



Statement by
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U.S. HOUSE OF REPRESENTATIVES, COMMITTEE ON APPROPRIATIONS
COMMERCE, JUSTICE AND STATE SUBCOMMITTEE
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INTRODUCTION

Chairman Mollohan, Ranking Member Frelinghuysen, and Members of the Subcommittee, I am honored to be here today representing the Bush Administration and the employees of the Economic Development Administration from across America. I appreciate the opportunity to discuss with the Committee the mission, accomplishments and future of the Economic Development Administration.

We take our mission statement seriously, and it serves as a useful tool in helping to shape our initiatives and steer how we spend our time. Our mission is *to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy*. We are the only federal agency with economic development as our prime and only mission, and the only federal economic development program equally committed to both urban and rural America.

ACCOMPLISHMENTS

I am proud to report to you today that EDA is, thanks to the efforts of our employees, a well-run organization. EDA is the recipient of the second-highest performance rating from the Office of Management and Budget, we have been inducted into the Balanced Scorecard Hall of Fame, we consistently surpass our Government Performance and Results Act targets, and despite a total staff size that is one-half of what it was in 1993, we continue our well-earned reputation for customer service and responsiveness.

I am also proud to inform you that EDA has made great strides in the past five years not only in terms of diligence with taxpayer funds, but also in showing demonstrable results:

- Our investment recipients estimate that with EDA's assistance, they will create new American jobs at a cost of only \$2,825 per job.
- Our initial estimates demonstrate that EDA leverages over \$28 in private sector capital investment for every taxpayer dollar we invest.

TYPES OF EDA INVESTMENTS

Today, EDA is focused on “what’s next” in America’s diverse and dynamic economic regions. Successful economic development today works closely with the private sector, focuses on regional competitive advantages, collaborates across political boundaries, addresses the “what’s next” question, and develops innovative solutions. EDA has embraced these principles and while time will not allow an adequate sampling of the types of innovation EDA is supporting across America, please allow me two examples.

In North Dakota, EDA invested \$1.75 million in 2004 to support the North Dakota State University Research Park’s commercialization of nanotechnology. This research park is using nanotechnology to create radio frequency identification tags –RFID– which are rapidly replacing the UPC codes currently scanned at most check-out counters. This investment in leading edge technology is helping a predominately rural state create 300 higher-skill, higher-wage jobs in the short run and up to 1,000 jobs longer term; has attracted \$20 million in private sector investment; and is stemming the exodus of young people from the state.

EDA’s investment of \$2.9 million in 2004 to CORTEX, the Center of Research, Technology & Entrepreneurial Exchange, in St. Louis aided construction of a building for growing companies in the biotechnology industry. The building houses transitional office space for incubator businesses and wet lab facilities and will revitalize the city’s urban core by creating significant new jobs in the life sciences industries. It’s projected to create 4,100 jobs and generate upwards of \$400 million in private investment.

While these are just two examples of our work, every EDA investment is focused on two primary goals: creating higher-skill, higher-wage jobs and attracting private capital investment.

THE FUTURE

The President and this Congress have both indicated that they believe there is a legitimate role for the federal government in advancing economic development across America, and I hope and expect that commitment to continue.

As EDA looks to the future, there is one initiative in our 2008 budget request worthy of specific mention, the proposed Regional Development Account (RDA).

Traditionally, EDA has received its funding in four primary buckets: the public works account, the economic adjustment account, the technical assistance account and the research account. Right now, our regional offices are hamstrung because they must draw funds from each account separately. Which means that when sudden economic upheavals occur, such as plant closures or a hurricane, there may not be enough money in the relevant account to address the pressing need.

The Regional Development Account would modernize EDA’s outdated siloed approach to economic development projects by combining these four separate “buckets” into a single bucket. Such a modernization of these accounts would pay substantial benefits to the end users of EDA’s programs:

- First, it allows EDA to be more flexible and responsive. EDA’s most popular program account is the economic adjustment account, which provides everything

from infrastructure to technical assistance. This is also the account that allows us to respond to a sudden and severe economic dislocation and we are usually out of these funds about half way through our fiscal year, which limits our ability to respond.

- Second, it would allow EDA grantees to do multiple things with a single EDA investment grant instead of asking grantees to apply as many as three times to get assistance with various aspects of the project.
- Third, the grantees will save time, money and paperwork administering a single investment instead of multiple investments.
- Fourth, it puts local people, not Washington officials, in a better position to respond to regional economic development needs. The Regional Development Account would allow regional offices to make the determination, based on the economic needs of their region, how much to spend in infrastructure projects, how much to spend in technical assistance projects and the like.
- Fifth, and finally, the Regional Development Account would in no way impact the processes used to determine who gets an EDA grant. Nor does it touch the Partnership Planning Program, which will remain as a separate, stand-alone program focused on supporting the Economic Development Districts.

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Mr. Chairman, Congressman Frelinghuysen, and Members of the Subcommittee, I thank the Committee for its time and I look forward to answering any questions about EDA's program, our management priorities, our investment priorities, and our future.