

Testimony of

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U.S. House of Representatives, Committee on Transportation and Infrastructure

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Introduction

Chairman Oberstar, Ranking Member Mica, and members of the Committee, thank you for this opportunity to testify on behalf of the Economic Development Administration (EDA). Since 1965, EDA has provided grants for planning or infrastructure to distressed communities aimed at creating jobs and generating private investment dollars. Throughout our history, EDA has worked tirelessly in both robust economic times and in times of economic decline. However, with the nation facing economic conditions unseen since the Great Depression, EDA's assistance to local communities may be needed now more than ever.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act, or the Act). The Act's primary purpose is to stimulate economic recovery by making investments that preserve and create jobs, spur technological advances, and improve infrastructure that will provide long-term economic benefits. In many ways, the Act is an extension of EDA's existing mission, which is to lead "the federal economic development agenda by promoting innovation and competitiveness, and prepare American regions for growth and success in the worldwide economy". For more than 40 years, EDA has built infrastructure and made strategic investments in communities that have established a legacy of economic renewal characterized by long-term job creation, private sector investment, and innovative economic development across the nation.

EDA has adapted our existing grant programs to meet the Act's goals and requirements and to comply with its intent. Of the \$150 million provided to EDA in the Act, the bureau intends to fund at least \$135 million in public works grants which support "brick and mortar" infrastructure investments. As we do in our regular programs, EDA will give preference to projects that have the potential to stimulate job creation, promote regional economic development, and encourage innovation and entrepreneurship, such as investments that support science and technology parks, industrial parks, and business incubators.

Because the Act calls on EDA to "give priority consideration to areas of the nation that have experienced sudden and severe economic dislocation and job loss due to corporate restructuring," EDA has decided to allocate funding to the regional offices using a hybrid of its traditional allocation formula. EDA's proposed allocation drops lagging economic indicators in favor of a single allocation metric, three-month unemployment figures, as a way of ensuring that the most contemporary unemployment data available are used to characterize current economic conditions for the purposes of EDA's allocation.

Furthermore, EDA will work closely with the federally authorized regional commissions to identify infrastructure and other grant investments to be considered during EDA's competitive review of prospective Recovery Act applications. Alternatively, EDA will consider transferring funding directly to the regional commissions, to assist with implementation of projects consistent with the intent of the Act.

EDA's longstanding policy and practice is that responsibility for the selection, oversight, and administration of grant awards rests with its six regional offices. Accordingly, the selecting officials for all awards made with EDA's Recovery Act funds will be the six regional directors. This regional system allows EDA's field-based staff who are most familiar with the current economic conditions in their states to advise the directors on what projects to prioritize and award under the Act. Having staff on the ground who are living and working in many of the communities most severely impacted by the current crisis will help EDA make investments quickly, but not hastily, and help us maintain the bureau's reputation for superior customer service.

Since March, EDA's six regional offices have developed extensive pipelines of potential Recovery Act projects. Our goal is to fully obligate EDA's Recovery Act funding by September 30, 2009, a full year in advance of the funding expiration. Indications are that we are well on our way to achieving this goal. Most EDA regional office Recovery Act pipelines meet or exceed anticipated allocations – one region has a pipeline more than double its anticipated available Recovery Act funding. The prospective grant investments that have already had some review range in size from less than \$200,000 to over \$4 million and include a strong mix of 'construction ready' critical infrastructure improvements such as access roads, rail spurs, port improvements, and water and wastewater facilities, as well as cutting-edge investments in business incubators, research parks and green buildings.

EDA's long history aiding communities impacted by economic downturns, record of success, and strong customer service has allowed the bureau to hit the ground running in its

implementation of the Recovery Act. To date, the bureau has successfully implemented all of its established milestones and is on track to complete all future milestones on or ahead of schedule. Within three weeks of the Act's passage, EDA published its Recovery Act funding synopsis, as well as a Federal Funding Opportunity notice. EDA continues to coordinate with the Department's Budget Office and officials at the Office of Management and Budget (OMB) to ensure that our Agency Program Plan is implemented efficiently.

Prior to the Act's passage, EDA had well-established and highly effective application evaluation procedures, awards processes, as well as reporting and reconciliation practices already in place. To ensure the Act's funding is properly managed, EDA is working closely with the Department's Recovery Act coordinator and the other Department bureaus that are administering Recovery Act funding to guarantee compliance with all of the Act's specific requirements and OMB guidance. EDA has also offered assistance to other bureaus looking to set up new grant and infrastructure programs. Additionally, EDA has established a Recovery Act taskforce, consisting of representatives from EDA's regional offices as well as Office of Chief Counsel, to focus specifically on risk identification and mitigation actions in the administration of Recovery Act funds. We are also taking advantage of training that is being offered by the Department's Office of Inspector General to identify and avoid waste, fraud, and abuse.

In addition, to ensure transparency in the grants being awarded under the Act, EDA is currently developing a public webpage dedicated to the Recovery Act which will not only report what projects have been funded by the Act, but also provide highlights of those projects for the public.

Furthermore, to increase our accountability, all Recovery Act grants will be posted at usaspending.gov on a monthly basis.

Conclusion

Chairman Oberstar, Ranking Member Mica, and members of the Committee, thank you for your time today, and for inviting me to give an overview on implementation of the Recovery Act at EDA. EDA is pleased to be a part of the important effort to bring about economic recovery. I look forward to answering any questions you may have and to working with the Committee to ensure the success of the Act.