



**WRITTEN STATEMENT FOR THE RECORD**

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IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS  
AND PRESIDENT OF THE  
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS  
BEFORE THE  
U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

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**Thank you, Chairman Oberstar, Ranking Member Mica and members of the committee for the opportunity to testify today on the crucial role infrastructure investment plays in stimulating economic growth, especially in our nation's distressed and underserved communities.**

Our testimony will focus on the potential leadership role that the U.S. Economic Development Administration (EDA) should play in the federal economic recovery package pending before Congress. However, we also wish to express our strong support for more robust federal investments in our nation's brownfields, environmental stewardship, public buildings, transportation and water infrastructure programs, as outlined in the committee's *Rebuild America* proposal. All of these critical infrastructure assets serve as fundamental building blocks for our economic competitiveness and quality of life at the regional and local levels.

My name is Sharon Juon. I am the Executive Director of the Iowa Northland Regional Council of Governments, headquartered in Waterloo, Iowa. I also currently serve as President of the National Association of Development Organizations (NADO). My professional background includes more than 30 years of economic development experience in both the public and private sector, including ten years in my current position.

The **National Association of Development Organizations (NADO)** provides advocacy, education, research and training for the national network of 520 regional development organizations, including the 381 multi-county Economic Development Districts (EDDs) designated and funded by the U.S. Economic Development Administration (EDA). NADO members—known locally as councils of governments, economic development districts, local development districts, planning and development districts, regional councils and regional planning commissions—are focused on strengthening local governments, communities and economies through regional collaboration, comprehensive development strategies and program implementation.

Our nation’s regional development organizations manage and deliver a variety of federal and state programs. Based on local needs and priorities, programs may include aging, census, community and economic development, emergency management and homeland security preparedness, GIS, housing, small business development finance, transportation and workforce development. A policy board of local elected officials, along with business, education and citizen representatives, governs and sets the priorities for each regional organization.

The **Iowa Northland Regional Council of Governments (INRCOG)** is a voluntary association of local governments established by state law serving the member jurisdictions in Black Hawk, Bremer, Buchanan, Butler, Chickasaw and Grundy counties located in the northeastern region of Iowa. In addition to serving as an EDA-designated Economic Development District (EDD), INRCOG is responsible for coordinating, assisting and facilitating a variety of community and economic development, transportation, homeland security and emergency preparedness, housing and environmental programs that benefit local communities throughout the region. INRCOG manages both the Metropolitan Planning Organization (MPO) and Regional Transportation Planning Organization (RTPO) for our region, as well as delivers public transportation services.

**First, Mr. Chairman, the United States must make substantial, strategic and sustainable public investments in our economic development infrastructure if we are to keep pace with our global competitors, address mounting global climate change and energy resource demands, and help our private industries and entrepreneurs compete on the world stage.** Programs such as the U.S. Economic Development Administration (EDA) can play an instrumental role in creating short-term, high-quality construction jobs, while also acquiring the physical infrastructure and business financing needed over the long run to support and retain private sector firms and companies.

America’s ability to maintain and grow a world class economy is directly linked to our ability to improve and modernize our infrastructure assets and systems. Unfortunately, we are falling dangerously behind our global competitors in the level of strategic infrastructure investments needed to uphold our nation’s economic competitiveness.

As cited recently in *The Economist*, China is spending nine percent of its annual Gross Domestic Product (GDP) on infrastructure investments—many times above what America currently spends as a portion of our total economy. Most impressively, China’s investments are targeted at building modern, world-class expressways, intermodal facilities and ports, high-speed rail, airports, transit systems and industrial parks. At the same time, the European Union, Brazil, India and other developed and emerging nations are also redoubling their efforts to implement aggressive infrastructure improvement programs.

As explained by a representative of Cambridge Systematic, Inc., before the Senate Environment and Public Works Committee last year, there are several reasons why infrastructure matters in today’s economy, especially for the United States:

- **Consumption and Freight:** The U.S. population is expected to increase by nearly 80 million by 2035, consuming more goods and services. As a result, freight is expected to double by 2035.
- **Trade:** Within the United States, trade is expected to grow faster than our economy as a whole. By 2030, U.S. imports and exports will make up 60 percent of Gross Domestic Product (GDP), up from 27 percent in 2005 and approximately 10 percent in 1980s.
- **Supply Chain Management:** “Just in Time” delivery demands efficient and timely movement of parts and goods (i.e. Nike testified before the Senate EPW Committee in 2008 that an additional week of inventory costs the company \$4 million.)

**The United States can no longer take it for granted that entrepreneurs and private sector leaders will locate or retain their businesses in our country.** In today’s global economic environment, the private sector expects and demands to have access to modern, reliable and efficient infrastructure resources—broadband, energy, transportation and water and waste water. If our regions and local communities lack these essential amenities, private industry will locate or relocate almost anywhere across the globe where a nation, state or locality offers and possesses these fundamental assets.

The members of NADO thank you, Mr. Chairman and members of the committee, for recognizing this reality as part of your *Rebuild America* proposal to stimulate and revive the nation’s economy through performance-driven, strategic and timely infrastructure investments. We are particularly appreciative of the \$400 million recommended by this committee for EDA’s job creation and retention initiatives. At a time when the nation’s economic climate continues to weaken with each passing week and with every new round of corporate layoffs and bankruptcies, EDA could provide desperately needed resources to help distressed regions and communities with economic development infrastructure improvements, business development lending and comprehensive economic recovery strategies.

In June 2008 and again in December 2008, NADO surveyed the network of 381 EDA-designated Economic Development Districts (EDDs) to determine the backlog of potential “ready-to-go” EDA public works and economic adjustment assistance projects. We identified more than 600 projects, worth more than \$2.3 billion, that are ready to progress to construction if EDA funding were made available. These

projects would potentially leverage an additional \$7.5 billion in private sector funding and generate or save more than 118,000 jobs, with an additional 22,000 construction jobs created as a result of EDA's investment.

These pending projects include essential community assets for economic development, such as water and sewer systems for technology, industrial and business parks; intermodal transportation facilities and port improvements; job training facilities, business incubators and energy-related upgrades at new and existing industrial parks; broadband networks to support businesses and public entities; and development finance loan funds for entrepreneurs and businesses struggling to secure traditional bank financing and to access private credit markets.

**Second, Mr. Chairman, EDA is uniquely positioned within the federal portfolio of programs to assist distressed and struggling regions and local communities with economic development initiatives.** As the only federal agency focused exclusively on supporting private sector job creation and retention efforts, EDA provides vital seed capital and gap financing resources for economic development, such as:

- Water and waste water treatment systems for industrial parks and other related business parks
- Broadband networks and fiber optic loops for underserved regions
- Rail spur and short-line railroad improvements and extensions, port and intermodal facility upgrades, industrial park access roads and other essential transportation-led economic development investments
- Job training facilities, business incubators and higher education learning centers for existing and emerging industries, including alternative energy workforce training and development
- Business development capital and lending through its national intermediary network of nearly 600 locally-managed Revolving Loan Funds (RLFs)
- Global climate change mitigation improvements through a new infrastructure development incentive program

As noted previously, EDA has a substantial backlog of "ready to go" economic development projects that have stalled due mostly to the agency's very modest annual budget. Using the agency's six regional offices and network of Economic Development Representatives, along with its long-standing partnerships with Economic Development Districts, University Centers and other state and local entities, we believe EDA could move its projects forward in an accountable, effective and transparent manner.

In addition to supporting the committee's \$400 million funding request for EDA, the members of NADO also urge the Congress and administration to:

- **Waive the local match and economic distress requirements for EDA investments.** We are concerned that current federal and state economic and demographic data may lag significantly behind the current economic conditions of local communities. In addition, most state and local

governments are currently unable to afford the regularly required 50 percent local match for most EDA projects.

- **Target investments to distressed and underserved regions, as well as those regions and local communities suffering from sudden and severe economic dislocations** caused by plant closures and downsizing as well as other private sector job losses.
- **Authorize the establishment of a “Corps of Retired EDA Executives and Professionals”** to provide short-term staffing to help the agency with its project review, grant processing and project oversight responsibilities.
- **Tap into the existing network of Economic Development Districts (EDDs)** to assist in identifying and vetting regional project priorities, packaging grant applications and ensuring project accountability and compliance.

**Finally, Mr. Chairman, EDA is a federal agency with proven results, an established network of regional and local intergovernmental partners, and a flexible set of program tools to meet local economic development needs and conditions.** EDA is uniquely positioned to play a key role in the federal economic recovery package since its investments help create short-term jobs (i.e construction) as well as generate high-quality, long-term private sector employment as a result of public infrastructure investments.

Since its inception, the agency has helped create in excess of four million private sector jobs and leverage more than \$130 billion in private sector investments. In 2007 alone, according to EDA’s annual report, the agency helped to create or retain more than 52,000 jobs, attract over \$10 billion in private sector investments and create long-term jobs at an average cost of \$4,000 per job, among the lowest rates in government. Since the agency’s last reauthorization in 2004, EDA has created over 350,000 jobs at a highly-efficient average cost of only \$2,500 per job. These are impressive accomplishments considering the agency has an annual budget under \$300 million and that agency projects must be targeted to the nation’s most distressed areas.

EDA’s success stories span the country, as many distressed areas have relied on EDA investments to realize the economic development potential hidden within their communities.

In my region within Iowa, EDA has been a key partner on several important projects. Last year, our organization helped secure \$1.5 million for the **Cedar Valley TechWorks project**, an initiative aimed at establishing a bio-products cluster in several old John Deere buildings that the company donated to non-profit organizations in the Waterloo area. Following the devastating floods last year, EDA provided \$300,000 for our organization to hire **two full-time flood coordinators** for our region. These positions are desperately needed to facilitate communications among federal, state and local officials. They are

also essential to coordinate projects and resources at the local level and to provide technical assistance to our local governments and communities who were impacted by the floods.

The **City of Valdosta, Georgia** in cooperation with the **South Georgia Regional Development Center**, received \$745,500 from EDA. This was coupled with an additional \$1.4 million in state and local funds to enhance road, water and sewer systems. The infrastructure improvements allowed for *Martin's Famous Pastry Shoppe, Inc*<sup>®</sup> to expand from its base in Pennsylvania to Valdosta to serve the southeastern United States. This resulted in the creation of 107 jobs, paying an average annual salary of \$53,000, plus benefits, and leveraged an additional \$49.7 million in private sector investment.

Since the Loring Air Force Base closed in 1994, the **Northern Maine Development Commission** (Caribou, Maine) has used its EDA-funded Defense Diversification Loan Program to make 49 loans totaling \$5.2 million. These loans have resulted in the retention and creation of 2,137 jobs in this highly rural region and leveraged more than \$44 million in additional funds. These investments have assisted existing businesses affected by the closure to modify their business models, stay in business, and retain and add jobs. It has also financed new businesses that have hired dislocated defense workers.

Earlier this year, the **City of Hamilton, Montana** and the **Ravalli County Economic Development Authority** received \$1.6 million for a joint investment to support construction of the new Ravalli Entrepreneurship Center, which will enable the county to enhance its efforts to diversify the regional economy by growing the technology and bio-medical clusters and offsetting economic dislocations associated with the downturn in the forestry industry. It is part of a \$3.2 million project that will help create 253 jobs and generate \$11.8 million in private investment.

In the wake of the closure of a lumber mill, which eliminated nearly 300 jobs, in **Gem County Idaho**, the **Shadow Butte Development Corporation** received a \$2 million EDA infrastructure grant to help develop a new regional industrial park, which generated another \$11 million in private investment and so far has attracted 22 businesses with 156 new jobs

As noted in several new EDA project announcements, the agency is funding many cutting-edge projects related to technology development, alternative energy research and applications, brownfields redevelopment and freight movements in distressed areas and regions.

In 2008, the **University of Nevada Las Vegas (UNLV)** and Clark County, Nevada received \$2 million in investment assistance from EDA to help construct a new research and technology park. The state-of-the-art research park will diversify the regional economy, while creating intellectual property and helping entrepreneurs compete in the global marketplace. This investment is part of a \$4 million project that will help create 3,659 jobs and generate \$187.5 million in private investment.

The **Regents of the University of California** received more than \$205,000 from EDA to fund an in-depth study of the green economy in California. Three sectors will receive special emphasis: renewable energy (e.g., solar, wind, geothermal); green building and energy efficiency technology; and recycling and waste-to-energy technology. The study will analyze green industry clusters in different types of California's regional economies, from the distressed to the robust. The results of this study will be of use to state and local economic development planners nationwide.

The **City of Bridgeport, West Virginia** recently received \$1 million in EDA public works assistance to fund a sewer system extension and other infrastructure necessary for the development of a new industrial park. The project will support medical research and development facilities and other businesses. It is a regional effort designed to benefit the six-county area served by the Region VI Planning and Development Council, which comprises Doddridge, Harrison, Marion, Monongalia, Preston, and Taylor counties. This investment is part of a \$2 million initiative that will help create 400 jobs and generate \$180 million in private investment within this highly distressed rural region.

**Rusk County, Wisconsin** recently received nearly \$840,000 in public works assistance from EDA to fund infrastructure improvements required for a regional rail transshipment center and industrial park. The region has an ideal location for the transshipment center with an intersection of the Canadian National Railway with railways to the Midwest and to the Gulf of Mexico. The center will support the regional timber industry and the bio-fuel industries. This investment is part of a \$1.6 million initiative that will help create 172 jobs and generate more than \$3.8 million in private investment.

The numbers above provide a powerful reminder of the impact EDA's modest resources play in stimulating job growth and economic opportunity in distressed communities, especially in small urban and rural regions. We have routinely experienced over the years that even a relatively small federal investment can mean the difference in generating thousands of jobs and attracting hundreds of millions of dollars in new private investment. Programs such as EDA serve as an essential catalyst, whether as gap financing or seed capital, for private sector investments in local economic development projects.

EDA and its partners focus on the public infrastructure and facilities that are not only needed to support the private sector, but also required by businesses and industries to operate and succeed in today's global economy. Without public facilities and infrastructure such as water and sewer systems, broadband networks, business incubators, intermodal facilities and industrial parks, private industry will continue to locate or relocate to places outside of the United States where these essential amenities exist or are being developed. EDA stands as both an effective line of defense to ensure that America is able to retain critical jobs and as a useful tool to grow and incubate new jobs in distressed regions.

As the only federal agency focused solely on private sector job creation and sustainability, EDA is a vital resource within the federal portfolio for distressed communities striving to overcome sudden and severe economic dislocations and long-term economic decline. As Congress and the new Administration

consider legislation to stimulate the nation's economy, vibrant and robust funding for the Economic Development Administration should be a significant component of this plan.

**It is essential during these troubled economic times that we make sound, strategic and targeted use of limited federal, state and local funds.** A key and unique component of EDA's success is that its projects are integrally linked to a comprehensive economic development strategy. This regionally-based, locally-driven process is used to identify the economic strengths and assets of a region, as well as prioritize and direct resources on viable and sustainable economic development activities. As a result, all of EDA's projects undergo a careful and systematic vetting process at the local and regional levels before they are even submitted to the agency's regional and headquarters offices for final approval.

In closing, the members of NADO respectfully urge the Congress and the new administration to amend the *American Recovery and Reinvestment Act of 2009* to include the \$400 million recommended for the U.S. Economic Development Administration (EDA) by this committee in the *Rebuild America* plan. EDA has the economic development tools to serve as a vital job creation resource for communities looking to overcome these tough economic times. More importantly, our nation's local communities have mounting economic development needs and EDA needs the resources to assist its regional and local partners.

Thank you again, Mr. Chairman and members of the committee, for the opportunity to testify today. I would welcome any questions or comments.