

Testimony of Shane Whitehair, Executive Director, Region VII Planning and Development Council

Before the Senate Environment and Public Works Committee

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Chairman Carper, Ranking Member Capito, and members of the Committee, thank you for the opportunity to testify today on the U.S. Department of Commerce Economic Development Administration (EDA) and its importance to my community and our nation.

My name is Shane Whitehair, and I am the Executive Director of the Region VII Planning and Development Council based in Buckhannon West Virginia, which serves a geographic region comprised of seven counties. My organization is an EDA-designated Economic Development District. Our core mission is to facilitate community and economic development and convene regional collaboration. Our board is comprised of mayors and county officials as well as non-elected citizen members and private sector representatives from each of the region's counties.

Region VII serves not only our members and individual citizens, but also supports the work of a variety of ancillary agencies throughout the region, such as public service districts, local economic development entities, airport authorities, non-profit organizations, local historic associations, volunteer fire departments, and other community organizations. Some of the support services that Region VII provides include grant writing, project development, hazard mitigation, strategic planning, preparing grant and loan applications, providing technical assistance, and facilitating project management and administration. These are just a few examples of the extensive array of public services my organization offers to the region.

Today, I want to begin by speaking about the importance of EDA, and how its programs and investments have impacted my community in West Virginia. EDA has been a crucial federal partner in supporting my region's economic competitiveness. EDA's investments have catalyzed countless successful projects and outcomes in my region that would otherwise not have been possible. For example:

- In 2017, AHF Products – a manufacturing and distribution center in Beverly, West Virginia 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 off-site 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 and warehouse/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 on a rural town 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 barbeques; it is the largest producer of charcoal briquettes in the northeast. Kingsford has operated in Parsons since 1958. After the flood in 2018, EDA awarded a grant for a sewer project that enabled several businesses to relocate out of the flood-impacted areas to the new industrial park and provide service to Kingsford's manufacturing plant. 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 (EDDs)** across the country. **EDDs have been core institutional partners since EDA's inception**, as demonstrated in EDA's original statute – *the Public Works and Economic Development Act of 1965 (PWEDA)* – throughout which EDDs are envisioned as key EDA partners. In practice, EDDs effectively serve as extensions of EDA at the local level, especially insofar as they are sources of extensive knowledge of EDA programs. EDDs use their expertise to help local stakeholders in applying for EDA funds and implementing EDA projects.

The interests of EDDs like mine across the country are represented by the **National Association of Development Organizations (NADO)** which represents hundreds of other Regional Development Organizations (RDOs) and EDDs nationwide. In my capacity as a NADO member, I work with the executive directors of similar organizations across the country whose regions have also benefitted immensely from job growth and community development brought about by EDA's investments. Particularly in economically distressed and rural areas of the country, EDA investments are essential.

EDDs and RDOs have a proven track record of exponential returns on the federal investments they receive. These regional organizations across the country serve as catalysts for economic growth, urban and rural planning, business growth and support, public-private partnerships, and strategic initiatives designed to fulfill locally identified priorities. RDOs and EDDs collectively assist thousands of cities and counties across the country with initiatives and projects focused on economic development, workforce training, transportation planning, public infrastructure, affordable housing, lending to small businesses, disaster prevention and response, public health, and other community services.

Having discussed the importance of EDDs as extensions of EDA's network in local communities – and as providers of a wide variety of public services – **I first want to emphasize that in reauthorizing EDA, I strongly encourage the Committee to continue to invest in EDDs**, both to preserve their historic role, and to better support their future work on behalf of their communities. EDDs are essential at the local levels, especially because they help other local entities navigate the application process for federal grants.

It has been remarkable over the course of the past year and a half to see EDA receive historic funding levels; **however, I implore the Committee to take steps to prevent EDA's original mission and structure from being undermined**, as new priorities and stakeholders emerge given the agency's increasingly elevated profile. I also encourage the Committee to authorize investments in EDD 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.

I also encourage the Committee to **increase the annual authorized funding level for EDA Partnership Planning grants significantly**. EDA's Partnership Planning grant funding is a critical component of regional success and supports the work of EDDs. EDA planning grants lay the initial foundation for subsequent federal investments into community projects and local priorities. EDDs use EDA Partnership Planning funds to develop **Comprehensive Economic Development Strategies (CEDS)**, and to perform other support functions in their communities. The CEDS process helps to assess distressed regions' changing economic drivers and to refocus their efforts on investing in locally identified priorities and projects that ultimately lead to job creation and retention in our communities. The planning process also helps leverage other sources of federal, state, and local funding into communities. The network of hundreds of EDA-designated EDDs across the country have decades of experience in implementing strategic economic development planning, while also performing a variety of other community support services as I described above. It is crucial for EDA to continue funding the planning process as communities are called upon – now more than ever – to reassess their long-term strategic development plans and adjust to changing economic conditions. **The planning process paves the way for implementation by helping to ensure that federal investments ultimately made are more strategic, more impactful, more fiscally responsible, and more sustainable than they might otherwise have been** without a robust and thoughtful planning effort at the outset.

Currently, most EDDs receive approximately \$70,000 dollars per year from EDA in the form of Partnership Planning funds. **This amount is barely enough to cover one full-time staff person** who is tasked with overseeing EDA-mandated CEDS planning responsibilities, along with the tools and equipment needed to do their work, and a budget for regional listening sessions to be held to ensure equitable public input. Furthermore, to access any EDA planning funds, EDDs must provide matching funds – often as much as 50% local match – to gain access to the federal funds that are meant to support the work that EDA has tasked EDDs with conducting. In reauthorizing EDA, I encourage the Committee to increase EDA's investment into EDDs to strengthen and preserve this existing, historic network of EDA's core institutional partners. **NADO recommends increasing the authorized level for Partnership Planning to \$80 million annually**, which would amount to roughly \$200,000 annually for each individual EDD.

Along with this, I encourage the Committee to **authorize increased investments in EDD operational capacity, to ensure that EDDs remain sufficiently staffed and funded in future years**. Just as EDA headquarters and regional offices find themselves needing to staff up given the increased administrative demands at EDA, so too are the EDDs in need of additional staffing and operational capacity to handle increased requests from local stakeholders for help navigating the grants application process. Currently, lacking funding for administrative operations and staff capacity is a challenge that many EDDs face.

In tandem with an increase in funding for EDA Partnership Planning grants, in reauthorizing the EDA, I would also encourage the Committee restructure cost share, by **increasing EDA's federal share to 90%, and reducing local match to 10%, for all EDA Partnership Planning grants**. While it's true that the contribution of local matching funds can help ensure that communities have so-called "skin in the game" when a project is undertaken, I would assert that this principle is less important when the task at hand is a federally mandated planning process. In my view, it is most important for EDA to increase its support for its institutional EDD partners.

Increasing EDA's federal share and reducing local match would represent progress toward that goal. In turn, any increased support that EDA provides to its local partners is sure to generate exponential returns in the form of higher-quality comprehensive plans and stronger project proposals – and ultimately – more successful federal investments stemming from the groundwork laid through the planning process and the project development work that EDDs typically conduct. A restructuring of cost share that includes an increase in EDA's federal share **would also prevent a scenario where a federal funding increase for Partnership Planning ultimately 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 to entry for many EDDs in West Virginia.

Next, in reauthorizing EDA, **I encourage Congress to create a rural communities competition or a rural funding category.** 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 source of rural funding or a rural communities competition open only to rural communities** below a certain population threshold, and by disallowing urban applicants from being eligible. This would help prevent inequities that tend to arise when rural communities are required to compete against more urban applicants for resources. An example of this approach elsewhere in the federal arena is the Department of Transportation's RAISE grant program (formerly known as BUILD or TIGER grants) which requires that half of the program's funds must go toward rural projects, as is mandated in legislation.

Another recommendation for EDA reauthorization is that Congress **put forth a model for EDA pre-development funding** as part of the EDA reauthorization process. I encourage the Committee to authorize a source of pre-development funding for EDDs as well as other eligible EDA applicants that **would support early-stage project development activities.** Such a funding source would help communities advance a project from concept to reality and would support early activities such as securing financing and partners, preparing grant applications, or conducting environmental studies. A dedicated funding source for pre-development work at EDA would help spark economic development projects that might otherwise never advance. Pre-development funding could also help support EDD activities that are currently un-funded. For example, since the passage of the CARES Act and the American Rescue Plan Act, EDDs are increasingly being depended upon by local community organizations, city and county governments, and prospective EDA applicants to help navigate the federal landscape. Increasingly, local stakeholders rely on EDDs for help understanding federal guidance and identifying federal resources and grant opportunities. **Although EDDs continue to rise to this challenge and willingly provide this kind of support to their communities, this aspect of their work is often un-funded.** For all these reasons, I would encourage the Committee to authorize a pre-development funding source that would help fill existing gaps between what EDA is *able* to fund, versus what communities *need* funded.

Additionally, I recommend that the Committee amend *the Public Works and Economic Development Act of 1965 (PWEDA)* to **specify that EDA investments into high-speed broadband deployment are an eligible use of EDA funds,** placing an emphasis on improving sufficient broadband infrastructure in rural communities especially. EDA should make targeted

investments into broadband projects that provide, expand, or improve high-speed broadband access. EDA should also support planning and technical assistance activities related to enhancing broadband access. NADO endorsed the **E-BRIDGE** legislation that was previously introduced and sponsored by some of the members of this Committee. I encourage the Committee to further pursue this reform in reauthorizing the EDA, and to elevate the role EDA plays in helping rural and economically distressed communities keep pace with technological advancements, automation, and economic shifts.

Finally, in reauthorizing EDA, I encourage the Committee to **increase EDA's annual authorized funding level to at least \$3 billion annually**. EDA's current authorized funding level does not accurately reflect the importance of the role the agency plays as the leading federal economic development agency, nor does it adequately meet the existing need for community development resources. Between supplemental disaster response funding and annual appropriations, EDA received nearly \$2 billion in funding for FY 2020 and more than \$3 billion in FY 2021 thus far. Furthermore, in FY 2020, the agency received requests for funding that far *surpassed* the funding EDA had available, which is indicative of both the value of EDA's programs as well as the significant and growing need for federal economic development resources.

EDA investments have been essential in 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 for the opportunity to address the Committee today, and I look forward to answering your questions.