

U.S. DEPARTMENT OF COMMERCE

OPEN TELECONFERENCE MEETING

**MONDAY, JUNE 27, 2005
2:10 P.M. (EDT)**

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OPERATOR: (In progress) – today’s conference. I will now introduce your first conference speaker, Mr. Jedd Vertman.

Sir, you may begin.

JEDD VERTMAN: Good afternoon and welcome to the teleconference meeting of the Strengthening America’s Communities advisory committee. My name is Jedd Vertman and I’m an attorney advisor with the U.S. Department of Commerce. I am filling in this afternoon for Mr. Robert Olson, the committee’s designated federal officer.

Prior to turning the meeting over to David Bearden, the deputy assistant secretary of Commerce for Economic Development, I will take attendance of the committee members.

Committee members please identify yourself by saying “here” after I call your name.

Ms. Deborah Wince-Smith.

DEBORAH WINCE-SMITH: Here.

MR. VERTMAN: Mr. Casey Hoffman.

CASEY HOFFMAN: Here.

MR. VERTMAN: Dr. Mark Drabenstott.

MARK DRABENSTOTT: Here.

MR. VERTMAN: Mr. Brian Aungst.

BRIAN AUNGST: Here.

MR. VERTMAN: Mayor Alan Autry.

ALAN AUTRY: Here.

MR. VERTMAN: Ms. Wanetta Ayers.

WANETTA AYERS: Here.

MR. VERTMAN: Ms. Rosa Bruce.

ROSA BRUCE: Here.

MR. VERTMAN: Ms. Linda Butts.

LINDA BUTTS: Here.

MR. VERTMAN: Mr. Michael Duncan.

MICHAEL DUNCAN: Here.

MR. VERTMAN: Mr. Ronald Flannery.

RONALD FLANNERY: Here.

MR. VERTMAN: Mr. Mat Kramer.

MAT KRAMER: Here.

MR. VERTMAN: Mr. Ted Liu.

TED LIU: Here.

MR. VERTMAN: Mr. James Martin. (Pause.) Mr. James Martin.

Mayor Paul Pate.

PAUL PATE: Here.

MR. VERTMAN: Dr. Phillip Singerman.

PHILLIP SINGERMAN: Here.

MR. VERTMAN: Ms. Dorothy Terrell. (Pause.) Ms. Dorothy Terrell.

Mayor James West. (Pause.) Mayor James West?

Thank you. And unless there's any questions for me, I will now turn the meeting over to Mr. Bearden.

MR. BEARDEN: Thank you very much, Jedd. I appreciate you activating our call today and for assimilating everybody here and taking the roll for us. This is David Bearden, the deputy assistant secretary of Commerce for Economic Development, and I am delighted to welcome all of our members of the advisory committee onto the call today. Those of you on the East Coast, good afternoon. For those of you out further

West, good morning. And we thank you very much for your participation today and appreciate you being a part of this, our fourth meeting of the advisory committee.

I also want to welcome the members of the public that we have that have joined us today in participating in our call, and we thank you for your interest in the Strengthening America's Communities Initiative, and for participating in today's call.

Let me take also this opportunity to especially thank and commend our committee chair, Ms. Deborah Wince-Smith, and our vice chair, Casey Hoffman, as well as our subcommittee chairs and our at-large member, Dr. Mark Drabenstott. I want to thank all of you especially for your leadership, and I thank all of the committee members for the significant amount of hours that you have put into this committee and the work of the report that you have generated and are here to discuss, your final draft today. And we realize that you have operated under very tight time constraints and have achieved what was thought impossible at our first meeting, and so I really want to commend all of the members but especially thank our leadership for bringing us to this point. Your expertise is certainly reflected in the document that we've been able to see so far.

And so with that, I will turn it over to our committee chair, Deborah Wince-Smith, and we'll ask her to preside over the remainder of the meeting.

Deborah?

MS. WINCE-SMITH: Thank you, David, and let me just echo also your thanks to everybody who's been involved in our work and deliberations, and on behalf of the entire committee I would like to acknowledge and thank the support that we have received from the Department of Commerce, from Bob Olson, who cannot be with us today, Jedd Vertman, Mac Crow (ph), and of course yourself for your effort to provide the kind of support of this committee's work that we have needed.

Let me also formally thank my vice chair, Casey Hoffman, for his leadership and very active engagement and wisdom, and also the distinguished committee chairs as well as our committee member at large, Mark Drabenstott. I know everybody has worked very, very hard on this work that we've done, and in addition to coming together across the country we've had many, many conference calls among ourselves, but this is really the first time now that the whole committee has been able to come together since Clearwater to really take this report to its, hopefully, final conclusion and to get all of your input and advice.

I know that the committee chairs have had the opportunity to brief members of their committees and I thank them for that. What I would like to do is really have some structure here and ask if we could begin with any overall comments and then some specific comments that you would like to bring. And I will, as I tried to do in Clearwater, as we proceed, have a little bit of a dialogue around some of these issues as appropriate as opposed to just having a kind of laundry list of discussion here.

As you know, we were supported very much by Lesley Anderson in her excellent work as a writer, and I think have a very find structure for this report based on our work in Clearwater with our findings, principles and recommendations that are really the heart and meat of our task.

In addition to that, I think we are making a tremendous contribution to all the readers and constituents of this report by really putting our work in the context of the transformation and development of economic policy in this country over the last 50 years, and where we're headed into the future. And I want to thank Phil Singerman and others for their work on this understanding of the evolution of economic development.

And also, you know, what emerged during our meetings was the revelation that throughout this country there are just an incredible number of best practices and models for regional economic development, for economic development that engages all stakeholders and it's really have results-oriented outcomes. And so I want to thank all of you for your willingness to submit to us examples of those best practices that I think we're going to have a very, very exciting way to present in the report. They are not with us today because they still have work in collating them, but that will be something that will add a lot of value to the final document.

Why don't we go right into the discussion of the draft committee report, and I would like to open that with any comments and thoughts from our vice chair, Casey Hoffman.

MR. HOFFMAN: Thanks, Deborah. First off, I'm excited about this document. I'm really pleased with how far we've come in the time that we've been together, and so just generally I wanted to thank all of the same people that you've already thanked, and save some time by doing it just that way.

I don't have any other comments. I have a couple of specific comments when we get to the specifics.

MS. WINCE-SMITH: All right. Thank you.

What I would like to do is if we look at the summary of findings, guiding principles, and recommendations, you know, we think we have done a good job in presenting this in a tightly knit construct so that they flow together and reinforce each other. I would like to really open up that discussion and ask if there are any omissions, concerns, additions, modifications to that section of the report. And you might want to really turn to the page in the draft that actually presents a recommendation. That is Figure 1. I think it's between pages – I think it's page eight, actually. But let's start with the findings, guiding principles, and recommendations because that is indeed the heart of our report.

So if you would please identify yourself. I don't know if we want to start with perhaps the committee co-chairs, if they would like to make comments, and then turn to

their committee members, as we've done in the past. And so I might start with that order and ask Mike Duncan if he would be willing to go first.

MR. DUNCAN: Thank you, Deborah. I appreciate that and I think you've encapsulated the essence of the report on page eight to three areas. I would ask Mat Kramer, who stood in for me while the final report was being produced, if he would like to make comments on it.

MR. KRAMER: Mike, thank you very much. This is Mat Kramer. I have no specific comments. I think the chart on page eight is very sound, it's very thorough, and I'm very pleased with the report overall from our subcommittee's perspective.

MS. WINCE-SMITH: Thank you, Mat. Would anyone in your subcommittee like to comment?

MS. BRUCE: Rosa Bruce here. I agree. I think it's wonderful, Mat. Page eight is a very nice summary of what's in the report. I think both you and Lesley have done a beautiful job.

MS. WINCE-SMITH: Thank you, Rosa.

If there are no comments, Mike, from anyone else on your – would anyone else on your committee like to speak?

MR. DUNCAN: Mayor West is the only other member and he's not on the call today.

MS. WINCE-SMITH: All right. Well, I want to thank Mayor West for his contributions. He made some excellent contributions in previous meetings and was engaged with us in Clearwater. So I want to formally recognize his contributions.

Let's turn to Ms. Linda Butts and the work of her committee.

MS. BUTTS: Again, I guess I would echo what Mat said, as I do not have specific general comments. I have a question on one which I can address later. But I would like to give my committee members an opportunity to comment on any of the three categories that they would like to do so. So, Phil, would you like to talk?

MR. SINGERMAN: Linda, thank you. I think this is an excellent report and I really want to commend the leadership of the committee and the staff for producing really a very quite articulate document. I have a couple of specific issue that I'd like to raise when it's appropriate.

MS. WINCE-SMITH: All right, thank you. We will come back to that.

Linda?

MS. BUTTS: Yes, Paul, would you like to make any comments? Paul?

MS. WINCE-SMITH: Mayor Paul? (Cross talk.) Well, he was on the call and answered roll call.

MS. BUTTS: So, in general, I think, again, like the others, this is an excellent job of capturing what has been, as Secretary Bearden said, many hours of work and deliberation, but I would, again, say that this is an excellent job and a well-thought-out and well-articulated document.

MR. MARTIN: This is Tim Martin. I missed roll call; I had to join later. Can you hear me?

MS. WINCE-SMITH: Yes, we hear you.

MR. MARTIN: Okay. I do want to point out, I think the report I am much more comfortable with now. There was a period of time – and I don't mind saying it; I think other people were just as anxious – we were unclear of how it was going to come together. I feel very comfortable that the page eight and the other information in the report I can honestly say that you did capture the thoughts, certainly my thoughts as far as our sub-workgroup, and the material being placed forward.

MS. WINCE-SMITH: Thank you very much for your comments.

All right, I will come back to Linda and Phil for their specific comments, which pertain to the findings, principles and recommendations or another part of the document. Maybe we'll get the overall comments and then go into some specifics, although I know Mayor Autry has some specifics, but – Mayor, why don't I ask you to give comments from your subcommittee?

MR. AUTRY: Deborah, was that me? This is Autry.

MS. WINCE-SMITH: Yes.

MR. AUTRY: Oh, okay. Well, first of all I'd just like to commend you on just a great – and everyone involved in the leadership positions there for this report. I think in general it's an excellent, high-level report, a lot of substance, a lot of meat on those bones that we're going to be presenting to the secretary. I think it presents a really strong, strong rationale for policy change, which is what they were looking for, and I think it presents just a tremendously strong change about to happen.

Specifically, Deborah, would you like – I've got three just very short, specific recommendations. Did you want me to go over those very quickly now or –

MS. WINCE-SMITH: Yes, I think – unless there's some one else from your subcommittee who has general remarks I think we'll just reverse it now and you go into the specifics.

MR. AUTRY: Okay, very quickly, on page 27 I would encourage us to use a criteria for eligibility that should also include the poverty rate of – (inaudible) – the per capita income, and also a indicator that I think we really need to look at as the end migration. Even those numbers can change from year to year, like for example here in Fresno we're supposed to, by all accounts, be a city of almost 800,000 within 15 years – the highest rate of growth in the area – and I think that end migration, even though it's not an exact science, should carry some weight in terms of eligibility, if that can be determined to a degree of certitude that would make the folks at the federal government comfortable.

The second one would be on page 31, the requirement for matching investments from non-federal sources. That can be a big impediment for poorer communities that are just struggling to keep up with the basic public safety needs in the general fund. So I would encourage us to include language that says, for example, just to start with, that matching investments from non-federal sources should be encouraged and rewarded but should not be a requirement for all communities, particularly those that are the most disadvantaged. That would be my second recommendation.

And then my third, I would suggest the recommendation be added under the “bringing federal policy into the 21st century,” that we take these best practices and have forums available for – to push forward, to propagate these best practices in economic and community development – a way to get those things out there to folks. So that's my three specifics. Just overall, I'm very just really honored and humbled, proud to be a part of this group. I think it's an excellent report.

MS. : Thank you, Mayor Autry. Would anyone like to comment on Mayor Autry's proposed modifications and additions to the draft as it currently stands?

MR. FLANNERY: This is Ron Flannery and I would. First of all, I am generally in agreement with the mayor, and that is why he is the mayor of course. But particularly the issue about matching requirements, I think the wording he suggested is exactly right and it shouldn't be a requirement but it should be encouraged and rewarded. Property right, with regard to ranking criteria or eligibility criteria, I would agree with that. I would respectfully request or suggest maybe instead of per capita income, Mayor, maybe median household income. I know we don't want to be terribly specific. It might be better, it might capture that a little bit. Capita income has a tendency sometimes to screw one way or the other.

MAYOR AUTRY: I agree with you, Ron.

MR. FLANNERY: Okay, so that is just – but I'm in full agreement with your suggestions.

MS. WINCE-SMITH: Thank you. Others?

MR. HOFFMAN: Deborah, this is Casey Hoffman and Dorothy Terrell was kind enough to leave me a message on a couple of points that she wanted to make.

MS. WINCE-SMITH: And she – I had a very extensive conversation with her this morning as well.

MR. HOFFMAN: Well, why don't I handle the one that is most relevant to the work I do, and that is on page 10.

MS. WINCE-SMITH: I just want to make sure if anybody else has any comments on Mayor Autry before we move forward on the next one.

MS. BRUCE: Yes, I do. This is Rosa Bruce. I also want to agree with Mayor Autry's comments, particularly the match requirement.

MS. WINCE-SMITH: All right, if anyone else – is anyone not in accord with Mayor Autry, because if not, I would like to endorse those comments and reflect that they will be adjusted in the document. Okay, Casey. Thank you, Mayor Autry.

MR. AUTRY: Thank you.

MS. WINCE-SMITH: Casey? Casey, the floor is yours.

MR. HOFFMAN: Yes, on page 10, it's the second full paragraph, lines down – three lines down, where we at various times during our hearings made the point that we can't have strong communities without strong families. And Dorothy pointed out that the use of the phrase "single parent" right after the words families could create an impression that we don't recognize single parents with children as families. And so I would like to make one suggestion. That is that after the word families, it reads, "separated parents." Various times she advocated that we had to be considerate and take into consideration of the needs of the elderly, disabled, and perhaps some other individuals in the community. And I'm not sure how to incorporate that other than having the elderly and disabled appear after the word "separated parent." So I don't want to wordsmith it but I agree with Dorothy's point one.

Two –

MS. WINCE-SMITH: Hello?

MR. HOFFMAN: Yes, can you hear me?

MS. WINCE-SMITH: I can now.

MR. HOFFMAN: I think Dorothy's view – the community in the broader sense, making a difference for the members of that community is one that we ought to endorse. And sort of in the nature of wordsmithing, but the other comment she had was on page four, where she wanted to emphasize that the committee was not tasked with assessing which federal programs would be best to consolidate all of the appropriate level of the appropriations for the initiative and that we ought to be –

MS. WINCE-SMITH: Hello?

MR. HOFFMAN: Those are the two points that Dorothy left with me.

MS. WINCE-SMITH: Thank you, Casey. Would you please take the leadership then to come up with the proper language for page 10?

MR. HOFFMAN: Sure, I would happy to.

MS. WINCE-SMITH: Thank you. That captures your commitment to that as well as Dorothy's would be very, very helpful. And I might just – since you raised the issue, she brought to my attention on page four. Let me just share what the rest of the committee, the concerns that Dorothy had on some other points as well, and that is that she felt very, very – she was very pleased with the report overall and supportive.

And as Casey Hoffman said, she was concerned that we did not get into organizational analysis. And on page 10 specifically, where we have the section on strengthening America's communities initiative, she brought to my attention the initiative calls for the consolidation of 18 existing community and economic development programs to simplify. And we did not of course specifically address any of those 18 initiatives in details or to comment on those and she would like that reflected in the document. And I think that we can certainly do that.

Also, wanted to make sure that other points in the document, that we have a consistency on calling for consolidation and streamlining, but not talking about any specific number of agencies and what is the optimal number of budget for those agencies, and of course, that is something that we all knew we would not be addressing early on this deliberation, so I thanked her for bringing those to our attention.

Is there any – are there any other comments on the findings, principles and recommendations, because if not, I have one.

MS. AYERS: Deborah, this is Wanetta Ayers.

MS. WINCE-SMITH: Hi, Wanetta.

MS. AYERS: Hi. A couple of things I would like to just maybe point out or ask for some clarification on. On page six, the second paragraph, the term prevailing model

in reference to the Challenge Grant – I guess I am having some difficulty grappling with that specific wording.

MS. WINCE-SMITH: Where is that word?

MS. AYERS: It is on page six, paragraph two, line three, in reference to the Challenge Grant becoming the prevailing model. And this goes back to later in the document the exhibit that shows the transition period – the 10-year transition period. And one of my – I guess the conceptual difficulty I'm having with that is that it's two-dimensional model and what is not incorporated this is distress is not a constant. So distress will be changing, communities will be moving in and out of the grant program.

And I guess that I would like to somehow capture that idea that – because of course we reference the fact that there will be economic distress or dislocation that will happen and communities will move in and out of the granting program. And that if the program were changed to specifically only be a Challenge Grant program, as distress changes and the grant program moves to be in a prevailing level just like Challenge Grant, I think that would create difficulty for communities that are experiencing new distress.

MS. WINCE-SMITH: Would you – instead of saying prevailing model, would the concept of overtime challenge grants should become the optimal model for federal assistance recognizing that –

MS. AYERS: It is a balance model.

MS. WINCE-SMITH: That the need is a dynamic process or something like that?

MS. AYERS: Yeah, I would say that overtime Challenge Grants would become a balanced component to this new federal-funding model that we're talking about.

MS. WINCE-SMITH: I would have a problem with the word balance because to me balance means half and half, whereas optimal was saying you're striving something but you're not putting a weighted measure on it.

MS. AYERS: Again – (inaudible, cross talk) – so the model should be responsive to changes and to stress levels. And let me struggle with the wording on that a little bit. I agree that balance is perhaps not the proper term.

Also on page 10, the first full paragraph, the last sentence, the ending clause there: “these concerns are understandable.” I would be more comfortable with saying that these concerns were explicitly and inherently taken into consideration.

MS. WINCE-SMITH: And what was that language?

MS. AYERS: Something to the effect of that these concerns were explicitly and inherently taken into consideration. Specifically addressed.

MS. WINCE-SMITH: All right.

MS. AYERS: On page 25, under the heading, “competitive performance results,” first paragraph, talking about – well, I made the note here but this relates to the capacity building. It hasn’t been much of a part of our committee discussion but I would like to throw out there for consideration the idea that as regions are developing, economic development, governance organizations are models that – part of the capacity-building process has to be how to transition out of this funding process.

We have talked about transitioning within the program, but now I am talking about within the individual organizations. And the reason I think this is important is that, again, set up a mechanism to address an issue and that requires organization and staffing. Unless in the part of that capacity-building process, you’re training those folks how to live with these funds in the future, then you’re just creating an ongoing need.

MS. WINCE-SMITH: I agree with that. That is excellent. Thank you.

MS. AYERS: And on page 26, there is a heading, “All communities should become development ready.” In the third line, it says that one of the conditions would be that they prove that they can attract business and investment. I’m having some difficulty with the word “attract,” because we are moving away from the stovepipe or the smokestack form of business attraction as economic development. So I am more interested in seeing another word there, something like – (inaudible, cross talk).

MS. WINCE-SMITH: How about develop businesses and secure high value, secure investment.

MS. AYERS: Yeah, stabilize growth, sure. I think one of the things – again, I have to relate this to my own experience. My region probably isn’t – (chuckles) – going to attract businesses but we may be able to grow our own.

MS. WINCE-SMITH: All right, that’s – I agree with you. That is excellent, thank you.

MS. AYERS: Just add a note on, just on pages 27 and 28, I really appreciate the inclusion that concept of transitioning, but again, it’s not just a two-dimensional model, it’s a three-dimensional model. You have to factor in the level of distress there.

MS. WINCE-SMITH: Where is that?

MS. AYERS: Pages 27 and 28, just the whole concept of transitioning from formula to challenge grants and that you need to factor in that distress is not a constant. And then on page 31 under “recommendations,” something that was included in several

previous drafts of the report or versions of our working documents was the idea – and I think this is part of that concept of better governance that leads to the success of regions.

But also on a national level, better governance I think includes utilizing and working in partnership with educational institutions and other non-profit organizations that are providing both policymaker and practitioner education. I think that is an important resource that already exists, and in fact, I think many of them are already leading the way with some of the concepts that we have talked about as a committee that included as a recommendation. And that is all I have of you.

MS. WINCE-SMITH: So you would want – you’re proposing that under “recommendations,” under ensuring “flexibility, (accountability ?) and results,” we actually have an additional recommendation that captures the need for this teaming and these partnerships?

MS. AYERS: Correct.

MS. WINCE-SMITH: Okay, would you please draft some suggested language for that and get it to us?

MS. AYERS: I will. I have got it. Thanks, Deborah.

MS. WINCE-SMITH: All right. Thank you.

MR. AUTRY: Deborah?

MS. WINCE-SMITH: Yes.

MR. AUTRY: I may work a knot on the – on page six, that wording on the prevailing model, just one suggestion throughout – that overtime the Challenge Grant should become the most prevalent model for federal assistance, just to throw in as an option –

MS. WINCE-SMITH: Yeah, that is good. Thank you, that is excellent. There was one area that I wanted to propose that we need a recommendation on. And if you look at the chart that I had in front of me but now I lost it, we have on page 22 of the text, under findings and principles, the second – under guiding principles, the second bullet area is about the need to fully integrate workforce and economic development strategies investments at the national, state, and regional level.

And the finding is on page 20 and the principle is on page 22. And going through this, I realized that in order to be consistent with how we have done the rest, we need to take one of the principles there and turn that into a recommendation, and have it under bringing federal policy into the 21st century. And I think that language is actually right there; it just needs to be crafted into a principle. And I wanted to propose that and ask if there is any concerns or issues about that.

Okay, are we at the point now where we have no more comments about findings, principles, and recommendations?

MR. SINGERMAN: Deborah, this is Phillip Singerman. I have some –

MS. WINCE-SMITH: All right, Phil. I apologize; I said I was coming back to you. (Chuckles.) Thank you.

MR. SINGERMAN: That's all right. I wasn't quite sure. I have some observations and then a suggestion or two about the discussion of the Millennium Challenge Grant. This was an issue that – I looked for also some – my other members of our committee might want to weigh in. This was an issue that our committee looked at. And I think we came to a couple of conclusions. One is that the issue of defining specific criteria for development ready was very complicated and indeed, the – I think the examples chosen in the earliest drafts material, were just a few of the many that Millennium Challenge Act developed as a result of very extensive process. So we were only highlighting a few things.

And I think we felt that – as the discussions of the whole test was continued, that criteria would self-defined by communities and that it would be premature at this point, given the level of – the policy level that we were dealing with – working at, to anticipate a specific criteria that would be used to determine whether communities where development ready.

And my suggestion is the following. First – and we didn't have a chance to do an exhaustive analysis of the Millennium Challenge Act. So my recommendation is that the staff take a look at just – just let's be absolutely sure that what we are presenting as the situation – the status the program, the Millennium Challenge Act, is accurately portrayed. And then in the various references to the specific criteria, which occur both on pages 26, 25, 26, and then in the glossary, I think we should emphasize more that the more accurate reflection the of the committee's overall perspective that the criteria will be more self-defined communities as they propose Challenge Grant applications.

I'm wondering if Tim or Paul or Linda share my view or have another perspective?

MS. WINCE-SMITH: Tim, do you want to comment on that?

MS. BUTTS: Maybe Tim has stepped away. This is Linda and what I will do is add a little bit of a thought to Phil's comments. I believe that it was Tim that brought this up on numerous occasions as we discussed a community becoming development ready and the recognition that it might be different for each community. And I believe that as we have discussed this, we have come to an agreement – within a framework a to a degree, each community starts perhaps at a different point in time, and that the grant and the program would offer that flexibility and point of entry. And we discussed that quite a

bit. So that would be a little bit more – illumination at least of our – committee number three’s discussion.

MR. MARTIN: Yes, this is Tim. I agree.

MS. WINCE-SMITH: I think we could certainly take your comments and put some language in to strengthen those first two sentences on page 26. I don’t know if any others would agree with what I’m going to say but I think it’s important to enumerate some illustrative generic criteria, not saying that this is – these are the only ones or all inclusive, but illustrative because certainly I don’t think there is any community in the country that would say improving schools, reducing violent crimes – you know, reducing regulatory barriers, establishing business-friendly environments, that those aren’t important things that are metrics for being development ready. And I think the extent to which we don’t say anything shows we don’t know what we’re talking about.

So I would err on the side of having some of those things, but stating that they are illustrative and they are not all inclusive.

MR. MARTIN: This is Tim Martin. I agree with that.

MS. BUTTS: This is Linda. I can understand that, too. There was discussion in our committee about once you start naming examples, it seems to become concrete in people’s minds. But I think, Deborah, you have talked about using them for illustrative purposes and I can agree with that.

MS. WINCE-SMITH: Phil?

MR. SINGERMAN: Yes.

MS. WINCE-SMITH: Okay, so we will strengthen that language, generic language in the beginning of that section on page 26. Phil, did you have other comments?

MR. SINGERMAN: No, just I’d ask Lesley if she could – maybe offline we should just double-check on the status of the Millennium Challenge Act to make sure that we’re accurately representing it.

MS. WINCE-SMITH: Okay.

MR. SINGERMAN: It’s that we as a committee really didn’t go into that in great detail.

MS. WINCE-SMITH: And where is it discussed again, on which page?

MR. SINGERMAN: It’s in the glossary and it’s on page 25 and in the glossary on page 34.

MS. WINCE-SMITH: Oh yeah, just one little sentence on page 25.

MR. SINGERMAN: Yes.

MS. WINCE-SMITH: Repetitive grants to developing nations, yeah. Okay. And we've worked hard on these definitions and they've actually improved quite a bit since we started that process so again, if anybody has any comments on those, that's something that you could mention now or get to us quickly.

MR. DRABENSTOTT: Deborah, if Phil is done, this is Mark Drabenstott.

MR.SINGERMAN: I'm done, Mark.

MS. WINCE-SMITH: Hi Mark, you've been quiet and we want to hear from you.

MR. DRABENSTOTT: Well, I've been taking it all in. I'm not quite sure where we are in terms of where you want comments, but I have just a handful of comments in total, so perhaps I can just go through these quickly.

MS. WINCE-SMITH: Yes, I think we're finished unless anybody still wants to comment. I think we're finished with findings, principles, and recommendations except for what you might want to add to that discussion in different places as well.

MR. DRABENSTOTT: Okay, well, first of all, let me address what I, as I read through this –

MS. WINCE-SMITH: Could we have your overall comments?

MR. DRABENSTOTT: Sure, I think we have come a long way and I am very pleased with the overall body of the report and I think it reflects an outstanding leadership effort by you and Casey to bring us to this juncture, so kudos all around from me.

As I read through this, there is one issue that I think gets short shrift and is sort of left – it has fallen between the cracks. I don't have a ready suggestion to how to put it into our report, but let me just raise the issue. We talk at some length throughout the report about the critical role that innovation plays in promoting regional competitiveness. We do not, however, at any point, sort of lift up the issue of the importance of higher education in that role of promoting innovation. And it seems to me, there are two dimensions that we might talk about at some juncture. One is with respect to technology and innovation, where the role of public universities is going to be critical as regions tap into a research pipeline. The second is one of capacity building and the importance of regional universities and community colleges in playing crucial roles in emerging regional governance models and in lifting up the skill sets of regional leaders, both public

and private. Neither of those issues really percolates up in our report, and from my way of thinking, it's something that deserves somewhat greater attention.

MS. WINCE-SMITH: All right, it's music to my ears, and I think there's many places where we could put that in, both in the challenge for the 21st century and also in the evolution of economic development and the role of educational institutions in that process.

MR. DRABENSTOTT: And it may also be a critical linkage. We talk about making sure that other federal policies are linked to regional competitiveness. This is one that may be a little more equal than the rest.

MS. WINCE-SMITH: Okay. I agree. I would add national laboratories as well, because certain parts of the country where we have national labs –

MR. DRABENSTOTT: I have no problem with that.

MS. WINCE-SMITH: They have absolutely the same potential of other educational institutions for that.

MR. DRABENSTOTT: Let me move on to just another –

MS. WINCE-SMITH: So I think we have, unless anyone disagrees, I would like to adopt Mark's recommendation to build some language into the document around those themes.

MR. AUTRY: Deborah?

MS. WINCE-SMITH: Yes?

MR. AUTRY: This is Autry out of Fresno. I believe so strongly in this as a foundational component, as Mark just pointed out, especially out here in our more distressed area, and I'm sure Ron, he's from – I think the more focus and the higher the profile in the report, the better. I don't think you can emphasize, just lay it out too much. So I would support it wholeheartedly being a major component.

MS. WINCE-SMITH: How about we make it as a overall finding and principle and then we have the recommendation, I think. I think we need to highlight it as a finding, a principle, and a recommendation.

MR. AUTRY: I think that's great.

MS. WINCE-SMITH: Will you all have trust in us to come up with the right language?

MR. DRABENSTOTT: Absolutely.

MS. WINCE-SMITH: Okay.

MR. DRABENSTOTT: Let me just take the remainder of mine sequentially through the pages of the report. On page four, at the end of the second full paragraph, I was heartened to see this language because it did not show up in an earlier draft, the last sentence that talks about the economic health of the nation is now dependent upon competitiveness of its regions. It show up here but it never shows up anywhere in the body of the text, and I would just suggest that we ought to – while it's in the executive summary, it's a strong enough point that we ought to bring it up someplace else in the body of the text.

MS. WINCE-SMITH: And it could be a finding.

MR. DRABENSTOTT: It could be, yes.

MS. WINCE-SMITH: All right, it could be a finding.

MR. DRABENSTOTT: And I think this is a message that national policymakers are not necessarily aware of and I think it highlights the virtue and the urgency of focusing on these overall policy issues.

MS. WINCE-SMITH: Great.

MR. DRABENSTOTT: At the bottom of page four, this is a very minor point, but for those of us who live in Missouri, we'd like to point out that you met in Kansas City, Missouri. (Chuckles.) On page five, and this relates to language that also shows up on the first bullet, left-hand column, on our table on page eight. Let's just turn to page eight, there it's more easily seen. The first bullet – establish regional competitiveness as the underlying strategy for federal economic and community development policy. I raise this question – do we want regional competitiveness to be the means to an end or do we want it to be the end? And we make the case in the first section of the report, rather forcefully I think, that there is no existing unifying purpose for federal economic development policy. Do we want to make regional competitiveness the underlying strategy or do we want to make it the unifying purpose? And to my way of thinking, those are slightly different connotations.

MS. WINCE-SMITH: So how would you amend the language under that first recommendation, if we want to get to the other concept?

MR. DRABENSTOTT: Well, I think the question may be, do we want to say establish regional competitiveness as the unifying purpose or the overriding goal for federal economic and community development policy?

MS. WINCE-SMITH: I would say overriding goal.

MR. DRABENSTOTT: That would be my preference, but I think it's important that we understand what we're saying, and from my way of thinking, we're talking about a means to an end rather than an end in the language we currently are using.

MS. WINCE-SMITH: Right, because a strategy enables you to get to a goal.

MR. DRABENSTOTT: Correct.

MS. WINCE-SMITH: Well, I think Mark's made a very good proposed amendment there. I would support it. No opposition so let's go for that.

MR. DRABENSTOTT: Okay, and right above that bullet on page eight, a very minor word suggestion. The last sentence in the bringing federal policy into the 21st century top box – innovation and entrepreneurship are the new engines for wealth-creation. There may be some people who would read that as being something that is supporting the creation of wealth and nothing else.

MS. WINCE-SMITH: Oh, so I hear you.

MR. DRABENSTOTT: So I would say economic prosperity.

MS. WINCE-SMITH: Yeah. It's really job creation, productivity, and economic prosperity.

MR. DRABENSTOTT: And I just have one other main point to make and that comes up on page fourteen in the second full paragraph where we talk about, in the middle of that paragraph – it also emphasizes the importance of supporting clusters of specialty within a region. And we also use the language in page 35 in our glossary, where we talk about clusters are critical masses in one place. Our focus on clusters here may be a little overly simplistic, and let me illustrate. There is research now that shows that many industries are in fact fragmenting over space.

MS. WINCE-SMITH: Right.

MR. DRABENSTOTT: And, for instance, in the auto industry, some auto parts cross three state lines before they get assembled into the final vehicle. This language, I think, ignores that reality, so I think we need to be a little more careful about putting too much simplistic focus on the notion of a cluster.

MS. WINCE-SMITH: Do you want – would you be willing to expand on that language a little bit?

MR. DRABENSTOTT: Sure.

MS. WINCE-SMITH: All right, thank you.

MR. DRABENSTOTT: And then, my – I have one final question, really for Ted, if he's still on. When we met in Kansas City, Missouri, I was impressed with the report that Ted made from his subcommittee and the question I have for Ted is whether the criteria that are mentioned in the second bullet of the middle column, whether that reflects the richness of the conversation he had within his subcommittee.

MS. WINCE-SMITH: What page would that be on?

MR. DRABENSTOTT: Page eight, back on the main recommendations and findings page, middle column, second bullet.

MR. LIU: This is Ted. I felt that the overall report, given that we are aiming this thing at a level of generality, that that does capture the performance tricks that we've been discussing. I think it creates the basis for folks who read this report to drill deeper. Clearly, that was not the intention of this report, but to really – (inaudible) – how these metrics would work in these communities is still going to be a major task ahead of somebody. But for this report and given what we've set out to accomplish, I think, Mark, it does.

MR. DRABENSTOTT: Okay, great. Deborah, that's all I had.

MS. WINCE-SMITH: Thank you very much, Mark. Would anyone like to comment on Mark's suggestions, which I think, from my perspective, are excellent and we would move to incorporate them.

MS. BUTTS: Deborah, this is Linda.

MS. WINCE-SMITH: Yes?

MS. BUTTS: My one comment ties to the comments that Mark just made, and I'm on page eight. I'm on the extreme right-hand column on the third bullet. And somewhere along the way, as I reread that, I recall some discussion about trying to strengthen the language of emerging self-defined regional boundaries versus the starting the sentence with the harmonizing of federal economic and community development.

MS. WINCE-SMITH: I think we thought we did that after the last look at that, but maybe we didn't do it.

MS. BUTTS: Maybe I could throw the discussion back to Mark, if he would be willing to comment.

MR. DRABENSTOTT: Well, as I recall our earlier conversation, Linda, I think this does have – it puts more emphasis on the emerging, but I guess the question is could we reverse the two phrases so that the last is first and the first is last?

MS. WINCE-SMITH: All right. Consistent with the emerging –

MR. DRABENSTOTT: Yeah. Put the onus on the policy that it has to recognize emerging self-defined economic regional boundaries and then harmonize federal economic and so on.

MS. WINCE-SMITH: I think that's what we were supposed to have done, actually.

MR. DRABENSTOTT: So I think just flipping the order of the two phrases certainly moves, I think, in step with the general consensus view that emerged in the committee's deliberations.

MS. WINCE-SMITH: Linda?

MS. BUTTS: Yes, I concur.

MS. WINCE-SMITH: All right. Great. Well, I think we may have reached a point where we have accomplished the purpose of this meeting today. I certainly am delighted with everybody's input and suggestions and I think we can move forward to incorporate these suggestions and changes and modifications and get a document before the secretary of Commerce. So I would like to move and have a resolution of the committee that we make the changes and additions that have been discussed today with you all trusting the efforts of the drafters here to do the best to represent your comments and that we submit a report to the secretary of Commerce in the timeframe we've committed to. So I would like to ask for a resolution to that effect.

MR. KRAMER: Deborah, this is Matt Kramer. I also move.

MS. WINCE-SMITH: Any discussion? All in favor.

(General Assent.)

MS. WINCE-SMITH: Well, thank you all. We have a report. I am thrilled and I think you all too should be very honored and pleased with everything you've done and the commitment you've made to the country and your regions and communities to do this. And I think we're ready to go, so with that, let me turn it over back to David Bearden and Jedd, just if they could share with us what are the next steps and process for the conclusion of the work of this report, which, of course, is not the conclusion of the committee. We're under contract, as it were, to the department for two more years. But Jedd and David, do you have any comments before we conclude the meeting?

MR. BEARDEN: Sure, this is David Bearden, and thank you very much, Deborah. Very rich and robust discussion today and congratulations to all of you on a job well done, especially Deborah. Thank you for your excellent leadership that you provided as you stepped in at our second meeting and from that point forward. I also appreciated your very kind remarks about our Commerce team and the administrative

support that they have provided and some of those folks are sitting around the table with me right now and we would be remiss to not recognize them properly for all of the work that they have done, helping to coordinate the meetings and being part of the subcommittee work that they've participated in.

What we plan to do, Deborah, is to schedule a meeting with the secretary. We anticipate that would take place in the next few weeks. We want to give you a little bit of time to incorporate those final comments that you've taken in today. And so what we will plan to do is, as we are able to get that meeting scheduled and set on his calendar, we will be in touch with the advisory committee members individually and coordinating that with you to work that out with people's schedules. And then, hopefully that will give you enough time for the addition of your comments, but also the final formatting layout of the report so it will be ready for distribution.

We also do hope that the committee members will plan to stay aboard. We signed you up for a two-year term and we do intend to continue to use you. We really do appreciate the substance that you've provided, the seriousness with which you approached this report here, and as we are able to absorb your recommendations and incorporate that into the administration's Strengthening America's Communities initiative, and as that progresses, I foresee that there would be other substantive work that we would want to refer back to you and ask for your input and guidance on, so thank you for serving and we hope that you'll continue to stay aboard. And if that doesn't answer your questions, I'll be happy to try and field any other questions specifically. I also have Sandy Berua here with me, who will be helping to coordinate some of those logistics, particularly as it relates to getting scheduled with the secretary. So we'll be happy to try and address those, otherwise, I would conclude my remarks to you at this time.

MS. WINCE-SMITH: Thank you, David. I know just one thing I forgot to mention. Everybody that has an assignment and you know who you are, please get your suggested language to me and to Leslie and Bob Olson as soon as possible. I just want to make sure that everybody knows their assignment.

I want to also thank Sandy Berua. He has been fantastic in all of this with David and Jedd and Bob and the whole team, Matt, at Commerce. So Sandy, you've kept us all in line here. Thank you for being a great chief of staff.

SANDY BERUA: Thanks, Deborah.

MS. WINCE-SMITH: Sandy, do you have anything, you or Jedd, that you need to share with us? If not, I think I can formally adjourn the meeting.

MR. BERUA: I think you can.

MS. WINCE-SMITH: All right, committee members, thank you. And Casey, thank you. And I'll look forward to seeing all of you again in person in the not too distant future. And Ted, we're waiting to be invited to come to Hawaii.

MR. LIU: Any time.

MS. WINCE-SMITH: And Alaska.

MS. : Right now is the time.

MS. WINCE-SMITH: Okay. Thank so much. Good-bye.

(END)