



April 6, 2021

The Honorable Secretary Gina Raimondo
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Dear Secretary Raimondo,

As the leading national association representing Economic Development Districts (EDDs) across the country as designated by the U.S. Department of Commerce Economic Development Administration (EDA), the National Association of Development Organizations (NADO) is committed to ensuring that EDDs receive the support, assistance, and resources they need to effectively serve their communities. As you know, EDDs play a crucial role in addressing both urgent short-term community needs as well as long-term economic recovery priorities. It is therefore critical for the U.S. Department of Commerce to provide continued support to EDDs to allow them to respond effectively for the remaining duration of the pandemic, and in pursuit of long-term economic recovery thereafter.

Recognizing that EDA has received a historic funding level of \$3 billion in supplemental funding for the agency through the *American Rescue Plan Act*, NADO stands ready to work with our federal partners at the Department of Commerce – and to help support EDDs across the country – throughout the implementation phase of the *American Rescue Plan Act* funding.

NADO strongly supported and deeply appreciated the approach that EDA utilized after the agency received \$1.5 billion in supplemental funding through the CARES Act, particularly the approach EDA took in providing ***non-competitive funding for EDDs***. The invitations EDA extended to EDDs and EDA Revolving Loan Fund (RLF) Operators last year allowing them to request and rapidly receive non-competitive allocations of funding allowed EDDs to quickly undertake critical activities in support of their communities, without having to go through an extensive and time-consuming competitive application process.

NADO was also very supportive of and grateful for the approach EDA used in implementing CARES Act funding wherein EDA provided funding to EDDs ***without requiring them to contribute matching funds***. In NADO's view, this 100% federal share approach was a critically important element of EDA's success in serving EDDs while administering CARES Act funds. The 100% federal funding allowed communities to tap into EDA resources without having to sacrifice local resources, and without having to devote significant time to identifying and securing other partners and/or other sources of local investment during an already challenging time amidst a global crisis, during which community resource needs far outpace available resources.

While NADO is grateful for the leadership EDA has shown thus far in its rollout of the CARES Act Funding, ***NADO also has significant concerns related to the possibility that the U.S. Department of Commerce may make a departure from this approach in its implementation of the American Rescue Plan Act funding***. To this end, NADO strongly encourages the Department of Commerce to utilize a process that mirrors the CARES Act implementation approach and asks that the recommendations below are considered.

NADO surveyed our membership in March 2021 – which is comprised of many EDA-designated EDDs – asking them to reflect on both the most successful and most challenging elements of EDA CARES Act funding implementation. In anticipation of the *American Rescue Plan Act's* passage, NADO also asked our members to provide information about what projects they would potentially want to seek additional EDA funding for if available, as well as what barriers might prevent them from seeking further EDA funding. NADO members' responses to this survey are incorporated into the recommendations below.

NADO strongly encourages the U.S. Department of Commerce Economic Development Administration to consider the following recommendations:

- 1. NADO urges EDA to provide a second round of invitations to EDDs in good standing, inviting them to apply for a specified amount of non-competitive funding for purposes as defined in a pre-approved scope of work.**
 - a. **Non-competitive process supports rapid response:** Funding provided on a non-competitive basis allows EDDs to quickly respond to community needs without requiring them to go through EDA's extensive competitive application process. The non-competitive funding approach allows EDA to deploy funds rapidly, which in turn allows funding to be implemented much more swiftly throughout communities, towns, and regions.
 - b. **Inequitable nature of a competitive process during a national emergency:** Requiring EDA's core constituency of EDDs to navigate EDA's typical competitive application process via a standard Notice of Funding Opportunity (NOFO) process during a national crisis is both unnecessary and inherently inequitable in the context of the current emergency. Requiring EDDs to undergo time-consuming application processes in order to compete for much-needed resources demands that EDDs take time away from their foremost duty during this pandemic – that is, helping local organizations, small businesses, nonprofits, individuals, and other stakeholders in their communities meet their most urgent needs. A competitive process is likely to produce unnecessary disparities and would most heavily and negatively impact those communities with fewer resources and less robust grant-writing capacity.
 - c. **A non-competitive process supports equity and fairness among EDA's institutional partners:** EDDs are EDA's primary core constituency. Given that EDDs are EDA's foremost institutional partners as established and codified in the *Public Works and Economic Development Act of 1965 (PWEDA)*, EDDs should rightfully receive preference for funding from EDA, before funds are provided to states, EDOs, and other important – but secondary – partners not codified in PWEDA. Furthermore, EDDs should not be required to compete with their peers (other EDDs) for essential funding during a crisis; instead, EDA should prioritize ensuring that all EDDs in need of additional resources can easily access them during a national emergency.
 - d. **Many EDDs are already in need of additional funding:** Many EDDs and EDA Revolving Loan Fund (RLF) Operators are already in need of additional infusions of funding. Many EDDs reported in a survey recently conducted by NADO that they are already in need of additional funds. NADO encourages EDA to once again utilize an "invitation letter" approach, which would allow those EDDs and EDA RLF Operators that **do** need further funding to request it, while also allowing those EDDs and RLF operators that **do not** need additional funding infusions to reject it. EDDs should

be trusted to accurately request the amount of funding they realistically need and can effectively administer.

- e. **Competitive process carries significant drawbacks:** The significant amount of time that EDDs must sacrifice in order to complete EDA's standard competitive application process acts as deterrent. The time commitment alone may prevent EDDs from applying, especially given that there are no guarantees that applicants will ultimately be funded – and given the time and energy that is required to complete a highly competitive application. Requiring EDDs to undergo a competitive process also risks that EDDs may be denied funding due to a competitive environment wherein EDA runs out of funding for its core partners, leaving EDDs without needed resources. In a survey recently conducted by NADO, many EDDs reported that the sacrifice of time that is necessitated by EDA's application process, along with the lack of transparency of EDA's competitive process and the risk of not ultimately being funded after going through the process created significant barriers and challenges for EDDs that in some cases led them to opt out of applying for EDA funding. Some NADO members also reported that their applications for competitive EDA funding were rejected.

2. NADO encourages EDA to provide another infusion of funding specifically to allow new Disaster Recovery Coordinators and similar support staff recently hired by EDDs using CARES Act funds to stay employed beyond the initial 2-year or temporary timeframe that most were hired for.

- a. **Disaster Recovery Coordinators were hired on a temporary basis:** In 2020, non-competitive EDA CARES Act funding provided to EDDs allowed them to hire new Disaster Recovery Coordinators or similar support staff to support pandemic response. These recently hired Disaster Recovery Coordinators are already active in many communities and are working to coordinate vitally important emergency response activities in communities across the country. Now that these new hires have been selected, trained, and have begun carrying out their duties, time is already running out on their employment durations, since most were hired on a temporary, time-limited basis. Many respondents to NADO's recently conducted survey reported that this was a significant concern.
- b. **Significant risk is posed by the possibility that recently hired Disaster Recovery Coordinators will leave current positions in favor of more stable employment elsewhere:** Recently hired Disaster Recovery Coordinators across the country may soon begin to look for other jobs as the timeframe on their current temporary terms of employment begins to run out. As a result of this lack of employment stability, Disaster Recovery Coordinators may be less effective in carrying out their current duties than they might otherwise be if their positions had more longevity. The temporary nature of these positions may ultimately result in communities losing the capacity they only recently gained, unless EDA takes further action to prevent this outcome. This capacity loss would be a significant and unfortunate setback for EDDs, especially given the investment of time and energy that EDDs have committed to hiring and training these Disaster Recovery Coordinators thus far.
- c. **Another infusion of EDA funding is critically needed to allow Disaster Recovery Coordinator positions to extend beyond 2022:** It is vital for EDA to provide another infusion of funding for Disaster Recovery Coordinators and key support staff based

within EDDs, thereby extending the duration of their employment, and generally supporting sufficient staff capacity within EDDs. The long-term economic impacts of the pandemic will continue to affect regional economies far beyond a two-year duration. Funding should be provided on a non-competitive basis to EDDs for the purpose of retaining Disaster Recovery Coordinators and/or other staff capacity at 100% federal share. EDDs should not have to compete via a NOFO process – nor should they have to provide matching funds – just to maintain important staffing that is essential to EDDs’ basic functionality for the remaining duration of the pandemic and in the months immediately thereafter as they coordinate and implement regional responses to economic injury resulting from the pandemic.

- d. **Disaster Recovery Coordinators can become future-minded, prevention-focused Resiliency Coordinators on a longer-term basis:** Over time, if these roles are extended, these Disaster Recovery Coordinators can easily transition into future-focused Resiliency Coordinators who are tasked with disaster prevention and mitigation efforts related to future disasters, and/or long-term economic recovery from economic injury following the pandemic, rather than focusing only on the immediate short-term response needs related to the pandemic.

3. EDA should eliminate the requirement for EDDs to contribute matching funds for the remaining duration of the pandemic, and for at least three years thereafter as regional economies recover from the economic impacts of the pandemic.

- a. **EDDs do not have matching funds available:** In a survey of EDDs recently conducted by NADO, the majority of respondents (82.3%) reported that they lacked available matching funds to meet EDA cost-share requirements.
- b. **Current EDA NOFO language stating that EDA may increase its federal share on a “case-by-case basis” lacks transparency, and discrepancies in EDA Regional Office decision-making creates an uneven playing field nationally:** Although the CARES Act EDA NOFO addendum language reflected that EDA’s federal share could be increased to 100% in some instances on a “case-by-case basis,” the lack of clarity and transparency from EDA about how this determination gets made – along with significant variances in EDA Regional Office verbal guidance and often inconsistent decision-making on a regional basis – creates a confusing landscape and a nationally uneven and inequitable playing field, wherein EDDs in some regions are given more support and flexibility than EDDs in other regions. Within some EDA regions, this has created skepticism among EDDs and may act as a deterrent that prevents EDDs in need of funding from applying via a competitive process, due to lack of confidence among EDDs that the EDA Regional Offices will extend flexibilities to them. EDA NOFO language requiring that EDDs and other grant applicants generally contribute matching funds except in special circumstances may therefore deter potential grantees from applying for EDA funds in the first place and may also lead to frustration and/or distrust of EDA as a federal partner.
- c. **Matching fund requirements are inherently inequitable during a national emergency:** The requirement that communities contribute matching funds in order to leverage federal relief funding is inappropriate in the context of a national emergency and inherently inequitable. A matching fund requirement may prevent potential applicants and communities in need of funding – including some of the most economically distressed and under-resourced communities that lack grant-

writing capacity and matching fund resources – from competing for EDA funding. Although EDA’s typical stance that applicants should have a tangible “stake” in proposed projects is fair under normal circumstances, this rationale is both unnecessary and inequitable in the context of relief funding addressing a national emergency, and is likely to heavily disadvantage communities that are already distressed.

4. If EDA grant funding will be provided to Economic Development Organizations (EDOs), state economic development agencies, or other specific recipient groups aside from EDDs, it is critical to include direct and detailed language specifically requiring that these other recipient groups must partner directly with EDDs in their region/state when implementing EDA funding.

- a. **A directive that non-EDD partners work with EDDs is essential to effective regional collaboration:** In the event that EDA does decide to provide funding to other non-EDD stakeholder groups such as EDOs and/or state economic development departments – and especially if this funding is provided on a non-competitive basis – it is essential that any provision of EDA funding for these stakeholder groups includes a clear directive that these other stakeholders **must** work directly with EDDs in directing and implementing EDA funding within EDDs’ regions.
- b. **A clear directive of this nature will facilitate closer partnerships and fill a gap that currently exists:** Currently, there are many places across the country where state economic development agencies and/or EDOs do not communicate or work collaboratively with EDDs in their region much or at all. This gap that exists in terms of lacking collaboration between these otherwise natural stakeholders could easily be remedied if EDA were to include a directive mandating that non-EDD awardees must collaborate with EDDs, along with a requirement that those non-EDD awardees must provide evidence of a tangible partnership in their regular reports to EDA.

NADO deeply appreciates the Department of Commerce EDA’s leadership and partnership in facilitating economic recovery thus far, and we look forward to continuing to work closely with EDA partners to help ensure the effective stewardship of *American Rescue Plan Act* funding across the country. On behalf of NADO’s membership, we are deeply grateful for EDA’s support and highly appreciative of the approach EDA has used to date during CARES Act administration. NADO along with NADO members and EDDs across the country stand ready to support the national and regional response to the pandemic’s economic impacts. Thank you for considering NADO’s requests and recommendations.

Sincerely,



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