



**STATEMENT OF SHARON JUON, PRESIDENT
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS (NADO)**

**SUBMITTED TO THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
OCTOBER 29, 2008**

Thank you, Chairman Oberstar, Ranking Member Mica and members of the committee for the opportunity to submit testimony on the important role infrastructure investment plays in stimulating economic growth, especially in our nation's distressed and underserved communities.

My name is Sharon Juon. I serve as President of the National Association of Development Organizations (NADO) and Executive Director of the Iowa Northland Regional Council of Governments in Waterloo, Iowa. NADO provides advocacy, education, research and training for the national network of 520 regional development organizations, including the 381 multi-county Economic Development Districts (EDDs) designated and funded by EDA.

Mr. Chairman, the members of the National Association of Development Organizations (NADO) believe that the infrastructure development, business lending and strategic planning programs of the U.S. Economic Development Administration (EDA) are uniquely positioned to provide effective and timely job creation and economic development assistance resources to communities and regions who are suffering from sudden and severe economic dislocations and decline, as well as chronic and sustained poverty.

We respectfully urge the Congress and administration to include at least \$200 million in supplemental EDA program assistance in the pending stimulus package to assist local communities with job creation and retention strategies and projects. Our key points are:

- EDA is the only federal agency with the sole mission of supporting regional and local strategies and projects for high-quality, high-wage job creation and retention projects
- EDA infrastructure, business lending and economic adjustment investments must be identified within—and consistent with—a regional Comprehensive Economic Development Strategy crafted and adopted by local government, business and community leaders
- EDA investments must result in private sector job creation or retention within distressed areas
- EDA requires significant local ownership and matching funds to ensure projects have merit, are sustainable and fit with the overall comprehensive economic blueprint for the region
- EDA's local partners have a significant backlog of "ready to go" economic development projects that have been stalled due to a lack of federal matching funds and gap financing

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As the only federal agency focused exclusively on private sector job growth in distressed areas, Mr. Chairman, EDA serves as an essential partner and funding resource for local communities striving to address the fundamental building blocks needed to compete in today's highly competitive global economy. This is especially important during these uncertain and turbulent economic times.

PROVEN TRACK RECORD: Since its inception, the agency has helped create in excess of four million private sector jobs and leverage more than \$130 billion in private sector investments. In 2007 alone, according to EDA's annual report, the agency helped to create or retain more than 52,000 jobs, attract over \$10 billion in private sector investments and create long-term jobs at an average cost of \$4,000 per job, among the lowest rates in government. Since the agency's last reauthorization in 2004, EDA has created over 350,000 jobs at a highly-efficient average cost of only \$2,500 per job. These are impressive accomplishments considering the agency has an annual budget under \$300 million and that agency projects must be targeted to the nation's most distressed areas.

EDA's success stories span the country, as many distressed areas have relied on EDA investments to realize the economic development potential hidden within their communities.

The **City of Valdosta, Georgia** in cooperation with the **South Georgia Regional Development Center**, received \$745,500 from EDA. This was coupled with an additional \$1.4 million in state and local funds to enhance road, water and sewer systems. The infrastructure improvements allowed for *Martin's Famous Pastry Shoppe, Inc®* to expand from its base in Pennsylvania to Valdosta to serve the southeastern United States. This resulted in the creation of 107 jobs, paying an average annual salary of \$53,000, plus benefits, and leveraged an additional \$49.7 million in private sector investment.

Since the Loring Air Force Base closed in 1994, the **Northern Maine Development Commission** (Caribou, Maine) has used its EDA-funded Defense Diversification Loan Program to make 49 loans totaling \$5.2 million. These loans have resulted in the retention and creation of 2,137 jobs in this highly rural region and leveraged more than \$44 million in additional funds. These investments have assisted existing businesses affected by the closure to modify their business models, stay in business, and retain and add jobs. It has also financed new businesses that have hired dislocated defense workers.

"READY TO GO" PROJETS: Earlier this year, NADO conducted an informal survey of its members to determine the backlog of potential "ready-to-go" EDA public works and economic adjustment assistance projects. At the time, we found there were more than 115 projects, valued at close to \$400 million in public investment, already in the agency's funding queue but waiting for final clearance and funding before they could be processed and started. This small sample of projects was estimated to attract more than \$7.2 billion in new private sector investments and result in the retention and creation of more than 47,000 jobs.

These pending projects included essential community assets for economic development, such as water and sewer systems for technology, industrial and business parks, intermodal transportation facilities, job training facilities, business incubators, broadband networks and development finance loan funds for entrepreneurs and businesses.

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While the number and scope of these projects has changed since we conducted our initial evaluation, what remains consistent is the immediate and proven impact EDA assistance has in creating quality jobs and leveraging significant amounts of private sector investment in our nation's distressed communities.

STIMULATING JOB GROWTH: The numbers above provide a powerful reminder of the impact EDA's resources play in stimulating job growth and economic opportunity in distressed communities. We have routinely experienced over the years that even a relatively small federal investment can mean the difference in generating thousands of jobs and attracting hundreds of millions of dollars in new private investment. Programs such as EDA serve as an essential catalyst, whether as gap financing or seed capital, for private sector investments in local economic development projects.

EDA and its partners, such as economic development districts and local governments, main focus is investing in the public infrastructure and facilities that are not only needed to support the private sector, but also required by businesses and industries to operate and succeed. Without public facilities and infrastructure such as water and sewer systems, access roads, rail spurs or industrial parks, private industry will continue to locate or relocate to places with these essential amenities, whether somewhere else in the United States, or even more frequently, abroad.

Earlier this year, the **City of Hamilton, Montana** and the **Ravalli County Economic Development Authority** received \$1.6 million for a joint investment to support construction of the new Ravalli Entrepreneurship Center, which will enable the county to enhance its efforts to diversify the regional economy by growing the technology and bio-medical clusters and offsetting economic dislocations associated with the downturn in the forestry industry. It is part of a \$3.2 million project that will help create 253 jobs and generate \$11.8 million in private investment.

In March, the **South Jersey Economic Development District** and the **South Jersey Economic Development Authority** received a \$2.5 million EDA investment to support construction of new infrastructure, roadway, sewer and water utilities needed for the development of the Aviation Research and Technology Park in Pomona. The Park will be situated on 55 acres of the 5,000-acre William J. Hughes Technical Center and will serve as a catalyst for national and international aviation research technology. This investment is part of a \$7.5 million project that will help create 2,000 new jobs and generate more than \$80 million in private investment.

STRATEGIC INFRASTRUCTURE INVESTMENTS: As has been documented by other organizations, the nation's infrastructure remains in serious need of improvements and increased public investment. Improvement costs alone in the next several years are calculated in the trillions. Our ability to sustain the nation's infrastructure is directly linked to the nation's ability to maintain and grow a world-class economy.

In small town and rural America, the most significant road block to economic sustainability remains inadequate public infrastructure. Without EDA's resources, local governments will fall further behind in dealing with aging systems, meeting intensifying demands of business and industry, and overcoming recent cost spikes in construction materials and project costs.

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In the current era of limited public resources, it is essential that we make sound, strategic and targeted use of our federal, state and local funds. One of the driving forces behind EDA's long-term success is that all of its project investments are tied to a comprehensive regional economic development strategy. Known as the CEDS process, this holistic, locally-driven process is used to not only examine the strengths and assets of a region and its local communities, but also to identify, prioritize and focus on viable and sustainable economic development projects and activities. Therefore, all of EDA's investments are vetted at the regional and local levels before they are submitted to one of its six regional offices and its headquarters in Washington.

In closing, Mr. Chairman, the members of NADO respectfully urge the Congress and administration to include at least \$200 million in supplemental EDA program assistance in the pending stimulus package. EDA has the economic development toolbox and program flexibility to serve as a vital resource for communities striving to improve their economies through private sector job growth.

We look forward to working with you to restore the economic climate and condition of the nation.