

INVESTING IN AMERICA: REAUTHORIZATION OF THE ECONOMIC DEVELOPMENT ADMINISTRATION

(117-15)

REMOTE HEARING

BEFORE THE
SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT

OF THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTEENTH CONGRESS

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CONTENTS

	Page
Summary of Subject Matter	v
STATEMENTS OF MEMBERS OF THE COMMITTEE	
Hon. Dina Titus, a Representative in Congress from the State of Nevada, and Chair, Subcommittee on Economic Development, Public Buildings, and Emergency Management, opening statement	1
Prepared statement	3
Hon. Daniel Webster, a Representative in Congress from the State of Florida, and Ranking Member, Subcommittee on Economic Development, Public Buildings, and Emergency Management, opening statement	9
Prepared statement	9
Hon. Sam Graves, a Representative in Congress from the State of Missouri, and Ranking Member, Committee on Transportation and Infrastructure, prepared statement	63
WITNESSES	
PANEL 1	
Dennis Alvord, Acting Assistant Secretary for Economic Development, Eco- nomic Development Administration, U.S. Department of Commerce, oral statement	10
Prepared statement	12
PANEL 2	
Lisa Cooper, Executive Director, Northern Kentucky Area Development Dis- trict, on behalf of the National Association of Development Organizations, oral statement	26
Prepared statement	28
Garrett Hawkins, President, Missouri Farm Bureau, on behalf of the Amer- ican Farm Bureau Federation, oral statement	31
Prepared statement	33
Jonas Peterson, President and Chief Executive Officer, Las Vegas Global Economic Alliance, on behalf of the International Economic Development Council, oral statement	35
Prepared statement	37
Hon. Lenny Eliason, Commissioner, Athens County, Ohio, on behalf of the National Association of Counties, oral statement	39
Prepared statement	41
Dan Carol, Director, Milken Institute Center for Financial Markets, oral statement	44
Prepared statement	46
SUBMISSIONS FOR THE RECORD	
Submissions for the Record by Hon. Dina Titus:	
Letter of April 28, 2021, from Nathan Ohle, Chief Executive Officer, Rural Community Assistance Partnership	5
“EDA Reauthorization Priorities for the 117th Congress” from the Eco- nomic Development Administration Stakeholder Coalition	6
Letter of April 27, 2021, from Morgan W. Reed, President, ACT/The App Association, Submitted for the Record by Hon. Daniel Webster	63
Fact Sheet, “Bringing Broadband to Rural Ohio,” Submitted for the Record by Witness Hon. Lenny Eliason, Commissioner, Athens County, Ohio, on behalf of the National Association of Counties	67

APPENDIX

Questions to Dennis Alvord, Acting Assistant Secretary for Economic Development, Economic Development Administration, U.S. Department of Commerce, from:	
Hon. Dina Titus	69
Hon. John Garamendi	70
Question from Hon. Dina Titus to Lisa Cooper, Executive Director, Northern Kentucky Area Development District, on behalf of the National Association of Development Organizations	71
Question from Hon. Dina Titus to Jonas Peterson, President and Chief Executive Officer, Las Vegas Global Economic Alliance, on behalf of the International Economic Development Council	72
Questions from Hon. Dina Titus to Dan Carol, Director, Milken Institute Center for Financial Markets	74



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APRIL 22, 2021

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Economic Development, Public Buildings, and Emergency Management
FROM: Staff, Subcommittee on Economic Development, Public Buildings, and Emergency Management
RE: Subcommittee Hearing on “Investing in America: Reauthorization of the Economic Development Administration”

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Wednesday, April 28, 2021, at 2:00 p.m. EDT, in 2167 Rayburn House Office Building and virtually via Zoom to hold a hearing entitled, “Investing in America: Reauthorization of the Economic Development Administration.”

The purpose of the hearing is to receive testimony from stakeholders on the importance of reauthorizing the Economic Development Administration (EDA), its programs and activities supporting economic growth in distressed communities, and the role EDA plays in recovering from disasters, including the COVID-19 pandemic. The Subcommittee will hear from the EDA, the National Association of Development Organizations (NADO), the National Association of Counties (NACo), the International Economic Development Council (IEDC), the American Farm Bureau Federation, and the Milken Institute.

I. INTRODUCTION

The Subcommittee has jurisdiction over economic development issues and federal agencies that promote economic development in communities suffering economic distress, including EDA, an agency within the Department of Commerce. EDA is led by the Assistant Secretary of Commerce for Economic Development and is the lead federal agency dedicated exclusively to addressing economic development issues.¹

Through its competitive grant process, EDA evaluates project applications to determine the extent to which they align with the investment priorities of the agency and effectively address the creation and/or retention of high-quality jobs. On April 14, 2021, EDA updated its investment priorities to include: Equity, Recovery & Resilience, Workforce Development, Manufacturing, Technology-Based Economic Development, Environmentally-Sustainable Development, and Exports and Foreign Direct Investment.²

¹ See the Public Works and Economic Development Act of 1965 (P.L. 89-136).

² EDA, *Investment Priorities*, available at <https://www.eda.gov/about/investment-priorities/>.

For fiscal year (FY) 2021, the Trump administration proposed eliminating EDA’s budget, with the exception of \$31.6 million for salaries and expenses.³ Congress, in FY2021, appropriated \$305.5 million for EDA programs and \$40.5 million for salaries and expenses, not including supplemental funding for disasters.⁴

The Biden administration has not yet released a detailed FY2022 budget request outlining funding for EDA nor has a nominee for the Assistant Secretary position been announced. However, the president’s FY2022 discretionary request, or “skinny budget,” included \$84 million for EDA’s Assistance to Coal Communities program.⁵

II. OVERVIEW OF EDA’S PROGRAMS

Congress established the EDA in 1965 with the Public Works and Economic Development Act (PWEDA, P.L. 89–136) to alleviate conditions of substantial and persistent unemployment in economically distressed areas.⁶ The current mission of EDA is “to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy.”⁷

In particular, EDA programs are intended to help local communities attract and leverage private investment to maximize job creation. For example, EDA’s public works program often provides the remaining infrastructure funding needed for a local community to attract a manufacturing facility to its area. As a result, EDA grants are used in conjunction with private and local dollars to generate economic growth and create jobs. In fact, EDA requires substantial local match—often 50 percent or greater—for most grant recipients.⁸

EDA provides grants for projects through a variety of programs, including planning, technical assistance, public works, economic adjustment, trade adjustment assistance, and multiple innovation challenges. Additionally, all public works and economic adjustment projects must be consistent with an EDA-approved Comprehensive Economic Development Strategy (CEDS). Between FY2012 and FY2018, EDA invested nearly \$1.9 billion in 4,710 projects.⁹ EDA estimates that these investments are expected to create and/or retain 362,106 jobs and attract more than \$42 billion in private investment funding.¹⁰

The EDA administers its programs through six regional offices located in Atlanta, GA; Austin, TX; Chicago, IL; Denver, CO; Philadelphia, PA; and Seattle, WA. The Atlantic Territories of Puerto Rico and the U.S. Virgin Islands are administered through the Philadelphia Regional Office. The Pacific Territories of American Samoa, Guam, Marshall Islands, Micronesia, Republic of Palau, and the Northern Mariana Islands are administered through the Seattle Regional Office. A map of EDA regional offices is included as Appendix 1. At the local level, EDA administers its programs through Economic Development Districts (EDDs). EDDs are multi-jurisdictional entities, commonly composed of multiple counties and in some cases crossing state borders. EDDs lead the locally-based economic development planning process that leverages the involvement of the public, private and non-profit sectors to establish a CEDS. EDA’s most recent map of EDDs is included as Appendix 2.

1. EDA Authorization History

Following the expiration of the PWEDA authorization in 1970, five acts extending and amending EDA’s statutory authority were enacted between 1971 and 1976.¹¹ In 1980, Congress reauthorized EDA’s programs for two additional years through

³ EDA FY2021 Congressional Budget Request, February 2020, available at https://www.commerce.gov/sites/default/files/2020-02/fy2021_eda_congressional_budget_justification.pdf.

⁴ Consolidated Appropriations Act, 2021 (P.L. 116–260).

⁵ Executive Office of the President, Office of Management and Budget, *President’s request for FY2022 discretionary funding*, April 9, 2021, available at <https://www.whitehouse.gov/wp-content/uploads/2021/04/FY2022-Discretionary-Request.pdf>.

⁶ Generally, EDA considers areas distressed if their unemployment rate is 1% (or above) the U.S. unemployment or the per capita income is 80% (or below) the U.S. Per Capita Income.

⁷ EDA, *Mission*, available at <https://www.eda.gov/about/>.

⁸ Congressional Research Service (CRS), *Economic Development Administration: A Review of Elements of Its Statutory History*, June 3, 2011, available at <https://crsreports.congress.gov/product/pdf/R/R41241>.

⁹ EDA, *EDA Performance Measurement and Program Evaluation*, available at <https://www.eda.gov/performance/>.

¹⁰ EDA, *Underlying Data Disclaimer*, available at <https://www.eda.gov/performance/data-disclaimer/>. Note: Figures derived from “Estimated Outcomes by State” tab.

¹¹ CRS Report, *Economic Development Administration: A Review of Elements of Its Statutory History*, June 3, 2011, at pg. 9.

FY1982, and until 1998, EDA continued to operate without congressional authorization.¹²

The Economic Development Administration and Appalachian Regional Development Reform Act of 1998 (P.L. 105–393) reauthorized EDA for five years, and authorized funding levels that gradually declined from an initial amount of \$398 million in FY1999 to \$335 million in FY2003.¹³ Additionally, this reauthorization put into place a number of management and administrative reforms, including efforts to target the most economically distressed areas in the United States. The Economic Development Administration Reauthorization Act of 2004 (P.L. 108–373) reauthorized EDA for a period of five years, through FY2008. Since that time, Congress has not reauthorized EDA.

2. Key Grant Programs

Planning Assistance: EDA assists EDDs and Tribal organizations, states, sub-state planning regions, cities, and other eligible recipients to assist in project planning. Comprehensive planning is an essential component in guiding local economic development and ensuring the effectiveness of development projects funded by EDA. Eligible activities include developing, maintaining, and implementing a CEDS and related short-term planning activities.

Public Works: EDA’s Public Works program provides grants to distressed communities to upgrade and expand their physical infrastructure. Public Works investments help facilitate the transition of communities from being distressed to becoming competitive by developing key public infrastructure, such as technology-based facilities that utilize distance learning networks, smart rooms, and smart buildings; multi-tenant manufacturing and other facilities; business and industrial parks with fiber optic cable; and telecommunications and development facilities. In addition, EDA invests in traditional public works projects, including water and sewer systems improvements, industrial parks, business incubator facilities, expansion of port and harbor facilities, skill-training facilities, and redevelopment of brownfields.

Economic Adjustment: One of EDA’s most flexible programs, the Economic Adjustment Assistance (EAA) program provides various types of assistance—including planning, technical assistance, revolving loan funds (RLFs), and infrastructure development—to help communities experiencing either a gradual erosion or sudden dislocation of local industry caused by natural disasters, international trade competition, or major plant closings.

EDA oversees 510 RLFs nationwide, with a combined EDA investment of almost \$566 million.¹⁴ The RLF portfolio has a combined capital base of about \$870 million (consisting of EDA investment plus grantee matching funds plus interest income).¹⁵ The Reinvigorating Lending for the Future Act of 2020 (RLF Act, P.L. 116–192) was enacted on October 20, 2020, and eliminated “in perpetuity” reporting requirements for EDA RLFs and releases the federal interest in EDA RLFs after seven years.

Build to Scale: The Build to Scale (B2S) program—formerly known as the Regional Innovation Strategies program—builds regional economies through scalable startups through competitions supporting entrepreneurship, acceleration of company growth, and increased access to risk capital across regional economies. The B2S program is administered by EDA’s Office of Innovation and Entrepreneurship, which is authorized under Section 27 of the Stevenson-Wydler Technology Innovation Act of 1980.¹⁶ In FY2021, EDA is awarding \$38 million in B2S funding through its Venture and Capital challenges.

Trade Adjustment: EDA’s Trade Adjustment Assistance program assists import-impacted U.S. manufacturing, production, and service firms in developing and implementing projects to regain global competitiveness, expand markets, strengthen operations, and increase profitability, thereby increasing U.S. jobs. Technical assistance is provided through a nationwide network of 11 Trade Adjustment Assistance Centers to help U.S. manufacturing, production, and service firms in all 50 States, the District of Columbia, and Puerto Rico.

University Centers: EDA’s University Center program enables higher education institutions and consortiums to establish and operate University Centers focused on leveraging university assets to build regional economic ecosystems that support innovation, entrepreneurship, resiliency, and inclusiveness. In FY2021, EDA has

¹² *Id.* at pg. 14.

¹³ *Id.*

¹⁴ EDA FY2021 Congressional Budget Request, February 2020, pg. 83.

¹⁵ *Id.*

¹⁶ 15 U.S.C. § 3722.

made available \$7.4 million in federal funds for accredited institutions and consortia in EDA's Chicago and Philadelphia regions.¹⁷

Research and National Technical Assistance: The Research and National Technical Assistance (RNTA) program funds research, evaluation, and national technical assistance projects that promote competitiveness and innovation in distressed communities throughout the U.S. and its territories. RNTA is currently subdivided into two programs: Research & Evaluation (R&E) and National Technical Assistance (NTA). Through the R&E program, EDA supports the development of tools, recommendations, and resources that shape and inform federal economic development policy. R&E program investments support regional, state, and local economic developers to enhance understanding and implementation of economic development concepts throughout the country. EDA's NTA program supports projects that provide national-scale technical assistance, disseminating best practices among communities trying to address economic downturn. The FY2021 Notice of Funding Opportunity (NOFO) makes \$1.5 million available for R&E projects and \$1.0 million available for NTA projects.¹⁸

3. *Studies of EDA Programs*

In 2008, EDA contracted with accounting and advisory firm Grant Thornton to study the costs and economic impact of EDA's construction investments. The Grant Thornton study surveyed over 40 federal programs and concluded that EDA investments in rural areas have a significant impact on employment levels, generating between 2.2 and 5.0 jobs per \$10,000 in EDA funding, at a cost per job of between \$2,001 and \$4,611.¹⁹ The study further concluded that EDA's investment in business incubators was worthwhile and generated significant impacts in communities where the investments were made.²⁰

In 2017, nonprofit research firm SRI International studied the impact of non-infrastructure economic development grant programs on regional economic capacities, as well as the relationship between those capacities and long-term outcomes such as job creation and earnings growth.²¹ SRI International found that non-infrastructure capacity building grants are critical to fostering an economic development collaboration system that leads to long-term desired economic development outcomes, and that such grants support building capacities that are associated with long-term growth in earnings, per capita income, and employment growth.²²

III. EDA DISASTER RECOVERY AND THE COVID-19 PANDEMIC

1. *Natural Disaster Recovery*

Within the federal government's Natural Disaster Recovery Framework (NDRF), EDA serves as the coordinating agency for the Economic Recovery Support Function (ERSF) on behalf of the Department of Commerce.²³ As the ERSF lead, EDA provides leadership and coordination for primary and support agencies, which contribute to the administration of grants, loans, training and other forms of assistance to support economic recovery efforts in disaster-impacted communities and regions.

In recent years, following disasters, Congress has appropriated supplemental funding to assist the long-term economic recovery of areas affected by major disasters. EDA may also provide assistance through its regular programs without prior congressional approval, typically through its economic adjustment assistance program. In FY2018 and FY2019, EDA received a combined total of \$1.2 billion in supplemental disaster appropriations from Congress to help regions recover from economic harm and distress resulting from natural disasters from 2017 to 2019.²⁴ These funds included \$600 million appropriated in the Bipartisan Budget Act of 2018 (P.L. 115-123) for additional EAA activities. These resources are designated

¹⁷ EDA, *Notice of Funding Opportunity: FY 2021 EDA University Center Economic Development Program Competition*, available at <https://www.eda.gov/files/programs/university-centers/FY21-EDA-UC-NOFO-FINAL.pdf>

¹⁸ U.S. Department of Commerce, *Grants Notice: FY 2021-2023 Economic Development RNTA*, available at <https://www.grants.gov/web/grants/view-opportunity.html?oppId=332576>.

¹⁹ Arena, P., Adams, J.A., Noyes, K., Rhody, S. & Noonan, M. (2008). *Construction Grants Program Impact Assessment Report: Volume 1 Report on Investigation and Results*. Grant Thornton research report with ASR Analytics. Pg. 55.

²⁰ *Id.*

²¹ SRI International. *Innovative Metrics for Economic Development: Final Report*. November 17, 2017 Available at <https://www.eda.gov/files/performance/Innovative-Metrics-ED-Report.pdf>.

²² *Id.*

²³ EDA, *EDA and Disaster Recovery*, available at <https://www.eda.gov/disaster-recovery/>.

²⁴ EDA, *Leading Economic Recovery Efforts in Disaster-Impacted Communities*, available at <https://www.eda.gov/files/programs/disaster-recovery/EDA-Disaster-Brochure.pdf>.

for disaster relief and recovery following Hurricanes Harvey, Irma, and Maria, as well as wildfires and other calendar year 2017 disasters. In August 2019, EDA published the FY2019 Disaster Supplemental NOFO, providing \$587 million for grant investments to regions impacted by Hurricanes Florence, Michael, and Lane; Typhoons Yutu and Mangkhut; wildfires; volcanic eruptions; earthquakes; and other natural disasters occurring in calendar year 2018, and tornadoes and floods occurring in calendar year 2019.²⁵

2. COVID-19 Recovery

On March 13, 2020, former President Trump declared a nationwide emergency pursuant to Sec. 501(b) of the Stafford Act in response to the COVID-19 pandemic. The pandemic impacted employment and economic growth in the United States. During the spring of 2020, the U.S. workforce lost approximately 20 million jobs, with the unemployment rate peaking at almost 15 percent.²⁶ Although significant employment recovery occurred in the months that followed, job gains stalled—and in some areas deteriorated—by October 2020.²⁷ The current unemployment rate in the U.S. stands at six percent—almost double the pre-pandemic rate of 3.5 percent.²⁸ Certain industries, such as travel, tourism, and hospitality, have experienced significant financial and employment losses. For example, it is estimated that the travel sector in the United States lost 5.6 million jobs and \$1.1 trillion in economic output in 2020.²⁹

In order to “prevent, prepare for, and respond to coronavirus and for necessary expenses for responding to economic injury as a result of coronavirus,” Congress appropriated \$1.5 billion for EDA’s EAA program in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, P.L. 116–136). To date, EDA has awarded over \$1 billion of the funding provided in the CARES Act to support a wide range of projects in communities recovering from the economic effects of the pandemic.³⁰ More recently, Congress provided \$3 billion in EAA funding in the American Rescue Plan Act of 2021 (P.L. 117–2), 25 percent of which was dedicated to addressing employment and gross domestic product losses in the travel, tourism, and outdoor recreation industries.

WITNESS LIST

PANEL I

- Mr. Dennis Alvord, Acting Assistant Secretary for Economic Development, U.S. Department of Commerce

PANEL II

- Ms. Lisa Cooper, Executive Director, Northern Kentucky Area Development District, *On Behalf of the National Association of Development Organizations*
- Mr. Garrett Hawkins, President, Missouri Farm Bureau, *On Behalf of the American Farm Bureau Federation*
- Mr. Jonas Peterson, President and CEO, Las Vegas Global Economic Alliance, *On Behalf of the International Economic Development Council*
- The Honorable Lenny Eliason, Commissioner, Athens County, Ohio, *On Behalf of the National Association of Counties*
- Mr. Dan Carol, Director, Milken Institute Center for Financial Markets

²⁵ *Id.*

²⁶ Hershbein, B. and Holzer, H. *The COVID-19 Pandemic’s Evolving Impacts on the Labor Market: Who’s Been Hurt and What We Should Do*. February 15, 2021, available at <https://ssrn.com/abstract=3788395>.

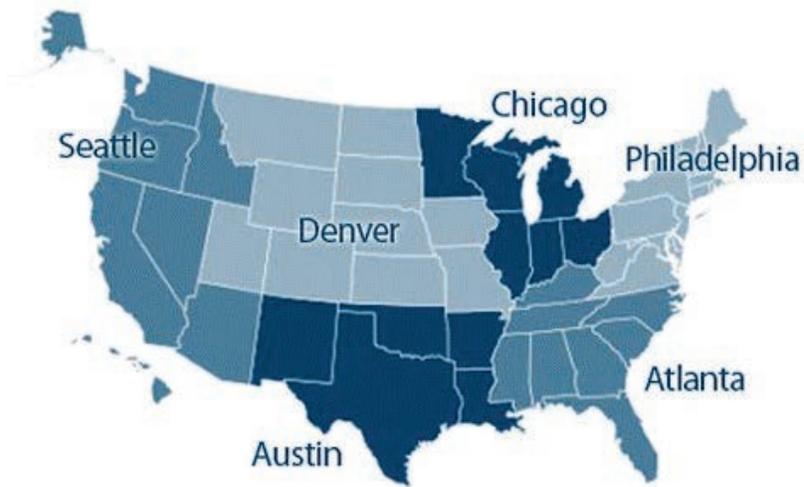
²⁷ *Id.* at pg. 22.

²⁸ U.S. Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey*, available at <https://data.bls.gov/timeseries/LNS14000000>.

²⁹ U.S. Travel Association, *Final Tally: Travel Lost \$1.1 Trillion in U.S. Economic Output in 2020*, March 17, 2021, available at <https://www.ustravel.org/press/final-tally-travel-lost-11-trillion-us-economic-output-20>.

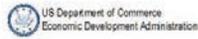
³⁰ EDA, *U.S. Economic Development Administration Marks Milestone \$1 Billion in CARES Act Grants Awarded*, available at <https://www.eda.gov/news/blogs/2021/03/22/eda-marks-cares-act-milestone.htm>.

APPENDIX 1: EDA REGIONAL OFFICES

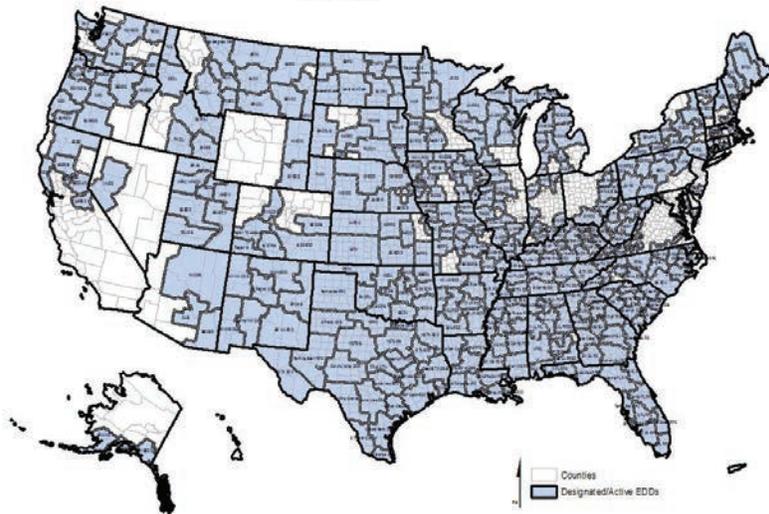


Source: Economic Development Administration

APPENDIX 2: EDA ECONOMIC DEVELOPMENT DISTRICTS



Economic Development Districts (EDDs)
March 2019



INVESTING IN AMERICA: REAUTHORIZATION OF THE ECONOMIC DEVELOPMENT ADMIN- ISTRATION

WEDNESDAY, APRIL 28, 2021

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

The subcommittee met, pursuant to call, at 2:10 p.m. in room 2167 Rayburn House Office Building and via Zoom, Hon. Dina Titus (Chair of the subcommittee) presiding.

Members present in person: None.

Members present remotely: Ms. Titus, Ms. Norton, Mr. Pappas, Mr. Carbajal, Mr. Webster, Mr. Massie, Miss González-Colón, Mr. Guest, and Ms. Van Dyne.

Ms. TITUS. The subcommittee will come to order.

I ask unanimous consent that the chair be authorized to declare a recess at any time during today's hearing.

Without objection, so ordered.

I also ask unanimous consent that Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions.

Without objection, so ordered.

As a reminder, I would ask you to please keep your microphone muted unless speaking. Should I hear any inadvertent background noise, I will request that the Member mute their microphone.

To insert a document into the record, please have your staff email it to DocumentsT&I@mail.house.gov.

Before we proceed with our opening statements, I would like to recognize the new vice chair of the subcommittee, Mr. Chris Pappas of New Hampshire. He represents the First Congressional District in New Hampshire. And, although that is a lot different from Las Vegas, we do share a Greek heritage, so I look forward to working with him, and I know that he will bring his expertise to this role on the subcommittee.

So thank you, and welcome, Congressman Pappas.

Mr. PAPPAS. Thank you, Madam Chair. It is great to be on board.

Ms. TITUS. We will now proceed with the opening statements, so I will welcome everybody to today's hearing.

Thank you to the witnesses for being with us, and thank you for your patience.

I also saw in the news that the President intends to nominate Alejandra Castillo for the position of Assistant Secretary for Economic Development at the Commerce Department. So this committee will look forward to working with her when she is confirmed.

The topic for today's hearing is the congressional reauthorization of the Economic Development Administration. It was created in 1965 by the Public Works and Economic Development Act, and it is the only Federal agency specifically dedicated to supporting economic development.

The EDA administers a variety of grants programs that invest in public works projects, higher education research and initiatives, planning and technical assistance, economic adjustment, and trade assistance for firms and businesses.

The agency also hosts a number of funding opportunities to invest in innovation and technology, such as the Build to Scale program and the Scaling Pandemic Resilience through Innovation and Technology, or SPRINT, Challenge. These programs support distressed communities and strengthen local economies by creating and retaining jobs, mitigating hardship created by dislocation of industry, assisting economic recovery from disasters, and fostering innovation and entrepreneurship.

This agency doesn't always make the headlines. A lot of people don't even know it exists. But the statistics show just how impactful it can be in spurring economic growth and helping communities rebound.

Since 2012, the EDA has invested nearly \$1.9 billion in 4,700 projects all around the country. The EDA estimates that these investments are expected to create or retain over 360,000 jobs and attract over \$42 billion in private investment. The EDA awards grants based on its core investment priorities. Earlier this month, the agency updated those priorities to include a focus on equity, technology-based economic growth, and environmentally sustainable development.

I applaud the EDA for demonstrating a commitment to addressing the issues facing our country, and through reauthorization I hope we can work together to create more opportunities for Americans.

For many communities, the EDA's grant programs are often the only source of funding available for infrastructure or workforce development projects. The EDA, though, has operated without authorization since 2008, although Congress, recognizing the importance of its critical mission and impact, has constantly provided appropriations every year so that the agency can continue to carry out its work promoting innovation and competitiveness to prepare regions across the country for growth and success in the 21st century.

This is a big moment for the EDA. Reauthorization represents an opportunity to invest in workforce development and innovation. Together, we can make regions outside of the established tech hubs more competitive. We can help bring high-speed internet to millions of Americans, and we can create employment opportunities and infrastructure projects for communities that have been historically underserved.

The EDA also plays an important role in helping communities recover from disaster. Within the Federal Government's Natural Disaster Recovery Framework, the EDA serves as the coordinating agency for the Economic Recovery Support Function on behalf of the Department of Commerce. A critical component of disaster recovery is bringing back jobs, and ensuring that disaster survivors have the resources necessary to get back up on their feet after their lives have been upended.

The effects of the pandemic on employment have been staggering. A year ago, approximately 20 million Americans were out of a job. That is the most since the Great Depression. And there has been significant progress in putting Americans back to work. But still, almost 5 million people remain unemployed in the U.S. today.

Last month, the EDA reached a milestone of awarding \$1 billion of Economic Adjustment Assistance that was appropriated by Congress through the CARES Act. That is a noteworthy achievement, but with the \$3 billion Congress provided to the EDA in the American Rescue Plan Act, there is still a lot more work that we can do.

The American Rescue Plan appropriation included \$750 million as a set-aside for communities that have experienced employment and GDP losses in the travel, tourism, and outdoor recreation industry. Considering the devastating economic losses in those sectors, I am particularly interested in hearing EDA's plans for administering that funding. This is the first time that has ever been done.

I believe the EDA can play a vital role in helping diversify the economies in places like Las Vegas, that have been so dependent on travel and tourism, so we can better manage the next pandemic. As we work toward advancing the first EDA reauthorization in over a decade, or almost two, I hope our witnesses can share some of their experiences with EDA's programs to better inform our dialogue about the agency's future needs and capabilities.

I look forward to working with my colleagues on both sides of the aisle on this comprehensive EDA reauthorization that will build on its successes, and promote sustainable and equitable economic development in communities of all sizes across the country.

[Ms. Titus' prepared statement follows:]

Prepared Statement of Hon. Dina Titus, a Representative in Congress from the State of Nevada, and Chair, Subcommittee on Economic Development, Public Buildings, and Emergency Management

I'd like to welcome everyone to today's hearing. Thank you to our witnesses for being with us.

We're here to discuss the congressional reauthorization of the Economic Development Administration (EDA).

Created in 1965 by the Public Works and Economic Development Act, the EDA is the only federal agency specifically dedicated to economic development.

The EDA administers a variety of grant programs to invest in public works projects, higher education research and initiatives, planning and technical assistance, economic adjustment, and trade assistance for firms.

The agency also hosts a number of funding opportunities to invest in innovation and technology, such as the Build to Scale program and Scaling Pandemic Resilience Through Innovation and Technology (SPRINT) challenge.

These programs support distressed communities and strengthen local economies by creating and retaining jobs, mitigating hardship created by dislocation of industry, assisting economic recovery from disasters, and fostering innovation and entrepreneurship.

This agency doesn't always make the headlines, but the statistics show how impactful they can be in spurring economic growth and helping communities rebound.

Since 2012, the EDA has invested nearly \$1.9 billion in 4,700 projects all across the country. The EDA estimates that these investments are expected to create or retain over 360,000 jobs and attract over \$42 billion in private investment.

The EDA awards grants based on its core investment priorities. Earlier this month, the agency updated those priorities to include a focus on equity, technology-based economic growth, and environmentally-sustainable development.

I applaud the EDA for demonstrating a commitment to addressing the issues facing our country and through reauthorization I hope we can work together to create more opportunities for Americans.

For many communities, the EDA's grant programs are often the only source of funding available for infrastructure or workforce development projects.

The EDA has operated without authorization since 2008, although Congress, recognizing the importance of its critical mission and impacts, has provided appropriations annually so that the agency can continue to carry out its work promoting innovation and competitiveness to prepare regions across the country for growth and success in the 21st century economy.

This is a big moment for the EDA. Reauthorization presents an opportunity to invest in workforce development and innovation. Together, we can make regions outside of the established tech hubs more competitive, help bring high-speed internet to millions of Americans, and create employment opportunities and infrastructure projects for communities that have been historically underserved.

The EDA also plays an important role in helping communities recover from disasters. Within the federal government's Natural Disaster Recovery Framework, the EDA serves as the coordinating agency for the Economic Recovery Support Function on behalf of the Department of Commerce.

A critical component of disaster recovery is bringing back jobs and ensuring that disaster survivors have the resources necessary to get back on their feet after their lives have been upended.

The effects of the pandemic on employment have been staggering. A year ago, approximately 20 million Americans were out of the job—the most since the Great Depression. And while there has been significant progress in getting Americans back to work, almost 5 million people remain unemployed in the U.S.

Last month, the EDA reached the milestone of awarding \$1 billion of the Economic Adjustment Assistance funding Congress appropriated in the CARES Act.

That's a noteworthy achievement, but with the \$3 billion Congress provided to the EDA in the American Rescue Plan Act, there's still a lot of work to be done.

The American Rescue Plan appropriation included \$750 million for communities that experienced employment and GDP losses in the travel, tourism, and outdoor recreation industries. Considering how devastating the economic losses have been in those sectors, I'm particularly interested in EDA's plans for administering that funding.

I believe the EDA can play a vital role in helping diversify the economies in places like Las Vegas that are dependent on travel and tourism so that we are able to better manage the next pandemic.

As we work toward advancing the first EDA reauthorization in over a decade, I hope our witnesses can share some of their experiences with EDA's programs to better inform our dialogue about the agency's future needs and capabilities.

I look forward to working with my colleagues on both sides of the aisle on a comprehensive EDA reauthorization that will build on its successes and promote sustainable and equitable economic development in communities of all sizes.

Ms. TITUS. At this point, I would ask unanimous consent to enter into the record of today's hearing a letter from the Rural Community Assistance Partnership, and a document from the Economic Development Administration Stakeholder Coalition entitled, "EDA Reauthorization Priorities for the 117th Congress."

Without objection, so ordered.

[The information follows:]

Letter of April 28, 2021, from Nathan Ohle, Chief Executive Officer, Rural Community Assistance Partnership, Submitted for the Record by Hon. Dina Titus

APRIL 28, 2021.

Representative PETER DEFAZIO,
Chair,
House Transportation and Infrastructure Committee, 2134 Rayburn House Office Building, Washington, DC 20515.

Representative SAM GRAVES,
Ranking Member,
House Transportation and Infrastructure Committee, 1135 Longworth House Office Building, Washington, DC 20515.

Representative DINA TITUS,
Chair,
Subcommittee on Economic Development, Public Buildings, and Emergency Management, 2464 Rayburn House Office Building, Washington, DC 20515.

Representative DANIEL WEBSTER,
Ranking Member,
Subcommittee on Economic Development, Public Buildings, and Emergency Management, 1210 Longworth House Office Building, Washington, DC 20515.

DEAR CHAIR DEFAZIO, RANKING MEMBER GRAVES, CHAIR TITUS, AND RANKING MEMBER WEBSTER:

On behalf of the Rural Community Assistance Partnership (RCAP), I write to thank you for supporting the Economic Development Administration (EDA) and recognizing the vital role that EDA programs play in expanding the capacity of rural communities to grow and thrive. As a national non-profit network serving small rural and tribal communities in all 50 states, territories, and on tribal lands, we are aware of the unique set of challenges that these communities face and the immense value that economic development and technical assistance funding provides.

EDA's programs are some of the most flexible and effective across the federal government, however, many communities with the greatest level of need are unable to access these funds because of a lack of capacity and a need for more robust grant funding. Expanded national technical assistance will bolster communities' ability to access funds and will support EDA's mission to promote innovation in approaches to economic development and inform economic development decision-making, especially for communities impacted by the COVID-19 pandemic.

In 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided EDA with \$1.5 billion for economic development assistance programs to help communities prevent, prepare for, and respond to coronavirus. The grants created by the CARES Act were proven to provide critical and effective programs. In March of 2021, The American Rescue Plan (ARP) was enacted and allocated \$3 billion to assist communities nationwide in advancing their coronavirus recovery and resiliency strategies. The programs created will be crucial for economic development and infrastructure investment.

In FY21 appropriations Congress funded \$10 million for the Research and National Technical Assistance (RNTA) program to allow qualified non-profits to assist economically disadvantaged small, rural, and underserved communities with activities associated with building capacity to access EDA programs and services. While any support for this crucial program is appreciated, funding for this program should be increased to \$20 million to better reflect the need in our most vulnerable communities.

Rural places are often slower to recover from periods of economic disruption than urban and suburban areas—evidenced by the fact that employment and prime-age labor force participation in many of the communities we serve had not yet recovered from the 2008 economic recession when the pandemic hit last year. Increased funding for EDA, including increased national technical assistance funding through RNTA programs will confront this issue by leveraging best practices for local, state, and regional leaders to carry out economic development activities as we recover from the harmful impacts of COVID-19.

We appreciate the committee holding this important hearing to evaluate the current level of need in disadvantaged communities and the supportive role that EDA must play as we aim to quickly bounce back from the pandemic. We stand ready to work with you and your colleagues to ensure rural communities receive adequate

development and technical assistance funding to recover from the pandemic in a strong and equitable manner.

Thank you,

NATHAN OHLE,
CEO, Rural Community Assistance Partnership.

—————

“EDA Reauthorization Priorities for the 117th Congress” from the Economic Development Administration Stakeholder Coalition, Submitted for the Record by Hon. Dina Titus

ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) STAKEHOLDER COALITION

EDA REAUTHORIZATION PRIORITIES FOR THE 117TH CONGRESS

- **ENHANCE EDA’S ROLE IN CAPACITY BUILDING:**
 - Increase EDA funding for Partnership Planning and enhance the scope of related activities:
 - As communities continue to respond to the COVID–19 pandemic, they will need to reevaluate and revise their existing regional development plans and Comprehensive Economic Development Strategies (CEDS). Congress should significantly increase EDA funding for planning assistance for communities as they endeavor to build stronger and more resilient economies.
 - Increase EDA funding for Research and National Technical Assistance (RNTA) and enhance the scope of related activities:
 - Congress should enhance EDA’s role and increase EDA funding for national technical assistance that helps support the ultimate success of economic development projects.
 - Increase EDA funding for Public Works and enhance the scope of related activities, particularly related to broadband and resiliency:
 - Congress should include direction for EDA to support both broadband access and adoption. Broadband is an essential missing piece in many communities with struggling economies. EDA is uniquely positioned to provide strategic direction and funding for broadband access and adoption and should be given further flexibility to seek out new capabilities and partnerships in this realm. Emphasis should be placed on ensuring equitable resource allocation among urban and rural communities.
 - In support of EDA’s role in disaster resiliency and impact mitigation, Congress should also direct the agency to take the current and future impacts of climate change into consideration for Public Works projects. In addition, a separate fund should be established within the Public Works program that is expressly dedicated to projects mitigating the impacts of climate change.
 - Create a new EDA Capacity-Building Grant Program:
 - Communities taking advantage of EDA’s planning resources often lack the human and financial resources to implement those plans. Congress should establish a grant program within EDA to fund three-year positions for qualified economic development professionals to execute CEDS or economic development strategic plans and dedicated funding for economic development project pre-development work.
 - Communities often struggle to move from economic development concept to economic development reality due to a lack of funding at the earliest stages of a project. Known as ‘pre-development’ work, these items must be completed before a project can move forward or even secure financing and partners. A dedicated funding source for pre-development work at EDA would spark numerous economic development projects that would otherwise never advance.
 - Many communities lack the human resources necessary to implement their CEDS or execute their strategic plans. Providing funding for communities to hire staff and engage professional consultants would allow projects to move forward with competent, sustained oversight and direction, dramatically increasing the chances for lasting success. This funding would be available to any organization or entity otherwise eligible to receive EDA funding.

- REASSESS AND RECONSTITUTE EDA’S ECONOMIC DISTRESS FORMULA:
 - Reassess and reconstitute EDA’s economic distress formula and consider reducing local match requirements permanently. Currently, EDA’s economic distress formula requires communities to invest as much as 50 percent of the total project cost via matching funds, with EDA providing federal funding for the remaining 50 percent of the total project cost. For the most distressed communities, EDA’s standard Notice of Funding Opportunity (NOFO) guidance dictates that the maximum allowable federal investment rate is 80 percent, which still requires very distressed communities to contribute 20 percent of the project’s overall cost via matching funds, except in rare cases when the EDA Assistant Secretary deems that an applicant has exhausted its taxing and borrowing capacity.¹ Congress should include direction for EDA’s economic distress formula to be reconstituted so that all communities with eligible projects—and especially distressed communities—are eligible to receive a higher overall percentage of federal funding.
 - Reducing EDA’s matching fund requirements is important also because communities will be recovering from the COVID–19 pandemic for an extended duration of time. This reality should be taken into consideration and EDA’s formula funding approach should be overhauled accordingly. We encourage eliminating local match requirements for the remainder of the declared COVID–19 Public Health Emergency (PHE) and for at least 3 years following its culmination.
- CODIFY EDA’S ROLE IN DISASTER RESILIENCY AND RECOVERY:
 - Congress should amend the Public Works and Economic Development Act (PWEDA) to formally outline and designate EDA’s significant role in post-disaster assistance for impacted communities.
 - In EDA’s reauthorization, Congress should establish an EDA Office of Disaster Resilience & Recovery to preserve institutional knowledge and leadership in the economic disaster resilience and recovery realm. Enhancing EDA’s disaster recovery leadership and resources will help communities prepare for and mitigate negative economic impacts associated with disasters. Congress should authorize a dedicated fund with annual appropriations for immediate responses to economic crises associated with declared disasters or states of emergency.
 - In cases where a major disaster or emergency has been declared under the Stafford Act, EDA should be required to increase the federal share to 100 percent of the project cost, waiving all match requirements for any funding appropriated for the purpose of disaster or emergency response.
 - EDA has successfully utilized the flexible hiring authority Congress provided to the agency to aid in EDA’s response to COVID–19. This authority was based in part on similar authorities provided to other disaster response agencies and should be made a permanent authority. Disasters and emergencies require increased resources to ensure timely delivery of services while the agency continues to provide vital services and resources through their normal, non-emergency related work.
- CODIFY AND FUND EDA’S ECONOMIC DEVELOPMENT INTEGRATION (EDI) ROLE:
 - While EDA is the only federal agency with a focus *solely* on economic development, there are other agencies that engage in economic development efforts. Enhanced coordination among federal agencies and divisions supporting economic development can yield significant benefits for stakeholders of all kinds. Congress should formally establish an EDA Office of Economic Development Coordination & Integration to formalize EDA’s leadership role in the economic development realm, and to emphasize its cross-cutting role in coordinating economic development resources across the federal government. Although EDA currently has an existing Economic Development Integration (EDI) practice, PWEDA should be amended to include language that formally establishes EDI and fully outlines its role.
 - Congress should provide dedicated funding for EDI so that this practice can become a fully-resourced and fully-staffed division within EDA. This would enhance the ability of EDI specialists to conduct on-the-ground technical assistance in communities across the country, ensuring the entirety of the fed-

¹ Source: <https://www.grants.gov/web/grants/view-opportunity.html?oppId=321695> EDA’s FY20 NOFO, document name: “FY20 PWEAA NOFO including NCC and CARES.pdf” PDF page 12 of 45

eral government's resources are effectively and efficiently utilized in support of local and regional economic development.

- **STRENGTHEN COLLABORATION BETWEEN EDA, ECONOMIC DEVELOPMENT DISTRICTS (EDD), AND ECONOMIC DEVELOPMENT ORGANIZATIONS:**
 - Economic Development Districts (EDDs) and Economic Development Organizations (EDOs) are core constituencies of EDA. As such, EDA should explore all avenues to partner with and support collaboration between EDDs and EDOs utilizing their authority and resources.
 - EDDs have long partnered with the Agency and have a dedicated line of funding. EDOs are eligible to apply for competitive EDA funding as they are units of local, state and tribal government, non-governmental organizations or public-private partnerships. However, many EDOs do not currently partner with EDA due to a combination of a lack of available funding, lack understanding of EDA programming, misperceptions related to eligibility and a perceived inflexibility at EDA to explore new partnerships. Unfortunately, for various reasons EDOs do not always partner with their local EDD either. This lack of collaboration between EDDs, EDOs and EDA negatively impacts communities as they look to better develop their economies. The disaster scenarios in recent years have emphasized a need to significantly increase collaboration between EDA, EDDs, and EDOs.
 - Congress should include clear directive for EDA to collaborate, partner and support EDDs and EDOs in reauthorizing the agency. Such a directive would further cement the vital, balanced roles of planning and execution in supporting economic development. Congress should also establish a technical and operational capacity assistance program that provides resources to increase regional collaboration and to execute regional economic development strategic plans.
- **ELEVATE EDA LEADERSHIP TO AN UNDER SECRETARY LEVEL:**
 - EDA is currently headed by an Assistant Secretary-level appointee. Given EDA's role as the lead federal agency for economic development and the vital importance of this role during times of economic distress—and consistent with EDA's increased funding and its thereby heightened role in facilitating disaster resiliency and recovery and coordination among other agencies—Congress should elevate the Assistant Secretary position to an Under Secretary level position in EDA's reauthorization.
- **RAISE EDA'S AUTHORIZATION LEVEL TO \$3 BILLION:**
 - EDA's authorized funding level does not accurately reflect the importance of the role the agency plays as the lead federal economic development agency, nor does it adequately meet the demonstrated need for economic development leadership and resources that exists across America's communities and regions. EDA investments have a track record of leveraging additional investments and catalyzing new economic opportunity. Congress should significantly increase its annual investment in EDA to enhance the reach and impact of the agency.
 - Between supplemental disaster response funding and annual appropriations EDA received nearly \$2 billion in funding for FY 2020 and more than \$3 billion in FY 2021. In FY 2020 the agency received requests for funding that far surpassed EDA's available funding, which is indicative of both the value of EDA's leadership and programming, as well as the significant and growing need for federal economic development resources. Congress should increase EDA's annual authorized funding level to \$3 billion.

COALITION MEMBERS:

International Economic Development Council (IEDC)
 Main Street America
 National Association of Counties (NACo)
 National Association of Development Organization (NADO)
 National Association of Regional Councils (NARC)
 National League of Cities (NLC)
 Rural Community Assistance Partnership (RCAP)

Ms. TITUS. I now recognize and call on the ranking member of the subcommittee, Mr. Webster, for his opening statement.

Mr. WEBSTER. Thank you, Chair Titus. It is great to be here, and there are important issues involved in this hearing, and I want to thank our witnesses for being here and joining us for this hearing.

As you know, EDA has received a significant—you mentioned it—a significant amount of supplemental funding in recent years to help communities recover from disasters. Over the last year alone, EDA received \$1.5 billion from the bipartisan CARES Act, and another \$3 billion from the American Rescue Plan. These amounts are significantly above the level that EDA receives in base funding. So it is important that we ensure EDA is positioned to properly manage these taxpayer dollars in the most efficient way.

Ultimately, in many rural communities across the Nation, access to broadband internet remains a major hurdle to retaining and attracting businesses and jobs. In cities with high-speed broadband options, many take broadband for granted. However, in many parts of my district and in places all over the country, meaningful access is just not available. This lack of broadband, in many areas, especially rural areas, is a serious impediment to many facets of American life, including economic development.

Just about every business these days needs access to broadband internet. It may not be the first thing that comes to mind, but agricultural businesses today rely heavily on broadband for things like operations, maintenance, weather forecasting, and sales. Technology has created a huge opportunity for farming to be more efficient, and supporting growth in our agriculture communities ensures maintaining food security for our Nation.

We also know that broadband impacts the ability of distressed communities to attract jobs and businesses across a host of other industries, including the healthcare and energy sectors. While EDA can and does fund some broadband projects, we must ensure any unnecessary hurdles are addressed so we can help more Americans get connected.

Lastly, I want to make sure that those efforts to achieve this goal do not harm existing rural broadband providers, which often are small businesses themselves, and have spent capital and time trying to reach these communities, often in creative ways. So I look forward to hearing from our witnesses on these and other issues. Thank you, Chair Titus, I yield back.

[Mr. Webster's prepared statement follows:]

Prepared Statement of Hon. Daniel Webster, a Representative in Congress from the State of Florida, and Ranking Member, Subcommittee on Economic Development, Public Buildings, and Emergency Management

Thank you, Chair Titus. I wanted to thank our witnesses for joining us today for this important hearing.

As you know, EDA has received a significant amount of supplemental funding in recent years to help communities recover from disasters. Over the last year alone, EDA received \$1.5 billion from the bipartisan CARES Act and another \$3 billion from the American Rescue Plan.

These amounts are significantly above the level that EDA receives in base funding, so it is important that we ensure EDA is positioned to properly manage these taxpayer dollars in the most effective way.

Ultimately, in many rural communities across the Nation, access to broadband internet remains a major hurdle to retaining and attracting businesses and jobs. In cities with high-speed broadband options, many take broadband for granted. However, in many parts of my district, and in places all over the country, meaningful access is just not available. This lack of broadband in many rural areas is a serious impediment to many facets of American life, including economic development.

Just about every business these days needs access to broadband internet. It may not be the first thing that comes to mind, but agricultural businesses today rely heavily on broadband for things like operations, maintenance, weather forecasting, and sales. Technology has created a huge opportunity for farming to be more efficient, and supporting growth in our agricultural communities ensures continued food security for our Nation.

We also know broadband impacts the ability of distressed communities to attract jobs and businesses across a host of other industries, including the healthcare and energy sectors.

While EDA can and does fund some broadband projects, we must ensure any unnecessary hurdles are addressed so we can help more Americans get connected.

Lastly, I want to make sure that efforts to achieve this goal do not harm existing rural broadband providers which are often small businesses themselves that have spent capital and time trying to reach these communities—often in creative ways.

I look forward to hearing from our witnesses today on these and other issues.

Ms. TITUS. Thank you, Mr. Webster.

Today we are going to be hearing testimony from witnesses on two panels. Each panel will be followed by questions from the Members.

I would now like to welcome the witness on our first panel, Mr. Dennis Alvord, who is the Acting Assistant Secretary for Economic Development at the U.S. Department of Commerce.

Thank you for joining us today. We look forward to hearing your testimony.

Without objection, our witness' full statement will be included in the record.

So, since your written testimony will be made a part of the record, the subcommittee requests that you limit your oral testimony to 5 minutes.

Mr. Alvord?

Mr. ALVORD. Thank you, Chairwoman.

TESTIMONY OF DENNIS ALVORD, ACTING ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT, ECONOMIC DEVELOPMENT ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. ALVORD. Chairwoman Titus, Ranking Member Webster, and members of the subcommittee, thank you for the opportunity to testify on behalf of the Economic Development Administration.

EDA's mission is to lead the Federal economic development agenda by promoting innovation, competitiveness, and preparing American regions for growth and success in the worldwide economy. EDA's creation over 50 years ago has provided tens of thousands of catalytic grants to State and local governments, nonprofits, economic development districts, institutes of higher education, Tribal entities, and other organizations to help communities create jobs and generate private investment across the country.

EDA grants support many of the country's most economically distressed areas, including regions that are recovering from economic shocks like those experienced by coal and nuclear powerplant com-

munities, or other communities impacted by the decline of an important industry.

EDA, through its organic statute, the Public Works and Economic Development Act of 1965, provides targeted investments that address a range of economic development needs, including research, planning, technical assistance, and construction and implementation projects. Using this flexible, comprehensive set of tools, EDA helps regions bounce back from economic setbacks and position themselves for long-term, sustainable economic growth.

Since EDA was last authorized in 2004, the economic conditions that communities face have changed and evolved. Over the last 17 years, new industries have emerged while other sectors have declined. Regions have encountered and responded to devastating natural disasters, and we have all suffered the impacts of a global pandemic.

EDA has also evolved. The bureau has improved its business practices to be more responsive to its customers, launch new evaluation tools and economic models, and, over the past 4 years, grown exponentially in size and budget. In 2017, EDA had an annual appropriation of \$276 million. In 2018 and 2019, through two disaster recovery supplementals, EDA's budget authority grew to \$901.5 million and \$904 million, respectively. In 2020, Congress provided the agency a historic influx of \$1.5 billion under the CARES Act. Less than 1 year later, EDA has received an additional \$3 billion in funding under the American Rescue Plan of 2021.

This growth in appropriations has also resulted in rapid growth in EDA's headcount. Thanks to the additional hiring authorities EDA received under the CARES Act, we successfully solicited and reviewed over 3,000 resumes, and onboarded 83 staff. These new staff have helped EDA obligate over two-thirds of the funding within 1 year of Congress enacting the CARES Act, and has EDA well positioned to obligate the \$3 billion from the American Rescue Plan by the September 30, 2022, deadline.

Notably, since our last reauthorization, EDA has been recognized for our work in disaster recovery as the lead in economic recovery under the National Disaster Recovery Framework, leadership in Federal resource integration and collaboration, and the creation of a robust regional innovation program that continues to grow, as authorized by the America COMPETES Act.

What hasn't changed in the last 55 years is EDA's continued ability to rise to the challenge and ensure the funds entrusted to us are invested in an equitable, fair, and impactful manner, and that we are reaching the communities most in need of our assistance. We are proud of the bureau's accomplishments and believe that we can expand our work to assist distressed communities, especially in the current economic climate.

EDA's investments are highly effective and generate significant impacts. As reported by SRI International in a 2017 study, "EDA makes a substantial number of infrastructure grants directly to organizations and communities across the Nation to support projects to improve roads, highways, water supplies, and other critical infrastructure components ...

“In many situations, EDA funds act as the primary catalyst for other funding—that is, without the support and funding of EDA, many projects would struggle to attract the necessary capital. EDA grants act as a signaling mechanism to validate the project and mobilize outside investment.”

Looking at EDA infrastructure investments, SRI International’s analysis found that, for every dollar EDA invested, \$17.5 in additional private investment dollars were generated. The same study also found that EDA-supported projects, and the investment they attracted, generated an average of an additional 56,554 jobs, \$3.187 billion in wages and salaries, and \$4.053 billion in personal income each year.

While EDA has been exceedingly successful in implementing its programs, our rapid growth in recent years and the ever-shifting economic development landscape means we must constantly be re-assessing how we meet the challenges of the future. As such, we must broaden our horizon with an eye towards 21st-century technologies and sectors that our communities will need to access if they want to be competitive, looking forward.

Chairwoman Titus, Ranking Member Webster, and members of the subcommittee, thank you for the opportunity to address you today.

Restoring economic prosperity to all parts of the Nation is an important priority of the administration, and EDA is well-positioned to leverage its strengths in furtherance of this goal. I look forward to answering any questions you may have.

[Mr. Alvard’s prepared statement follows:]

Prepared Statement of Dennis Alvard, Acting Assistant Secretary for Economic Development, Economic Development Administration, U.S. Department of Commerce

INTRODUCTION

Chairwoman Titus, Ranking Member Webster, and members of the Subcommittee, 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, and preparing American regions for growth and success in the worldwide economy.

Since EDA’s creation over 50 years ago, it has provided tens of thousands of catalytic grants to state and local governments, non-profits, economic development districts (EDDs), institutes of higher education, Tribal entities, and other organizations to help communities create jobs and generate private investment across the country. EDA grants support many of the country’s most economically distressed areas including regions that are recovering from economic shocks, like those experienced by coal and nuclear power plant communities, or other communities impacted by the decline of an important industry.

EDA, through its organic statute, the Public Works and Economic Development Act of 1965 (PWEDA), provides targeted investments that address a range of economic development needs including research, planning, technical assistance, and construction and implementation projects. Using this flexible and comprehensive set of tools, EDA helps regions bounce back quickly from economic setbacks and position themselves for long-term, sustainable economic growth. The project examples below represent a range of the many notable successes as well as highlight the impact that these investments have made:

- In 2015, EDA awarded a \$1.28 million public works grant to Lamb County for road infrastructure improvements to help attract the growing dairy industry and support regional economic diversification. The award came one year after the last denim mill closed in West Texas, leaving 300 workers without a job.

Together with a local investment of \$1.5 million and partnerships with the Texas Department of Transportation and the Texas Department of Agriculture, the EDA grant made it possible to build a wide, heavy load-bearing road with expanded capacity for dairy trucks. The county completed the road infrastructure project in 2018 and Continental Dairy Company renovated the denim mill, turning it into a state-of-the-art dairy processing plant that immediately employed 200 local residents. In addition, a special effort was made to reemploy those who previously worked at the denim mill. Today, the dairy processing plant is a key provider of powdered milk, a major component in everything from yogurt to ice cream. It is also expanding to incorporate butter manufacturing, a move that is expected to create an additional 100 jobs in the facility. Due to the health and safety precautions already in place for processing raw milk, the plant has not only continued operations, it has expanded during the COVID-19 pandemic. The road project has also been an economic force multiplier: with the additional dairy truck traffic, more businesses have opened in the immediate area, including the county's first major truck stop and rest area, which has created new regional business opportunities, and advanced innovative ways for local economies to thrive.

- In May 2020, EDA awarded \$2 million in 2018 Disaster Supplemental funds to support the city of Wells, Nevada with making critical storm water infrastructure upgrades to deepen and improve the existing storm water channels in Elko County. The project will help mitigate floodwater by adding culverts that will direct stormwater safely through the commercial core to a river basin, which will create a resilient roadway to the city's commercial and industrial enterprises and maintain operations during significant flood events. Once completed, the project will minimize flooding hazards, restore productivity to commercially zoned acreage, support job creation, and advance economic resiliency against future disasters.
- In September 2020, EDA awarded \$10.2 million in 2019 Disaster Supplemental funds to support the Leon County Research and Development Authority with making infrastructure improvements to support the critical need for expansion of the innovation-centric economy in Leon County, Florida, an area hit hard by Hurricane Michael in 2018. The project will construct a 40,000 square foot high-tech incubator with redundant power supply at the Innovation Park of Tallahassee to serve as a business continuity hub during power outages and to aid in the formation and expansion of technology businesses. Once completed, the project will promote resiliency, foster new manufacturing operations, train a workforce for new opportunities, and strengthen the regional economy.
- In August 2020, EDA awarded a \$400,000 CARES Act grant to the North Central Regional Planning Commission (NCRPC), an EDA-funded EDD. Due to the COVID-19 pandemic, Kansas's nearly 500 manufacturers have experienced decreased market demand, supply chain disruption, and increased workforce instability. As a result of this funding, the NCRPC has contracted with Kansas State University's Technology Development Institute to provide technical assistance to area manufacturers and entrepreneurs with no-cost experts advising in areas such as market research, product innovation, product promotion, and opportunities to implement technological innovation to help rebound from challenges caused or exacerbated by COVID-19. NCRPC has also begun surveying small businesses and non-profits to determine which training topics would be relevant to their stakeholders, and will be hiring appropriate contractors to provide online and on-site trainings in Spring of 2021 to revitalize small businesses and foster resiliency in the event of future disasters. Additionally, NCRPC hired a disaster recovery coordinator to stay on top of the ever-changing state requirements, funding opportunities, and serve as a point of contact for businesses and other stakeholders to find the latest information and services available during the recovery from the pandemic.
- In April 2021, EDA awarded a \$2.5 million Assistance to Coal Communities grant to the Pea Ridge Public Service District to extend public sanitary sewer services to local businesses and allow for future economic growth in Barboursville, West Virginia. To assist this area that was negatively impacted by the decline in the coal and other extraction industries and the associated loss of jobs and income, this EDA investment will keep businesses in the area open and allow them to continue serving their community. Additionally, this investment will attract private investment, advance economic resiliency and directly impact the growth and viability of both current and future businesses throughout the region.

EDA is an agile and dynamic organization that has been able to successfully meet the needs of thousands of grantees facing a wide array of economic development

challenges. EDA's success is a direct reflection of the strong partnerships we have built and maintained with a range of stakeholders including over 390 EDDs, 60 University Centers, and 50 Tribal partners. These partnerships reflect the bedrock principle that sustainable economic development should be locally driven and responsive to the varied needs of communities.

Since EDA was last authorized in 2004, the economic conditions that communities face have changed and evolved. Over the last seventeen years, new industries have emerged while other sectors have declined, regions have encountered and responded to devastating natural disasters, and we have all suffered the impacts of a global pandemic.

EDA has also evolved. The bureau has improved its business practices to be more responsive to its customers, launched new evaluation tools and economic models and, over the past four years, grown exponentially in size and budget. In 2017, EDA had an annual appropriation of \$276 million. In 2018 and 2019, through two disaster recovery supplementals, EDA's budget authority grew to \$901.5 million and \$904 million respectively. In 2020, Congress provided the agency a historic influx of \$1.5 billion under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in addition to \$333 million in annual appropriations. Less than one year later, EDA has received an additional \$3 billion in funding under the American Rescue Plan (ARP) Act of 2021.

This growth in appropriations has also result in rapid growth in EDA's headcount. Using the temporary hiring authority EDA received under the CARES Act, EDA successfully solicited and reviewed over 3,000 resumes and on-boarded 83 staff (with three more pending), many within 30–60 days, a record for EDA. These new staff helped EDA obligate over two-thirds of the CARES Act funding within one year of Congress enacting the CARES Act and has EDA well-positioned to obligate the \$3 billion from the ARP Act by September 30, 2022. By contrast, using regular hiring methods, EDA struggled to on-board staff quickly enough to deliver on the two \$600 million disaster supplements. Thanks to the additional hiring authorities, and the dedication and hard-work of EDA's existing staff, EDA expects to be able to obligate \$4.5 billion in supplemental pandemic-related funding in approximately two and a half years.

Notably, since our last reauthorization, EDA has been recognized for 1) our work in disaster recovery as the lead in economic recovery under the National Disaster Recovery Framework, 2) leadership in federal resource integration and collaboration, and 3) the creation of a robust regional innovation program that continues to grow as authorized by the America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science (COMPETES) Act.

What hasn't changed for the last 55 years is EDA's continued ability to rise to the challenge and ensure the funds entrusted to us are invested in an equitable, fair and impactful manner and that we are reaching the communities most in need of our assistance. We are proud of the bureau's accomplishments and believe that we can expand our work to assist distressed American communities especially in the current economic climate.

ECONOMIC IMPACTS AND ASSESSMENTS

EDA's investments are highly effective and generate significant impacts. As reported by SRI International in a 2017 study, "EDA makes a substantial number of infrastructure grants directly to organizations and communities across the nation to support projects to improve roads, highways, water supplies, and other critical infrastructure components . . .

In many situations, EDA funds act as the primary catalyst for other funding—that is, without the support and funding of EDA, many projects would struggle to attract the necessary capital. EDA grants act as a signaling mechanism to validate the project and mobilize outside investment."

Looking at EDA infrastructure investments between 2000–2010, SRI International's analysis found that, for every dollar EDA invested, \$17.5 in additional private investment dollars were generated. This same study also found that, across the 11 years of analysis, using the combined impact of project costs and private investment generated, EDA-supported projects and the investment they attracted generated an average of an additional 56,554 jobs, \$3.187 billion in wages and salaries, and \$4.053 billion in personal income each year. From these results, SRI calculated that on average for every \$6,368 in EDA funding, a new job was created.

Additionally, EDA recently concluded an internal assessment of infrastructure projects awarded between 2001 and 2015, using grantee reporting of the number of jobs created or retained as a direct result of EDA investments. The timeframe of 2001 to 2015 was used to allow us to focus our analysis on data reported at six

years following an award (2021 being six years after 2015), which EDA has found to be its most informative timeframe following award in terms of projects being completed and response rates from grantees. This analysis showed that for every \$6,645 in EDA funding, a new job was created, consistent with SRI's findings in their 2017 report as adjusted for inflation. EDA is in the early stages of engaging another outside partner to update and validate this data.

ENSURING EFFECTIVENESS

While EDA has been exceedingly successful in implementing its programs, our rapid growth in recent years and the ever-shifting economic development landscape means we must constantly be reassessing how we meet the challenges of the future.

As noted above, over the past four years, EDA has increasingly been called on to play a prominent role in disaster recovery efforts, including two \$600 million disaster supplementals in Fiscal Years 2018 and 2019, \$1.5 billion under the CARES Act, and now \$3 billion under the ARP Act. Providing aid to communities in immediate need is one of the most important responsibilities we have been entrusted. To that effect, we are continuously looking for ways to streamline our internal processes. For example, we are continuing to assess new ways to onboard staff as quick as possible so we can be positioned to rapidly deploy economic development to communities in need during severe disaster seasons.

We are also looking into ways to elevate our disaster recovery posture internally. Given this is a large and now consistent part of EDA's portfolio, we are analyzing how best to build a core staff with the capacity and expertise to respond to future disasters expeditiously.

We are also looking into ways to improve our ability to deliver economic development results in key growing sectors. One such example is broadband. In many rural or underserved areas there is often only one for-profit provider that is willing to install broadband because the profit margins are too low. As such, communities often have to be able to work these companies on commercially attractive terms to ensure broadband is constructed in their area and operated effectively afterward. EDA is looking into ways to help facilitate our ability to catalyze broadband adoption more effectively in needy communities. As mentioned earlier, PWEDA is now over 50 years old, and was conceived with the aim of delivering traditional infrastructure like roads, water, and sewer. As EDA looks toward the future, we must broaden our horizon with an eye toward 21st century technologies and sectors that our communities will need access to if they want to be competitive moving forward. To that effect, EDA has programs like Build2Scale, which builds regional economies through scalable startups by supporting entrepreneurship and company growth, access to capital, and technology commercialization; and, the STEM Talent Challenge, which creates and implements innovative science, technology, engineering and mathematics (STEM) apprenticeship models that expand regional workforce capacity to support innovation driven businesses.

Finally, throughout the last few disaster seasons and the pandemic, EDA's network of EDDs have shown their value in helping develop and adapt regional recovery plans to help communities build back stronger and more resilient, while also developing and managing key economic development projects in various jurisdictions. EDDs have been able to do this while often struggling to secure the local match required to participate in an EDA grant. As such, EDA is looking into ways to stabilize our EDD network to maximize their continued positive impact on EDA's work. As we continue to assess how best to position EDA for future success, we look forward to working closely with our stakeholders, other Federal agencies and Congress.

CONCLUSION

Chairwoman Titus, Ranking Member Webster, thank you for the opportunity to address you today. EDA's accomplishments reflect our commitment to encourage collaborative regional economic development, promote innovation, cultivate entrepreneurship, build a well-qualified workforce, and position our economic development partners to be more resilient, agile, and competitive in the global marketplace. Restoring economic prosperity to all parts of the nation is an important priority of the Administration and EDA is well-positioned to leverage its strengths in furtherance of this goal. I look forward to answering any questions you may have.

Ms. TITUS. Thank you very much, Mr. Secretary. We will now move on to the Members' questions. Each Member will be recognized for 5 minutes, and I will start by recognizing myself.

I would like to talk to you, Mr. Secretary, about the new set-aside for communities that have been so hard hit by the drop in tourism. We know that that was just devastated by the pandemic. People were not traveling. They couldn't go anywhere. They didn't feel like being on holiday. Sixty-five percent of total unemployment last year was in that hospitality, travel, and tourism sector.

Now, we set aside 25 percent for Economic Adjustment Assistance for those communities, and I wonder if you could tell us where you are in the process of getting that money out, setting up regulations. Is there anything else we need to do to help you move that along, and make that work the way it was intended?

Mr. ALVORD. Thank you, Chairwoman. You know, we unquestionably see the opportunity of assisting this particular industry sector, and that, as you mentioned previously, it has not been traditional for EDA to focus narrowly on a particular industry sector.

But as you also mentioned, given the economic impacts from the pandemic, we unquestionably saw that the travel, tourism, and outdoor recreation sectors were among the most adversely impacted as a result of the global pandemic. So we are thankful to have the resources to be able to provide a very targeted approach in this case, and addressing those needs.

I don't think that there are any additional authorities that we need in order to be able to implement this assistance. We are well along in the program design, and hope to be able to soon make that funding available to the broader economic practitioner community.

And we are intending to be incredibly flexible in our use of those funds, so that we can meet a broad range of different needs.

The impacts to the travel and tourism sector were very widespread, affecting small and large communities alike throughout the entire United States. So we certainly want to be able to ensure that we can meet all of their different needs.

And you mentioned before, the importance of helping communities to diversify their economies, and we certainly couldn't agree more. So we hope that we will be able to put some of this funding to use to help communities do just that, as well as help bring back tourism, recreation, and other activities that have been idle during the pandemic period.

So we will be funding a mix of strategies for recovery, assistance for marketing, to help areas to bounce back quickly, as well as core infrastructure investments to help the industry.

Ms. TITUS. I think flexibility is important, and I have been getting questions about the confusion: can it be used to promote, or advertise, or build infrastructure? So the sooner we can get those instructions out, I think the better. People will be very thankful for that.

Another question: as we move towards reauthorization, it seems to me the need for a codified disaster recovery office at EDA just seems more and more necessary. This language was included when the House passed the Heroes Act, and I advocated for creating such an office. Could you address that, as part of our reauthorization considerations, and what capabilities you might see such an office having or performing?

Mr. ALVORD. Yes, Chairwoman, thank you for the question.

Unquestionably, disaster recovery has taken over the majority of EDA's portfolio in the last 3 to 4 years, coming on the heels of the natural disasters in 2017 and 2018, and then, of course, the global pandemic.

First, I should start by thanking Congress, you and your colleagues, for permitting a small reorganization within EDA, where we were able to align some of our disaster-related functions within the organization, bringing together economic development integration in our disaster recovery functions within a singular division. I think that is a good first step.

But what we saw is that it was very beneficial for us to be able to aggregate these resources within the bureau. And we are particularly appreciative of the flexibility that Congress provided to us under the CARES Act and, again, under the American Rescue Plan, to be able to have additional hiring flexibility, so that we could act in a more agile manner in responding to these disasters, and be able to scale up, bring on staff quickly in order to be able to deploy resources to these hard-hit areas.

So we would certainly be open to continuing discussions with you about that and other areas that we might build upon to enhance our role in this space.

Ms. TITUS. Thank you. We look forward to working with you on that, because I think that would be something to consider as an improvement as we look at reauthorization.

Mr. Webster?

[Pause.]

Ms. TITUS. I think you need to unmute, Mr. Webster.

Mr. WEBSTER. How is that?

Ms. TITUS. That is perfect, thank you.

Mr. WEBSTER. OK, thank you.

Mr. Alvord, can you explain the different levels of local match under the EDA programs, and what is the process and criteria for EDA to adjust or possibly even waiver those matches?

Mr. ALVORD. Absolutely. So for EDA's core programs under the Public Works and Economic Development Act, generally, we require a matching component. Typically, that match starts at a 50/50-percent match rate. Depending on the levels of economic distress exhibited by the community—and we typically look at factors such as unemployment and per-capita income—we do have the ability to go up to an 80-percent Federal share. In the case of Indian Tribes, you can go to a 100-percent share.

Now, though that is true of our core programs under the Public Works and Economic Development Act, in the case of the supplemental appropriations that EDA has provided, Congress expressly provided authority for EDA to go up to 100 percent. So what we find is that a lot of the work that we have been doing under those disaster supplementals—the CARES Act and the American Rescue Plan—is really occurring at the higher grant levels, at 80 percent and above.

And we do have the ability in truly exigent circumstances to be able to waive those matching requirements through our traditional programs, as well. Typically, we are looking for some indication that the community has effectively exhausted its taxing [inaudible] authority.

Mr. WEBSTER. Thank you. Just as it is with the chair, tourism and travel is important to us. I am from Florida. And with respect to set-aside in that particular area, what approach do you think you will be taking in order to facilitate that?

Mr. ALVORD. Yes, well, as I mentioned, we do want to ensure that we are able to meet a broad and diverse range of needs from across the country.

And unfortunately, the funding that was provided under the American Rescue Plan was pursuant to our economic adjustment authority, which is our most flexible authority. It allows us to engage in a wide range of activities, including things like recovery strategies, market feasibility studies. We are able to capitalize locally and regionally through the revolving loan funds, as well as invest in various different types of infrastructure that can enable industries to diversify, bounce back, and grow.

And in the case of travel and tourism in particular, we are aware that there is high demand for things like marketing in order to encourage tourism to return to areas that have seen a significant downfall during the pandemic, but as well as infrastructure, to diversify the economies of areas that have been highly reliant on a single industry sector such as tourism.

So we fully anticipate making a range of different types of investments.

Mr. WEBSTER. Mr. Alvord, how critical is broadband to farmers to keep up with the evolving agriculture industry?

Mr. ALVORD. You know, I truly believe that there are no low-tech industries any longer. As we look at the 21st-century economy, broadband has become a critically important enabling tool for almost every industry sector. The pandemic certainly shined a spotlight on that need, where we saw significant demands for broadband in underserved areas, in particular. So media can play a critically important role in helping to address those needs.

Mr. WEBSTER. Thank you so much. I yield back.

Ms. TITUS. Thank you, Mr. Webster.

Ms. Norton, you are recognized for 5 minutes.

Ms. NORTON. Thank you, Madam Chair.

Mr. Alvord, I am interested that environmentally sustainable economic development is, of course, a priority for your agency, because it is also essential for improving our country's competitiveness.

EDA is tasked with supporting green, and this is my interest: green or nature-based versions of its traditional grant-based investments. And I am pleased that your agency recognizes it is a key component of advancing and, indeed, growing the economy. The benefits of using nature-based approaches to tackle economic and infrastructure challenges are becoming more widespread, and I am pleased that they are becoming more commonly accepted as good practice for enhancing resilience, while creating private-sector jobs and spurring innovation.

I wonder if you could share with us what steps EDA is taking to ensure its grant awards are supporting sustainable, nature-based economic development, and whether EDA is working with experts to guide these investments.

Mr. ALVORD. Thank you, Congresswoman, for the question. I appreciate that very much. This is an area that I feel, personally, very passionate about. In fact, I came to public service as the agency's first national brownfields coordinator, which, of course, had a focus on the dual objectives of both spurring economic development, but also ensuring environmental cleanup and environmentally sustainable development.

So we have had a long history, actually, working in the environmentally sustainable development space. We, as I mentioned, have been involved with brownfield revitalization for many years. We also implemented, some years ago, the Global Climate Change Mitigation Incentive Fund, which focused very much on green buildings, and ensuring greater levels of energy efficiency as part of some of our infrastructure development.

And now, of course, we have just launched a new investment priority on environmentally sustainable development, and we are taking an even broader approach there. This investment priority will focus on how we can leverage green products, processes, places, and buildings to ensure a more sustainable economy.

And as you mentioned, there are significant opportunities in the growing green energy and environmental sector for innovation, commercialization, and future investment to grow our economy. But there are also significant opportunities to leverage improvements in the way that we undertake our development to ensure that it is done in a more sustainable manner, and EDA intends to incentivize exactly those types of investments through this priority.

Ms. NORTON. I note your mention of climate change, which, as far as I am concerned, should be a number-one priority in our country. I wonder if you would elaborate more on the current and perhaps even future impacts of climate change, and how you take that into consideration when evaluating applications for public works projects.

Mr. ALVORD. Yes, that is such an important question, and it is something that we have been more and more involved in as we have become more and more involved in disaster recovery work. And it complements, I think, very well another one of our assessment priorities, which is economic and environmental resilience.

And so, when we are looking at helping economies to bounce back and build back more quickly, we want to make sure that we are putting infrastructure in place that is going to be more resilient. And of course, we are also sensitive to the cost of that infrastructure, and recognize that there is a significant cost in terms of energy and developing construction materials. Of course, there is embodied carbon within those materials. And we want to make sure that we are building sustainably, so that we don't have to deconstruct and reconstruct over and over again to support our economy.

So we are certainly very focused on that, both at the front end, in terms of the types of investments that we support, but also on the back end in the way that we are implementing those projects.

Ms. NORTON. Thank you very much. My time has expired.

Ms. TITUS. Thank you. Certainly, that would be a priority that, if you have this special division for disaster mitigation, it could fit right into.

Mr. ALVORD. Absolutely.

Ms. TITUS. I now recognize Mr. Guest for 5 minutes.

Mr. GUEST. Thank you, Madam Chairman.

Mr. Secretary, first I want to thank you for being with us today to discuss the importance of the reauthorization of EDA. I was excited to read in your report, where you say: "We are also looking into ways to improve our ability to deliver economic development results in key growing sectors. One such example is broadband." And I know that you spoke on broadband moments ago with Representative Webster.

I believe that we have seen, particularly in the world of COVID-19, the importance of high-speed internet for families and individuals. We see individuals who are working from home, who are being educated from home, who are shopping from home, worshipping from home, who are receiving their healthcare from home through telemedicine.

And I also believe that broadband is a key component in economic development, particularly in rural and remote communities. And I would often argue that the deployment of high-speed and reliable broadband is the most important thing that we can do for rural America. Whether it be manufacturing, agriculture, or small business, high-speed internet, which once was a luxury, is now becoming a necessity.

With that in mind, that is why my office was proud to partner with Ranking Member Graves on the E-BRIDGE Act, which would expand the capabilities of your agency to provide high-speed broadband development initiatives with existing grant programs.

And so I would like, Mr. Secretary, if you will for just a few moments, if you can expand on the role that EDA plays in broadband development, and how the enhancement of legislation like the E-BRIDGE Act would better allow EDA to assist our communities.

Mr. ALVORD. Thank you, Congressman Guest, for the question. I couldn't agree with you more about the importance of broadband as a critical enabling factor for successful economic development. Just in the way that roads and water and sewers and rural electrification was critically important to enabling our economy in the past, broadband has served that role today. And EDA supports broadband in a variety of different ways.

We have done a lot of work supporting planning and market feasibility studies to help communities figure out the best solution for their regions. There is a lot of variability across our diverse country. In some cases, it makes sense to run fiber. In other cases, wireless solutions are more appropriate, given the geography. And we can certainly help communities with that aspect of exploring broadband.

We have also supported broadband infrastructure, actually helping to bring fiber to communities. We haven't had adequate appropriations to do large investments in trunk lines to bring broadband to previously underserved areas, but we have had some success on a smaller scale, particularly in a business context, being able to support broadband, bringing broadband to an industrial park or a science park, helping to bring broadband maybe that last mile, or at a building scale.

I think one of the things that we found is that, unlike more traditional infrastructure, which was based on a public-public relationship, broadband infrastructure is quite often based on a public-private partnership in order to be able to deploy that. And so this is one area where EDA's authorization statute perhaps has not kept up with traditional times.

And we were pleased to provide some technical drafting assistance to the sponsors of the E-BRIDGE Act, and we would certainly be open to continuing to explore what might be most appropriate in the context of a future EDA reauthorization.

Mr. GUEST. Mr. Secretary, thank you again for joining us, and thank you for your continued support for broadband. Please, as there are ways in which we, as Members of Congress, can continue to make sure that we are making broadband available to our rural communities, that we are promoting that economic development, please continue to have an open dialogue with us, and let us know what we can do to better partner with you.

Mr. ALVORD. Thank you.

Mr. GUEST. Thank you, Madam Chairman, and I yield back.

Ms. TITUS. Well, thank you, Mr. Guest. Be sure you keep us up to date with your E-BRIDGE bill, so we can build some of that into our reauthorization. It sounds like there is a lot of interest in that, and a lot of need for it. It would be very helpful.

I will now go to Mr. Pappas for 5 minutes.

Mr. PAPPAS. Well, thank you very much, Madam Chair.

And Mr. Alvord, I appreciate your comments, and really look forward to working in a bipartisan fashion to realize a reauthorization of EDA, which is so crucial. I want to thank you for all the work that you have done through this tough time. And I appreciate the attention that you have brought to some of the critical programs here.

One of the issues that I hear about when I talk to businesses in my district, especially manufacturers, is challenges around workforce. I mean, we are already seeing, in my State of New Hampshire, a 3.2-percent unemployment rate. We know there are more that still have to return to the workforce. But this is going to be a long-term challenge to figure out how we recruit, retain, train the workforce of tomorrow to make sure that we are aligning the skills with the needs of our companies.

So I am wondering if you could offer some thoughts about how EDA can help employers with these necessary efforts to find skilled workers, to help them recruit, and to ensure that they can really reach their full economic potential.

Mr. ALVORD. Thank you, Congressman, for your support, and I certainly look forward to working with you, as well.

Workforce is an area that we have seen significant increased demand for EDA assistance over the last several years. And so we have begun to invest more and more heavily in this area. And it is certainly an area that we see receiving some enhanced focus under the American Rescue Plan implementation, as well.

Over the last year we had the opportunity, for the first time, to implement a program that has been on the books and authorized for quite some time under section 28 of the Stevenson-Wydler Act or America COMPETES, called the STEM apprenticeship program.

And for the first time last year, we received \$2 million in appropriations to implement that program, which is not a lot in the context of the greater workforce development needs across the country, but it did give us the opportunity, for the first time, to have a very targeted competition in this space. And we had a very robust competition that was highly subscribed, and we ended up making seven awards for that \$2 million across a diverse range of applicants.

We had an Alaska Native community, a small rural community college, an urban recipient, and so we are very much looking forward to seeing the results of this initial cohort of awardees, and what lessons we might take away from that experience that we would be able to scale, then, in the context of our other programming.

Unquestionably, one of the trends that we have seen is that, when we are able to align specific industry needs within a region and the workforce training programs, we get much better results. And EDA is able to, again, invest in both the hard and the soft infrastructure to support workforce development and training.

Mr. PAPPAS. Well, terrific. Well, thanks for that, and I would be interested to hear the impact that that \$2 million makes for those seven awardees. And if there is any additional detail on that, please let us know.

One final question. I know, contained within the proposal that the administration has put out, the American Jobs Plan, it mentions lifting the \$3 million infrastructure cap on how much can go to projects. I am just wondering if you have thoughts on EDA-funded infrastructure projects, as they can be a catalyst for economic growth, and what level of investment do you see as necessary to address our infrastructure needs.

Mr. ALVORD. Yes, thank you, Congressman, for that question. It is a great opportunity to clarify in that way.

So there is not a statutory cap on any of EDA's programs, not in our public works and infrastructure programs, or any of our other programs. I can certainly understand why there may have been a perception that there is a cap, because, practically speaking, EDA does entertain a lot of investments in that price range. We have a variety of different types of proposals. They quite often come in a \$1.5 to \$3 million range. So I can see why there might have been a sense that there was a cap.

In essence, it was probably largely driven by the fact that, at our appropriation levels, we can only support so many investments at a certain level. What we have seen, under the various disaster supplemental appropriations, is quite a lot more investment activity at higher levels. And there is, in fact, a significant demand for that type of investment at the \$5, \$10, even \$15 million infrastructure range.

Mr. PAPPAS. Well, terrific. Thanks for the clarification on that. I appreciate your work, and I yield back.

Mr. ALVORD. Thank you.

Ms. TITUS. Thank you. Mr. Carbajal, you are recognized for 5 minutes.

Mr. CARBAJAL. Thank you very much, Chairwoman Titus.

Across the Nation, U.S. nuclear capacity is estimated to fall by 10.5 gigawatts by 2025 with the closing of 12 reactors, including the Diablo Canyon nuclear reactor in my district. The closure of the Diablo Canyon nuclear powerplant will have a significant economic impact in my region and my district. The powerplant currently employs roughly 1,500 individuals, with an average salary of \$157,000.

Many of my constituents are rightfully worried about the job loss that will happen after the closure of the Diablo Canyon powerplant. In Congress, I have worked with my colleagues to include over \$15 billion to the Economic Development Administration to be able to provide funding for competitive grants, and assist communities facing closure of nuclear powerplants.

I have a three-part question for you.

Can you provide an update on how this funding is being allocated?

Two, how is EDA working with communities to create plans to mitigate job loss, and is workforce retraining part of those efforts?

And lastly, are there success stories or examples you could share with us on this program?

I am currently exploring ways to continue to support it.

Mr. ALVORD. Thank you very much, Congressman, for that question. And this is a newly emerging priority area within EDA's portfolio, and we appreciate the additional resources Congress has provided us to do work in this area.

As you mentioned, for the last couple of years, we have received dedicated funding to assist communities that have nuclear powerplants that have come to the end of their useful life, and they are looking at transitioning their economies into new areas.

We have begun to implement that assistance. We developed an allocation algorithm to allocate that assistance across EDA's six regional offices based on a variety of criteria, including the number of such facilities that they have, and the various phases that those facilities are in, as well as various economic distress and other traditional criteria that we look at. And they have begun to reach out to communities and solicit applications for that assistance.

The communities are at very different stages. Some have plants that have already closed, and they have already faced the economic impacts, and the outfall that has resulted from that closure. Others are facing an imminent closure, and they are beginning to plan and prepare for that. And for others, that closure may be much further out, but we certainly encourage them to also consider diversifying their economy.

One of the challenges that many of these communities have is that they were not highly diversified. They were very, very focused on the power generation, and the resulting supply chain industries. And as a result, when they go away, it does have a very, very significant impact on the economy.

Now, we don't have a lot of successes to report in this area to date, because we are just beginning our investment activity. But I do think we have a number of relevant and germane examples from work that we have done across other sectors.

So for the last several years EDA has been investing very, very heavily in assistance to coal communities. And many of the charac-

teristics are very similar, where, you know, the main industry that the community is reliant upon has changed, something has changed that undermines the base of the economy. And therefore, they need to look at new opportunities to diversify.

To your question about workforce, workforce has to be part of the equation. It is a critically important building block. And in most cases, what we need to be able to do is work with industry closely to be able to understand what needs they have, what skill sets they are looking to acquire, so that we can then work with community providers to develop systems and training programs to be able to transition the workforce into those new jobs.

Mr. CARBAJAL. Thank you. With the remainder of my time, one of the EDA's new investment priorities is an effort to increase planning or implementation projects that advance equity. How does EDA plan to incorporate equity considerations into its grant programming?

Mr. ALVORD. Yes, we have recently revised our investment priorities, and we have made equity our number-one priority, recognizing that it is critically important that we go out of our way to focus our attention on those communities that are most in need of our assistance. Statutorily, we have a focus on economically distressed areas and regions.

With the equity priority, we will be taking a very proactive approach to reaching out to underserved communities, to minority communities that may not have been aware of EDA assistance in the past, and educating them about the resources that are available, and frankly, providing a little bit of extra technical assistance to ensure that they are able to competitively compete for the resources that we have available. And we will also be considering that as part of our evaluation criteria, to make sure that we are getting to those communities.

I recently had an occasion to participate as part of a Department-run Tribal consultation, and I was very struck by hearing many of the Tribal leaders comment about the fact that they just weren't familiar with the full panoply of programs that the Commerce Department provides. I think it is really incumbent upon us to be proactive in reaching out to these underserved communities to make sure that they are, and can avail themselves of those opportunities.

Mr. CARBAJAL. Thank you, Mr. Alvord. I am out of time.

I yield back, Madam Chair.

Ms. TITUS. Thank you. You bring up a very good point, though. Maybe some of your staff would be willing to work with our offices to do roundtables or public hearings to inform different communities about the programs that you have available. So we would like to work with you on that. I know my district would benefit from it, so I am sure—

Mr. ALVORD. Chairwoman, we would welcome the opportunity, we really would.

Ms. TITUS. Great, all right. We will work on that. Well, thank you, Mr. Secretary. Your comments have been very enlightening. We have certainly appreciated your time. And we will be working with you pretty extensively as we move this reauthorization forward, and as we get some of your folks out into the district.

We will add all those comments to the record. And if there are no further questions, I will call up panel 2.

Thank you so much, Mr. Assistant Secretary.

Mr. ALVORD. Thank you for having us.

Ms. TITUS. I would ask the witnesses on panel 2 to please turn their cameras on and keep them on for the duration of the panel.

I would now like to welcome the witnesses on the second panel: Ms. Lisa Cooper is executive director of the Northern Kentucky Area Development District; Mr. Garrett Hawkins is president of the Missouri Farm Bureau; Mr. Jonas Peterson is president and CEO of Las Vegas Global Economic Alliance; the Honorable Lenny Eliason is the commissioner of Athens County, Ohio; and Mr. Dan Carol is the director of the Milken Institute Center for Financial Markets.

So thank you all for being with us today. We look forward to hearing your testimony.

Without objection, your full testimony will be included in the record. And, as with the previous panel, since it is included, the committee would request that you limit your oral testimony to 5 minutes.

I would now like to recognize Mr. Massie, who is connected to our first witness, and can give us an introduction to her.

Mr. MASSIE. Thank you, Madam Chairwoman. It is my honor and pleasure to introduce my friend and northern Kentucky native, Lisa Cooper.

She got her bachelor of business administration degree at the University of Kentucky, and her master's in public administration from Northern Kentucky University. And she is the executive director of the Northern Kentucky Area Development District. It covers eight counties in northern Kentucky, and it is one of the most prosperous areas of Kentucky. Even though we have been hit by COVID, as everybody else has been hit, it is one of the lowest areas for unemployment.

And so I would just like to say in the introduction that I think it is prosperous, based in large part, on her work and her leadership as the executive director at that area development district. She has worked on community development, human services, and workforce development, which was mentioned in the previous panel. So she has a great perspective, and I welcome her today.

Ms. COOPER. Thank you so much, Congressman Massie, for those kind words. I really appreciate it.

Ms. TITUS. Thank you, Mr. Massie.

Just a second, Ms. Cooper. OK, now you are recognized, and you can proceed for 5 minutes.

TESTIMONY OF LISA COOPER, EXECUTIVE DIRECTOR, NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT, ON BEHALF OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS; GARRETT HAWKINS, PRESIDENT, MISSOURI FARM BUREAU, ON BEHALF OF THE AMERICAN FARM BUREAU FEDERATION; JONAS PETERSON, PRESIDENT AND CHIEF EXECUTIVE OFFICER, LAS VEGAS GLOBAL ECONOMIC ALLIANCE, ON BEHALF OF THE INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL; HON. LENNY ELIASON, COMMISSIONER, ATHENS COUNTY, OHIO, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES; AND DAN CAROL, DIRECTOR, MILKEN INSTITUTE CENTER FOR FINANCIAL MARKETS

Ms. COOPER. Thank you so much, Chairwoman Titus, Ranking Member Webster, and members of the subcommittee. Thank you for the opportunity to testify today on the U.S. Department of Commerce and Economic Development Administration, and its importance to my community, our region, and our country.

As Congressman Massie said, my name is Lisa Cooper, and I am the executive director of the Northern Kentucky Area Development District. We are a regional planning and development organization based in Florence, Kentucky. And we serve 8 counties and 54 cities. Our core mission is to facilitate economic development and community development efforts in our region, and to serve as a regional convener. We have a board that is made up of both local elected officials, as well as regional community leaders.

In addition, I also serve as a board member of the National Association of Development Organizations, known as NADO. NADO represents hundreds of organizations like mine that are EDA-designated economic development districts across the country. We help deploy Federal funding into local projects, support business growth, facilitate both urban and rural planning, and provide community services and technical assistance, and ensure compliance and accountability with a lot of the programs that we work with EDA on.

So today I would like to take a few minutes and share a few examples of the significance of EDA to my community.

EDA investments have many important impacts across our region. One example is the recent EDA SPRINT grant that has been received by Northern Kentucky University. This is going to help leverage the university's expertise in data analytics, healthcare, technology, and logistics into a regional incubator and regional projects. This grant supports innovation and entrepreneurship, and does help promote economic diversification throughout our region.

Another very different project involved EDA funding through its public works program for Carroll County, which is one of our rural counties, and three surrounding rural counties for a regional wastewater treatment plant. This project not only helped mitigate some very concerning environmental hazards for the area, but it has allowed for the consolidation of a number of smaller treatment plants. So this is resulting in things like cost savings, better services to residents and businesses, and it has also allowed them to expand their economic development efforts.

And then thirdly, I wanted to talk just a little bit about our EDA revolving loan fund. We have operated this program for 24 years.

And last year, when it was recapitalized after EDA received some supplemental funds for the CARES Act, this allowed us to provide loans to small businesses to help them stay afloat and stay in business through the COVID-19 pandemic.

For all of these reasons, I do want to emphasize the importance of reauthorizing the EDA. But in doing so, I would also like to ask you to consider making some further enhancements to EDA programs and funding.

So first, a very critical component of EDA's investment approach is the EDA partnership planning grants that are provided to economic development districts like mine. These planning grants lay the foundation for subsequent investments into community projects.

So, in my experience, the basis for successful project implementation begins with a robust and inclusive planning process that promotes regional input.

Secondly, I would recommend consideration of amending the Public Works and Economic Development Act of 1965 to specify that EDA investments into high-speed broadband development are eligible uses. NADO did endorse, last session, the bipartisan E-BRIDGE legislation that Congressman Guest and Chairwoman Titus mentioned earlier. And we would encourage the committee to pursue reforms of this nature that we think could be very beneficial.

In reauthorizing EDA, I respectfully request Congress to place some emphasis on increased funding for EDA's public works program, research and national technical assistance program, and the partnership planning grants. These funding sources are the most important to organizations like mine, but most importantly to the communities and the residents that we serve.

I would also ask you to consider an overhaul of EDA's economic distress formula to ensure a more inclusive and equitable pattern of investment across the country. Currently, the formula requires communities to invest as much as 50 percent of the total project cost, and this can be prohibitive. Even for the most underserved and distressed communities, the maximum allowable Federal grant at this point is 80 percent, except in very rare cases. So I would encourage Congress to consider including direction for EDA's economic distress formula to be overhauled, and they can have a more reliable pattern.

And finally, I would encourage support for the recommendation made by EDA's Stakeholder Coalition, a group of national organizations that have come together in support of EDA's funding and program, to increase EDA's annual authorized funding level to \$3 billion. EDA's current funding level does not accurately reflect the importance of EDA's role as the leading Federal agency with a focus solely on economic development.

So, in closing, EDA has been a crucial Federal partner for my region, and EDA's investments have a proven record of success. I encourage you to support not only the reauthorization, but also the increased funding for the agency.

Thank you so much for the opportunity to address you today, and I look forward to answering any of your questions.

[Ms. Cooper's prepared statement follows:]

Prepared Statement of Lisa Cooper, Executive Director, Northern Kentucky Area Development District, on behalf of the National Association of Development Organizations

Chairwoman Titus, Ranking Member Webster, and members of the Subcommittee, thank you for the opportunity to testify today on the U.S. Department of Commerce Economic Development Administration (EDA) and its importance to my community, my region, and our nation.

My name is Lisa Cooper, and I am the Executive Director of the Northern Kentucky Area Development District (NKADD), a regional planning and development organization which is based in Florence, Kentucky and serves a geographic region comprised of eight counties. My organization's core mission is to facilitate economic and community development and regional collaboration. Our board is comprised of local officials including mayors and county officials as well as non-elected citizen members from each county in our region.

I also serve as a board member for the National Association of Development Organizations, known as NADO. NADO represents hundreds of other Regional Development Organizations (RDOs) and EDA-designated Economic Development Districts (EDDs) like mine across the country. These regional organizations serve as catalysts for regional economic development, urban and rural planning, business growth and support, public-private partnerships, and strategic initiatives designed to fulfill locally-identified priorities. Regional Development Organizations and EDDs across the country collectively assist thousands of cities and counties across the country with initiatives and projects focused on economic development, workforce training, transportation planning, public infrastructure, affordable housing, disaster prevention and response, public health, and other community services.

Today, I will address three core issues pertaining to the U.S. Economic Development Administration:

1. First, I will explain the importance of EDA funding and programs to my community and my region.
2. Second, I will highlight the significance of the EDA supplemental funding that my organization received through the CARES Act, and I will explain how it is helping my community's economy recover from the impacts of the pandemic.
3. Finally, I will underscore the importance of reauthorizing the EDA, and I will recommend opportunities for reforms and enhancement of the EDA and its programs that could be implemented through reauthorization.

First, I will begin by highlighting the significance of EDA to my community and my region. My organization acts as a convener of local elected officials, economic development practitioners, business leaders, non-profit organizations, educators, and other stakeholders within a defined geographic region in Kentucky. We serve the region by providing services and technical assistance, such as strategic planning, project development and implementation, and by facilitating access to capital. We also help deploy federal, state, and local funds into the region, and we help to ensure compliance, accountability, and implementation of projects.

EDA investments have had a very significant and positive impact in my region, as they have supported many successful economic development projects, including some that I will highlight today.

For example, EDA provided funding for the Carroll County Regional Wastewater Treatment Plant through its Public Works program to regionalize wastewater treatment for Carroll County and three surrounding counties. This project not only mitigated environmental hazards in the area, but also allowed for the consolidation of a number of smaller treatment plants. This has resulted in costs savings through economies of scale, better service to residents and businesses, and economic development opportunities that were not possible prior to the building of the plant.

Another regional example is the Northern Kentucky University (NKU) SPRINT Grant that was provided through EDA's Scaling Pandemic Resilience Through Innovation and Technology (SPRINT) Challenge. This project leverages NKU's expertise in data analytics, healthcare, technology, and logistics into regional projects. It also facilitates entrepreneurial innovation and provides the tools that entrepreneurs need to thrive, including access to knowledge, access to data, access to talent, and access to capital. This project is increasing regional competitiveness by enhancing the region's entrepreneurial opportunities and capacity, overcoming challenges inhibiting innovation and job creation, driving innovations from the initial idea through commercialization, and supporting rural and underserved founders, to create an ecosystem in which innovators and entrepreneurs will strengthen and diversify the regional economy.

EDA's success stories also extend far beyond my region. In my role serving on NADO's board, I work with the executive directors of similar organizations across the country whose regions have also benefitted immensely from job growth and community development brought about by EDA investments. Particularly in economically distressed and rural areas of the country, EDA investments are essential.

Another critical component of EDA's investment approach is the Partnership Planning grant funding provided to EDDs. EDA planning grants serve as essential building blocks that lay the foundation for subsequent investments into community projects and local priorities. EDA has been a key partner in helping communities develop Comprehensive Economic Development Strategies (CEDS) that facilitate a process of assessing distressed regions' changing economic drivers and helping them refocus their efforts on investing in locally-identified priorities and projects that ultimately lead to job creation and retention in our communities, and that help leverage other sources of federal, state, and local funding into communities. The network of hundreds of EDA-designated EDDs across the country have decades of experience in implementing strategic economic development planning. It is crucial for EDA to continue funding this planning process as communities are called upon to continue to reassess their long-term strategic development plans and continue to adjust to changing economic conditions. I strongly believe that the basis for effective project implementation is to begin with a robust, equitable, and inclusive planning process that promotes regional input.

The second core topic I would like to highlight today is the significance of the EDA supplemental funding that my organization received through the CARES Act, and how it is helping my region recover.

The \$1.5 billion in supplemental relief funding that EDA received through the passage of the CARES Act has been essential for my community. Since my organization is an EDD in good standing, my organization therefore received an invitation letter from our EDA Regional Office which invited us to request up to \$400,000 in non-competitive, automatic funding at 100% federal share.

EDA utilized this automatic, non-competitive process to distribute funding to its institutional partners during the pandemic because this was the most expedient and efficient way to quickly inject funding into communities during a national emergency, and I applaud EDA for using this efficient method to quickly distribute needed emergency relief funding.

I truly cannot stress enough how important and valuable the automatic, non-competitive approach to provision of relief funding was for my organization and region. The infusion of supplemental relief funding allowed my organization to quickly hire a disaster recovery coordinator to help coordinate my region's response to the pandemic. It also allowed our staff to work with our local governments on planning, applications, and compliance the myriad of pandemic funding opportunities and grants. Many of our communities have volunteer elected officials and limited staff, and they would have likely been either left out of funding opportunities or unable to comply with funding guidelines without the staff we have in place through EDA funding to assist them on a daily basis.

Additionally, the EDA funding provided through the CARES Act also allowed my organization to recapitalize our existing EDA Revolving Loan Fund (RLF) which we have operated for 24 years. In the past, we have used the EDA RLF program to provide loans to small businesses in need of working capital. Typically, the EDA RLF program is especially beneficial for small businesses and entrepreneurs that might not otherwise be able to borrow working capital, because through the EDA RLF program, we can provide gap financing at or below market rates. During the pandemic, the EDA RLF program became a vital lifeline through which my organization could provide small loans that were desperately needed by local businesses in order to stay afloat throughout the pandemic.

I also want to express my gratitude and comment EDA for providing CARES Act funding to institutional EDA partners at 100 percent federal share, with no local match requirement during the pandemic. The provision of 100% federal share relief funding allowed my organization and region to tap into EDA resources without having to sacrifice local resources, and without having to devote significant time to identifying and securing other partners and/or other sources of local investment during an already severely challenging time, when community resources needs far outpaced available resources.

It is my hope that EDA will continue to use a similar approach to the one that was used after the passage of the CARES Act when administering the supplemental funding that the agency has received through the American Rescue Plan Act. I would also encourage Congress to ensure that a similar approach is used to administer any future supplemental funding that is provided to EDA for the purpose of disaster response or emergency relief.

The third and final point I would like to highlight today, for all the aforementioned reasons, is the importance of reauthorizing the EDA. In doing so, I ask that you further enhance elements of EDA's programs and funding that are most important to communities like mine, and I also encourage you to take advantage of some opportunities for reforms of the EDA's that could be accomplished via EDA reauthorization.

Although EDA continues to operate from year-to-year through the annual congressional appropriations process, its last authorization lapsed in 2008. I encourage the Committee to support a reauthorization of EDA that would protect and elevate EDA's standing as a driver of long-term economic growth and federal investment in communities across the country.

In reauthorizing EDA, I encourage you to support an increase in EDA's annual authorized funding level to \$3 billion. EDA's current authorized funding level does not accurately reflect the importance of the role the agency plays as the leading federal economic development agency, nor does it adequately meet the existing need for community development resources. Between supplemental disaster response funding and annual appropriations, EDA received nearly \$2 billion in funding for FY 2020 and more than \$3 billion in FY 2021. In FY 2020, the agency received requests for funding that far surpassed EDA's available funding, which is indicative of both the value of EDA's programs as well as the significant and growing need for federal economic development resources.

I also encourage you to place emphasis especially on increasing funding for EDA Partnership Planning grants, EDA Public Works funding, and EDA's Research and National Technical Assistance (RNNTA) programs. These funding sources are among the most important to organizations like mine across the country, as they serve as the foundations of strategic development plans, guide the development and implementation of locally-identified projects, and help leverage other sources of investment into communities.

In reauthorizing EDA, I also encourage you to take advantage of some opportunities for reform, including the following recommendations.

- I encourage you to reassess and reconstitute EDA's economic distress formula, and consider reducing local match requirements permanently, in order to ensure a more equitable pattern of investment across the country. Currently, EDA's economic distress formula requires communities to invest as much as 50 percent of the total project cost via matching funds, with EDA providing federal funding for the remaining 50 percent of the total project cost. Even for the most distressed communities, EDA's standard Notice of Funding Opportunity (NOFO) guidance dictates that the maximum allowable federal investment rate is 80 percent, which still requires the nation's most underserved and severely economically distressed communities to contribute 20 percent of the project's overall cost via matching funds, except in rare cases as determined by the EDA Assistant Secretary. I encourage Congress to consider including direction for EDA's economic distress formula to be reconstituted so that all communities—and especially distressed communities—can reliably receive a higher overall percentage of federal funding. Reducing EDA's matching fund requirements is important also because communities will be recovering from the COVID-19 pandemic for an extended duration of time.
- I also recommend that you consider amending the Public Works and Economic Development Act of 1965 to specify that EDA investments into high-speed broadband deployment are an eligible use of EDA funds, and to provide funding expressly for this purpose, with an emphasis on improving sufficient broadband infrastructure in rural communities especially. EDA should make targeted investments into broadband projects that provide, expand, or improve high-speed broadband access, and EDA funding should support planning and technical assistance activities related to enhancing broadband access, as well as engineering and construction costs. NADO endorsed the E-BRIDGE legislation that was introduced during the last session of Congress, and I would encourage the Subcommittee to further pursue this reform in reauthorizing the EDA. I also encourage the Subcommittee to generally elevate the role EDA plays in helping rural and economically distressed communities keep pace with technological advancements, automation, and economic shifts.
- I encourage you to amend PWEDA to formally outline and designate EDA's significant role in post-disaster assistance for impacted communities as well. In EDA's reauthorization, Congress should establish an EDA Office of Disaster Resilience & Recovery to preserve institutional knowledge and leadership in the economic disaster resilience and recovery realm. Enhancing EDA's disaster recovery leadership and resources will help communities prepare for and mitigate negative economic impacts associated with disasters. I encourage Congress to

authorize a dedicated fund with annual appropriations for immediate responses to economic crises associated with declared disasters or states of emergency. In cases where a major disaster or emergency has been declared under the Stafford Act, EDA should be required to increase the federal share to 100 percent of the project cost, waiving all match requirements for any funding appropriated for the purpose of disaster or emergency response. EDA has also successfully utilized the flexible hiring authority Congress provided to the agency to aid in EDA's response to COVID-19. This authority was based in part on similar authorities provided to other disaster response agencies and should be made a permanent authority. Disasters and emergencies require increased resources to ensure timely delivery of services while the agency continues to provide vital services and resources through their normal, non-emergency related work.

- Finally, I recommend that you codify and provide funding for EDA's Economic Development Integration (EDI) role. Although EDA is the only federal agency with a focus *solely* on economic development, there are other agencies that engage in economic development efforts. Enhanced coordination among federal agencies and divisions supporting economic development can yield significant benefits for stakeholders of all kinds. Congress should formally establish an EDA Office of Economic Development Coordination & Integration to formalize EDA's leadership and to emphasize its cross-cutting role in coordinating economic development resources across the federal government. Although EDA currently has an existing Economic Development Integration (EDI) practice, PWEDA should be amended to include language that formally establishes EDI and fully outlines its role. I also encourage Congress to provide dedicated funding for EDA's EDI practice so that this function can become a fully-resourced and fully-staffed division within EDA. This would enhance the ability of EDI specialists to conduct on-the-ground technical assistance in communities across the country, ensuring the entirety of the federal government's resources are effectively and efficiently utilized in support of local and regional economic development.

As Congress considers proposals to rebuild our nation's infrastructure, support economically distressed and rural communities, facilitate disaster recovery, and invest in drivers of economic growth, EDA remains a strong federal partner to assist in these endeavors. EDA has a proven record of success and has been an essential partner, and I encourage you to support reauthorization and increased funding for the agency.

Thank you again for the opportunity to address the Subcommittee today, and I look forward to answering your questions.

Ms. TITUS. Thank you very much, Ms. Cooper. That was great, some good suggestions for us to work on in the reauthorization.

We will now go to Mr. Hawkins.

Mr. HAWKINS. Good afternoon, Madam Titus, Ranking Member Webster, and members of the subcommittee. My name is Garrett Hawkins, and I am a fifth-generation farmer from Appleton City, Missouri. We live and farm just about 85 miles south of Kansas City, and we are the third generation in our family to operate the farm that we currently live on today.

Agriculture runs deep in our family, and spans livestock, row crop, and dairy production. I am a proud husband and father, and currently serve as president of the Missouri Farm Bureau. I appreciate the opportunity to provide input on the necessity of rural broadband and its importance to economic development in rural America.

Broadband connectivity is critical in stimulating and revitalizing the rural economy. It is essential to modern agriculture, the farmers and ranchers who grow our food, and the quality of life for those of us who live and work in rural America.

In Missouri, I see the need for broadband in rural communities every day. One family I know operates a soil lab, with customers worldwide. Until recently, they struggled to find an affordable, reliable broadband service. They were paying hundreds of dollars a

month for subpar internet. However, with broadband investments made in Missouri, they now have reliable service at the farm and at the lab, which has boosted their global business.

Other families I know use online marketing tools to market their products nationwide. Farms and agribusinesses use broadband every day. Last month, I visited a fellow farmer in southern Missouri who was thrilled to see a fiber optic line being installed a few miles from his farm. His comment to me was, "Maybe it will come my way in a year or so."

In Missouri, we have taken action to bring broadband to rural communities. In 2017, Farm Bureau convened the Missouri Broadband Working Group. Over 120 diverse stakeholders formed recommendations for our Governor and congressional delegation. As a result, our Governor established a statewide Office of Broadband to keep its finger on the pulse of all things broadband in Missouri. It would not have been established without the collaborative efforts of Farm Bureau, our State departments of agriculture and economic development, and the University of Missouri.

We also successfully advocated for the Missouri Broadband Grant program, which helps providers deploy broadband in unserved and underserved areas. Last year, our legislature passed a bill supported by Farm Bureau allowing community improvement districts and neighborhood improvement districts to facilitate broadband deployment.

We have seen recent success with EDA-funded projects in rural Missouri. One community is receiving EDA funds to deploy broadband infrastructure and enhance business and telework capabilities. Many of our Regional Planning Commissions have been able to identify potential projects: 5 of our 19 RPCs are working on EDA-funded broadband deployment projects through the CARES Act.

Farmers and ranchers depend on broadband, just as they do highways, railways, and waterways. Today we use precision agricultural tools to reduce the amount of fertilizer we apply to fields, to decide how much water we need to sustain crops, and determine the amount of pesticides to keep our crops healthy.

Off the farm, rural communities need access to healthcare, Government services, and educational and business opportunities. As more physicians leave rural communities, telemedicine has become a necessity for our families. In my hometown of Appleton City, I serve on the board of one of the smallest critical-access hospitals in the State. The hospital, which my great aunt and uncle founded in the early 1930s, employs over 100 people, and is one of our community's largest employers. We work hard to keep our rural hospital thriving and adapting with the latest medical technology. Unfortunately, even though we can find providers for telehealth services, our lackluster internet connection hinders us in providing care.

Broadband has also helped revitalize our rural economy and promoted entrepreneurship. Several people now are using connected workspaces along our main street in buildings that were once empty. This lets them stay and contribute to our community, while injecting their income into our local economy. Farm Bureau appreciates the subcommittee's interest in rural broadband and the eco-

conomic viability of our rural communities. Broadband is essential to modern agriculture and our quality of life.

Thank you for the opportunity to testify on such an important issue for our members, and I look forward to answering your questions. Thank you, Madam Chair.

[Mr. Hawkins' prepared statement follows:]

Prepared Statement of Garrett Hawkins, President, Missouri Farm Bureau, on behalf of the American Farm Bureau Federation

Good afternoon Chairwoman Titus (D–NV), Ranking Member Webster (R–FL) and members of the Subcommittee. My name is Garrett Hawkins, and I am a fifth-generation farmer and the third generation in my family to own and operate the farm on which we live today. Agriculture runs deep in our extended family and spans livestock, row crop, and dairy production. I am a proud husband and father, and I serve as President of Missouri Farm Bureau (MOFB). I appreciate the opportunity to provide input on the necessity of rural broadband deployment and its importance to economic development across rural America.

Deployment of broadband technology is a critical link in stimulating and revitalizing the rural economy. Rural broadband (fixed and mobile) is essential to modern agriculture, the farmers and ranchers who grow our food, and the quality of life for rural Americans. While most Americans take broadband for granted, according to the Federal Communications Commission (FCC) 17% of rural Americans lack access to fixed terrestrial 25 Mbps/3 Mbps broadband, compared to only 1% of urban Americans. This is discouraging. Additionally, the data and methodology used to collect broadband coverage has failed to accurately determine broadband access resulting in an unreliable estimate of rural Americans with broadband access. Farm Bureau members have recognized the urgent need to deploy broadband in rural communities and have elevated broadband access and affordability as a priority due to its impact on their daily lives.

In Missouri, I see the need for broadband in rural communities every day. One family I know operates a soil testing lab with customers worldwide. Until recently, they struggled to find affordable, reliable broadband service. They were paying hundreds of dollars a month for sub-par broadband to barely run their business. However, with the advancements and investments that have been made over the past few years, they are now able to access reliable service at their farm and at their lab, making it easier to conduct their global business.

Other families I know use online marketing tools to market their products throughout the country. Farms and agribusinesses utilize broadband every day to make their business model a success. Whether it is a business that provides an agricultural service to a local community or a company that ships products all over the country, this service is critical to our everyday life. Just last month I was visiting a farmer in southern Missouri who was thrilled to see a fiber-optic line being installed just a few miles from his farm. "Maybe", he said, "they'll come my way in just a year or so."

In Missouri, we have taken strong action to bring more broadband to rural communities. In 2017, Missouri Farm Bureau convened the "Missouri Broadband Working Group." This group was comprised of over 120 stakeholders from all industries that formed legislative and regulatory recommendations that were ultimately taken to our Governor and Congressional delegation. As a result, Missouri's Governor established the Office of Broadband within our Department of Economic Development. This office is responsible for keeping their finger on the pulse of all things broadband in Missouri. The creation of this office would not have been possible without the collaborative efforts of Farm Bureau, our state Departments of Agriculture and Economic Development, and the University of Missouri.

In addition, we successfully advocated for the Missouri Broadband Grant Program, which provides financial assistance to providers who are seeking to deploy broadband in underserved and unserved areas. Last year, the Missouri legislature passed legislation supported by MOFB that would allow our Department of Economic Development's Community Improvement District and Neighborhood Improvement District programs to be used to facilitate broadband deployment within those districts.

Just recently, we have seen success with a few EDA-funded projects in rural Missouri. One community has been awarded funds that will bring additional broadband infrastructure to the community and enhance both business and telework capabili-

ties in this town of approximately 3,000 people. In addition, many of our Regional Planning Commissions (RPCs) and Councils of Government have been able to identify projects in their jurisdiction. Five out of our 19 RPCs are in the process of funding projects with EDA funds that were awarded via the CARES Act which will help deploy broadband.

Although we have been able to make significant strides in our state, the work is far from finished. Farm Bureau has and will continue to advocate for significant investment to support broadband deployment in rural communities. Knowing where adequate broadband services do and do not exist is critical to crafting sound public policies related to broadband deployment in rural areas.

The ability of the FCC and all other relevant agencies to utilize accurate broadband coverage maps has been a priority. Last Congress, Farm Bureau advocated for the passage of the Broadband Deployment Accuracy and Technological Availability Act (Broadband DATA Act) which was signed into law March 2020 as part of the CARES Act. This bipartisan and comprehensive bill improves the accuracy of broadband coverage maps and better directs federal funds for broadband buildout. Specifically, this bill requires the FCC to improve the accuracy and granularity of its maps by establishing a serviceable location fabric, which will serve as a baseline for served, underserved and unserved broadband areas, an outcome that Farm Bureau policy supports. We were pleased Congress provided funding to implement this Act in December 2020 and look forward to its full implementation.

Farmers and ranchers depend on broadband just as they do highways, railways and waterways to ship food, fuel and fiber across the country and around the world. Many of the latest yield maximizing farming techniques require broadband connections for data collection and analysis performed both on the farm and in remote data centers. However, 29 percent of U.S. farms have no access to the Internet according to the USDA report, "Farm Computer Usage and Ownership, 2017."

America's farmers and ranchers embrace technology that allows their farming businesses to be more efficient, economical and environmentally responsible. Today's farmers and ranchers are using precision agricultural techniques to make decisions that impact the amount of fertilizer they need to purchase and apply to their fields, the amount of water needed to sustain crops, and the amount and type of herbicides or pesticides needed. These are only a few examples of how farmers use broadband connectivity to achieve optimal yield, lower environmental impact and maximize profits.

Knowing exactly where further buildout is needed is critical to ensuring American farmers and ranchers can continue to innovate here at home and globally. Farmers and ranchers rely on broadband access to manage and operate successful businesses, the same as small businesses do in urban and suburban America. Access to broadband is essential for farmers and ranchers to follow commodity markets, communicate with their customers, gain access to new markets around the world and, increasingly, to ensure regulatory compliance.

Beyond specific on-farm needs, rural communities need access to health care, government services, and educational and business opportunities. For many rural communities, access can only be gained by using broadband services and sophisticated technologies that require high-speed connections. The coronavirus pandemic has only exacerbated and made more apparent the need for rural broadband in rural communities as employees shifted to working from home, school districts closed and resorted to distance learning platforms, and patients sought health care through telemedicine platforms.

As more and more primary care physicians and specialists leave rural communities, telemedicine has become a necessity to provide critical healthcare to our parents and kids. In my hometown of Appleton City, Missouri, I serve on my local hospital board. Our hospital is one of the smallest critical access hospitals in the state. The hospital, which was founded by my family several generations ago, employs over 100 people in our local community and is one of our largest employers. As we strive to keep our rural hospital thriving and adapting to the latest and greatest medical technology, we often find that having enough providers to serve our telehealth patients is not the problem—our unstable internet connection hinders us in providing these popular services.

Healthcare is not the only area where broadband can help revitalize our rural economy. As we continue to weather the COVID-19 pandemic and individuals continue to embrace telework options, our rural communities can thrive if they have stable internet connections. In my hometown, I know many individuals who, although they may not have broadband at their homes or farms, are able to utilize connected work spaces in our once-empty downtown. These individuals are able to stay and contribute to their local community and inject their income into our local economy, rather than being tethered to an urban center.

As Congress and the Administration deliberates proposals to advance the deployment of broadband to rural communities, please consider the following principles.

- **Data Accuracy & Mapping:** We continue to advocate for additional mapping and the use of more granular data sets when determining which areas are eligible for federal (and state) funding.
- **Plan for the Future:** When awarding broadband projects, we should consider speeds that account for teleworking and remote education needs, rather than just recreational use of broadband.
- **Foster Local, State, and Federal Partnerships:** Close working relationships between local, state, and federal partners are critical to maximize the use of funds available for broadband deployment. Various entities that deploy broadband should work together to the greatest extent possible in order to ensure the needs of rural America are being met.
- **Focus on Precision Agriculture:** Too often, federal programs do not take into account the specific needs of agriculture and rural America when developing programs that incentivize deployment. Agriculture as a whole has the potential to be a strong beneficiary of rural broadband services, and it will be important to take these needs into account. Access to broadband and data services can result in more data-driven decisions on the farm, if the technology is available.

Farm Bureau appreciates the Subcommittee's interest in rural broadband deployment and the economic viability of rural communities. Rural broadband (fixed and mobile) is essential to modern agriculture, the farmers and ranchers who grow our food and the quality of life for rural Americans. Thank you again for the opportunity to testify on an issue so critically important to the individuals Farm Bureau represents. I look forward to answering any questions you may have.

Ms. TITUS. Thank you so much, Mr. Hawkins, we appreciate your being here. It was very interesting to hear all the different ways that broadband can make such a difference. It is today what electricity was when it was first invented: you just can't exist without it.

I would now like to welcome Mr. Peterson.

Before you start, Mr. Peterson, I would take just a minute to share your credentials with the committee.

Mr. Jonas Peterson is president and CEO of the Las Vegas Global Economic Alliance. LVGEA is southern Nevada's leading economic development organization. Mr. Peterson serves on the boards of a variety of national and local organizations, including as a board member of the Governance Committee of the International Economic Development Council, whom he is representing here today.

So welcome, it is nice to see you here, Mr. Peterson. Thank you.

Mr. PETERSON. Well, good afternoon, Chairwoman Titus, Ranking Member Webster, and distinguished members of the committee. Thank you so much for inviting me to participate in today's hearing. My name is Jonas Peterson. I am the president and CEO of the Las Vegas Global Economic Alliance. We are a regional, public-private partnership that is focused on diversifying and strengthening the economy here, in southern Nevada. I am here today on behalf of the International Economic Development Council, which is the world's largest professional trade association, representing economic developers and the practice of economic development.

During our current crisis caused by COVID-19, IEDC and our 5,000 members have worked tirelessly to provide resources to communities struggling to respond and recover. Over the past 13 months, our families, our communities, and economies have all taken a hard hit from the effects of COVID-19. In Las Vegas, our unemployment rate spiked to 34 percent in April of 2020. That is the highest level ever recorded.

Our tourism industry, which accounts for roughly one out of every three jobs in southern Nevada, has been particularly hard hit. Visitor volume fell by over 55 percent last year, compared to the previous year, and we lost billions from canceled events, trade shows, and conventions.

At my organization, revenue fell by over 20 percent during the pandemic, straining our ability to deliver critical economic development planning and access to business support services during a time of great need. So we applied for our first-ever EDA grant in May of 2020. And after nearly a year of review, I am pleased to say we were finally approved for approximately \$300,000 of Federal assistance in March of this year.

So the review process took much longer than we were expecting. The final amount was about one-third of our original application. But I want to say that we are absolutely grateful for the funding. It will fuel a new recovery strategy for our region, and boost our critical business support services.

Now, our shared belief in the importance and effectiveness of EDA serves as a very strong foundation to build upon as Congress looks at reauthorization. In addition to significantly increasing the funding authority of the agency, expanding its ability to coordinate Federal economic development resources across the Government, and providing EDA with robust resources and authorities to expand broadband access and adoption, we also recommend that Congress focus on the key areas of capacity building and disaster recovery while considering EDA reauthorization.

Many communities have economic development strategic plans, and a list of projects they would undertake, but lack the resources needed to put those plans fully into action. From lacking the predevelopment resources to get a project moving, to not having the staff needed to fully execute plans—I can relate to that—low capacity can have a chilling effect on economic growth. Our regional economies would benefit greatly from resources dedicated to advancing local capacity.

Congress should consider a pilot program at EDA that is dedicated to addressing capacity for economic development, both financial and human.

We also recommend that Congress establish an EDA office of disaster resilience and recovery to preserve institutional knowledge and leadership in this space. Enhancing EDA's disaster recovery leadership and resources will help communities prepare for and mitigate the negative economic impacts associated with disasters. This office should have annual appropriations provided and dedicated staff.

In cases where a major disaster or emergency has been declared under the Stafford Act, EDA should be required to increase the Federal share to 100 percent of the project cost, waiving all match requirements for any funding appropriated for the purpose of disaster or emergency response. Requiring communities to pay to access disaster funding runs contrary to the goal of funding, which is to help. Not waiving match requirements for disaster funding hurts communities, and leaves many out who did not possess the financial and human capacity to access these desperately needed resources.

Finally, the events of the past several months have further highlighted the great divide between those who are empowered by economic opportunity and those denied equal access to economic opportunity. So, no matter which part of the country we live in, where we are from, how big or how small our community is, we can and we must do more to create opportunities to achieve economic success and security for all people.

IEDC is committed to that end, and we look forward to working with EDA in support of that goal. We encourage Congress to consider this imperative as you deliberate over the future of EDA.

On behalf of IEDC, our members, my fellow economic developers across the country, thank you so much for your support of EDA, and your support of regional economic development efforts at home. Thank you.

[Mr. Peterson's prepared statement follows:]

Prepared Statement of Jonas Peterson, President and Chief Executive Officer, Las Vegas Global Economic Alliance, on behalf of the International Economic Development Council

Chair Titus, Ranking Member Webster, and distinguished Members of the Committee:

Thank you for inviting me to participate in today's hearing. My name is Jonas Peterson. I am President and CEO of the Las Vegas Global Economic Alliance, a regional, public-private partnership focused on diversifying and strengthening the economy in Southern Nevada. I am here today on behalf of the International Economic Development Council (IEDC), the world's largest professional trade association representing economic developers and the practice of economic development, where I serve as Secretary/Treasurer of the board of directors. I would like to thank you for this opportunity to provide testimony on the important issue of reauthorizing the Economic Development Administration. I would also like to acknowledge my fellow panelist and thank them for their support for economic development and EDA.

IEDC represents roughly 5,000 economic development professionals and stakeholders, most of whom are located in the United States. Our organization has been dedicated to the advancement of economic well-being for 95 years. During the public health and economic crisis caused by COVID-19, IEDC and our members have worked tirelessly to provide resources to communities struggling to respond and recover. We have convened thousands of people through a series of free webinars covering topics ranging from accessing federal resources to working with downtown retailers struggling to hang on. We have worked hand-in-hand with our fellow stakeholders here in Washington to help Congress and the administration understand what the situation on the ground looked like from the perspective of economic development and what help was needed most. While not perfect and not as fast as we would like, we are proud of the results thus far. IEDC's work in aiding communities impacted by disasters and hardship did not start with this pandemic. Since Hurricane Katrina ravaged the gulf coast in 2005, IEDC has responded to major disasters throughout the United States, including Puerto Rico, the U.S. Virgin Islands, and the Northern Mariana Islands, often with the support of EDA. From 2010 to 2020, IEDC completed 184 disaster recovery and resiliency projects in 18 states and territories. This work includes technical assistance projects, strategic planning, business retention & expansion, and much more. From 2017 to 2020, over 150 volunteers participated in disaster recovery and resiliency projects, taking time off from their day jobs to go to communities in need and helping them rebuild their economies. We are proud to partner with EDA and have firsthand experience with its power to change for the better.

The Economic Development Administration is the only federal agency with the sole mission of economic development. Since the passage of the Public Works and Economic Development Act of 1965 that established the agency, EDA has played an essential role in providing federal resources and leadership in support of regional economic development. Through programs such as Economic Adjustment Assistance and Public Works, EDA has broad authority to provide resources tailored to the spe-

cific needs of a community, be they infrastructure, technical assistance, or planning. It is this broad authority that provides EDA flexibility in assisting communities that is unmatched in any other federal program. EDA resources help economic developers on the ground in several different ways. From last-mile infrastructure that may be the final, essential piece that brings together an entire project to Revolving Loan Funds that are providing capital access to entrepreneurs and small businesses throughout the region, EDA has a tangible, positive impact on the economic health of communities across the country.

Over the past thirteen months our families, communities and economies have taken a hard hit from the public health and economic crisis caused by COVID-19. In Las Vegas, we have felt the impact of the virus. In April of last year, our unemployment rate spiked to 34%, the highest level ever recorded. Our tourism industry, which accounts for almost one out of every three jobs in Southern Nevada, has been particularly hard hit. Visitor volume fell by over 55% in 2020 compared to the previous year, and we lost billions from cancelled conventions and tradeshow.

At the Las Vegas Global Economic Alliance, our revenue fell by over 20% during the pandemic, straining our ability to deliver critical economic recovery planning and access to business support services during a time of great need. So, in order to support our work, we applied for our first-ever EDA grant in May of 2020. After nearly a year of review, we were finally approved for approximately \$300,000 of federal assistance in March. The review process took much longer than we expected and the final amount was approximately one-third of our original application. However, we are extremely grateful for the funding. It will fuel a new recovery strategy for our region and support critical business support services.

Our shared belief in the importance and effectiveness of EDA serves as a strong foundation to build upon as we move forward with reauthorization. In addition to significantly increasing the funding authority of the agency, expanding its ability to coordinate federal economic development resources across the federal government, and providing EDA with robust resources and authorities to help expand broadband access and adoption, we recommend that Congress focus on the key areas of capacity building and disaster recovery while considering EDA reauthorization.

We recommend that Congress include capacity building as a key component of EDA's reauthorization. Many communities have robust economic development strategic plans and a list of projects they would undertake but lack resources to put those plans fully into action. From lacking pre-development resources to get a project moving, to lacking the staff needed to fully execute plans, low-capacity can have a chilling effect on economic growth. Regional economies would greatly benefit from resources dedicated to advancing local capacity to act. Congress should consider a pilot program at EDA that is dedicated to addressing regional capacity for economic development, both financial and human.

We recommend that Congress establish an EDA Office of Disaster Resilience & Recovery to preserve institutional knowledge and leadership in the economic disaster resilience and recovery realm. Enhancing EDA's disaster recovery leadership and resources will help communities prepare for and mitigate negative economic impacts associated with disasters. This Office should have annual appropriations provided and dedicated staff. Through this office EDA can continue to support the work of organizations like IEDC. IEDC has for many years participated in recovery efforts, including providing technical assistance and training, as well as marshalling volunteer economic developers, who are eager to go to disaster impacted areas to help their counterparts rebuild.

We also recommend in cases where a major disaster or emergency has been declared under the Stafford Act, EDA should be required to increase the federal share to 100 percent of the project cost, waiving all match requirements for any funding appropriated for the purpose of disaster or emergency response. It has been suggested in the past that EDA has the existing authority to waive local match requirements. It has not chosen to do so with the funding received through the CARES Act. By its very nature, disaster funding is an intentional effort to aid communities that need funding to rebuild following a disaster. It seems then that requiring communities to pay to access that funding, which they are being offered because something so devastating has occurred that it has attracted the attention of the very top of the federal government and Congress, runs contrary to the goal of the funding, which is to help. Not waiving match requirements for disaster funding hurts communities by taking from the stricken, delaying distribution of those funds while scrambling to gather match money or securing a waiver, and because it is leaving out untold communities that do not possess the financial and human capacity to access these desperately needed funds.

Finally, the events of the past several months have further highlighted the great divide between those who are empowered by economic opportunity and those denied

equal access to economic opportunity. We must commit to do more to bridge and eliminate this divide and see to it that no such divides form again in the future. EDA is in a unique position to help our nation address racial and socioeconomic inequity and should be charged with helping to advance economic opportunity for all. No matter which part of the country we live in, where we are from, how big or how small our community is, we can and must do more to create more opportunities to achieve economic success and security for all people. IEDC is committed to that end and we look forward to working with EDA in support of that goal. We encourage Congress to consider this imperative as you consider the future of EDA in this reauthorization.

On behalf of IEDC, our members and my fellow economic developers across the country, thank you for your support of EDA and your support for regional economic development efforts at home. EDAs mission at its core is to help communities recover from economic distress. They are the experts in economic recovery and resiliency at the federal level. As this body considers statutory reauthorization of the agency, I encourage you to engage with the economic developers in your communities. Hear from them about how EDA's investments have worked or not worked and what more the agency can do in their community. Given the tools and support necessary, the EDA can play a larger role in assisting communities in achieving robust, equitable and lasting economic prosperity.

Thank you.

Ms. TITUS. Thank you very much.

We will now move to Commissioner Eliason.

Mr. ELIASON. Thank you, Chairwoman Titus, Ranking Member Webster, and distinguished members of the subcommittee. I appreciate the invitation to testify before you today on behalf of the EDA reauthorization. I am the president of the board of commissioners here, in Athens County, and also serve on the board of the National Association of Counties, which represents 3,069 counties in the country.

Counties play a major role in financing, administering, and coordinating Federal workforce and economic development programs. This includes the EDA, which is a key pillar of the Federal, State, and local partnership.

EDA programs and grants are the catalyst to spur recovery and innovation in communities across the country, and they are uniquely tailored to meet local and regional needs and conditions. EDA is a program that works on the ground, because it is essential to help communities transition from one economy to the next at the local level, with local efforts. It is successful because it gives us, the local communities, the tools and the knowledge to help ourselves, and counties strongly believe the program should be continued to be reauthorized, and continuously funded.

I have seen firsthand the difference that EDA can make in mitigating economic downturns and supporting our efforts to create a stable and diversified economy here, in Athens County.

For a little bit of background, Athens County is a rural county with a population of around 65,000 residents in southeastern Ohio. We remain heavily weighted, from an employment perspective, in the following industry sectors: Government, accommodations, food services, retail trade, and healthcare. The county is also the home to Ohio University, and the school holds an integral position in the local community and economy, being its largest employer. While the community has been significantly impacted by the downturn in the coal industry, we have experienced growth in other sectors, including energy, manufacturing, healthcare, finance, and construction.

Preexisting challenges to economic development in our county include issues related to broadband infrastructure and accessibility, workforce and affordable housing, and site development and infrastructure. Athens County has worked to respond to these challenges, both before and during the pandemic, and assistance provided by the EDA has been critical to this response.

EDA's engagement and financing and support have been vital to economic development here in Athens County. While we receive assistance from EDA for business attraction, capital construction, and workforce training efforts, perhaps the most critical assistance has come in the form of a grant to help our community transition away from coal to the modern diversification of our economy.

Just this past January, the Ohio University Voinovich School of Leadership and Public Affairs was awarded a \$2.2 million EDA investment, which has been matched by \$550,000 in local funds, to accelerate the region's transition from a coal economy to a new initiative called the Resilience Initiative for Southeastern and Eastern Ohio, otherwise known as RISE Ohio.

RISE Ohio is a 2-year program, led by the Voinovich School, alongside the Buckeye Hills Regional Council and the Ohio Mid-Eastern Governments Association, which is focused on supporting communities in 18 counties in the region, including Athens County, to make an economic transition to new industries, and ensuring continued job creation, as well as economic growth and diversification. This project will help regional leaders devise strategies to accelerate the economy's transition to new industries, and help utilize the region's Opportunity Zones. Once completed, the project will catalyze the process of strategic recovery and ongoing economic resilience within a critical part of Appalachian Ohio.

Without the assistance of EDA, we would not have the resources to pursue these kinds of transformational initiatives and economic developments. EDA investments in our region, coupled with local and State funds, have helped to launch a robust economic recovery and job expansion in our community.

Counties strongly support the EDA because the program focuses on investments in the Nation's most distressed areas, especially those suffering from sudden or severe economic downturns caused by both preexisting issues and those that have been made worse by the COVID-19 pandemic. Counties across the country urge your continued support for the Economic Development Administration, including increased funding [inaudible] reauthorization to continue assisting with building prosperity from the ground up at the local, regional, and national levels.

Thank you again for the opportunity to testify today on behalf of NACo, and we look forward to partnering with Congress moving forward, in conjunction with the EDA. And I will be happy to answer any questions.

[Mr. Eliason's prepared statement follows:]

**Prepared Statement of Hon. Lenny Eliason, Commissioner, Athens County,
Ohio, on behalf of the National Association of Counties**

Chairwoman Titus, Ranking Member Webster, and distinguished members of the subcommittee, thank you for the opportunity to testify on “Investing in America: Reauthorization of the Economic Development Administration.” The U.S. Department of Commerce’s Economic Development Administration (EDA) and its programs are vital for economic recovery, expansion, and job creation in counties across the country, facilitating economic and job growth at both the local and regional levels. As the nation continues to respond to the COVID-19 pandemic and pivot towards recovery, support for EDA and its programs is more important than ever.

My name is Lenny Eliason, and I am the President of the Board of Commissioners in Athens County, Ohio. As county commissioners, my colleagues and I play key roles in economic development by bringing in new business and industries to our communities, as well as keeping established employers from moving away. I also serve on the National Association of Counties (NACo) Board of Directors in my capacity as Past President, and I am glad to be representing NACo here today.

ABOUT AMERICA’S COUNTIES

Counties are highly diverse, not only in my state of Ohio, but across the country. They vary immensely in natural resources, social and political systems, cultural, economic, and structural circumstances, and public health and environmental responsibilities. Counties range in size from 26 square miles to 87,860 square miles and have populations varying from just under 100 residents to over ten million.

Counties’ responsibilities are often mandated by both the states and federal government. In many states, we are responsible for public health, child welfare, consumer protection, economic development, employment and workforce training, emergency management, land use planning, zoning, and environmental protection.

Local and regional economic and workforce development is a critical component of these responsibilities. Day-to-day, counties tackle such challenges as unemployment and underemployment, and we work to develop local economic growth strategies. According to a 2014 NACo workforce survey, 84 percent of counties have established workforce training partnerships with local chambers of commerce, cities, state governments or regional economic development organizations. That same survey showed that more than 90 percent of counties participate in economic development activities, including workforce development, business recruitment and retention, regional marketing, small business support and infrastructure investments.

Additionally, counties play a major role in financing, administering, and coordinating federal workforce and economic development programs. This includes the EDA, a key pillar of the federal, state, and local partnership.

ABOUT ATHENS COUNTY, OHIO

Athens County is a rural county with a population of just under 65,000 in south-eastern Ohio. The County remains heavily weighted from an employment perspective in the following industry sectors: government, accommodations and food services, retail trade and healthcare and social services. The county is also home to Ohio University, and the school holds an integral position in the local community and economy.

While Athens County has been significantly impacted by the decline of the coal industry, which once played a leading role in the region’s economy, other industries have begun to grow in the area. Since 2016, Athens County has experienced growth in the energy, manufacturing, health care, financial and construction sectors. The county also continues to build and support its entrepreneurial and technology ecosystems and expects jobs in these areas to grow. A region’s workforce is a critical measure of its economic success.

CHALLENGES TO ECONOMIC DEVELOPMENT IN ATHENS COUNTY, OHIO

Athens County, like others across the country, has been heavily impacted by the COVID-19 pandemic and has experienced a downturn in economic development since the public health emergency began. Programs have been suspended and canceled, pre-existing issues with access to technology and broadband have been exacerbated, revenue loss continues to be a major issue and nearly all forms of in-person economic activities have been reduced. The county is having difficulty keeping up with the increased demand for food aid, online learning, financial assistance, and other benefits. The coal industry, which was already in dramatic decline, has been hit especially hard.

All these issues have directly impacted tax revenues, which in turn impacts the county's ability to advance an economic development strategy for the region. Following closures in certain sectors, many of our residents have struggled to find new job opportunities matching their career skills. Athens County has a labor force of 27,100 with roughly 24,800 people actively employed.

We have worked to respond to these challenges by developing a multi-step plan that directly addresses many of the negative impacts experienced by local businesses due to the COVID-19 pandemic. The Athens County Economic Development Council, Athens Area Chamber of Commerce and Athens County Convention and Visitors Bureau have created a resource guide to help area businesses navigate current financial challenges. The resource guide categorizes assistance into three priority focus areas: resources, relief and rebound. Each of these priority areas are only strengthened by the work done by the EDA via programs provided to our county.

Other common challenges to Economic Development in Athens County include:

- **Broadband Infrastructure and Accessibility:** This is a challenge that extends beyond Athens County throughout the southern Ohio region. A 2019 Appalachian Regional Commission funded study of eight counties, including Athens found that between 80–90 percent of households in areas of 20 or less households per square mile have no access to broadband services. The lack of adequate service also hinders economic development efforts around the county's remote work strategy, which aims to attract and incentivize those who can work remote completely to move to Athens.
- **Workforce and Affordable Housing:** Athens County has a housing shortage that ranges from workforce and affordable housing to mid-level housing stock. This housing shortage has a direct negative impact on retaining and attracting talent to the county.
- **Site Development and Infrastructure:** As with many rural communities, access to capital for building projects and infrastructure improvements is a challenge. Athens County is unable to take advantage of site certification programs that make the county competitive for attraction and expansion projects due to lack of available sites and adequate infrastructure.

EDA investment in building and infrastructure projects helps the county leverage additional private sector funding and make projects less risky for developers and bank participation. More EDA investments for broadband infrastructure and accessibility would be helpful as well.

EDA GRANT PROJECTS IN ATHENS COUNTY, OHIO

EDA's engagement, financing and support have been integral to our economic revitalization in the wake of the COVID-19 pandemic and its negative economic impacts, as well other, pre-existing challenges to economic development in the county including issues related to broadband infrastructure and accessibility, workforce and affordable housing and site development and infrastructure. Recognizing the need to diversify and stabilize our economy, the county has partnered with Ohio University on several projects related to economic and workforce development.

In September 2018, EDA awarded just over \$1.6 million through the Assistance to Coal Communities (ACC) initiative to Ohio University and the Ohio Valley Regional Development Commission of Athens to establish the Building Opportunities Beyond Coal Accelerating Network. The Network has supported workforce development, cluster expansion and opportunity zone enhancement and identified infrastructure investments needed to access local, national, and global markets. The project has led to job creation and served as a catalyst for economic development in southern Ohio communities that have been impacted by the decline of the coal industry.

In August of the following year, the county and our collaboration with the local university received an additional \$1.15 million through the Assistance to Coal Communities initiative, matched by a little over \$287,000 in local dollars, to fund infrastructure upgrades to the Ohio University Innovation Center in Athens County.

This project included the renovation of offices to provide an array of business incubation resources to expand, diversify and create new entrepreneur business opportunities. This in turn has led to job creation and served as a stimulant for economic development in the communities that have been impacted by the decline in the coal industry. The economic impact of companies supported by the innovation center since 2019 has resulted in the creation of 335 jobs, \$22.8 million in employee compensation and \$78 million in generated economic output for the region.

And, in January of this year, the county received a \$2.2 million investment through the EDA's Assistance to Coal Communities initiative, which has been matched by \$550,000 in local funds. The funding will go to Ohio University, the

Buckeye Hills Regional Planning Council, and the Ohio Mid-Eastern Government Association to support an 18-county partnership by providing technical assistance to communities affected by the decline in the coal industry in Athens County.

The project will help regional leaders devise strategies to accelerate the economy's transition to new industries and develop prospectuses to help utilize the region's Opportunity Zones. Once completed, the project will catalyze a process of strategic recovery and ongoing economic resilience within this critical part of Appalachian Ohio.

This funding comes at a critical time, as the COVID-19 pandemic continues to compound the negative economic impacts of the decline in the regional coal industry and as long-term unemployment and underemployment grows.

Frankly, without the assistance of the EDA, we would not have the resources to pursue these kinds of transformational initiatives and economic development. EDA investments in our region, coupled with local and state funds, have helped to launch robust economic recovery and job expansion in our community.

EDA PROGRAMS BENEFIT COUNTIES ACROSS THE COUNTRY

Since 1965, EDA has worked with local and regional stakeholders to address the fundamental building blocks for economic growth: infrastructure investment, business development, loans and financing, regional innovation strategies and public-private partnerships.

Counties strongly support EDA because the program focuses investments on the nation's most distressed areas, especially those suffering sudden or severe economic downturns caused by both pre-existing issues and those made worse by the COVID-19 pandemic. EDA's grants are particularly critical for rural areas, where resources for economic development can be scarce. Grants are awarded on a competitive basis, based on regional comprehensive economic development strategies (CEDs), and are developed and prioritized by local communities. This helps to ensure that projects have significant local support and are part of a broader regional plan, rather than isolated, uncoordinated local projects. Through local and regional partnerships, counties and the EDA are well-positioned to collaborate to address economic challenges impacting communities.

One major use of EDA grants for counties is for disaster recovery and economic assistance, which has been critical to counties' ability to respond to the COVID-19 pandemic. Earlier this month, EDA provided a grant of \$750,000, which was matched by a local investment of \$187,500, to the Medical Center of the Americas Foundation in El Paso County, Texas, that it will also share with the city of El Paso. The money provided will fund the Product and Supplier Development Lab program, which will create a lab of the same name, that will support innovators and companies working to address the shortage of PPE and other medical supplies, diagnostics, and devices.

The creation of this lab will generate impact in the community through the growth of new companies, living wage jobs and technology-based industry development. The program will serve three main purposes:

- bolster supply chain development and manufacturing expertise to produce critical items through assisting medical device suppliers and manufacturers to complete and meet necessary regulatory standards for the industry;
- support innovation and the development of new medical device production through design thinking;
- product development, and prototyping assistance; and
- Address public health concerns by increasing manufacturing capacity for PPE and medical devices, diagnostics, and ancillary supplies.

The \$1.5 billion in supplemental funding that EDA received through the CARES Act for COVID-19 recovery assistance has been helpful for counties across the country. In November of last year, EDA provided a grant of \$600,000 to the City of Gallup in McKinley County, New Mexico. Matched with \$150,000 in local dollars, the grant helped to support the city with recovery efforts from the COVID-19 pandemic by advancing transportation, logistics and autonomous vehicle industries in the county. The project will support a master planning process for the municipal airport and autonomous vehicle industries in efforts to resume commercial air travel, which will in turn allow the transport of healthcare professionals and patients in need of critical care. Once completed, the project will diversify the regional economy by offering commercial air services, creating employment opportunities, helping businesses expand operations and advancing economic resiliency throughout the region.

EDA REAUTHORIZATION

Looking towards reauthorization of EDA, counties support increased funding and program flexibilities to expand EDA's reach to communities in need of economic revitalization and development and to enhance the program's utilization. EDA should receive a robust increase in funding to meet the demands of local communities for economic development resources and to properly reflect the leading role EDA plays in job creation in distressed areas. EDA's local match requirement may need to be reduced or waived to ensure severely distressed communities can apply and receive funding with a reduced or without a matching requirement, similar to CARES Act funding. Furthermore, increasing funds targeted towards essential infrastructure investments, including water, sewer and broadband would be beneficial counties, particularly rural ones in need but lacking basic resources to attract economic development investments.

IN CONCLUSION

EDA has proven to be an effective program for counties, communities, and regions to aid in economic development and job creation. EDA programs and grants are a catalyst to spur recovery and innovation in communities, and they are uniquely tailored to meet local and regional needs and conditions. As we continue to respond to the COVID-19 pandemic, and shift towards recovery, EDA remains a vital tool for economic recovery. I have seen firsthand the difference the EDA can make in mitigating economic downturns and in supporting our efforts to create a stable and diversified economy here in Athens County.

The EDA is a program that works on the ground, is essential to helping communities' transition from one economy to the next and helps to broaden local economic development efforts. EDA helps provide the needed funding to make many projects come to fruition. It is successful because it gives local communities, the resources, tools, and knowledge to help ourselves, and counties strongly believe EDA should be reauthorized and receive increased funding.

Chairwoman Titus, Ranking Member Webster, and distinguished members of the subcommittee—thank you for having me here today. We appreciate your attention to this vital program, and I urge your continued support for the Economic Development Administration which helps build prosperity from the ground up at the local, regional, and national levels.

Thank you again for the opportunity to testify today on behalf of America's 3,069 counties. I would be happy to answer any questions.

Ms. TITUS. Thank you very much, Commissioner. We appreciate that input from the counties, and we will be calling on you to help us as we reauthorize this.

We will now go to Mr. Carol.

Mr. CAROL. Good afternoon. Thank you, Chair Titus, Ranking Member Webster, and members of the subcommittee for inviting me to testify today and offer some recommendations on the future of the EDA, especially as it pertains to infrastructure.

My name is Dan Carol. I am a director at the Milken Institute Center for Financial Markets, and serve as adjunct faculty at Georgetown University, where I teach infrastructure finance. Formerly, I served as a senior advisor for infrastructure and energy for Governor Jerry Brown of California.

My testimony today will be pretty simple: as Congress wisely considers bold investments to make U.S. infrastructure globally competitive and equitable for all, we must ensure that a small portion of new spending is carved out to incentivize long-term resilience and better infrastructure system performance. Otherwise, without the right carrot, sticks, and technical assistance capacity in place, we won't be able to overcome the Nation's multitrillion-dollar deferred maintenance hole, a hole that existed long before the pandemic, let alone marshal the trillions we will need by 2050 to address climate change and extreme weather.

A substantial body of research finds that the key investment Congress can make to move U.S. infrastructure systems from 19th-century creakiness to 21st-century performance is predevelopment funding. Recent reports by the Milken Institute and others highlight the importance of predevelopment capital to turn good project plans into shovel-worthy and investment-ready projects.

What is predevelopment? Predevelopment pays for the critical tasks that need to be completed before project construction can begin, such as financial feasibility studies, site acquisition costs, architectural and engineering work, and permitting. This predevelopment gap is especially acute for smaller, rural, and historically underserved areas that cannot access the technical assistance they need for broadband and other community-scale infrastructures to get off the ground.

Over its history, Congress has used the EDA several times as an accelerator mechanism to address pressing economic and innovation challenges. Now the time has come, in my view, for another mission. EDA should return to its public works roots, and jumpstart the next generation of resilient infrastructure projects that thousands of local communities are demanding, post-COVID.

Shifting America's infrastructure towards resilience and performance will not be easy. We will need a series of strategic investments, beginning with predevelopment funding, to deliver better outcomes over the next 3 to 10 years. The payback, however, will far outweigh the pay-for. Based on past studies looking at the value of predevelopment, we would expect \$20 in economic activity to flow from each dollar spent on predevelopment. That would mean \$300 billion in economic activity could be generated by the \$15 billion Federal predevelopment fund we have proposed.

This shift, however, does not have to wait for the final set of infrastructure bills now under discussion, nor for EDA reauthorization later this year. In my written testimony, I suggest specific steps that EDA can take now to kickstart a new pipeline of resilient infrastructure projects in high demand, such as emergency centers, and public buildings, and rural hospitals with microgrids, broadband, critical water systems, and regionally significant projects across the EDA system.

This would not be the first time that EDA has taken on the infrastructure problem at scale. In fact, in the mid-1970s, the agency was appropriated \$6 billion in funding—that is \$28 billion in today's dollars—to accelerate local and State public works projects to help the country out of a recession.

How? As this committee assesses the future for EDA, my testimony calls for the creation of regional resilience centers housed in the six EDA regions to incubate 21st-century, whole-of-Government Federal coordination from the bottom up, across all infrastructure modes. These regional centers would house project finance and tech assistance teams to help communities, EDDs, and others successfully build projects from a focus menu of ready-to-go and replicable projects that are in high demand in each region, based on distinct regional resilience challenges.

Many of these recommendations are supported by a diverse set of groups, including the U.S. Chamber of Commerce, the National Association of Manufacturers, the Coalition for Green Capital, the

IEDC, NADO, and others. My written testimony provides an in-depth discussion of each of these issues, and I am happy to answer any questions you have.

Again, thank you.

[Mr. Carol's prepared statement follows:]

Prepared Statement of Dan Carol, Director, Milken Institute Center for Financial Markets

Good afternoon. Thank you Chair Titus, Ranking Member Webster, and Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management for inviting me to testify today.

My name is Dan Carol, and I am a Director of the Milken Institute Center for Financial Markets.¹ Formerly I served as the Senior Advisor for Infrastructure and Energy for Governor Jerry Brown of California and led efforts to create the West Coast Infrastructure Exchange, a 2015 winner of the Harvard Ash Center award for government innovation. I also serve as adjunct faculty in the Master's Program in Urban and Regional Planning at Georgetown University. I am testifying today on my own behalf.

Thank you for the opportunity to offer input and recommendations today on the future of the Economic Development Administration (EDA) and the reauthorization of the Public Works and Economic Development Act (PWEDA), especially as it pertains to infrastructure. My message today will be pretty simple. While maintaining important core programs supporting regional economic innovation and economic development, EDA should return to its roots as a public works agency with an updated mission for the future focused on resilient infrastructure. Over its long history, EDA has served as an effective incubator for new federal initiatives in rural development, economic adjustment assistance due to globalization, and disaster relief, among others.

When combined with 21st Century updates such as predevelopment investment², EDA's regional structure and existing authorities are perfectly positioned to accelerate the innovations we need to address the nation's most pressing challenge: *funding and financing the infrastructure that communities need today in order to compete in the economy of tomorrow.*

My testimony today will be divided into three parts.

- I. First, I will briefly describe the infrastructure moment we are in and identify some key research-based strategies which I believe can "unstick" the infrastructure debate.
- II. Second, I will offer ideas about what EDA can do now, without new Congressional authority, to help to accelerate the deployment of resilient infrastructure projects, job creation, equitable growth, and regional competitiveness.
- III. Third, I will outline recommendations for the Committee to consider as it looks towards reauthorizing the agency and modernizing the mission of the EDA, including the creation of a Federal Infrastructure Predevelopment Fund and additional outcome-focused recommendations for the Committee to consider to strengthen the performance of U.S. infrastructure systems.

I. THE INFRASTRUCTURE MOMENT

America's multi-trillion dollar infrastructure systems are in the midst of profound transformation. Disruptions from big data, extreme weather events, and driverless cars were already transforming how traditional infrastructure systems were funded, financed, and designed before the COVID-19 pandemic.

¹The Milken Institute is a nonprofit, nonpartisan think tank that promotes evidence-based research that serves as a platform for policymakers, industry practitioners, and community members to come together in catalyzing practical solutions to challenges we face both here in the U.S. and globally. The Center for Financial Markets conducts research and constructs programs designed to facilitate the smooth and efficient operation of financial markets—to help ensure that they are fair and available to those who need them when they need them. More information on the Milken Institute's work on Resilient Infrastructure can be found here: <https://milkeninstitute.org/resilient-infrastructure>

²Predevelopment pays for tasks that need to be completed before project construction can begin, such as economic feasibility studies, site acquisition costs, architectural and engineering work, and permitting. <https://www.federalregister.gov/documents/2015/01/22/2015-01256/expanding-federal-support-for-predevelopment-activities-for-nonfederal-domestic-infrastructure>

What's not new is that most of the funding shortfall identified by the American Society of Civil Engineers' annual report card is due to deferred maintenance that has built up over decades. This downward trend arises from several factors, from political preferences for above-ground ribbon cuttings over underground pipe replacement to the lack of technical capacity in communities experiencing fiscal distress.³ The biggest issue, however, is poor procurement and asset management practices. Governments often receive negative media coverage if they don't choose the low-cost capital bid and generally don't get penalized for failing to maintain valuable assets meant to last a lifetime.

Each year, we see the long-term effects of decades of deferred maintenance and local fiscal challenges revealing themselves in dramatic new ways, from Flint's water crisis, to dam and levee failures in the Carolinas and Mississippi regions, to wildfire-induced utility bankruptcy in the West and the recent grid failure in Texas.

The size of this infrastructure performance problem, for both public and private infrastructure, is enormous. According to an Oxford Economics 2017 infrastructure study, U.S. infrastructure needs by 2050 are conservatively estimated to be \$17.3 trillion dollars.⁴ That means that without substantial investment now in innovation and technical assistance capacity to improve the performance of America's public, public-private, and private infrastructure systems, we stand to lose \$6.9 trillion in available savings that could be realized through more effective infrastructure productivity and procurement reforms. Business as usual, when it comes to infrastructure, is going to be very, very costly. These estimates don't even include the multi-trillion potential costs of infrastructure outages and economic losses for communities vulnerable to the effects of extreme weather and climate change.

Happily, we don't have to reinvent the wheel to begin to fix these persistent performance problems with future rounds of federal infrastructure investments. According to study⁵ after study,⁶ there are successful models for building high-performance infrastructure systems that can be adapted to the U.S. context. We simply need to deploy these techniques more effectively.

Shifting America's massive infrastructure systems and practices will not be easy. We will need a series of strategic investments and interventions to deliver better outcomes over the next 3 to 10 years, using both existing infrastructure authorities and programs, and new investments designed to catalyze bottom-up success. I recommend to the Committee that it consider a series of strategic interventions beginning with these three acceleration pathways:

- Invest in base levels of technical capacity and support to allow state and local governments and community organizations, which fund $\frac{2}{3}$ of all public infrastructure, to institute life-cycle asset management systems;
- Use regional approaches to break down jurisdictional implementation silos and align investments based on landscape-level infrastructure outcomes and other performance objectives, including resilience and equity;
- Engage cross-sectoral leaders and investors to create innovative infrastructure delivery systems and policy incentives, recognizing that many forms of infrastructure are privately financed or funded through public-private partnerships.⁷

³It is worth recalling that U.S. state and local sector hadn't fully recovered from the 2008 crash even before COVID-19 hit. States missed out on \$283 billion in otherwise expected revenue from 2008-2018 due to the slow recovery, increasing the rate of deferred maintenance in many areas. <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2019/06/lost-decade-casts-a-post-recession-shadow-on-state-finances>

⁴Projected based on U.S. funding gap data found in Oxford Global Outlook 2017 and McKinsey estimates of infrastructure performance potential using life-cycle asset management and other best practices. Note ASCE's annual report cards only project out needs for five years, hence the difference. "Infrastructure Productivity: How to Save \$1 Trillion a Year," McKinsey Global Institute and <https://www.mckinsey.com/business-functions/operations/our-insights/bridging-infrastructure-gaps-has-the-world-made-progress>

⁵Richard Dobbs, Herbert Pohl, Diaan-Yi Lin, Jan Mischke, Nicklas Garemo, Jimmy Hexter, Stefan Matzinger, Robert Palter, and Rushad Nanavatty, "Infrastructure Productivity: How to Save \$1 Trillion a Year," McKinsey Global Institute, January 2013.

⁶Georgetown University, Beeck Center, Performance-Based Infrastructure: Making the Shift, A Leadership and Economic Competitiveness Opportunity for Maine and the Northeast, 2015, <https://repository.library.georgetown.edu/handle/10822/1051507>. Also see Building California's Future, 2016, <https://www.treasurer.ca.gov/publications/biennial/2016.pdf>

⁷For example, critical infrastructure sectors such as energy and telecommunications are largely privately-funded or structured as public-private partnerships. See American Council on Renewable Energy, 2020 <https://acore.org/new-acore-analysis-reflects-on-u-s-renewable-energy-and-energy-storage-finance-amid-covid-19/#:~:text=ACORE%20launched%20the%20%241T,to%20help%20realize%20this%20goal>. Also see US Telecom Industry Metrics & Trends

I will now address these pathways in the context of EDA's role in infrastructure and what it can do now and in the next three years.

II. WHAT EDA SHOULD DO NOW

As I outlined in a recent piece in Barron's,⁸ the time is now for EDA to focus on resilient infrastructure deployment using eligible funding it has received under the American Rescue Plan Act (ARPA). With a focused strategy to meet frontline community demand, EDA could use its ARPA allocation to accelerate and pilot long-overdue efforts to move the U.S. infrastructure system from 19th-century creakiness to 21st-century performance. To do that, the agency should consider four strategies to ensure that it effectively spends out its available funding by September 30, 2022.

Support Only a Limited "Menu" of Community Resilience Projects. EDA programs can be used for a wide range of infrastructure projects, which means that scores of communities will bring hundreds of good and not-so-good project ideas forward for grant funding. Given the short window for EDA's Rescue Plan funding, I recommend serving up a focused menu of ready-to-go and replicable projects that are in high demand. In an era of grid failures, water failures, repeated floods, derechos, and droughts, thousands of communities are looking to build a common set of projects: from better broadband access⁹ to shored-up levees to data-smart, urban water systems. For example, there are 130,000 schools, hospitals, and community colleges that want to copy what the Blue Rancheria Tribe built in Northern California: a community emergency center with micro-grids and wi-fi, so there was a place to go after the 2018 wildfires.¹⁰ Each of the 6 EDA regional centers could offer a different menu of replicable resilience projects matched to differing regional needs and known demand.

Fund Predevelopment Capacity, Not Planning. For distressed communities struggling to jumpstart local economies and create investment-ready projects, the critical funding gap is catalytic predevelopment capital. Predevelopment pays for tasks that need to be completed before project construction can begin, such as economic feasibility studies, site acquisition costs, architectural and engineering work, and permitting. Recent reports by the Council of Development Financing Agencies, International Council of Sustainable Infrastructure, and the Milken Institute have highlighted the importance of predevelopment capital for local projects that struggle to find support within existing federally-funded programs.¹¹ The predevelopment gap is especially acute for smaller and historically underserved communities that lack the fiscal condition to acquire specialized technical assistance.¹²

Using some of the EDA's allocated funding under the American Rescue Plan for predevelopment could supplement the existing predevelopment programs at EDA,¹³ which are already over-subscribed. Not only are these funds a boon to communities, but they're also a smart venture investment, generating \$16–20 in economic pay-

2020, <https://www.ustelecom.org/wp-content/uploads/2020/02/USTelecom-State-of-Industry-2020.pdf>

⁸ "The \$3 Billion That Can Kick-Start U.S. Infrastructure Spending" <https://www.barrons.com/articles/the-3-billion-that-can-kickstart-u-s-infrastructure-spending-51617894284?tesla=y>

⁹ Arctaris Impact Funds, 2021. <https://www.businesswire.com/news/home/20210217005595/en/Arctaris-Funds-Broadband-Fiber-in-Opportunity-Zones-to-Increase-Digital-Equity>

¹⁰ <https://www.washingtonpost.com/climate-solutions/2020/01/01/amid-shut-off-woes-beacon-energy/?arc404=true>

¹¹ For more on the Value of Predevelopment, see: Milken Review, April 2020, <https://www.milkenreview.org/articles/the-case-for-an-infrastructure-predevelopment-fund> US Treasury, "Recommendations of the Build America Investment Initiative Interagency Working Group", 2015 (<https://www.treasury.gov/resource-center/economic-policy/Documents/Build%20America%20Recommendation%20Report%201-15-15%20FOR%20PUBLICATION.pdf>) Presidential Memorandum, January, 2015 (<https://www.federalregister.gov/documents/2015/01/22/2015-01256/expanding-federal-support-for-predevelopment-activities-for-nonfederal-domestic-infrastructure>) International Coalition of Sustainable Infrastructure: <https://sustainability-coalition.org/> Council of Development Financing Agencies, Policy Priorities, 2021, page 17 <https://www.cdfa.net/cdfa/cdfaweb.nsf/pages/CDFA-2021-Policy-Agenda.html?file/CDFA-2021-Administration-Policy-Paper-Final.pdf>

¹² A recent practical example of interest to this Subcommittee's jurisdiction which highlights the need for expanded predevelopment and technical assistance funding involves the excellent new integration efforts under the FEMA's Building Resilient Infrastructure and Communities (BRIC) program where many states are reporting that the \$600,000 limit for capacity support to local governments is limiting the number of communities with the expertise and skill set to write and access project grants.

¹³ For example: <https://eda.gov/pdf/about/Local-TA-and-UC-Program-1-Pager.pdf>

off¹⁴ for every predevelopment dollar spent. No wonder a diverse set of groups¹⁵ from the U.S. Chamber of Commerce and the National Association of Manufacturers to the Coalition for Green Capital and the International Economic Development Council, support expanding predevelopment investment in this Congress.

In sum, the EDA can pave the way to better 21st century infrastructure by delivering funding and technical assistance for a focused portfolio of replicable resilience projects.

Be Nimble and Adaptive. There are too many stories where government relief checks take too long to reach affected individuals, and historically underserved communities find it impossible to access grants. To meet the moment, incoming EDA leadership needs to look at new ways to accelerate on the ground results and scale. While the EDA has many technical assistance delivery mechanisms, the greatest scale at this time can be achieved by relying on the EDA's 50-state University Center network to ramp up expanded technical assistance to service the proposed resilient infrastructure project menu. In turn, EDA's university partners need to think and act anew about their role in 21st century infrastructure deployment, partnering with project finance experts and impact investors to create project acceleration centers to help build next-generation resiliency projects and train up community leaders and students with the skill sets needed for life-cycle innovation.

Emphasize Life-Cycle Outcomes Such As Equity and Resilience. To meet the moment, EDA leadership should also allocate some of its ARPA funding to pilot performance-based infrastructure investment incentives. For larger projects, a portion of EDA infrastructure funding could be conditioned on requiring local project sponsors to do an infrastructure risk & resilience assessment (IRRA) to ensure that life-cycle project costs, maintenance needs, and other risks are considered, along with alternative financing and project management systems. The pause created by the IRRA, like the old environmental impact assessment under the National Environment Policy Act, would offer a clear moment in the procurement process for improvements.¹⁶ Taking this step is also likely to attract private and impact capital.

III. WHAT CONGRESS SHOULD CONSIDER FOR "EDA NEXT": A NEW MISSION FOCUSED ON RESILIENT INFRASTRUCTURE

EDA, created by the Public Works and Economic Development Act of 1965, has long punched above its weight as one of the few federal agencies focused exclusively on economic development. I know this from personal experience. I have worked closely with EDA Administrators serving both the Obama and Trump Administrations, helping to advance bottom-up technical assistance and regional innovation competitions, including the Invest in Manufacturing Community Partnership¹⁷ and efforts to expand community technical assistance to promote the innovative use of Opportunity Zone funding for resilient infrastructure projects.¹⁸

Until recent infusions of federal funding through the CARES Act (2020) and the American Rescue Plan (2021), the agency has had an annual budget hovering around \$250–300 million for the last two decades. Over the last five decades, the agency's Congressionally-mandated mission has grown over time to cover economic adjustment assistance, manufacturing, regional innovation clusters, and disaster relief.¹⁹ EDA currently has seven investment priorities: Equity, Recovery & Resilience, Workforce Development, Manufacturing, Technology-Based Economic Development, Environmentally-Sustainable Development, and Exports & Foreign Direct

¹⁴ <https://www.epa.gov/brownfields/brownfields-program-environmental-and-economic-benefits>

¹⁵ <https://milkeninstitute.org/sites/default/files/2021-01/LettetoCongresThValuoPredevelopmentInvestmentForStrengtheningandSustainingU.S.Infrastructure.pdf>

¹⁶ As noted, most U.S. infrastructure projects (be it a public university building or a transportation project) are promoted by a single public agency and only the capital costs of the project are initially funded by the governing legislative authority. Little regard is given to the life-cycle costs of the project over its 30-year or more life, which studies show is fueling the nation's extreme deferred maintenance gap. Even less consideration is given to managing life-cycle operational risks or performance outcomes that drive up project costs. Richard Dobbs, et al "Infrastructure Productivity: How to Save \$1 Trillion a Year." McKinsey Global Institute, January 2013, <http://www.mckinsey.com/industries/infrastructure/ourinsights/infrastructure-productivity>.

¹⁷ IMCP: <https://www.eda.gov/archives/2016/imcp/overview/>

¹⁸ <https://milkeninstitute.org/articles/opportunity-zone-workshop-series-opens-mississippi>
<https://www.eda.gov/archives/2021/news/blogs/2019/10/01/success.htm>

¹⁹ As noted in the CRS Report, Economic Development Administration: A Review of Elements of Its Statutory History: "The agency evolved from a cluster of programs targeted primarily to distressed communities to an agency that was also called upon to direct assistance to urban areas, and to address issues confronting communities experiencing sudden and abrupt economic dislocation caused by factory shutdowns, foreign competition, base closures and disasters." CRS R41241, June 3, 2011.

Assistance.²⁰ EDA retains a diffuse footprint across the United States for a small agency. Within its six designated federal regions, the agency also funds 377 Economic Development Districts, over 50 University Centers²¹ and 11 Trade Adjustment Centers.²²

Over its history, Congress has used the EDA several times as an accelerator mechanism to address pressing economic challenges.²³ Now the time has come, in my view, for another mission. *EDA should pave the way for shifting best practices for the deployment of resilient and equitable 21st century infrastructure.*

This would not be the first time EDA has taken on the infrastructure problem at scale. In fact, in 1976–1977, the agency was appropriated \$6 billion in funding (\$28 billion in today’s dollars!) to accelerate counter-cyclical, state and local public works projects to help the country come out of recession.²⁴ The Local Public Works program awarded funds to state and local governments through a bottom-up process.

I argued above that in order to save as much as \$7 trillion dollars by 2050, Congress should consider strategic investments now to accelerate the shift of the U.S. infrastructure system towards an outcomes-based system anchored by performance, resilience, and equity. EDA can lead the way by returning to its Public Works roots. The mission: scaling up resilient, community-scale infrastructure for a new era of extreme weather and addressing post-COVID equitable infrastructure needs like broadband, clean water, and more.

This new mission for resilient communities and public works should have three objectives: meeting basic community infrastructure needs to drive equitable growth outcomes, incentivizing performance-based infrastructure investments for projects of regional significance, and incubating 21st century whole-of-government federal coordination from the bottom up across all infrastructure modes. Along with the reforms recommended above regarding focused project deployment menus and University Center investments, this new effort should be anchored by the creation of a Federal Predevelopment Fund to catalyze the next generation of shovel-worthy projects.

Create a Federal Infrastructure Predevelopment Fund at EDA. A Federal Infrastructure Predevelopment Fund, as originally proposed,²⁵ would support a three-year base investment in flexible predevelopment funding designed to jumpstart a pipeline of community-level resilience projects, offer competitive predevelopment funding for projects of regional and national significance and catalyze the needed, long-term shift to performance-based infrastructure funding by the federal government.

The fund would support local technical assistance grants and loans to rapidly develop community-led projects while acting as a catalyst for investment-ready resilience partnerships. As noted earlier, existing predevelopment programs offering this form of technical assistance are either over-subscribed for large resilient infrastructure projects or hard-to-access for smaller communities who need this support to advance projects from concept to completion. Eligible infrastructure investments would include water systems, energy, transportation, broadband, housing, and natural infrastructure projects alone or in combination with these other investments.

The fund would address local capacity and barriers that impede a pipeline of shovel-worthy projects and help communities reform broken public procurement systems that fail to create the incentives for long-term resilience and timely maintenance. This investment in life-cycle asset management²⁶ would also attract sidelined private capital into community infrastructure at greater scale because the political risks would be removed through predevelopment work.²⁷

²⁰ Commerce Department release, April 14, 2021. <https://content.govdelivery.com/accounts/USEDABulletins/2ccd92e>

²¹ <https://www.eda.gov/programs/university-centers/current-list/>. Note: EDA’s UC program includes four Historically Black Colleges and Universities (HBCUs)

²² See <http://www.taacenters.org/locations.html>

²³ Phillip Singerman, Repurposed Federal Economic Development Programs: A Practitioner Perspective, *Economic Development Quarterly*, May 2008.

²⁴ Public Works Employment Act of 1976, P.L. 93–369. Recognizing local fiscal conditions, EDA program grants covered 100% of the costs of predevelopment and actual construction. CRS Report, *Economic Development Administration: A Review of Elements of Its Statutory History*“ CRS R41241, June 3, 2011, pages 12–13.

²⁵ <https://www.milkenreview.org/articles/the-case-for-an-infrastructure-predevelopment-fund>

²⁶ American Society of Civil Engineers, *Changing The Infrastructure Equation: Using Asset Management to Optimize Investments* https://www.asce.org/uploadedFiles/Issues_and_Advocacy/Infrastructure/Content_Pieces/changing-infrastructure-equation-report.pdf

²⁷ NRDC, *Taking the High Road to More and Better Infrastructure*, 2016 <https://www.nrdc.org/sites/default/files/taking-high-road-more-and-better-infrastructure-ip.pdf> Also see:

Stand Up Regional Resilience Centers. Congress could further leverage its investment in local capacity by linking the Predevelopment Fund to a nationwide network of regional acceleration centers, housed at EDA. These Regional Resilience Centers would accelerate capacity-building on the ground, transfer best practices and successful models among states and regions, and promote federal whole-of-government closer to where projects are developed.

Although it is no secret that Congress has been considering a “national infrastructure bank” for 15 years, an idea predicated on the prevalence of Hoover Dam-scale projects, studies show these projects are relatively limited.²⁸ EDA Regional Resilience Centers, however, could focus on innovations that America needs now, like broadband for remote work, energy-efficient hospitals, and modern water management systems. These Regional Centers could house project finance and technical assistance teams, acting as expert leads to help communities successfully build one of the replicable projects on the EDA resilience project short-list.

Whether it’s a region where there is too much water, not enough water, or another location-specific resilience challenge, going regional would bring resources and performance accountability closer to the ground, as recommended in recent reports by the Kinder and Milken Institutes.²⁹ A regional delivery strategy for federal engagement would allow communities to act quickly to deliver on the most pressing projects in their region without being slowed down by federal programmatic requirements, funding silos that don’t fit post-COVID community priorities, or local matching requirements that make it harder for smaller and underserved communities to access the technical assistance they need to innovate.

Link Funding To Performance Improvements. Access to predevelopment funding would hinge on a commitment to evaluating economic and equity outcomes as well as to long-term performance improvements in key economic resilience criteria, such as life-cycle asset management, budgeting, and other fiscal best practices. As noted earlier, based on past economic studies by EDA and EPA, each \$1 spent on predevelopment will generate \$16–20 in total economic outcomes and funding leverage.³⁰

Match Fund Size to Community Need. Because a diverse set of groups, from the American Society of Civil Engineers and the Local Initiatives Support Corporation to the Natural Resources Defense Council and the Center for Rural Innovation, are calling for expanded predevelopment investment,³¹ the Milken Institute was asked recently: exactly how much predevelopment support is needed right now to jumpstart more projects?

Based on our analysis, the benefit of/the case for a \$15–25 billion predevelopment fund to jumpstart community, state, and regional-scale innovation over the next three years is easily supported by the data.

We compiled estimates on the national need for flexible predevelopment funding based on two methods. One looked at historical and projected gaps between municipal bond spending on infrastructure and known gaps, using the more conservative estimates prepared by Oxford Research.³² The other method was compiled working with project finance experts who are already funding and financing high-demand infrastructure project types, such as community broadband, community micro-grids, and other projects. Each method confirmed that on-the-ground predevelopment demand far exceeded \$15 billion. Based on past studies by the EPA and the EDA, we would expect \$16–20 in benefits to flow from each \$1 spent on predevelopment, or \$240–320 billion in total benefits accruing from a \$15 billion fund.

European Investment Bank, “European PPP Expertise Center,” 2016, www.eib.org/epcc/ (accessed May 2, 2016).

²⁸ U.S. Treasury, 2016: 40 Proposed U.S. Transportation and Water Projects of National Significance <https://www.treasury.gov/connect/blog/Documents/final-infrastructure-report.pdf>

²⁹ Kinder Institute, 2021. A Bottom-Up Strategy for American Renewal. <https://kinder.rice.edu/research/bottom-infrastructure-strategy-american-renewal> Milken Institute, 2021. Accelerating Infrastructure Investment Across the Country <https://milkeninstitute.org/reports/infrastructure-investment>. US DOT Regional Infrastructure Accelerator Program, 2021 <https://www.transportation.gov/buildamerica/financing/tifia/regional-infrastructure-accelerators-program> Harvard Ash Center, Government Innovations, <https://www.innovations.harvard.edu/west-coast-infrastructure-exchange>

³⁰ EPA: <https://www.epa.gov/brownfields/brownfields-program-environmental-and-economic-benefits> EDA: <https://www.eda.gov/performance/>

³¹ Letter to Congressional Leaders, January 25, 2021. See: <https://milkeninstitute.org/sites/default/files/2021-01/LettertoCongressThValuoPredevelopmentInvestmentForStrengtheningandSustainingU.S.Infrastructure.pdf>

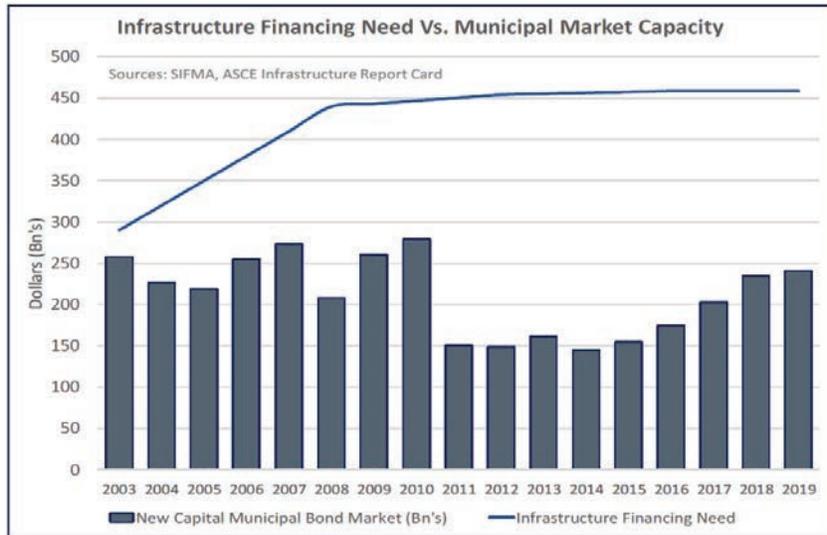
³² Oxford Global Infrastructure Report, 2017 U.S. data is drawn from pages 65 and 148 for the key US data.

Estimate #1: Predevelopment Needs Based on Oxford Economics Gap Analysis

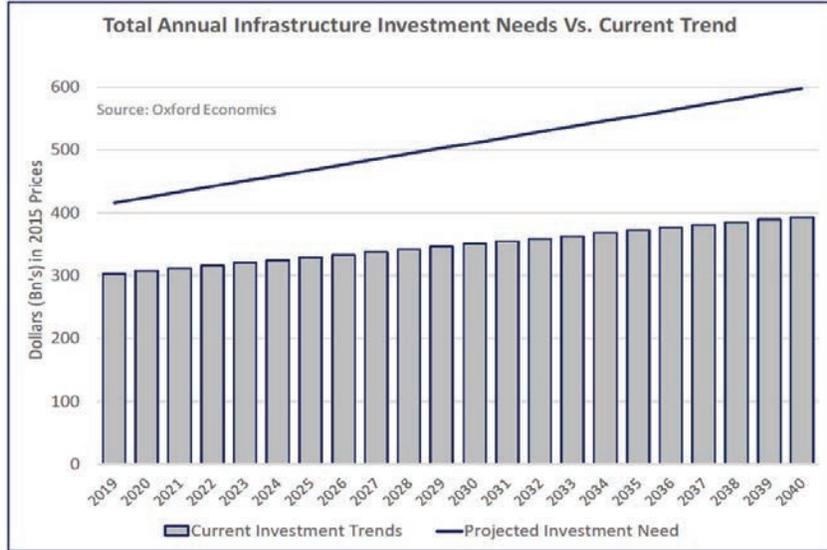
Charts 1 and 2 below indicate a gap between municipal spending in the United States and the need of about \$200 billion for 2019; municipal spending is projected to fall short by an average of \$162 billion annually between 2020 and 2040 based on the Oxford data.

These charts are based on Oxford Research’s more conservative analysis of U.S. infrastructure needs). Chart 1 assessed the gap between actual municipal infrastructure spending based on data from the Securities Industry and Financial Markets Association and then looked at projected gaps based on current municipal trends and the Oxford needs estimate (Chart 2).

Based on average predevelopment costs of 10% of capital costs,³³ an additional \$15 billion or more in predevelopment funding would lead to a minimum of 9x in infrastructure spending, not including any additional economic multiplier effects or project investment due to market standardization. As we have already seen with solar installations, this standardization is likely to produce additional investment.



³³ Predevelopment costs generally range between 7–12% of final capital cost at ribbon cutting, depending on the project type. Based on sources from our project developer database, 10% is our working rule of thumb for cost and need estimation.



Estimate #2: Predevelopment Needs Based on Replicable Project Category Estimates

We reached out to project finance experts to aggregate estimates of predevelopment need and impact for a set of high-demand projects that communities are asking for where skill set and project development funding are unavailable.

The table below summarizes the aggregated data for predevelopment for the four high-demand use cases we analyzed.

Project Type	Aggregated Estimates
Multi-Purpose Community Center/Emergency Center with micro-grid for small communities to be located at 130,000+ schools, hospitals, or in other multi-purpose facilities.	Project size: \$5–20 million. \$5M x 30,000 projects = \$150B Projected Predevelopment Costs: \$15B
E.V. Charging Stations for advanced mobility and equity services in urban neighborhoods, specifically commercial business centers.	Project Size: \$2–12 M Total Costs (Based on White House goal for 500K E.V. Chargers): \$10.7 Billion* Projected Predevelopment Costs: \$1.07 Billion
Broadband for rural coops nationwide	Project size: \$5–100 M Number of rural coops: 838 Projected Predevelopment Costs: \$1.7 billion Source: Post Road analysis, based on EIA data

Project Type	Aggregated Estimates
Water projects for (a) rural, upstream conservation infrastructure implementations to improve downstream municipal water quality and urban and/or coastal green infrastructure to address flooding, stormwater, sea rise, and waste recycling or sewer outflows.	Advanced wastewater treatment needs estimates from EPA for 18 target states on (a) is \$11.333 B The combined national need on (b) for “combined sewer overflow” and “stormwater management” is \$67.2 B Projected Predevelopment Costs: \$7.8 B
Predevelopment Needs for 4 Major Use Cases	\$25.5 billion

IV. CONCLUDING RECOMMENDATIONS: EDA NEXT

As Congress wisely considers big and bold investments to make our nation’s infrastructure globally competitive and equitable to all, we must also ensure that a small portion of new spending is carved out to incentivize long-term resilience and infrastructure system performance for both public and private infrastructure.

Without the right carrots, sticks, and technical assistance capacity investments designed to promote better infrastructure outcomes, we won’t be able to overcome the multi-trillion-dollar deferred maintenance funding gap that existed long before the pandemic, let alone marshal the trillions we will need by 2050 to address climate change and extreme weather. *That’s because a fix for what ails us is not just a question of how much we spend but also how well we buy and maintain these life-cycle investments.*

In my testimony today, I have proposed that EDA use its existing funding and authority to deliver focused support to communities seeking critical resilient infrastructure projects, such as emergency centers with micro-grids, broadband, critical water systems, and regionally-demanded projects in each of its six regions.

Moving forward, as the Committee assesses the future for EDA and EDA reauthorization, I believe a return to its roots as a unique project accelerator is advised. With additional funding and direction from this Subcommittee and Congress, EDA can catalyze a growing pipeline of next-generation, community-scale infrastructure projects, promote better local best practices, and break down federal agency silos over time. These would be wise investments to make.

While the critical performance shifts we need for better U.S. infrastructure cannot happen overnight, these challenges and opportunities can be addressed realistically in stages. It begins with the proposed three-year investment to help distressed communities now with predevelopment support and the creation of Regional Resilience Centers to find cross-modal efficiencies and lift up equitable outcomes.

Thank you for bringing attention to these critical issues and for the opportunity to testify here today. I am happy to answer any questions you may have.

Ms. TITUS. Thank you. It is always good to have some academic input into anything that we consider. I appreciate that.

We will now move on to Member questions. Each Member will be recognized for 5 minutes. And I will start by recognizing myself.

Mr. Peterson, you and Mr. Carol both mentioned this need for predevelopment funding. We know there is pencil-ready, there is shovel-ready. Now we are hearing predevelopment, something I think we need to learn more about. I don’t know if you want to jump in there, Mr. Peterson, and add to what Mr. Carol was saying.

Mr. PETERSON. Yes, I would be happy to. Thank you so much for the question.

Here is what I know. Every community has a list of potential projects that remain on the shelf because they don’t have the initial resources to get the ball rolling. So a dedicated source of predevelopment project funding would allow communities to access

critical resources that would help them get more of those projects off the shelf.

Also, staff capacity is a major issue, likely as much as project funding, that could be addressed through this type of a pilot program. It is critically important that communities have access to the resources that can make all those great projects in our comprehensive economic development strategies a reality, so they are not just well-conceived, well-intentioned ideas.

So we need to address that space between the plan and getting to the finished product that we all want. Capacity building, in my mind, including predevelopment funding, would go a long way.

Mr. CAROL. If I could just add to that, Madam Chair, so we have available more detailed language on the types of predevelopment elements that happen after planning has determined the needs. But I think here—and I am happy to share that with the committee, in addition to the written testimony—I think here are just a few examples.

There are existing predevelopment programs. EPA brownfields is a perfect example. Only the public sector will remediate a site that can then lead to private development and create a lot of activity. The TIGER bill, now RAISE program, is another example for large projects, where cities like Las Vegas and others can do innovative projects. Both of those programs are always oversubscribed.

And I think the other element I would put out there, the committee has done some great work around the FEMA BRIC program, which is a great example of helping communities access funding that is there for resilient infrastructure projects. But there is a \$600,000 State cap on technical assistance, so each State only has \$600,000 to help communities access money that is there—grant writers, down the line—what Jonas was saying—that is actually cutting off communities from getting funding that is already there. So skipping that predevelopment step after planning is unrecommended.

Ms. TITUS. Thank you, very interesting. I would go back to you, Mr. Peterson, since you are in Las Vegas and have seen the devastating impact of COVID on travel and tourism. Can you share with us some of the things that you all are doing that we might consider, as we look at reauthorization, now that EDA has a special set-aside for communities hit by downturns in this area?

Mr. PETERSON. Thanks again, Chairwoman Titus, for the question.

So in southern Nevada—so the Las Vegas Convention and Visitors Authority really takes the lead on all things tourism. But, as the regional economic development group, we very much are strategically aligned, and partner on a variety of projects.

So here is what I would share. It is absolutely critical that we get America's tourism economy firing on all cylinders again. A lot of damage has been done. And Chairwoman Titus, as you know, we have definitely seen that damage here, in Las Vegas. So investments in health and safety infrastructure, investments in tourism infrastructure, I think, will prove essential. Flexibility is important here, because communities look so different.

We definitely appreciate the set-aside funds for tourism communities impacted by the pandemic, and I would submit Congress

should consider speedy, equitable distribution of those funds to help tourism reemerge, really, in a way that benefits those markets like Las Vegas that have a very recognized brand, but also our small and medium communities, even emerging markets.

Ms. TITUS. Yes, you don't have to have the famous Las Vegas Strip to be a tourist destination, you can have some place of natural beauty, some historic site. I think someplace in Kansas has the world's largest ball of twine. There is always something somebody wants to see. So we need to encourage it in other places, as well as Las Vegas, certainly.

Well, thank you, both of you, for those good answers. We will now go to Mr. Webster for questions.

[Pause.]

Ms. TITUS. Unmute.

Mr. WEBSTER. OK, is that better? Am I on now?

Mr. Peterson, you recommended support for the capacity building at a local level, and the chairman also asked about that same thing. Can you talk more about what types of resources are needed and why, and where in the mix of projects, or whatever it is, do those kick in?

Do they start early? Give me a little idea about that.

Mr. PETERSON. Yes, great question. Again, thank you.

You know, I think capacity building is critically important. Let me give you a very specific example, and that would be in my organization, the Las Vegas Global Economic Alliance.

As a result of the pandemic, we have seen cuts to some of our funding sources and, as a result, to balance our budget we have had to pull back in some areas, including operations staff. So I think there is very much a need for capacity building in terms of staff for operations that will allow economic development organizations to make more projects become a reality.

And again, I can't emphasize enough that so many communities across the country have incredible comprehensive economic development strategies, where I think we need the help in capacity building, some of that predevelopment project funding, to better scope out projects, get the ball rolling, and then capacity building for staff and resources directly to EDOs to help them make those projects become a reality.

Mr. WEBSTER. OK, Mr. Carol, along the same lines there, it seems like I am hearing the same thing, but maybe it is not. Can you give us some examples of why predevelopment support was mentioned, and how does that differ from what we just talked about?

Mr. CAROL. Sure, so—and I think, as an engineer, Representative Webster, you can certainly understand, there is that initial phase of what outcomes do we need to buy, in terms of the size of a wastewater treatment plant, or any level of service, and then there is how do you actually make the project happen. And those steps, to decide what technology, what design, where are you going to do it, assembling the land, those are all the things that have to happen before a municipal bond deal is done, or before a public-private partnership is done, or before even a grant is gotten.

A good example, I think, would be in northern California there is the Blue Lake Rancheria microgrid center that was built in

2018. This is a new technology to use microgrids in a community center. It was a, I believe, \$6.2 million deal. At least \$1½ million was predevelopment to do something that now thousands of communities want: a small hospital, a school building, a place to go where you can charge your phone and sleep after the next flood, fire, or alien invasion.

That is new technology that needs a certain type of expertise, and the same, really, with broadband, because there are different sizes of broadband deals that—I think we could stretch broadband investment by using predevelopment to make sure that we have—here are the different tiers of projects that you can do.

Mr. WEBSTER. So I got that, but you listed off several places where money is needed. It's one thing applying for a grant, going through a process, getting that. On the other hand, there are a couple of places along the way, including what we are doing here, where speed wins. So how do you balance that?

Sometimes you can't have enough time to do maybe predevelopment, or whatever you want to call it. Or is it that we are not starting soon enough?

Mr. CAROL. Well, in my full written testimony, what I am identifying is right now infrastructure in the U.S., our \$2 trillion deferred maintenance gap is a procurement problem. We buy the low-cost capital bid with no plan to maintain it, and have been doing that for decades across red and blue States, and I think—

Mr. WEBSTER. Oh, we are great at that.

Mr. CAROL. Excuse me?

Mr. WEBSTER. We are great at that.

Mr. CAROL. And so, if we could use the predevelopment carrot as a way to incentivize communities to think what is the life-cycle outcomes that we want to buy, in terms of vehicle-miles traveled or broadband delivered, I think that is where EDA could play a real innovative role as kind of an initial startup engine to think about this life-cycle resilience, particularly for post-COVID infrastructure needs in some categories that everyone is demanding at high scale, including broadband.

Mr. WEBSTER. Thank you very much, and I yield back.

Ms. TITUS. Thank you. We will go to Ms. Norton for 5 minutes.

Ms. NORTON. Thank you, Madam Chair. This question is for Mr. Peterson.

As you know, Mr. Peterson, communities taking advantage of EDA's planning resources often lack the human and the financial resources to implement those plans. I was interested in the notion you indicated of a pilot program. How would that benefit economic developers?

Mr. PETERSON. Thank you so much for the question. I think it goes—the concept of the pilot program that we have in mind goes to exactly what you said, the financial but also the human needs of organizations to build capacity with economic development groups in a variety of ways.

And once again, flexibility, I think, is important here, but designed around getting more of those projects that are scoped out, are in those great plans, to fruition. So operations, project funding, staffing, and staffing that has multiple years to see projects to fruition, I think, is important. I can speak for my organization when

we look at grants. We don't need them to last forever, but we do need a time horizon that allows us to staff up, implement, and staff back down without disrupting the organization.

So those are the areas that we see are critically important. Thank you.

Ms. NORTON. I think that if that pilot program was spread across the board, it would be very helpful.

Mr. Peterson, may I ask yet another question? You are in a position to address racial and socio-economic inequality. And you describe that in your testimony. Could you elaborate as to how EDA, in particular, can provide more opportunities to those who are underserved?

Mr. PETERSON. Well, another excellent question. Thank you. And I will share, on behalf of IEDC, this is an issue that is near and dear to our hearts. So we have built equity, as a priority, into our programs, our services, our planning—everything we do as an organization. From an EDA point of view, I appreciate the efforts that are already underway to look at underserved communities.

I love the idea of doing even more to get the word out. I think it is—it amazes me how often parts of our community don't know about the great resources already available through EDA, and so I think more can be done there.

And then I think we need to take a systematic look at how we prioritize projects to make sure we are hitting the right areas that address a critically important equality issue.

Ms. NORTON. Thank you very much.

I have a special interest in climate change. And Mr. Carol, I have a question for you.

Climate resiliency is a key goal of the Transportation and Infrastructure Committee on which I serve. In your testimony you illustrate how EDA, in particular, can play a role in that. Why is it important for EDA to be involved in the fight against climate change?

What does it bring to the table, what does EDA bring to the table, that other agencies and funding sources lack or do not?

Mr. CAROL. Thank you very much for the question. I guess I would answer it in two ways.

One, what we are seeing on the ground is the—if you are a local or State official, it is the integration of modes, so there is a bunch of great Federal programs. Sometimes they are siloed. And if you are a local official trying to put together—and you know, 25 sources of capital, it is super hard. That is one of the skill sets that Jonas Peterson was talking about that is missing. And so EDA, because it is multimodal, is able to help with that.

I mentioned the example of, really, what we are hearing from many communities around the country, is that they want an emergency microgrid public building. Is it a library? Is it a school? Is it a rural health center? Does it involve broadband? It is all of those things.

And so we are seeing a lot of new types of community-scale projects—energy-efficient wastewater, we have all these wastewater facilities, that are usually the largest energy user, built in the 1970s. There are dams and levees, waste to value.

So EDA has this regional footprint, which is great. We have regional innovation strategies they have developed. And as they look

and scan for where are—I sort of see this as: EDA can create a food truck offering, you know, these are the six types of projects in highest demand, and we can help you with those, rather than—particularly with the ARPA money, the rescue plan money, to be able to spend that out in the next, you know, 18 months is not going to—looking at thousands of projects, I don't think, would be as efficient.

Ms. NORTON. Thank you very much, Madam Chair.

Ms. TITUS. Thank you. You know, we are hearing from these answers—this is what we heard from the Secretary earlier, and it reinforces that need for maybe some of us to get staff to come out and do roundtables or townhalls in our district to [inaudible] some of these communities about just what is available.

We now go to Mr. Guest.

Mr. GUEST. Thank you, Madam Chairman.

Mr. Hawkins, I want to speak with you about the importance of rural broadband. I know that that is contained within the essence of your report. You say in there that Farm Bureau has continued “to advocate for significant investment to support broadband deployment in rural communities.”

Then you go to list out very eloquently that “the coronavirus pandemic has only exacerbated and made more apparent the need for rural broadband in rural communities as employees shifted to working from home, school districts closed and resorted to distance learning platforms, and patients sought healthcare through telemedicine platforms.”

Then you go on to say “farmers and ranchers depend on broadband just as they do highways, railways, and waterways to ship food, fuel, and fiber across the country and around the world. Many of the latest yield-maximizing farming techniques require broadband connections for data collection and analysis performed both on the farm and in remote data centers.”

Then lastly, you say, “however, 29 percent of U.S. farms have no”—and again, you say “no”—“access to the internet.”

And so, Mr. Hawkins, if you will for just a moment, could you please expand on, again, how important broadband infrastructure is to the agriculture and ag industry suppliers, especially how they relate to rural remote communities?

And then also speak, if you will, about what Congress can do to expand the availability of broadband to rural America.

Mr. HAWKINS. Thank you, Congressman, for the question. I would say one of our members summed it up best for me the other day, when he described broadband as the invisible thread that connects agriculture, our rural communities, and our urban centers. It truly is key, as we talk about economic revitalization across rural America.

And so, if we have learned anything as a result of the pandemic, we saw several things. In our communities, especially my hometown of 1,100 people, we saw very quickly that, while we have service, the need is great. The service that we have for high-speed internet, essentially, goes from the east to the west city limits of Appleton. And for our farm families that live outside of town, data plans were quickly getting used up on cell phones, as families scrambled to try to help their kids adjust to the new way of life and get through school. And so, quickly, we learned yet again, just

at the home level, how important it is to keeping things going, from an education standpoint.

In our community and in our county, we have roughly about 17 percent poverty. And we do have a real issue with substance abuse. And, as we talk about—as a health community, as we talk about telemedicine, I mentioned in my testimony that unreliable internet is the biggest impediment for us to utilizing telemedicine. And the number-one service we need is access to mental health services, followed by cardiac services. So it is not like we can't find a provider. It is being able to do it via the internet in a reliable fashion.

And then finally, as we think about the farm gate, you know, when we saw supply chains break down during COVID, and when, for the first time, some Americans went to a grocery store and saw a near-empty meat case, it led everyone to be reminded that they depend on us, as farmers and ranchers, three times a day, at least, right?

And so I can assure you that the kink in the supply chain wasn't at the farm gate. We had plenty of product. We had plenty of animals. We had plenty of crops. The issue was at the processing site. But what we learned is that we have farmers who are willing to adjust to use the internet and to reach consumers directly. That is why we started a meat processor database within our Missouri Farm Bureau website, so that our farmers could connect with consumers and vice versa.

So time and time again, we see opportunities with basic broadband service. As we think about the future of agriculture, what we don't know, we don't know. There are farmers who have access to high-speed internet who are clearly at the head of the curve, in terms of adopting cutting-edge technology. Then you have folks like my grandfather, growing up, that still used a spiral-bound shirt pocket notebook, that would do his data collection in that notebook, and then crunch the numbers on the back of a Post Toasties box. So we span everything in agriculture, and that is what truly makes us so incredibly diverse, as well as resilient.

So bottom line, though, is we talk about bringing home the next generation to our communities and to agriculture. High-speed internet is critical, absolutely critical to agriculture, to entrepreneurship, to healthcare, to education. It is that thread of life that our rural communities need.

Mr. GUEST. Mr. Hawkins, thank you so much for being with us today. And please pass along my thanks to all the farmers, particularly those related to Farm Bureau that work so hard every day to feed America. Thank you again.

Mr. HAWKINS. Thank you.

Ms. TITUS. Commissioner, you mentioned the internet in your comments. Do you want to weigh in on this question?

Mr. ELIASON. One of the things that is important to understand is that the FCC needs to modernize its data collection. So when you look at the maps that are being used, it is important to understand that using census block is not a good way to figure out where the service areas are.

We are putting a lot of money out there for broadband development, and we have to make sure that we implement it in a manner where it actually goes to the best service. There have been a lot

of restrictions by States to local development of the broadband service. So it is something that we have to work from our side to try to get those of us that don't have providers that are not investing in the local areas, especially rural areas, because they are not as financially profitable to be able to get those. So there is a lot of work to be done.

But as we go through the process of implementing the moneys, it is important to make sure that the money actually gets built, and it gets used and done, because it is not only accessibility, but affordability. So there are two sides to that coin, when it comes to the development of rural broadband. So it is important to understand.

We did a study here, in our Buckeye Hills Regional Council, and it turned out it was going to be \$8 billion to get fiber to all the homes, because we are in a hilly area, so you can't use satellite, and you can't use some of the other things out there that are available in areas that have much more line-of-sight availability. So it is really an expensive proposition, so we have to make sure we take a look at that.

And I can tell you lots of stories about kids having to go to McDonald's and Wi-Fi hotspots here in our county to try and get their work done. So they are falling behind. And that happens in a lot of rural areas because they don't have the accessibility.

Ms. TITUS. Thank you. Thank you very much.

Miss González-Colón, is she still with us?

[Pause.]

Ms. TITUS. Well, while we wait for her, I would just go back and ask Ms. Cooper.

You mentioned the SPRINT grant that you got with a university campus there in your area. Could you talk a little bit more about your relationship with the university, and how the university can help with the Economic Development Administration, and that whole kind of scenario?

Ms. COOPER. Oh, absolutely. Thank you so much for the question.

We are very fortunate to have Northern Kentucky University as, not only a great educational institution, but a great partner in our region. I had mentioned the data analytics. We have an incredible economic data center there that our businesses rely on, that we rely on, so that we can make proper decisions. Local government, small businesses, and our large businesses all partner together with this university to try and not only address the needs of our region as a whole, but individual business issues that may come up, so that they can grow and develop.

The entrepreneurship piece of it is huge. It is going to be an incubator for entrepreneurs, where they can come and not only help develop their project, but also take that idea, and take it to commercialization. And those of you who work with entrepreneurs know that that is always a step that folks struggle with. They have the idea, they know what they want to do, but having that support system around them, and having that ability to take that project to commercialization is something that is key. And it often keeps a great idea and a great entrepreneur from becoming a success story.

So we are really excited about this opportunity, and this EDA investment will help us work with these folks through our revolving loan fund. Once they get these ideas, we can take them, work with them, with their business plans, and take them to that next step. So it is really exciting.

Ms. TITUS. It sounds like it. And I have talked to the economic development folks here at UNLV, and they are working on something similar, with the incubator and then the accelerator, I think they called it. You know, get the idea, and then push it out there, and then it becomes part of the business world. So it really can make a difference. So thank you for that.

Any further questions from any of the Members, Mr. Webster?

We are good?

Mr. WEBSTER. We are good.

Ms. TITUS. What?

Mr. WEBSTER. I just said I am good.

Ms. TITUS. OK.

Mr. WEBSTER. It was a great, great, great hearing.

Ms. TITUS. Well, thank you all very much. I think it has been a good hearing. We got some good information to use, and we are all excited on both sides of the aisle about reauthorizing the EDA, and we have seen what kind of good work it can do in the time of a disaster, or just in sponsoring and helping us to develop when times are good. So thank you. Your comments have been very helpful.

I now ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

I also ask unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members or witnesses to be included in the record of the hearing.

Without objection, so ordered.

And so we will be talking to you all again, I am sure, as we move forward with this effort.

And now the subcommittee stands adjourned, thank you.

[Whereupon, at 3:58 p.m., the subcommittee was adjourned.]

SUBMISSIONS FOR THE RECORD

Prepared Statement of Hon. Sam Graves, a Representative in Congress from the State of Missouri, and Ranking Member, Committee on Transportation and Infrastructure

Thank you to Chair Titus and to today's witnesses.

I also want to welcome Mr. Hawkins, President of the Missouri Farm Bureau. His knowledge and work in Missouri will help us better understand how we can better position EDA to support farming businesses and economies.

EDA was created in a time when a lack of traditional infrastructure—like water, sewerage, or roads—prevented many distressed communities from attracting businesses and jobs. Unfortunately, many areas still have these challenges. And to make matters worse, many rural communities now have the added challenge of a lack of broadband connectivity.

While EDA can and has funded certain broadband projects, updating EDA's authorities to remove hurdles to more viable projects is critical.

Last Congress, I introduced H.R. 6491, the E-BRIDGE Act, to do just that so that more broadband projects could be considered by EDA. I look forward to working with Members of the Committee and stakeholders as we prepare to reintroduce this legislation.

Letter of April 27, 2021, from Morgan W. Reed, President, ACT/The App Association, Submitted for the Record by Hon. Daniel Webster

APRIL 27, 2021.

The Honorable DINA TITUS,
Chairman,

House Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings, and Emergency Management, Washington, DC 20515.

The Honorable DANIEL WEBSTER,
Ranking Member,

House Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings, and Emergency Management, Washington, DC 20515.

Investing In America: Reauthorization of the Economic Development Administration

DEAR CHAIRWOMAN TITUS, RANKING MEMBER WEBSTER, AND MEMBERS OF THE SUBCOMMITTEE,

We applaud this Subcommittee for its examination of the dynamics of economic development, with tomorrow's hearing, "Investing in America: Reauthorization of the Economic Development Administration." ACT/The App Association (the App Association) is the leading trade group representing small mobile software and connected device companies in the app economy, a \$1.7 trillion ecosystem led by U.S. companies and employing 23,910 in Nevada and 237,090 in Florida alone.¹ Our member companies create the software that brings your smart devices to life. They also make the connected devices that are revolutionizing healthcare, education, public safety, and virtually all industry verticals. They propel the data-driven evolution of these industries and compete with each other and larger firms in a variety of ways, including on privacy and security protections.

¹ ACT/THE APP ASSOCIATION, STATE OF THE U.S. APP ECONOMY: 2020 (7th Ed.), available at <https://actonline.org/wp-content/uploads/2020-App-economy-Report.pdf>.

App Association members exist all over the world and in a wide variety of geographies due to the mobile nature of the digital ecosystem. In rural and suburban areas, accelerators and incubators are particularly integral because they provide a cluster of resources that wouldn't otherwise be available to startups and fledging developers. These resources include everything from venture capital and office space to things as fundamental as a stable broadband connection. Moreover, the app ecosystem often takes the shape of a "hub and spoke" system in each locality where it flourishes, where accelerators and incubators serve as hubs that support the software and device companies branching off as spokes.

The United States Economic Development Agency (EDA) has a regional focus in bringing economic development initiatives to localities. The App Association believes the EDA can play a key role in deploying broadband to rural and underserved communities as part of the Subcommittee's priority to foster robust economic growth.

I. STATE OF PLAY AT THE ECONOMIC DEVELOPMENT AGENCY

The EDA exists both to provide capital to localities to spur business development in their regions and to bolster local infrastructure as a means to facilitate economic development.² Capital is provided through EDA grant programs such as Economic Adjustment Assistance (EAA) grants, intended to "fund market and environmental studies, planning or construction grants, and capitalize or recapitalize revolving loan funds (RLFs) to help provide small businesses with the capital they need to grow."³ The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the EDA with \$1.5 billion for economic development assistance programs to help communities respond to COVID-19. Although this funding is nearly five times the recent annual appropriation for EDA,⁴ the COVID-19 pandemic is undoubtedly a disastrous event that occurred at such scale it will take considerable gains in productivity to recover lost economic output. An article published by McKinsey & Company earlier this year makes a poignant point on this:

"Just as 19th-century farmers needed roads and railroads to participate in the broader economy, today's Americans need digital to do the same. Too many cannot, either because of a lack of high-speed access (78 percent coverage in rural areas at the beginning of 2019) or lack of affordability. In terms of education, such deficits are likely to have damaging long-term effects, particularly on Black, Hispanic, and poorer schoolchildren, whose parents are also the most likely to have been economically hurt by the COVID-19 crisis. For both economic opportunity and racial equity, then, broadening digital access should be a high priority."⁵

II. BROADBAND AS INFRASTRUCTURE AND THE VALUE OF PUBLIC-PRIVATE PARTNERSHIPS

One way to boost productivity and bridge gaps in equity is through investing in digital infrastructure. The App Association supports Eliminating Barriers to Rural Internet Development Grant Eligibility (E-BRIDGE) Act (H.R. 6491/S. 3648, 116th) because this legislation would ensure that economic development organizations, in public-private partnerships or through consortia, can use Economic Development Administration grant funds to support broadband deployment. The legislation addresses a significant issue in broadband deployment via public-private partnerships because most internet service providers (ISPs) operate for-profit. Although EAA grants can be used for broadband deployment, EDA regulations only allow non-profits access to grants and explicitly exclude for-profit organizations from access to these grants—even if a for-profit is working with a non-profit in a partnership.

A change to existing law is necessary due to the many benefits of public-private partnerships and consortia. One way public-private partnerships are optimized is the private sector brings the efficiencies and resources to address the issue at hand.

²U.S. Economic Development Administration Value Proposition Statement, *available at* <https://www.eda.gov/about/Value-Proposition.htm>

³Economic Development Administration Economic Adjustment Assistance Program one-pager, *available at* <https://www.eda.gov/pdf/about/Economic-Adjustment-Assistance-Program-1-Pager.pdf>

⁴"The Economic Development Administration and the CARES Act (P.L. 116-136)," CONGRESSIONAL RESEARCH SERVICE, (April 2, 2020), *available at* <https://crsreports.congress.gov/product/pdf/IN/IN11303>

⁵"America 2021: Rebuilding lives and livelihoods after COVID-19," MCKINSEY & COMPANY, (February 16, 2021) *available at* <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/america-2021-rebuilding-lives-and-livelihoods-after-covid-19>

Meanwhile, the public sector minimizes the risk assumed by the private sector by ensuring there will be a use for the resources the private sector coordinated. An example of how this might work can be found in the creation of federal office buildings. The federal government (public sector) will hire a management company (private sector) to build the building. By agreeing upfront to be the building's tenant for a number of years, the government offsets the risk the management company faces in not having tenants. A similar argument could be made in the deployment of broadband. However, as stated previously, ISPs are usually for-profit entities and it is not clear in current law whether their status precludes projects in which they participate from eligibility for EAA grants.

Moreover, there have been impressive gains in broadband deployment through consortia such as Microsoft Corporation's Airband Initiative—where a total of 633,000 previously unserved people gained internet access since 2017.⁶ However, partnerships within the private sector can only go so far: meaning, they will only go so far as it makes sense for the bottom line. Public-private partnerships have the potential to go much further—especially in addressing issues of equity—and could be a mechanism through which any infrastructure package⁷ addresses the issue of broadband access.

III. FEDERAL ECONOMIC DEVELOPMENT SUPPORT UNLOCKS KEY BENEFITS FOR COMMUNITIES

The app economy itself and the problem-solving efforts of our member companies illustrate the need for broadband deployment and grant funding to benefit partnerships centered on internet connectivity in specific ways.

Telehealth

One such use case for broadband is telehealth (live audio and video interactions between patients and caregivers), which Americans adopted quite rapidly in the early days of the COVID-19 pandemic. And while the data collected after the beginning of the pandemic is instructive, research before it began has shown that digital health tools like telehealth help improve the quality of care and help manage costs. For example, the University of Mississippi Medical Center (UMMC), a member of the App Association's Connected Health Initiative,⁸ used telehealth as a means to reach patients with heart disease, obesity, cardiovascular disease, or diabetes well before the pandemic. In 2015, UMMC established a pilot diabetes telehealth program, which provided 100 rural Mississippians suffering from diabetes with wirelessly-connected glucose monitors to manage their treatments. By wirelessly bringing their doctors and guidance to them, 96 percent of patients complied with their medications. Moreover, they saw a decrease in blood glucose levels among participants, and no diabetes-related hospitalizations throughout the pilot.⁹ The savings weren't only measured in quality of life: these same first 100 patients collectively saved an incredible \$336,184 in healthcare costs. Using this data, cost analyses estimate that if 20 percent of Mississippi's diabetic population were enrolled in the telehealth program, it would save the state \$180 million in Medicaid dollars.¹⁰

In a similar project, the University of Virginia (UVA) Health System, another Connected Health Initiative member, conducted a diabetes management program for rural patients involving remote patient monitoring. Over six months, the patients' mean hemoglobin A1C levels (a marker for diabetes control) dropped from an uncontrolled 9.9 percent to a much more manageable 7.7 percent.¹¹ In Senate HELP Com-

⁶Microsoft Airband Initiative website: <https://www.microsoft.com/en-us/corporate-responsibility/airband>

⁷Fact Sheet: The American Jobs Plan, THE WHITE HOUSE, (March 31, 2021), *available at* <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/>

⁸Connected Health Initiative website: <http://www.connectedhi.com/>

⁹ACT/The App Association, "Tuning into Telehealth: How TV White Spaces Can Help Mississippi Tackle the Diabetes Epidemic," (July 20, 2017), *available at* <https://actonline.org/2017/07/20/tuning-into-telehealth-how-tv-white-spaces-can-help-mississippi-tackle-the-diabetes-epidemic/>

¹⁰Connected Health Initiative, "Testimony of Morgan Reed, Executive Director, The Connected Health Initiative, Before the U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP) Subcommittee on Primary Health and Retirement Security," (Sept. 25, 2018), *available at* <https://actonline.org/wp-content/uploads/CHI-Testimony-Health-Care-in-Rural-America.pdf>

¹¹ACT/The App Association, "PSA: Healthcare Tech Isn't Just at the Doctor's Office—It's on Your Wrist," (August 22, 2019), *available at* <https://actonline.org/2019/08/22/psa-healthcare-tech-isnt-just-at-the-doctors-office-its-on-your-wrist/>

mittee testimony in July 2020, Karen Rheuban of the UVA Karen S. Rheuban Center for Telehealth summarized the steps UVA had taken to establish telehealth services before the pandemic:

“Prior to COVID–19, we facilitated more than 100,000 telemedicine-related patient services using high definition video teleconferencing, monitored more than 11,000 patients at home, screened more than 18,000 patients with diabetes for retinopathy, the number one cause of blindness in working adults, and through our electronic medical record, EPIC, facilitated more than 12,000 e-consults between providers.”

As a result, UVA was well-positioned to switch in-person appointments to virtual, converting more than 45,000 in-clinic patient appointments to virtual patient visits beginning in mid-March of 2020.¹² This bears repeating: seemingly overnight UVA converted from in-person to virtual nearly half the total previous telehealth appointments.

These telehealth benefits are only possible with meaningful solutions to broadband access issues, where today nearly 30 million Americans do not have sufficient access.¹³

Agriculture

Another use case for broadband is precision agriculture. Besides serving on the Federal Communications Commission’s Task Force for Reviewing the Connectivity and Technology Needs of Precision Agriculture in the United States,¹⁴ the App Association has member companies in the precision agriculture space.

SwineTech, located in Cedar Rapids, Iowa, created an internet of things (IoT) device that helps alleviate the strain that piglet crushing has on the agriculture industry. Founded in 2015, SwineTech created SmartGuard, a wearable device that senses when there may be a crushing event and encourages the sow to move through sound and vibration.¹⁵

App Association member company involvement in precision agriculture goes further than just farmstock. Founded in 2017 and headquartered in Fargo, North Dakota, Bushel is an agricultural technology company that provides a subscription-based web and mobile application specifically designed to harness reliable data for every level of the grain supply chain. The Bushel platform has more than 2,000 grain facilities that are active users including producers, retailers, and processors of grain. The platform covers contracts between grain facilities and their producers with an included e-signature capability to handle business on their app—including scale tickets, contracts, cash bids, and more.¹⁶

It is widely known that the broad adoption of the internet unleashed a wave of economic activity previously unknown to mankind. The benefits of the internet, however, are only accessible to those with a reliable broadband connection. The hub and spoke infrastructure of the app ecosystem lends itself well to the EDA grant model this Subcommittee oversees, as even smaller grants to connect the hubs could have an outsized impact on job growth in the app economy in your districts. For any of this promising technology to reach its full potential, rural and underserved communities must have access to broadband, and the EDA can facilitate partnerships to make this happen.

Sincerely,

MORGAN W. REED,
President, ACT/The App Association.

¹²“Testimony of Karen S. Rheuban, Director, University of Virginia Center for Telehealth, Before the U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP) Committee,” (June 17, 2020), *available at* <https://www.help.senate.gov/imo/media/doc/Rheuban.pdf>

¹³Bridging The Digital Divide For All Americans, FEDERAL COMMUNICATIONS COMMISSION, *available at* <https://www.fcc.gov/about-fcc/fcc-initiatives/bridging-digital-divide-all-americans>

¹⁴Task Force for Reviewing the Connectivity and Technology Needs of Precision Agriculture in the United States, FEDERAL COMMUNICATIONS COMMISSION, *available at* <https://www.fcc.gov/task-force-reviewing-connectivity-and-technology-needs-precision-agriculture-united-states>

¹⁵SwineTech website: <https://swinetechtechnologies.com/>

¹⁶Bushel website: <https://bushelpowered.com/>

Fact Sheet, "Bringing Broadband to Rural Ohio," Submitted for the Record by Witness Hon. Lenny Eliason, Commissioner, Athens County, Ohio, on behalf of the National Association of Counties



Connecting
Appalachia

Closing the Digital Divide
Executive Summary

BRINGING BROADBAND TO RURAL OHIO

Appalachian Ohio needs a robust network that reaches all households and can support 30+ years of growth.

Fiber-to-the-home is the only solution that can do this.

WHAT IT WILL COST

To run fiber to all locations known to have less than 25Mbps/3Mbps, it will cost:

- *\$497 Million for 57,873 households* in the eight Buckeye Hills counties (Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry, Washington)
- *\$2.26 Billion for 265,831 households* in all 34 Appalachian counties

HOW TO MAKE IT WORK

Subsidized networks must be robust and open, funding must be transparent and accountable, and awards should go to the best value based on capacity and reliability, rather than lowest bidder.

- *Robust:* Networks must meet national standards for capacity, reliability, scalability, and support.
- *Open:* Designs must allow multiple providers to compete on an even footing. This works best when the network is built by a public-private partnership.
- *Transparent:* Recipients must provide full transparency, with quarterly public reports that include detailed lists of all locations served or passed.
- *Accountable:* Funding agencies must verify progress via public-partner or third-party testing/inspection before releasing payments, with substantial penalties for providers who overstate availability or performance.

MORE DETAIL AVAILABLE

A brief with more detailed recommendations is available from Connecting Appalachia. To request a copy, contact Tom Reid at tom@connectingappalachia.org.



APPENDIX

QUESTIONS FROM HON. DINA TITUS TO DENNIS ALVORD, ACTING ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT, ECONOMIC DEVELOPMENT ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Question 1. During your testimony before the House Appropriations Committee's Subcommittee on Commerce, Justice, and Science on April 21, 2021, you stated that 53% of the Economic Development Administration's (EDA) Coronavirus Aid, Relief, and Economic Security Act (CARES) funding went to existing grantees. How can Congress assist EDA in expanding its applicant pool in order to partner with new organizations?

ANSWER. In implementing the CARES Act, EDA deliberately invested heavily in existing grantees in order to quickly and effectively address the pandemic by building local capacity through the development of resiliency development plans and the funding of regional disaster recovery coordinators. EDA was also able to support communities by providing immediate access to capital to hard hit small businesses. EDA recognizes that the role our partner organizations play is vitally important in keeping the economy thriving. We are committed to working with you to determine how we can expand our core constituencies in a manner that will enhance those organizations' ability to continue their essential work in their communities. As Congress considers EDA reauthorization, we would welcome the opportunity to engage directly on this important topic.

Question 2. Within their Comprehensive Economic Development Strategies (CEDS), EDA requires communities and Economic Development Districts (EDDs) to incorporate the concept of economic resilience, including the ability to withstand the impacts of natural disasters and climate change. With EDA's updated investment priorities in mind, does EDA plan to require consideration of concepts like equity and sustainability in future CEDS?

ANSWER. EDA looks forward to working with the Administration pursuant to President Biden's Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, to identify and continue to embed equitable principles and approaches across the bureau, consistent with EDA's mission to empower distressed communities through revitalization and diversification of local economies. Additionally, EDA will review its policies and actions to ensure they do not create barriers to participation by eligible institutions seeking grants from EDA, particularly those that have not previously applied to or been awarded grants by EDA or those that plan to provide assistance to underserved communities.

EDA encourages communities and organizations that are developing or updating their CEDS to address the concept of resilience in a way that works best for their region, and to embrace a broad concept of resilience that may include issues of sustainability such as the impacts of natural disasters and climate change. Although already suggested as a potential way to address the resilience requirement within the CEDS, more information on climate resilience—including suggested tools and resources—will be incorporated in a forthcoming update to the CEDS Content Guidelines to encourage regions to consider climate when thinking about how to address resilience in their CEDS.

In addition, the CEDS Content Guidelines also recommends that equitable development—including engaging the region's vulnerable and/or underserved populations in the planning process—be included in the development and implementation of the CEDS. It is anticipated that more information on engaging underserved populations will also be included in future versions of the CEDS Content Guidelines.

Question 3. EDA makes investments in economically distressed communities to promote innovation and accelerate long-term sustainable economic growth. Is EDA taking steps to build expertise in sustainable development? Is EDA working with

other government agencies or congressionally chartered foundations to ensure EDA-funded projects are climate-conscious and sustainable?

ANSWER. EDA has a long-standing history of supporting environmentally sustainable development, beginning with our partnership with the Environmental Protection Agency and other federal agencies on brownfields redevelopment, continuing with our development and implementation of the Global Climate Change Mitigation Incentive Fund during the Obama Administration, and more recently through adoption of our Environmentally Sustainable Development investment priority.

EDA strongly believes that investments in environmentally sustainable economic development are essential to improving our Nation's competitiveness, and that green versions of its traditional grant-based investments are a key driver to advancing and growing the economy. By encouraging environmentally sustainable economic development, EDA helps to cultivate innovations that can fuel green growth in communities suffering from economic distress. Through investments in emerging regional clusters related to energy, cutting-edge environmental technologies, green building practices, and sustainable communities that connect jobs to workers through smart location choices, EDA is well-positioned to foster job creation by limiting the Nation's dependence on fossil fuels, enhancing energy efficiency, curbing greenhouse gas emissions, protecting natural systems, and encouraging resilience to the climate crisis.

EDA operationalizes the notion that improvements in environmental quality can drive economic growth through our Environmentally Sustainable Development investment priority. The Environmentally Sustainable Development investment priority promotes job creation and economic prosperity through projects that develop and implement green products, processes, places and buildings. While such projects enhance environmental quality, it should be noted that the environmental benefits are ancillary to the projects' economic development impacts.

EDA, through the Environmentally Sustainable Development investment priority, seeks to support green economic development projects that will result in one or more of the following: the development or manufacture of a green end-product; greening of an existing function or process creation of, or renovation to, a green building; and support or enhancement of a green place or location.

Question 4. How effective are the current Federal criteria for economic distress? What statutory changes, if any, could be made to improve economic distress criteria to ensure adequate assistance is awarded to the communities that needs it most?

ANSWER. EDA's statutory criteria for determining economic distress—per capita income and 24-month unemployment rates—directly relate to EDA's mission to raise the standard of living for all citizens and communities and are, therefore, useful for identifying communities in need of assistance. Like all statistical measures, those two criteria also have limitations, and there are other measures of distress that Congress may wish to consider. EDA will be happy to provide technical assistance on this issue if it is a matter the Committee wishes to pursue further.

QUESTIONS FROM HON. JOHN GARAMENDI TO DENNIS ALVORD, ACTING ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT, ECONOMIC DEVELOPMENT ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Question 1. Can you please confirm that the Economic Development Administration's (EDA) grantmaking authorized under the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.) is not currently subject to any "Buy America" requirements? Note that I am referring to domestic preference requirements for local procurement, not the federal government-wide Buy America Act, which only applies to direct federal procurement and not grantmaking for local projects.

ANSWER. There are no statutory requirements that apply Buy America requirements to EDA grants. Executive Orders 13858, Strengthening Buy-American Preferences for Infrastructure Projects, and 14005, Ensuring the Future is Made in All of America by All of America's Workers, however, apply to EDA grants and require EDA to encourage grant recipients "to use, to the greatest extent practicable, iron and aluminum as well as steel, cement, and other manufactured products produced in the United States in every contract, subcontract, purchase order, or sub-award that is chargeable" to the grant (EO 13858). That policy was reaffirmed in EO 14005.

Question 2. Can you confirm that neither the \$3 billion appropriated by Congress under the American Rescue Plan Act (Public Law 117-2) nor the \$1.5 billion under the CARES Act (Public Law 116-136) for EDA grantmaking is subject to "Buy America" requirements?

ANSWER. It is correct that no statutory Buy America requirements are applicable to funds appropriated to EDA under those Acts. The requirements of Executive Orders 13858, however, apply to these funds. EDA also has a long history of supporting Buy America goals through the implementation of its grants and actively encourages its recipients to maximize the use of domestic sources. For example, every EDA grant contains an award condition encouraging recipients “to use, to the greatest extent practicable, iron and aluminum as well as steel, cement, and other manufactured products produced in the United States in every contract, sub-contract, purchase order, or sub-award that is chargeable under this Award.”

Question 3. Can you confirm that since the Buy American Act only applies to direct federal procurement, this means that President Biden’s Executive Order #14005 has no force and effect on EDA’s future grantmaking?

ANSWER. President Biden has made clear his support for Made in America provisions through the issuance of Executive Order 14005 in the first two weeks of his Presidency. That order is not limited to the Buy American Act, and several of its provisions are applicable to EDA. EDA will continue to diligently implement current executive orders on Buy American requirements, as well as any future orders.

Question 4. As this Subcommittee prepares the first major EDA reauthorization in more than 15 years, I believe Congress must consider amending the Public Works and Economic Development Act (42 U.S.C. 3121 et seq.) to add permanent, statutory “Buy America” requirements for all EDA grantmaking. This is likely the single most significant federal program under the full Committee’s jurisdiction still lacking statutory “Buy America” requirements. Acting Assistant Secretary Alvord, will your agency commit to provide technical assistance on how best to add statutory “Buy America” requirements in any forthcoming EDA reauthorization legislation?

ANSWER. EDA will be happy to provide technical assistance and commits to working with your staff on addressing this important issue.

QUESTION FROM HON. DINA TITUS TO LISA COOPER, EXECUTIVE DIRECTOR, NORTHERN KENTUCKY AREA DEVELOPMENT DISTRICT, ON BEHALF OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Question 1. In your testimony, you discussed the value of the Economic Development Administration’s (EDA) Partnership Planning Program. How would expansion of EDA’s Partnership Planning Program assist local communities as they look to reassess their Comprehensive Economic Development Strategies (CEDs) and reevaluate their plans for economic recovery?

ANSWER. One of the key responsibilities that Economic Development Districts (EDDs) across the country are tasked with by the U.S. Department of Commerce Economic Development Administration (EDA) is to lead a regional economic development planning process that leverages the involvement of community stakeholders and public, private, and non-profit sectors. EDDs are responsible for developing a strategic “roadmap” for economic development and regional collaboration, known as a Comprehensive Economic Development Strategy (CEDs), which becomes the foundation for regional community and economic development projects. This foundation is essential in order to ensure that economic development projects that are subsequently undertaken are strategic. The CEDs process also lays the initial groundwork to ensure that local community stakeholders have input into projects that are ultimately undertaken and implemented, and to ensure the long-term sustainability of community development efforts and initiatives. Ultimately, the CEDs is designed to guide the economic prosperity and resiliency of a geographic region, and the CEDs provides a coordinating mechanism for individuals, organizations, local governments, industry partners, and other stakeholders to engage in a meaningful conversation and debate about the economic direction of their community.

There are 392 EDA-designated EDDs across the country. In FY 2021, Congress appropriated \$33.5 million for “Partnership Planning,” of which \$30.7 million was provided by EDA to EDDs to support the planning process. Split among 392 EDDs across the country, each EDD receives roughly \$70,000 annually to carry out the planning and CEDs process. This relatively small annual amount of \$70,000 is barely enough to cover one qualified full-time staff person along with the necessary resources to support their role and work. Furthermore, the dollar amount that each EDD receives from EDA has not increased in well over a decade. And in order to receive this annual amount, EDDs must provide matching funds. Congressional action is needed to increase resources for the Partnership Planning program, to allow for sufficient administrative capacity and staffing to support the CEDs planning process and for EDDs themselves. The amount of resources provided for planning should be reflective of the foundational nature of the planning process and its im-

portance, and should also be reflective the importance of EDA's core partners, the EDDs themselves and their sufficient staffing and administrative capacity.

In addition to the regular development and updating of their CEDS, EDDs also provide technical assistance services, planning support, and other general support to the municipalities and counties within their regions. Many rural, underserved, and/or economically distressed areas in particular benefit from these services that they would otherwise not be able to afford outright. EDDs assist with the development of comprehensive plans, feasibility studies, federal grant applications, and many other community support services. These planning and administrative functions are important because they help ensure the efficient use and effective deployment of federal resources. An expansion of the EDA Partnership Planning program in support of these undertakings would bolster the capacity of EDDs and enhance the effectiveness of their work.

The impact of the pandemic should also factor into the reevaluation of EDA Partnership Planning program. Over the past year, in response to the pandemic, many already underserved and economically distressed communities have been faced with unprecedented challenges and have had to pivot in many ways, including by reinventing aspects of how residents live, work, study, travel, convene, and receive healthcare and other support services. As a result, communities have had to change or reevaluate aspects of their strategic plans and the ways that they operate. Even as the pandemic comes to an end, communities will have to continue to evolve and respond to new circumstances brought about by the changes and upheaval of the past year, and will be called upon to sustain a long-term response to the economic injury that has resulted from the pandemic. As a result, the Partnership Planning program is more important than ever, not only to support the traditional elements of the planning process, but also to support reevaluation and reinvention of existing protocols.

Ultimately, an overall expansion of EDA's Partnership Planning program and resources would support more strategic planning processes, from which more strategic economic development initiatives can eventually evolve and grow. An expansion of the Partnership Planning program's resources would allow for enhanced administrative and staffing support within the EDDs, as well as a more wide-reaching public input process that encompasses a larger and more diverse subset of community stakeholders, thereby supporting greater equity and enhanced inclusivity throughout the planning process. Increasing resources for Partnership Planning would also support the use of more advanced technological tools and allow for communities to undertake more data-driven planning processes (i.e. would allow for more robust analysis of data, and could also allow for investments in important technology such as Geographic Information System (GIS) mapping and planning software), laying the groundwork for more valuable and informative assessments of long-term regional trends, economic drivers, migration patterns, employment and industry data, and other factors and changes that are impacting the region. Ultimately, a more robust, ambitious, and strategic planning process creates the foundation for more robust, ambitious, and strategic initiatives, projects, and community investments, and increases the chances of community development efforts having long-term success.

QUESTION FROM HON. DINA TITUS TO JONAS PETERSON, PRESIDENT AND CHIEF EXECUTIVE OFFICER, LAS VEGAS GLOBAL ECONOMIC ALLIANCE, ON BEHALF OF THE INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

Question 1. In your testimony, you described the possibility of a pilot program within the Economic Development Administration (EDA) to improve regional capacity building. Can you elaborate on how you envision the structure and operation of this program, as well as the benefits such a program could provide to local communities?

ANSWER. To help communities advance economic development strategic plans and CEDS, seize economic development opportunities, promote economic resiliency, and create inclusive local economies, we support the establishment of a capacity building program in the reauthorization of the Economic Development Administration. The Local Economic Capacity Building program should include the following components:

1. Technical assistance for expanding local capacity to understand, access, and successfully utilize EDA resources and other federal economic development resources.
 - a. Develop and execute a training program to help local economic development professionals and community stakeholders better understand EDA's resources, as well as all other federal economic development programs and resources.

- b. Create EDA staff positions in Washington and the 6 regional offices to act as technical assistants for communities seeking federal economic development resources. EDA should act as a clearinghouse for local economic development professionals and community stakeholders on all federal economic development programs in order to promote greater outcomes for the community while also promoting leveraging resources and collaboration among the federal agencies involved in economic development. A one-stop source of information would greatly increase local understanding and utilization of federal resources and yield better economic futures for residents.
 - c. Offer grant funding for on-going research on best practices in utilizing federal economic development programs and resources which can be used to improve program performance and continued training for local economic development professional and community stakeholders.
 - d. These resources should be available to all communities, though special attention should be paid toward reaching severely distressed communities and first-time partner communities.
2. Grant funding for expanding local professional capacity to execute economic development strategic plans, CEDS, or otherwise expand a community's ability to develop a robust, resilient and sustainable local economy.
 - a. Establish a grant to fund economic development staff positions at eligible organizations—defined as those currently eligible to receive grant funding from EDA, including economic development organizations, non-profits, state and local governments, tribes, and economic development districts. Funding this effort will provide communities lacking human capital to execute economic development strategic plans and CEDS, respond to economic disruptions or seize opportunities as they arise with resources to hire economic development professionals. Success in this effort should be measured in both economic outcomes and if the community receiving funding is able to sustain the position through local funds after the grant period has ended.
 - b. This funding should be available to communities meeting distress criteria defined by EDA or be located in a federally declared disaster area.
 - c. Offer no-match funding for 3 years to fund an economic development staff position; allow extension to 5 years with 25 percent local match in year 4 and 50 percent local match in year 5. If the position becomes permanent and funded locally after year 5 and remains so for 24 months, EDA will return the local match funds from years 4 and 5.
 - d. Require work plans and goals for the created position; work plans and goals should include specifics on how the funded position will integrate and collaborate with existing economic development efforts within the community.
 3. Dedicated funding for pre-development finance to support critical funding gaps between project concept and project execution.
 - a. Establish a grant to fund pre-development activities that will move projects from concept to execution.
 - b. Dedicated funding for pre-development finance is necessary in a competitive environment where funding for projects further along in the process or past the pre-development stage altogether often overshadow those in the pre-development phase.
 - c. This funding should be available to communities meeting distress criteria defined by EDA or be located in a federally declared disaster area.
 - d. Grants should be no-match funds in order to reach communities most in need and in reflection of the entrepreneurial nature of pre-development activities, for which it may be harder to secure funding.
 - e. Each of EDA's 6 regional offices should receive an appropriate allocation of an annual sum of not less than \$75 million to fund pre-development activities.
 4. Robust, simplified and transparent reporting for all Local Economic Capacity Building funded grants.
 - a. Require annual reporting from grant recipients that highlights project goals and outcomes. Report requirements should be designed to capture information that supports successful project execution, overall grant program successes and challenges and broader economic development data, while also providing for transparency and accountability.
 - b. Detailed reporting requirements should be shared with grant recipients upon award notification at the latest; ideally, they would be included in the notice of funding opportunity.
 - c. Reports should be collected in as simplified a manner as possible, utilizing the latest available technology for online reporting.

- d. EDA should make report data available to the public in aggregate and individually by grant as soon as appropriate, but not later than 90 days after collection, through EDA.gov.

In addition, IEDC fully supports the proposal from the Milken Institute to establish a pre-development fund dedicated to advancing vital infrastructure projects that would otherwise languish in search of pre-development financing. Our nation is in critical need of infrastructure investments that will get projects moving forward and put people back to work. The Milken Institute's proposal would provide resources and direction for EDA to play a unique, leading role in this effort by leveraging EDA's existing work in infrastructure and their existing bottom-up network of local economic developers and infrastructure projects.

IEDC thanks the committee for their continued leadership, interest and support for economic development. We welcome the opportunity to continue our discussions as we work together to reauthorize the Economic Development Administration.

QUESTIONS FROM HON. DINA TITUS TO DAN CAROL, DIRECTOR, MILKEN INSTITUTE
CENTER FOR FINANCIAL MARKETS

Question 1. You spoke at length regarding infrastructure predevelopment costs in your testimony. How much should Congress invest in predevelopment in the next few years? What are the net benefits of such an investment?

ANSWER. As Congress wisely considers bold investments to make our nation's infrastructure globally competitive and equitable to all, Congress should consider setting aside a small portion of new spending to incentivize long-term resilience and better infrastructure system performance.

A substantial body of research outlined in my full written testimony [<https://transportation.house.gov/imo/media/doc/Carol%20Testimony.pdf>] finds that the key investment Congress can make to move U.S. infrastructure systems from 19th-century creakiness to 21st-century performance is predevelopment funding.

Shifting America's infrastructure systems and project pipeline towards resilience and performance will not be easy. We will need a series of strategic investments, beginning with predevelopment funding, to deliver better outcomes and reduce our multi-trillion dollar deferred maintenance gap over the next three to ten years. Our macroeconomic estimates of infrastructure funding gaps to 2050, provided to the Subcommittee, found an annual need of over \$200 billion per year.

To reverse these trends, we therefore recommend an initial investment in predevelopment performance incentives for \$15 billion over three years. The proposed predevelopment fund would address local capacity and barriers that impede catalyzing a pipeline of shovel-worthy projects and help communities reform broken public procurement systems that fail to create the incentives for long-term resilience and timely maintenance.

Our \$15 billion recommendation is based on an analysis we conducted looking at high levels of community demand for infrastructure projects, such as rural hospitals with micro-grids, community broadband partnerships and projects of unique or regional significance that do not easily fit current funding programs. For example, a predevelopment program to help 25% of the nation's 130,000 schools, rural hospitals and public emergency centers to be able to deploy micro-grids and offer broadband services during emergencies would alone cost \$15 billion.

The payback however, will far outweigh the pay-for. Based on past studies cited in my testimony looking at the value of predevelopment commissioned by the U.S. Economic Development Administration and the U.S. Environmental Protection Agency, we would expect \$17–20 in economic activity to flow from each \$1 spent on predevelopment. That would mean up to \$300 billion in total benefits could be generated by the \$15 billion federal predevelopment fund we have proposed.

These analyses do not measure additional benefits that flow from predevelopment investments over their life-cycle, including added resilience and equity benefits or reduced climate and taxpayer risks. A report from a U.S. Treasury Working Group [<https://www.treasury.gov/resource-center/economic-policy/Documents/Build%20America%20Recommendation%20Report%201-15-15%20FOR%20PUBLICATION.pdf>] found that although predevelopment costs only account for a small percentage of total costs, predevelopment activities have considerable influence on which projects will move forward, where and how they will be built, who will fund them, and who will benefit from them. Other analyses find that predevelopment investments can attract sidelined private capital into community infrastructure at greater scale because the political risks would be removed through predevelopment work.

Nor does this consider how essential this capacity is to underserved and smaller communities which find it hard to access either federal grant programs or attract

potential impact capital investors without predevelopment funding to turn a good idea into an investment-ready project.

The predevelopment fund would support local technical assistance grants and loans to rapidly develop community-led projects while acting as a catalyst for investment-ready resilience partnerships. As noted in my testimony, existing predevelopment programs offering this form of technical assistance are either over-subscribed for large resilient infrastructure projects or hard-to-access for smaller communities who need this support to advance projects from concept to completion.

A recent practical example of interest to this Subcommittee's jurisdiction which highlights the need for expanded predevelopment and technical assistance funding involves the excellent new integration efforts under the FEMA's Building Resilient Infrastructure and Communities (BRIC) program. Many states are reporting that the \$600,000 limit for capacity support to local governments is limiting the number of communities with the expertise and skill set to write and access project grants.

That is why a diverse set of groups, including the International Economic Development Council (IEDC), U.S. Chamber of Commerce, National Association of Manufacturers, Rural Community Assistance Partnership, Council of Development Financing Agencies, Farm Conservation Alliance, National Association of Counties, National League of Cities, Natural Resources Defense Council, and the Coalition for Green Capital are calling for expanded predevelopment investment and the creation of regional resilience centers to accelerate best practices. The full sign-on letter is here [<https://milkeninstitute.org/sites/default/files/2021-01/LettetoCongressTheValueofPredevelopmentInvestmentForStrengtheningandSustainingU.S.Infrastructure.pdf>].

This investment would be fully compatible with IEDC's call for a Local Economic Capacity Building program to offer grants for technical assistance, training, and capacity to scale up best practices in utilizing federal economic development programs and resources which can be used to improve program performance.

Question 2. Your testimony called for the creation of six regional resilience centers at EDA to accelerate infrastructure project development and deployment. Can you explain how this would work? Where would these centers be housed and who would staff them? Would this be duplicative of proposals for a national infrastructure bank and clean energy accelerator?

ANSWER. In addition to a three year investment in predevelopment capacity to catalyze a resilient infrastructure pipeline in areas like broadband, community resilience, and energy and water system security, Congress could further leverage its investment in local capacity by linking a new predevelopment fund to a nationwide network of regional acceleration centers, housed within the six regions of the U.S. Economic Development Administration.

These regional resilience centers could accelerate capacity-building on the ground, transfer best practices and successful models among states and regions, and promote federal whole-of-government coordination closer to where projects are developed (see infographic [<https://milkeninstitute.org/sites/default/files/2021-05/InvestmentinInfrastructurePredevelopment.pdf>]). This investment would also be complementary with various ideas being considered in parallel by Congress to create either an Infrastructure Financing Facility, a national infrastructure bank or a clean energy accelerator. Each of these financing proposals will require a steady pipeline of shovel-worthy and investment-grade projects, which will depend on lifting up regional best practices and investing in local predevelopment.

As outlined in my full written testimony, EDA's experience in investing in a wide range of public works and economic development projects in infrastructure "modes" including water, energy, dams and levees, broadband and rural transportation make the agency well-suited for the task of piloting this bottom up shift in best practices at the local, state and federal levels. Each EDA regional center's goal would be to promote cross-agency collaboration, multistate partnerships, and direct training for best practices to scale and accelerate the use of predevelopment investments by states, counties, and other units of local government. Whether it's a region where there is too much water, not enough water, or another location-specific resilience challenge, going regional would bring resources and performance accountability closer to the ground.

A regional delivery strategy for federal engagement would allow communities to act quickly to deliver on the most pressing projects in their region without being slowed down by federal programmatic requirements, funding silos that don't fit post-COVID community priorities, or local matching requirements that make it harder for smaller and underserved communities to access the technical assistance they need to innovate.

We envision that these regional centers would be (1) flexible in how they were set up within each EDA regional office; (2) accountable for spending performance

evaluation and learning; (3) highly focused in what each center would choose to fund based on data and demand; but (4) share a common set of resilience definitions and investment standards.

REGIONAL CENTERS: FLEXIBILITY

Each of the six proposed regional resilience centers would house project finance and technical assistance teams tasked with helping communities successfully advance replicable and resilient projects based on distinct regional resilience challenges and available predevelopment funding.

We would recommend that each EDA Regional Director, in consultation with the EDA Assistant Secretary, decide how best to stand up this functionality, either within the Regional Office, or housed within another institution or entity or implementation partnership within the region. Because of the need for specialized skill sets that may not exist within EDA's existing regional staff or funded entities within each region (EDDs and UCs), EDA's Regional Directors should also be given the flexibility to create new project acceleration entities that could offer unique service delivery capacities that do not currently exist in the region.

REGIONAL CENTERS: PERFORMANCE AND EVALUATION

To leverage program learning and long-term fiscal impact from new investments in predevelopment and regional resilience acceleration centers, Congress should link funding to an iterative learning agenda to support continuous improvement of the functioning and performance of programmatic investments. For example, following a three-year operating period, EDA should be required to submit to Congress a report that contains recommendations for performance incentives to encourage better lifecycle asset management for all infrastructure projects funded by the Federal Government.

This report should also assess how to best link federal predevelopment assistance and federal permitting improvements by state and local infrastructure project sponsors; whether a national public finance training center or a national infrastructure bank is needed to narrow the infrastructure funding and finance gap of the United States; and the need for resilient infrastructure circuit-riders to further reach under-served communities with critical project development expertise.

REGIONAL CENTERS: INVESTMENT FOCUS

EDA programs can be used for a wide range of infrastructure projects, which means that scores of communities will bring hundreds of good and not-so-good project ideas forward for grant funding. For the proposed EDA regional resilience centers, we would recommend that each center offer technical assistance for a focused menu of ready-to-go and replicable projects that are in high demand during the three year trial period. Each of the six EDA regional centers could offer a different menu of replicable resilience projects matched to differing regional needs and known data-driven demand.

As noted in my testimony, we know what some of those high-demand use cases are across the United States, such as community broadband and community emergency centers where thousands of schools, hospitals, and community colleges want to copy what the Blue Rancheria Tribe built in Northern California: a community emergency center with micro-grids and wi-fi, so there was a place to go after the 2018 wildfires.

REGIONAL CENTERS: COMMON STANDARDS

We would advise that there be a clear definition of resilient infrastructure systems and eligible project categories. In our view, "resilience" refers to the ability of infrastructure systems and projects, including their interconnected governmental, economic, financing and procurement systems, to provide sustainable, reliable, high-performance and well-maintained infrastructure services over the lifetime of an infrastructure asset. Resilient infrastructure systems and projects are distinguished by lifetime operations, maintenance, preparedness and early warning systems that manage the known and foreseeable risks of operations that can threaten system operation and service levels, due to accidents, natural disasters, extreme weather, shocks and threats to regional economies, including cyber-attacks and technology disruption.

In terms of project categories, we would suggest that each center ensure that funds are used to increase state and local capacity to achieve resilience objectives and accelerate project development and deployment in these areas:

- grid reliability, energy efficiency, and energy storage;
- new post-disaster response and public safety needs;
- water, transportation, and communications, including distance health and learning networks;
- critical post-COVID-19 community infrastructure needs and mission-critical public facilities.

Finally, as noted above, the creation of a predevelopment fund and companion regional resilience centers would be complementary to any of the infrastructure financing facilities now under consideration in Congress, from a national infrastructure bank to a clean energy facility or anything in between.

These regional resilience centers could also help supplement existing federal financing centers at DOT's Build America Bureau and the EPA's Office of Water Financing, which are operating successfully but are not being easily accessed by small-scale project sponsors under \$100 million in size. EDA regional resilience centers, however, could focus on community-scale projects in the \$5-75 million range where access to technical assistance and capacity is acute.

The proposed structure will be especially suitable for at least two critical new areas of wide-scale community demand, e.g., innovative broadband partnerships and emergency centers in schools, rural hospitals and disaster-prone neighborhoods to offer critical services during disasters and grid outages. Thousands of communities need this kind of technical assistance to develop these projects, and other unique regional projects.

In the long run, the project pipeline demand created by regional resilience centers and a predevelopment fund will likely fuel the creation of regional project portfolios of smaller-scale infrastructure projects that a national infrastructure financing facility could invest in directly, or act as a take-out investment vehicle to promote project bundling and impact investment.

The Milken Institute thanks the committee for their continued leadership, interest and support for economic development and public works. We welcome the opportunity to continue work together to reauthorize the Economic Development Administration and accelerate economic resilience and equity.