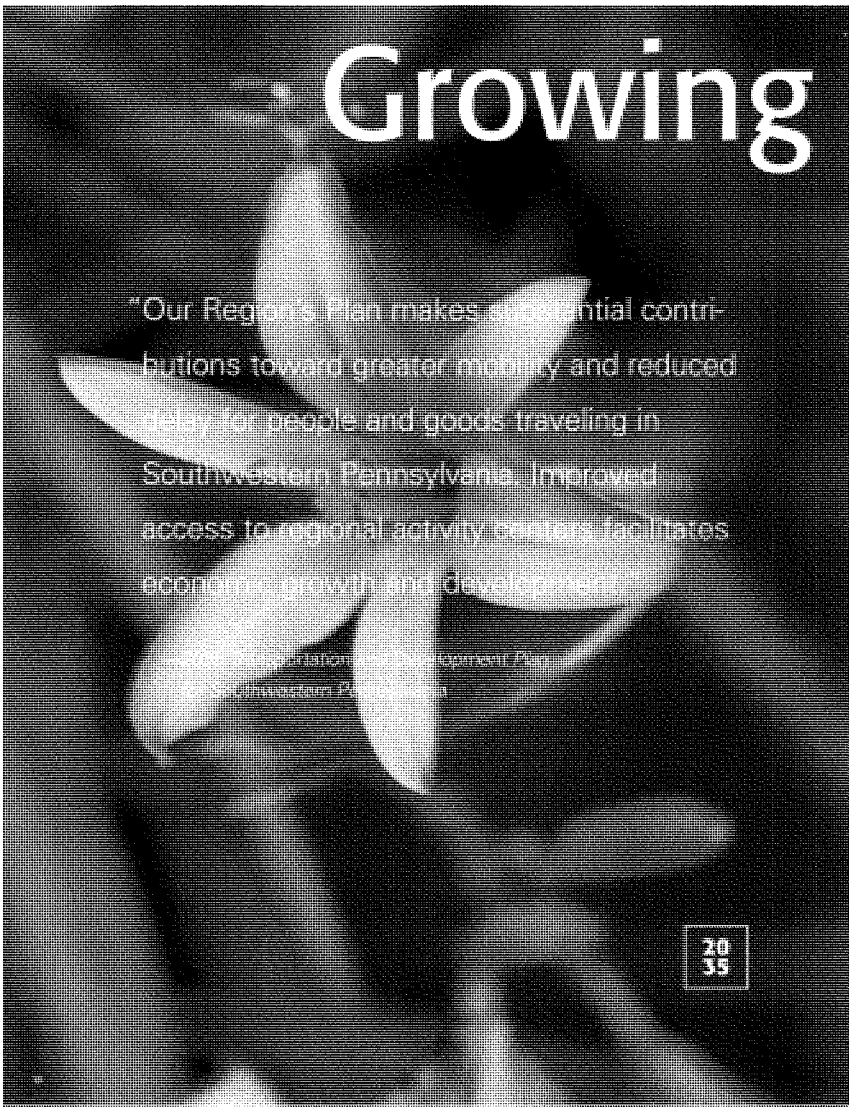
Capital Maintenance–Public Transit Operations, Preservation and Modernization. Sample Plan projects include: fuel, personnel, supplies, and maintenance and improvements to vehicles and facilities (e.g., buildings, bridges, busways, LRT lines).

New Capacity–Roadways and Bridges. Sample Plan projects include: Duquesne Flyover Bridge; I-79/Parkway West missing ramps; four sections of S.R. 22 in Westmoreland County; Masontown Bridge; I-79 Seneca Valley Ramps.

New Capacity–Transit. Sample Plan projects include: Port Authority North Shore Connector; I-79 / S.R. 422 park-n-ride; Union Township park-n-ride; Slate Lick park-n-ride; S.R. 528 park-n-ride expansion.

Traffic Operations and Safety. Sample Plan projects include: S.R. 19 intersection and safety improvements between I-70 and Allegheny County line; I-376 improvements; Pittsburgh and regional traffic signal system upgrades.

Other Transportation. Sample Plan projects include: completion of key trail linkages such as the Hot Metal Bridge Connection and promotion of safe walking routes for students.


Growing
"Our Regional Plan makes substantial contributions toward greater mobility and reduced delay for people and goods traveling in Southwestern Pennsylvania. Improved access to regional activity centers facilitates economic growth and development."
2035

Forward:

Common Strategies

Over 100 state and federal programs support regional business development and site revitalization. As Southwestern Pennsylvania's federally mandated Comprehensive Economic Development Strategy (CEDS), our Region's Plan establishes the strategic growth objectives and projects that will achieve the greatest return on such funding for the entire region.

At the heart of your CEDS and the Regional Vision Scenario are policy statements that were derived directly from common economic strategies and themes found in diverse development plans throughout the region, including:

Targeted Industry Clusters--provide appropriate business climate and infrastructure to support identified industry sectors.

Geographic Investing--coordinate investment in targeted areas suitable for long-term sustainability, supportive of completed and planned infrastructure projects and responsive to market realities.

Economic Development Services--promote systematic cooperation and collaboration of state, regional, and local economic development services providers.

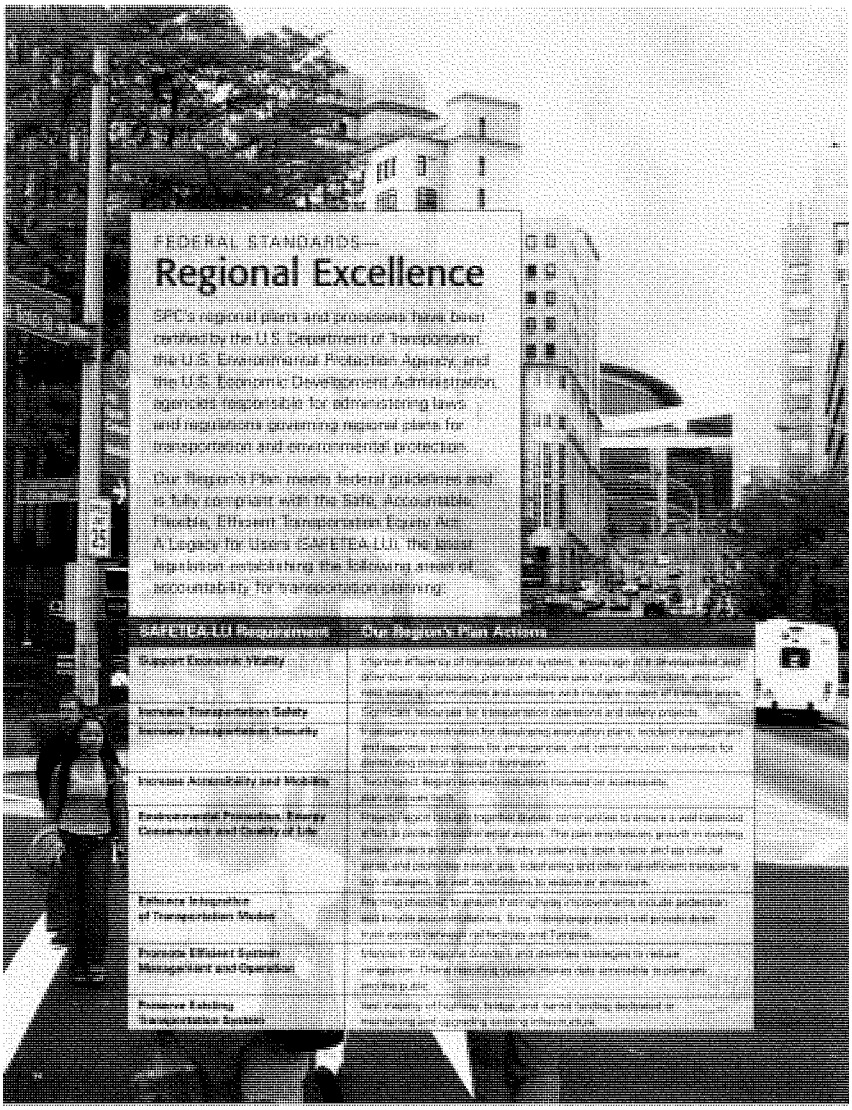
Business--provide economic development infrastructure needed to support entrepreneurial endeavors and, more critically, to retain and expand existing businesses.

Industrial Sites--identify and develop industrial sites to meet site selection needs, with a particular focus on brownfield sites.

Workforce--provide essential services needed to ensure that region's workforce meets the needs of both today's and tomorrow's industries.

Tourism--expand and enhance tourism and hospitality infrastructure to maximize economic potential of regional historical, cultural, recreation and natural assets.

Sustainability--support revitalization of regional existing communities and focus on initiatives that build and develop communities.



FEDERAL STANDARDS—

Regional Excellence

SFCC's regional plans and procedures have been certified by the U.S. Department of Transportation, the U.S. Environmental Protection Agency, and the U.S. Economic Development Administration, agencies responsible for administering laws and regulations governing regional plans for transportation and environmental protection.

Our Region's Plan meets federal guidelines and is fully compliant with the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the latest legislation establishing the following areas of accountability for transportation planning:

SAFETEA-LU Requirements	Our Region's Plan Actions
Support Economic Vitality	Improve efficiency of transportation system, encourage city development and other local revitalization, promote efficient use of [illegible]
Increase Transportation Safety	[illegible] for transportation operations and safety projects.
Increase Transportation Security	[illegible] for developing evacuation plans, incident management and response procedures for emergencies, and communication networks for [illegible]
Increase Accessibility and Mobility	[illegible] focused on accessibility.
Environmental Protection, Energy Conservation and Quality of Life	[illegible]
Enhance Integration of Transportation Modes	[illegible]
Promote Efficient System Management and Operation	[illegible]
Preserve Existing Transportation System	[illegible]

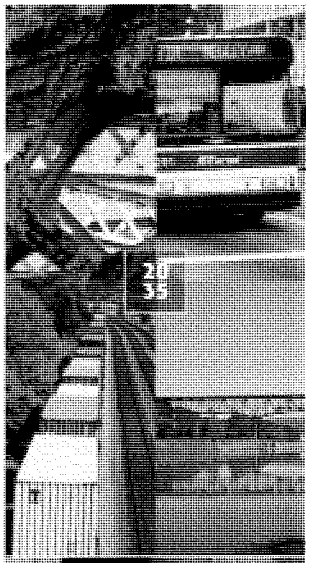
CONTINUING

Challenges

Our region has a great many assets, and they deserve to be well cared for.

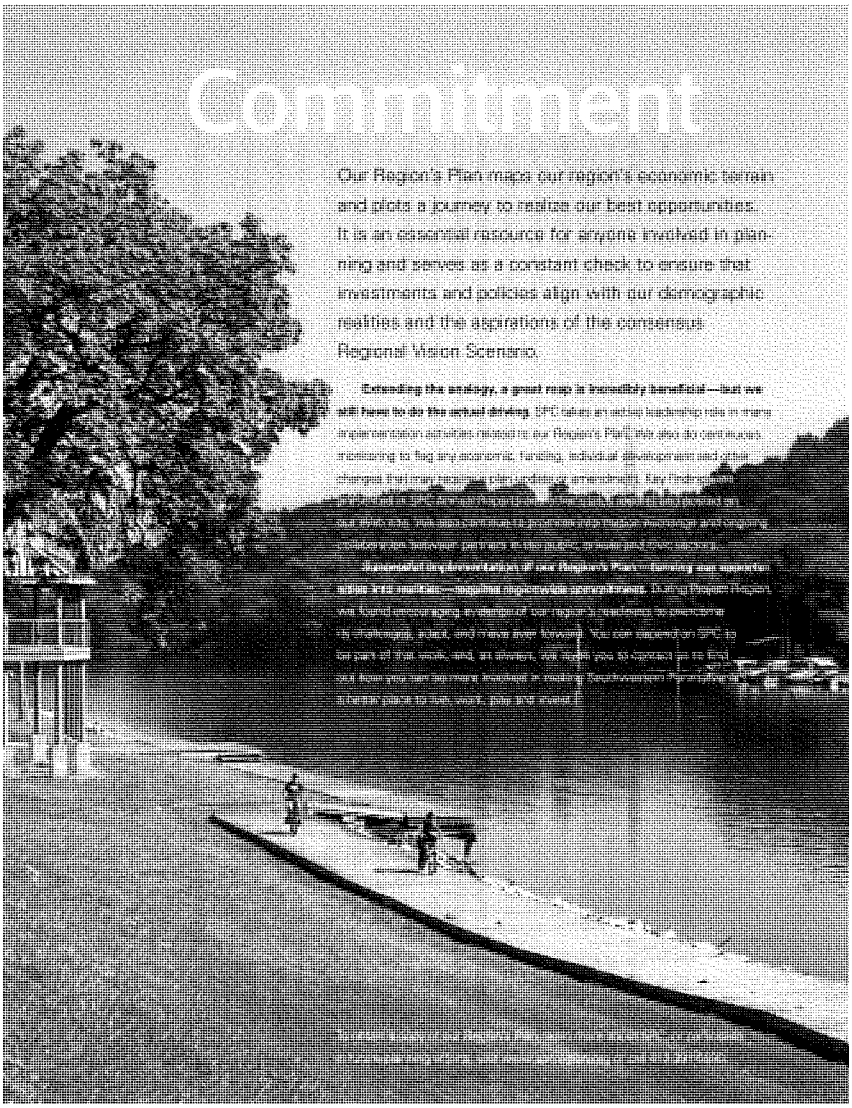
For example:

- Freight volumes are expected to double by 2035, increasing the need for **infrastructure** maintenance and development
- The 17 **locks and dams** which enable commercial navigation of our rivers are old and will require significant attention in the near future
- Over 24,000 linear miles of **roadway** to maintain
- Hundreds of **transit routes** to operate
- Over 1,700 miles of **railroad**
- 22 commercial **airports**
- Over 100 **park-n-ride** facilities
- Over 29.8 million square feet of **bridge deck**



"Local Development Districts are at the heart of the Appalachian Regional Commission's work throughout all 13 states of our region. Here in Washington, we see many good initiatives, but SPC's Project Region stands out in the level of public involvement and the use of the latest technology for civic engagement. I participated in one of their large Regional Partners meetings, and was impressed with the technology they had incorporated to involve large numbers of people and achieve more informed discussion on regional issues. The plan they have produced and the means by which they involved the public is a model others should consider replicating."

—Rick Peltz, Alternate Federal Co-Chair, Appalachian Regional Commission

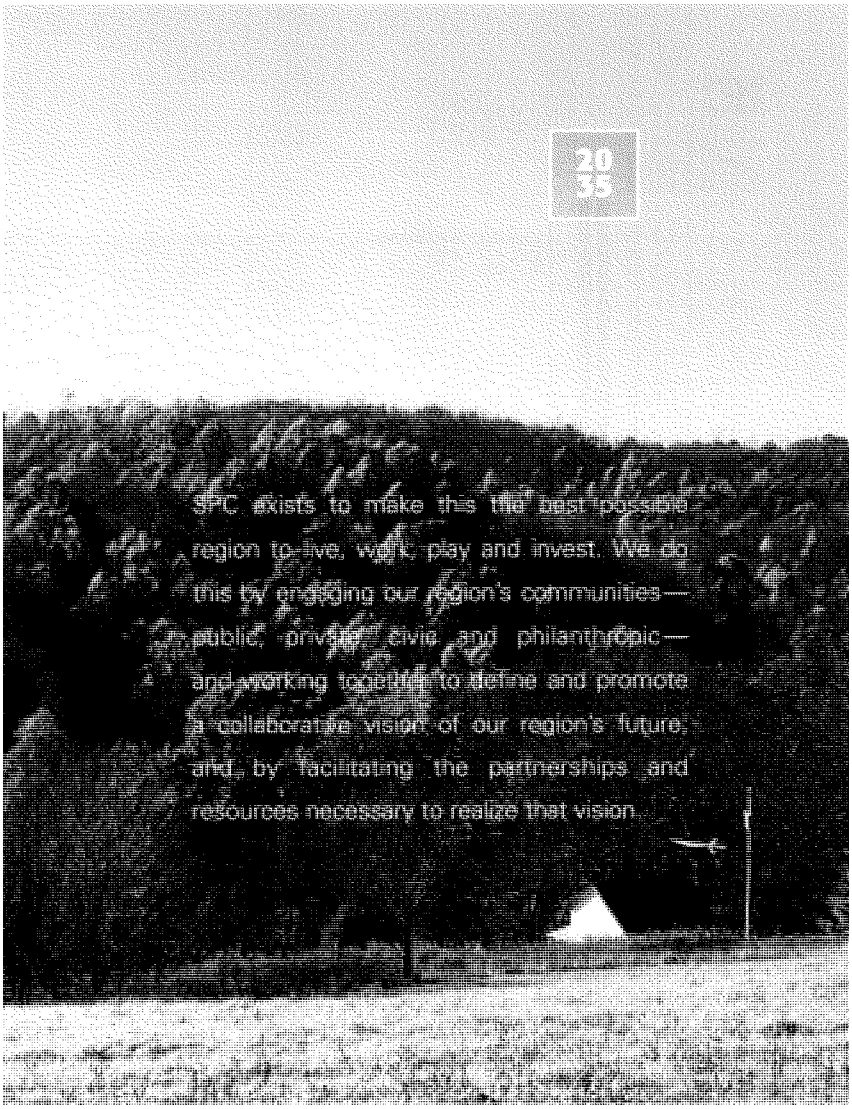


Commitment

Our Region's Plan maps our region's economic terrain and plots a journey to realize our best opportunities. It is an essential resource for anyone involved in planning and serves as a constant check to ensure that investments and policies align with our demographic realities and the aspirations of the consensus Regional Vision Scenario.

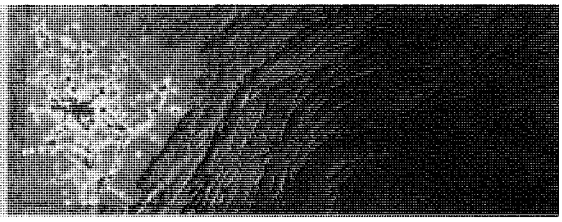
Extending the analogy, a great map is incredibly beneficial—but we still have to do the actual driving. EPC takes an active leadership role in many implementation activities related to our Region's Plan. We also do continuous monitoring to flag any economic, funding, individual development and other changes that may require plan updating or amendment. Key indicators [illegible] our Region's Plan [illegible] our strategic plan to generate ongoing momentum and ongoing collaboration. Wherever partners, as also in EPC, or make good work happen.

Successful implementation of our Region's Plan—turning our aspiration into real life—requires innovative commitment. During Project Region, we found people using a sample of our region's readiness to practice [illegible] challenging, [illegible], and [illegible] over forward. You can succeed on EPC in [illegible] part of that work, and, as always, we invite you to [illegible] so we find out from you can be more involved in making Southwestern Pennsylvania [illegible] a better place to live, work, play and [illegible]


2035
SPC exists to make this the best possible region to live, work, play and invest. We do this by engaging our region's communities—public, private, civic and philanthropic—and working together to define and promote a collaborative vision of our region's future, and, by facilitating the partnerships and resources necessary to realize that vision.

SOUTHWESTERN
PENNSYLVANIA
COMMISSION

Regional Enterprise Tower
425 Sixth Avenue, Suite 2500
Pittsburgh, PA 15219-1852
412.391.5590
www.spcregion.org



"Our Region's Plan is built upon the preferred development scenario and related policy statements that guide investments for transportation and economic development. On the project level, consistently evaluating investments in transportation and economic development against the spirit and intent of our Region's Plan ensures that projects are mutually beneficial. This means that projects either work in tandem or are mutually supportive, and that they do not work at cross purposes or hinder one another."

—*2035 Transportation and Development Plan for Southwestern Pennsylvania*

The preparation of this publication was financed in part through grants from the U.S. Department of Transportation, Federal Highway Administration (FHWA) and Federal Transit Administration (FTA); the U.S. Department of Commerce, Economic Development Administration; the Appalachian Regional Commission; the Pennsylvania Department of Transportation (PennDOT) and Department of Community and Economic Development (DCED); The Heinz Endowments, The Claude Worthington Benedum Foundation, The Pittsburgh Foundation, and The Richard King Mellon Foundation.

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (t) 202.986.1038 (f)
www.NARC.org

Senate Environment and Public Works Committee Hearing
May 21, 2009
Follow-Up Questions for Written Submission

Questions for Kennedy

Questions from Senator James M. Inhofe

1. **Your testimony recommends coordinating CEDS with regional transportation, land use and other regional planning functions. Could you be more specific about how you think that should happen?**

In areas that are both federally designated Economic Development Districts (EDDs) and Metropolitan Planning Organizations (MPOs) the federally mandated planning tools are the Comprehensive Economic Development Strategy (CEDS) and the Regional Long Range Transportation Plan (LRTP). These plans should be, at a minimum, coordinated and optimally combined to ensure that both the economic development and transportation investment decisions are mutually supportive, or, more importantly are not mutually exclusive or working at cross purposes. Also, a combined impact on land use should be assessed.

At its simplest, it could just be a quick assessment of how each project defined in the plans impact other projects. At its most technical, it could be a modeling effort to measure the impacts of a project or set of projects on the plan. It may be easier if I offer an example:

As part of a region's CEDS it plans to make a number of economic investments in a given location, such as redevelopment of a brownfield site into a technology park and the revitalization of nearby downtown commercial district. Included as part of the region's LRTP is the realignment with upgrades to some portion of a nearby roadway network. The impacts of these planned investments can be assessed to see if one, the planned economic investment significantly changes traffic demand and patterns that would impact the design of the transportation improvement, and, two, if the planned transportation investment improves or degrades overall accessibility of the economic investment.

What do you believe is appropriate action for the federal government in encouraging such coordination?

The federal government has specific guidelines for both the development of the CEDS and the regional LRTP. Those guidelines could incentivize this type of coordination and assessment. NARC has also prepared a framework addressing these and other regional planning issues as a way for the federal government to incentivize comprehensive regional planning to address safety, accessibility, economic development, environmental protection and community growth. Please see the attached copy of this framework that details more information on this issue.

NARC
Building Regional Communities

National Association of Regional Councils
1666 Connecticut Avenue, NW Suite 300
Washington, DC 20009
202.986.1032 (t) 202.986.1038 (f)
www.NARC.org

2. In your written discussion of livability issues, you recommend "developing incentives that promote comprehensive regional planning and allows each region to meet federally established goals by setting regionally-driven objectives based on consensus and a shared regional vision." Could you provide examples of what you mean by that recommendation, examples of the types of incentives you envision, as well as the types of goals and objectives that might be developed?

Let's take the last part of the question first. A federally established goal could be things like safety, improved access to commerce or enhanced environmental quality through the reduction of carbon emissions. Different regions may approach these areas with different regional goals, strategies and objectives to meet the national goal. In the case of reducing carbon emissions, some may focus on the reduction of vehicle miles traveled by investing more in transit; others may focus on clean fuel technologies; some may focus on green building; some may promote a compact development pattern; and still others may decide to do all or none of the above. The key is that regions consensually develop the objectives and strategies appropriate for their local governments, communities and citizens to meet the broad federal goal.

Incentives can be as simple as "additional consideration" given to projects that are included in regionally adopted plans and have demonstrated the ability, through their mix of objectives and strategies, to meet and advance to the federal goal. There could also be specific funding streams available to regions (and projects within them) that have an adopted regional plan that demonstrates the ability to meet and advance a set of broad federal goals. Finally, federal funding in certain program areas could be deemed contingent upon their being an adopted regional plan that demonstrates the ability to meet and advance a set of broad federal goals.

Again, NARC's attached livability framework provides the ways in which this could be more successfully implemented by the federal government. Please do not hesitate to contact NARC staff directly for more information on ideas presented in the attached document.

FEDERAL LIVABILITY FRAMEWORK: A CENTRAL ROLE FOR REGIONS

NARC

Building Regional Communities

Prepared by:
The National Association of Regional Councils
1666 Connecticut Avenue NW, Suite 300
Washington, DC 20009
202.986.1032 phone
202.986.1038 fax
www.NARC.org

Executive Summary

"...Our communities are growing and changing. And too often, our approach to community development policy has been like one of those cars on the Merritt Parkway – trapped in gridlock, never moving. It's time to re-think the way we plan the futures of the places we live, work, and raise our kids."

– The Honorable Christopher Dodd, Chairman, Senate Banking, Housing and Urban Affairs Committee, June 16, 2009

The National Association of Regional Councils (NARC), representing multi-jurisdictional regional planning organizations and their local elected officials, encourages federal opportunities that provide incentives for regions to plan comprehensive future growth in a coordinated way that reduces congestion, generates good-paying jobs, meets our environmental and energy goals, protects rural areas and green space, revitalizes our Main Streets and urban centers, creates and preserves affordable housing, and makes our communities better places to live, work and raise families. Regional planning organizations are the conduit by which this can happen.

Now is the time to reinvigorate a federal commitment to regional comprehensive planning through a livability program that crosses multiple federal agencies and patches together planning requirements to provide a more holistic approach to solving current challenges. NARC recommends this new Congressional effort:

- reaffirm the federal role in regionalism;
- coordinate regional assistance programs;
- conduct federal interagency meetings;
- determine federal livability goals;
- establish competitive comprehensive regional planning grants;
- incentivize coordination among local and regional activities;
- improve data collection, research, evaluation and analysis;
- ensure land use/zoning requirements do not impede upon local decision-making; and,
- provide for transparency, accountability and replicability.

NARC looks forward to working with Congress, the Administration, the appropriate federal agencies and association partners to determine how regions can be the leader in promoting the goals of the federal livability agenda, while helping restore economic prosperity in our nation's communities and foster partnerships and innovative practices that make each region a great place to live, play, work and invest.

At a Glance

Introduction

Understanding Regional Planning Organizations

A Brief History of Regional Planning
- **Transportation**
- **Economic Development**
- **Environment**
- **Federally-Recognized Plans**
- **Clinton-Gore Effort**

Current State of Play
- **Administration**
- **Congress**

Looking to a Regional Future

Conclusion

Appendix I: Regional Examples
- **San Diego Association of Governments**
- **Denver Regional Council of Governments**
- **Metropolitan Washington Council of Governments**
- **Atlanta Regional Commission**
- **Chicago Metropolitan Agency for Planning**
- **Northwestern Indiana Regional Planning Commission**
- **Michiana Area Council of Governments**
- **Green River Area Development District**
- **Metropolitan Area Planning Council**
- **Pioneer Valley Planning Commission**
- **Centralina Council of Governments**
- **Southwestern Pennsylvania Commission**
- **Mid-Ohio Regional Planning Commission**
- **Brazos Valley Council of Governments**
- **Wasatch Front Regional Council**

Appendix II: Acronyms

Introduction

The National Association of Regional Councils (NARC), representing multi-jurisdictional regional planning organizations and their local elected officials, strongly supports promoting and establishing a federal Livability Initiative aimed at linking federal planning processes across departmental lines to strengthen U.S. communities and to foster sustainable development and economic growth. Many regions and their local governments have, in fact, been working for years to develop comprehensive plans and to coordinate and integrate their activities to accomplish the goals of those plans. The time has come for the federal government to begin to reward and incentivize these regional efforts, and to recognize the role of regions in stimulating and sustaining local economies and communities. This new effort must include regions and regional organizations, who are uniquely suited to leverage federal assistance programs across issue and geographic areas, can scale up programs and deliver assistance to multiple jurisdictions efficiently, weaving together localities and neighborhoods in a common mission that improves connectivity and commerce, transportation choices, housing and job opportunities, and long-term environmental health and well being.

NARC offers its assistance to Congress and the Administration in developing a framework for a federal livability agenda and program that draws upon and bolsters already in place regional planning organizations to encourage sustainable growth, economic development and new opportunities by cross-linking fundamental planning and implementation functions. Please consider our recommendations for how this initiative can best meet federal, regional, state and local needs.

Understanding Regional Planning Organizations

The challenges we face today – be it job loss, economic competitiveness, neighborhood stabilization, environmental pollution or climate change – require creative solutions that draw on the concentrated talents and productivity of our nation's regions and metropolitan areas. Regional job markets, housing markets, industrial clusters, transportation systems, schools, energy systems, cultural amenities and ecological resources connect multiple localities in a common future. Tight local budgets further call for regional approaches that pool together resources, data, and public/private partners in developing integrated solutions. Such approaches can improve service quality and save money at the same time.

The collaboration of cities, counties, towns, townships and even states across physical and political boundaries provides the ingenuity to tackle the challenges of the 21st Century. Regional planning organizations are the natural unit to address the complex and interconnected opportunities we face – and to plan for long-term change and growth. Regional planning organizations – which include councils of governments (COGs), regional planning agencies (RPAs), metropolitan planning organizations (MPOs), economic development districts (EDDs) and regional development organizations – are multi-jurisdictional, multi-purpose organizations that deliver an array of federal, state and local programs that provide planning support and technical assistance to local governments. Increasingly, they are being called upon to implement regional programs such as regional land use planning, delivery of municipal services and group purchasing. Some regional planning organizations have been created by compact and enabling legislation, and some are a voluntary consortia of local governments that

have come together with the recognition that problems spill beyond jurisdictional boundaries and can best be addressed by multiple localities acting together.

Regional planning organizations continuously maintain and improve our nation's communities by fostering innovative solutions that provide sustainability to regions through strategic design, creative partnerships, crosslinking community needs.

Councils of Governments (COGs) and *Regional Development Organizations* compose the national network of 520 multi-jurisdictional (and, in some cases, multi-state), local government-based planning and development organizations, including the network of 380 Economic Development Districts (EDDs) designated by the Economic Development Agency (EDA).

Regional Planning Organizations (RPOs) are established by state law to coordinate planning and, often, service delivery across municipal lines. Their members always include municipal officials, but can also include state and agency representatives as well as other regional stakeholders.

Metropolitan Planning Organizations (MPOs) refer to the national network of 385 organizations established through federal transportation law (U.S. Code Title 23, Chapter 1, Section 134) to serve as the lead transportation planning organizations for areas with a population of 50,000 or more. Of the existing MPOs, about half are administered, housed or staffed by a COG, with the remaining MPOs operated within a state, county or city planning office or by a stand-alone nonprofit entity. In a minority a cases, MPOs are largely governed by the state.

Economic Development Districts (EDDs) means any region in the United States designated by the U.S. Department of Commerce Economic Development Administration (EDA) as an Economic Development District under §304.1 of 13 CFR Ch. III (or such regulation as was previously in effect before the effective date of this section) and also includes any economic development district designated as such under section 403 of the Public Works and and Economic Development Act (PWEDA), as in effect on February 10, 1999.

A Brief History of Regional Planning

Spurred by population growth and development following World War II, comprehensive planning gained significant attention by the federal government in the 1950's and was sustained through the 1960's and 1970's with the adoption of Section 701 of the Housing Act of 1954. The Housing Act of 1954 authorized the U.S. Department of Housing and Urban Development's (HUD) Section 701 Comprehensive Planning Grant program, providing funding to multi-purpose regional planning organizations throughout the country. The Section 701 grant program required local governments applying for urban renewal assistance to adopt, set and develop long-range general plans. During the years (the 1970s) in which HUD was most active in urban development, the average annual appropriation rose from $25 million to more than $125 million (about $300 million in today's dollars). However, during the 1980s regional programs began to lose their federal funding cache among Congress and the various administrations, and funding for the Section 701 program was eliminated. Yet, other regionally-focused programs within transportation, economic development and environment survived.

Transportation

The Federal Aid Highway Act of 1962 required, as a condition of federal fiscal assistance, that jurisdictions within urbanized areas with more than 50,000 people must plan for regional transportation planning expenditures cooperatively with other jurisdictions in the region. This requirement gave birth to regionally-focused transportation planning in the form of Metropolitan Planning Organizations (MPOs). As the nation grew, more and more areas became urbanized and exceeded the 50,000-person threshold, with the number of MPOs increasing from 225 to 385 between 1965 and 2005. When the U.S. Census Bureau determines the population threshold has been met, a new MPO is formed by the appropriate state legislatures. MPOs can adopt a variety of monikers—such as Transportation Councils, Metropolitan Councils or Transportation Committees, and about half of all MPOs are co-located or co-staffed by the region's Council of Governments (COG).

In 1991, Congress pulled together all of the highway and transit programs into the Intermodal Surface Transportation Equity Act (ISTEA), which largely retained the system of state and metropolitan planning and continued regional MPO activities with new duties assigned. ISTEA has been reauthorized twice, and most recently in 2005 with the Safe, Accountable, Flexible, Efficient Transportation Equity Act-a Legacy for Users (SAFETEA-LU). All three bills reaffirm MPOs as an important partner in regional transportation planning processes.

Economic Development

A healthy national economy depends on creating robust regional and local economies. Federal agencies, such as the U.S. Economic Development Administration (EDA) (within U.S. Department of Commerce), the U.S. Department of Agriculture (USDA), and the Small Business Administration (SBA), have opened the doors for more regional economic development. EDA is one of the few federal agencies solely focused on private sector job growth and serves as a critical resource to distressed communities striving to improve local economics through bottoms-up economic development strategies with infrastructure grants, strategic planning assistance, business development capital or technical assistance. EDA programs are an invaluable resource to our communities to implement regional strategies that promote innovation and competitiveness. EDA's role in creating and maintaining jobs while stimulating industrial and commercial growth in economically distressed areas, both urban and rural, is critical to the sustainability of our regions and local governments, many of whom are facing fiscal budget restraints. EDA programs are also flexible, allowing funding to be applied towards long-term economic development planning, as well as sudden and severe economic distress, meeting the nation's needs on multiple levels through one comprehensive program.

In its process, EDA federally designates Economic Development Districts (EDDs) to be responsible for developing, monitoring and updating a region's Comprehensive Economic Development Strategy (CEDS). These public-sector, EDA-approved plans for economic development are used as a guide in grant awards for water and sewer infrastructure systems, technology training centers, telecommunications facilities, research parks and other major public-works projects. The EDA grants for infrastructure development, local capacity building and business development help the communities served by an EDD to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas.

EDA is known for its cost-effective programs, efficient investment of federal resources, creation and retention of jobs, generation of important tax revenues in distressed communities, and tools to achieve regional and global competitiveness. Over the years, however, agencies like EDA have struggled to maintain authorizations and adequate funding levels to assist regional economic development.

The meager dollars allocated through EDA have a huge return on investment and are critical to the growth of regions. EDA's well-planned, coordinated strategies for public priorities in economic development have proven to be a sound use of public dollars.

Within housing efforts, federal housing programs with inherent local and regional benefits have been grossly underfunded considering the growing need, including, but are not limited to, Community Development Block Grants (CDBG), Brownfields Economic Development Initiative (BEDI), Rural Housing and Economic Development (RHED) and Community Development Loan Guarantee Program. These types of HUD programs, which should not function in a vacuum, are vital to community planning, development, sustainability and progress. America's communities need to be able to compete in a global marketplace, and maintaining HUD programs is essential for continued prosperity and success for American businesses, communities and families.

Environment

There are many federally-directed environmental programs that take advantage of the regional approach, understanding that environmental concerns do not stop at state or jurisdictional boundaries. One such program, Sec. 208 Water Quality Management Planning (WQM), was facilitated through the Clean Water Act (CWA) of 1972. Sec. 208 set forth a program whereby substate, "areawide" Regional Planning Organizations (RPOs) analyzed nonpoint source pollution and develop WQM plans focused on controlling those sources and attaining water quality standards. WQM plans are equivalent to air quality management plans for implementing ambient air quality standards under the Clean Air Act.

These areawide or regional plans are essentially watershed management plans, which are ideal for addressing the many impacts on and arranging mitigation for vital water resources. Regional or areawide WQM planning is the link between water quality standards, permitting, best management practices and other control measures. RPOs, which often develop these plans, bring local government, water districts, watershed organizations and other stakeholders together to prepare watershed and regional plans to achieve water quality standards. These plans then identify management actions and best practices by local governments and other public agencies. These WQM plans, prepared by RPOs, have an increasingly important role in many growing areas, including, but not limited to: stormwater management, watershed management, green infrastructure, asset management, data management, educational programs for communities and low impact development.

True federal funding through Section 208 has not been realized since the 1980s. Some RPOs receive a pass through of state funds or raise revenue to cover this type of planning.

Federally-Recognized Plans

As described in the above narratives, the federal government authorizes nine federal Departments and five independent Agencies to compile regionally focused policy, but has not required coordination to achieve federal goals. The federally-required plans that RPOs undertake include, but are not limited to: Financially Constrained Long-Range Transportation Plans (MPOs); State Implementation Plans (EPA Air Quality prepared by states but include sections on each individual non-attainment regions within a state); Transportation Improvement Plans (MPOs); Watershed Plans; Water Quality Management Plans; and, Comprehensive Economic Development Strategic Plans (EDDs). Many RPOs find that federally required plans do not generally enhance a region's concept of livability due to the stove-piped or siloed nature of the actions they inform or generate.

Clinton-Gore Effort

The 1999 Clinton-Gore Livability Agenda was introduced to help American communities grow, ensuring a high quality of life and strong, sustainable economic prosperity. A billion dollar initiative, the Agenda sought to strengthen the federal government's role as a partner with the increasing number of state and local efforts to build "livable communities" for the 21st Century. Key elements of the interagency initiative – highlighted in President Clinton's proposed fiscal year 2000 budget – included:

- provide communities with new tools and resources to preserve green space;
- ease traffic congestion; and,
- pursue regional "smart growth" strategies.

One key proposal of the Agenda was the "Regional Connections Initiative," which sought to promote regional "smart growth" strategies and to complement the Administration's other regional efforts. In order to carry out the Agenda, the Clinton Administration looked to work with and learn from states, communities, and other stakeholders, and to develop new strategies that provide additional tools and resources. They sought to influence local land use decisions through a $50 million HUD program, offering matching funds for local partnerships to design and pursue smarter growth strategies across jurisdictional lines, while integrating the commitments of more than a dozen federal agencies. This effort would also have aimed to supplement the Administration's Community Empowerment Agenda, which was designed to encourage reinvestment in existing communities to provide greater opportunity for their residents.

Current State of Play

Previous Congresses, administrations and federal agencies have recognized the positive externalities that arise from regional efforts through the authorization (and successive reauthorizations) of important regionally-focused programs. MPOs and their regional transportation planning work are a good example of a federal commitment with funding to regional integrated planning empowered by a layered level of decision making from local governments and their elected officials representing American communities – urban and rural, large and small. Due to efforts like these, it has become increasingly apparent that a community's overall health and welfare is dependent on the successful integration of planning for mobility and accessibility, infrastructure, economic development and environmental resource protection. The time has come to place as much national emphasis on strategic and coordinated regional economic, environmental, land use and housing planning and implementation as is placed on the planning and implementation of our transportation investments.

Administration

The Obama Administration has expressed renewed interest in livability issues and is putting in place efforts to advance integrated, multiple-benefit regional planning:

1. Establishment of the White House Office for Urban Affairs. This Office is expressly tasked to break federal silos and work toward an interdisciplinary approach; take a regional approach; and, promote coordinated and strategic investments in regions, cities and neighborhoods that result in inclusive economic growth.
2. Creation of the Sustainable Communities Partnership among the U.S. Department of Transportation (DOT), HUD and the U.S. Environmental Protection Agency (EPA)

to involve the public in planning to ensure that housing and transportation goals are achieved while also better protecting the environment, promoting equitable development and helping to address the challenges of climate change.

3. Requests within the President's fiscal year 2010 budget to chart a long-term sustainability and resource-management course throughout the federal government, such as $150 million within HUD for the Sustainable Communities Initiative to integrate housing and transportation, and reform zoning and land use. Of that, $100 million would be geared towards Regional Planning Grants for MPOs and HUD block grant consortia. These items, and many other intermingled throughout the budget request, are laudable and integral to comprehensive regional planning that lead to livable communities.

Even as recent as 2005, HUD and the Federal Transit Administration (FTA) entered into an Interagency Agreement (IAA) to help communities realize the potential demand for transit-oriented housing and to close the gap between the projected demand and planned development for housing near transit corridors in particular metropolitan regions. FTA and HUD released a report to Congress in September 2008, *Better Coordination of Transportation and Housing Programs*, outlining strategies to continue and expand coordination in the areas of mixed-income and affordable housing choices near transit. FTA is in the process of developing a *Best Practices Manual* which will provide a multi-scenario "how-to" manual for promoting development of mixed-income housing near transit. This manual will be published by December 2009.

Congress

U.S. Senator Christopher Dodd (D-CT), chairman of the U.S. Senate Banking, Housing and Urban Affairs Committee, is leading the charge on a livability effort, and has requested President Obama to create a White House Office of Sustainable Development to develop comprehensive solutions to the most pressing challenges (climate change, dependency on foreign oil, metropolitan congestion and infrastructure needs). Senator Dodd's Committee is holding briefings and informational sessions to determine how this initiative could work.

U.S. Congressman James Oberstar (D-MN), chairman of the U.S. House of Representatives Transportation and Infrastructure Committee, outlined establishing an Office of Livability within the U.S. DOT in his recently released surface transportation authorization priorities, which may offer an opportunity to redefine how regional transportation planning occurs.

Looking to a Regional Future

The National Association of Regional Councils (NARC) sees great benefit from reinvigorating a federal commitment to regional comprehensive planning through a livability program that crosses multiple federal agencies, patching together planning requirements that can provide a more holistic approach to solving current housing, transportation, environmental, public safety, job creation and economic growth challenges. In some cases, this may mean rejuvenating dormant programs and, in other cases, it means expanding efforts and adding new programs. NARC recommends several actions by Congress and the Administration that leverage the power of existing RPOs to create more regionally-focused policies that can take the federal livability initiative to improve communities across America.

RECOMMENDATIONS:

1. **Reaffirm the federal role in regionalism**. Given its role in promoting fostering national commerce and preserving critical resources, the federal government should reassert an active role in supporting development and preservation in regions of all sizes – large and small, urban and rural. A strong partnership between the federal government and our nation's regions must be re-established to determine the strategies, tools, data, resources and alliances that are needed to advance innovative regional work. Regionalism is reemerging as an important and critical resource of local and state governments who need a more efficient system for delivering resources and technical assistance, and ensuring efficient land use and resource protection.

2. **Coordinate regional assistance programs**. In addition to affirming the importance of regions, the federal government should set up an interagency task force that coordinates all federal activities related to a livability initiative that puts regional planning organizations, their activities and comprehensive planning at the center. This task force would identify inconsistencies in federal policies toward regional work, and provide recommendations for how to strengthen support for meritorious programs. The federal government should re-examine federal regions and regional offices (i.e., FHWA, EDA or FEMA regions) to ensure their activities and structure best match and serve regional needs and their local government partners who are closest to the people. A key problem is inconsistency among regional offices in guidance and interpretation of national rules and regulations. Regional planning organizations should be looked to as a unifying organizational unit that can bring together multiple governmental entities, stakeholders and public and private partners, while interweaving disparate federal assistance programs into a quilt of community growth and opportunity.

3. **Conduct federal interagency meetings**. By gathering the U.S. DOT, HUD, EDA, U.S. Department of Energy (DOE), USDA, U.S. Department of Labor (DOL), U.S. Department of Commerce and the EPA in high level monthly meetings, a forum for cross-collaboration and discussion would emerge, creating the foundation for livability and comprehensive regional planning efforts that cuts across federal agency boundaries.

4. **Determine federal livability goals**. The federal government, as it has done in all program areas, should determine, in coordination with the regional planning organizations, federal livability goals for regional planning organizations and their partners to meet. These may include, but are not limited to increased and sustained economic growth, job creation, housing production and preservation, community safety, stronger environmental management (i.e., reduction of greenhouse gas emissions and management of water resources), reduced congestion, reduced costs and timeframes to complete infrastructure projects, increasing use of renewable and alternative energy sources, etc. Through the delivery of additional resources and tools, regional planning organizations should be empowered to develop appropriate solutions to carrying out such goals, in partnership with state and local government.

5. **Establish competitive comprehensive regional planning grants**. Through the delivery of a new source of funding for regional planning organizations, in the form of competitive grants, the federal government can invest scarce federal resources toward the creation of regional demonstration pilot projects to showcase the capacity, innovation and benefits of comprehensive regional planning and implementation. This will generate "living laboratories" upon which future federal policy and assistance programs can be built. Such grants should be flexible and multi-year in nature (four to five years), allowing for both plan development and implementation. These

grants should be distributed to a diverse group of regional planning organizations – large and small, rural and urban – representing differing geographic, demographic and cultural make ups. This should be a "bottoms up" approach that informs a federal process and links the cross-purposes of various federal agencies and programs. Examples of grant criteria include:

- demonstration of an integrated approach to create/implement livable communities that addresses at least three of the following issues: environment, economic and community development, social welfare, land use, zoning, affordable housing, public safety, transportation and workforce development;
- ability to meet regional targets to help the nation to achieve critical federal goals, one region at a time;
- capability to reach consensus and a shared regional vision through public, private and non-profit sector participation;
- commitment of a more than 50 percent of local jurisdiction (local government) participation in the planning process;
- ability to consolidate services among local jurisdictions effectively and efficiently;
- use of new and innovative technologies and/or outreach and public participation strategies;
- creation of the plan implementation timeframe and strategy;
- institution of regionally-drive objectives and indicators that measure performance and success; and,
- ability to provide a reasonable level of local matching funding consistent with current economic conditions.

A recommended baseline funding amount for a regional planning organization to complete said comprehensive regional plan should be between $1 to $2 million contingent upon the size, complexity and needs of a given region. The grant could be made over a period of years; a typical grant of $500,000 per year for three years would probably help most regions to complete a highly valuable plan. In terms of implementation, which is the next critical funding piece, a modest and consistent funding stream should be established for each regional planning organization to carry out its implementation timeframe and strategy. Implementation funding will also vary on the composition of the region and the plan's requirements, but generally speaking we would suggest that $100,000 to $250,000 would be a reasonable sum.

6. **Ensure land use/zoning requirements do not impede upon local decision-making.** Few regional planning organizations have a direct role in land use planning. Land use decisions rightfully rest within the jurisdiction of local governments. Regional planning organizations, therefore, should not be required to undertake land use planning or zoning changes, but given additional resources to assist their local communities with land use modeling tools for regional forecasting, regional land-use assessments, various regional land-use scenarios and other areas to help improve local decision-making.

7. **Incentivize coordination among local and regional activities.** Along with establishing regional planning organization pilot programs, the federal government should look to establish incentive programs that help to join activities between multiple regional planning organizations across a single geographic area; encourage local planning and procurement to be consistent with the regional plan; and, reward regions that go above and beyond the plan's goals. This could include outreach to and capacity building for the various stakeholders; convening of expert roundtables and other forums or workshops; and, development of appropriate tools to support location

efficiencies.

8. **Improve data collection, research, evaluation and analysis**. Federal data is important for all planning and public policy activities. The U.S. Census Bureau, the American Community Survey and the Economic Census are critical tools for local governments and regional planning organizations to secure funding and plan for a wide range of community and regional programs. Currently over 70 federal agencies provide data without much consistency or coordination. Federal data must be funded, streamlined and organized to ensure the quality and completeness of data activities, and assist in identifying local trends and needs. Examine establishing of a national Data Consistency Task Force to help regions, states, locals and the federal government in streamlining data terminologies, reporting, etc.

9. **Provide for transparency, accountability and replicability**. All federal programs undertaken by regional planning organizations require a great degree of transparency and accountability. This should be incorporated into the federal livability performance-based program to ensure regions meet the federal goals. Reports should be made available to Congress with regular opportunities for briefings and updates. Additionally, funding should be made available to create case studies and best practices of replicable comprehensive regional planning and livability programs.

10. **Conduct a Congressional Research Service (CRS) Study**. This study would examine the federal agencies, purposes and details of federally-required plans developed by regional planning organizations and local governments to address transportation, housing, the environment, economic and community development, public safety and other areas impacting communities to determine duplicative or cross-linked programs. Its goal should be to consolidate useful plans, to eliminate duplicative ones and to encourage a clear and central role for regional planning organization in helping to deliver plans that are mutually consistent and supporting.

Conclusion

The National Association of Regional Councils (NARC) looks forward to working with Congress, the Administration, the appropriate federal agencies and association partners to determine how regions can be leaders in promoting the goals of the federal livability agenda, while helping restore economic prosperity in our nation's communities and foster partnerships and innovative practices that make each region a great place to live, play, work and invest.

Appendix I: Regional Examples

Attached are examples of NARC members and their efforts to create and implement comprehensive regional planning efforts to establish livable communities. Please contact NARC staff if you require further information on these examples or would like direct contact with any regional planning organization highlighted.

(NOTE: This is a sampling – more can be added as requested or needed.)

City, State	Organization Name	Population*
San Diego, CA region	San Diego Association of Governments	2,813,833
Denver, CO region	Denver Regional Council of Governments	2,458,701
Washington, DC region	Metropolitan Washington Council of Governments	4,211,964
Atlanta, GA region	Atlanta Regional Commission	3,850,832
Chicago, IL region	Chicago Metropolitan Agency for Planning	8,183,799
Gary, IN region	Northwestern Indiana Regional Planning Commission	741,468
South Bend, IN region	Michiana Area Council of Governments	584,539
Owensboro, KY region	Green River Area Development District	207,377
Boston, MA region	Metropolitan Area Planning Council	3,066,394
Springfield, MA region	Pioneer Valley Planning Commission	608,999
Charlotte, NC region	Centralina Council of Governments	1,540,714
Pittsburgh, PA region	Southwestern Pennsylvania Commission	2,656,007
Columbus, OH region	Mid-Ohio Regional Planning Commission	1,835,189
College Station, TX region	Brazos Valley Council of Governments	267,085
Salt Lake City, UT	Wasatch Front Regional Council	1,381,778

* Counts are based on 2000 Census.

San Diego Association of Governments

San Diego, California • www.sandag.org

San Diego Association of Governments (SANDAG) consists of 19 local governments and spans a region with a total population of over three million. The SANDAG *2030 Regional Growth Forecast* predicts that by the year 2030 the San Diego region will grow by approximately one million people, 290,000 new homes and roughly half a million jobs. SANDAG is the first MPO in California to update its regional plans under the historic State anti-sprawl bill, SB 375. SANDAG's *2050 Regional Transportation Plan* (RTP) is slated for adoption by the Board of Directors in July 2011. Key efforts of SANDAG's plan include:

- collaborating with the Regional Planning Technical Working Group (the region's planning directors) in order to prepare *The 2050 Regional Growth Forecast* which involves alternative growth scenarios that can be applied to forecast years after 2025;
- developing an Urban Core Transit Strategy to evaluate possible regional transit strategies that maximize peak-period transit mode share in the urban core and thereby reduce vehicle miles traveled in the region;
- developing a Sustainable Communities Strategy to show how regional greenhouse gas (GHG) targets would be achieved through development patterns, infrastructure investments, and/or transportation measures or policies that are determined to be feasible. This effort will be consistent with the housing needs and address protection of sensitive resource areas, including areas protected under Habitat Conservation Plans;
- developing the RTP Environmental Impact Report to include GHG baseline measurements and projections, as well as potential mitigation measures to reduce emissions; and
- establishing a new Regional Planning Stakeholder Working Group to include the public in the development of the 2050 RTP.

Denver Regional Council of Governments

Denver, Colorado • www.drcog.org

Denver Regional Council of Governments (DRCOG), a nonprofit association of local governments, is dedicated to making the nine-county and 47-municipality Denver region a great place to live, work and play. As the regional planning commission for the Denver metro region, DRCOG developed *Metro Vision*, the region's current plan to guide growth, transportation and environmental quality into the future. *Metro Vision* is the foundation of all of the regional council's long-range planning activities. The goal of the plan is to protect and enhance the region's quality of life. The DRCOG Board of Directors adopted the current version of the plan, *Metro Vision 2035*, on Dec. 19, 2007.

Metro Vision includes:

- growth and development policies that influence the shape and characteristics of the urban area;
- transportation policies that address the region's roadway, rapid transit, bicycle and pedestrian facilities and services;
- environmental quality policies that address air & water quality, parks and open space; and
- implementing **Metro Vision** describes the strategies and actions to achieve the plan's goals and policies.

Through their regional comprehensive planning, DRCOG is thinking "SMART," by emphasizing **S**ustainability in the region's vision for growth and development, acting as a **M**odel for regional cooperation, **A**dvocating for the needs of seniors, establishing **R**egionalism as the best approach to problem solving, and partnering with business and industry to meet **T**ransportation needs.

Metropolitan Washington Council of Governments

Washington, DC • www.mwcog.org

Metropolitan Washington Council of Governments (MWCOG), in conjunction with a coalition of civic, business and environmental stakeholders, developed *Greater Washington 2050*, a new regional initiative to improve the quality of life for Washington area residents and 21 local governments surrounding our nation's capital. The initiative is based on a two part study consisting of focus group discussions and regional telephone surveys. The report, *Priorities for a Growing Region*, serves as the public's report card of the region's performance in sixteen different categories, which are also rated on a scale of intensity to see where the public most values progress.

On the scale of intensity the residents felt the most effort should be put toward:

1. higher quality public schools;
2. safer streets and neighborhoods that are free of crime; and
3. more good jobs for everyone who wants one

The desire for regional action was present in 43 percent of the residents surveyed, with the percentage being higher among people who chose housing and the economy as top challenges for the region. Although traffic/transportation placed highest among the most important long term issues, it fell to the middle in the intensity of public priorities list.

With these results from the study, the *Greater Washington 2050* initiative seeks to address the public's concerns for their community. It has recently developed a set of goals, to respond to the issues of land use, economic growth, environmental issues, transportation, quality of life and climate change. They are supported by broad strategies available to local governments and a set objectives and indicators to measure progress in years ahead. These goals aim to balance growth, improve quality of life and maintain a vibrant economy, while ensuring that today's residents are involved in shaping their community for future generations.

Atlanta Regional Commission

Atlanta, Georgia • www.atlantaregional.com

Atlanta Regional Commission (ARC) is the regional planning and intergovernmental coordination agency for the 10-county Atlanta, GA metropolitan area. Their Livable Centers Initiative (LCI) is an award-winning program, designed to help planners and local governments link land use planning with transportation infrastructure in order to achieve smarter and more sustainable growth. LCI planning grants allow areas to utilize the infrastructure and private investments already in place in the community, creating more balanced regional development. The primary goals of the program include:

- connect homes, shops and offices by encouraging a diversity of mixed-income residential neighborhoods, employment and recreational choices at the center/corridor level;
- provide access to a range of travel modes;
- improve safety and sense of place; and
- develop an outreach process that promotes the involvement of all community stakeholders

Through the LCI program approximately $140 million in planning and transportation funds have been allocated to 102 distinct areas in the region. These funds have often been able to leverage public and private investments within LCI communities. In the 2008 LCI Implementation Survey, 63% of the communities who responded reported being able to establish special funding sources that leveraged money for the implementation of the LCI plan. The LCI program has proven to be very successful in creating momentum for major redevelopment efforts in transit station areas and small and large urban centers and corridors. This has spurred new housing and development closer to jobs and helped to promote more efficient transportation modes.

Since its inception in 1999, the program has encouraged the development of more livable communities in the Atlanta region by prompting cities, counties and communities to incorporate smart growth planning in their activity centers, town centers and corridors.

Chicago Metropolitan Agency for Planning

Chicago, Illinois • www.cmap.illinois.gov

The **Chicago Metropolitan Agency for Planning** (CMAP), responsible for integrating planning for land use and transportation for the seven counties in northeastern Illinois, is currently developing its *Go To 2040 Comprehensive Regional Plan,* which promotes the integration of land use factors into its LRTP. The Plan is based on the *Regional Vision*, which describes the region's desired future in terms of quality of life, natural environment, social systems, economy and governance. It emphasizes the need to maximize existing physical infrastructure by encouraging reinvestment through mixed-use, compact development and infill redevelopment. It also highlights the need for safe communities, multi-modal transportation systems, diversified economic centers, energy efficiency, affordable housing, and civic involvement in the planning process. Sustainability, equity and innovation are three important aspects involved in achieving all of these priorities.

CMAP has also developed a number of other programs in order to promote livability within the Chicago region. The *Community Planning Grant Program*, funded by the Regional Transportation Authority (RTA) makes funds available for developing Transit Oriented Development (TOD) plans in communities. The *Full Circle Community Planning and Mapping Initiative* works to provide all communities with high quality planning tools in order to allow increased exchange between planners and community members. The *CMAP Centers Toolkit* provides case studies and a four step process to assist communities in implementing their new goals. The *Regional Indicators Project* involves local communities and stakeholders to identify quality of life indicators which will be used to measure and track the progress the region makes toward its goals in their *Go To 2040 Comprehensive Regional Plan*.

Northwestern Indiana Regional Planning Commission

Gary, Indiana • www.nirpc.org

Northwestern Indiana Regional Planning Commission (NIRPC) is a regional council of local governments serving the citizens of Lake, Porter, and LaPorte counties in Northwest Indiana, which has proposed a new program under its current Unified Planning Work Program. This program, *Transportation for Livable Communities*, seeks to support community-based transportation projects that bring liveliness to downtown areas by linking transportation investments with land use decisions in the region. It will fund capital and planning projects that focus on improving the current transportation system and integrating it with higher intensity and mixed-use development.

This program supports the regional planning organization's Vision and Strategic Directions from the strategies developed to "develop an effective multimodal transportation network" and "advance implementation of new regional public mass transportation." It also addresses planning factors from the federal SAFETEA-LU requirements by working to increase the safety, accessibility and mobility of the transportation system.

Michiana Area Council of Governments

South Bend, Indiana • www.macog.com

Michiana Area Council of Governments (MACOG) is a regional intergovernmental agency established to foster cooperative, coordinated and comprehensive planning activities. The MACOG region represents Elkhart, Kosciusko, Marshall and St. Joseph Counties in Indiana and serves several functions as an MPO, an RPO, staff of the St. Joseph River Basin Commission, transit operator, and, performs economic development planning among other tasks.

MACOG produced a *Smart Growth Initiatives Handbook* for instructing small and mid-sized regions in effectively coordinating their transportation and land use planning to support the regions multi-faceted livability goals. This handbook provides strategies and illustrations for implementing the most effective tools to manage smart growth. These strategies address road and street management, transit management, bike/pedestrian planning, environmental conservation, farmland and open space preservation, and land use and GIS.

Additionally, MACOG has developed the *2035 Transportation Plan* focusing on improving public transit infrastructure, intermodal projects such as bicycle and pedestrian planning, highway projects, increasing transit safety and security, and implementing environmental mitigation techniques.

Green River Area Development District

Owensboro, Kentucky • www.gradd.org

Green River Area Development District, (GRADD), which serves seven counties in Western Kentucky, has demonstrated a commitment to livability in its *2008 Transportation Goals and Objectives and Comprehensive Economic Development Strategy* (CEDS). Its transportation goals focus on increasing access to all modes of transportation within the region, improving transportation safety, developing intermodal access of the transportation system, and providing access to tourism and agri-tourism related venues in the area. These goals emphasize a desire for increased inter-connectedness and accessibility within the transportation system. The CEDS draws its goals from four main roots:

- social and economic well-being;
- managed, balanced growth;
- livable communities; and
- responsible resource conservation.

Livability is an important consideration in the economic development of the region, and this can be seen in the CEDS' goals, which are to:

- promote an economy that will allow the citizens of GRADD to achieve and maintain a quality standard of living;
- promote agriculture within the region as an integral part of its economy;
- make higher education more accessible and affordable;
- provide an adequate inventory of sites and buildings to attract and retain business and industry;
- improve the quality and qualifications of the workforce and expand employment opportunities;
- improve transportation access and capacity;
- ensure that all residents have clean, affordable water; and
- promote efficient handling and disposal of solid waste.

These goals emphasize the need to solve the economic problems of the region, form a plan of action to implement its goals and strategies and develop performance measures to evaluate if goals are being met. The strategic projects of the CEDS reflect the priorities of both community and regional actors and highlight a common theme of dedication to job creation, economic prosperity, and improved quality of life.

Metropolitan Area Planning Council

Boston, Massachusetts • www.mapc.org

Metropolitan Area Planning Council (MAPC) developed the *MetroFuture Regional Plan* for the residents of the 101 municipalities of Metro Boston. It incorporates a detailed smart growth plan, implementation strategies and a constituency of "plan builders" to help realize its goals. It aims to improve equity among residents, strengthen the economy, protect the environment, and improve overall quality of life; and, as a result, is unique in that it is comprehensive, regional and long range. The plan promotes smart growth and preservation by emphasizing job growth, improved schools and transportation in the metropolitan core while simultaneously defining areas with significant natural value as "Priority Conservation Areas." It also advocates for new transit improvements in regional hubs, focused growth in major suburban economic centers, mixed-use growth and the development of inter-connected transportation corridors.

The six goals of the plan are:

- sustainable growth patterns;
- better housing choices;
- vital, well-educated communities;
- increased regional prosperity;
- more transportation choices; and
- a healthy environment.

A key part of the plan lies in its 13 implementation strategies which outline specific recommendations for action by government, businesses, institutions and individual households. Although each strategy seeks to achieve multiple goals, collectively, they serve as a roadmap for policy, advocacy, planning and development decisions.

Pioneer Valley Planning Commission

Springfield, Massachsuetts • www.pvpc.org

Pioneer Valley Planning Commission (PVPC) is the designated regional planning body for the Pioneer Valley region, which encompasses more than 600,000 residents in 43 cities and towns in the Hampden and Hampshire county areas of western Massachusetts, bordering on Connecticut. PVPC is the primary agency responsible for increasing communication, cooperation, and coordination among all levels of government as well as the private business and civic sectors in order to benefit the Pioneer Valley region and to improve its residents' quality of life.

In 1997, the PVPC launched *Valley Vision*, their regional land use plan. Faced with significant growth related challenges and problems, including declining urban centers, dispersed suburban growth, poor air quality, environmental impacts, and loss of farmlands and forestland, the original plan was revisited and *Valley Vision 2* was published in 2007, and is a Smart Growth plan designed to promote compact, mixed use development in and around existing urban and town centers, while promoting protection of open space and natural resources outside developed centers. The plan consists of three parts:

- *The Plan* – which describes the costs of sprawl in the Pioneer Valley, smart growth solutions and smart growth success stories.
- *The Toolbox* – which includes smart growth strategies and model bylaws, design examples and photo simulations of smart growth principles.
- *The Map* – which illustrates locations for high and low density growth, protected open space greenbelts, Brownfields redevelopment sites and Chapter 40R smart growth districts.

Valley Vision 2 also includes the following outreach components, including a website and public outreach and local technical assistance, and a toolbox. Through public private partnerships and innovative techniques, *Valley Vision 2* has created an easy to use, accessible, and successful tool for its member communities.

Centralina Council of Governments

Charlotte, North Carolina • www.centralina.org

The Greater Charlotte Bi-State Region includes 15 counties around Charlotte, NC, and is home to 1.7 million people. **Centralina Council of Governments** (CCOG), in collaboration with Catawba Regional Council of Governments and the Charlotte Regional Partnership, has introduced *Connect: The Greater Charlotte Bi-State Regional Visioning Project*, a three-phase program to develop and implement a regional vision. In the first phase, Taking Stock, guided by a 37-member "Visioning Task Force", showcases the six core values developed from a review of 75 plans and reports adopted at the sub-regional and local level, as well as the studies and visions conducted by civic and non-governmental organizations in the region.

These core values include:

- increased collaboration among jurisdictions;
- sustainable, well-managed growth;
- a strong, diverse economy;
- a safe and healthy environment;
- high-quality educational opportunities; and
- enhanced social equity.

These values will be used as part of the next phase of the project to articulate the vision and gain public support and investment. They reflect a desire for more emphasis on livability in regional planning and they indicate that this vision must emphasize the ecological, economic, historic, cultural and political reality of the bi-state region.

Southwestern Pennsylvania Commission

Pittsburgh, Pennsylvania • www.spc.org

Southwestern Pennsylvania Commission (SPC) achieved a notable level of community participation through its award winning community outreach process to develop the *2035 Transportation and Development Plan* for the region. Known as *Project Region*, this process involved an innovative consensus-building approach which involved over 3,000 participants from the Pittsburgh, Pennsylvania, region in planning workshops, meetings and surveys. Through scenario planning, SPC incorporated new technology practices by presenting sketch scenarios of possible future conditions of the region in a live regional town meeting webcast. This allowed participants to call in rather than physically attend the meeting, while also being able to participate in online polls and view scenario simulations. Participants of the virtual town meeting voted on their preferences in six different categories including: development density; amount of land developed; households near transit; households near highway interchanges; regional travel; and, infrastructure cost.

Based on the participant response, the *Regional Vision Scenario* was developed as the heart of the Region's Plan. The *Regional Vision Scenario* focuses on: revitalizing and redeveloping existing communities; investing in infrastructure improvements at the corridor level; maintaining the existing transportation system; and, prioritizing business development to support a vibrant economy and diverse population.

The region's LRTP emphasizes a "maintenance first" approach to strengthening existing infrastructure and prioritizing operations projects. As an economic development district for the region, their CEDS includes common economic strategies from development plans formulated for the region, such as geographic investing, targeted industry sectors and increased economic development infrastructure. SPC tracks the performance measures associated with the implementation of their CEDS to evaluate the impact of investments and ensure the greatest return possible. SPC's planning process has produced a comprehensive transportation and development plan with an unprecedented amount of civic engagement and use of technology, making it a highly informed and valuable guide to regional transformation.

Mid-Ohio Regional Planning Commission

Columbus, Ohio • www.morpc.org

Rural, urban and suburban communities make up the central Ohio region. **Mid-Ohio Regional Planning Commission** (MORPC) is committed to building a better region in the 203 political boundaries within the region's seven counties – Delaware, Fairfield, Fayette, Franklin, Knox, Licking Madison, Marion, Morrow, Pickaway, Ross and Union. Dramatic changes will occur in the central Ohio region in the next 25 years. Over 500,000 new people are expected to move into the region, raising the total number of residents to approximately 2.5 million by 2030. These figures imply significant change for all communities of the region in coming years.

For nearly four years MORPC has engaged in intensive research that to help lead a collaborative effort to make the region as attractive, as livable, and as prosperous as possible. The centerpiece of this research is a multifaceted growth strategy called Regional Connections (available on MORPC's website). The objectives of Regional Connections were to create an understanding of Central Ohio's anticipated growth over the next 20 to 30 years, and to formulate a strategy to address this growth in a way that aesthetically and economically enhances the region.

Regional Connections identified, analyzed, extrapolated and, especially, considered in regional trends terms of impact on citizens of central Ohio, determining sixteen strategies for priority implementation:

- Create a Model Comprehensive Plan
- Program for Central Ohio Communities
- Conduct Regional Cost of Development
- Create Fiscal Impact/Cost of Community Service Tool
- Update Land Use Model
- Continue to Update Regional DataPort
- Continue to refine Conceptual Development Framework/Matrix
- Establish a Regional Leadership Institute
- Create a best practice set of procedures to guide the formation and implementation of multi-jurisdictional agreements
- Build on and leverage existing efforts of multi-jurisdictional cooperation
- Establish a Regional Development Sub-Committee
- Cooperate with the Regional Policy Roundtable
- Facilitate sub-regional working groups to address local issues
- Advocate to State and Federal representatives and partner agencies
- Advocate to local governments and quasi-governmental entities
- Conduct ongoing analysis of regional issues
- Provide un-biased guidance, support, resources and technical support to local governments to increase the chance of success

In October of 2007, MORPC adopted the recommendations of Regional Connections as "a significant guiding framework for Commission policy decisions." Since the challenges facing our region, and addressed in Regional Connections, do not recognize jurisdictional boundaries, MORPC is the logical catalyst for positive change and sound solutions — the best group positioned to bring together private, non-profit and public stakeholders and decision makers from across the region. To address these pivotal issues, MORPC has created the Center for Regional Development, which will provide leadership and contribute practical solutions to implement the land use and economic development recommendations of Regional Connections that will result in a more prosperous and sustainable Central Ohio while improving the overall quality of life.

Brazos Valley Council of Governments

College Station, Texas • www.bvcog.net

Brazos Valley Council of Governments (BVCOG) consists of seven counties, including Brazos, Burleson, Grimes, Leon, Madison, Robertson and Washington, and is charged with addressing regional issues and opportunities through multiple federal plans, including community policing plans, CEDs, transportation plans and workforce planning documents. Over a three-year visioning stage, Back in 1995, BCVOG developed the *Brazos 2020 Vision*, an initiative whereby long term goals and vision for the development of Brazos County and environs can be created through the mobilization of the talents and energies of the entire community and its citizens. The mission of *Brazos 2020* is "to design and facilitate a process which allows residents of Brazos County, either as individuals or as members of organizations or businesses, to participate in identifying, analyzing, and proposing desirable improvements to the community over the next twenty-five years."

More recently, in 2007, after consulting citizens and stakeholders, BVCOG created the Brazos Valley Building Healthy Communities Coalition to link smart growth and active aging principles in both rural and urban areas of the region. As part of this effort, the Wolf Pen Creek corridor was designated as a design district. The Wolf Pen Creek master plan was developed to ensure coordinated development that preserves the ecological integrity and creates new mixed-use developments including residential, office and recreational uses. This effort, as well as implementation of Evidence-Based Programs, Wolf Pen Creek's transportation system, and the growing number of programs and opportunities within the Brazos Valley region, allows residents to become more active.

Wasatch Front Regional Council

Salt Lake City, Utah • www.wfrc.org

Wasatch Front Regional Council (WFRC) comprises 60 cities and five counties, is the MPO, assists with the RPO, and manages the small cities Community Development Block Grant Program for the region. Over the coming years, the Wasatch Front is expected to annually add a population comparable to the city of Murray, or about 34,000 people. WFRC and Mountainland Association of Governments (MAG) created *Wasatch Choices 2040* to explore potential futures relative to growth patterns, transportation solutions and the environment.

The *Wasatch Choices 2040* process included community leaders and interested citizens in four counties to determine the long-term future of the region by developing growth principles and objectives for transportation planning. These principles created the foundation for actions for implementation locally and regionally to foster high quality of life and help the region compete with other regions. These principles were unanimously adopted in late 2005 by the mayors and county elected officials of both WFRC and MAG. Following the adoption, a scenario that illustrates how the region could grow if the principles are implemented was created, as well as implementation strategies or a "Toolbox of Ideas" that explain various strategies that public and private sector leaders could use to incorporate the growth principles to enhance quality of life indicators such as regional transportation facilities, air quality, land conservation, and quality neighborhoods.

Appendix II: Acronyms

Below is a list of acronyms that have been referenced throughout this report.

ARC	Atlanta Regional Commission
BEDI	Brownfields Economic Development Initiative
BVCOG	Brazos Valley Council of Governments
CCOG	Centralina Council of Governments
CDBG	Community Development Block Grants
CED	Comprehensive Economic Development Strategy
CMAP	Chicago Metropolitan Agency for Planning
COG	Council of Government
CRS	Congressional Research Service
CWA	Clean Water Act
DOE	U.S. Department of Energy
DOL	U.S. Department of Labor
DOT	U.S. Department of Transportation
DRCOG	Denver Regional Council of Governments
EDA	U.S. Department of Commerce Economic Development Administration
EDD	Economic Development District
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FTA	Federal Transit Administration
GHG	Greenhouse Gases
GRADD	Green River Area Development District
HUD	U.S. Department of Housing and Urban Development
IAA	Interagency Agreement
ISTEA	Intermodal Surface Transportation Equity Act
LCI	Livable Centers Initiative
MACOG	Michiana Area Council of Governments
MAG	Mountainland Association of Governments
MAPC	Metropolitan Area Planning Council
MORPC	Mid-Ohio Regional Planning Commission
MPO	Metropolitan Planning Organization
MWCOG	Metropolitan Washington Council of Governments
NARC	National Association of Regional Councils
NIRPC	Northwestern Indiana Regional Planning Commission
PVPC	Pioneer Valley Planning Commission
PWEDA	Public Works and and Economic Development Act
RHED	Rural Housing and Economic Development
RPO	Regional Planning Organization
RTA	Regional Transportation Authority
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act - a Legacy for Users
SANDAG	San Diego Association of Governments
SBA	Small Business Administration
SPC	Southwestern Pennsylvania Commission
TOD	Transit Oriented Development
USDA	U.S. Department of Agriculture
WFRC	Wasatch Front Regional Council
WQM	Water Quality Management Planning

About The National Association of Regional Councils

The National Association of Regional Councils (NARC), representing local elected officials and their regional planning organizations, serves as a national voice for regionalism by advocating for regional cooperation as the most effective way to address a variety of community planning, economic development opportunities, and infrastructure issues. NARC's member organizations are composed of multiple local governments that work together to serve American communities - large and small, urban and rural. In 2008, NARC launched the first of four public awareness campaigns – Green Regions, Mobile Regions, Build Regions and Secure Regions. For additional information, please visit www.NARC.org.

The National Association of Regional Councils
1666 Connecticut Avenue NW, Suite 300
Washington, DC 20009
202.986.1032 phone
202.986.1038 fax
www.NARC.org

[Recess.]

Senator BOXER. Well, I think that what probably happened is that Senator Inhofe's colleagues on Armed Services nabbed him away. We will see what happens. In any case, we have had two excellent statements. We will place the full statement in the record, Mr. Kennedy, and we will move to Mr. Phillips now. Should we move to Mr. Phillips now? OK.

We move to LaVern Phillips, President, Woodward Industrial Foundation. Welcome, sir.

STATEMENT OF LaVERN W. PHILLIPS, PRESIDENT, WOODWARD INDUSTRIAL FOUNDATION

Mr. PHILLIPS. Thank you, Chairman Boxer, Ranking Member Inhofe and members of the Committee for the opportunity to testify today.

I am here today to urge the Senate to reauthorize the Economic Development Administration and to increase funding to this critical Federal agency.

My name is LaVern W. Phillips. As President of the Woodward Industrial Foundation in Woodward, Oklahoma, I am an economic and community development specialist for Woodward and Northwest Oklahoma. I previously served as Chairman of the Governor's Economic Development Team for the State of Oklahoma.

The EDA supports important economic projects affecting the citizens of the U.S. It also provides funding for the Economic Development Districts that plan economic strategies for their areas. Many small, rural communities simply cannot afford to develop their own economic development plans.

The EDA supports a professional planner at the Oklahoma Economic Development Authority who brings the region together behind development of a comprehensive economic development strategy. In my position with the Woodward Industrial foundation, I work directly with the EDA district on this regional plan.

Madam Chairman, we know how important it is to preserve our rural American society and the EDA is an essential funding resource and partner for rural communities in that endeavor. Our experience in Northwest Oklahoma is a good example.

Woodward is the regional hub of Northwest Oklahoma and community leaders have worked hard to expand and diversify financial opportunity for residents, especially our young people. Their diligence has paid off, and our region has reversed the loss of population common in many rural areas. Now we are taking the next step by providing easier access to higher education.

Intensive studies in 2000 and 2004, sponsored by the city of Woodward and coordinated by the Oklahoma Community Institute, identified the need for a multi-purpose education and conference center campus. The initiative is now called the Woodward Community Campus Project.

Within the next few months, the city of Woodward will begin construction on a 36,000 square foot multipurpose conference and educational center on 40 acres of prime land within the city limits adjacent to the USDA Southern Plains Range Research Station. Next door, Northwestern Oklahoma State University has just completed construction of a 22,000 square foot Woodward branch to provide

higher education opportunities for full-time students and young married students working to support their families.

These two facilities will be linked together via interactive television and video conferencing with Northwestern Oklahoma State University's main campus in Alva. The Woodward Community Campus will offer academic, entrepreneurial, work force and economic development programs to address problems facing rural communities. The facilities will open up career options so people can remain in rural Northwest Oklahoma.

The EDA is providing $1 million for the construction of public infrastructure needed by the Woodward Community Campus. This is only 15.5 percent of the cost of the conference and education center, with the city of Woodward committing the remaining 84.5 percent or $5.4 million.

But this is the main point I want to make today: That relatively small percentage of EDA funding was essential to the success of the project. Without EDA's help, the Woodward Community Campus, and the creation of good, new jobs, simply would not happen.

So let me use this forum today to thank EDA and to tell of the positive experience I had working with the agency. The EDA Austin Regional Office Staff and their Director, Pedro Garza, are true professionals dedicated to job creation and preserving rural America.

I respectfully urge this Committee to fully fund the U.S. Economic Development Administration and to adopt a 5-year authorization bill that provides stability and policy direction for the agency.

Thank you, Madam Chairman, Senator Inhofe and members of the Committee for the opportunity to testify, and I welcome your questions.

[The prepared statement of Mr. Phillips follows:]

LaVern W. Phillips
President
Woodward Industrial Foundation
Woodward, Oklahoma

Senate Committee on Environment & Public Works
May 21, 2009

406 Dirksen Senate Office Building

Remarks as prepared for delivery

Thank you Chairman Boxer, Ranking Member Inhofe, and Members of this Committee for the opportunity to testify today. I am here today to urge the Senate to reauthorize the Economic Development Administration and to increase funding for this critical Federal agency.

My name is LaVern W. Phillips. As President of the Woodward Industrial Foundation in Woodward, Okla., I am an economic and community development specialist for Woodward and Northwest Oklahoma. I previously served as Chairman of the Governor's Economic Development Team for the State of Oklahoma.

The EDA directly supports important economic projects affecting the citizens of the United States, and it also provides funding for the Economic Development Districts that plan economic strategies for their areas. Many small, rural communities simply can't afford to develop their own economic plans.

The EDA supports a professional planner at the Oklahoma Economic Development Authority who brings the region together behind development of a Comprehensive Economic Development Strategy. In my position with the Woodward Industrial Foundation, I work directly with the EDA district on this regional plan.

Madam Chairman, we all know how important it is to preserve rural American society, and the EDA is an essential funding resource and partner for rural communities in that endeavor. Our experience in Northwest Oklahoma is a good example.

Woodward is the regional hub of Northwest Oklahoma, and community leaders have worked hard to expand and diversify financial opportunity for residents, especially for our young people. Their diligence has paid off, and our region has reversed the loss of population common in many rural areas. Now, we are taking the next step by providing easier access to higher education.

Intensive studies in 2000 and 2004, sponsored by the City of Woodward and coordinated by the Oklahoma Community Institute, identified the need for a multipurpose higher education and conference center campus. The initiative is now called the Woodward Community Campus Project.

Within the next few months, the City of Woodward will begin construction of a 36,000 square-foot multipurpose conference and educational center on 40 acres of prime land within the city limits, adjacent to the USDA Southern Plains Range Research Station.

Next door, Northwestern Oklahoma State University has just completed construction of a 22,000 square-foot Woodward branch to provide higher education opportunities for full-time students and younger married students working to support their families.

These two facilities will be linked together via interactive television and video conferencing with Northwestern Oklahoma State University's main unit in Alva. The Woodward Community Campus Project will offer academic, entrepreneurial, workforce and

economic development programs to address problems facing rural communities. The facilities will open up career options so people can remain in rural Northwestern Oklahoma.

The EDA is providing $1 million for construction of the public infrastructure needed by the Woodward Community Campus. This is only about 15.5 percent of the cost of the conference and education center, with the City of Woodward committing the remaining 84.5 percent, or $5.45 million.

But this is the main point I want to make today: That relatively small percentage of EDA funding was essential to the success of the project. Without the EDA's help, the Woodward Community Campus and the creation of good, new jobs simply wouldn't happen.

So, let me use this forum to thank the EDA and to tell of the positive experience I have had working with the agency. The EDA Austin Regional Office staff and their Regional Director, Pedro R. Garza, are true professionals, dedicated to job creation and preserving rural America.

I respectfully urge this committee to fully fund the U.S. Economic Development Administration and to adopt a five-year reauthorization bill that provides stability and policy direction for the agency.

Thank you, Madam Chairman, Senator Inhofe, and other Members of this Committee for this opportunity to testify. I welcome your questions.

Environment and Public Works Committee Hearing
May 21, 2009
Follow-Up Questions for Written Submission

Questions for Phillips

Questions from:

Senator James M. Inhofe

1. You mentioned that you work with your district organization on the Comprehensive Economic Development Strategy, and as a grant recipient, you obviously have gone through the EDA application process. Could you describe your experience with either or both of those processes? Do you think either could be improved or simplified without losing the necessary federal oversight and accountability? If yes, how?

WOODWARD
INDUSTRIAL FOUNDATION
Email: wif@sbcglobal.net • (580) 254-5616 • Fax (580) 254-5633
Mailing Address • P.O. Box 1026 • Woodward, OK 73802

August 3, 2009

Heather Majors
Senate Committee on Environment and Public Works
410 Dirksen Senate Office Building
Washington, DC 20510

Dear Ms. Majors:

In response to a follow-up question from Senator James Inhofe, we worked on the Comprehensive Economic Development Strategy Plan with the Oklahoma Economic Development Authority for our area and have been a beneficiary through the EDA application process. Both processes were very simple and straight forward, but as with most government programs I think the process could be shortened and still achieve the same goals.

Please refer to my comments made before the Committee on Environment and Public Works on May 21, 2009.

Sincerely,

LaVern W. Phillips
President

Senator BOXER. Thanks so much, Mr. Phillips. And our last, but not least, speaker, is Leanne Mazer, Executive, Tri-County Council for Western Maryland, on behalf of the National Association of Development Organizations. Welcome.

STATEMENT OF LEANNE MAZER, EXECUTIVE DIRECTOR OF THE TRI-COUNTY COUNCIL FOR WESTERN MARYLAND

Ms. MAZER. Good morning Chairman Boxer, Senator Inhofe and members of the Committee.

My name is Leanne Mazer. I currently serve as Immediate Past President of the National Association of Development Organizations and Executive Director of the Tri-County Council for Western Maryland, an EDA-designated economic development district serving the three western-most counties in the State.

Thank you for the opportunity to testify in support of a multi-year reauthorization bill for the Economic Development Administration, as well as discussing the agency's role in post-disaster and stimulus recovery efforts. I will limit my oral remarks to four main points.

First, EDA has a proven track record in helping its local partners create and retain high-quality jobs in distressed areas, including those suffering from chronic poverty and those suffering from economic dislocations caused by plant closures or downsizing, natural disasters or changes in global trade.

In reauthorizing the agency, we encourage the Committee to restore the local match rates for distressed communities to at least the pre-2005 agency rule changes. This is one of the most important legislative fixes needed to help the agency serve distressed areas.

Senator BOXER. Could you repeat that sentence again?

Ms. MAZER. Absolutely. In reauthorizing the agency, we would encourage the Committee to restore the local match rates for distressed communities to at least the pre-2005 agency rule changes. This is one of the most important legislative fixes needed to help the agency serve distressed areas.

Second, Madam Chair, we would urge Congress to strengthen local control of EDA's Revolving Loan Fund Program. The RLF Program is a proven economic development tool for addressing the credit needs in under-served areas. RLFs are managed by public and private nonprofit organizations to further local economic development goals by lending their capital and then re-lending funds as payments are made on the initial loans.

Locally managed RLFs have provided business capital to thousands of new and existing companies that have difficulty securing conventional financing. Over the years, EDA has provided grants to nearly 600 RLFs with net assets approaching $850 million.

EDA's RLF Program has the unique distinction of being one of the only Federal grant programs that never loses its Federal identity. The initial RLF grant, and any income or interest derived from it, is considered Federal property forever. RLF operators are forced to continually comply with expensive and burdensome reporting requirements, even those dating back to the late 1970s. Ownership of EDA RLFs should be fully transferred to local inter-

mediaries once all of the initial funds have been loaned out, repaid and fully revolved.

Third, NATO and its members respectfully urge Congress to increase the minimum funding level for EDA's partnership planning program from $27 million to $34 million. This small yet highly effective program provides essential seed capital and matching funds for 378 economic development districts, numerous Tribal planning partners, and other State and local entities. With an average grant of only $54,000, the EDA planning program provides matching funds to multi-county organizations, such as Tri-County Council for Western Maryland, to help local governments and others work together on a regional basis to develop solutions, partnerships and strategies for addressing area-wide economic development issues.

EDA's on time project completion rate, high rates of leveraging private sector investment, and impressive job creation statistics are tied directly to the groundwork and planning that proceeds project development and implementation. With the growing complexities of the growing economy, increased mandates by EDA, and mounting local economic pressures, a modest increase in the annual EDA planning grants for economic development districts would make a significant difference.

Finally, Madam Chair, there is a need to provide broader incentives to foster regional collaboration and partnerships among local governments, along with the private sector, educational and nonprofit institutions. While the EDA reauthorization bill established two new performance award programs, these incentives are very limited in scope and have demonstrated little impact. EPA would benefit from much broader and more aggressive policy incentives and approaches related to regional economic collaboration and cooperation.

Congress is urged to build upon the existing set of multi-jurisdictional EDDs to encourage and facilitate regional development activities including increasing the EDA's share in projects with significant regional impact and collaboration.

Madam Chair and members of the Committee, thank you again for the opportunity to testify today, and I would welcome any questions.

[The prepared statement of Ms. Mazer follows:]

WRITTEN STATEMENT FOR THE RECORD

LEANNE MAZER, EXECUTIVE DIRECTOR OF THE
TRI-COUNTY COUNCIL FOR WESTERN MARYLAND
AND IMMEDIATE PAST PRESIDENT OF THE
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
BEFORE THE
UNITED STATES SENATE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC
MAY 21, 2009

Thank you, Chairwoman Boxer, Senator Inhofe and members of the committee, for the opportunity to testify today in support of a multi-year reauthorization bill for the Economic Development Administration (EDA), as well as discuss the agency's role in recent disaster and stimulus recovery efforts.

My name is Leanne Mazer. I am the Executive Director of the Tri-County Council for Western Maryland, headquartered in Cumberland. I also currently serve as Immediate President of the National Association of Development Organizations (NADO). My professional background includes nearly two decades in regional and local economic development, including eight years in my current position.

The **National Association of Development Organizations (NADO)** provides advocacy, education, research and training for the national network of 520 regional development organizations, including the 378 multi-county Economic Development Districts (EDDs) designated and funded by the U.S. Economic Development Administration (EDA). NADO members – known locally as councils of governments, economic development districts, local development districts, planning and development districts, regional councils and regional planning commissions – are focused on strengthening local governments, communities and economies through regional solutions, partnerships and strategies.

Our nation's regional development organizations manage and deliver a variety of federal and state programs. Based on local needs and priorities, programs may include aging, census, community and economic development, emergency management and homeland security preparedness, GIS, housing, small business development finance, transportation and workforce development. A policy board of local elected officials, along with business, education and citizen representatives, governs and sets the priorities for each regional organization.

The **Tri-County Council for Western Maryland** is a regional economic development agency serving Allegany, Garrett and Washington counties. The organization serves as a regional planning and development organization

under the guidance of both the Appalachian Regional Commission (ARC) and EDA. In addition to our professional and technical assistance programs for local governments, businesses and non-profit entities, our organization operates several small business development loan funds, serves as the state data center affiliate for Western Maryland and offers Geographic Information System (GIS) services for our local communities and partners.

On behalf of NADO members across the nation, Madam Chair, I would like to thank you and the members of the committee for your support of EDA and its local partners. With the broad scope of priorities and programs within the committee's jurisdiction, we appreciate the time you have provided to focus on this small but highly effective agency.

In addition, we would like to thank the committee for reporting out legislation (S. 3551) providing a multi-year reauthorization of EDA during the 110th Congress. The measure provided substantive updates to EDA programs, while still allowing the agency to focus on its time-tested core mission of private sector job creation in distressed and underserved communities. The members of NADO look forward to working with the committee to pursue final enactment of a multi-year reauthorization bill.

First, Madam Chair, the members of NADO urge Congress to develop and pass a multi-year reauthorization bill for EDA. In addition, Congress is urged to support a bill that incorporates several changes designed to strengthen the effectiveness of EDA investments in distressed and underserved communities, especially those in small metropolitan and rural regions.

As the only federal agency focused solely on private sector job creation and sustainability, EDA is a vital resource within the federal portfolio for distressed communities striving to improve their local economies. Whether it is through infrastructure grants, strategic planning assistance, business development capital or technical assistance, EDA programs are designed to promote economic development in impoverished areas. Most importantly, EDA investments are typically the seed funds or gap financing that make locally-identified projects a reality in the nation's distressed regions.

With hundreds of communities and workers fighting to recover from devastating plant closures and downsizings, natural disasters, and limited access to credit and capital, EDA is becoming an increasingly valuable resource that pays dividends for distressed communities across the nation striving to attain economic stability. EDA is among the most cost efficient and effective federal programs because project investments are vetted through a comprehensive regional strategy process, require local matching funds, and leverage substantial amounts of private sector resources.

NADO believes there are additional policy initiatives and program reforms that, if instituted, could significantly improve EDA's performance in providing cutting-edge infrastructure and economic development assistance in distressed and underserved areas. These include:

1. **Modify local cost share rates for projects in distressed communities.** While the 2004 EDA reauthorization bill did not intend any changes, the agency made significant revisions by regulation to the cost share requirements for distressed areas. It is now much more difficult for distressed communities, especially small urban and rural areas, to meet the revised EDA match requirements. As a result, many regions and communities remain unable to implement the infrastructure projects necessary to support private sector businesses. These changes run counter to the agency's mission of providing seed capital and gap financing to the nation's most economically distressed communities.

2. **Local control and ownership of EDA's nearly 600 Revolving Loan Funds (RLFs).** EDA's RLF program has the unique distinction of being one of the only federal grant programs that never loses its federal identity. The initial RLF grant and any income and interest derived from it are considered federal property, indefinitely. As a result, RLF intermediaries are required in perpetuity to comply with costly reporting and audit requirements. Ownership of EDA RLFs should be fully transferred to the local intermediary once all of the initial funds have been loaned out, repaid and fully revolved. This would significantly reduce EDA's management burden while still ensuring local accountability and transparency is maintained. RLF capitalization investments should be treated like a grant to intermediaries, as it is named, rather than a loan program to intermediaries, as it is currently operated.

3. **Implement stronger incentives to reward regional collaboration, partnerships and initiatives among public and private leaders through EDDs.** While the 2004 EDA reauthorization bill established two new performance award programs, these initiatives are very limited in scope and have demonstrated very limited impact. As concluded in numerous international and national policy studies in recent years, federal programs such as EDA need much broader and more aggressive funding incentives to foster regional approaches to economic competitiveness. Congress should build upon the existing set of EDA-designated EDDs to facilitate, support and implement regional development projects and initiatives.

4. **Increase funding for EDA's core programs.** Public works and economic adjustment assistance programs should remain the primary focus of EDA. These includes sustaining and increasing funding and resources for the agency's traditional programs, as well as authorizing additional funding for newer initiatives such as the administration's proposed regional innovation clusters initiative. Funded at roughly $272 million in the FY2009 Omnibus Appropriations Act, the agency's budget has declined nearly 35 percent since FY2001. The funding authorization for EDA's core programs should start at the FY2008 level of $500 million and be increased each year to account for rising construction costs, mounting infrastructure improvement needs and increasing global competition. Declining resources for EDA's key economic and infrastructure program translates into fewer jobs created and fewer private sector dollars leveraged in our nation's distressed and underserved communities.

5. **Adjust baseline funding for the EDD partnership planning program.** The 2004 EDA reauthorization law set the mandatory minimum funding level for the EDA partnership planning program at $27 million. This account provides invaluable matching funds for EDDs, Tribes and local communities to pursue regional economic development goals and strategies. The demands on EDDs have increased significantly due to the current economic downturn, as well as new mandates by EDA and the evolving nature of the global economy. The program account should be raised to $34 million to provide additional assistance to distressed regions.

6. **Restore EDA's Professional Staff Capacity in Regional and Headquarters Offices.** Since 2002, the agency has undergone a significant downsizing of its professional workforce. As a result, EDA is starting to experience more difficulties in providing oversight and technical assistance and delays in grant processing. This affects not only the timely delivery of investment resources to distressed communities, but translates into increased costs. The longer communities are forced to sit and wait while EDA reviews and processes applications, reimbursement requests and program extensions, the more expensive it becomes to build and develop the infrastructure necessary to create sustainable jobs. Therefore, we encourage Congress to take actions necessary to maintain and rebuild the agency's six regional offices, including Economic Development Representatives (EDRs), and to restore the professional career staffing capacity needed at its headquarters office.

Second, Madam Chair, EDA and its local partners have a proven and documented record of exceptional performance and accountability. The agency has developed a strong record in assisting communities that are struggling to overcome both long-term economic challenges and sudden and severe hardships. Through its full range of program tools, the agency has been uniquely positioned to help areas recover from military base closures and realignments, manufacturing plant closings, natural disasters and declines in natural resource-based industries like coal, fisheries and timber.

Two independent, in-depth studies conducted in the past ten years have concluded that EDA projects have a significant impact on employment levels in the communities in which EDA investments are made. The most recent analysis released by Grant Thornton and ASR Analytics in September 2008 found that EDA's public works program generates "between 2.2 and 5.0 jobs per $10,000 in incremental EDA funding, at a cost per job of $2,001 and $4,611." These are highly impressive returns for any public economic development agency, whether at the federal, state or local level.

The 2008 Grant Thornton study strongly correlates with the 1997 study by Rutgers University and consortium of research partners. This comprehensive analysis found that EDA investments helped the nation's most distressed communities create long-term jobs at an average cost of $3,058 per job and indicated that the number of jobs created typically doubled in the six years succeeding project completion. The Rutgers report underscored that the near-perfect on-time completion of EDA public works projects is directly related to the planning phase that precedes project development and selection, especially the work performed by the national network of EDDs.

Despite EDA's long and documented history of successfully creating and retaining jobs and generating private sector investments in America's impoverished regions, as well as high performance rankings from the Office of Management and Budget (OMB), the agency is continually faced with fewer and fewer resources.

Using the agency's performance outcomes in recent years, EDA could potentially help create or retain more than 85,000 private sector jobs and leverage roughly $4 billion in additional public and private sector investments in distressed areas if EDA's annual appropriations were restored to the FY2001 level of $439.8 million.

The numbers above provide a powerful reminder of the impact EDA's resources play in stimulating job growth in distressed communities and that even a relatively small change in funding can make the difference in generating thousands of jobs and attracting millions of dollars in new private investment.

However, job creation and retention figures and private sector leveraging ratios alone do not provide the personal story of EDA's impact in distressed and underserved communities at the grassroots level.

In 2003, the **City of Brewster, Minnesota** and the **Minnesota Soybean Processors** worked with the **Southwest Regional Development Commission (SRDC)** secure $530,000 in EDA funding for the upgrade of the city's wastewater system in order to allow for the construction of a soybean crusher and bio-diesel production facility that would produce 30 million gallons annually of bio-diesel. The EDA funds helped leverage $85 million in private investment and created 60 jobs in a city with a population of roughly 500.

EDA recently provided $2.3 million to the **Eastern Shore of Virginia Broadband Authority** (Accomac, VA) for construction of 66 miles of fiber optic broadband network lines from the NASA Wallops Island Flight Facility to Cape Charles, Virginia. The network will provide high-speed broadband access to support the naval facility and expansion of existing financial, manufacturing, and research and development businesses in the region. This

investment is part of a $4.75 million project that will help create 760 jobs and generate $109 million in private investment.

In 2000 through 2001, through the efforts of the **Central Oklahoma Economic Development District** (Shawnee, OK), EDA invested $560,000 to build sewer, water, transportation and fiber optic/broadband infrastructure in the **Okemah Industrial Park** (Okemah, OK). These funds leveraged $2 million in private sector investment and $600,000 in local and state resources, which resulted in the creation of 59 jobs. In 2004, utilizing the EDA-funded infrastructure, a second company, **SERTCO Industries, Inc.**, expanded its operations and created 49 new jobs with an additional $1.1 million in private sector investment. SERTCO is currently undergoing a second expansion within the EDA-funded industrial park, which will be completed this year and will add a minimum of another 40 jobs and result in an additional $800,000 in private sector investment. SERTCO has grown into a multinational corporation conducting substantial business in countries such as Argentina, Mexico, Canada and Pacific Rim nations.

The **Mohawk Valley Economic Development District** (Mohawk, NY) worked with **Montgomery County** to secure $1.6 million from EDA in 2002 to establish the 500-acre **Florida Business Park**. EDA resources were utilized in the site preparation process, including the installation of water and wastewater infrastructure. Several large corporations invested large amounts of capital in the park and expanded their businesses operations there, including **Target, Inc.**, which now owns nearly 300 acres of the park, employs more than 570 and invested more than $111 million. ***Beech-Nut®*** recently acquired 100 acres to build a new production facility that employs 490 people. In total, jobs created by EDA's investment in the park equal 1,100 in this distressed area. EDA's per job investment is roughly $1,570 per job and for each dollar of EDA funding more than $130 in private investment was realized.

In 2004, with assistance from **SEDA COG** (Lewisburg, PA), EDA provided $1.4 million to the **Coal Township Board of Commissioners** and the **Shamokin-Coal Township Joint Sewer Authority** to develop infrastructure for the SEEDCO Industrial Park, which was located on the site of an abandoned coal mine. The park is currently home to Reinhart Food Services who have invested an additional $21 million in the site and currently employ 320 people.

Last year, EDA invested $1.9 million for the development of the **Barton Riverfront Industrial Park** in **Colbert County, Alabama**. The investment was leveraged with $350 million in private investment from the **National Alabama Corporation**, which is locating in the park and will produce between 8,000 and 10,000 railcars per year and, when at full capacity, will employ 1,800 people in this distressed rural region.

In 2006, the **Braxton Technology Center** – a 30,000 sq. ft. multi-tenant building specifically designed to accommodate the needs of high-technology businesses – officially opened its doors. EDA's grant of $1.1 million to the **Braxton County Development Authority (WV)** leveraged $25 million in private sector investment and created 100 jobs in this rural community. In just over two years, the building is now fully occupied and the development authority has determined that a second facility is needed to meet the growing demands of the current tenants.

Inadequate public infrastructure remains among the most significant road blocks to economic development in small town and rural America. Without EDA's resources, local governments will fall further behind in dealing with aging systems, meeting the intensifying demands of business and industry, and overcoming the recent cost spikes in construction materials and project costs.

EDA and its local government partners' main focus is investing in the public infrastructure and facilities that are not only needed to support the private sector, but also required by businesses and industries to operate and

succeed. Without public services such as water and sewer, access roads, rail spurs or industrial parks, private industry will locate or relocate to places with these essential amenities, whether somewhere else in the United States, or even more frequently, abroad.

As reported by the American Society of Civil Engineers (ASCE), the nation's infrastructure remains in serious need of improvements and increased public investment. Improvement costs alone over the next several years are calculated in the trillions. America's ability to maintain and grow a world-class economy is directly linked to our ability to sustain the nation's infrastructure network.

In inflation-adjusted dollar terms, according to the Congressional Budget Office (CBO), annual public spending on infrastructure has steadily risen from $105 billion in 1956 to just over $312 billion in 2004. Of this total amount, the federal government spends approximately $75 billion a year on infrastructure investments, with EDA playing a targeted role in linking job creation and infrastructure improvements.

Although federal spending has averaged an annual rate of increase of 1.7 percent in dollar terms, as a share of total non-defense federal expenditures the federal contribution has declined. Between 1956 and 1966, infrastructure spending was approximately ten percent of non-defense discretionary spending, peaking at 11.2 percent in 1960. Since that time, this figure has steadily declined. Over the last twenty years, federal spending on infrastructure averaged 3.5 to four percent. Meanwhile, the state and local share of infrastructure costs have grown and continue to increase, according to CBO.

America is falling dangerously behind our global competitors in the level of investments made in the critical infrastructure needed for national economic competitiveness, as cited recently in *The Economist*. For example, China is spending nine percent of its annual Gross Domestic Product (GDP) on infrastructure investments—many times above what America currently spends (0.57 percent) as a portion of our total economy. China has already built nearly 52,000 kilometers of new roads in its rural areas since the 1990s. They are planning to construct over 300,000 kilometers of new roads by 2010, 97 new airports by 2020 and, this year alone, add 66 gigawatts of electric capacity, which is more than the United Kingdom uses annually.

Countries in the European Union are redoubling their efforts, and India is expected to expend five percent of its GDP on infrastructure improvements, including the development of an end-to-end national transportation network. The countries of Sub-Saharan Africa are spending an average of 4.7 percent of the continent's total GDP annually on infrastructure investments. All are investing heavily in their infrastructure networks in a growing effort to gain a competitive advantage in the world marketplace.

At a time when nearly every American business and community is confronting intense competition from emerging and less developed nations, the federal government should be expanding, not cutting, resources and investments for critical public works infrastructure systems and regional strategic planning. EDA is the only federal agency with the mission of linking regional strategies and infrastructure investment with regional economic development initiatives to ensure communities grow sustainable jobs. It is also an agency that invests at the grassroots level, yet helps local communities improve connections to the national and global economies.

Throughout its history, EDA has been recognized as a national leader and innovator in the economic development field. Many cutting-edge practices have emerged from the agency's public works and economic adjustment assistance programs, such as business incubator buildings, smart technology parks, eco-industrial parks and the redevelopment of brownfields. Without the financial and technical support of EDA and its local partners, most

distressed communities in small metropolitan and rural America would lack the capacity to implement these innovative projects.

Third, Madam Chair, the economic development district planning program has proven to be a cost-effective and essential resource for our nation's distressed communities, particularly in small metropolitan and rural regions. This modestly funded yet highly effective program serves as an indispensible tool and critical lifeline for the nation's underserved regions.

According to the Regional Plan Association in its report *Rebuilding and Renewing America: Toward a 21st Century Infrastructure Investment Plan,* "America faces a host of challenges in the coming century. All of which will have profound impacts on the nation's future growth and development. Global economic restructuring, rising fuel and household costs, climate change, deteriorating infrastructure, all require strategies to maximize the nation's continued prosperity, opportunity and quality of life." The report adds that despite "these challenges, though, America is flying blind. No national strategy exists to build and manage the infrastructure systems needed to sustain inclusive economic growth and our competitive position in the global economy."

EDA's economic development district planning program is the only program in the federal government that invests in regional economic development planning with a specific focus on increasing private sector employment. It is the only program of its kind that allows local governments to collaborate on a region-wide basis to strategically plan for their economic sustainability. Unfortunately, it is only authorized at $27 million each year (FY2009 Omnibus Appropriations Act increased funding by $4 million to $31 million). With 378 EDDs, numerous tribal planning partners and other short-term grantees, these funds can only be stretched so far. In addition, the average multi-county regional planning grant for EDDs has remained level at about $54,000 since the early 1970s. When measured in 1970 dollars, the real value is less than $10,718 today. By comparison, the same $54,000 is the equivalent of $272,047 when adjusted for inflation to 2005 dollars.

Local economic development is an exhaustive, lengthy and continuous process that takes strategic planning, regional collaboration, intergovernmental coordination and sustained organizational capacity and expertise, especially in today's rapidly shifting global marketplace. Through the EDA-required Comprehensive Economic Development Strategy (CEDS) process, Economic Development Districts (EDDs) foster regional cooperation, identify regional and local priorities and bring public, private and non-profit sector leaders together to work toward a common vision. All of these are difficult tasks that take significant time, a regional convener with credibility, and organizational capacity and sustainability. EDA's planning program provides the incentives, framework and matching grants to make it all work at the regional and local levels.

Because EDA projects must arise through the CEDS process and be matched by local funds, they consistently prove to be successful. EDA's on-time project completion rate, high rates of leveraging private sector investment and creating jobs at minimal tax payer expense would not be possible without the direct involvement and participation of the EDA-designated EDDs.

As demonstrated in a thorough program evaluation by the Center for Urban Studies at Wayne State University, the national network of 378 multi-county EDDs are effective at developing and coordinating local plans, implementing specific projects and initiatives, and providing professional expertise and capacity to distressed and underserved communities.

The Wayne State study concludes that EDDs have used their annual EDA planning funds to establish an impressive record of facilitating and leading a regional strategic planning process that "provides the critical backbone for

economic development planning at the regional level.... EDD activities are both effective and essential to local development." The report adds that "EDDs very effectively use the EDA funding they receive. They have a strong ability to use that funding to leverage funding from other sources to pursue development activities."

The report also found "there is a strong emphasis on capacity building. These activities appear to be extensive and creative, and are well received by constituents within the EDD region." This reflects the fact that the vast majority of the nation's local communities lack the financial and organizational capacity to hire and sustain a professional community and economic development staff. According to US Census Bureau data, 70 percent (or 2,187) of the nation's 3,141 counties have populations below 50,000 while only 954 counties have populations in excess of 50,000. Of the 35,933 municipal and township governments across the nation, 98 percent or (35,195) have populations below 50,000 while only 738 encompass areas above 50,000 residents. Without the capacity achieved through the EDA planning program, the vast majority of these local governments and communities would lack the ability to pursue professional strategic planning and development activities.

It is important to note that EDDs utilize the planning program for more than just the development of a comprehensive regional strategy for economic development—the program provides these entities with the flexibility and capacity to serve as important drivers and implementers of regional and local projects. By matching the federal share of the EDA program dollar for dollar, local governments are demonstrating their commitment to building the regional and local expertise required to pursue complex development initiatives and projects.

The challenges facing EDDs do not end at the county line or even regional or state boundaries. Managing development in a new era of economic realities requires a more thorough understanding of global economic conditions, familiarity with cutting-edge technology and innovations, impacts of development and land use on the environment, which, in many areas, is all compounded by issues of persistent poverty and long-term economic distress.

However, communities that have historically focused on regional strategy development and implementation are reaping those benefits today more than ever and are positioned better to compete in the new world economy—to attract ideas, innovation and creativity that are the hallmark of successful communities.

Over the last several years, the **Eastern Oklahoma Development District** (Muskogee, OK) has leveraged its CEDS into more than $4.42 million in EDA investments for five different projects. These EDA grants matched $11.32 million in other public funds while generating $143.5 million in private investments and creating more than 1,640 new jobs in this distressed region. With the leadership of the EDD, EDA invested:

- $1 million, matched by a $4.5 million in state assistance, to build a state-of-the-art facility for the Indian Capital Vo-Tech Campus that offers classes in building trades, nursing and the health and business fields
- $420,000 to help create more than 400 new jobs at a new 350,000 sq. ft. manufacturing plant for Therma-Tru Doors, a firm specializing in entry and patio doors
- $1.5 million to secure $10 million in private funds to restore the historic Three Forks Harbor into a mixed-use site for recreational boating, sport fishing, hiking and biking—an essential part of the region's economy
- $1 million to help build the infrastructure needed for Dal-Tile, a ceramic tile manufacturer, to open a facility, ultimately generating $96 million in private investment and creating 600 new jobs within the region
- $500,000 to help make the infrastructure improvements related to a new plant for American Woodmark, a major cabinet manufacturer, which resulted in over $15 million in private investment and the creation of over 400 jobs

In 2007, through the planning process coordinated by the **West Florida Regional Planning Council** (Pensacola, FL), the region completed two projects that created significant jobs for this distressed area. First, Escambia County received $800,000 for infrastructure improvements at the Ellyson Industrial Park. As a result, Wayne Dalton Corporation announced plans for a $37 million expansion, which will add 200,000 square feet of space and create 146 jobs. Second, the Santa Rosa County Industrial Park received $800,000 for facility improvements, which has helped attract Hope Lumber, Meltpro and Boise Building Materials Distribution to the facility. More than 225 jobs were created as a result of EDA's investment, which would not have occurred were it not for the CEDS developed by the regional planning council.

Since EDA's inception, **North Central New Mexico Economic Development District** (Santa Fe, NM) has helped its local partners obtain more than $70 million in EDA grants for infrastructure upgrades, disaster recovery, business lending and strategic planning initiatives across the region, including:

- $100,000 for Los Alamos County to develop an economic recovery strategy after the Cerro Grant Fire in 2000
- $1.2 million for Northern New Mexico College to construct a state-of-the-art facility to train auto mechanics, a major workforce need identified by employers in the region; graduates are expected to earn $31,000 annually in a county where salaries average $25,000
- More than $3.5 million for the construction of the Institute of American Indian Arts (IAIA) campus in Santa Fe, which provided a permanent home for the nation's premier arts institution for Native Americans; the campus now houses 150 students, with 350 students expected to be added by 2010

In the wake of the devastating hurricanes that hit the Gulf Coast in 2005, the State of Louisiana began requiring all governing bodies and municipalities to comply with the Internal Building Code (IBC). Areas in the state that were not already implementing the code faced significant difficulty in complying due to technical and financial constraints, especially those in underserved rural areas. The planning and technical assistance provided by the **South Central Planning and Development Commission (Gray, LA)** led to the formation of the first-of-its-kind Regional Construction Code program serving five counties in the region. Aside from bringing the local jurisdictions into compliance with the new law, the program has resulted in better coordination between parishes, reduction of costs in implementing the code program due to economies of scale, and comprehensive and consistent enforcement without political intervention.

Not only as a consequence of changing global economics, shifting demographics, increased environmental degradation and decaying infrastructure, EDDs are increasingly called upon to perform more for less and comply with increased federal regulations and mandates.

Regulations following EDA's 2004 reauthorization legislation (P.L. 108-373) required EDDs to substantially increase the scope and elements of their CEDS to include lists of potential projects, an analysis of the role of the private sector, identification of economic clusters, inclusion of performance standards, as well as the inclusion of advanced technology and workforce development elements. These are all valuable activities, yet they can be very technical, time consuming and expensive to address.

We are thankful that this committee recognized the critical value of the EDD planning program in the 2004 EDA reauthorization measure and provided a minimum level of support for the program of $27 million, which was an increase of $3 million over the program's existing appropriations level (the program has historically been funded as a separate line-item within the agency's Economic Development Assistance Program account).

The increased support was to be used to fund the backlog of designated-but-unfunded EDDs and increase the overall planning grant level for existing EDDs. Since that time, the number of funded EDDs nationwide has

increased from 320 to 378. However, the amount invested to support each EDDs economic development planning activities remained at $54,000. If EDDs are to remain at the forefront of our nation's regional economic development efforts, we will need a modest increase in funding.

Across the country, EDDs overwhelmingly report that additional funding is needed to:

- Expand local participation in the CEDS process and comply with the new CEDS requirements that were revised and expanded in the regulations following the 2004 reauthorization bill
- Maintain the organizational capacity and expertise needed to implement projects identified in the CEDS process, as well as provide technical assistance on local projects and initiatives
- Develop capacity to incorporate Geographic Information Systems (GIS) data into the CEDS
- Conduct in-depth regional cluster and innovation system studies of key industries

Next , Madam Chair, we urge the committee to develop provisions that increase the amount of resources for EDA Revolving Loan Fund (RLF) intermediaries to support new business startups and expansions in distressed regions. We also strongly support new provisions to increase local control and autonomy once the initial RLF grant investment has been loaned out, repaid and fully revolved.

EDA's RLF program is one the most successful and powerful economic tools for addressing the credit gaps that exist in many distressed communities, particularly in underserved rural areas. By using limited public funds to leverage private capital, locally managed RLFs have provided business capital to thousands of new and existing companies that have difficulty securing conventional financing. Over the years, EDA has provided grants to nearly 600 RLFs with net assets approaching $850 million.

Capitalized with an EDA grant, RLFs are managed by public and private nonprofit organizations (including EDDs) to further local economic development goals by lending their initial capital and then relending funds as payments are made on the initial loans. Loans are typically used for fixed assets or working capital needs. Organizations are required to demonstrate that an RLF fits their local needs, as outlined in a CEDS and RLF plan.

The inclusion of RLF funds in a business deal usually encourages once-reluctant banks to also participate, since loan funds normally agree to let banks recoup their losses first from the business' collateral in the event of default. By providing such gap financing, loan funds have been instrumental in the growth of companies that otherwise would not have received credit assistance.

The Rutgers University evaluation revealed that almost 300,000 jobs were created and saved by RLF loans between 1976 and 1998. Research found that without RLF investments, over 76 percent of borrowers would have gone out of business, not started their companies, or canceled, delayed or scaled back the investments in their companies. In addition, for every dollar lent by an EDA RLF, an average of $4.50 is matched by private lenders.

RLFs play a particularly critical role in the economic development of distressed rural areas, where alternatives to conventional financing are limited. In metropolitan areas, community development corporations (CDCs) and municipal agencies often manage loan funds. In rural areas, where there are few CDCs and limited municipal capacity, RLFs managed by regional development organizations such as EDDs are often the only source of financing for entrepreneurs and existing businesses. A January 2002 NADO survey of regional development organizations with loan funds found that half are the sole lenders in all or part of their multi-county service delivery area.

As part of flood recovery efforts, EDA recently awarded $750,000 for the **Iowa Northland Regional Council of Governments** to establish a Revolving Loan Fund (RLF) that will serve northeastern Iowa. The RLF will assist businesses that were severely impacted by the 2008 floods and will help create 233 jobs, save 232 jobs and generate more than $4.7 million in private investment.

The **South Central Oregon Economic Development District** (Klamath Falls, OR) recently provided a $150,000 EDA RLF loan to Biotactics, a California-based company that produces biocontrols as an alternative to toxic pesticides. The company is expanding into Oregon to take advantage of the Klamath Basin's geothermal heat. The firm is locating in an agriculture industrial park in the region and is expected to employ 32 local workers in this distressed rural area within the first two years. The loan is leveraged within an additional $360,000 in state, local and private funds.

In 2008, the **Arrowhead Regional Development Commission's** (Duluth, MN) EDA-funded RLF provided roughly $300,000 in capital to businesses in the seven-county region, including $100,000 to Superior Thermowood, Inc. The loan was leveraged with an additional $600,000 from the Northland Foundation and Iron Range Resources. The company produces chemical-free, rot-resistant wood products using a drying process developed in Finland. The loan will be used to purchase and install a Finnish-made kiln for the thermal treatment process. The project will yield 11 advanced manufacturing jobs in this rural region.

In 2002, the **Mo-Kan Regional Council** (St. Joseph, MO) provided the Shatto Milk Company with $119,000 in financing to expand from a traditional dairy operation to a value-added niche producer making hormone-free milk distributed in glass bottles. The company has grown from two employees to 13-18 employees, depending on the season. In 2006, the Shatto Milk Company was named the Small Business Administration's (SBA) Small Business of the Year. Since its initial EDA RLF grant of $357,000 in 1990, Mo-Kan Regional Council's RLF has grown to over $2 million and has helped create 726 jobs and retain an additional 414.

Despite the effectiveness of locally-managed RLFs, a number of deficiencies were cited by the Department of Commerce's Office of Inspector General (OIG) in EDA's care and nurturing of the program. We are pleased that EDA's management team has worked diligently since the 2007 OIG audit to improve its oversight of the RLF program. However, we still firmly believe that there are several changes that could be adopted as part of a multi-year reauthorization bill that would improve the performance of the program at the local level. This includes:

- ✓ **Strengthening local control and ownership of RLFs.** EDA's RLF program has the unique distinction of being one of the only federal grant programs that never loses its federal identity. The initial RLF grant and any income and interest derived from it are considered federal property. As a result, RLF operators are perpetually required to comply with burdensome and expensive reporting and audit requirements. Ownership of EDA RLFs should be fully transferred to the local intermediary once all of the initial funds have been loaned out, repaid and fully revolved. It should be treated like a grant program to intermediaries, as it is named, rather than a loan program to intermediaries, as it is currently operated.

- ✓ **Recapitalizing and broadening the scope of existing RLFs.** Allocate new resources to clear the backlog of EDA RLF capitalization and recapitalization needs. Due to changes in the agency's investment priorities and reductions in headquarters and regional office staff, the agency has cut back dramatically on the number of RLF grants to intermediaries in recent years. This is despite the proven track record of the RLF program in providing vital gap financing to local entrepreneurs and businesses struggling to secure traditional bank financing in underserved and distressed regions. In addition, there is a pressing need to streamline the reporting requirements and expedite the timing of intermediary requests to turnover underused RLFs to

those operators in need of new or additional funds. Currently, we understand that most unused RLF money is returned to EDA or the U.S. Treasury and is not recirculated to other RLFs for relending as authorized under current law.

- ✓ **Creating an RLF Users Advisory Group.** Over the years, EDA has funded nearly 600 RLFs with net assets of nearly $850 million. Since RLFs retain their federal nature in perpetuity, RLF operators must provide regular reports and comply with EDA guidelines forever. However, the agency has experienced significant staff cutbacks, including loss of senior management and program staff with RLF expertise over the past several years. As a result, it has become increasingly difficult for the agency to provide the necessary oversight, management and program innovations needed to keep the program at the cutting edge. NADO urges Congress to require EDA to establish an RLF Users Advisory Group to assist the agency in strengthening RLF program operations, reporting and management; sharing of program innovations and trends; and recommendations for modifying and expanding the use of RLFs to address the evolving finance and technical assistance needs of entrepreneurs and businesses in distressed areas.

Finally, Madam Chair, the members of NADO want to underscore the valuable role EDA plays, through its network of regional and local partners, in helping communities rebuild their economic base in the wake of catastrophic disasters and in creating and sustaining jobs during these times of economic uncertainty. EDA's toolbox of economic development investment resources provide communities with wide degrees of flexibility to tailor strategies to alleviate and overcome a variety of unique economic challenges.

First, the Consolidated Security, Disaster Assistance and Continuing Appropriations Act of 2009 (P.L. 110-329) and the Supplemental Appropriations Act of 2008 (P.L. 110-252) appropriated the agency a combined $500 million to assist communities with economic recovery and relief efforts following federally declared disasters in 2008. We applaud Congress for recognizing the critical role EDA can play in helping communities rebuild after debilitating disasters. Through the agency's support, communities are implementing a variety of initiatives that would not be possible were it not for the flexible resources available through EDA.

In the wake of disastrous floods and storms that struck Missouri along the Mississippi River in 2008, EDA provided grants to the **Boonslick Regional Planning Commission** ($300,000) and the **Southeast Missouri Regional Planning and Economic Development Commission** ($500,000) to recapitalize their RLFs, which will provide valuable gap financing to businesses impacted by storm damage. Combined, these investments will create or retain over 300 jobs and generate $6 million in private investment.

In March, the **Columbia-Pacific Economic Development District** (St. Helens, OR) received nearly $200,000 from EDA to develop an economic recovery strategy in response to December 2008 storms and to mitigate the economic impact of future weather events in northwest Oregon. Given the unpredictable climate of the area, Columbia-Pacific EDD has worked to improve disaster readiness of the communities in the region. After storms hit the region a year earlier in December 2007 and caused over $130 million in wind and flood damage, the organization worked with EDA to hire a permanent Flood Relief Coordinator/Economic Recovery Manager to work with government agency staff at all levels to coordinate recovery and preparation efforts on an ongoing basis.

The **San Fernando Valley Financial Development Corporation** (Van Nuys, CA) is poised to receive $3.75 million in EDA disaster recovery funding to construct the **Pacoima Training and Entrepreneurship Center**, a small business incubator and training facility to assist individuals and businesses displaced by the massive wildfires that plagued the state last year. The center, which will tap into an additional $1.25 million in state funding and $1 million in private sector resources, is a partnership between the State of California and the City of Los Angeles to address

the shortage of small business expertise and experience in the area. According to research, as the wildfires struck, only 20 percent of the area's businesses had been in operation more than five years. The project will immediately create 36 jobs. However, the center already has commitments from two businesses locating in the region to hire 500 of the center's graduates.

Following the devastating floods of 2008, EDA provided $300,000 to the **Iowa Northland Regional Council of Governments** (Waterloo, IA) to hire two full-time flood coordinators for the region. These positions are critical to facilitating communications among federal, state and local officials. They are also essential to coordinate projects and resources at the local level and to provide technical assistance to local governments and communities impacted by flooding.

In September 2008, to assist in recovery efforts following Hurricanes Gustav and Ike, **Acadiana Regional Development District** (Lafayette, LA) received $500,000 to recapitalize its RLF. These resources will be used to facilitate business lending for dislocated and impacted businesses and persons affected by Hurricane Gustav throughout South Central and Southwest Louisiana. This has been coupled with an additional $150,000 in EDA resources to support enhanced technical assistance activities to assist in the coordination of recovery efforts.

The American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-05) also provided EDA with $150 million to help stimulate immediate and short-term job growth activities. This funding is designed to assist communities with short-term job growth and economic dislocations brought about by recent downturns in the economy.

Last year, NADO surveyed the network of 378 EDDs to determine the potential backlog of "ready-to-go" EDA public works and economic adjustment assistance projects. More than 600 projects, worth in excess of $2 billion, were identified. These projects could potentially leverage an additional $7.5 billion in private sector funding and create or retain more than 118,000 jobs.

These pending projects include an array of community infrastructure assets, including water and sewer systems for industrial and business parks; intermodal transportation facilities and port improvements; job training facilities, business incubators and energy-related upgrades at new and existing industrial parks; and development finance loans for entrepreneurs and businesses struggling to secure traditional bank financing and to access the private credit markets.

The **State of Montana** is working to establish an RLF to assist the state's forest products industry, which has been suffering due to an overall decline in the market as well as from the downturn in the housing construction sector Based on research completed earlier this year by the University of Montana, which found that all 9,000 of the state's forest products industry jobs and thousands of other secondary job are at risk, the state is seeking $2.7 million in EDA ARRA resources to establish an RLF that will provide resources to companies struggling through the economic downturn. An additional $10 million will be provided by the state. The study found that the annual salary for workers directly employed in the forest products industry averages $40,000-$45,000. In many cases, the industry represents the sole or primary employer in a region. A unique characteristic of the EDA RLF program is that loan recipients are able to defer principal payments. This feature allows companies to continue operations and provides temporary relief from burdensome debt payments.

The **Dartmouth Regional Technology Center** is a 32,000 square foot business incubator owned and managed by the **Grafton County Economic Development Council** and the **North Country Council** (Bethlehem, NH). The center offers education and infrastructure support programs to assist researchers and entrepreneurs in refining business plans, identifying investment resources and providing them with basic business infrastructure and support. The

center's current space is occupied, and a significant backlog exists with demand continuing to grow. To prevent new technology companies from locating out of the region, the North Country Council is seeking $5 million in EDA ARRA resources to double the center's existing space. If funded, the project will ultimately create 330 jobs and numerous short-term construction jobs that will become available immediately, once the project receives approval.

The **Fort Ord Reuse Authority** (Marina, CA) is seeking $6.8 million in EDA stimulus funding paired with an additional $6.8 million in Department of Defense resources for a 2.5 mile road improvement and construction project. The project will leverage $120 million in private sector investment and create 1,400 new jobs. Specifically, the resources will serve to enhance road access to roughly 4,000 acres housing five college campuses, including California State University Monterey Bay and the University of California Research Development Park, and 3,500 acres of commercial and retail space.

In addition to providing investment resources needed by communities to overcome downturns in the economy, EDA still continues to play an important role in identifying new and emerging sectors of economic growth, job creation opportunity and cutting-edge economic development practices.

Last year, the **Regents of the University of California** received more than $205,000 from EDA to fund an in-depth study of the green economy in California. Three sectors will receive special emphasis: renewable energy (e.g., solar, wind, geothermal); green building and energy efficiency technology; and recycling and waste-to-energy technology. Researchers are analyzing green industry clusters across California's regions. The results of this study will be available to state and local economic development planners nationwide.

In partnership with state's six EDDs, **Mobilize Maine** is a coordinated effort involving the State of Maine and FairPoint Communications to develop regional capacity and strategies to build a strong, sustainable, knowledge-based economy throughout Maine. Over the past several decades, the state has experienced significant decline in traditional manufacturing and commodity-based industries. Through EDA's support of the state's EDDs, the initiative will establish a long-term strategy for growth that builds on the state's assets and strengths to better position Maine's cities and towns to better compete in the global economy.

In closing, Madam Chair, the members of NADO offer our strong support for a multi-year reauthorization bill that vigorously preserves EDA's current mission and program focus of helping bring economic opportunities to all of the nation's distressed communities. Through its toolbox of development assistance and investment programs, EDA serves as a vital resource for distressed areas striving to improve their local economies through encouraging private sector job growth.

The agency should retain its historic flexibility to assist all of the nation's distressed communities and regions, whether they are struggling to overcome long-term economic challenges or sudden and severe hardships. In addition, the agency should develop new and innovative tools to allow regions to adapt to changing global economic conditions and challenges, especially new incentives to foster regional collaborations and pursue regional innovation strategies.

Thank you again, Madam Chair and members of the committee, for the opportunity to testify today on the views of NADO and its membership. I would welcome any questions.

Questions from Senator Inhofe

1. **The 2004 reauthorization included language intended to help with the implementation of the revolving loan fund (RLF) program, but it seems like that language has not had much impact. Would you agree? If so, why do you think that is? Are there any changes that could be made to that language to make it more attractive for RLF operators to use?**

   While the agency was provided with new management tools in the 2004 reauthorization law, such as the option of consolidating, transferring and liquidating RLFs at the request of the grantee, they serve as only a partial fix to the program. Due to the substantial downsizing of the agency's headquarters and regional office staff in recent years, there have few resources dedicated to streamlining the number of RLFs nationwide. While we applaud the agency's efforts to implement new oversight procedures, as recommended by the Commerce Department's Inspector General, we believe additional attention should be paid to helping intermediaries who manage multiple EDA RLFs to consolidate their funds.

   The RLF program is an invaluable economic development tool to assist local firms and entrepreneurs struggling to access the traditional capital and credit markets. However, the program requires significant organizational capacity and professional knowledge of business lending practices, regulations and institutions. It also requires a long-term commitment and patience with federal bureaucratic red tape. These are not issues that can be fundamentally solved by additional statutory or regulatory rules or guidance.

   Many of the existing EDA RLF operators have been fully accountable to the federal government for more than 10-30 years. Those RLF operators with a proven track record of public accountability and performance-driven results should be allowed to fully devolve control of the RLF to the local level once all of the initial funds have been loaned out, repaid by the borrowers and fully revolved. This would significantly reduce

   EDA's management and staffing burden, while ensuring that local accountability and transparency is maintained.

2. **You recommend dedicating new resources to recapitalizing and broadening the scope of existing RLFs. Do you have a sense of the size or scope of this backlog?**

   Due to changes in the agency's investment priorities and reductions in agency staff, NADO is aware of fewer than a dozen new EDA RLF grants to intermediaries over the past several years (excluding recent RLF investments made with supplemental disaster aid). As part of a 2007 survey conducted by NADO of the nationwide network of 380 EDA Economic Development Districts (EDDs), roughly one-third of the respondents indicated that additional resources for expanding their loan pool was the most pressing need of their RLF program. In the past, the agency would typically dedicate around $12-15 million each year of its Economic Adjustment Assistance program to RLF capitalization and recapitalization investments.

Senator BOXER. Thank you so much.

Ms. Walters, I am not going to ask you to respond to these ideas that Ms. Mazer put out. But could you be sure that you and your staff could, first of all, tell us if any of her ideas are ideas that you are thinking about and, if not, would you be willing to write us, and let us know in writing, how you would feel about her recommendations? Should we call on Mr. Alvord?

Mr. ALVORD. Yes, Senator, in fact these are ideas that we are considering internally and we are certainly open to exploring them further.

Senator BOXER. OK, excellent. For Senator Inhofe and me, we would love to get your feedback from the Administration, and as well from Mr. Kennedy and Mr. Phillips. If they could take some time to look at these ideas and give us feedback, we would appreciate it. If there are a few that are consensus ideas, I would like to include them in the new approach.

So, Dennis Alvord, I have asked you, given the needs in this Country and we know what they are, we have got credit problems, we have got jobless problems, are there any barriers that will impact EDA's efforts to fully distribute the stimulus funds. Now, we had a report, it looked like a lot of them were already in the works, but do you have any concerns that you may not be able to get all of those out?

Mr. ALVORD. No. I think that we are quite confident that we will be able to get the money out and obligated and we are working to do that as diligently and quickly as we can.

We have been hampered in that, up until this fiscal year, we had not received any additional salary and expense resources to support the administration of that funding, both the awards of the grants and then the administration and oversight of them having made the awards. This fiscal year, we were grateful that Congress recognized those needs and provided us some additional funding in the form of $3 million as part of the Bureau's RLF allocation as well as $4 million from its EDAP allocation that can be directed to meeting some of these needs.

As a result, we are in the process of advertising and filling a number of term positions that will help us meeting those needs. In the interim, our regional office staff has really been doing yeoman's work to get these grants queued up and awarded and I am very pleased with the progress that they have been making.

Senator BOXER. Good. So, you feel that you will be able to send out that stimulus, you will be able to spend out?

Mr. ALVORD. I have complete confidence. In fact, we have set an internal stretch goal to have our $150 million in stimulus funding full obligated by the end of this fiscal year, a full year in advance of the expiration of those funds.

Senator BOXER. Well, I think that it shows what a great program this is. Despite the fact that there is a credit crunch and other problems, it is still doing what Mr. Phillips so eloquently said. It stimulates. It is a small amount but it gets things really started. It is really, I think, a great program.

Could you give us one or two examples, off the top of your head, of some stimulus programs that you have funded? I do not care which State, just to give us a sense of it.

Mr. ALVORD. Absolutely. Well, I would say that I am pleased to report that EDA investments related to the Recovery Act really run the gamut. You know, they are targeting to supporting near-term recovery and they range from traditional brick and mortar type investments of rail spurs, water and sewer type investments, infrastructure to support port improvements, to really more cutting edge and leading edge economic development investments and things like business incubators, science and technology parks, green buildings and other activities.

The focus is on investments that we can get started quickly and that are going to be——

Senator BOXER. Could you give me an example of one or two?

Mr. ALVORD. Sure. They run the range of things like capitalization——

Senator BOXER. Just give me an example of a real program, not just they run the range. In Oklahoma you did this, in California you did this. Just give me a couple.

Mr. ALVORD. Sure. In the Western United States we are looking at capitalizing a revolving loan fund to assist with a region that has been impacted by natural resource depletion. That is going to help that industry to have the capital that it needs in this time of credit crunch to reform that——

Senator BOXER. What States are those?

Mr. ALVORD. There is one in the State of Montana that we are looking at right now as a prospective investment.

Senator BOXER. Can you give me an example of something that you already did?

Mr. ALVORD. Well, we have not yet made an award related to ARRA. We are on the very cusp of being able to make an award.

Senator BOXER. OK.

Mr. ALVORD. We have a pipeline that represents about $100 million of the $150 million——

Senator BOXER. Will you please do us a favor? Will you please give us a report of, let us say, your first 10 grants? Would you do that for Senator Inhofe and I? Send it to us, and we will inform the Committee. Would you do that?

Mr. ALVORD. I would be happy to do so.

Senator BOXER. OK. Very good. Senator Inhofe.

Senator INHOFE. Thank you. Madam Chairman, I was a little confused as to your line of questioning there when you say, give us an example of the grants. Were you talking about——

Senator BOXER. From the stimulus.

Senator INHOFE. From the stimulus. Part of the $150 million?

Senator BOXER. Yes. I am just trying to understand.

Senator INHOFE. OK. All right. Well, first of all, Ms. Mazer, you mentioned something about stronger incentives to reward regional collaboration. Could you expand on what you mean? What do you have in mind? Do you want to advise us as to something that we should have that would promote the regional concept?

Ms. MAZER. Yes, Senator, thank you. Research has shown that, to be competitive in the global economy, we have to work regionally. NATO would actually just like to work with the Committee to explore some ideas to use match rates and maybe apply other types

of incentives to reward those projects that create a real regional significant impact.

Senator INHOFE. Good, good. Mr. Phillips, you know, we could have had any number of people from Oklahoma. I am glad we had you. You are very articulate and we made great progress. I think that the example that he gave is as good an example as you can have. In the example in my opening statement, in talking about what $2.25 million did down there. That actually has opened up a half-billion dollars down in that part of the State, that is the Southwestern part of Oklahoma as opposed to the Northwestern part.

For the knowledge of our members up here, Woodward is kind of the gate of the Panhandle of Oklahoma. It is an area that is very much like Colorado. It is very sparsely populated. I have used your example, LaVern, several times as to the success of this kind of a program.

Is there anything else that you would like to say? Because I want to make sure you get all the time possible on examples that we have done and that you are familiar with in Northwest Oklahoma.

Mr. PHILLIPS. Well, thank you, Senator.

Senator INHOFE. In your opening statement, I got in halfway through, did you cover all the windmills and the other stuff that we have?

Mr. PHILLIPS. No, I have not.

Senator INHOFE. I will give you that opportunity. I want to make sure the Chairman knows that we are leading the way of all 50 States right now. I want everyone to know that, in terms of our wind generation.

Senator BOXER. I did not know that.

Senator INHOFE. And it's all right where he is.

Mr. PHILLIPS. Thank you, Senator. We are very pleased. I like to say that we are definitely and oil and gas community, and agriculture, and those two entities have their ups and downs and now we are leading the State and the region in wind power development. Right now, we have about 300 towers in our immediate area and I think before too long we will be kind of like Sweetwater, Texas is: we will be the epicenter for wind power. One of the things, it does not replace oil and gas. It is kind of like T. Boone Pickens says, which is that we need to quit buying fuel, or crude, from people that do not like us. And we are doing that as a Nation, importing over 75 percent of our fuel right now.

I think we can help, in our part of the State, solve this Nation's energy crisis by the natural resource that we have which is wind, and it is huge investment by those companies that are coming in. But when you do a wind farm of 80 turbines, you are talking about $160 million in investment. It helps the landowner. It helps the public education by the ad valorem taxes. So, it is a real benefit, Senator, and we are excited about being able to contribute to the Nation's energy crisis.

Senator INHOFE. That's true. Of course, there is some disagreement at this table. But I think, my position, I have always said we want all of the above. And certainly Oklahoma is known, not just for oil and gas, but also coal. But people are not aware of what we are doing right now. The fact that OG&E right now is the major

contractor and is using wind power and we are leading the way there. I like to use Northwestern Oklahoma as an example of how we can wean ourselves off the obligations we have, as you termed so accurately, from people who do not like us.

Mr. Kennedy, could you be more specific about the stimulus funding issue raised in your testimony? I do not really think you had a chance to elaborate on that.

Mr. KENNEDY. Our comments on the testimony reflected SPC's support in the establishment and success of the coordinated regional process that SPC goes through for the EDA projects and recommendations for funding. We know that the coordination of these types of things between the locals and the regional organizations and Federal agencies works.

We believe that is a better conduct of consultation of EDA and the applicant grants and SPC's established regional economic development committees which are composed of practitioners and local elected officials and businesses and ensure the projects are coordinated with the regional approved economic development plan.

What happens over time is, in the practice of grant seeking, it has been done through direct contact through the www.grants.gov. Our preference to best ensure consistency in the public transparency process is for EDA project submissions or applicants to go first through the regional economic development coordinating committee structure that works within our region and many others. This would expedite project approval, funding and implementation and ensure the consideration for these consistencies.

Senator INHOFE. Thank you, Mr. Kennedy, and for the benefit of the rest of our Committee here I just want to make sure I am on record as saying that we are very anxious, I think the Chairman and I are both anxious, to get this thing reauthorized and get it done because it is one of the things where conservatives and liberals alike can really serve well. I am very proud of what we have done in Oklahoma. So, maybe we can get some deadlines and get the House lined up and get this done.

Senator BOXER. Yes.

Senator INHOFE. And I am going to go to my second round of questions at Armed Services now.

Senator BOXER. Thank you, Senator Inhofe, so much. I look forward to marking this bill up in the very near future.

Senator Merkley. And we will go Merkley, Udall and Cardin in order of arrival. Senator Merkley.

Senator MERKLEY. Thank you very much, Madam Chair.

I just want say to Senator Walters and Dennis Alvord that when my staff reached out to our folks in Oregon, they had nothing but praise for your regional staff and the cooperation you have demonstrated with the grants underway. Anytime that type of robust praise gets expressed, I want to feed it back. Apparently, you are doing some things very, very well.

One of those partners is Vernon Jorgen [phonetically], which had devastating floods and they received a grant to help with a topographic study to try to avoid rebuilding in a manner that endangers them again and they wanted to note that these funds are incredibly important since, especially during this economic crisis, local funds and State funds are very hard to obtain.

In that light, they mentioned that at some time in the past, the match rate was one local dollar to three grant dollars, and that it had been changed to a one to one ratio. And that was extremely difficult for them to come up with under the current circumstances.

I thought maybe I would just ask you all to give a little bit of history of when that changed and why it changed and whether it is under consideration for economically distressed communities to change that ratio back.

Mr. ALVORD. First of all, thank you very much for the kind words. It is always good to hear feedback about the good work that I know our regions are doing out in the field.

With regards to the match rates, I think that there was a change in the grant rate structure that occurred during EDA's last reauthorization in 2004. That change was driven, I think, largely by the economic conditions at the time and the amount of appropriations that EDA had and the need to do as much as it could with the available resources at its disposal. EDA is certainly cognizant of the very pressing economic conditions that we are facing nationally today and we do have a fair amount of flexibility under PUEDA [phonetically] to address grant rate issues.

In fact, while the standard matching rate is 50 percent Federal to 50 percent local, we do have the authority, under statute, to go to an 80 percent Federal share on a sliding scale based on the economic distress in the region. And in some exigent circumstances, we can go in fact beyond that up to 100 percent if the local community can demonstrate an exhaustion of taxing and borrowing authority.

We have taken great pains to ensure that we get out to our regions maximum flexibility with regard to dealing with these issues and we have well-established procedures and can certainly work with them on grant rate issues as they arise.

Senator MERKLEY. Thank you very much for clarifying that. Had you not already had that flexibility, I was going to suggest that might be appropriate. So you are way ahead.

And a second issue has come up with the university partners in Oregon. Those partners now participate in a competitive grant program started under the Bush administration and the feedback from the universities was that this pits very types of programs against each other in a single grant competition, something like apples and oranges, one stimulating manufacturing in one place versus development of tourism in another.

So the universities thought they were doing a tremendous amount more effort to do applications in a setting that really is very hard to score between these, and whether or not we should revisit the competitive nature of the university grant program. Any thoughts or insights on that?

Mr. ALVORD. Yes. I think that is absolutely correct. Several years ago, EDA did make a shift to a competitive university center competition. We think that this has been very beneficial to the program, that is has really helped us to reinvigorate the program. I am certainly sensitive to the issues that you mention in that there is a very diverse mix of applicants for this program. We have smaller learning institutions, large, major research universities and really everything between.

We have tried to craft a Federal funding opportunity and notice that it allows for those different types of institutions to compete on a level playing field and to recognize that there are certainly significant economic differences across the Country. The needs of one part of the Country may be very different from another. So, an emphasis on manufacturing in one section of the Country may need to be addressed by the university center applicant whereas service industries or some other type of economic issue might need to be addressed in another.

In crafting the program, we have tried to provide the maximum amount of flexibility available. It is a program for which the demand outstretches the resources. We think the competition has been beneficial in getting us the best possible applicants. We are certainly open to continuing to look at the criteria that we use in making those selections.

Senator MERKLEY. Thank you very much. I appreciate that. My staff will follow up with you with one more question but I am going to hold it for now so that we can get on to some questions from my colleagues.

Senator BOXER. Thank you so much, Senator Merkley. Senator Udall.

Senator UDALL. Thank you, Madam Chair. I thank all of the witnesses for being here today.

Let me revisit one of the topics that I believe our Chair brought up earlier on the issues of increasing cost share. I am going to focus on a little bit different issue, but I am also interested in what she mentioned.

When, and I understand your desire to stretch your limited budget, and this question is really directed to Mr. Alvord and Ms. Walters, I understand your desire to stretch your limited budget at far as you can, but high cost shares can be an obstacle when we are dealing with economically distressed areas. I am particularly worried about the ability of small, rural communities and tribal communities to meet their cost shares to achieve positive economic development in New Mexico.

Has there been any study on the impact of these higher cost share requirements on small communities or tribal communities? Have you heard any complaints that they are not able to meet these?

Mr. ALVORD. I am not aware that there has been a study per se, either an internal study or an academic study of any kind. I am aware, anecdotally, you know, I have heard from regional office staff and practitioners in the field, about the challenges that they are confronting in meeting these cost shares. We have tried to be very responsive to meeting those needs by utilizing the flexibility that we have under statute to provide additional Federal share whenever we can. In fact, in rolling out our national disaster supplemental appropriations and our Recovery Act supplemental appropriations, we put specific internal guidance in place giving greater flexibility to our regional offices to make determinations about the appropriate level of cost share based on the conditions on the ground for those communities that met a certain threshold level of distress or showed a certain level of demonstration that they were not able to meet that share.

Senator UDALL. You are willing to work with them if they come in and make the case that they are not able to meet the cost share?

Mr. ALVORD. We absolutely are. I think part of what makes our program so strong is that we have looked at every prospective grant application on a case by case basis. We evaluate the distress and the particular nature of the investment, and we try to account for that and work with grantees to the best of our ability.

Senator UDALL. Now, you have also raised the issue of the American Reinvestment and Recovery Act moneys that are out there. I wanted to follow up on that because New Mexico is in the Austin Region and, the way you allocated money, raises some questions, I think. New Mexico has the second lowest total of $13 million, just above the Denver Region at $9 million, and both are less than half of what has been allocated to the four other regions.

So, I am wondering, what were the economic and demographic criteria that were used to derive the formula for distributing the funding to the six regional offices?

Mr. ALVORD. Well, EDA has different allocation algorithms that it uses for all of its different sources of funding. So, for our regular economic development assistance programs, we have different allocations that we use for, say, public works, economic adjustment, planning, technical assistance, those are all based on different criteria. Likewise, when we received the disaster supplemental funding, we developed an allegation algorithm that was particular to the circumstances on the ground there. In that case, we are responding to counties that have had some type of natural disaster designation by FEMA.

In the case of the Recovery Act funding, the Act charged EDA to respond to sudden and severe economic dislocation and job loss as a result of corporate restructuring. While we think that EDA's regular allocation formula for our public works and economic adjustment programs do a pretty good job at getting at that, they do in fact have what we think of as somewhat lagging indicators in that they look at a 24-month unemployment and they look at poverty levels as among the different elements in that allocation.

So, for the purposes of the Recovery Act, we thought that it would be prudent to really try to target those areas of the Country that have the most acute economic distress at this time. As a result, we decided to utilize the most contemporary snapshot of unemployment that we could capture and we fell back on utilization of 3 month unemployment levels for the allocation of that funding. We think that resulted in a good distribution across our six regional offices relative to economic distress. I should say that, in comparing that to the standard EDA allocation, there is not a significant difference in the way that funding would have gone out had we utilized the standard formula. It is really rather small tweaks around the edges. It is certainly not order of magnitude differences in the allocation.

Senator UDALL. OK, well, I would like my staff to follow up with you because I think on the unemployment front, I mean, we have three counties in New Mexico that have significantly higher unemployment than the national average. So, we have high unemployment and then the poverty is, well, the entire State would qualify for EDA assistance since our per capita income is 80 percent of the

national level. So, I think there is a real argument for looking at the way you develop the criteria to do that, especially if we are going to do another round of this.

So, thank you very much. And thank you, Madam Chair.

Senator BOXER. Senator Udall, I just wanted to let you and Senator Cardin know that before you got here this panel gave very strong support for EDA reauthorization and some ideas from Ms. Mazer about how we can make it better along the lines of your questioning, Senator Udall, and Senator Merkley's.

Senator Inhofe and I are very anxious to get this done. There is very strong bipartisan support, which is great. So what I would urge you to do is, if you have, and you and your staff want to make sure you communicate with my staff and Senator Inhofe's staff as we go about the reauthorization because I would like to get it right. I think the other thing is they also reported that they have got about 100 million, am I right, of applications in the pipeline for the stimulus and they have not awarded anything yet but they are going to send us their first 10 awards so that we can keep up with what is happening.

But this is an example of a great program that is working now when bank lending is so tight. We need the jobs and it is very important. So that is why Senator Inhofe and I want to move quickly. So please, all of you are so helpful to us, let us get your advice in their now so that we do not have to face amendments and we can just get everything in the bill.

Senator Cardin.

Senator CARDIN. Well, Madam Chair, thank you for having this hearing. I appreciate your commitment on the EDA program and trying to have it reauthorized in the right way and to get the funding levels working with the appropriators so that we can get the funding levels appropriate for the mission.

I want to particularly welcome Leanne Mazer to the panel. All of you, I welcome, but Leanne is my constituent and does a great job in the Western part of our State with the Tri-County Council. I know she is here for NATO this morning, to talk on behalf of the organization. But we are very proud of the work that you do with the tri-county areas.

EDA programs become particularly important in the Western part of our State. The economic challenges are very difficult, to bring in jobs. It is not in a major population center and we are trying to create new job opportunities. A State like Maryland, many times people think you are the Baltimore-Washington Corridor. It is where most people live. That is where jobs are created. But we have a major priority to create opportunities in all parts of our State, and the Tri-County Council has done a fabulous job.

And the EDA program has been a valuable tool, Madam Chair, for that part of our State. For all of Maryland, it has been very valuable. We have had, in a 2-year period in Maryland, 14 projects that have created 1,800-plus jobs, leveraging $160 million in investments. So, it is a huge issue.

I saw in your testimony about the cost benefit ratios, which are very, very impressive, $2,000 to $4,000 for creation of a job that will double in a short period of time. That is an impressive number as far as the work.

I really do urge us to get the recovery money out quickly. I understand the responsibility that we have to make sure it is spent appropriately and all the requirements are met. But our effort right now is to create jobs. And the EDA program can create jobs, particularly in those parts of our community where it is difficult to get investments made. I would just urge us, consistent with the requirements of Federal law, to do everything we can to expedite the process so that we can get the benefits of the Recovery Act.

Ms. Mazer, I just want to ask you, there has been a lot of conversation about the match requirements or what the locals have to come in with in order to be able to qualify for an EDA and it is your testimony that there has been a change in attitudes in the agencies in the last several years that has made it even more difficult for distressed communities to be able to come up with the match. Senator Udall has already talked about the need to modify. Can you be more specific as to what you would like to see in the Reauthorization Act, as it relates to, particularly, in distressed communities, their needs to match or to come up with a share of the EDA grant?

Ms. MAZER. Absolutely. Thank you. And thank you for the kind words, Senator.

The match rates changed, actually, during the 2005 rulemaking process. It was not the intent of Congress to change the match rates. That was part of the rulemaking process that followed.

Particularly given the current economic environment where the economy changes so quickly, we have mentioned the 24-month period where we look at those characteristics of distress. I think it would be our request just to roll back EDA's match requirements to those pre-2005 levels, which would still maintain the flexibility that EDA has to go beyond that.

Senator CARDIN. I should ask EDA that. The reason for change by regulation in 2005?

Mr. ALVORD. I believe, Senator, that the change was made as a result of recognition of the current economic conditions and EDA's appropriation levels at that time. The desire to extend the EDA funding as far as we possibly could, and address as many communities and areas as we could, with the acknowledgment that we do have the flexibility under statute to fund on a sliding scale, between 50 and 80 percent based on the level of economic distress. It was to really target that funding to those areas that had the most acute economic distress. That was the rationale, I believe, at the time that was done. I was not involved in that decisionmaking process.

Senator CARDIN. It seems like the change in 2005 made it more difficult for all communities, including distressed communities. They may be in a position on the discretionary provisions, but they overall requirements make it more difficult. And, of course, this economic recession makes it even more problematic for communities to come up with the matches. It is not unusual for us to waive, totally, the matches during these types of periods.

Mr. ALVORD. We agree, and are trying to be as flexible as we can in addressing match rates with the discretion that we have.

Senator CARDIN. Well, we might have to help you a little bit there.

Thank you, Madam Chair.

Senator BOXER. Mr. Kennedy, I thought maybe you could, I wanted to hear a specific project, if you could, of how EDA has helped Southwestern Pennsylvania. Can you give us an idea, like Mr. Phillips did, of a specific project?

Mr. KENNEDY. On EDA projects that have been specific to the Pittsburgh region, a Pittsburgh science facility was awarded some money and we did do that in order to make sure that we would get that money flowing within that sector. It was a recognized project in the community——

Senator BOXER. Science Center?

Mr. KENNEDY. Pittsburgh Life Sciences Greenhouse. We can respond better and give you other investments that we have made. We would be glad to do that in writing.

Senator BOXER. I would so appreciate that.

Well, let me just thank the panel. You know, this is not one of those issues that everybody comes in the door and is banging down the door to hear about. But it is such a quiet success story, the work that you do. And I know it because, when I go around my State, my State is suffering mightily from economic downturn and high unemployment and pockets of unemployment of 15 percent, 25 percent. There is one particular county that just told me about EDA about a year ago, that it just came in and just saved the community. It rallied around, they leveraged the funds, and it was fantastic.

I would like to know, under the rulemaking, what type of discretion you do have? If you could get back to me in writing, because, to the extent that we will do our reauthorization, we want to know if you need more discretion, if the way to do it is to give you full discretion in a high unemployment area, a distressed area, so let us know.

But again, the fact that we did not have a lot of penetrating questions from Democrats and Republicans shows me that this is a project program that they really, really support.

So, we thank you very much, EDA folks, for your, as President Obama likes to say, your empathy, your understanding, what your job is, what your role is, and I think you can hear, from the folks on the ground, that it is working.

So, this reauthorization is a priority for me, it is a priority for Senator Inhofe and I think it is very key. We are not worried about the program being zeroed out or anything. But it certainly is better to have an authorization. Otherwise, there is no guidance and it is just not going to be viewed as a priority.

We commit that we are going to get this done. And we look forward to hearing from all of you specific examples from your region, and then from Mr. Alvord and Ms. Walters the first 10 grants that are made. I really need to know because I want to highlight those. So, we are waiting for that. Do you think it will be in the next 30 days that you will do that funding?

Mr. ALVORD. I suspect that it will, yes.

Senator BOXER. If you are saying that you are getting it out the door, you know, then you probably have to start getting it out the door. So, we are very excited to hear about those.

Is there anything else? Oh, I would ask unanimous consent that statements from the International Economic Development Council and Educational Associate of Universities be inserted in the record and since I am the only one here, I see that there is no objection to that. So, we will do that.

[The referenced documents follow:]

U.S. Senate Committee on Environment and Public Works
Oversight of the Economic Development Administration

Testimony of

Mr. William Sproull
International Economic Development Council
734 15th Street, N.W.
Suite 900
Washington, DC 20005
(202) 223-7800

Written Statement by William Sproull:

President and CEO of the Richardson Economic Development Partnership, Richardson, Texas and Member of the Governance Committee of the International Economic Development Council

In Testimony to the U.S. Senate Committee on Environment and Public Works.

May, 21st hearing, 10 am: "Oversight of the Economic Development Administration"

Chairwoman Boxer, Ranking Member Inhofe and members of the Committee, thank you for the opportunity to provide written testimony on behalf of the Richardson Economic Development Partnership in Richardson, Texas, the International Economic Development Council (IEDC) and communities across the nation. The International Economic Development Council is the world's largest membership organization serving the economic development profession. We are a non-profit organization helping economic development professionals—from public to private, rural to urban, local to regional, and international—do their jobs more effectively. Our members, who represent the first responders to an economic crisis, are now grappling with one of the greatest economic challenges in decades. They have shared with us the essential and invaluable contribution that the Economic Development Administration (EDA) makes to their communities, particularly in their battle against diminishing jobs, failing small businesses and the high rate of foreclosures. With the current economic crisis, that need for economic development efforts have been exacerbated as resources to implement them have declined.

We would like to communicate to you today the significant contribution that the Economic Development Administration makes to distressed communities. EDA investments are essential to reviving and reconstructing local and regional economies – especially in light of the current

economic crisis. We would also like to express the strong support of the International Economic Development Council for the bill before you reauthorizing EDA through 2013.

First, we would like to express our support for the important work this committee is doing. Chairwoman Boxer, we appreciate all the work you and the Committee have done to combat the current economic crisis and confront the environmental and climate challenges the facing our planet. IEDC, along with sponsors and partners, has developed *The Climate Prosperity Handbook* to show how environmental sustainability is directly connected to economic sustainability. We would also like to acknowledge the contributions of Transportation and Infrastructure Subcommittee Chairman Senate Max Baucus, an ardent champion of the EDA and who was the recipient of the 2007 IEDC Federal Leadership in Economic Development Award.

Please allow us to now review some hard statistics that reveal the depth of the current national economic crisis. Since the recession began, we have shed over 5.7 million jobs according to the Bureau of Labor Statistics. The national unemployment rate has doubled over the past two years and, as of April, stands at 8.9%. While this crisis is indeed national, some states, in particular, face significant challenges. The state of Michigan reported the highest unemployment in March, at a level of 12.6%, followed by Oregon, South Carolina and California. The unemployment rate in Senator Whitehouse's home state of Rhode Island reached 10.5% for March.

Some economic sectors also are being disproportionately affected. We lost 791,000 manufacturing jobs in 2008, particularly within the auto industry, and 899,000 jobs in the construction sector. To make matters worse, people are not just losing their jobs, they are also losing their homes. Between 2006 and 2008, the foreclosure rate increased by 204%. In 2008, over 1 million properties were in foreclosure. As a result, communities are seeing their property

tax revenue bases decline, which impedes their ability to deliver basic services. As the economy contracts, it is harder for communities to maintain their investments in economic development, but it is now more essential then ever. Economic developers are on the frontlines of the current crisis, and they depend on EDA as a key ally in rejuvenating their communities. In this way, EDA is vital to the nation's economic recovery.

Here's why we need EDA:

- **EDA is the only federal agency focused exclusively on economic development.** The stated mission of the Economic Development Administration is "to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy." EDA is a key partner in revitalizing distressed communities, bringing the private sector and local governments together to generate jobs, enhance retention, and stimulate industrial and commercial growth.

  A number of other federal agencies have programs to assist with economic dislocation and revitalization, including the Federal Emergency Management Agency, the Department of Housing and Urban Development, the Rural Development Administration at the Department of Agriculture, and the Economic Adjustment program at the Department of Defense, however economic development is only one of a range of their activities. Only EDA is dedicated entirely to economic development. EDA uniquely has the institutional knowledge and expertise to lead comprehensive economic development efforts in urban, suburban, and rural communities. FEMA, for example, is limited by statute and mission to disaster

recovery—not economic recovery. EDA has a proven track record of helping communities rebuild in response to diverse challenges including:

- Post disaster recovery such as the devastation wrought by Hurricane Katrina or the Midwestern floods;
- The closure of military installations, federal facilities and other significant private employers;
- Changing trade patterns and the depletion of natural resources; and
- Long-term structural economic distress.

EDA's mission is vital to local economies and indeed our national economy and it has accomplished its mission effectively and efficiently. Here are some points supporting this position:

- **EDA has demonstrated success with judicious use of resources.** For example, EDA awarded over $277 million in investments in 2007 which is expected to create over 50,000 jobs at an average investment of $4,000 per job.

- **EDA investments generate significant returns**. Since its inception over 40 years ago, the EDA has leveraged over $130 billion in private sector investments, which is $26.00 private dollars for every public dollar invested. This has resulted in the creation of over four million jobs in the private sector—a substantial contribution to the economy of distressed communities.

- **EDA funding brings accountability**. Grantees must provide matching funds for EDA disbursements at a level between 20% and 50% depending on the level of distress in the community. The matching requirement brings an additional level of accountability, as communities must be sure they are using local taxpayer money wisely. Thus EDA is an investment partner with local governments and the private sector to create and retain jobs, and help communities remain globally competitive.

- **EDA fosters local economic development in a global market**. Local communities use EDA programs every day to promote growth and innovation, and remain competitive in the global economy. Its range of programs including the Public Works, Economic Adjustment Assistance, Research and National Technical Assistance, and Trade Adjustment Assistance, have helped diverse communities invest in their economic recovery and adapt to a globalizing economy through the development of business incubators and accelerators, training facilities, industrial and science parks as well as supporting technology transfer and commercialization, export development and strategic planning among many other efforts.

- During this current economic crisis, we as a nation must vigilantly support the struggling regions of the country if we are to maintain our global, national competitiveness. EDA is one of the nation's core players—in partnership with local governments and the private sector—dedicated to this mission.

Let me share some examples of the EDA's important work supporting communities across the country.

Southwest Florida. EDA provides funding for Comprehensive Economic Development Strategies within Economic Development Districts. The Southwest Florida Regional Planning Council used EDA funding to develop a Comprehensive Economic Development Strategy for their region focused on climate prosperity to reverse job loss due to the decline in regional industries as well as reduce greenhouse gases. The prosperity plan will help the Southwest Florida region bring new, green jobs to their area, while also promoting more a sustainable way of life and enhancing the overall quality of the environment. Through this partnership EDA is supporting innovative methods of economic development, ensuring that the next generation of economic developers will have 21st century tools at their disposal to bring sustainable prosperity to their communities.

Jefferson Parish, Louisiana. The Jefferson Parish Economic Development Commission (JEDCO) has relied on EDA as a partner in their economic development efforts for over fifteen years, including revolving loan funds as well as grants for Business Recovery Loans and business recovery expenses after Hurricanes Katrina and Rita. The Churchill Technology & Business Park is a 500-acre site in Jefferson Parish that offers a multitude of options for businesses to develop and grow including office space, manufacturing and distribution, warehousing, R&D offices, as well as a commercial town center. Although Hurricane Katrina delayed the development of the park, it was made possible in part by an $850,000 grant from EDA. The Churchill Technology & Business Park is a key piece in the long-term economic development strategy of Jefferson Parish. The Park's strategic proximity to international ports, the airport, as well as colleges and universities makes it a key economic component of the entire

region. EDA staff were courteous and responsive, and left a strong positive impression on JEDCO's staff.

Atlanta, Georgia. EDA has been an important player in urban redevelopment and the revitalization of our nations' cities. In Atlanta, EDA partnered with Georgia Tech to help develop the city, improve the competitiveness of local businesses and stimulate innovation and the emergence of new industry clusters. One project, the Technology Enterprise Park, affiliated with Georgia Tech, is the hub of biotech in Atlanta, which is one of the city's fast-growing industries. EDA provided $1.12 million in infrastructure funding for the one of the buildings in the park, which now supports 300 jobs. The project was so successful that EDA invested an additional $107,000. Due to EDA's capital investment, Georgia Advanced Technology Ventures, Inc. invested $15.5 million, and the Georgia Life Sciences Fund invested $3.5 million. It is estimated that the building tenants invested an additional $3.5 million for equipment. The Atlanta Development Authority (ADA), the city's economic development agent that works to revitalize Atlanta's distressed neighborhoods, provided $2 million in funding through the Tax Allocation District mechanism. The Technology Enterprise Park would not exist with investment from EDA, and the project is a clear example of how EDA serves as a catalyst to stimulate investment from the public and private sector and redevelop the urban core of our cities. As another example, EDA has provides around $1.2 million annually to Georgia Tech to manage the Southeastern Trade Adjustment Assistance Center (SETAAC), which helps local manufacturers in vulnerable industries such as textiles, wood moldings, and furniture manufacturing compete better with foreign imports. Between 2007 and 2008, the SETAAC program created or retained 115 jobs by 23 firms.

In my home state of Texas, EDA has been instrumental in assisting in disaster recovery and economic development efforts. Hurricanes Ike and Gustav delivered powerful blow to the Gulf Coast region, causing billions in damages. EDA recently announced an investment of $20.9 million in the Houston/Galveston region to help businesses get back on their feet and help the region's economy rebound from the devastating storms. EDA's $10 million investment in the city of Galveston and the Port of Galveston is expected to generate an additional $12 million in private sector investment and create 300 jobs. Another $10 million for the Gulf Coast Economic Development District of Houston will be used to establish a revolving loan fund (RLF) that will help businesses obtain capital financing. The Gulf Coast Economic Development District of Houston will also receive $900,000 to administer the loan fund and for economic recovery planning.

EDA also recently granted $2 million to the City of Friendswood, TX. The initial investment by EDA is expected to spur $10 million in private investment, create 100 jobs, and lead to the creation of the Clearwood Business Park. The funds will allow the city to build the water and sewer infrastructure for the park.

EDA has been one of this nation's most effective tools for battling distress. Crucially, it has always stressed that their process be competitive and locally driven to ensure each region has the best possible projects that are tailored to meet the precise needs of local communities. EDA has also demonstrated itself to be flexible partner with local government and the private sector that can respond to local needs without dictating unreasonable federal mandates.

Finally we would like to share with you some recommendations regarding EDA.

In addition to reauthorization, EDA needs significantly increased funding, especially over the next three to five years as we deal with the current economic challenges. Several critical areas in the EDA have been cut. We would like to see them restored to former levels or increased. These include the following;

- The Public Works Program. This program has seen its budget decline nearly 35% since fiscal year 2002. Funds need to be increased to higher levels.
- Economic Adjustment Assistance. We are pleased that in this new authorization bill, EDA will continue to allocate the majority of its funds to its core program of Economic Adjustment Assistance. We would recommend that this program receive additional funding to meet the growing needs of more and more communities that are battling increased levels of economic distress and dislocation.
- Baseline Funding. We would also like to see an increase in the baseline funding for the planning grant programs and for the agency's economic development districts (EDD's).
- The Revolving Loan Fund. The revolving loan fund has provided essential financing to support business development. It provides crucial funding to business at below market rates and when financing is not available from the private sector. We would like to see more revolving loan funds with increased local flexibility. It's a crucial issue as credit markets remain tight.

EDA should be the lead federal organization on economic development in the aftermath of a natural disaster. FEMA may do good work but it is an agency that is prohibited from doing

economic development. Communities already depend on EDA for assistance in rebuilding and creating a more sustainable economy in the long-term. We would like to see appropriate supplemental funds to EDA as the front agency in economic disaster relief and recovery immediately after a natural disaster.

EDA needs to review the definition of "distressed communities." We would like to see Congress rigorously review the criteria for economic distress. In the current economic climate, the criteria for defining distress may not reflect today's realities. Many communities are grappling with economic dislocation brought on by the current crisis in the housing and credit markets with ensuing business downsizing and closures and significant job loss. They need immediate assistance. To aide these regions, we should consider a relaxation of rules qualifying communities as distressed.

EDA should lower or waive matching requirements by communities during this time of economic crisis. Although the matching requirement helps to keep communities accountable, many distressed communities who need EDA's help do not have the adequate resources to provide matching funds. In many cases, the private and public sectors have insufficient resources for any type of investment. The $500 million disaster supplemental that was appropriated last year had a blanket 75% grant rate, meaning EDA recipients had to match with 25%. During this time of economic crisis, the EDA should adopt that grant rate or go even higher - or even waive the grant rate. The communities that are in severe distress, who need EDA the most, are those most likely to lack the surplus required for matching funds.

EDA needs to be reinvigorated, with resources and manpower.

We are pleased that the current budget will allow for EDA to fill vacant positions as they arise in 2009, but we remain concerned that there has not been an attempt to reinvigorate this agency for some time. It has long been deprived of new investment in manpower and resources. Today, the EDA not only must grapple with the rising number of distressed communities in this economic crisis, but there are also a number of people with significant experience set to retire. To effectively respond to this economic crisis, sufficient, well-trained manpower is essential to meet the changing and challenging dynamics of local communities.

EDA should to do more to encourage regional initiatives. We would like to see EDA support efforts that encourage regional collaboration among economic developers in different jurisdictions. We recognize that regional economies do not respect local political boundaries, which requires distressed communities to draw upon the resources of an entire region. This is essential for distressed communities to develop the private sector and compete and thrive in a global economy.

On behalf of communities around the country working hard to battle the economic crisis and stay competitive in the global economy, we urge you to reauthorize the Economic Development Administration for another five years. We look forward to EDA continuing to partner with us and the private sector in our efforts to create and retain good jobs and stimulate economic growth nationwide in order to build stronger communities for a stronger America.

Thank You.

TESTIMONY OF LAWRENCE MOLNAR
PRESIDENT, EDUCATIONAL ASSOCIATION OF UNIVERSITY CENTERS
DIRECTOR, UNIVERSITY OF MICHIGAN EDA UNIVERSITY CENTER FOR ECONOMIC DIVERSIFICATION
SENATE COMMITTEE ENVIRONMENT AND PUBLIC WORKS
May 21, 2009

Madam Chairman, as you consider the reauthorization of EDA, I speak as President of the Educational Association of University Centers, which is the advocacy organization for universities in the EDA University Center Program. I am pleased to offer this testimony regarding the performance and contributions of this critically important program administered by the Economic Development Administration of the Department of Commerce. The EDA University Center Program is included under the EDA Technical Assistance line item, which is funded at less than $9 million annually, with about $8 million for the national EDA University Center Program.

The EDA University Center Program is a national network of centers located at universities and colleges in most states. The program has operated for over 30 years as the only federally-funded program specifically designed to link the higher education system in the U.S. with local and regional economic development organizations, local units of government, private sector companies, non-profits and regional organizations to foster economic and business development. There are about 55 centers in the program currently.

Through this program, the resources, research, expertise, experience and capabilities of the higher education system are made accessible to help capitalize on opportunities, address problems and overcome economic challenges for areas suffering economic dislocation and distress. Each individual University Center Program reflects the character and capacities of the sponsoring institution and tailors its portfolio of programs, projects and services based on the individual institution and the needs of the service region that each program serves. This proactive engagement of the system of higher education in the U.S. is particularly critical in the current economic environment.

There are four modifications to the national EDA University Center Program that would improve effectiveness of the program and enable the program to greatly enhance its positive impact on the local, state and national economies. Currently there are approximately 55 University Center Programs operating and we believe that number should increase twice, to total 110 Centers, which would allow each state to have at least two centers. The current Federal allocation for each Center averages $125,000 per year. We request the amount for each center be increased to $250,000 per year. As is well known, universities are experiencing financial duress and the 50/50 cost share requirement to fund a University Center Program is difficult to attain. Our request to address this fiscal impediment is that the cost share requirement be modified to 80% Federal Share and 20% University share. The fourth request is that the current requirement of EDA that each University Center Program enter an open competition every three years be

revised. In its place we ask that a joint EDA, EDA University Center Program team conduct a peer review every three years to verify University Center Programs are indeed meeting their performance objectives. Those not meeting their goals would be subject to the termination of Federal funding. This will ensure economic and program stability for successful programs and provide a means to address underperforming programs.

The national University Center Program, and all individual University Center Programs that form it, operate in conformance with the EDA's investment principles. That means that programs and projects undertaken by the University Center Programs are market-based and results-driven; have strong organizational leadership; advance productivity, innovation and entrepreneurship; address medium to long-term needs; anticipate economic changes; foster economic diversification; and include a high degree of local commitment. To these ends, the national University Center Program participates in economic development activities nationwide that help leverage hundreds of millions of dollars in private sector investment.

A fundamental objective of the national University Center Program is to focus program activities on areas of economic distress and to conduct projects and individual programs that lead to the creation and retention of, in particular, high-wage, high-skill, and high-demand jobs. The types of activities undertaken by university centers include technical assistance that can take the form of direct assistance to strengthen the competitiveness of private sector companies. A typical example of a technical assistance project would be to work with a manufacturer to develop a prototype of a new product, analyze the potential market for the product, and help commercialize and launch the new product. The end result will hopefully lead to increases in production capacity within the firm, resulting in new job creation.

University Center Programs often have the capacity and the mission to conduct applied research to inform economic development initiatives. Typical projects that would require applied research to determine potential success are industrial parks, technology parks, business incubators and accelerators, and public works projects that improve infrastructure, such as potable water treatment plants, wastewater treatment, access roads and other projects. Research such as market and feasibility analyses, business plans, operating plans and other types of analyses serve to strengthen projects and to help ensure that investments are directed toward projects with the highest potential to deliver in economic terms.

University Centers Programs also conduct economic analyses to identify industry clusters that exist or that have the potential to be created. Industry clusters are private sector companies that exist in a defined geographic region and have similar characteristics. This can enable individual firms to create competitive advantages through relationships that often include pooled procurement activities or supply chain linkages, where firms provide raw materials, components or other products or services to companies that use raw materials to produce value-added products or companies that create products by combining components to produce a finished item for delivery to customers. Conducting the research to identify companies with potential affinity and the potential for benefit from economies of scale may create or retain jobs and make individual companies more competitive and profitable. This can strengthen local and regional economies by developing a local supply chain and producing products that are exported from the region, thereby bringing revenue into the region from external sources.

An example of university center activity is the Community Economic Adjustment Program initiative, undertaken by the University Center Program at the University of Michigan, which I oversee, along with our partners at Cleveland State University, Ohio University and Purdue University. Our work addresses the adverse impacts on communities in Michigan, Ohio, Illinois, Wisconsin and Indiana that are experiencing major manufacturing plant closures. The University Center Programs at these universities are collaborating to deliver services to the impacted communities and to help the communities access resources from a range of Federal agencies, State agencies and non-profit organizations.

The tools created to help these communities to develop economic recovery plans include a "Resource Guide" to Federal, State and non-profit agencies and organizations that can help communities experiencing economic distress and sudden, severe dislocation. Communities also receive a "Regional and Community Profile" that helps identify core competencies and competitive advantages of communities and regions and that contains critical information, such as key infrastructure, transportation corridor information, workforce characteristics, and demographic information. A "Strategic Planning for Economic Recovery Workbook" helps to facilitate an accelerated strategic planning process that takes place over a period of 4-6 weeks and leads to a set of implementation projects to address economic, community and social needs in the communities and regions that are adversely impacted.

After the community stakeholders become organized and have identified critical needs using the tools mentioned previously, the program convenes a Community Stakeholder Workshop that brings program representatives from Federal and State agencies to present information about their programs for distressed communities and to meet one-on-one with stakeholders representing a wide range of economic and community development organizations, social service agencies, local elected officials and units of governments that are qualified to receive funding.

Another example of the wide range of University Center Program assistance activities is a project conducted by the University of Pennsylvania EDA University Center. The South Central Workforce Investment Area of Pennsylvania created a Department of Defense (DoD) Industry Partnership to strengthen the region's defense industry through targeted skills training. Penn State University's Pennsylvania Technical Assistance Program (PennTAP) managed the development of this Partnership. This Partnership grew out of a State-funded economic development initiative, Job Ready PA, which builds partnerships to more effectively respond to the workforce needs of targeted industries.

The Industry Partnership is comprised of representatives from regional DoD commands and activities, the private contractors supporting those activities, and regional education institutions and training providers. The Partnership acts as a workforce intermediary, connecting the workers and contractors with the educational infrastructure by creating industry-driven training programs in response to identified skill gaps targeting three categories of workers: DoD personnel; civilian contractors providing both infrastructure as well as technical and mission support services; and DoD systems manufacturers and parts and component suppliers.

Every University Center Program across the U.S. has many examples of terrific project and program activities that have greatly contributed to the health of regional and local economies and have addressed economic distress.

The economic security, national security and global competitiveness of our nation are increasingly bound with the higher education system of colleges and universities in America. The economy of our nation is in a period of transformation from a primarily industrial-based economy to a post-industrial economy. This transformation is creating enormous challenges as jobs are lost in some sectors and regions, and jobs are created in other sectors and regions. It is essential that the higher education system play an engaged and proactive role in the nation's economy.

In summary we believe that Federal funding per center should be $250,000 annually, that the number of University Center Programs nationwide be increased to 110, that the cost shall be 80% Federal 20% University, and the competition be replaced by a peer-review process. The national EDA University Center Program is the sole federal program to ensure that the role of higher educational institutions in fostering economic development nationwide is continual and effective. It is for this reason the funding for this critical program be continued with the increase requested. Because it is a national program, no single State, region or economic sector gains at the expense of any other region or sector. I thank you for your attention to this issue and hope this request will be approved.

Senator BOXER. We stand adjourned. We will work together with you on the reauthorization.

[Whereupon, at 11:15 a.m., the committee was adjourned.]

[An additional statement submitted for the record follows:]

STATEMENT OF HON. CHRISTOPHER S. BOND, U.S. SENATOR FROM THE STATE OF MISSOURI

First, thank you, Chairman Boxer and Ranking Member Inhofe. I am pleased to be here to discuss a subject vital to the State of Missouri and the Country, the reauthorization and oversight of the Economic Development Administration.

In addition, I appreciate all the witnesses appearing before us today. Your experiences with this issue and this agency are important to understanding the economic impact the EDA has across the country and how best to craft a reauthorization that improves EDA in order to make the United States more efficient and competitive during this difficult economic time.

The Economic Development Administration was established nearly 45 years ago under the Public Works and Economic Development Act of 1965. During those years, our economy has enjoyed significant economic growth and has weathered through some tough times.

This hearing couldn't come at a more pertinent time as we face another period of economic challenge. At this time, it is important to maximize the utility of all our economic tools to better equip our country to address the problems we face today. A properly formed and funded EDA reauthorization can be one of those tools.

The EDA is the only Federal agency that concentrates on private sector economic sustainability. While other agencies play an important role in helping communities in times of crises, it is EDA that can provide long-term economic stability.

It is important to reauthorize EDA in order for it to keep pace with the changing economic climate and to enable the EDA to continue to fulfill its mission of leading "the Federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the world economy."

The EDA investment in economic development initiatives across Missouri has worked to diversify our job base by focusing on high-tech, high-growth industries. This refocusing has allowed Missouri to compete globally for the private investment that attracts and maintain higher paying jobs in the area.

For example, EDA awarded a $2.9 million grant as seed capital for the Center of Research, Technology and Entrepreneurial Expertise (CORTEX) in St. Louis. The Federal funds helped immediately leverage over $30 million to create a life science research and commercialization district that focuses on transforming scientific innovation into new companies to create jobs in the St. Louis urban core. In the long run, this research center is expected to encourage over $400 million in investment by concentrating the essential life science resources.

Recently, the EDA also provided $1.7 million for the development of a Midwest-China Air Cargo Hub in the St. Louis area. The development of this trade route will put St. Louis at the center of Chinese U.S. commerce. By doing so, it will increase access for our U.S. exports, cultivate commercial opportunities, generate new jobs and provide sustainable economic development in a community that suffered the economic distress of a natural disaster.

In the past, the symbol for economic growth and development was embodied in the bricks and mortar of buildings. They represented a place where people went to work and where business got done. However, while that ideal remains partially true, we are beginning to see a shift.

The economic promise of this country is no longer encapsulated in a building; it is in the promise of ideas. It is in the patents being developed across the country in this nation's incubators and laboratories. It is the recognition and development of potential new trade routes.

By supporting these ideas, we will be investing in the job creation of tomorrow. We must provide EDA with the ability to empower these ideas in order to grow our economy and offset the economic strain of disaster.

As we move forward, there are many issues that need to be addressed in reauthorization include altering local match levels during this time of economic hardship, more attention paid to the economic development needs in rural communities and EDA staffing in local offices. In addition, I want to see EDA refocus on the basics with more attention and funding going to public works, flexible economic adjustment assistance and an efficient revolving loan fund.

We must build a reauthorization that provides the tools necessary to generate good jobs in the areas that need them the most to keep the United States competitive.

Again, I thank Senators Boxer and Inhofe and the witnesses for their hard work. I look forward to your testimony and working together to ensure that the EDA continues to be a vital tool to help empower economic development.