



**WRITTEN STATEMENT FOR THE RECORD**

**STEVE ETCHER, EXECUTIVE DIRECTOR  
BOONSLICK REGIONAL PLANNING COMMISSION  
AND  
MEMBER OF THE EXECUTIVE COMMITTEE,  
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS**

**BEFORE THE  
HOUSE TRANSPORTATION AND INFRASTRUCTURE  
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC  
BUILDINGS  
AND EMERGENCY MANAGEMENT**

**WASHINGTON, DC  
JULY 27, 2011**

Thank you, Chairman Denham, Ranking Member Norton and members of the subcommittee, for the opportunity to testify today about federal economic development programs including the U.S. Economic Development Administration (EDA). I plan to discuss three core issues this morning:

1. What makes EDA unique among the federal portfolio of economic development programs?
2. How is EDA positioned to be the lead federal economic development agency?
3. What are the opportunities for reforms and improvements across the full spectrum of federal community and economic development programs?

My name is Steve Etcher. I am the Executive Director of the Boonslick Regional Planning Commission, headquartered in Warrenton, Missouri. My professional background includes more than two decades in regional and local economic development, including almost 20 years in my current position.

I also currently serve on the Executive Committee of the National Association of Development Organizations (NADO), which is a national membership organization for the nation's 540 regional development organizations focused on strengthening local governments, communities and economies through regional solutions, partnerships and strategies. A core part of NADO's membership is the network of more than 380 multi-county Economic Development Districts (EDDs) designated by the U.S. Economic Development Administration (EDA) through its partnership planning program.

NADO and its membership of regional development organizations (RDOs) are part of the nation's intergovernmental partnership system of federal, state and local officials. The vast majority of RDOs, including those serving as EDA Economic Development Districts, are public-based entities governed by a regional policy board with majority control by local elected officials. As mandated by various federal programs, RDO boards often include business, nonprofit, education and community leaders. In addition, the legal basis for many RDOs originates under federal law, such as the Public Works and Economic Development Act (EDA's authorization law), and through state statute, gubernatorial executive order or joint powers resolution of local governments.

While many regional development organizations in smaller metropolitan and rural regions were originally founded solely as EDA Economic Development Districts, the vast majority have expanded and diversified their programs and services over the years. Now, most EDDs play a key role in community and economic development, emergency management and homeland security preparedness, Geographic Information System (GIS) data analysis and information management, business development finance, technology and telecommunications, transportation and workforce development.

The **Boonslick Regional Planning Commission** is part of the statewide network of 19 regional planning commissions/councils of governments in Missouri. As an Economic Development District, we are a voluntary association of cities and counties, formed in 1968 to serve three counties (Lincoln, Montgomery and Warren) and to provide a forum for local governments to solve common problems. Like many other EDDs, our organization's role in our region has expanded, and we now aid the region with community and economic development, small business finance lending, disaster mitigation and

post-disaster recovery, public administration, transportation planning, water quality planning and workforce development.

**First, Mr. Chairman, I would like to discuss what makes the U.S. Economic Development Administration (EDA) unique among the portfolio of federal economic development programs.** Speaking as a regional development practitioner, the flexibility, partnership structure and accountability of EDA's programs are exceptional within the federal system.

As the U.S. Government Accountability Office (GAO) has outlined in a series of reports this year, there are currently more than 80 federal programs related to domestic economic development. While many of these line-item programs are housed within larger departments and agencies, EDA is the only federal agency with the sole mission of creating high quality jobs in the United States through public-private partnerships, strategic planning and investments, and thought leadership. Therefore, EDA offers a sound foundation for Congress and the administration to better realign and integrate federal economic development support for planning, technical assistance and project implementation.

As outlined in GAO's May 2011 report, "Economic Development: Efficiency and Effectiveness of Fragmented Programs Are Unclear," we want to reinforce and clarify several important points about the current portfolio of federal community and economic development programs.

- **Many of the programs outlined in previous GAO reports support broader community development activities, rather than focusing strictly on job creation and economic growth.** Community development is essential for distressed and impoverished areas to become development ready, especially by addressing fundamental quality of life and place needs such as public infrastructure, affordable and quality housing, environmental cleanup, health care access and access to capital. These are important investments which may have a direct role in job creation and retention, but such economic indicators are often not required under these programs. The May 2011 GAO report (GAO-11-477R) clarifies this point and starts to make clearer distinctions between these two discrete yet complementary objectives.
- **By federal law, EDA projects typically require a 50 percent local cost share and significant private sector investment,** ensuring that local leaders and businesses are committed to the project's success. **In addition, EDA investments are focused on high quality jobs,** especially in manufacturing, science and technology, and emerging knowledge-based industries and sectors.
- **By federal law, EDA project investments must be tied into a regional Comprehensive Economic Development Strategy (CEDS) developed and vetted by local officials (including Economic Development Districts)—**this helps ensure projects have significant local support and are part of a broader regional plan, rather than just isolated, uncoordinated local projects.

- **EDA program investments are made by federal career officials on a merit-driven, competitive basis within its six regional offices**—even before the current prohibition on congressional earmarks, EDA was one of the very few federal agencies with no congressional earmarks in its annual appropriations bill.
- **EDA is uniquely designed to address almost any economic development activity**, from strategic planning, public works and infrastructure, business development finance, entrepreneurship and business incubation, and research and thought leadership. The agency also has the program expertise and tools to address chronic poverty and distress as well as sudden and severe issues such as post-disaster economic recovery, international trade-impacted communities and plant closures or downsizing – issues that EDDs are keenly aware of.

Due to the agency's focused mission yet flexible policies and programs, EDA investments are among the most efficient and effective in government. According to an independent analysis conducted by Grant Thornton and ASR Analytics in 2008, EDA's public works program has a significant impact on employment levels in communities where EDA investments are made. The researchers found that EDA generates "between 2.2 and 5.0 jobs per \$10,000 in incremental EDA funding, at a cost per job of between \$2,001 and \$4,611." These findings mirror an exhaustive national study of EDA's public works and economic adjustment assistance programs by Rutgers University and a consortium of researchers in 1998 which found that EDA's job creation and private sector leveraging ratios are highly cost effective and rank at the very top of any public economic development agency.

Equally important, the Rutgers report notes that the number of jobs created typically doubled in the six years succeeding project completion. The Rutgers report also underscored that the near-perfect on-time completion of EDA public works projects is directly related to the planning phase that precedes project development and selection, especially the work performed by the national network of EDDs.

Through its network of regional and local partners, EDA helps distressed communities and regions identify and address their needs, challenges and assets through strategic planning and project investments. EDA matching funds serve as a catalyst for change, whether through feasibility studies at the front-end of business development projects, gap financing that completes larger funding packages, or for basic infrastructure that private industry expects local communities to possess.

In my region, for example, EDA played an instrumental partnership role with our EDD and numerous other entities in assisting a small aluminum smelter, Bodine Aluminum, pursue new business opportunities. The company needed a new location to place a spin-off business that would utilize a new vacuum aluminum smelting technique. In leveraging EDA's public works assistance with other public sector resources and significant private sector investment, the new business was established in Troy, Missouri in 1992. Since then, the company has become part of Toyota North America and manufactures engine components for Toyota assembly plants across the country. Through limited seed capital by EDA, the company has created 850 local well-paying jobs in this small town and now offers multiple opportunities for additional spin offs and development.

**Second, Mr. Chairman, EDA is uniquely suited to be the lead federal agency in economic development because it has in place the policy, program and partnership framework to drive our federal economic development efforts in a more strategic, coordinated and efficient manner.**

From a local perspective, there is a tremendous need for a strong federal partnership role in economic development. The realities of today's intensely competitive global economy require a strong intergovernmental partnership among federal, state and local officials, as well as improved public-private collaboration. Therefore, it is vital to have a lead federal agency such as EDA to serve as the main point of contact at the federal level for our local communities.

EDA has the mission, legislative flexibility, program tools and intergovernmental partnerships necessary to be the lead federal economic development agency. The main challenge is to align EDA's mission as the lead federal economic development agency with the allocation and coordination of federal appropriations, resources and authority.

## **POLICY**

EDA's underlying authorization through the Public Works and Economic Development Act, along with its new authorities in the COMPETES Reauthorization Act of 2010, provide the agency with the policies needed to be a full-service economic development agency. While other federal agencies and programs should continue to play a vital complementary role (especially in project investments), EDA should be elevated as the primary coordinator of federal economic development strategies, planning and program integration. For example, EDA's Comprehensive Economic Development Strategies (CEDs) process should be used to prioritize and vet investments by agencies beyond just EDA. These could include USDA Rural Development, Small Business Administration, HUD, EPA and others. Through EDA's partnership planning program, EDDs engage a variety of public, private and nonprofit leaders within each region.

## **PROGRAMS**

EDA's current portfolio of public works, economic adjustment, strategy development, business finance, technical assistance and research and evaluation programs are available so that communities can apply for assistance tailored to fit their unique needs. EDA has developed a strong record in assisting communities struggling to overcome both long-term economic challenges and sudden and severe adversities. Through its full range of program tools, the agency is positioned to help areas recover from military base closures and realignments, manufacturing plant closings, natural disasters and declines in natural resource-based industries like coal, fisheries and timber.

Through the public works program, EDA invests in locally identified projects that establish or upgrade the physical infrastructure needed to support local industries and businesses. Because of its flexibility, EDA public works dollars are used for a variety of projects such as skills-training facilities, technology

infrastructure, renovation and construction of business parks, broadband, as well as rail spurs, access roads, port improvements and water infrastructure for businesses.

Our EDD has used EDA programs for public works to support business expansion, trade adjustment assistance to respond to major economic shifts, revolving loan funds to provide capital to local entrepreneurs and businesses, and disaster recovery aid to strengthen our long-term economic resiliency. These strategic investments by EDA have enabled our businesses, communities, employees and residents to thrive under difficult circumstances and have ultimately improved the quality of life in our region.

In 1993, Porta-King Building Systems, a small start-up company that manufactures modular building systems, was looking for a site. The company wanted to locate in an industrial building in the small town of Montgomery City, Missouri. However, the city lacked the water and sewer capacity to meet the projected needs of the company. In partnership with EDA, we worked with the city, local banks and state officials to finance the needed public infrastructure improvements. As a result, Porta-King created 40 new high quality, private sector jobs in this rural community.

Fast forward 18 years to 2011. The United States experiences the devastating terrorist attacks on New York City and Washington, D.C., and security is heightened across the entire country. So how does this relate to EDA? Since its beginning in Montgomery City, Porta-King Building Systems has diversified and now specializes in fully armored security modular systems. Many of the security booths you now see at military bases, airports, office complexes and other locations are manufactured in Montgomery City by Porta-King. What began as a small start-up business has grown to be one of the largest employers in the area employing more than 150 skilled local craftsmen.

Also in EDA's program portfolio is the Revolving Loan Fund (RLF) program, which can be a powerful tool for addressing the credit gaps that exist in many distressed communities, particularly in underserved rural areas. By using limited public funds to leverage private capital, locally managed RLFs have provided business capital to thousands of new and existing companies that have difficulty securing conventional financing. Over the years, EDA has provided grants to nearly 600 RLFs with net assets approaching \$850 million.

Our organization also operates an EDA RLF for our region. Through this fund we have facilitated the financing for dozens of local businesses and hundreds of local employment opportunities, truly making a difference in our communities.

In my region, a local entrepreneur, Dale Schwoeppe, dreamed of owning his own high tech tool and die business. In 2005, with assistance from our microenterprise fund, he began operations in the garage behind his house, a small specialty shop employing 5 highly trained individuals. Needing additional space, we used our EDA RLF in 2010 to lend him the money for a new building. Today, Schwoeppe Tool & Die is located in a new 20,000 square-foot building in nearby Marthasville, Missouri. They employ 18

highly trained individuals and are a premier tool and die specialty shop in the region that serves numerous sectors including the aerospace industry around St. Louis.

Spudmasters Gourmet Potato Chips is one of our most recent RLF customers. This small business manufactures gourmet, specialty potato chips and sells them throughout the Midwest. This firm is noteworthy for its entrepreneurial spirit, but also its desire to improve our region and community. Spudmasters constructed its manufacturing facility in Bellflower, Missouri—one of the most distressed communities in our region with a high percentage of low-income households, single parent households, poverty and utilization of public assistance. Only a handful of employment opportunities existed in the community. Along came Spudmasters, which needed an unusual composition of shift employees. Recognizing the family responsibilities of potential employees, they shifted working schedules to accommodate single parents. Spudmasters has employed as many as 20 workers since their startup—creating opportunities for self-sufficiency in the midst of poverty.

## **PARTNERSHIPS**

EDA has an existing network of more than 380 multi-county Economic Development Districts and more than 50 University Centers. All EDA projects arise through an extensive regional strategy process that must be matched by local funds. This not only ensures that the projects have been thoroughly vetted, but that they fit into a strategic, comprehensive regional plan, where local communities are vested in the projects. This results in EDA projects being completed on time, leveraging an impressive ratio of private sector investment and creating new jobs at minimal tax payer expense.

EDA's economic development district planning program is the only program in the federal government that invests in regional economic development planning with a specific focus on increasing private sector employment. It is the only program of its kind that allows and encourages local government and community leaders to collaborate on a region-wide basis to strategically plan for their economic sustainability.

Local economic development is a lengthy and continuous process that requires strategic planning, regional collaboration, intergovernmental coordination and sustained organizational capacity and expertise, especially in today's rapidly shifting global marketplace. Through the EDA-required Comprehensive Economic Development Strategy (CEDS) process, Economic Development Districts like mine foster regional cooperation, identify regional and local priorities and bring public, private and nonprofit sectors together to work toward a common vision. EDA's planning program provides the incentives, framework and matching grants to make it all work at the regional and local levels.

EDA is currently conducting a national evaluation of EDDs, and we look forward to the findings. In 2002, a similar national study conducted by the Center for Urban Studies at Wayne State University found that EDDs are effective at developing and coordinating local plans, implementing specific projects and initiatives, and providing professional expertise and capacity to distressed and underserved communities. This study concluded that EDDs have used their EDA planning funds to establish an

impressive record of facilitating and leading a regional strategic planning process that “provides the critical backbone for economic development planning at the regional level... EDD activities are both effective and essential to local development.”

The report adds, “EDDs very effectively use the EDA funding they receive. They have a strong ability to use that funding to leverage funding from other sources to pursue development activities.” It is important to note that EDDs utilize the planning program for more than just the development of a comprehensive regional strategy for economic development—the program provides these entities with the flexibility and capacity to serve as important drivers and implementers of regional and local projects. By matching the federal share of the EDA program dollar for dollar, local governments are demonstrating their commitment to building the regional and local expertise required to pursue complex economic development initiatives and projects.

More importantly, as the federal government looks at strategies to integrate programs, coordinate investments and avoid duplication of services, the EDD regional governance and leadership structure offers a proven platform. Our EDDs are publicly audited, accountable and transparent organizations. We are governed primarily by local elected officials, yet have oversight by federal and state agencies. We work to foster regional collaboration and pursue regional priorities. And, we are focused on holistic approaches to regional community and economic development, not just a particular silo within economic development.

Mr. Chairman, please allow me to give you an example of how our organization, part of EDA’s existing network, has served as an extension of EDA and has utilized EDA resources for disaster relief. Our region was drastically impacted by major flooding of the Mississippi and Missouri Rivers in 1993, 1995 and again in 2008. Entire communities were destroyed. Businesses, infrastructure, homes and jobs were completely gone. EDA provided matching resources for our organization to hire a regional disaster response coordinator to assist flood-ravaged communities. Our efforts are not focused on the immediate emergency response, like those efforts by local first responders and FEMA. Instead, our role is to work with our local communities to develop long-term economic recovery strategies and to take strategic actions that will make our region more resilient during future natural or man-made disasters.

As a result of the EDA investment, we decided to tackle these challenges differently. We innovated. We collaborated and we helped our local communities envision a life without the constant threat of flooding. In three separate communities in 1993, 1995 and again in 2008, we undertook what many would deem impossible. We could have easily re-built the existing communities knowing that future devastation was certain. Instead, we took on a project to physically relocate these flood ravaged communities out of the floodplain. Physically moving the towns was the easy part. The greater challenge was to facilitate a community-wide project with real impacts of many individuals. We had to convince these communities and residents that this was an opportunity to create better community and economic opportunities for future generations.

To date the Village of Rhineland (1993 flood) is safely anchored on a hillside overlooking the Missouri River floodplain and has witnessed economic growth, new residential construction, and business start-ups for the first time in 50 years.

The City of Winfield (1995 flood) is now located on the rolling hills of Lincoln County without fear and trepidation every time a storm rolls in, or the Mississippi River is projected to flood. Homes and businesses continue to sprout up in this community in spite of the recent economic downturn.

The City of Silex (2008 flood) is currently in the process of moving 73 homes to a hillside overlooking the nearby floodplain. This city, in which new homes had not been constructed since the 1960's, is now seeing new homes being built and businesses rebounding.

These communities are just three of many examples of how regional economic development districts are enabling distressed communities rebound from incredible disaster and devastation to become contributors to the regional economy.

**Third, Mr. Chairman, there are many opportunities for reforms within federal community and economic development programs.** While we recognize the immediate need for budget savings, there are very limited options for significant savings within the true economic development accounts due to the size and type of federal assistance—loan guarantees, direct loans and subsidy-based lending programs. Therefore, most of our recommendations focus on improved program integration, strategic investments and resource alignment.

Overall, the HUD Community Development Block Grant (CDBG) program accounted for nearly \$4 billion of the \$6.2 billion identified by GAO as part of the 80 federal community and economic development programs in FY2010. About \$2.9 billion of the larger total was actually awarded for economic development within the four major departments. Even much of this aid was in the form of loan guarantees, direct loans and business lending accounts, particularly within SBA and USDA Rural Development.

Based on this reality, following are our recommendations for improving federal agency collaboration and performance:

- **Elevate EDA's role as the lead federal economic development agency.** This could include aligning federal economic development policies, investments and resources, as well as improving federal coordination with state and local officials through EDA and its partnership structure.
- Rather than focus solely on opportunities across the four major departments of Commerce, HUD, USDA and SBA as outlined in GAO's May 2011 report, **we see greater opportunities for agencies and programs within each of the departments to be streamlined and reformed.** While it may be important to retain the eligibility and intent of these programs, many could be consolidated within larger accounts or targeted more effectively to advance broader regional strategies and priorities.

- Since it is a major challenge to consolidate and realign programs across federal departments and congressional committee jurisdictions, **another option is to focus on coordinating and prioritizing federal community and economic development investments on regionally-based, locally-driven comprehensive development strategies.** Currently, public and private sector leaders in more than 380 regions use the EDA Comprehensive Economic Development Strategy (CEDS) process to develop a long-term vision, set strategies and identify priority project needs and opportunities within their region. While an area must have a CEDS to qualify for EDA's modest project implementation matching funds, these regional plans should be used more aggressively to inform, coordinate and prioritize investments by other related federal agencies.
- **Today's modern economy requires that distressed and underserved regions be prepared for the knowledge economy.** Therefore, it is essential that EDA—as the lead federal economic development agency—be more closely aligned with programs for workforce development (i.e., Labor's Employment and Training Administration), research and development (i.e., National Science Foundation, National Institutes of Health, Department of Energy, Small Business Innovation and Research, etc), and science and technology (i.e., NIST's Manufacturing Extension Program). For example, the Boonslick RPC, like nearly 100 of our regional counterparts, is the EDA Economic Development District and delivers parts of the U.S. Department of Labor's Workforce Investment Act programs within our region. Yet, we currently see minimal program integration or policy guidance at the federal level that allows us to be truly innovative and efficient. Even though we function as an essential one-stop shop for our region and are actively engaged in economic development, community development, workforce development, transportation planning and local land use planning, we recognize opportunities to improve program integration, efficiency, coordination and delivery.

The global economy is shifting and advancing so rapidly that regions and local communities must now respond swiftly, even as they experience great pain and turmoil through these ongoing transitions. Whether a region has suffered from long-standing economic distress and poverty or is faced with more sudden and severe economic dislocations, all of America's local communities need to make positive contributions to sustain our nation's economy. This should be our primary goal.

Thank you again, Mr. Chairman and members of the subcommittee, for the opportunity to appear before you today. We appreciate your interest in exploring new opportunities for improved federal economic development policies and programs, including through the leadership of EDA and its network of Economic Development Districts.

We look forward to continuing the dialogue with you. I would be pleased to answer any questions.

**BIO**  
**Steve W. Etcher**

Steve Etcher is the Executive Director of the Boonslick Regional Planning Commission in Warrenton, MO. Steve began with the organization in 1988 and has served as the Executive Director since 1992. He holds a bachelors degree in business administration. Steve has served as the President of the Missouri Association of Councils of Government, and presently serves on the Board of Directors for the National Association of Development Organizations (NADO).

The Boonslick Regional Planning Commission is a voluntary association of cities and counties, formed in 1968, to serve Lincoln, Montgomery and Warren Counties. BRPC assists local communities with grant writing, community planning, transportation planning, workforce development, economic development, and other services to improve the quality of life in the Boonslick region.

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**  
*Truth in Testimony Disclosure*

---

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

**(1) Name:**  
Steve W. Etcher

**(2) Other than yourself, name of entity you are representing:**  
Boonslick Regional Planning Commission

**(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?**

YES                      If yes, please provide the information requested below and attach your curriculum vitae.

NO

**(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:**

US Dept of Commerce Economic Development Administration—

CFDA 11.302	\$64,840
CFDA 11.307	\$112,500

Department of Homeland Security

CFDA 97.067	\$165,591
-------------	-----------

U.S. Department of Labor

CFDA 17.258	\$272,912
CFDA 17.259	\$243,322
CFDA 17.260	\$338,693
CFDA 17.260	\$173,931
CFDA 17.278	\$5,000
CFDA 17.258 (ARRA)	\$108,257
CFDA 17.260 (ARRA)	\$221,925
CFDA 17.259 (ARRA)	\$305,764

  
\_\_\_\_\_  
Signature

07/23/11  
Date