



Testimony by

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Chairwoman Titus, Ranking Member Meadows, and members of the Subcommittee, it is a pleasure and a privilege to appear before you today to testify on behalf of the Economic Development Administration (EDA) in the Department of Commerce. EDA welcomes this hearing as an opportunity to discuss the role of the Department and the Federal Government in supporting economic development in economically distressed areas of this country.

President Trump has made restoring economic prosperity to all parts of this great Nation a priority, and under his direction we have seen manufacturing jobs return and employment increase to levels not seen in decades. A strong economy is critical to helping communities hit by natural disasters get back on their feet, and the President's policies on trade, tax reform, and regulatory streamlining are helping to ensure that economic outlook continues to improve. However, even with a strong economy the Federal budget is not unlimited, and every administration is faced with difficult decisions about how to address the numerous spending demands presented each year. To present a responsible budget that addresses the highest priorities, the President has recommended the elimination of numerous programs and a reduction

in funding for others. As you all know, one of the programs recommended for elimination is the EDA, and I am confident that the Administration can continue to provide necessary Federal support for communities through other federal agencies and in conjunction with State agencies.

However, EDA is presently operating under funding provided by Congress for the remainder of this fiscal year. As I embrace the role of Assistant Secretary, I am proud of the agency's reputation of fostering sustainable economic growth, cultivating job creation and encouraging innovative solutions that improve local and regional economic development outcomes. My focus as Assistant Secretary will be the continued fostering of economic growth by supporting job creation efforts, harnessing innovation and increasing capital investments in economically distressed areas, and preparing the agency to wind down operations and transition of its authorities within the Department of Commerce when the President's budget is approved.

EDA's Response to Trends and Priorities

EDA has been an integral part of the Administration's efforts to implement a new national innovation policy. We facilitate long-term growth strategies for communities and businesses through collaboration, providing a framework for discussion among all stakeholders. This collaboration will help regions assess their competitive strengths, design a strategy to bring together the technology, the human capital, and the financial capital it will take to compete, and to provide seed money for turning a region's unique strategy into reality. To highlight this work, the following program areas are our focus:

Disaster Recovery

EDA's role in disaster recovery is to facilitate the timely and effective delivery of Federal economic development assistance to support long-term community economic recovery planning and project implementation, redevelopment and resiliency. EDA coordinates regional disaster

recovery efforts in partnership with an extensive network of 391 Economic Development Districts (EDDs), 52 Tribal Partnership Planning organizations, University Centers, institutions of higher education and other partners in designated impact areas. In FY 2018, EDA made \$587 million available to eligible grantees in communities where a Presidential declaration of a major disaster was issued under the Stafford Act as a result of Hurricanes Harvey, Irma, and Maria, wildfires and other natural disasters in 2017. Towards that end, EDA has awarded over 71 grants totaling \$162.8 million to communities across the country that have been impacted by natural disasters. EDA continues to expeditiously evaluate proposals of qualifying communities.

Building off its key integration role, EDA, on behalf of the Department, also plays a crucial role as the designated Coordinating Agency of the Economic Recovery Support Function (ERSF) under the Federal Government's Natural Disaster Recovery Framework. In this capacity, EDA provides leadership and coordination for primary and support agencies, all of which share a role in the provision of grants, loans, training and other forms of assistance to support economic recovery efforts in disaster-impacted communities and regions.

Opportunity Zones

One of the Administration's key areas of focus that EDA helps support are Opportunity Zones, which were created as part of the Tax Cuts and Jobs Act. The Opportunity Zone incentive is designed to support new and small businesses, the development of blighted properties, investment in key local infrastructure projects, financing for facility construction or refurbishment, and a number of other activities. Opportunity Zones are a powerful vehicle for bringing economic growth and job creation to the American communities that need them the most. Secretary of the Treasury Steven T. Mnuchin has stated that it is anticipated that \$100

billion in private capital will be dedicated towards creating jobs and economic development in Opportunity Zones.

Recognizing the importance of this powerful new economic development tool, EDA was quick to act and made it as easy as possible for applicants within qualified Opportunity Zones to apply for EDA funding. As a result, EDA has already seen communities across the country utilize this eligibility category when applying for EDA grants. EDA's grants serve a critical function in Opportunity Zones, ensuring that communities have plans in place to direct investments strategically and facilitating the conditions that lead to economic success by building the basic infrastructure (e.g., sewer, water, road, broadband) that must be present before a company locates new jobs in the community. Since FY 2018, EDA invested close to \$7.3 million in 16 projects in Opportunity Zones to help communities and regions build the capacity for economic development. These included \$794,420 in three projects that, according to recipient estimates, are expected to create 400 jobs and attract \$19.6 million in private investment.

Advanced Manufacturing and Workforce Development

One of EDA's key investment priorities under this Administration is projects that support the planning and implementation of infrastructure for skills-training and related facilities that address the hiring needs of the business community—particularly in the manufacturing sector. This focus leads to investments in job-training facilities and innovations centers, particularly in areas experiencing rapid economic transition in their economies, such as coal-impacted communities. EDA also is focusing attention on emerging areas such as space commerce by building the basic infrastructure and skills-base that these industries need to thrive.

Regional Innovation Strategies

Finally, understanding that innovation is the backbone of our economy and that all citizens should be empowered to pursue the dream of entrepreneurship and be enabled to carve their own paths to prosperity, I want to end by mentioning EDA's Regional Innovation Strategies (RIS) program. This program allows EDA to award funds to a broad range of communities and entities to develop and strengthen high-growth, innovation-based regional economies. The program helps build regional capacity to translate ideas and inventions into products, services, companies, and jobs, through increased access to capital and entrepreneurial support, ultimately increasing regions' economic competitiveness. To date, RIS has awarded \$78 million in Federal funds and attracted an additional \$89 million in local matching funds across 180 projects in five grant competitions. As of March 2018, RIS projects have created or retained more than 8,200 jobs and attracted more than \$1 billion in follow-on startup capital.

Conclusion

Members of the Subcommittee, thank you for the opportunity to address EDA's efforts to enhance the global competitiveness of America's regions. I am proud of the agency's long history and its critical role in supporting communities needing to make long-term investments following natural disasters. I look forward to answering any questions you may have.