



Testimony by
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Management

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Introduction

Chairwoman Norton, Ranking Member Diaz-Balart, 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, preparing American regions for growth and success in the world-wide economy.* Through grants to local government entities and eligible non-profits to create jobs and generate private investment, EDA continues to seed our communities for success. Our investments create the conditions in which jobs are created, often in the midst of economic hardship or adjustment. At EDA, we are proud of the bureau's accomplishments and believe that we can continue our work to assist distressed American communities especially in the current economic climate.

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

American Recovery and Reinvestment Act Funding

As part of the American Recovery and Reinvestment Act (ARRA) of 2009, EDA received \$150 million to respond to areas of the nation that have experienced sudden and severe economic dislocation and job loss due to corporate restructuring. At the outset, EDA determined that our implementation strategy should give preference to projects that had the potential to quickly stimulate job creation and promote regional economic development, such as investments that support science and technology parks, industrial parks, business incubators, and other investments that spur entrepreneurship and innovation while contributing to sustained economic growth.

EDA immediately began implementation of the Act. By March 10, 2009, less than a month after the Act's enactment, EDA published a Federal Funding Opportunity (FFO) notice. In order to capture the most contemporary data on unemployment that were available and best represent current economic conditions, EDA staff developed a new allocation formula to distribute funds to each of our six regional offices. Specifically, this allocation dropped lagging economic indicators in favor of a single allocation metric, 3-month unemployment figures.

Although the legislation allowed for reservation and obligation of funds through September 30, 2010, EDA established a stretch goal to have all of the ARRA funding obligated by the end of FY 2009.

I am pleased to report that we have met that goal and have obligated the entire \$147 million program allocation as of September 25, 2009. I am also pleased to report that we did it wisely, funding projects that will help achieve the President's goals of spurring economic activity and creating jobs. The balance of \$3 million in available salary and expense funding will continue to be used for administration and oversight of EDA's ARRA awards.

With its ARRA appropriation, EDA funded 68 projects in 37 states, ranging from \$184K to \$6.4M, in areas most deeply affected by the recession across the country. Of these funds, \$141.3 M (96%) was awarded for construction projects.

These investments support a diverse mix of economic development activities, some of which are described below.

- **Approximately \$50 million for 23 projects to promote the development of regional innovation clusters, which leverage a region's existing competitive strengths to boost job creation and economic growth.**

For example, EDA invested \$4.7 million in the city of Santa Cruz, California to help create the Digital Media Center @ the Tannery, a business incubator for digital media companies. This high-tech business incubator will promote entrepreneurship and innovation and spur development of the region's media production industry cluster.

- **\$37 million for 13 projects to promote business incubation.**

EDA considers business incubators to be a key ingredient in creating an environment that promotes entrepreneurship and innovation. The bureau invested \$4.3 million in the city of Scottsburg, Indiana to create a Technology, Innovation and Entrepreneurship Center that will help incubate advanced manufacturing businesses. EDA has a longstanding tradition of supporting business incubators and regional innovation clusters, and will be strengthening this focus in the months and years to come. In fact, as part of his Fiscal Year 2010 budget request to Congress, President Obama called for two \$50 million special EDA initiatives – one to build a nationwide network of business incubators, and the other to help nurture regional innovation clusters across the country. We are encouraged by this focus and find it consistent with the results of recent EDA research as well as best practices in the economic development field overall.

- **\$27 million for 14 projects to promote green jobs.**

EDA provided \$800,000 to the Delaware Technical and Community College to construct a Green Building Technology and Alternative Energy Systems Training Center.

Investments of this type further EDA's continued efforts to stimulate the green economy.

At the direction of Congress, EDA established the Global Climate Change Mitigation

Incentive Fund in FY 2008 to advance the connections between economic

competitiveness and environmental quality. By utilizing independently developed

certification processes, EDA is able to verify that each Fund-related investment

effectively contributes to sustainability and mitigates associated environmental impacts.

- **\$11 million for 5 projects to promote trade and help connect regional economies to the opportunities offered by the global marketplace.**

EDA funded a \$2 million grant to the Georgia Ports Authority in Savannah, Georgia to enhance the Port's service capacity by increasing the number of containers that can be managed and maintained at the Garden City Terminal. This project will incorporate advanced technology and world-class best practices in the implementation of an innovative systems approach to strengthen port operations.

In addition to EDA's existing recipient reporting and performance standards, ARRA requires new measures for unprecedented accountability and transparency. We have directed our Regional Offices to develop specific outreach initiatives to assist our recipient partners in meeting these additional reporting requirements. EDA synthesized Office of Management and Budget (OMB) guidance on Recipient Reporting into clarifying guidance for both EDA Project Officers and EDA Recovery Act grantees. In addition, EDA developed Recipient Reporting check-lists for grantees to ensure that they fully comply with and verify the required information under the Act and for EDA Project Officers to ensure that they properly manage and verify all aspects of the reporting process. I am pleased to report that as we approach the end of the first recipient reporting period, 92.6% of EDA grant recipients have successfully reported.

Throughout this process, the EDA staff, both at headquarters and the field offices, have been untiring in their efforts. Their dedication and commitment has been outstanding, and I wish to congratulate them on this tremendous accomplishment.

EDA has had a long-term and very successful working relationship with you and the Committee. We remain eager to provide excellent service to the citizens of this country. As the Committee prepares for EDA reauthorization, I look forward to working with you. Your thoughtful suggestions and ideas as to how we can work together to ensure that EDA is optimally positioned to assist communities in these troubled economic times are greatly appreciated.

Conclusion

Chairwoman Norton, Ranking Member Diaz-Balart, and members of the Subcommittee, thank you for your time today and for inviting me to give an update on EDA's use of stimulus funds provided by the American Recovery and Reinvestment Act of 2009. I look forward to answering any questions you may have.