



Statement by
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Introduction

Chairman Mollohan, Ranking Member Frelinghuysen and members of the committee, thank you for having me here today to testify on behalf of the Administration and the Economic Development Administration on the Fiscal Year 2009 budget. I am proud of the accomplishments we've achieved at EDA and I look forward to continuing to work closely with Congress and our stakeholders to make EDA even more effective in the coming years.

EDA's 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.* I am proud that unlike many organizations that use their mission statement in a cosmetic manner, at EDA we live our mission statement and are actually achieving it. We are the only federal agency with economic development as our exclusive mission, equally committed to rural and urban America, and I believe we are leading the federal economic development agenda with our forward-looking and innovative approach to economic development.

Program Successes

EDA's investments have two goals: attracting private capital investment and creating higher-skill, higher-wage jobs. In FY 2007 alone, EDA awarded over \$277 million in investments, of which \$209 million was for construction investments that are expected to create 52,134 jobs at an average cost of \$4,000 per job. On average, every dollar in taxpayer money attracts \$26 in private capital investment.

This track record of achieving results across America is largely due to our policy priorities of supporting collaborative regional economic development and focusing on competitiveness and innovation, and fostering entrepreneurship.

For 2008, I have added a fourth policy priority: to link our American regional economies to the worldwide marketplace. This new policy priority reflects the fact that too many areas still view economic development as a city vs. city, county vs. county, and state vs. state competition. The 21st century reality is that we exist in an integrated worldwide marketplace. EDA's goal is to spur its economic development partners to look beyond their immediate economic regions and understand and take advantage of the opportunities presented by the worldwide marketplace.

2007 Example

An example of an EDA investment that connects with the international marketplace is a wood energy pellet production facility in Jackson County, Florida. This rural county in Florida's Panhandle has experienced significant economic transition resulting from a declining timber industry and changes to its agriculture base.

EDA has helped this region with water, sewer and road infrastructure improvements to attract new businesses. Thanks to dedicated and committed regional leadership, Jackson County and the surrounding areas have successfully created an emerging alternate energy industry cluster, leading to a commitment from Green Circle Bio Energy Inc. to invest \$93 million to construct a new alternative energy production facility. This wood pellet facility will create over 50 new direct jobs and an additional 100 jobs generated by suppliers.

This will be the largest wood pellet production facility in North America and 100 percent of its production is under contract for export to Europe. This pellet facility considered locating in Russia and South America, but after much analysis, chose to locate in Florida's Panhandle, and I am very proud that EDA played an active role in helping this region develop the strategy and infrastructure to answer their "what's next" question.

This "green project" is innovative in many respects. It's a first-of-its-magnitude energy pellet facility and will export these pellets across the globe. Not only will the facility use energy saving methods in its construction, but also the company will be powered with electricity from the local Waste Management landfill, and tree bark will fuel the furnaces.

FY09 Budget Information

The President continues to support EDA and our economic development agenda. Given that every government agency would like more resources, the President's budget request is perhaps less than some would like to see. However, just like our family household budgets, both the President and the Congress must prioritize spending given the very real limits on available funds.

I'd like to draw your attention to the fact that the President has requested a strong salary and expenses (S & E) level for EDA. Just like for 2008, the President asked for \$32.8 million, which provides for robust staffing levels at EDA. EDA will continue to utilize funds currently available to fill vacant positions in 2008, particularly in our regional offices, to reach the agency's full staff operating level of 175 employees. Of course, maintenance of these staffing levels in 2009 and beyond is dependent on receipt of the President's requested S & E level.

In a difficult budget environment, the Administration has made tough choices. EDA has a flexible and scalable nature--we can "ramp up" operations, as well as "ramp down" based on available funds. In the Administration's budget request, EDA plans to allocate the majority of its funds to the Economic Adjustment Assistance program. This program focuses on communities facing sudden and severe economic distress as well as long-term chronic distress--this is our most flexible assistance since it provides resources for both infrastructure development and strategic planning. I also want to assure the committee that we propose to fully fund the partnership planning program, which supports the Economic Development Districts, and to maintain the funding level of the popular university center program, which provides valuable research on regional economic issues.

Closing

Mr. Chairman, Ranking Member Frelinghuysen and members of the subcommittee, thank you for your time today, and for inviting me to address the issues that affect EDA. Since 2001, the President, Congress and EDA have shared a commitment to advancing this agency and economic development throughout America. I believe that EDA will continue to be a driver for growth in distressed areas of our country. I look forward to working closely with Congress and to answering any questions you may have.