



*Testimony of*

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

**Recovery Act: 160-Day Progress Report for Transportation and  
Infrastructure Programs**

**July 31, 2009**

Written Testimony Submitted by

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Subcommittee on Economic Development

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### **Introduction**

The Economic Development Administration's (EDA) 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*. For more than 40 years, EDA has been providing financial assistance in the form of grant investments to state and local governments and eligible non-profits. Our investments help create the conditions in which jobs and private investment are created, often in the midst of economic hardship or adjustment. At EDA, we are proud of the bureau's accomplishments and continue to work tirelessly to assist economically distressed American communities, especially in the current economic climate.

### **American Recovery and Reinvestment Act and EDA**

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 the Act, EDA received \$150 million, \$147 million of which was allocated for strategic grant investments in areas hard hit by the current recession, and \$3 million allocated for administration and oversight of those grants. In the bureau's continuing efforts to implement the Act and disburse this funding, EDA has focused its efforts on assisting those communities across the country in greatest economic distress. Our goal is to not only distribute the funds quickly and spark short-term job creation, but to ensure that these investments will lead to long-term, higher skill, higher wage jobs.

On June 4, 2009, EDA announced its first Recovery Act investment, the first discretionary grant under the Act to be awarded by the Department of Commerce which administers a total of \$7.9 billion in Recovery Act funding. Since June, EDA has announced more than \$23.4 million in Recovery Act investments to recipients in 13 states. Examples of these investments include:

- \$906,840 to the Cleveland Community College, Shelby, North Carolina, to support renovation and expansion of an existing building on the college's campus to create classroom and laboratory space for a workforce training facility. Workers in transition will be trained for new, advanced manufacturing positions that are opening up in the region.
- \$2.964 million to the city of Fremont, Ohio, to fund construction of a new reservoir that will provide safe and reliable water to the entire community. The city's previous water source is polluted with high levels of toxic nitrates.

- \$843,052 to fund road improvements to the Harris-Shawnee Corridor Development Project in Muskogee County, Oklahoma. The road will allow commercial development and a new hospital to locate in the area, bringing new jobs and industries to an area which has suffered major job losses recently.
- \$2.7 million to create a Revolving Loan Fund (RLF) for the timber and wood products industry in Montana. This investment addresses capital access needs and will provide both technical assistance and financing, saving many family wage jobs in the state's leading industry.

EDA's six regional offices have developed robust pipelines of economic development projects to be funded under the Act. Regional office staff is currently in the process of reviewing and vetting applications for projects totaling approximately \$122.6 million and anticipate that at least an additional \$30 million in project applications will be submitted for consideration. EDA's current pipeline includes investments ranging from \$200,000 to more than \$6 million. Our field-based staff has collaborated with state and local officials, as well as 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. In particular, EDA's Atlanta and Seattle regional offices have collaborated with the Appalachian Regional Commission and the Denali Commission respectively to develop five joint projects currently under review.

Through these efforts, EDA has identified numerous "shovel ready" projects across the country, including port and dock improvements, rail line expansions, and sewer/water infrastructure construction, which have already been awarded or are currently in the final stages of review. EDA anticipates providing a diverse portfolio of cutting-edge investments targeted at spurring innovation and entrepreneurship. These include business incubators, workforce development programs, and a green job/alternative energy training center. Furthermore, to address critical capital access needs, EDA has awarded and is planning further investments in capitalizing Revolving Loan Funds that will support business retention and enable new lending for entrepreneurial activities. While the vast majority of the bureau's Recovery Act investments-- at least \$135 million-- will fund public works grants for "brick and mortar" infrastructure projects, EDA also anticipates that it will fund a few investments to help create new, long-term comprehensive economic development strategies for regions that need to initiate a process to retool and diversify their economy following significant economic dislocations- such as manufacturing plant closures.

### **Implementation**

Following the Recovery Act's passage, EDA worked quickly to adapt its existing grant programs to meet the Act's goals and requirements and to assure its intent. 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. The bureau also developed and implemented a comprehensive Recovery Act-specific Program Plan which identifies possible risks associated with the Act's implementation and proposes mitigation strategies. Additionally, in collaboration with the Department's Office of Inspector General (OIG), the bureau drafted special award conditions for "Buy America" and other provisions stipulated in the Act.

Bureau officials are also currently developing EDA-specific recipient reporting guidance based on the reporting requirements established by the Office of Management and Budget (OMB). In accordance with this guidance, EDA will be implementing a recipient outreach plan in which EDA Project Officers will personally confer with each EDA Recovery Act grant recipient to discuss the recipient's reporting obligations under the Act.

### **Oversight and Transparency**

Prior to the Act's passage, EDA had in place well-established and highly effective application evaluation procedures and awards processes, as well as reporting and reconciliation practices, which the bureau has evaluated and amended to comply with all of the Act's additional reporting requirements. EDA continues to work closely with the Department's Recovery Act Coordinator and OIG to ensure compliance with all of the Act's specific requirements and OMB guidance. Additionally, EDA staff continues to participate in a variety of working groups and training programs provided by OIG, for example, training provided by OIG for EDA headquarters and regional office staff on fraud indicators.

EDA's longstanding policy and practice is that responsibility for the selection, oversight, and administration of all grant awards rests with its six regional offices. Accordingly, in May, EDA leadership held a meeting with all six regional directors and key regional staff to specifically discuss EDA's priorities, responsibilities, and requirements under the Act. Furthermore, regional field-based and headquarters staff involved in the grant-making process have received training on the Act.

In addition, EDA has developed a public webpage dedicated to the bureau's implementation of the Recovery Act available at [www.eda.gov/Recovery](http://www.eda.gov/Recovery). This site provides an unprecedented amount of information to the public about EDA's Recovery Act investments. Furthermore, all of the bureau's Recovery Act grants are posted at [www.recovery.gov](http://www.recovery.gov) and [www.usaspending.gov](http://www.usaspending.gov) on a monthly basis.

### **Conclusion**

Thank you for the opportunity to update the Committee on EDA's efforts in implementing the Recovery Act. At the request of the Committee, EDA has conferred regularly with Committee staff since the passage of the Act and has provided monthly updates on our progress. EDA hopes to continue this dialog and looks forward to further cooperation with the Committee to ensure the success of the Recovery Act.