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U.S. Senate Date: Wednesday, November 3, 2021

Committee on Environment
and Public Works

Washington, D.C.

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EXAMINING PROGRAMS AT THE ECONOMIC DEVELOPMENT ADMINISTRATION

Wednesday, November 3, 2021

United States Senate

Committee on Environment and Public Works

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The committee, met, pursuant to notice, at 10:02 a.m. in room 406, Dirksen Senate Office Building, the Honorable Thomas R. Carper [chairman of the committee] presiding.

Present: Senators Carper, Capito, Cardin, Stabenow, Kelly, Inhofe, Cramer, Boozman, Sullivan, Ernst.

STATEMENT OF THE HONORABLE THOMAS R. CARPER, A UNITED STATES
SENATOR FROM DELAWARE

Senator Carper. Good morning, everyone. I am delighted to call this hearing to order.

To our witnesses this morning, Assistant Administrator Castillo, to Mike Bowman, to Amy Liu, Shane Whitehair, and Dr. James Leiman, is that correct, Leiman? Is that the way you pronounce it? Is he joining us virtually? All right. The name is spelled L-E-I-M-A-N, pronounced Leiman. I don't know how you get Leiman out of all that, but when you testify, that will be my first question.

We want to thank all of you for joining us today to share your thoughts on an agency that is near and dear to the hearts of many of us, certainly to me, the Economic Development Administration. We are looking forward to hearing from each of our distinguished witnesses, and I am also looking forward to hearing the perspectives of our EPW Committee colleagues on the agency's programs, which has never been more important.

Before I get to introductions, though, I want to share a couple of brief thoughts with everyone about the Economic Development Administration, which we generally refer to as EDA.

The EDA is an essential agency at the Department of Commerce whose important work touches communities throughout our Nation. It provides communities across America with some of the

important tools they need to enable local and regional economies to grow and to prosper. I have occasionally heard EDA described as something of a tugboat agency: small in size, but one whose assistance has an outsized impact on the regions and people that it serves.

Sometimes, I describe Delaware as like a prize fighter, a boxer, that punches above its weight, and when I think of EDA, I think of an agency that punches above its weight, as well. Like many of our Senate Colleagues, I know firsthand the important work that EDA does in the First State, and I am sure that the members of this committee have witnessed EDA's invaluable work in their States, as well. In the First State, that work includes everything from incubators in Wilmington in northern Delaware all the way to the southern end of our States, to the Center for Automotive Excellence at Delaware Technical Community College's campus in Georgetown, Delaware, and a number of places in between. EDA's positive impact on the lives of families in the first State is clearly visible, and I am happy to say, it is growing.

As we review the agency's programs today, it is well-worth noting that EDA is long overdue for reauthorization. Congress has not reauthorized these programs since 2004. Last time I checked, this is 2021. That was about 17 years ago since we last reauthorized the Economic Development Administration. Just

think how much our world has changed. The world map has changed. The cell phones that we are all carrying around here today have changed, and the vehicles that we will drive today. A changing world demands an EDA that adapts to that changing world.

Over the past 17 years, we have witnessed amazing changes in technology, major shifts in our Nation's workforce, and daunting environmental and climate change impacts in our communities, not to mention a pandemic that has shaken our economy and our perspectives on business to the core.

My hope is that today's hearing will provide us with a better idea of what is working at EDA and what is not, along with what needs to be updated and what we can do to help facilitate those improvements.

Abraham Lincoln once said that the role of government is, and I will quote him, "to do for a community of people, whatever they need to have done, but cannot do, at all, or cannot, so well do, for themselves." I put it a little more simply, and I quote Lincoln, I say, the words of Lincoln, the role of government is to do for the people what they cannot do for themselves. It is a lot crisper, and I think it is hard to improve on Lincoln's words, but I think I have. The role of government is to do for the people what they cannot do for themselves.

As we work together to escape the grips of this pandemic on our economy, we need to support our local and regional economies in ways that recognize the world in which we live and work has changed in extraordinary ways.

As a recovering governor, I have often said that governors don't create jobs. Senators don't create jobs. Presidents don't create jobs, and if truth be known, neither does the EDA. What we do, when we are at our best, is work together. What we do, when we are at our best, is to work together to help create a nurturing environment that promotes job growth and economic expansion. We would do well to keep that admonition in mind today as we explore how to best achieve that goal and enable communities throughout America not just to survive, but to thrive.

With that, before I turn to our Ranking Member, Shelley Capito, for her opening remarks, let me just offer a word of thanks to our first witness who has joined us here today.

In recent months, a number of us had the opportunity to get to know Assistant Secretary Alejandra Castillo better as she has met with us here on Capitol Hill, she has visited our States, she has returned our phone calls, and she has responded to our emails. We even catch you on Zoom from time to time. She is a servant of the people in the best sense of the word. She focuses on getting things done and possesses a can-do attitude.

In short, she and the men and women of the EDA are a pleasure to work with. It has been a blessing in our lives. They share the same commitment that all of us do on this dais, and that is to work hard each day for our constituents and to improve the lives of those we are privileged to represent. Together, through smart decisions, appropriate investments, and hard work, we have an opportunity to make a positive impact on the lives of many Americans throughout this Country of ours.

With that having been said, let me now turn to our Ranking Member, Shelley Capito, for her opening statements.

[The prepared statement of Senator Carper follows:]

STATEMENT OF THE HONORABLE SHELLEY MOORE CAPITO, A UNITED STATES
SENATOR FROM WEST VIRGINIA

Senator Capito. Thank you, Mr. Chairman, and I am looking forward to the rest of the hearing. I thank everybody who is coming, and Assistant Secretary Castillo, thank you for coming, and thank the stakeholders who are going to be addressing us on the second panel.

The EDA, as our Chairman has said, is an important partner to communities in West Virginia and across our Nation that are trying to do the hard economic development opportunities for their citizens. As the lead agency for the federal economic development agenda, the EDA provides funding for critical infrastructure projects and other activities that support job creation and retention in disadvantaged urban and rural areas.

In my capacity as the Senator from West Virginia, I have worked to foster a renewed focus by EDA for our home State. I think it has worked, because since 2015, West Virginia has received over \$100 million in investments from EDA, supporting thousands of jobs. I appreciate so much the time that Assistant Secretary Castillo spent in West Virginia in Huntington, and we have already talked about, hopefully, another visit in the near future.

This hearing is very timely, given that EDA is in the process of considering applications for projects to use the more

than \$3 billion in supplemental appropriations received through the American Rescue Plan Act. Taken together with the \$1.5 billion that was provided in the CARES Act, EDA has received well over ten times the annual funding typically appropriated to EDA, all within one year.

That is a challenge. This is on top of the \$1.2 billion total in supplemental appropriations provided for EDA for disaster recovery in 2018 and 2019. This committee will continue to exercise oversight of EDA's use of these and other funds, and I look forward to hearing about this during the hearing.

Given the significant funding provided by Congress to EDA in recent years, it is concerning that the majority of the agency's programs are administered under expired authorizations, as the Chairman said. We last authorized this in 2004, and last I checked, it is 2021, right?

Congress has not updated EDA's priorities, informed by our constituents' needs and experiences with EDA, for over a decade while EDA spends record amounts. Reauthorized legislation would enable this Congress to reassert direction over EDA funding decisions. Sure, new legislation would help EDA modernize a lot of the ways that they go about doing their business. It would enhance not just oversight, but also ways to encourage coordination across Federal economic development programs.

Just last week, the committee welcomed Dr. Jennifer Clyburn Reed, who has been nominated to serve as the first Federal Co-Chair of the Southeast Crescent Regional Commissions. We must ensure good stewardship of government fundings between EDA and the regional commissions, because I think this obviously maximizes the dollars.

EDA reauthorization legislation would allow us to update the agency's processes for program implementation and project delivery. It would also support further cooperation between the EDA and the private sector.

The U.S. economy has changed a lot over the past ten years. We ought to make sure that EDA's authorizing statutes reflect this reality. However, I must stress that reauthorization legislation will not be an opportunity to change EDA's traditional missions in favor of other missions. That is best left to other agencies. Neither would this be an opportunity to carry out a Federal industrial policy in Washington that would pick winners and losers.

So, we must maintain EDA's focus on those areas that truly need assistance and continue with an industry-agnostic approach that emphasizes locally driven economic development decisions.

As the committee considered reauthorization legislation, I look forward to hearing from Assistant Secretary Castillo and our stakeholders about implementation of EDA programs in

general, and what policy and programmatic improvements the committee should consider.

In closing, let me again say I appreciate all of our witnesses. Thank you, Mr. Chairman.

[The prepared statement of Senator Capito follows:]

Senator Carper. And so do I, so do I.

Senator Inhofe. So do I.

Senator Carper. How about you, Senator Ernst, do you? It is unanimous, I think. It is bipartisan. That is good.

Let me now turn to our first witness, Assistant Secretary Castillo, and if you could just give us an opening statement, and then we will ask some questions. Welcome. We are delighted that you are here. Thank you.

STATEMENT OF THE HONORABLE ALEJANDRA Y. CASTILLO, ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT, ECONOMIC DEVELOPMENT ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Ms. Castillo. Good morning, Chairman Carper, Ranking Member Capito, and distinguished members of the committee. Thank you for this opportunity to testify on the importance of reauthorizing the U.S. Economic Development Administration.

I think that we can all agree that since EDA was last authorized in 2004, 17 years ago, the economic conditions that our communities face have changed. New industries have emerged, while other sectors have declined. Regions have encountered and responded to devastating natural disasters, and as well, we have all suffered from the impacts of the pandemic.

Meanwhile, EDA has grown significantly in size and budget, particularly over the past four years, to address these challenges. Hence, this moment represents a critical opportunity to reauthorize EDA. Simply put, to be as supportive as possible to the changing and growing needs of communities, EDA must evolve.

I look forward to sharing ideas on how we can work together to meet these goals, but first, I think it is important to discuss the impact that EDA has delivered since we were established under the Public Works and Economic Development Act of 1965, PWEDA.

EDA has a long history of achievements, and an effective reauthorization effort will ensure that we are able to continue to deliver jobs and enhance economic activities in struggling areas for decades to come.

We are committed to building on our legacy of success. I am particularly proud to report that EDA's work over the past ten months, leveraging Congress's investment, including the CARES Act and the American Rescue Plan Act, to recover and rebuild from the pandemic, had been notable.

More generally, EDA grants act as a catalyst to validate projects and mobilize outside investments. This has already been underscored by an ongoing impact evaluation conducted by the Urban Institute. Moreover, in a study of infrastructure investment, SRI International found that for every dollar EDA invested, \$17.5 in private investment was generated.

EDA continues to study our impact to ensure that these funds are used effectively, and we will continue to update Congress and the public about these findings. In the past few years, we have improved our business practices to be more responsive to our customers, launched new evaluation tools and economic models, and over the past four years, grown significantly.

For context, our American Rescue Plan funding represents the largest economic development initiative for the Department

of Commerce in decades, a once-in-a-lifetime chance to build back better.

This growth in appropriation has resulted in rapid capacity building inside EDA. Using the temporary hiring authority received under the CARES Act, we hired 83 highly qualified staff members, and we are in the process of hiring another 77 staff members under the American Rescue Plan. These staff members have helped EDA review and obligate over \$1.3 billion of the \$1.5 billion CARES Act funding, and we are confident that they will allow us to also obligate CARES and ARP funding by the deadline.

While EDA has been exceedingly successful in creatively implementing its program, our rapid growth in recent years and the ever-shifting economic development landscape means we must reassess how we meet future challenges and support communities where they are in their development. We are committed to working with you to ensure that we meet our shared vision of better serving communities across the Nation and increasing U.S. competitiveness globally through updates focused on modern infrastructure, resilience, and equity.

I would now like to share some of our ideas on how we hope to reach these goals under a reauthorization EDA.

First, infrastructure: EDA consistently supports communities in infrastructure development, but our statute is

not built to support communities in developing the modern infrastructure they need to create and scale new industry sectors. For example, for EDA, broadband infrastructure is an intrinsically public-private undertaking, a format that is currently difficult for EDA to support. We look forward to working with you to maximize EDA's ability to deliver broadband.

Next, resilience: EDA has increasingly been called to play a prominent role in disaster recovery. Our specialty in disaster situations is two-fold. First, providing support through the Economic Recovery Support function to assess the economic impact of a disaster and help areas plan long-term recovery, and secondly, providing support through disaster supplemental and regular program funding. This two-pronged approach helps localities and regions build back stronger.

We look forward to working with you to further cement these programs and help develop more capacity and expertise within EDA and throughout communities to respond to the future disasters effectively and expeditiously.

Next, equity: we are committed to ensuring that our funding is equitably distributed. While our mission in itself directs us to support our Nation's neediest communities, we continue to look for the best ways to advance equity across America. We have identified two ways in which we can better serve underserved communities.

First, updating EDA's traditional distress criteria, and secondly, providing greater pre-development services. New measures of distress and our understanding of the best way to gauge long-standing inequities continues to evolve. To that end, we are currently assessing new or updated measures of distress that would better enable us to target communities most in need.

Additionally, we have long engaged in pre-development activities, including capacity building, planning, technical assistance, and training. These activities have shown their worth by helping communities understand their need and provide access to EDA or other federal funding.

We propose to increase our focus on pre-development activities from idea to implementation to make sure all communities have the necessary tools to adapt, change, grow, and diversify their regional economies.

To conclude, restoring economic prosperity to all parts of the Nation and making critical investments for future growth is an important priority of the administration. We look forward to working with you to reauthorize EDA so that we are best positioned to leverage our strength in furtherance of this goal.

Chairman Carper, Ranking Member Capito, members of the committee, thank you for your consistent engagement, and thank you again for the opportunity to address you today.

[The prepared statement of Ms. Castillo follows:]

Senator Carper. Madam Secretary, thanks so much for that.

We have been joined by Senator Boozman, welcome, and now Senator Stabenow. Senator Stabenow chairs the Senate Ag Committee, and one of the issues that she has been pushing is regenerative agriculture. I don't know if that is something that you all have given any time or attention to in EDA. I just want to bring it to your attention as we try to think of ways to reduce the threat of climate change, too much carbon in the air.

One of the ideas to do that is to pull carbon out of the air, make sure that we get it into the soil. It can enrich the soil, make it more fertile, more productive, and keep farmers on the farms and continue to produce. Senator Stabenow's legislation, bipartisan legislation, passed the Senate, I think, 90 to 8, something like that, and I just wanted to plant a seed, if you will, that to note that this can be part of the solution.

I focused for years now on how do we address climate change, global warming, and do it in a way that creates jobs and economic opportunity, including in agricultural areas, so I would just plant that seed. Is this something that you all have given any thought at all about, just go ahead?

Senator Stabenow. Mr. Chairman, if I may just interject, my partner in that is sitting right across the dais, Senator Boozman, who has been really critical in our bipartisan efforts moving forward, working with farmers and ranchers, so thanks,

Senator Boozman.

Senator Carper. As we say at markups in the Finance Committee when we talk about tax policy and tax reform, GUILTY. That is an acronym, if you have not heard of it.

Senator Stabenow. I don't think we want to talk about that.

Senator Carper. We don't want to talk about that. That is a good thing to be guilty of, John, so good for you. Is this something you all have thought about at all, any conversation about regenerative agriculture and what role, if any, EDA can play in it?

Ms. Castillo. Yes. These are areas that we are always taking a look at, because it is the type of future opportunities that communities can actually not only have support from EDA to invest in, but more importantly, to really plan towards where the jobs are, where the growth is. I will say, Senator, that I had a great conversation with the new Administrator of the Rural Economic Development Administration, and really, working together across the Federal Government is essential as we look at those type of opportunities.

Senator Carper. That is great; I agree. There was a time not too long ago that a lot of people in this Country questioned whether or not climate change is for real, and I think, given the wildfires we have seen on the West Coast, sea level rise on

the East Coast, I am told that in Louisiana, they lose about a size of land the size of a football field, I want to say, about every minute, and it has been going that way for quite a while.

We have in Iowa, Joni Ernst, just with us for a little bit, but in Iowa, they had hurricane force winds last year that blew down about half the crops in that State, so this stuff is real.

The question is, how do we address the cause of that and ways to create economic opportunity? I was born in West Virginia. I might have mentioned to you earlier that my neighbors, our neighbors as little kids, were coal miners. My dad was a coal miner coming out of high school. The economy in West Virginia is very sad these days. I was with Senator Capito, and she and Senator Manchin and others are trying to address that, but there is a great deal of work that needs to be done.

We grew up in Danville, Virginia and it was tobacco country, and it is a place that is very sad now, in terms of their economy. As we move to address climate change, a bunch of us, 15, I think, of us, in the Senate are going to go to Glasgow in about 48 hours, climb on a plane, go to Glasgow, and meet with a couple people, maybe a hundred other countries, and the idea that we are going to look at is how do we address climate change, and how do we do it in ways to create economic opportunity and jobs? Would you just talk about EDA's role in

that, particularly in States like West Virginia, for places like southwestern Virginia, where the world has changed, and they need help, please.

Ms. Castillo. Senator, I will say that one of the philosophies of EDA is that there is no one-size-fits-all. We actually are working very closely, bottoms-up, with communities to make sure that we are responsive to their needs, but also making available the type of tools that they need to be able to plan for their own future.

With regard to coal communities, as you may know, Senator Capito in particular, the American Rescue Plan has designated \$300 million to work very closely with coal communities, and those are the type of not only programs, but also efforts that we are very much working hand-in-hand with individuals across States. I have seen incredible models that could be replicated, but I am also making sure that we have the pre-development dollars to make sure that we are working with communities, doing those first initial stages of the planning, gap analysis, assessing what is viable, not to mention, also on the workforce development side of the house, which is important as we look at communities as a transition.

At the end of the day, it is really working across the lines to make sure that we are working with communities, but we are also looking at diversifying economies, and what type of

economic opportunities can be brought about, different types of industries, private sector, as well.

Senator Carper. All right, thank you. For years, the economic development administration received an annual appropriation of about \$300 million. That sounds like a lot of money, but when you are considering the Country, with over 300 million people, that doesn't go very far, and we provided, as you know, about ten times that amount of money, not forever, but for at least a brief period of time.

I don't want us to end up a couple years from now, three, four, five years from now, and say, what did they do with all that money? What did they do with all that money? We want to make sure that we are providing you, through the authorization process, the resources, and the flexibility that you need to make sure that we maximize the use of that money. Give us a couple of thoughts, if you will, some early thinking, how can we just make sure that we are a force multiplier with respect to the investment of those funds?

Ms. Castillo. Thank you, Senator, and I also want to thank the Senate for the trust that you have placed in EDA. You mentioned punching above our weight, but most importantly, we are really working to make sure that we are connecting with communities.

Under the American Rescue Plan, I will tell you there are

six different types of grants that were designed under the \$300 billion grant package. For example, the Build Back Better, which the first phase, the deadline was October 19th, we received 529 applications.

Senator Carper. And those were just from Delaware and West Virginia, right?

[Laughter.]

Ms. Castillo. Well, I wanted to highlight that because it also is indicative of not only the market appetite for big ideas, new industries, but also how EDA can actually make large-scale transformational type of investment through the Build Back Better challenge.

The next one that is coming up is the Good Jobs challenge, which we are on the road, making sure that communities know that this is available, and again, thinking big, making sure that these investments have a multiplier effect, not only the dollars we are providing at the federal level, but the encouragement of applicants to bring in other partners to make sure that these dollars have a greater impact.

There is a lot that not only have we designed on the American Rescue Plan, but also making sure that we have the transparency and accountability that I know Senator Capito mentioned in her statements regarding oversight.

Senator Carper. Thank you so much. Senator Capito?

Senator Capito. Thank you, Mr. Chairman. I am going to yield to the former chair of the full committee, to ask his questions before me.

Senator Inhofe. First of all, thank you very much, Senator Capito. I am a very proud conservative, and at the same time, I have been the strongest supporter of the EDA. There is not stronger supporter in the United States Senate. Since 2012, we have invested over \$100 million in nearly 150 projects in Oklahoma. I am familiar with every one of those projects, because that is one thing that is good about the EDA, you get the local input of people who really know what the needs are, and that is what we have been doing for a long period of time.

This year, we invested over \$22 million in projects in Oklahoma that are for the Choctaw Nation and others, and yet our rural communities still struggle developing applications around these. Now, I talked to you back in June, and I talked to you about the kind of the dilemma we have in some of our rural communities, and just getting through the application process is an example. Any thoughts that you have now that you have been involved in this on what kind of help you can be to the small communities?

Ms. Castillo. Senator Inhofe, I have to take a moment to thank you, because it was under your leadership that EDA was last reauthorized, and I hope that under Senator Carper's

leadership, we will get to that goal, as well.

Senator Inhofe. Oh, we will make sure it is.

Ms. Castillo. I appreciate it.

Senator Inhofe, first of all, let me speak to, you mentioned the Choctaw nation. EDA has a very special relationship in terms of making sure that we are engaging and collaborating with tribal communities under the American Rescue Plan. We have designated \$100 million to tribal communities, as well as, most recently, we changed some regulations as to the type of partnerships that we can also engage with, and we have allowed for private sector entities that are wholly owned by tribes, in furtherance of the tribes. I am giving you this example as a way of how we have expanded the way that we are working specifically with tribal nations.

On the rural side, again, I will say again, that under the American Rescue Plan, we have designated \$300 million to work with both coal communities, as well as making sure that rural communities are engaged. Two-thirds of EDA's grants are provided to rural communities, so we have a very strong benchmark as we work with rural communities.

But again, one of the issues that we want to do much better on, as we think about this reauthorization, is looking at our definition of distress, making sure that we can look at distress not only through per capita income and unemployment, but looking

at broader factors that also come into play when we are measuring distress. That in itself, Senator, will also be very helpful, because the definition of distress coupled with our grant rates, will make it much more accessible and available for communities that are struggling.

Senator Inhofe. We appreciate that. You might remember that, during our conversations several months ago, I brought up the activity of the types of aviation projects that we have had in my State of Oklahoma. We are quite an aviation State, and I have aviation in my background.

We have included report language into the appropriation bill encouraging EDA to consider economic development opportunities in aviation and aerospace-related industries. In Oklahoma, the EDA joined FAA to invest in a new runway in Bristol Airport. In fact, I flew a little aerobatic plane in to cut the ribbon to open the airport. We have an additional \$2 million grant, an EDA grant, that they, Will Rogers, to complete hangar improvements, so we have been very active in that.

I guess I just want to comment to you, I know what your answer would be, that you would continue your strong consideration of aviation-related projects in your tenure.

Ms. Castillo. Very well captured, thank you.

Senator Inhofe. We look forward to that. Thank you very much, and thank you very much, Senator Capito.

Senator Carper. I believe that we have been joined by Senator Cardin, who is going to be leading one of those CODELs to Glasgow, Scotland this Friday. Ben, are you online with us, on WebEx?

Senator Cardin. I am, Mr. Chairman, and thank you. I want to thank our witnesses for their testimony. I am looking forward to being with you in Glasgow on the climate issue. EDA is critically important to my State, and I was listening to Senator Inhofe's concerns about our rural areas.

In Maryland, we have extremely important partnerships with EDA in the western part of our State, the eastern part of our State with the regional commissions that are critically important for our rural development, but it is equally important in regard to our urban centers, and I just really would like to ask a question in regards to that. I know that we have requests for partnerships with EDA in our urban centers that have real challenges in economic development.

The traditional plot that the urban centers are wealthy opportunities may have been true at one point, but that is certainly not true today, with many trapped communities having challenges for economic development and need the help of EDA.

So, let me just ask the question on balance. Yes, I want to make sure our rural areas are covered, but we also need to be more innovative in the partnerships of EDA and our urban

centers. Comments on that?

Ms. Castillo. Senator, thank you for the question. I will say that, again, we are meeting communities, whether they are rural or urban, we recognize that challenges as the economic landscape changes are very real. Again, as we think about reauthorizing EDA, I want to make sure that I underscore the point that even looking at how we measure distress is going to be very important.

The other thing I will say that, as we look at our investment priorities, which are seven, and equity is at the top of that investment priority list, is making sure that we are meeting communities of color in urban areas and in other areas as well, and recognizing that this pandemic has had such a disproportionate impact, specifically on women and people of color in terms of the job losses, the type of industries that were overrepresented, whether it is a service industry.

So, you are absolutely right, Senator, in terms of making sure that we are paying attention across the Country, every corner, whether it is rural, suburban, or urban. So, you have my commitment that we will continue to work with you, and we hope that as we continue to talk about the reauthorization of EDA, that we can continue to work very closely with your staff as we look at the urban areas.

Senator Cardin. Thank you for that reply. I would give

you one specific example of the beautiful city of Annapolis, Maryland, our historic capital, which I had the privilege of working out of for 20 years in the State legislature. Great city.

It has a very high proportion of subsidized housing and has challenges of economic growth for a large part of the population. It is also extremely vulnerable to climate change, as we just saw during this past weekend with floods in Annapolis itself. So, it is a community that very much, I think, can benefit from the EDA grant partnerships in dealing with its economic challenges.

Let me move on to a second subject, if I might, and that is how you see EDA moving forward on workforce development. Hagerstown Community College was looking to provide facilities that need to provide more workforce development programs at one convenient location, looking at trying to consolidate a lot of its current activities.

How do you see prioritizing workforce development, knowing that that is a critical shortage that we have today in getting qualified workers, particularly the geographical areas for EDA?

Ms. Castillo. Senator, thank you for the comment as well as the question. If I may just go back to the comment with regards to Annapolis, as you know, EDA does great investments in brick-and-mortar, and one of the areas that we are looking very

closely at is how do we build resilient infrastructure, as well as looking at coastal communities and the impact of natural disasters, and as you mentioned, as flood, and the likes.

So, I just wanted to underscore the fact that we are working very closely with communities as they face changes in climate, as well as changes in economic opportunities. With regard to workforce, both economic development and workforce development go hand-in-hand. We know that, right now, the pandemic, we saw a lot of loss in jobs. As I mentioned before, women and communities of color were impacted. We are also seeing employers who are having a difficult time finding skilled workers.

Secretary Raimondo believes very strongly, and I support her vision, that EDA, as well as the Department of Commerce, has a role to play in filling this gap. We have been traditional brick-and-mortar supporting workforce development, whether it is systems and the ecosystem, but we also understand that EDA, particularly through its STEM apprenticeship had an opportunity to build systems, systems that can support workforce development, as well as up the grant that I mentioned before, the Good Jobs Grant, which is actually bringing together partners across the board to look at workforce development.

We will continue to work with our partners at the Department of Labor, as well as the Department of Education to

look at workforce development in a much more robust way, so there is much more to come, and it is a very urgent need as we look at not only economic development at large, but as we prepare for the jobs of the future.

Senator Cardin. Thank you. I appreciate that response. Thank you, Ms. Chairman.

Senator Capito. [Presiding.] Thank you. I am going to go to Senator Boozman if he would like to begin his questioning.

Senator Boozman. Thank you very much, and thank you for being here, and we do appreciate all of your hard work. As you know, many rural areas in Arkansas, some of the rural areas across the United States, are losing businesses, employment opportunities, and population.

Many of these areas have benefitted significantly from programs that target rural economic development, such as investments from the EDA. EDA is such a valuable resource for so many people who need this help. Recently, the Administration adjusted EDA's investment priorities to include technology-based economic development and environmentally sustainable development, while omitting past priorities, such as critical infrastructure and opportunity zones. I worry that the shift in priorities will leave rural America unable to address its critical infrastructure needs.

Why, I guess the question is, why the shift, why were

critical infrastructure and opportunity zones omitted from EDA's funding priorities, and will critical infrastructure and opportunity zones still remain a priority for EDA?

Ms. Castillo. Thank you, Senator. I will answer the question in the following way. I think that we continue to work with opportunity zones as a tax-based incentive, as well as looking at communities that are defined similar definitions that are used for opportunity zones, which is distressed.

Again, as I have said before, we are looking at not only expanding, but really revisiting how we measure distress, as well as looking towards partners. As you may know, we work very closely with economic development districts. We work with university centers. We are looking at ways under the reauthorization to expand public-private partnerships that I know Senator Capito has mentioned in previous hearings.

So at the end of the day, we are not only continuing our work with opportunity zones, but we wanted to make sure that as we looked at our investment priorities, we were looking at a much broader lens, the lens of equity, the lens of recovery and resiliency, workforce development, manufacturing, as you mentioned, technology, base economic development, environmentally sustainable development, and export and foreign direct investment. Those are the seven priorities that EDA has put in place in order to direct some of those resources, but

rest assured that we continue to work with communities that are highly distressed, as well as bringing about as much partnership and resources to bear.

Senator Boozman. Good. As Senator Inhofe said, the committee is being very supportive of the agency, and we do appreciate all the great work that is being done. It has been really helpful in Arkansas in distressed areas and those who experience substantial and persistent unemployment and poverty. With the decline of American manufacturing and agricultural jobs, rural States like Arkansas have seen good-paying jobs get shipped overseas, and the list goes on and on as to what is going on in rural America.

So, I guess the question is, you know, how does EDA funding help rural States such as Arkansas bring good-paying jobs back to our citizens, and brag a little bit about what you are doing so that we can continue to muster support for the great work that you are doing, and go forward?

Ms. Castillo. Yes, so thank you for the opportunity to brag a little bit, but it is more than just an opportunity to brag. It is really to bring this conversation to how we are impacting communities. This reauthorization hearing is really not about a technical issue, it is about bringing communities to bear. Senator, I have been delighted to announce several grants to Arkansas looking at how we are working with individuals on

the ground to be able to help them devise their own economic development strategies, working with the economic development districts, which are essential to the network that EDA has.

I know that one of the witnesses in the next panel will be talking about the role that EDDs play, but we work across the Federal Government, making sure that not only are we pulling in EDA's resources, but we are also working very closely, for example, with HUD or Labor, looking at what is happening with Energy, making sure that EDA can be that pivotal place that pulls in as much resources and planning as possible, because again, what we don't want to see is one-offs.

We want to see more systemic, more of the multiplier effect of how our funding can actually impact. With regards to manufacturing, as I mentioned before, it is one of our seven investment priorities, making sure that we are bringing in companies into communities that can create those good-paying jobs that you referenced, but also making sure that the infrastructure to sustain those jobs are there, both physical infrastructure as well as the talent-based infrastructure.

Senator Boozman. Very good. Thank you very much.

Ms. Castillo. I appreciate it.

Senator Capito. Thank you. Senator Stabenow?

Senator Stabenow. Thank you very much, Madam Chair, and welcome, Secretary Castillo. I think it is fair to say we have

strong bipartisan support for what the EDA does, and what you represent in terms of community partnerships, community, State, Federal as well as working public and private sectors, so thank you for all the great work that the agency is doing.

I am also laser focused on tackling the climate crisis, which is already threatening our way of life and our economy in Michigan, as well as across the Country. That is why I am championing a number of different pieces of legislation, whether it is electric vehicles or clean energy manufacturing, or in agriculture and forestry for folks to continue to do what they do best, to help with the solutions, and the good news is we can invest in a cleaner future while also growing the economy, we know that, and creating good-paying jobs.

We are poised in Michigan to really lead in clean energy jobs, but we have to have the workers with the skills to do that. I know you have already begun to speak about that, and you say in your testimony about how reauthorization can position the EDA to help create a more sustainable energy sector that doesn't leave workers behind. This is absolutely critical.

So as we turn to reauthorization, how can we ensure that EDA resources are leveraged appropriately to provide workers the skills necessary to participate in the clean energy economy, and how can we ensure that the workforce development funding from EDA and other agencies really achieves the best outcomes for

working people?

Ms. Castillo. Thank you, Senator, for the question, and thank you for the focus on reauthorization. Two things that I would like to just comment on, first, I was recently in Michigan, in Detroit, looking at some incredible technology and innovations in the mobility space. Very exciting things that are happening to unleash new industries that will create those high-paying jobs.

But to your point on workforce development, we definitely need to make sure that we are creating systems and programs that are helping workers upscale. EDA has a role to play in that space. We are looking at workforce development to make sure that we are building systems that can be best leveraged as new industries are coming about, as well as having the opportunity to work with the Department of Labor and the Department of Education. This is an entire spectrum of programs that need to be working synergistically.

I think that EDA has a role to play in collaboration with others, as well as making sure that the funding is available. I mentioned before the STEM apprenticeship, which was a \$2 million effort, but also what is coming down the pipeline with the Good Jobs Challenge, which is a half a million dollar grant, as I referenced before, the American Rescue Plan has six different grants. The first one was the Build Back Better Challenge, and

we had an incredible response rate on that.

We are expecting equally that under the Good Jobs Challenge, we are going to have some amazing ideas, and I am hopeful that from the State of Michigan, we are going to have some very strong applications, as well. I will underscore that this is a priority for Secretary Raimondo, and something that EDA very much wants to continue to support.

Senator Stabenow. Thank you very much. You will have strong applications from Michigan, so I am sure, as well as across the Country. Then, finally, let me just ask another piece of this relates to the supply chain resiliency. We have seen what has happened in a global economy in the middle of a pandemic, and the economy has shut down.

Certainly, in manufacturing, where it is just-in-time supply chains, and all of a sudden, those materials aren't available, parts aren't available, or maybe they are all coming, as in the case of manufacturing semi-conducting, the majority coming from one company in Taiwan, which now we aren't able to receive those, or we weren't able to.

So, you mentioned EDA's role in improving supply chain resiliency, and there is no question we need a whole-of-government approach to resolving what is happening, and one of the best ways, and good news for us, is to bolster domestic manufacturing, so we are making things here, and we are focused

on that already.

Our efforts with the U.S. Innovation and Competition Act, something, again, I was laser-focused on the manufacturing chips, making sure we have dollars to be able to do that manufacturing, that innovation, here in the United States, as well as stronger by America provisions of mine, which I am really glad were in there.

Can you talk more specifically about how reauthorization could position EDA to complement our recent initiatives to address supply chain disruptions and bolster American manufacturing?

Ms. Castillo. Thank you for the question, Senator. EDA plays a role in supporting the supply chain, specifically on the physical infrastructure that connects the nodes of distribution. As a matter of fact, I know that Senator Duckworth is not here, but we just announced a grant in Chicago to make sure that we connected, supported a road that connected a distribution network.

There are many ways that EDA can help strengthen the supply chain environment, and one of those is continuing to do our investments in infrastructure, but also making sure that we are working with not only employers, but also the workforce, and making sure that, as you mentioned, we can bring back more manufacturing to the U.S.

Our goal is to strengthen U.S. global competitiveness, and all of this is tied together, so definitely, EDA continues to have a role in this effort.

Senator Stabenow. Thank you. Thank you, Madam Chair.

Senator Capito. Thank you. I wanted to begin my questions with a comment that you made in your opening statement about some of the difficulties with deploying broadband and being able to partner with private entities.

I would point out that I have a bill with Senators Cardin and Graham, we call it the E-BRIDGE Effort, and the good news is this will, I think, address some of those issues. There is really no controversy on it, and it is on suspension in the House today, so we are hoping that that gets through the House of Representatives, and that it provides you that flexibility. Because as you know, all of these things are great, but if we can't get the broadband into those more rural areas or those that are disadvantaged, they just become more and more disadvantaged.

I want to ask about the \$3 billion that was released through the American Rescue Plan, as you said, was divided into six programs, one of which is the Build Back Better, you said had 529 applications?

Ms. Castillo. Five hundred twenty-nine, correct.

Senator Capito. Yes. I know ten of them are really good,

because they are from the State of West Virginia, and maybe we will get Mr. Whitehair a chance to talk about his.

But you are taking a regional approach there, which is different than the way the \$1.5 million was distributed in the CARES Act. I am wondering, why did you decide to deviate from a traditional approach and go more regional for these Build Back Better? Also, what is the timeline to have those, I know they are in phase one now and you just got those applications, but when do you anticipate those decision being made? Because obviously, it is going to be very competitive. You are only going to grant, it says, 50 to 60.

Ms. Castillo. Let me just answer the first part of the question with regard to why did we deviate. This was a, as I mentioned in my opening statement, a historic infusion of resources for EDA. We wanted to make sure that we had investments that were truly transformational, and we also wanted to make sure that regions weren't competing against one another, hence why we were making sure that there was partnership.

I usually say that the secret sauce of this grant was really bringing as many partners to the table so that our investments from the Federal Government could be supplemented in many ways with private sector investments in technical skills, the talent, and make the programs work in a grander scale. As I referenced earlier, the one-offs are not what is going to create

the type of economic development that we need. It has been interesting, Senator, to see just not only the appetite, the response, and the excitement for regional economic development. Going back to reauthorization, this is the evolution of EDA, not just localities, but looking at truly regional economic development collaboration and partnership.

Senator Capito. Well, I know that our regional EDAs have been doing this kind of thing for years, smaller. Maybe this has encouraged more of them to get together. The last question I had was, after the phase one gets in, what is your timeline?

Ms. Castillo. We are expecting within the next few months to be able to get into the phase two approach. Right now, we are evaluating all of the 529 and making sure that we are making those decisions.

Senator Capito. You have mentioned in your testimony, too, that you would want to have a reauthorization and update of distress priorities, new updated priorities. I guess, and then you mentioned communities of color and equity and others, disadvantaged communities. I would imagine these would be enhancements to what were the traditional way that EDA would assess a distressed community, because distress is distress. Could you kind of talk about that a little bit?

Ms. Castillo. Sure. Currently, our distress definition is per capita income, unemployment, but we know that communities

have different factors that come into play, whether it is rural communities being remote, looking at, sometimes, the age of the infrastructure of a community could also be an indicator.

What we are looking for, and you mentioned it in your comments, Senator, is providing flexibility on how we determine that distress component, and as I mentioned before, distress is very tied to our grant rates, how we determine how much match is required in a community, so we want to make sure that we are accurately depicting what distress looks like community by community.

Senator Capito. Okay, good. Also, we have run into this a couple times. EDA maintains an interest in real property acquired, constructed, or improved with agency funds for the estimated useful life of the project. Well, things change, and different properties might want to get repurposed for different reasons that might be more useful to the community.

Are you finding that this is a nationwide issue, is this something that should be addressed in a reauthorization piece, so that we can have the flexibility to work with EDA to make that repurposing easier and more seamless?

Ms. Castillo. We find areas where we have those situations, and we work closely with the grantee through our regional offices. This is an area that I very much would welcome working with your team to make sure that we either best

understand and assess how to address it. As you well pointed out, conditions change.

Senator Capito. Yes. Senator Cardin and I have looked at this issue. We have a bill out, the Reinvigorating Lending for the Future Act, and I think this might help give you some of this flexibility, which I think would be very, very beneficial. You did, and you have spoken about this more. I am going to stop here, because I see my clock is running out, and go to Senator Kelly.

Senator Kelly. Thank you, Madam Chairwoman. Secretary Castillo, thanks again for joining us. It is great to see you again. So, this is making sure that EDA is doing robust outreach to stakeholders as the American Rescue Plan grants are rolled out is very important to the State of Arizona, so I appreciate your work on this, and the work of your team. I wanted to start by discussing the Assistance to Coal Communities Program.

As you know, back in 2019, the Navajo Generating Station, one of the largest coal generating stations in the Country, ceased operations, and it closed. The plant employed more than 1,000 Arizonans. Many of them were members of the Navajo Nation and the Hopi Tribe, and the plant contributed more than \$300 million a year into the regional economy. Yet, when the plant closed, there were no industries in place to replace those jobs

that were lost, and it cause a significant disruption in the regional economy and to folks' lives.

One of the lessons learned from the plant closure is the need to make early investments in regional economic development to help these communities that are going to have to go through a transition as shocking as this. It was a challenging time for so many members of the community in Northern Arizona.

So we currently, in Arizona, have several other communities that are preparing for such transitions, and I am hopeful that, as part of the EDA reauthorization process, we can ensure that the Assistance to Coal Communities Program is prepared to meet the modern-day needs of energy transition in communities, especially in the State of Arizona, but also across the Country.

Secretary Castillo, what lessons do you believe EDA has learned since the Assistance to Coal Communities Program was created in 2014, and how have those lessons learned been integrated into this new coal communities commitment that is included as part of EDA's ARPA grant program?

Ms. Castillo. Thank you, Senator Kelly, and it is good to be speaking with you again in terms of not only the outreach, but essentially the impact of how we can best help coal communities. If I can parse out your question into two pieces, if I may, first of all, you mentioned Navajo and Hopi Tribes. EDA has designated \$100 million to work with indigenous

communities. We actually have hired a tribal community coordinator to make sure that we are reaching communities, Native American communities.

The next thing I would say is, the predevelopment work that EDA already does, but we are looking at reauthorization to help us do more predevelopment work. This portion goes to your second question, which is what lessons have we learned. We have learned that we need to engage coal communities early. We need to work with them in terms of the predevelopment planning stages, making sure that we provide them with the technical assistance, with the comprehensive economic development strategies that they need, but also making sure that we provide the resources to bring in new opportunities across the board.

I have said before, we meet communities where they are at, whether it is at the initial stage of a coal plant's closure or a nuclear plant closure, or whether it is further along. We have the different types of tools to work with communities very closely, but a lot has been learned, a lot has been gleaned from experiences in the past that we are putting into place, especially as we look at the coal community Build Back Better Challenge.

Senator Kelly. I would like to make sure that the communities in Arizona that are going to experience these sorts of transitions are connected with your office to help with this

transition, so I am going to make sure that my office follows up to make sure there is a connection there. With that, since I only have 30 seconds, I yield back.

Ms. Castillo. If I may, Senator, before you leave, I am happy to also collaborate with you and visit with you the communities in Arizona.

Senator Kelly. That would be great. I look forward to that.

Senator Capito. Thank you.

I think that we have exhausted our questions for the first panelist. Assistant Secretary, I want to express my gratitude, both from me, but also from Senator Carper. He had to leave to go to a business meeting on another committee, and apologizes, I am sure, for not giving you the official farewell, so I will give it to you in his stead. Thank you so much for everything you are doing and will continue to do. We appreciate it. I will call the second panel up.

Ms. Castillo. Thank you.

Senator Capito. I am going to assume that our first witness Ms. Liu, is virtual? Yes.

Welcome to all of you. If you heard those buzzers and lights, that means that pretty soon, if not now, we are going to be getting called for a vote. So you will see a little musical chairs up here. But we will move forward and try to move the

session along so we can get good questions in.

I want to welcome the second panelists. We have Amy Liu, who is joining us virtually. She is the Vice President and Director of the Brookings Metropolitan Policy Program, which she co-founded in 1996. She has an excellent resume and has worked a lot with EDA and EDA programs. Welcome to her.

Our second witness is Mr. Mike Bowman, from the great State of Delaware. I am sure the Chairman is sorry he is not here to introduce you. He is the Assistant Director of the Office of Economic Innovation Partnerships, University of Delaware. He has also been, I thought interesting in his bio, Chairman and CEO of the Delaware Technology Park, a collaboration between the State of Delaware, the University of Delaware, and private industry, to launch and support technology companies. We are trying to do that in West Virginia, so I will be interested to hear what you have to say.

Next, we have Mr. James Leiman. Senator Cramer, do you want to introduce Mr. Leiman?

Senator Cramer. Sure, I would be happy to.

Commissioner Leiman, thank you, first of all, for your service to the people of North Dakota. Thanks for accepting the invitation to participate in today's hearing.

Dr. Leiman was appointed the Commissioner of the North Dakota Department of Commerce in March of this year by Governor

Doug Burgum. Prior to that, he served in the agency as the Director of Economic Development and Finance, a position I once held. I didn't have nearly the credentials nor the success in attracting capital as Dr. Leiman has had during his career there. So we are really grateful.

Throughout his time, Dr. Leiman has demonstrated an incredible ability to attract interest and capital to North Dakota, and to develop our abundant natural resources, particularly natural gas resources. We are grateful you are here, and look forward to hearing your testimony.

Senator Capito. Last but certainly not least in my mind, I am here to welcome my friend and fellow West Virginian, Shane Whitehair, whom I have known for a very long time. We worked together for years. He was working under the tutelage of one of our favorite people, Rosemary, who we lost. Shane has picked it up from here and has done a great job. When I was the Second District Congresswoman, we worked a lot together.

Shane has been the Executive Director of the Region VIII Planning and Development Council for more than two decades, overseeing critical economic and community development projects across seven counties in West Virginia, sort of in the mid-section of our State. Similar to other regional councils in our State, Shane and his team are an invaluable asset to us as elected officials and the communities that they serve.

I appreciate his service as President of West Virginia's Association of Regional Councils as well as he serves on several boards. He is a graduate of, we are, Marshall University. Shane and his wife Amy are the proud parents of two children. I think one of them was probably not born when I first met you. One is now a college student and the other is a junior in high school. I want to thank him for agreeing to lend his expertise to us today and for being a testament to the talent that we have in our great State of West Virginia.

We will start with Ms. Liu.

STATEMENT OF AMY LIU, VICE PRESIDENT AND DIRECTOR, METROPOLITAN
POLICY PROGRAM, THE BROOKINGS INSTITUTION

Ms. Liu. Ranking Member Capito, Chairman Carper and members of the committee, I do want to thank you for this opportunity to offer testimony as you begin to explore the reauthorization of the U.S. Economic Development Administration.

I lead a program at Brookings that is dedicated to helping local leaders create communities that are prosperous, just and resilient, no matter their starting point. This includes cities and metropolitan areas and their interdependence with rural communities.

In 2016, I authored a report called Remaking Economic Development. This report came from my experience working alongside coalitions of leaders of dozens of metropolitan areas around the Country such as greater Phoenix, San Diego, Chicago, northeast Ohio. We also worked with governors to revitalize urban and rural regions.

The goal was helping these regions and these leaders grow good jobs, diversify and strengthen their industries, and ensure that workers were better off amid a disruptive, rapidly changing global environment. In that paper, I argued that traditional economic development, sales, marketing recruitment, wasteful incentives, failed to respond to what is needed to compete and prosper in the modern economy.

Instead, the field of economic development and regional economic development had to embrace a broader vision, backed by years of academic evidence. That is that the purpose of economic development is to put a region on a path to higher growth by improving the productivity of existing firms and existing workers in ways that lead to better incomes and living standards for everyone, closing disparities by race and place.

That means good economic development is inherently inclusive, because it maximizes the participation of more people, more businesses, and their neighborhoods, in economic growth, creating and doing prosperity. This vision is even more urgent in the post-COVID economy.

So based on my experience, I am here to offer three broad observations as you begin to shape the future of EDA and federal economic development policy. First is that local leaders are really trying to deliver on this kind of meaningful economic development, but they face many obstacles. It is just simply hard to get off the addiction of business attraction and incentives, even though most job growth comes from startups and the expansion of existing businesses, and even though most incentives cost more to the taxpayer than their benefit.

As they try to pivot away from business attraction, they struggle to acquire the staff, the skills, and the overall resources to take on new and more complex roles, such as

coordinating on talent development, scaling up small and mid-sized companies, ensuring there is childcare and transportation access for workers, or helping local businesses promote diversity equity inclusion.

Leaders also lack the civic capacity to bring together multiple stakeholders across multiple jurisdictions around some common objectives. In fact, one leader actually told me that "Regional collaboration has never been more important, but it has also never been harder." Leaders still confront traditional performance metrics that reward outdated behavior, for example, the number of jobs created through deals with a pipeline. It does often overshadow other important outcomes and strategies, whether the jobs created are good, whether worker incomes are growing, whether there are enough skilled workers or STEM graduates to meet employer demand.

So, the bottom line here is if U.S. metro and rural regions struggle to adapt, then the EDA interventions and investments won't likely take root and drive intended outcomes.

Second observation is that the Federal Government can reward good regional economic development. Yet to do that, EDA itself must modernize. Briefly, here are five recommendations.

EDA must be a true partner, not just a grant maker. For an agency that is supposed to support bottom-up solutions, it remains perceived as a top-down grants administrator. It needs

seasoned economic development professionals, particularly in the regional offices, who can engage meaningfully with local leaders.

Two, EDA must adopt and embed the broader vision of economic development across its programs, regional offices, performance metrics, its CEDS process. The ad hoc experiments via appropriations or the executive actions must give way to deeper institutionalized capacity and changes in the agency.

Three, EDA ought to codify programs that work, like the \$1 billion Build Back Regional Challenge grant. I recognize the program is new, yet the design is real promising. The funding is properly scaled to match the size of the ambition. It rewards multi-sector collaboration to deliver multi-pronged strategies. It articulates outcomes that matter, such as long-run industry competitiveness, racial and economic equity, bridging urban and rural linkages.

Four, EDA should lead federal interagency coordination of regional economic growth to match the integrated approaches in communities. And five, EDA should prioritize local capacity building, such as quality technical assistance and pre-development assistance funds to help local institutions meet this mandate.

Let me close with the third observation, which you all have said on this panel today, which is that EDA matters. In today's

winner-take-most economy, with too many communities falling behind, top-down, one size fits all macro policies are simply insufficient. The U.S. needs bottom-up, place-based, comprehensive economic development that is responsive to the unique conditions of each region, so that every community has a shot at economic success and opportunity.

EDA is the sole federal agency with that mission, and that is the opportunity with this reauthorization.

Thank you.

[The prepared statement of Ms. Liu follows:]

Senator Carper. [Presiding.] Thank you, Ms. Liu.

We have a markup going on, it is a voting business meeting in the Homeland Security and Government Affairs Committee, where I am the senior Democrat. I am trying to do that and do this at the same time.

This is a day when I wish we could do cloning, I wish it was legal and we could actually get away with that. But we cannot.

I am going to turn to a guy in Delaware who is in several places at the same time and does a great job at all those, Michael Bowman. Michael, thank you so much for all you do in Delaware. Thanks for joining us today.

When I think of Mr. Economic Development, some people used to say when I was governor, I was Mr. Economic Development. They said worse things about me. But the guy who is really Mr. Economic Development is Michael Bowman. Michael, please proceed. You are welcomed and recognized.

STATEMENT OF J. MICHAEL BOWMAN, ASSOCIATE DIRECTOR ECONOMIC
INNOVATION PARTNERSHIPS, UNIVERSITY OF DELAWARE, NEWARK,
DELAWARE

Mr. Bowman. Good morning. Thank you very much, Senator Carper and Senator Capito, members of the committee. Thanks for allowing me to participate today.

I am Mike Bowman. I am the Associate Director of Economic Innovation Partnerships at the University of Delaware. My responsibilities there include being president and CEO of the Delaware Technology Park. That is where I have enjoyed 20 years of engagement with EDA.

In my remarks, I am going to begin with a metaphor. The Greek mathematician and physicist, Archimedes, defined the principle of a lever. He said, give me a place to stand, and I will move the earth.

EDA is the lever for economic development across the United States. EDA's grant challenge programs are a lever to grow clusters of innovation and economic impact.

Generally, EPA programs are one of two kinds. One is dedicated to capital for infrastructure improvement, for expansion. The second is focused on fostering early-stage innovation. In Delaware, we have experienced the benefits of both, and I will use some examples.

Delaware Technology Park transformed high-based space in a

former Chrysler assembly plant building into a laboratory incubator for startups and life sciences and advanced materials. In just five years, 20 companies started, shared common areas and took advantage of access to the University's assets and they created 200 new jobs. In fact, they raised nearly \$1 billion of venture capital funding.

In addition, the incubator offers an experiential student program called Spin In. They are teams of UD students, they work with small companies requesting help on a business project. New products have been created, new markets uncovered, and the students are often hired after graduation.

As incubated small companies grow, they need to go to larger space in the community. What this does is it frees up the incubated space for new accepted startups.

Well, an EDA infrastructure grant helped modify space in a Dupont corporate lab building for multi-tenant growth of innovation companies. A few companies there have already begun plans for their own building as their next expansion steps.

EDA support has been crucial to Delaware's economy and successfully replicated across the Country.

With EDA's increased funding capability, numerous community outcomes should be expected across the Country. But they will vary depending on local resource capacity, the existing and growth potential of the current industrial base, and the

leadership to execute and sustain. Many successful urban clusters already exist that benefitted from EDA support, such as University City in Philadelphia. Rural clusters are important for cutting edge technology transforming agriculture.

Now is an important time for the U.S. to act boldly to be sure we excel. It is worrisome that China greatly exceeds U.S. technology funding and recently passed us in annual patents.

In closing, I would like to make three observations with suggestions for consideration to enhance EDA and their role in the economy. The first is, the model that is shown to produce to greatest sustainable results requires a commitment by a State or local government, a credible academic institution, and private sector participation. EDA's newest challenge grant competition embodies that model. But there are some potential barriers to full participation. Some rural areas may not have an academic partner or access to sufficient broadband to be effective. Another major constraint in many regions is the required 50 percent cost match. For many promising applicants, 50 percent is a non-starter.

Second, EDA should use its role for better collaboration with other federal agencies engaged in economic development. Many federal agencies have valuable complementary innovation programs. They can be linked.

Third and finally, the application process and subsequent

managing process for winners frankly is very challenging. The concern is HBCUs and some rural areas will have serious difficulty, and they may not even try to apply. So there are some systemic issues that could be improved.

In conclusion, I believe EDA reauthorization with enhancements can help the U.S. get on a better track to global competitiveness.

Thank you for allowing me to comment today.

[The prepared statement of Mr. Bowman follows:]

Senator Carper. Michael, thank you so much. Again, thank you for all that you do and for your presence today.

Mr. Leiman, please proceed.

STATEMENT OF JAMES LEIMAN, PH.D., COMMISSIONER, NORTH DAKOTA
DEPARTMENT OF COMMERCE, BISMARCK, NORTH DAKOTA

Mr. Leiman. Good morning, Chairman Carper, Senator Cramer, thank you for having me, and members of the Environment and Public Works Committee. For the record, I am James Leiman, Commerce Commissioner for the great State of North Dakota.

I am here to testify on behalf of the State as well as rural communities with respect to the reauthorization of the Economic Development Administration. In the aggregate, our experience has been very positive. But like the previous two speakers, there are several areas where we believe the agency can be more effective, as well as its programming.

A little bit about North Dakota. Just three years ago, the Department of Commerce had slightly over \$1 billion of projects in the pipeline. Today as I sit here, we have an excess of \$25 billion in economic development projects in the pipeline. So to put it in perspective, when compared against our gross State product, or gross domestic product, literally 50 percent of our economy we have today in capital expenditures or cap-ex opportunities, I don't believe there are many States in the Country that have that type of ratio.

We believe this is due to a vision that takes the second largest hydrocarbon producer in the United States into the Nation's first carbon neutral State by 2030. This will be led

through innovation and not regulation, but is augmented through agricultural technology development, the energy transformation that I cited with respect to clean fuels development, unmanned aircraft development, as well as a large manufacturing base that we intend to grow, especially around clean fuels.

We believe that partnering with industry and smart government programs has led to this success, and we want to see it continue and hopefully be the vanguard for rural American with respect to growth and opportunities.

With respect to the EDA, I want to highlight some successes we have had. It is a great agency, a lot of great programs. But again, I will talk about some of the solutions we are proposing.

We recently received \$2.7 million in dedicated tourism funding, \$1 million for community planning efforts. The City of Grand Forks received \$1.1 million, and in that \$1.1 million, their first tenant, Ford Innovation Center, also known as Airtonomy, received outcompeted dozens of global companies and international unmanned systems for a \$1 million prize.

Millions of dollars in funding for UAS planning, we will be the first State in the United States to have unmanned systems capability. We would like to thank the Federal Aviation Administration for being proactive and responsive to our needs. We are commercializing a number of sophisticated technologies as

a result.

Then the Technical Assistance funds, just like many that were mentioned by my peer here from Delaware, they help commercialize activities relatively quickly as well. So thank you.

Albeit small, for a small State these grants do make a big difference. However, as you consider reauthorization, we would like to request a few adjustments. First and foremost, we find that a lot of the programs are sort of top-down. As a result of that, it is very difficult for us as a State to acclimate and also utilize those programs to their full advantage. So in effect, programs that might work for the coast don't necessarily work in the middle part of the Country.

By shifting rural development to focus on a sort of bottom-up strategy, because our communities do know, as evidenced by the \$25 billion in projects I just talked about, we do know where we need to go using an asset-based approach for rural development. We would also like to see the prioritization of community self-determination through meaningful local participation, leadership and ownership of these programs.

Albeit the EDA is among the more flexible institutions in the Federal Government, we find that, again, those restrictions constrain some of our communities to types of growth that aren't necessarily conducive for an energy or ag producing State.

We would also request that you invest in strengthening local ecosystems. We are finding that particularly important, especially as we transform into a cleaner energy economy. This could be done through public infrastructure initiatives that aren't necessarily a one size fits all.

We request that more programming focus on workforce development. I know it is a national problem, a very systemic problem. But we find that it is particularly acute in rural areas, because we don't have the same abilities to draw from talent pools that might exist in other parts of the Country.

Sometimes, these programs actually aggravate the problem. So we are asking that people take a hard look, especially in the intermountain west, at how the dynamics work from an employment perspective before these programs are prescribed.

Lastly, a less stringent approach would help rural communities transform their communities. An example I can give are coal communities. We have the largest lignite reserves in the United States. We look at a program like the recent \$300 million that was set aside for coal communities. Well, the problem we have is we have the largest lignite reserves, but at the same time, we have been grouped into a category that limits us to \$5 million. When you are looking to convert and transition to hydrogen projects or transform the use of coal for rare earth or elements, which has national security as well as

commercial applications, or if you look at it from the prism of developing other products like fertilizers, \$5 million really doesn't get us far in the grand scheme of things, when you have \$300 million and we have approximately 15 percent or so of the coal community footprint.

So in effects, we would like to thank you again for the previous appropriations as well as participating in these programs. This is the time for rural America to come together and utilize these programs to their full advantage. As a result, we are asking the Federal Government to join us on this journey and help us grow that \$25 billion pot to something bigger.

Thank you.

[The prepared statement of Mr. Leiman follows:]

Senator Carper. Thank you, Mr. Leiman.

A man whose last name is Whitehair, I thought maybe Native American, but this man has no white hair. He does have hair. We are glad you are with us, and you are recognized

I would just make a note, there is a lot going on right now. We have a vote on the Floor, the Finance Committee is just about to hold a markup off the Floor that I need to get to, and Homeland Security Committee is right in the middle of a markup. So there is a lot going on here, I apologize for being in and out.

Senator Capito is doing the Lord's work, not my work, but the Lord's work to keep things flowing. I apologize; it seems like we are distracted. We are very much interested in what you have to say. I just want you to know that. Please proceed.

STATEMENT OF SHANE WHITEHAIR, EXECUTIVE DIRECTOR, REGION VII
PLANNING AND DEVELOPMENT COUNCIL, BUCKHANNON, WEST VIRGINIA

Mr. Whitehair. Thank you. Chairman Carper, Ranking Member Capito and members of the committee, thank you for the opportunity to testify today.

Today I want to begin by speaking about the importance of EDA and how investments have impacted my region in rural West Virginia. In 2017, AHF Products, a manufacturing and distribution center best known for the brand Bruce Hardwood Flooring, was faced with the threat of disrupted operations and potential employee layoffs after losing access to their rented offsite warehouse facility.

In response, Region VII collaborated with the Randolph County Development Authority to secure funding through EDA's Economic Adjustment Assistance to Coal Communities program. EDA's subsequent investment supported a major expansion of AHF's existing manufacturing facility, warehouse, and distribution center. Today the plant employs more than 600 people, and is a major driver of the regional economy.

EDA's investment prevented the loss of existing jobs, created new jobs, and continues to leverage private investment into the region. As you can imagine, the impact of such an investment in a rural community with a population of less than 700 people is transformative.

In nearby Parsons, West Virginia, severe flooding damaged the area where several businesses were operating, including Kingsford Manufacturing Company. If you don't immediately recognize the name, Kingsford is a bedrock of the American pastime of backyard barbecues. It is the largest producer of charcoal briquets in the northeast, and they have been operating in Parsons since 1958.

After the flood in 2018, EDA ordered a grant for a sewer project that enabled several businesses to relocate out of the flood-impacted areas to a new industrial park and to serve the Kingsford manufacturing facility. In doing so, this investment ensured that businesses and jobs stayed within the region, preventing relocation elsewhere.

EDA's success stories extend far beyond my region. My organization is just one of nearly 400 EDA-designated economic development districts, or EDDs, across the Country. In reauthorizing EDA, I encourage the committee to continue to invest in EDDs, which have been core institutional EDA partners since the agency's inception. EDDs are essential at the local levels, especially because they help local entities navigate the application process for federal grants.

It has been remarkable over the past year and a half to see EDA receive historic funding levels. However, I implore the committee to first take steps to prevent EDA's original mission

and structure from being undermined as new priorities and stakeholders emerge. I also encourage the committee to authorize investments in EDA operational capacity to ensure that they remain sufficiently funded and staffed in future years. Currently, lacking funding for administrative and staff capacity is a challenge that many EDDs face.

Second, I encourage the committee to increase annual authorized funding levels for EDA participation planning grants. Planning grants help ensure that federal investments are more strategic and more fiscally responsible than they might otherwise have been without thoughtful, intentional planning effort at the outset.

In tandem, I also encourage the committee to restructure cost share by raising EDA's federal share to 90 percent and reducing local match to 10 percent for all EDA partnership planning grants. This would prevent a scenario where federal funding increase results in the unintended consequence of burdening EDDs with having to come up with increased local match dollars. EDA's current local match requirements already pose a significant barrier for many EDDs in West Virginia.

Third, in reauthorizing EDA, I encourage Congress to create a rural communities competition. In keeping with EDA's commitment to equity, it is crucial to ensure that equity for rural communities is a key consideration. I would encourage the

committee to put forth a model that levels the playing field by creating a separate competition open only to rural applicants under a certain population threshold, separate from urban applicants. An example of this approach elsewhere in the federal arena is the Department of Transportation's RAISE grant program, which requires half the program's funds go toward rural projects.

Finally, I recommend that the committee specify that EDA investments into high-speed broadband deployment are an eligible use of EDA funds, placing emphasis on improving sufficient broadband infrastructure in rural communities especially, as proposed in the E-BRIDGE legislation that was previously introduced and sponsored by some of the members of this committee.

EDA investments have been essential to my region, and I encourage the committee to support reauthorization of the agency in a manner that ensures that communities like mine have a fair chance to compete in the global economy.

Thank you, and I appreciate any questions you may have.

[The prepared statement of Mr. Whitehair follows:]

Senator Carper. Thank you, sir.

I am going to ask, before I run to vote, I am going to ask each of our three witnesses, sitting behind you on the front row, over your left shoulder is Secretary Castillo. She has been good enough to stay and to listen, with her staff, to what you have to say. I am going to ask each of you to use this opportunity just to mention one highlight, one piece of advice, request, whatever, for the agency that she leads, that you would like her to walk away with from here today, and her staff, in their minds, fully embedded and on their to-do list.

Mike, anything you have that really stands out, please? It may be something you have already said, but say it again.

Mr. Bowman. If I did an overall summary, it has not been authorized since 2004. You think how much technology has changed. We have all talked about that.

I would really recommend that they have to get into the current environment in our economy in this Country, and where it is going. I always like that looking forward, not backward. That is what we are going to have to do. That would be my takeaway.

Senator Carper. That is a good one. Okay.

Mr. Leiman?

Mr. Leiman. Thank you, Mr. Chairman. I appreciate it.

Secretary, first of all, I want to say, the gentleman's

name is Alex Smith, and he runs the Dakotas. He does a fabulous job trying to reconcile some of the federal streams with our rural needs.

What I would highlight is, rural America is literally leading, in my opinion, the biggest transformation for the Country's economy in quite a while with clean energy development. We are seeing that again, I will reiterate, through innovation.

If we could look at a bottom-up strategy, Madam Secretary, in terms of program development specific to programs that have the biggest impact on the Nation's economy I think that would definitely help. Rural communities are leading that direction. So reconciling that difference would be very helpful as far as programs, their impact, both short and long term, as well as the return on investment to the United States.

Senator Carper. Good. Thank you.

Mr. Whitehair, same question.

Mr. Whitehair. Same question. As an EDD, obviously, we are intimately involved with a lot of the project development, dealing with the local governments, local communities, and developing these projects, developing strategies.

So, my main message would be is to continue the relationship the EDDs have with federal EDA, and enhance our ability to be able to provide additional services to our

communities. That may be by increasing funding opportunities through the Partnership Planning Grant program to allow us to empower our offices to be able to provide the additional services that are being asked of us.

Because in rural West Virginia, our communities rely so much on EDDs. Without those resources, without the ability to develop those projects from idea to conception to implementation, none of this would even happen.

Senator Carper. Thank you, sir.

Amy Lui, are you still joining us remotely?

Ms. Lui. I am still here.

Senator Carper. Where are you today?

Ms. Lui. I am at home today, in the D.C. area. I apologize that I couldn't be there in person, but it is wonderful to see the great turnout you have today.

Senator Carper. This is the next best thing. There is a lot of interest in this, a lot of interest.

Ms. Lui, a question if I could for you. One of our priorities, one that we all share here, and I think is a priority of the Administration, too, is to focus on equity, which you may have heard. You discussed in your testimony the recent population growth has been driven mainly by people of color in this Country. What can be done to ensure that we ensure inclusive economic growth in these communities that are

experiencing these population expansions?

Ms. Lui. Thank you for that question. What I would say is there has been enormous interest by economic leaders around the Country to be very intentional about how their investments and economic development initiatives really do benefit more people, particularly by race and ethnicity, and even gender. So here is what I would say. Corporations, too, they are businesses, they are employers, have also been very focused particularly in the past year on how to embrace diversity equity inclusion, not as a moral imperative, but as an economic imperative. Because the next generation of workers in many of our workplaces are young people of color. They are demanding to be in a setting where they can see themselves and their leadership in the work.

So this focus on equity is an economic competitive proposition and opportunity. What that means is a lot of economic development leaders are first, being explicit about their goals, and in terms of making sure there is increased racial and ethnic immigrant and gender representation in entrepreneurship in the workforce strategies that they are partnering on. And yes, firm ownership. And maybe the neighborhoods, too, that they are trying to support, the projects in which, as I think about site locations, are they focusing on neighborhoods that have long been underrepresented.

The second is economic development leaders, as I talked

about in my remarks, are really trying to partner differently. They are realizing that they need to partner with community organizations, workforce organizations, non-profits, to meet that objective, community colleges, to reach first generation workers, and supply them in partnership with their employers, apprenticeship programs.

So having the flexibility for these economic development organizations to create those kinds of partnerships to reach those goals is really important.

Senator Carper. Thanks very much for that response.

Senator Capito, thanks very much.

Senator Capito. Thank you, and I want to thank the witnesses again. I want to start with Mr. Whitehair. I know that in working with projects throughout the State of West Virginia with the Regional Economic Development Councils has been really, really good. But I also know there is frustration. There is frustration that you can't get awarded, it doesn't meet the criteria, and then I think people get discouraged because they get rejected by EDA.

Can you get into that a little bit, and how we could improve that? You mentioned more capacity so that you could help other people with their applications. What is the hang-up sometimes on these kinds of things?

Mr. Whitehair. Good question, Senator, thank you for that.

I think one of the struggles we have in West Virginia is the local match requirement. A lot of these small, rural communities just don't have the resources. For that matter, there may be a State funding program that we can't necessarily match or fund that goes with the initiative that we are trying to get awarded.

So one of the major issues that we have is trying to come up with the required match commitment that is part of EDA's statute now. If there is a way to possibly, and I know the Assistance to Coal Communities, there is an 80-20, they kind of are flexible with lowering the match requirement. But I think those guidelines that are used today are maybe a little bit outdated, maybe need to be looked at again to see if there is a way to lower the local commitment that is required for these projects. Because these projects, not only are they becoming more difficult, but they are getting more expensive.

Senator Capito. [Presiding.] Right.

Mr. Whitehair. So those local match dollars increase as those costs go up. So it is definitely a prohibitive factor in pursuing or trying to get EDA funds.

Senator Capito. What about the metrics of the project? I think we have been through this, too, in West Virginia, where one of the reasons that we were maybe not getting as many EDA grants as we would have not just liked but maybe deserved is

that quantifying the job, not just how many it is going to create, but how many it is going to save. When you are in a rural area, your numbers just quite naturally are not going to be as high and as impactful, even though as you explained with the situation in Elkins, with that distribution center that I was happy to go to the ribbon-cutting for, and the one in Barbour County as well, has EDA shown some flexibility there? Do we need to give them more flexibility in the statute? Do you have any opinion on that?

Mr. Whitehair. Yes.

Senator Capito. And is that a real problem?

Mr. Whitehair. That is a good question, and a problem that we kind of experience in my region. Sometimes these projects that we are trying to get funded, sometimes not necessarily don't require or trying to recruit these 200, 300, 400 job business to come to the area. It is mostly more often than not we are trying to retain what we have.

Senator Capito. Right.

Mr. Whitehair. So we have to get a little creative sometimes, in getting some documentation to justify the need. That requires getting all these retention numbers to show that the investment is there for EDA to consider.

Sometimes there may only be a dozen or two jobs that are going to be created. But it is more of an impact for our

communities to retain what we have. So we kind of try to be creative in selling our project that way.

Senator Capito. Thank you. I think as we are looking at reauthorization, I think not only, and I agree with what Mr. Bowman is saying, look forward to what the jobs of the future are, and also how you can use technology to be much more efficient. We have to remove some of these barriers that are systemic. They have been there for years. As much as Tracey Rowan and you want to work together, and she is great, by the way, she is our State representative, to try to overcome these barriers, sometimes it is just impossible. Then you kind of give up

I would like to give the other two witnesses in the room here, because you have been through this before, if you have experienced the same kinds of things, Mr. Bowman, in Delaware?

Mr. Bowman. Yes, I completely agree. There are a lot of issues that get in the way of equity, whether it is rural or urban, underserved communities and so forth. Your point about jobs saved or jobs created, for example, another job I have is State Director of the Small Business Development Center. The SBA has metrics there. And the SBA metrics do include both, that is new jobs created, and jobs saved.

That may be transformational in technology, what has to happen there to do that. It is not just the same old thing. It

is not about that kind of money. It is about trying to retain an industry that has merit but has to change or won't stay any more.

We went through that with automotive industries. We lost two complete automotive assembly plants. That was a core to Delaware, that was 15,000 jobs. They flat went down. What do you do with that?

Well, one we turned into a massive research park now with multi-tenants. Some are industrial, some are clean energy, some are academic units. The second one, believe it or not, Amazon came along and made the biggest warehouse distribution center you can imagine, 4 million square feet, several layers high.

Where did that come from? Well, you work it and you work it and you work it. So a lot of those people came back to work with the help of community college education, retraining, certification. Software is a big problem in Delaware because we are a financial services State. Well, there is a program called Zip Code, which is almost all minority, eight grade is fine, we will teach you how to do software. J.P. Morgan Chase said, you graduate them with a certificate, we will hire every one of them. And that is what has happened.

So there are programs like that. They are kind of organic. Some are experimental, obviously some don't make it. But you have to try things. I think looking laterally, not just

vertically, is a way to do that.

Senator Capito. If you don't mind my asking, Mr. Leiman, do you have a comment on that?

Mr. Leiman. Thank you, Senator. Two comments, briefly. First, North Dakota is very unique in that it has the highest labor participation rate in the Country. But it also has the highest productivity per labor unit. So we don't have much flexibility in terms of finding a new workforce.

So we kind of have the opposite issues as many places in terms of, we need the workforce, because we have too many open jobs. For example, an Amazon facility recently opened and it has by far the lowest labor participation for any Amazon facility in the United States that has opened.

So going back to the equity issue, even though North Dakota is a very small-populated State, we do have some urban areas that have creative ideas. There are businesses, I was speaking with Senator Cramer, that want to convert old facilities into housing and create a transportation network, as well as English language training, and a number of day care, because that is obviously an issue.

But again, the match constraints for private industry, they can only handle so many millions of dollars when they are medium-sized manufacturing firms, which would promote a pipeline of workforce, which would then create, from an equity and

inclusion perspective, economic opportunity that is longstanding and long-term for communities that decide to make North Dakota home or for groups that decided to make North Dakota home.

On the flip side of that, going back to the coal example, being capped at \$5 million when we have the opportunity to today to literally take our coal, utilize it for fertilizer creation in clean way, store the carbon but also create energy that the rest of the world wants in terms of hydrogen and other clean mechanisms, the area where the EDA can help out the most in that area would be in dev-ex, or development expenditures, meaning we can find private capital, we can find projects, but nobody wants to pay for the development, the engineering, permitting, et cetera. This is a problem every economic developer has in the Country.

So if the EDA would step up in that area, from a programmatic perspective, that would really help communities rapidly transition into the next generation in terms of utilizing their natural resources for the benefit of the United States.

Senator Capito. Thank you. Mr. Kelly?

Senator Kelly. Thank you, Madam Chairwoman.

Ms. Lui, thank you for being here. I often hear from mayors and economic development staff in Arizona some of the same concerns that you shared in your testimony. One challenge

you mentioned that struck a particular chord is that local communities must wade through an alphabet soup of federal, State, non-profit and private funding opportunities, which often proves to be rather overwhelming.

Can you expand upon your suggestion of having EDA spreadhead interagency coordination for economic development initiatives?

Ms. Lui. Sure. Thank you for that comment. I also want to say that I really enjoyed working with some leaders in the Phoenix and Mesa area that have really been trying to pilot a lot of those complex collaborations to diversify the region away from just simply real estate and consumption toward some much more high innovation, higher wage jobs for local residents.

So I do feel that the local leaders are doing their best to make the transitions you were saying earlier in your remarks today that I think urban and rural communities are trying to make. This is not easy to be done overnight.

I do think that is one of the reasons why I suggested that EDA ought to be in power to be the formal lead convenor of federal interagency coordination to match what are the complex interdisciplinary strategies that local leaders are trying to undertake to support big economic industrial specializations for diversification.

I think one of our witnesses today talked about the

importance of federal interagency coordination, that EDA has the orientation of being placed-based, but the work with SBA, the work with Department of Labor, the work with HUD, the work with DOT, to make sure infrastructure investments and broadband are in support of multidisciplinary strategies, those things all need to come together in place.

I do think EDA has had a history of doing some of that backing along federal agencies when it comes to clean energy job transitions, manufacturing communities, supporting manufacturing communities, and so on. I think this opportunity for reauthorization is to make that a core part of EDA's mission, and perhaps by doing so also maybe elevate the Assistant Secretary position to an Under Secretary position to give the role better leverage and visibility among peers in the agencies.

Senator Kelly. We will look into that. It sounds like we would have to do that in the authorization legislation.

Ms. Lui, you also discussed federal support for regional economic development. I am proud to be an original cosponsor of the bipartisan Endless Frontiers Act, which creates a regional technology hub program at EDA to provide dedicated resources to help regional partners work together to achieve shared economic development goals, often focusing on a specific industry. I am pleased to see that EDA has already adopted this model when allocating their American Rescue Plan grants through the Build

Back Better Regional Challenge.

While it is still early, what do you see are some of the lessons learned from that regional challenge, and what has worked well as we consider EDA reauthorization legislation in this committee? Are there areas for improvement?

Ms. Lui. Thank you, Senator.

I am going to reinforce comments I have heard from my peers on the panel here. I do think whether it is the hubs investments in Endless Frontiers and the Innovation Competitiveness Act, or the \$1 billion Build Back Better grants, those programs do represent what I think is the next generation of investments at EDA that ought to be codified in some way. I know that Senator Carper asked earlier what the one big request or ask you have, and this is it, Senator Kelly, is to replicate that. This is what I mean: carrots matter. Local leaders respond to carrots. In this particular case, the size and quality of the dollars do make a difference.

So what we need from EDA is bigger challenge grants over multiple years that activate the right collaborations, the right strategic initiatives, that prioritize workers, industries, perhaps new technologies to make the hard transitions that we have been talking about, and put a region or a community on a true path to economic transformation.

That takes sizeable investments. I do think that that can

be structured so that both urban and rural communities can qualify for them. And I do think that by doing so, we are going to see some very tangible proof points in communities around the Country around smart initiatives that transformation and transition is possible, and inspire other regions to do the same, and elevate I think what we all want is results across the Country at the scale we need.

Because we are in a winner-take-most economy. We do need more hubs in the middle of the Country that are part of the innovation economy. I think, again, EDA creating big, large grants that reward interdisciplinary work, that reward comprehensive inter-disciplinary strategies and different kinds of outcomes will get to those larger impacts that we all aspire.

Senator Kelly. Thank you, thank you for your answer, and thank you for your testimony. Thank you, Mr. Chairman.

Senator Carper. [Presiding.] Senator Cramer, I think you are up.

Senator Cramer. You all have been great, you really have. You have been very cohesive. That is also good. You have covered a number of issues.

I want to start, Ms. Lui said a couple of things that interested me. Obviously, I missed a little bit, and she kind of brought me up to speed with agency coordination. So I want to ask all of you, as I am sitting here listening, people may

not remember that I was the economic development director in North Dakota before there was a department of commerce, and helped then-Governor candidate John Hoeven create a department of commerce in the legislature. For the very reason that, even in a State as small as North Dakota, there are a lot of agencies that do similar things and there is not always a great coordination effort. That is the department of commerce, bring it all together, one brand, one marketing scheme, try to coordinate all the financial tools.

So I am sitting here thinking, well, you have the EDA, today is all about the EDA. You hear some of the good things and some of the challenge and some of the tweaks, a lot about flexibility, bottom up. I agree with all of that. But I would be interested if anyone had any ideas about whether we could reconcile some of the multitude of programs. EDA has one set of rules and you have to do all this paperwork. But they are not the same as maybe a CDBG grant, which is not the same as a USDA Rural Development Grant, which is not the same as an SBA loan program.

Not that they can all be identical, but does anybody have any thoughts on how we can reconcile some of that across, before we even get to the interagency coordination that you talked about, could we reconcile some of the program so it wasn't so burdensome in the first place? Dr. Leiman?

Mr. Leiman. Thank you, Senator Cramer. Publicly I would like to thank you for laying the foundation for a lot of, in reality I am not just saying that because you are the U.S. Senator from North Dakota, but a lot of the reason we are seeing a lot of the energy successes and programs today that have been successful for our State are due to your vision as well as some of your successors before I showed up. So I got really lucky, because my job is really easy as a result.

I would say that many federal programs, whether it be like you mentioned, HUD or DOT or EDA, et cetera, tend to be fairly burdensome. I imagine from your perspective at a local, rural economic development organization, especially in smaller or lower populated counties, they may not have the requisite staffing to put together these burdensome approaches. My suggestion would be to reduce duplicity in terms of programmatic delivery but also if there is a way we can streamline these things, in some applications you can have requirements as high as several hundred pages.

In local communities, and I know EDA tends to be among the better, but in local communities, that is very burdensome. So it is not just the financial burden of the match requirement, but it is also the audit burdens, the paperwork burdens, the collection of data burdens, et cetera, that they may not have access to. My suggestion to fix that would be for the EDA maybe

to form, and they may have this but I am unaware of it, a rural development task force, so that communities that don't have the resources and require the streamlining can help educate federal agencies on areas where we can help them streamline the process, but also help them with their grading criteria. A lot of times we find that return on investment may not be as high on the list as other priorities.

But these returns on investment to communities, if streamlined well, could serve the Federal Government and rural States across the Country. So I would recommend having State, local, regional mix to help inform and recommend programmatic delivery for the EDA.

Senator Cramer. I would extend that same question to you, Mr. Whitehair and Mr. Bowman, as well as Ms. Lui, in the remaining minute or so that I have.

Mr. Whitehair. Sure, thanks. Good question. Obviously as a practitioner of doing these applications on a daily basis for a number of years, obviously from my position, would it be easy to have the same application for every program that is available? Absolutely. Our job, our responsibility as an EDD is to make sure we make it as easy as possible for our communities. They will get overwhelmed in looking at some of the possibilities that may be available for their priorities in their communities.

Where it gets, and again from my perspective, a lot of the communities really don't understand what the involvement requires as far as putting together a project, or some of the regulations that come with some of the agencies that you identified, for example CDBG. There are some aspects of those programs that I think could be streamlined, absolutely. Until this day, I have been 25 years, I don't understand why it is in there, some of these requirements and regulations that come with these programs. It does not make sense; has no bearing on the project-specific scope of that project.

But I think definitely it would be nice to have it stream that a little bit, because it does deter communities from applying to some of these programs. However, the other side of that, my job is to make it as easy as possible for these communities in order to do it, and they will get overwhelmed.

Senator Cramer. Thank you. Anybody else in the remaining seconds I don't have?

[Laughter.]

Senator Carper. We usually allow a few more minutes, but our colleague's time has expired.

Is there anybody else who wanted to say something? Ms. Lui, was that you?

Ms. Lui. Yes. I just wanted to quickly say that I reinforce the desire that we probably don't need a lot of new

programs, and instead need to focus on effective implementation.

So just two ideas. One is whether or not interagency federal coordination can actually happen at the regional offices to provide technical assistance to local leaders, urban and rural, on how to navigate co-investment opportunities in the Federal Government. I think what we are hearing from our leaders here is the practitioners have a really hard time understanding the maze of dollars. If the regional offices provided that interagency coordination to add technical assistance, I think that would be great. And I think it would be really interesting for the headquarter offices to think about joint NOFAs to facilitate coordinated co-investments around these big plans that local leaders have.

Senator Cramer. Thank you, Mr. Chairman.

Senator Carper. You are welcome.

I have a couple of questions, and I think we will be close to wrapping it up.

Again for Mr. Whitehair, a subject that is near and dear to all of our hearts, especially in Delaware, and that is broadband access to the internet. Mr. Whitehair, I believe you discussed the need for broadband's impact on economic development across wide swaths of our economy, almost every aspect of our economy is affected by this. Can you expand on this further and discuss the impact it is having in your State, my native State? Would

you quantify the impact that not having access to reliable broadband is affecting communities in West Virginia?

Mr. Whitehair. Good question. Obviously a topic that is probably a priority in the State of West Virginia for a number of years now, since the pandemic. It is an absolute necessity that we find a way to get high-speed broadband deployed into rural West Virginia. Even in our most populated areas, the service is not reliable enough to do the daily activities that are required in today's world, I should say in today's virtual world, whether it is school work, education-wise, whether it is running your small business, things of that nature.

So it is imperative that we figure out a way to get service not only to our rural areas, underserved and unserved, to get more reliable service to the areas that "have" say 25/3 speeds in their communities. So it has been a struggle, to say the least. We continue to fight and fight the good fight, as they say. We will continue to pursue those opportunities that have been made available here recently.

Senator Carper. Do you want to expand on that at all?

Senator Capito. We have worked, in the region that Mr. Whitehair is in, we have worked on a wireless project where we got a reconnect from USDA. Here is the deal. There is a lot of money coming through the pipeline here on this. I really think between the FCC, between USDA, between what could actually

happen when the BIF passes, I think this is our chance to really grab it and do it.

So you all have to be at the forefront of this. You know where the gaps are. You know this whole debate on where the maps are and who is served and who isn't. We know they are inaccurate. We are not going to get accurate maps probably within the next year.

So we have an opportunity to use your knowledge and other knowledge that our broadband council like we have in our State of West Virginia. But it has to be, as we have all said, a coordinated effort from all these different entities and the private sector. I am excited about it, but I just don't want to miss the opportunity. We went down that road in 2010 with VTOP. You are smiling. That was not a good journey for our State. And I don't want to go down that road again.

Be ready, I guess is my bottom line here. This is coming.

Do you have that issue in Delaware? You are so much smaller than we are, and flatter.

Senator Carper. I describe us as the 49th largest State, 100 miles from north to south.

Senator Capito. Well, if you flatten our State out, we would be as big as Texas.

Senator Carper. You would be as big as the Country.

[Laughter.]

Senator Capito. We would be.

Senator Carper. You would be the rest of us in West Virginia.

Senator Capito. Thank you.

Senator Carper. Thank you.

Maybe a last question, if I could, for Michael Bowman. Sometimes we find that barriers exist for smaller States and communities in those States in obtaining federal grants. I understand first-hand that the process can be challenging, daunting, if you will. Do you feel that this is the case with the EDA? If it is the case with the EDA, how can we better address these barriers?

Mr. Bowman. Through time, I have felt some of that, it is true. But not just EDA. I think, for example, in technology, you can look at the data. But the Boston area, the California area, the Boston area gets all the money. It is often that is the case. That is why NSF has an EPSCOR program and NIH has an EMBRI program, is to set aside a certain amount of money that actually can be competitive with smaller States.

I really am hopeful, and I base that on what is happening with the challenge grants, Build Back Better, that this is going to get corrected. When they talk about 50 to 60 planning grants, I kind of think that is going to be well dispersed. When you think about what Amazon did when they said, we are

going to put \$1 billion in one place and ended up in Northern Virginia, that is one place. This has the opportunity to be much bigger than that. So I am hopeful.

Senator Carper. Let me say to our other witnesses, including Ms. Liu, any other quick comments you would have? Mr. Leiman?

Mr. Leiman. Thanks, Mr. Chairman. This broadband discussion actually is a perfect example of a top-down versus a bottom-up approach. North Dakota has many firsts, but we are also the leading broadband producer per capita in the United States.

So when the Federal Government does a broadband initiative, States like North Dakota are actually punished. If we had a bottom-up perspective to offer, we would ask for similar dollars to upgrade communication platforms. For example, we know that unmanned systems, as well as all the computational science and data networks that are required to fuel our State to the next generation would be an excellent alternative for us as industry as well as the State government has already made those investments.

So this is why I think having that bottom up approach, or at least the ability to influence funding would be super helpful for a State like North Dakota.

Senator Carper. Okay, thank you.

Mr. Whitehair, any closing thoughts?

Mr. Whitehair. No, sir. I appreciate the opportunity, and it has been enlightening to hear some of the comments from the other parts of the Country. I do appreciate Assistant Secretary Castillo for her efforts in working with the EDDs. I look forward to hopefully EDA becoming reauthorized in the near future. Thank you.

Senator Carper. Thank you. Ms. Liu, any last thoughts?

Ms. Liu. I do want to just reinforce something I heard from Senator Cardin, which goes back to this issue of capacity that you are all asking about. It is that both urban and rural places have our low capacity places. When economic distress strikes mid-sized cities as much as it does rural counties, the Flints, the Garys, the Akrons, the Youngstowns, mid-sized cities and other States. So I just hope that like the spirit of this committee, we think about a bipartisan urban rule common ground when thinking about these solutions, because they are really shared. Focus on technical assistance, the focus on acknowledging what is unique about low capacity places when we think about these grant applications across the urban and rural continuum I think would be one of the most successful things that EDA can do with your leadership.

Senator Carper. Thanks for that.

I am looking at our audience here, looking at the

Secretary. Secretary Castillo, thank you so much for joining us. Thanks for your leadership and for the great work that your team does across the Country.

I am a retired Navy captain, Vietnam veteran, and one who has seen our Country torn asunder during the Vietnam war. Many of us witnessed that, suffered through that. We have gone through the worst pandemic in the last 100 years, one of the toughest economies since the Great Depression.

George W. Bush was honored at a dinner in Wilmington this past weekend, and had the opportunity, he and our governors together, when he was President, I was here in the Senate, and found even though we were on opposite sides of the political aisle, found ways to work together. It was great to be with him. One of the things he talked about in his remarks was how we need to be united as one, as a Country. We are all going to have our differences.

But at the end of the day, we need to figure out a path forward from those differences. He talked about 9/11, and how that served to be something that united us, didn't divide us. We need the same approach with respect to the pandemic, it should be something that unites us, not divides us.

This battle against global warming needs to be something that unites us, not divides us.

I love music, my colleagues know that I love music. Every

now and then I pick up on a lyric that has a particular relevance to what we are doing here. We talk about how technology changes things. I used to have a little seven transistor radio that I would listen to music on when I was a kid growing up in West Virginia. But now we have a car that has incredible - you can listen to almost any kind of music under the sun. Some of you have that as well.

A couple of days ago I heard an old song that I always enjoyed, by a group that ended up calling themselves Simon and Garfunkel. The song that they played on my music machine in my car was They Have All Come to Look for America. I see some people in the audience that remember that lyric. The song goes on to say, it talks about marrying our fortunes together. If we are going to continue to be a great nation and help lead the world, that is one of the things we need to be able to do even better going forward despite the challenges that we face.

One of the things I really like about EDA, especially what we have done in conjunction with EDA in Delaware, it enables us to be able to marry our fortunes together, from the northern part of our State all the way down to the southern part of our State, and do so in a way that lifts all communities. That is a great thing. It is a gift that EDA has been given, and we in the Congress and this committee especially, given our jurisdiction.

Thank you again, Madam Secretary, to you and your team. You are a big part of that, marrying our fortunes together. We owe a great debt of gratitude to our witnesses today and to our colleagues who joined us as well.

My staff usually gives me a closing statement. I will try to paraphrase this. We especially look forward to working with the Secretary and her team and our colleagues on the committee and off the committee as we begin to work on reauthorization for an agency that hasn't been reauthorized in 17 years. That is just way too long. We look forward to working together to reauthorize this agency, not just for going through the process of reauthorization but in order to be able to do our jobs better, be more effective.

When little kids in school ask me what I do, I say that I help make the rules for the Country. When they say, what else do you do? I say, we try to help people. The best way we can help people is make sure they have a job, make sure they have a job and can support themselves and their family. That is what we do. We can never do enough, but with the help of EDA we are going to do a whole lot and a whole lot better.

Moving to housekeeping, I would ask unanimous consent -- I love asking unanimous consent when I am the only one here -- I would like to ask unanimous consent to submit for the record a variety of materials that includes letters from stakeholders and

other materials that relates to today's hearing. Hearing no objection, so ordered.

[The referenced information follows:]

Senator Carper. Senators will be allowed to submit question for the record through the close of business on Wednesday, that is November 17th. We will compile those question, send them to our witnesses, and we will ask our witnesses to reply by Wednesday, December 3rd, which is a big day in this town, as some of you may know. We will look for your responses by Wednesday, December 3rd.

Again, one last thank you to everyone. With that, our hearing is adjourned.

[Whereupon, at 12:14 p.m., the hearing was adjourned.]