



**ND DEPARTMENT OF COMMERCE TESTIMONY
NOVEMBER 3, 2021 10:00AM
ENVIRONMENT AND PUBLIC WORKS COMMITTEE
UNITED STATES SENATE DIRKSEN OFFICE BUILDING
SENATOR TOM CARPER, CHAIRMAN**

Good Morning Chairman Carper and members of the Environment and Public Works Committee. For the record, my name is James Leiman and I serve as the Commerce Commissioner for the State of North Dakota.

I am here to testify on behalf of the state as it pertains to the reauthorization of the Economic Development Administration (EDA). In the aggregate, our experience has been very positive with the EDA and we believe our relationship is just the beginning of many wonderful opportunities to come.

A little about North Dakota. Just three years ago, Commerce had slightly over \$1 billion worth of projects in the economic development queue. Today, after several years of adopting a new strategic approach for economic development, Commerce is now working on more than \$25 billion in projects. When quantified using a ratio to gross state product, North Dakota has enough projects in the pipeline to equate to half of the state's GSP. This is due to a vision that includes achieving carbon neutrality by 2030 through innovation and not regulation as well as an unconventional approach to developing and diversifying the economy. We are leading in agricultural technology development, the energy transformation to clean fuels, unmanned aircraft systems (UAS) development and most recently, we manufactured a large percentage of the world's COVID-19 vaccines.

We believe that partnering with industry and smart federal programming is a solution to continue this growth trajectory for future generations and will enable North Dakotans and rural Americans to find and sustain great jobs, as well as live in amazing and healthy communities.

Many of these priorities extend to rural communities across the country. To provide perspective, I will mention several successes resulting from EDA funding, as well as constructive input regarding future programming.

North Dakota Successes

The EDA has enabled North Dakota to diversify its economy. Here are several recent examples of how the EDA has supported state initiatives:

- \$2.7 million in state dedicated tourism funding. This was especially needed to assist an embattled sector due to the pandemic's impact on the industry. This money will be used to advance tourism throughout the state.
- \$1 million for community planning. This is very important as rural communities plan their futures and defeat the demographic decline of their towns. This will also enable systems-level planning to ensure local, regional, and state planning efforts achieve new synergies and optimization of private and public investment.
- The City of Grand Forks received \$1.1 million to convert the Grand Forks Herald Building into a technology center. Their first tenant, Airtonomy, recently outcompeted dozens of international unmanned systems companies for a \$1 million prize.
- A \$4 million grant to the North Dakota Association of Rural Electric Cooperatives, Mandan, North Dakota, to construct a new lineworker training facility. This is highly important given the workforce shortage plaguing the state and region.
- Millions of dollars in funding for UAS planning, resulting in the foundation of the nation's first commercial UAS Beyond Visual Line of Sight (BVLOS) network. We are working with industry and the Federal Aviation Administration to expedite authorization to commercialize sophisticated technologies.
- Technical Assistance funds to the University of North Dakota Center for Autonomous Systems. The center facilitates the commercialization of autonomous systems innovation, which supports economic diversification and advances the state's position as a hub for the nation's growing UAS industry.

Albeit small, these grants have been transformative given their ability to help the state strategize effectively and invite growth into new industries. In addition to the many successes, we also have several recommendations that may be more effective for rural states and EDA participation moving forward.

Opportunities to Partner More Effectively

In your reauthorization of the EDA, we would like to suggest a few changes. Service, outreach, and mentorship in the Dakotas are stellar. In fact, Alex Smith, our lead, based in South Dakota, is an exceptional asset for the federal government. However, Alex is limited to the programming offered by EDA. We recommend that EDA and Congress consider the following:

- Shift the rural development paradigm from a top-down approach to a bottom-up strategy by directly funding rural communities and facilitating an asset-based approach to rural development. Allow communities to develop unconventional growth strategies that can work for rural regions.
- Prioritize community self-determination through meaningful local participation, leadership, ownership, and control. We tend to quantify match requirements but there are times where impoverished communities with a deep commitment to modernization and improvement, could benefit from having qualitative factors included in program scoring.
- Invest in and strengthen local ecosystems, community capacity, and assets via anchor institutions, public infrastructure, and initiatives. A one-size-fits all approach is very difficult in rural America and local ecosystems could be the key to grassroots-based success.
- More programming for workforce development. Although systemic across the nation, workforce challenges are more acute in areas where we can't draw from significant talent pools.
- A less stringent approach to helping rural communities transform their economies. For example, coal communities need help and there are grants for these areas; however, the federal government may not have realistic timetables for economic transformation.

The State of North Dakota would like to express its appreciation for being invited to speak today. Put simply, we are amid a massive economic transition and are eager to share lessons learned with Congress, the executive branch and other states. Throughout history, innovation over regulation has inspired entrepreneurship not rivaled on earth. By providing states like North Dakota with the tools to accelerate growth and development, the nation wins! Thank you again and when appropriate, I am happy to take any questions.