



Testimony by

**Mr. Dennis Alvord
Acting Assistant Secretary of Commerce for Economic Development
U. S. Economic Development Administration**

**U.S. House of Representatives, Committee on Transportation and
Infrastructure, Subcommittee on Economic Development, Public Buildings
and Emergency Management
April 28, 2021**

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.

