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EMERGENCY MANAGEMENT
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Madam Chairman, as you consider the reauthorization of EDA, I speak as President of the Educational Association of University Centers, which is the advocacy organization for universities in the EDA University Center Program. I am pleased to offer this testimony regarding the performance and contributions of this critically important program administered by the Economic Development Administration of the Department of Commerce. The EDA University Center Program is included under the EDA Technical Assistance line item, which is funded at less than \$9 million annually, with about \$8 million for the national EDA University Center Program.

The EDA University Center Program is a national network of centers located at universities and colleges in most states. The program has operated for over 30 years as the only federally-funded program specifically designed to link the higher education system in the U.S. with local and regional economic development organizations, local units of government, private sector companies, non-profits and regional organizations to foster economic and business development. There are about 55 centers in the program currently.

Through this program, the resources, research, expertise, experience and capabilities of the higher education system are made accessible to help capitalize on opportunities, address problems and overcome economic challenges for areas suffering economic dislocation and distress. Each individual University Center Program reflects the character and capacities of the sponsoring institution and tailors its portfolio of programs, projects and services based on the individual institution and the needs of the service region that each program serves. This proactive engagement of the system of higher education in the U.S. is particularly critical in the current economic environment.

There are four modifications to the national EDA University Center Program that would improve effectiveness of the program and enable the program to greatly enhance its positive impact on the local, state and national economies. Currently there are approximately 55 University Center Programs operating and we believe that number should increase twice, to total 110 Centers, which would allow each state to have at least two centers. The current Federal allocation for each Center averages \$125,000 per year. We request the amount for each center be increased to \$250,000 per year. As is well known, universities are experiencing financial duress and the 50/50 cost share requirement to fund a University Center Program is difficult to attain. Our request to address this fiscal impediment is that the cost share requirement be modified to 80% Federal Share and 20% University share. The fourth request is that the current requirement of EDA that each University Center Program enter an open competition every three years be

revised. In its place we ask that a joint EDA, EDA University Center Program team conduct a peer review every three years to verify University Center Programs are indeed meeting their performance objectives. Those not meeting their goals would be subject to the termination of Federal funding. This will ensure economic and program stability for successful programs and provide a means to address underperforming programs.

The national University Center Program, and all individual University Center Programs that form it, operate in conformance with the EDA's investment principles. That means that programs and projects undertaken by the University Center Programs are market-based and results-driven; have strong organizational leadership; advance productivity, innovation and entrepreneurship; address medium to long-term needs; anticipate economic changes; foster economic diversification; and include a high degree of local commitment. To these ends, the national University Center Program participates in economic development activities nationwide that help leverage hundreds of millions of dollars in private sector investment.

A fundamental objective of the national University Center Program is to focus program activities on areas of economic distress and to conduct projects and individual programs that lead to the creation and retention of, in particular, high-wage, high-skill, and high-demand jobs. The types of activities undertaken by university centers include technical assistance that can take the form of direct assistance to strengthen the competitiveness of private sector companies. A typical example of a technical assistance project would be to work with a manufacturer to develop a prototype of a new product, analyze the potential market for the product, and help commercialize and launch the new product. The end result will hopefully lead to increases in production capacity within the firm, resulting in new job creation.

University Center Programs often have the capacity and the mission to conduct applied research to inform economic development initiatives. Typical projects that would require applied research to determine potential success are industrial parks, technology parks, business incubators and accelerators, and public works projects that improve infrastructure, such as potable water treatment plants, wastewater treatment, access roads and other projects. Research such as market and feasibility analyses, business plans, operating plans and other types of analyses serve to strengthen projects and to help ensure that investments are directed toward projects with the highest potential to deliver in economic terms.

University Centers Programs also conduct economic analyses to identify industry clusters that exist or that have the potential to be created. Industry clusters are private sector companies that exist in a defined geographic region and have similar characteristics. This can enable individual firms to create competitive advantages through relationships that often include pooled procurement activities or supply chain linkages, where firms provide raw materials, components or other products or services to companies that use raw materials to produce value-added products or companies that create products by combining components to produce a finished item for delivery to customers. Conducting the research to identify companies with potential affinity and the potential for benefit from economies of scale may create or retain jobs and make individual companies more competitive and profitable. This can strengthen local and regional economies by developing a local supply chain and producing products that are exported from the region, thereby bringing revenue into the region from external sources.

An example of university center activity is the Community Economic Adjustment Program initiative, undertaken by the University Center Program at the University of Michigan, which I oversee, along with our partners at Cleveland State University, Ohio University and Purdue University. Our work addresses the adverse impacts on communities in Michigan, Ohio, Illinois, Wisconsin and Indiana that are experiencing major manufacturing plant closures. The University Center Programs at these universities are collaborating to deliver services to the impacted communities and to help the communities access resources from a range of Federal agencies, State agencies and non-profit organizations.

The tools created to help these communities to develop economic recovery plans include a “Resource Guide” to Federal, State and non-profit agencies and organizations that can help communities experiencing economic distress and sudden, severe dislocation. Communities also receive a “Regional and Community Profile” that helps identify core competencies and competitive advantages of communities and regions and that contains critical information, such as key infrastructure, transportation corridor information, workforce characteristics, and demographic information. A “Strategic Planning for Economic Recovery Workbook” helps to facilitate an accelerated strategic planning process that takes place over a period of 4-6 weeks and leads to a set of implementation projects to address economic, community and social needs in the communities and regions that are adversely impacted.

After the community stakeholders become organized and have identified critical needs using the tools mentioned previously, the program convenes a Community Stakeholder Workshop that brings program representatives from Federal and State agencies to present information about their programs for distressed communities and to meet one-on-one with stakeholders representing a wide range of economic and community development organizations, social service agencies, local elected officials and units of governments that are qualified to receive funding.

Another example of the wide range of University Center Program assistance activities is a project conducted by the University of Pennsylvania EDA University Center. The South Central Workforce Investment Area of Pennsylvania created a Department of Defense (DoD) Industry Partnership to strengthen the region’s defense industry through targeted skills training. Penn State University’s Pennsylvania Technical Assistance Program (PennTAP) managed the development of this Partnership. This Partnership grew out of a State-funded economic development initiative, Job Ready PA, which builds partnerships to more effectively respond to the workforce needs of targeted industries.

The Industry Partnership is comprised of representatives from regional DoD commands and activities, the private contractors supporting those activities, and regional education institutions and training providers. The Partnership acts as a workforce intermediary, connecting the workers and contractors with the educational infrastructure by creating industry-driven training programs in response to identified skill gaps targeting three categories of workers: DoD personnel; civilian contractors providing both infrastructure as well as technical and mission support services; and DoD systems manufacturers and parts and component suppliers.

Every University Center Program across the U.S. has many examples of terrific project and program activities that have greatly contributed to the health of regional and local economies and have addressed economic distress.

The economic security, national security and global competitiveness of our nation are increasingly bound with the higher education system of colleges and universities in America. The economy of our nation is in a period of transformation from a primarily industrial-based economy to a post-industrial economy. This transformation is creating enormous challenges as jobs are lost in some sectors and regions, and jobs are created in other sectors and regions. It is essential that the higher education system play an engaged and proactive role in the nation's economy.

In summary we believe that Federal funding per center should be \$250,000 annually, that the number of University Center Programs nationwide be increased to 110, that the cost shall be 80% Federal 20% University, and the competition be replaced by a peer-review process. The national EDA University Center Program is the sole federal program to ensure that the role of higher educational institutions in fostering economic development nationwide is continual and effective. It is for this reason the funding for this critical program be continued with the increase requested. Because it is a national program, no single State, region or economic sector gains at the expense of any other region or sector. I thank you for your attention to this issue and hope this request will be approved.