

David Sampson
Talking Points for
Opening Remarks at First Meeting of the
Strengthening America's Communities
Advisory Committee
Friday, April 15, 2005—8:15am
Fresno City Hall, Council Chamber
Fresno, California

OPENING

- Good morning everyone, and welcome to the first meeting of the Secretary of Commerce's Strengthening America's Communities Advisory Committee.
- This is one of three meetings scheduled to take place through late May or early June. At that time, this committee will present its report to Secretary of Commerce Gutierrez. This report will provide recommendations on key elements of the President's Strengthening America's Communities initiative.
- I know that you all have very busy schedules, and I want to thank you for taking the time to offer your expertise in helping the Secretary, the President, and indeed your country with this important initiative.
- As I said last night, I particularly want to thank Mayor Autry for his hospitality in hosting this inaugural committee meeting here in Fresno, in this beautiful facility.

- This Advisory Committee is an excellent assemblage of community and economic development leaders, practitioners, and researchers. It brings together people working in business and civic arenas at the community, city, regional, state and national levels. And, we also have an excellent representation of urban and rural expertise.
- Commerce was overwhelmed with nominations – well over 200 at last count – presenting an opportunity to select the “best of the best” for this assignment. It is indeed an honor to be with you here today.
- I would like to extend a special thank you to Mark Drabenstott for agreeing to serve as Chairman of this committee. Mark is well known across America for his work at the Center for the Study of Rural America. Mark will lead us in an opening discussion on guiding principles later this morning.
- Let me now introduce each member of the Secretarial Advisory Committee:

Brian J. Aungst, Sr (Florida)

Regional Director of Public Affairs at
Bright House Networks (formerly Time Warner) in
Clearwater, Florida

Mayor Alan Autry (California)

Mayor of Fresno CA

Wanetta Ayers (Alaska)

Executive Director of the Southwest Alaska
Municipal Conference in Anchorage, Alaska

Rosa Bruce (Arizona)

Director of Housing & Revitalization in the City of
Casa Grande, Arizona

Linda Butts (North Dakota)

Director of the Economic Development and Finance
Division of the North Dakota Department of
Commerce in Bismarck, North Dakota

Mark R. Drabenstott (Missouri)

Director, Center for Study of Rural America and Vice
President of the Kansas City Federal Reserve Bank in
Kansas City, Missouri

Mike Duncan (Kentucky)

Chair of the Inez Deposit Bank; Chair of the Big
Sandy Regional Authority; and Chair of the Center
for Rural Development in Inez, Kentucky

Casey Hoffman (Texas)

Deputy Attorney General of Texas for Families and
Children in Austin, Texas

Matt Kramer (Minnesota)

Commissioner of the Minnesota Department of
Employment and Economic Development in St. Paul,
Minnesota

Theodore E. Liu (Hawaii)

Director of the Hawaii State Department of Business,
Economic Development & Tourism in Honolulu,
Hawaii

James T. Martin (Tennessee)

Executive Director of the United South and Eastern Tribes, Inc in Nashville, Tennessee

Mayor Paul D. Pate (Iowa)

Mayor of Cedar Rapids, Iowa

Phillip A. Singerman (Maryland)

Executive Director, Maryland Technology Development Corporation in Columbia, Maryland

Dorothy Terrell (Massachusetts)

President and Chief Executive Officer of the Initiative for a Competitive Inner City (ICIC) in Boston, Massachusetts

And

Mayor James West (Washington)

Mayor of Spokane, WA

- Two appointees, **Deborah L. Wince-Smith**, President of the Council on Competitiveness in Washington, DC; and **Mayor Bob Young**, Mayor of Augusta, Georgia were not able to be here today due to the short notice provided, but they will be in attendance at the second meeting, scheduled for May 12th and 13th in Kansas City, Missouri;
- Let me remind everyone that this is a public meeting. And what better place to hold a public meeting than in this impressive City Hall. The public is welcome to attend and observe this meeting—and I welcome the members of the public gathered here today.
- Furthermore, we welcome public comment. Any written comment by any member of the public will be shared with all committee members. In addition to written comments, this committee will take public testimony in our meeting in Kansas City, Missouri next month.
- Again, we thank all interested parties for being here today and we look forward to your written comments. And once again, thank you to Mayor Autry and the City of Fresno for accommodating anyone.

SACI OVERVIEW

- Before we begin today's deliberations, I want to provide a brief overview on the President's Strengthening America's Communities Initiative, and offer you my perspective of the President's wishes and desires in proposing this initiative, as well as the Secretary's goals for this Committee.
- The President and the Administration first and foremost start with the belief that the tremendous economic prosperity America enjoys has not reached all corners of our country. There are areas experiencing high levels of unemployment and poverty that deserve – that need – development assistance, and the President is committed to providing that assistance.
- Also, the President and this Administration also believe that while the federal government has a significant role in supporting community and economic development initiatives, there is no reason why the federal delivery system of these important resources should be disjointed, duplicative, and overly complex. There has got to be a better way – and that's why we believe that the President's Strengthening America's Community Initiative is critical to the economic health and well-being of those communities that need assistance the most.

BUILDING THE CASE

- As the 21st Century economy emerges, there are great opportunities that lie ahead. There are also great challenges. To deal with the new challenges of the 21st Century, we must apply new solutions and new approaches to best serve those most in need.
- We cannot expect to meet tomorrow's challenges with yesterday's tools. Over the last 40-plus years, the federal government has spent over \$100 billion dollars on anti-poverty programs. Certainly, our programs to assist our citizens have played an important role in providing individuals in need necessary services, not to mention a sense of dignity.
- But the federal government's record regarding community-based anti-poverty programs is mixed.
- Yes, we can all point to individual programs or projects that have been successful; but what we cannot do is adequately quantify the overall benefit of the federal expenditures over the long term.
- We all share a desire to help struggling communities. Is it asking too much that we also measure, over time and with the very best tools available to us, whether we are actually producing results for those we have pledged to assist in terms of increased economic opportunity, the creation of more and better jobs and reduced poverty?

- I think we best do that by demanding quantifiable results for the people for which these programs exist. The debate is not between spending money or not spending money; it's between settling for the status quo or seeking to do better. The President believes we can do better than our current system.
- The Administration is not alone in calling for the consolidation of the federal economic and community development portfolio. The Council on Competitiveness, the Progressive Policy Institute, the Government Accountability Office (GAO), the Organization for Economic Cooperation and Development (OECD), and Federal Reserve Chairman Alan Greenspan have all called for some form of consolidation of duplicative development programs. Clearly, the Administration is not the only group who thinks we can and should do better.

DESCRIBING THE INITIATIVE IN BROAD STROKES

- The President's Strengthening America's Communities Initiative would take 18 of the 35 federal community and economic development programs – principally the direct grant programs – and consolidate their funding into a single, new grant program called Strengthening America's Communities.

- The goal of this consolidation is to greatly ease access to the federal system. For distressed communities with limited resources and expertise, the President's plan reduces the number of federal bureaucracies they need to deal with from 18 to 1. I think that's important. The federal government should not require communities already short on resources to devote a large proportion of those resources to negotiate a maze of federal bureaucracies.
- Much of the debate surrounding this proposal is focused on the level of funding proposed in the President's budget. The Administration believes that by better focusing these resources we can achieve greater results with the funding level proposed in the President's budget. I believe it is fair to say that there is always significant give and take on what an appropriate level of funding is for a given program or set of programs. While these debates are appropriate and healthy, it is important that the need for significant reforms not get lost in the annual debate on appropriate funding levels.
- The President has proposed a budget level that he thinks is right, but it is the Congress who will make the final determinations.
- What is important for you to know is that this committee is focused on policy—not budgets. As you know, the budget process is complex and politically-charged—and we don't want this committee to get bogged down in the politics of appropriation levels. That is a topic for another day.

- The President and this Administration are committed to targeting federal assistance toward those areas most in need. Clearly, the challenge of substantially reducing poverty and helping communities transition to 21st Century economies cannot be taken lightly. Those communities that face the biggest challenges should receive the most assistance from the federal government. But we as the government can't do it alone. Yes, the government is an important part of equation, but not the only part.

IMPORTANCE OF LEVERAGING PRIVATE SECTOR

- The President believes that the goal of federal community and economic development programs should be to create the conditions for economic growth, more and better jobs, and livable communities, thereby reducing a community's reliance on perpetual federal assistance.
- The challenge in building growing, vibrant economies is that reliance on government and philanthropic resources to get the job done is an inadequate approach. The real opportunity is to engage the much larger resources of the private sector to change economic opportunities for our most distressed communities and citizens.
- The fundamental issues and opportunities in distressed communities demand a strategy that optimizes private sector engagement.

- We want more resources to flow to the most distressed communities, so the challenge is to target and focus government resources to attract and leverage the power of private markets to renew communities.
- The communities that have made the most progress over the past decade have had leaders who have made it their priority to remove barriers to economic growth and attract new private sector investment which creates jobs and produces new tax revenue. They have promoted a culture of enterprise to foster new business formations and attract new investment, bringing once abandoned property back into productive use as employment centers and revenue generators.
- The next generation of community and economic development and revitalization must embrace the lessons learned from communities and regions that are succeeding. That is what the Strengthening America's Communities Initiative does.

MISCONCEPTIONS

- We acknowledge that there is a good deal of misinformation surrounding this proposal. Based on what I've heard over the past few weeks, I think it is important to immediately dispel some common misperceptions.

- First, we seek to expand flexibility for communities—not limit it. Under the President’s proposal, funds would flow directly to communities and states in a formula grant form. In general, the types of projects that communities currently undertake with federal community and economic development programs will be eligible under Strengthening America’s Communities.
- What we ask for in exchange for this broad flexibility is an agreement on performance measures so we can quantify the benefits at both the community level and program level over the long term.
- Second, this initiative is about bolstering local control, not reducing. By using a formula grant mechanism for the bulk of the funds, communities and states will have more control and can better prioritize the expenditure of development funds based on local priorities. We’d rather have local organizations make their case for grant funding to their local city hall or state capitol as opposed to federal bureaucrats in Washington.
- Third, the President is committed to easing bureaucratic red tape—not increasing it. This is consistent with the President’s Management Agenda introduced in 2001. By streamlining the number of bureaucracies from 18 to 1, we simplify access to federal assistance—especially for those communities with the greatest need.

- Finally, the President is committed to ensuring that the most-distressed communities get the most assistance. Our intent is to focus resources in the areas of greatest distress. Many areas, including poor, urban and rural communities, would see an increase in their federal assistance compared to the current system.

MISSION/CHARGE TO THE COMMITTEE

- I have often said that if leading thinkers were given the task of designing, from scratch, the federal delivery system for community and economic development resources—while I’m sure there would be differences—I am convinced that they would not develop a system that involves 35 separate programs spread across seven different cabinet agencies.
- Well, today, we begin a process to design a new system, within the parameters laid out by the President, that we hope will relieve American communities of the burden of facing a federal maze of programs and departments. Dealing with the federal government does not have to be a daunting task. We can, and should, do better on behalf of America’s communities.
- In order to make the Initiative the best our government can offer, the President directed the Commerce Secretary to gather the best and brightest of our nation's economic and community development professionals to provide advice and recommendations on all policy issues involved in implementing the Initiative.

- The Secretary is very pleased to have formed and assembled a committee made up of this impressive collection of talent.
- This group represents a broad range of opinions from all portions of the country. State and local public officials—both elected and appointed—community service providers, development experts, and financial services providers are all represented on this blue ribbon Committee.
- You are asked by the Secretary to use this and the next two meetings for the deliberations necessary to develop a written report of policy parameters to assist in implementing the President’s Strengthening America’s Communities Initiative, including legislation, regulations and other guidance.
- Please note that the issues and questions for your work are framed at the policy level and should not require extensive research and analytical activity. I am very confident that the final report will reflect the considerable intellect, expertise and diverse experiences of the committee members, and it will be an important guide for planning and launching the initiative.
- The Committee is expected to deliver its report to Secretary around May 31, 2005, at which time the Secretary can then share the Committee’s findings with the Congress.

LEGISLATIVE PROPOSAL

- Now, a note on the legislative proposal related to this initiative:
- Following our announcement of this proposal and many subsequent briefings with Members of Congress, it became apparent to us that there are a great number of Members who are intrigued by the concept, but reluctant to engage in dialogue prior to seeing legislation.
- The legislation that we will submit to Congress serves as a starting point for the Administration's discussions with Congress on a framework for the program.
- As I mentioned, you, the Advisory Committee, will be providing recommendations on key issues—such as eligibility, the funding formula and accountability measures—to enrich the discussions between the Administration and the Congress. We will all benefit greatly from the work of the Advisory Committee as we debate the specifics of the legislation.
- Thank you all again very much for taking this time out of your busy schedules—it is indeed appreciated.
- With that, I would like to turn it over to Ben Erulkar, EDA Chief Counsel, for an overview on the issues and questions for this committee.