

Testimony of Lisa Cooper, Executive Director, Northern Kentucky Area Development District
Before the House Transportation and Infrastructure Subcommittee on Economic Development,
Public Buildings, and Emergency Management
Virtual Hearing | April 28, 2021

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 (RNTA)** 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.