

# OVERSIGHT OF THE ECONOMIC DEVELOPMENT ADMINISTRATION

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## HEARING

BEFORE THE

### COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

### UNITED STATES SENATE

ONE HUNDRED SIXTEENTH CONGRESS

SECOND SESSION

JANUARY 22, 2020

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COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED SIXTEENTH CONGRESS  
SECOND SESSION

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## **OVERSIGHT OF THE ECONOMIC DEVELOPMENT ADMINISTRATION**

**WEDNESDAY, JANUARY 22, 2020**

U.S. SENATE,  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,  
*Washington, DC.*

U.S. Senate Committee on Environment and Public Works Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m. in room 406, Dirksen Senate Office Building, Hon. John Barrasso (chairman of the committee) presiding.

Present: Senators Barrasso, Carper, Inhofe, Capito, Braun, Rounds, Ernst, Cardin, Whitehouse, Gillibrand.

### **OPENING STATEMENT OF HON. JOHN BARRASSO, U.S. SENATOR FROM THE STATE OF WYOMING**

Senator BARRASSO. Good morning. I call this hearing to order.

Today we will conduct oversight of the Economic Development Administration. I would like to welcome our witness, Dr. John Fleming. We have worked together over the years. He is the Assistant Secretary of Commerce for Economic Development. In March of last year, the Senate confirmed Dr. Fleming. I look forward to hearing about the agency's priorities under your leadership.

The Economic Development Administration's mission is to foster regional economic development efforts in communities across the Nation. That mission is guided by the principle that sustainable, economic development should be locally driven. Instead of the Washington knows best approach, the Economic Development Administration works hand in hand with local partners. The Agency provides limited funding and technical assistance to advance projects that already have local buy-in and are best positioned to succeed. These projects are linked to a region's long-term, sustainable economic development strategy.

Many communities were hard hit during the Great Recession. The economic impacts to coal communities under the Obama administration were devastating. Economic conditions combined with the war on coal put the industry's best-paying jobs in the cross-hairs. No State felt this more than Wyoming, the leading coal-producing State in America.

President Trump has worked to reverse this trend. Under his leadership, the Economic Development Administration established the Assistance to Coal Communities Initiative. Coal is a valuable resource. It powers our homes; it fuels our factories.

What many outside coal country might not realize is that there are new uses for coal, and those are emerging. Just last year, EDA provided \$1.4 million in funding to the Campbell County Economic Development Corporation for its Advanced Carbon Products Innovation Center. This center is working to bring new uses for coal from the lab to the marketplace. These uses might include carbon fiber or paving material. The center is expected to create jobs and attract about \$15 million in private investment.

In addition to attracting private sector investment, I commend the Administration's partnership with our State educational institutions to promote work force development. A great example is in the Northern Wyoming Community College District. Last year, the college district received an EDA grant to support work force training at Gillette College. The grant is funding the purchase of science, technology, engineering, and management equipment. The Economic Development Administration's support for Wyoming workers extends beyond the energy industry.

In 2019, the agency provided \$3 million in funding to Central Wyoming College to build a new agriculture training facility. The new 85,000 square foot facility is going to provide hands-on training to Wyoming students. The college is building the training facility in an area identified as an opportunity zone under the new tax reform law. These opportunity zones are areas across the Country where new investment can spur economic development. As Dr. Fleming I am sure will discuss, the Economic Development Administration is focusing its work in these areas. This is another example of how the Trump Administration is implementing the tax reform law to grow our economy and help communities by providing additional opportunities.

I look forward to hearing more about these initiatives and the good work that is being done by the Economic Development Administration.

I would now like to turn to Ranking Member Carper.

Senator Inhofe, in light of your commitment as Chairman of the Armed Services Committee and this issue with scheduling, please proceed.

**OPENING STATEMENT OF HON. JAMES M. INHOFE,  
U.S. SENATOR FROM THE STATE OF OKLAHOMA**

Senator INHOFE. Thank you. I thank both of you for giving me this opportunity.

We have a reason that we can't be here. I don't need your opening statement; I know exactly what you are doing. I know the successes we have had. I know that the EDA has really performed well and follows the lines that as the Chairman just said, that we have the opportunity to use matching funds to show the support at home is really being grown.

In my State of Oklahoma, as you well know, and some of the others know here, I am sure, we had a devastating flood this past year. It was one of these 100-year things that happens every year that you always hear about, but this was really bad. Our levee in Tulsa, we call it the West Tulsa Levee, was built in the middle-1940's. It is well past its lifetime.

When this flood came in, we were actually, we had people with fingers in the dike down there, literally, getting around. We were very fortunate that we didn't have a major disaster.

In addition to that, we had problems—a lot of people don't know that we are Oklahoma are navigable. We have a navigation way that comes all the way up to Tulsa. But going through the Port of Muskogee, we had extensive damage done down there, and that falls into the category of your disaster recovery Grant.

Those two programs primarily, let me first of all thank you and the Corps of Engineers for moving up the studies that are going to be necessary before we actually start fixing that dike. It is been initially thought it was going to be 3 years, and it has turned out to be about a year and a half, so we are making great headway.

But what I would like to do is just to be sure, as we found out when we had the committee hearing with the Corps of Engineers, they said there is not a higher priority in the Country than this to get it done, because it would mean lives if something else happened. I would kind of like to make sure the use I still feel the same way about your participation in helping us to fix that levee.

[The prepared statement of Senator Inhofe follows:]

Dr. FLEMING. Well, thank you, Senator Inhofe. Let me say first of all, that since 2015, EDA's priority when it comes to disaster relief has been to focus on resiliency. I think this project really points that out.

We are looking at the Tulsa County Drainage District 12 levee pump stations. Application has been made, and coincidentally, Senator, the decision is being made by the committee that makes this decision today. Perhaps, by the end of the day—

Senator INHOFE. Where is that taking place?

Dr. FLEMING. In Austin. We are broken up into six regions, and each application goes to whichever region, of course, has authority. In this case, it is Austin. It would never make it that far if it wasn't a really good application.

I can't get ahead of the decision of course, and in fact, the decision is not mine, it does lie at the regional level. So I hope to have good news for you by the end of the day.

Senator INHOFE. I appreciate that very much. I was not aware that that was taking place. We will have to take note of that because it is something that I hear about on a daily basis back there.

This is kind of the No. 1 concern and problem that we have had there, so let me first of all thank the Chairman and Senator Carper for letting me forge ahead on this, and let me thank you for the priority that you have already demonstrated that you are giving, and we will look for wonderful things to happen. Thank you very much. Thank you.

Dr. FLEMING. Right, great. Thank you, Senator Inhofe.

Senator BARRASSO. Thank you, Senator. Now, Senator Carper.

**OPENING STATEMENT OF HON. THOMAS R. CARPER,  
U.S. SENATOR FROM THE STATE OF DELAWARE**

Senator CARPER. You can never have too many doctors at a hearing, Dr. Fleming, Dr. Barrasso. Happy to welcome back and nice to see you. Thank you for your service in a lot of different ways for our Country.

This is a great opportunity for us to hear a little about some of the programs at EDA, some of which we are intimately familiar with, others not, but to hear how you are doing and to see how, as you approach the end of the first year of this leadership role, how EDA is doing.

Senator Rounds and I are both recovering Governors, and we approach a lot of issues here with our recovering-Governor hat on. I was privileged to be Governor for 8 years, the same 8 years that Bill Clinton was president. During those 8 years, we had 8 years of balanced budget, seven out of 8 years we reduced taxes. We earned triple A credit ratings. More jobs were created in those 8 years than in any 8-year period in the history of the State of Delaware before or since.

I did not create one of them. I did not create one of them. You hear a lot from Governors, presidents, mayors, Senators about the jobs that they create. We don't create jobs. What we do is help create a nurturing environment for job creation. There is a significant role for the Federal Government to play in that we deal a lot here with transportation policy, that is important. We are trying to figure out how to reach to the next generation in nuclear energy and do so in a safe way.

We do work a lot here on water projects and trying to make sure not just that we have clean water to drink, and that is important, but also that we have beaches that have been replenished and channels that have been dredged and all that stuff. It all works together.

As everybody in the room probably knows, EDA supports economic development by providing Federal funds to local-driven projects. Jim Inhofe just talked about one. I could talk about a number of them, and will, here in a moment, but projects that are for economic creation, job creation.

These investments can serve as a lifeline, especially in economically distressed or moribund communities like my native West Virginia. Senator Capito knows full well what I am talking about. She lives and sees this every day.

Over the years, I have had the opportunity to see first-hand how these investments, including those by EDA, support projects, and create jobs in all of our home States, including my home State now of Delaware. This past September, a couple months ago, Dr. Fleming, you were good enough to come to open what we call the Delaware Innovation Space in Wilmington. DuPont forever, forever, ever for hundreds of years was like the economic lynchpin in Delaware. Tens of thousands of jobs.

When I was sworn in as Governor of Delaware in January 1993, 27,000 people went to work that day in Delaware for DuPont, 27,000. Today, 4,000. The question is, what do you do about that? How do we deal with that?

We had a lot of DuPont employees who were let go. A lot of them had PhDs at the end of their name, and they had created some amazing things that DuPont is famous for. All of a sudden, they were without a job.

We have created this Innovation Space on the campus of the experimental station of DuPont. It is a whole new creation, a boomload of jobs. We are excited about the. EDA has played a very

significant role in helping us to make sure that the innovation space is open for business, helping local entrepreneurs, including some former DuPonters, launch their startups or get their small businesses off the ground.

Down at the other end of our State, all the way at the southern end of our little State is a place called Georgetown. It is the county seat of Sussex County, Delaware. Sussex County is one of the largest counties in America. They raise more chickens than any county in America. I think they may raise more soybean than any county in America.

They are going to be the home of the Delaware Technical Community College's Owens Campus. They were fortunate to receive about \$2 million from EDA in a grant last year. This grant supplemented about, as I said in my remarks here, this grant supplemented almost \$3.5 million in local investment. What it did is it leveraged. The money from EDA helped us leverage from auto dealers, from folks like Purdue poultry, and all these other companies, big trucks. But we leveraged and put together close to \$5.5 million to build what we call the Automotive Center of Excellence.

Now, Georgetown will soon be home to the first auto technician and diesel mechanic training program, not just in Sussex County, not just in Delaware, but in the whole Delmarva Peninsula. It is a win not just for Sussex County; it is a win for every employer who needs folks like this. You and I, we could drive, in our home States of Wyoming, West Virginia, Iowa, Delaware, we could drive and visit their auto dealers today, and they will almost all tell you, we need people who can do this work at our shops, who have the skills and are willing to do this work, and there is just a real shortage of them.

But the center that I have just described will offer local students a trade to learn and the opportunity to stay and raise a family in their home area instead of moving away to try to find good paying jobs elsewhere. It will also give our area dealerships and diesel operators a work force they desperately need to succeed.

To say the least, I am very pleased that we received this assistance from EDA for these projects and are grateful for the vote of confidence. We can see the real-world impacts of EDA's investments in our communities.

However, as we near the release of the President's budget proposal for Fiscal Year 2021 coming up in a couple of weeks. It is worth noting that in the previous three budget proposals, the Trump Administration proposed to eliminate EDA funding. I fear that EDA will suffer a similar fate in the upcoming budget proposal, and I think it is just the opposite of what we should be proposing for EDA. I am sure you agree.

The EDA has not been reauthorized since 2008. As we review the programs at EDA, I believe we must examine how these programs can be improved and expanded to better assist disadvantaged communities, communities of color, indigenous communities as well. We also need to examine how EDA can assist those communities that are most vulnerable to the effects of global climate crisis.

Senator Inhofe talked about 100-year floods in Oklahoma that now occur every year. We have at Ellicott City, not far from here, Ellicott City, Maryland, where they got two 1,000-year floods

withing a year and a half of each other. Down in Houston, they got two 1,000-year floods withing 18 months of each other. Something is happening here, and we have to be able to see that EDA is one of the tools in our toolbox to ensure that we are planning and building more climate-resilient communities.

Finally, our Country's economy is undergoing historic changes. Regardless of its changes in technology and automation to address climate change, we have to make certain that we support communities and workers in that transition. Let me just say that again. Our Country's economy is undergoing historic changes. Regardless of changes in technology and automation in order to address climate changes, we have to make sure that we support communities and workers in that transition.

The golden rule says to treat other people the way we want to be treated. Who is my neighbor? Well, the coal miners in West Virginia who are losing work and other places around the Country where their jobs that provided a living for people forever are slowly going away. We need to treat those people as though they were our neighbors.

As we make changes in national energy policy and industrial practices, we need to both minimize impacts and provide assistance to communities and workers that are affected by these changes. I believe EDA will be a key point of that effort, too.

Mr. Chairman, thanks again for pulling this together. Dr. Fleming, just great to see you. Thank you for coming to Delaware, and thank you for your leadership at EDA. All the best.

Senator BARRASSO. Thank you very much, Senator Carper.

Dr. Fleming, welcome back to the committee. I want to remind you the entire, full written testimony will be made part of the record, so I ask you to please keep your statement to about 5 minutes, and then we will have more time for questions. Thank you and please proceed.

**STATEMENT OF HON. JOHN FLEMING, M.D., ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT, U.S. DEPARTMENT OF COMMERCE**

Dr. FLEMING. Chairman Barrasso, Ranking Member Carper, and members of the committee, it is a pleasure and a privilege to appear before you today to testify on behalf of the Economic Development Administration and the Department of Commerce.

EDA welcomes this hearing as an opportunity to discuss the role that the Department of Commerce plays in supporting economic development in economically distressed areas of the Country. My focus as Assistant Secretary for Economic Development has been on helping foster economic growth. We do this by leveraging private capital investments in economically distressed areas, including in opportunity zones, harnessing innovation, assisting communities recover from natural disasters, assisting communities severely impacted by the declining use of coal, and supporting community-driven work force development strategies.

One of the Administration's key areas of focus and one that EDA is leading to support are opportunity zones, which were created as a part of the Tax Cuts and Jobs Act of 2017. As the agency whose principal role is to make investments in economically distressed

communities to generate jobs, foster resiliency, and accelerate long-term growth, the Opportunity Zones Initiative fits hand in glove with the EDA's mission.

Since Fiscal Year 2018, EDA has invested nearly \$352 million in 262 projects in or near opportunity zones across the U.S., including in many of your States. The Regional Innovation Strategies Program, RIS, is another distinct program in EDA's portfolio, and one we continue to strengthen to harness and enhance technological innovation across the Country.

Since the RIS Program's inception, RIS grantees have supported over 8,200 full-time jobs and have helped raise over \$1 billion in investment capital. At EDA, we are also working to support the development of skills training facilities that address the hiring needs of the local and regional business communities, particularly in the manufacturing sector.

Since 2017, EDA has invested more than \$118 million in Public Works and Economic Adjustment Assistance grant funding in 80 projects to help communities and regions build the capacity for economic development through work force development strategies. These investments directly support the goals of the National Council for the American Worker, established by Presidential executive order to create our first-ever National Workforce Strategy, which is co-chaired by Secretary Ross and Presidential Advisor Ivanka Trump.

As you know, in Fiscal Year 2018 and Fiscal Year 2019, our appropriators provided EDA with \$1.2 billion in disaster supplemental funding. To date, EDA has awarded over 178 grants, totaling nearly \$472 million to communities across the Country that have been impacted by federally declared natural disasters. EDA will continue to use the additional funding authorized by Congress for our Economic Adjustment Assistance Program to assist in economic development and diversification efforts in coal communities through the Assistance of Coal Communities competition.

Since Fiscal Year 2017, EDA has invested more than \$96 million in 99 projects to assist such communities and regions across the U.S. I would also like to mention before I conclude that EDA is working to launch newly funded initiatives in our Fiscal Year 2020 appropriations. This includes the new STEM Apprenticeship Program, which will enable EDA to continue to support more innovation-focused economic development by helping communities more directly develop talent to meet the needs of industries of the future.

EDA will also deploy the \$15 million in appropriations we received to support communities impacted by nuclear plant closures.

Chairman Barrasso, Ranking Member Carper, and members of the committee, thank you for the opportunity to address some of EDA's efforts to enhance the global competitiveness of America's regions through economic development. I look forward to answering any questions you may have.

[The prepared statement of Dr. Fleming follows:]



*Testimony by*

**John Fleming, M.D.**  
**Assistant Secretary of Commerce for Economic Development**  
**Economic Development Administration**  
**U.S. Senate, Committee on Environment and Public Works**  
**January 22, 2020**

Chairman Barrasso, Ranking Member Carper, and members of the Committee, it is a pleasure and a privilege to appear before you today to testify on behalf of the Economic Development Administration (EDA) in the Department of Commerce.

EDA welcomes this hearing as an opportunity to discuss the role the Department of Commerce and the Federal Government play in supporting economic development in economically distressed areas of this country.

From the first days of his Administration, President Trump has made restoring economic prosperity to our great Nation a priority. Under his leadership, our country has seen historic economic growth. There have been 6.7 million new jobs, including almost 500,000 manufacturing jobs, created since the President took office. The unemployment rates for Hispanic Americans and African Americans are also near historic lows. And we're seeing the stock market in historic territory.

A strong economy is critical to helping distressed communities get back on their feet, and the President's policies on trade, tax reform, and regulatory streamlining are helping ensure that our economy continues to grow even stronger.



At EDA, we understand that even though our nation is experiencing the most significant economic expansion we've seen in decades, there are still communities that are struggling, and we are committed to continuing to help these communities transform.

I am proud of the agency's work in helping catalyze locally-generated plans to stimulate sustainable economic growth, cultivate job creation, and encourage innovative solutions that improve local and regional economic development outcomes in both rural and urban settings.

Therefore, my focus as Assistant Secretary for Economic Development has been on helping foster economic growth by leveraging increasing private capital investments in economically distressed areas, including in Opportunity Zones; harnessing innovation; assisting communities recover from natural disasters; assisting communities severely impacted by the declining use of coal; and supporting community-driven workforce development strategies

**Leveraging Private Capital Investments in Economically Distressed Areas, Including in Opportunity Zones**

One of the Administration's key areas of focus and one that EDA is leading is Opportunity Zones, which were created as part of the Tax Cuts and Jobs Act of 2017.

The Opportunity Zone initiative is designed to drive private investment to distressed communities to support new and small businesses, the development of blighted properties, investment in key local infrastructure projects, and a number of other activities.

Opportunity Zones are a powerful vehicle for bringing transformative economic growth and job creation to the American communities that need them the most.

As the agency whose principal role is to make investments in economically distressed communities to generate jobs, foster resiliency, and accelerate long-term growth, the Opportunity Zones initiative fits hand-in-glove with EDA's mission.

The Department of Commerce is part of the White House Opportunity and Revitalization Council, and I have been traveling extensively, providing overviews of EDA's role in the initiative at roundtables, conferences, and other events that are bringing together local elected officials, business leaders, and community groups across the country.

During these engagements, I have been working to expand our partnerships with external entities to provide community and economic developers, investors, small businesses, entrepreneurs, and the public with information on how Opportunity Zones can help transform our distressed communities, EDA resources available to them, training opportunities, and more.

On the policy front here in Washington, DC, in FY 2018, EDA issued a Notice of Funding Opportunity (NOFO) making public works and economic adjustment projects in Opportunity Zones eligible for EDA assistance under our *special needs criteria*. In addition, in June of last year, EDA added Opportunity Zones as one of our five *Investment Priorities* to bolster EDA's support of catalytic Opportunity Zone-related projects.

Recognizing the importance of this powerful new economic development tool, EDA was quick to act and made it as easy as possible for applicants within qualified Opportunity Zones to apply for EDA funding. As a result, EDA has already seen communities across the country utilize this eligibility category when applying for EDA grants that can help ensure that these communities have the basic building blocks, such as sewer, water, and road infrastructure enhancements, and broadband to spur new business and job growth.

Since FY 2018, EDA invested nearly \$352 million in 262 projects in or near Opportunity Zones across the U.S., including in many of your states.

There's more, too.

In the coming weeks, EDA will publish a new section on Opportunity Zones in our Comprehensive Economic Development Strategy, or CEDS, Content Guidelines. As you may know, CEDS is a strategy-driven plan for regional economic development and a cornerstone of EDA programs. It's an ideal vehicle that we are enhancing to encourage our Economic Development Districts, or EDDs, and our other partners across the country to help better integrate Opportunity Zones within their service areas.

In addition, EDA staff are in the middle of an Opportunity Zones state engagement effort to learn how states are supporting Opportunity Zones, where best practices reside, what challenges exist, and to further explain EDA's role and that of our federal partners regarding how we can complement state and local Opportunity Zone initiatives.

EDA has also partnered with Indiana University's Kelley School of Business, an EDA grantee, to create a new web-based mapping tool to provide EDDs, economic developers, investors, and others detailed economic and demographic information about individual Opportunity Zones. [www.statsamerica.org/opportunity](http://www.statsamerica.org/opportunity) also lists Opportunity Zone-focused federal government programs that are available to maximize investment in economically distressed areas.

### **Harnessing Innovation**

The Regional Innovation Strategies Program (RIS) is another distinct program in EDA's portfolio and one we continue to strengthen to harness and enhance technological innovation across the country.

EDA understands that innovation drives economic growth and that all citizens should be empowered to pursue the dream of entrepreneurship and be enabled to carve their own paths to prosperity. As such, EDA's Office of Innovation and Entrepreneurship is committed to furthering tech-based economic development initiatives that accelerate high-quality job growth, create more economic opportunities, and support the future of the next generation of industry leading companies.

Since the RIS Program's inception in 2014 and through 2019, EDA has invested nearly \$100 million through 224 grants that directly leveraged an additional \$120 million in non-Federal investment. As of last year, RIS grantees have supported over 8,200 full-time jobs and have helped raise over \$1 billion in investment capital that targets early-stage, high-growth-potential companies, largely in regions that do not have large pools of risk capital. Congress has appropriated \$33 million for the program in FY 2020, which will enable EDA to reach more communities and increase our impacts with this program.

### **Helping to Foster Economic Growth by Supporting Workforce Development**

Of course, no amount of innovation, public or private investment or a well-designed community driven strategy can succeed unless a strong workforce is in place.

At EDA, we are also working to support the development of skills-training facilities that address the hiring needs of the local and regional business communities – particularly in the

manufacturing sector. As you know, advancing America's manufacturing sector is a critical focus of this Administration and, proudly, EDA investments are helping to support existing manufacturers and establish job-training facilities and innovations centers that can help grow a community's manufacturing base.

For example, in July of last year, I had the pleasure of announcing a \$12.25 million EDA grant to the city of Pensacola, Florida, to build a 173,000 square-foot aviation maintenance training facility at the Pensacola International Airport. The grant is expected to help create 400 jobs and will be matched with more than \$36 million in state and local investments. This facility will prepare hundreds of American workers with the skills needed for successful careers in the commercial aviation industry and further strengthen the region's economy.

Since 2017, EDA has invested more than \$118 million of Public Works and Economic Adjustment Assistance [grant funding](#) in 80 projects to help communities and regions build the capacity for economic development through workforce development strategies.

These investments directly support the goals of the National Council for the American Worker, established by Presidential Executive Order to create our first ever national workforce strategy and co-chaired by Secretary Ross and Advisor Ivanka Trump. The strategy is focused on the changing nature of work and the workplace and building a pipeline for lifelong learning to ensure that all Americans have access to education and job training that will equip them for the jobs of today and industries of the future.

**Assisting Communities Impacted by Natural Disasters**

EDA's role in disaster recovery is to help facilitate the timely and effective delivery of federal economic development assistance to support long-term community economic recovery planning and project implementation, and resiliency.

EDA coordinates regional disaster recovery efforts in partnership with an extensive nationwide network of EDDs, Tribal Partnership Planning organizations, University Centers, and other institutions of higher education, including community colleges, and other partners in designated impact areas.

In FY 2018 and FY 2019, our appropriators provided EDA with \$1.2 billion in disaster supplemental funding, which we are dutifully administering to help communities recover stronger.

To date, EDA has awarded over 178 grants totaling nearly \$472 million to communities across the country that have been impacted by federally declared natural disasters.

EDA continues to work closely with disaster-impacted communities to help them recover, strengthen, diversify, and build more resilient regional economies. Applications will continue to be accepted and awarded on a rolling basis until available funds have been exhausted.

**Assisting Communities Severely Impacted by the Declining Use of Coal**

I know, Mr. Chairman that you and other members of the Committee represent states that have been negatively impacted by changes in the coal economy. EDA will continue to use the additional funding authorized by Congress for our Economic Adjustment Assistance Program to

invest in economic development and diversification efforts in coal communities through the Assistance to Coal Communities (ACC) competition.

Since FY 2017, EDA has invested more than \$96 million in 99 projects to assist such communities and regions across the U.S.

Last November, I was in Charleston, West Virginia, with Senator Capito to announce more than \$7 million in EDA grants to the state to develop infrastructure needed for business growth and workforce training programs. Some of ACC grants were also located in Opportunity Zones.

These grants to West Virginia are expected to help create or retain more than 1,200 jobs, will be matched with \$4.4 million in local, state, and other federal funding, and will spur an estimated \$380 million in private investment.

Marshall University Research Corporation in Huntington, for example, received more than \$57,000 to enable the Robert C. Byrd Institute to complete a regional workforce analysis for 23 counties in central and southern West Virginia, that will specifically focus on the diversification of the economy that has declined as a result of the downturn in the coal industry.

#### **New Programs and Initiatives**

I would also like to mention before I conclude that EDA is working to launch newly funded initiatives in our FY 2020 appropriations.

The new STEM Apprenticeship program will enable EDA to continue to support innovation-focused economic development by helping communities more directly develop talent to meet the needs of industries of the future. With the \$2 million appropriated, EDA will run a pilot program to identify new ways to expand the STEM workforce through earn-and-learn

training strategies. This work directly supports the National Council for the American Worker's goals of championing multiple pathways to careers, including apprenticeships—broadening our understanding as a nation about the full range of ways to prepare for the jobs of tomorrow.

EDA will deploy quickly the \$15 million in dedicated resources we received in the recently passed FY 2020 Appropriations Bill for Nuclear Closure Communities. As the Committee knows, EDA has a history of working with communities facing nuclear power plant closures. We will continue supporting these communities through a variety of EDA programs, including planning resources, technical assistance, and funds for competitive, infrastructure-based implementation investments, which will help these communities recover and envision future economic development opportunities.

Finally, EDA will continue to collaborate closely with the White House Initiative on Historically Black Colleges and Universities to effect economic change. HBCUs play a critical role in ensuring that all Americans have the opportunity to contribute to our nation's overall competitiveness and EDA is committed to helping support these institutions as they work to plan and implement their economic development strategies.

A nearly \$500,000 EDA RIS i6 Challenge grant the agency provided Florida A&M University in Tallahassee in 2017, which was matched by more than \$900,000 in local funding, helped to create new technology commercialization opportunities, provide entrepreneurship training and support, and create new opportunities in underserved rural and urban communities in the region.

### **Conclusion**



Members of the Committee, thank you for the opportunity to address some of EDA's efforts to enhance the global competitiveness of America's regions through economic development.

I look forward to answering any questions you may have.

**Senate Committee on Environment and Public Works**  
**Hearing entitled, “Oversight of the Economic Development Administration”**  
**January 22, 2020**  
**Questions for the Record for Dr. Fleming**

**Chairman Barrasso:**

1. The 2017 tax reform legislation established opportunity zones that encourages taxpayers to invest in distressed communities and drive economic growth where it is needed most. You have outlined opportunity zones as a key tool to address workforce development and economic diversification in local and regional economies. How is the Economic Development Administration using this important tax reform to leverage its work?

**Response:**

The Economic Development Administration’s (EDA) mission fits hand in glove with the Opportunity Zones initiative, which EDA has been working to leverage in many ways. Since FY2018, EDA has invested more than \$403 million in 298 projects in or near Opportunity Zones.

Per the White House Opportunity and Revitalization Council, EDA has taken several key Opportunity Zone-focused actions:

1. Issued a Notice of Funding Opportunity (NOFO) that made Opportunity Zones eligible for funding from EDA through its special needs category.
2. Added Opportunity Zones as an Investment Priority, which should increase the number of catalytic Opportunity Zone-related projects submitted to EDA and likely approved by the bureau, ultimately fueling greater public and private investment in these areas.
3. Updated EDA’s Comprehensive Economic Development Strategies (CEDS), Content Guidelines to include Opportunity Zones.

**Ranking Member Carper:**

2. EDA provides preference to grant applications from applicants in Opportunity Zones pursuant to President Trump’s 2018 executive order. EDA has also made Opportunity Zones eligible for EDA funding, even if the area fails to meet EDA’s economic distress criteria.

Opportunity Zones already have a leg up with private investors due to the generous tax preference. So, in some cases, impoverished areas that weren’t designated as Opportunity Zones are losing out because potential investors would rather invest in Opportunity Zones instead. I am deeply concerned that this practice could further disadvantage the distressed communities where EDA grants are needed the most.

Please explain how the EDA is ensuring that the preference given to Opportunity Zones –

including Zones that don't meet EDA's economic distress criteria – does not put distressed communities at a greater disadvantage compared to those communities that already enjoy a powerful incentive for attracting private investment?

Response:

The locally driven process allowed governors to nominate up to 25 percent of a state's Low-Income Community census tracts for designation as Opportunity Zones. EDA's investments, including in Opportunity Zones, are based on locally driven strategies that are created and designed by communities to attract further public and private investments to spur and accelerate long-term economic growth and help retain or create jobs in some of the most economically distressed areas of the country. In addition, EDA traditionally invests more than 60 percent of its funding in rural areas.

3. During your testimony, you indicated that the EDA lacks much needed emergency hiring authority. Can you please provide information on the following:
  - a. Current staffing levels (not including temporary employees).
  - b. Staffing levels from the end of Fiscal Year 2016 (not including temporary employees).
  - c. Historic staffing levels.
  - d. Sufficient staffing levels to deploy future disaster recovery assistance.

Response:

The staffing level needed for future disaster recoveries is dependent on variables such as the amount of supplemental funding provided, the number and distribution of geographic areas eligible for assistance, the nature and severity of the disaster, and more. For each of the two recent disaster supplementals (P.L. 115-123 and P.L. 116-20), EDA received \$600 million, for a total of \$1.2 billion. Based on that funding level, the nature of the disasters covered, and the geographic distribution of eligible communities, EDA estimates it will require approximately 54 staff functions to manage its disaster recovery assistance. For responses to the specific sub-questions 3a-3c, see Appendixes A-C, respectively.

4. Despite this Administration's efforts to prop up the coal industry, the U.S. Energy Information Administration (EIA) recently reported that more coal plants closed during President Trump's first two years in office than President Obama's first five. EIA confirms what we have long known: America's coal industry is collapsing under the weight of the markets, not environmental regulations.

President Obama understood this reality and that's why he created an integrated, multi-agency effort known as "the POWER program" within EDA. The POWER program coordinated federal funding to provide workforce development resources to distressed coal communities.

Like most good things implemented under the Obama Administration, the current Administration decided to eliminate most of the POWER program. I have heard that since the POWER program has been scaled back, federal workforce funding to distressed coal communities has been more difficult to acquire and lacks coordination across the federal government.

What more can we do together to help coal distressed communities transition to new economic opportunities?

Response:

The previous administration attacked the coal industry through unilateral executive actions and regulatory edicts, and the casualties were American workers and families. President Trump ended the Federal Government's assault on the coal industry and the communities who rely on it, in part through the creation of EDA's Assistance to Coal Communities (ACC) initiative.

Through ACC, EDA supports communities and regions severely impacted by the declining use of coal through activities and programs that focus on economic diversification, job creation, capital investment, workforce development, and re-employment opportunities. Since FY17, EDA has awarded more than \$96 million in ACC funds to support critical economic development projects in coal-impacted communities and regions across the country.

EDA continues to support economic development and diversification efforts in coal communities through its current ACC competition, as well as through other traditional grant programs, including Public Works, Economic Adjustment Assistance, and Planning.

Additionally, EDA's Economic Development Integration (EDI) team represents a critical, value-added capacity that is also available to support economic development efforts in coal communities. EDA's EDI team continues to engage and coordinate with other federal agencies, as well as stakeholders in coal communities, to leverage additional federal resources that can support workforce development and other critical projects and activities.

5. As we look toward reauthorization, in addition to emergency hiring authority, are there additional recommendations that you would make to include in the reauthorization? Specifically, are there recommendations that you would make in relation to workforce development?

Response:

A specific authority that would help EDA balance its workload while substantially reducing burden on our existing grantee community is the ability to defederalize certain

Revolving Loan Funds (RLF) as appropriate. Because the federal interest in EDA's RLF grant program lasts in perpetuity, EDA recommends including in any reauthorization a proposal to allow EDA to release this federal interest seven years after full disbursement, i.e., defederalize. Such authority is particularly important in the disaster context because the funds are available for the specific purpose of responding to a natural disaster and as the local economy starts to recover from the disaster, finding a nexus between the disaster and the small business activity the RLF is intended to fund becomes more difficult. Allowing EDA to release the federal interest for high performing RLFs after seven years would return the RLF to local control and permit the RLF to continue to provide needed gap capital to small businesses long after a disaster.

Congress could also act on President Trump's government reorganization proposals as developed under Executive Order 13781, "Comprehensive Plan for Reorganizing the Executive Branch," which seek to streamline government, creating economies of scale and reducing overlap and fragmentation. For EDA, this includes consolidating EDA's Economic Development Assistance Programs into the Bureau of Economic Growth along with the Department of Housing and Urban Development's Community Development Block Grant program and rural business and community facility grants from the Department of Agriculture, among other changes. The Bureau of Economic Growth would consolidate existing economic development programs to provide a central place for grants and technical assistance to communities and entrepreneurs focused on job creation, business growth, and strengthening local economies.

**Senator Booker:**

6. The EDA is the only federal agency with a mission that is solely devoted to economic development. In the agency's July 2019 Annual Report, the EDA reported an investment of approximately \$383.1 million dollars in 662 locally driven economic development projects nationwide. You, in fact, recognized how critical it is for the EDA to support local strategies that catalyze business investment in communities at every step along their development path. In the 2018 EDA annual report, you stated, "EDA investments incentivized over \$173.1 million in local matching investments. Grantees expect these investments will help create or retain approximately 31,349 jobs and generate close to \$3.5 billion in private investments."
  - a. Ahead of the President's fiscal year 2021 budget proposal, do you anticipate the President will, once again, propose the elimination of the EDA?
  - b. In my home state, Cape May County was just recently awarded \$3 million in Public Works funds for the construction of a specifically designed facility that will accommodate the needs of five Unmanned Aerial Systems (UAS) companies, which have committed to relocating to the facility.<sup>1</sup> This partnership with EDA

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<sup>1</sup> NJ Fiscal Year 2018 Annual Report, at <https://www.eda.gov/annual-reports/fy2018/states/nj.htm>.

would create approximately 130 permanent jobs and leverage millions in private sector investment.

- i. What are you doing to ensure that projects like this and others across the country- ones that assist with our opioid epidemic or our national disasters- are protected and can maintain economic support and assistance from this agency?

Response:

The President's FY 2021 Budget was released on February 10, 2020, and proposes the elimination of EDA and consolidation into a Bureau of Economic Growth at the Department of Commerce.

EDA is a strong proponent of the concept that it is difficult for a community or region to effectively build the capacity for economic development and prepare for potential economic disruptions unless that community or region has an asset-based plan which clearly defines community strengths and vulnerabilities. EDA's Partnership Planning program helps communities and regions with their long-term economic development planning efforts, supporting a national network of 391 Economic Development Districts (EDDs) which are EDA designated areas (i.e., mostly county groupings) that have self-identified as economic regions based on shared economic goals and assets. EDA's support helps each EDD develop and implement a Comprehensive Economic Development Strategy (CEDS) which is an economic development blueprint for that region based on a collaborative, regionally-driven planning process.

All CEDS must incorporate the concept of economic resilience, which EDA defines as the ability of a community or region to withstand or quickly recover from major disruptions – or shocks – to its underlying economic base. As a baseline, EDA recommends a two-pronged approach for regions to approach resilience within their CEDS: 1) implement goals or specific actions to bolster the long-term durability of the region, and 2) establish information networks among the various stakeholders in the region to facilitate active and regular communication between all sectors to collaborate on existing and future challenges. In addition to playing a prominent role in EDA's economic development planning process, the concept of resilience is highly visible as an EDA Investment Priority (an initial evaluation requirement within EDA's grant application review process), and as a key factor in grant awards made under EDA's FY 2018 and FY 2019 Supplemental Appropriations for natural disasters.

7. The Opportunity Zones program, based on the *Investing in Opportunity Act* that I introduced with Senator Tim Scott, creates a powerful new tool for promoting lasting economic development in the places that need it most. Through a set of targeted incentives, the program encourages private investors to re-invest their inactive capital gains into high-impact projects in distressed communities
  - a. As you know, late last year, the President created the White House Opportunity and Revitalization Council to align funding and technical assistance across

agencies to amplify the impact of the Opportunity Zones incentive. Can you provide an update on EDA's efforts, and what the EDA is doing to ensure startups and entrepreneurs are able to capitalize on this powerful new tool?

Response:

EDA is excited to see such momentum and interest in Opportunity Zones, an initiative that fits hand in glove with EDA's mission to prepare regions for growth and success. In the case of Opportunity Zones and entrepreneurship, this means helping communities identify the tools, resources, and conditions entrepreneurs and businesses need to thrive.

EDA has taken several key Opportunity Zone-focused actions:

1. Issued a Notice of Funding Opportunity (NOFO) that made Opportunity Zones eligible for funding from EDA through its special needs category.
2. Added Opportunity Zones as an Investment Priority, which should increase the number of catalytic Opportunity Zone-related projects submitted to EDA and likely approved by the bureau, ultimately fueling greater public and private investment in these areas.
3. Updated EDA's Comprehensive Economic Development Strategies (CEDS), Content Guidelines to include Opportunity Zones.

Since FY2018, EDA has invested nearly \$403 million in 295 projects in or near Opportunity Zones. In my capacity as Assistant Secretary for Economic Development, I have led the EDA team in a number of White House Opportunity and Revitalization Council events held in cities across the country promoting the benefits of social impact investing in distressed communities.

Regarding helping startups and entrepreneurs capitalize on the Opportunity Zone initiative, EDA is supporting these efforts in several ways, including:

- EDA's Public Works program is helping communities with the construction of new business incubators and support centers.
- EDA's flagship entrepreneurship and innovation program, Regional Innovation Program, which EDA recently redesigned and renamed Build to Scale, helps build regional economies through scalable startups. The redesign coincided with EDA launching its 2020 Build to Scale competition, which makes \$35 million available to communities supporting entrepreneurship, acceleration of company growth, and increased access to risk capital. To date, the program has invested \$100 million across 224 projects, leveraging over \$115 in community match, to support more than 8,200 jobs, and over \$1.2 billion in follow on investment capital by supporting high-growth entrepreneurship. Both these programs have supported initiatives in Opportunity Zones, and EDA is committed to continuing this work.

8. As you know, both the Investing in Opportunity Act, as introduced, and the Conference Report accompanying the Senate-passed legislation indicated that the Treasury Department should submit annual reports to Congress about the Opportunity Zones program to assess the investments being held in qualified opportunity funds and the impacts and outcomes of such investments on communities. These reporting requirements are crucial to ensure that the incentive is meeting Congressional intent. In May 2019, I joined my colleagues, Senators Scott, Hassan, and Young in introducing a bill to restore and strengthen those reporting requirements.
  - a. In November, EDA announced that, following the September 2019 Request for Information (RFI) regarding the leveraging of EDA resources in Opportunity Zones, public input would be used to enhance EDA's efforts. In the RFI, EDA requested more information on the collection of data relevant to Opportunity Zone investments. Can you provide more information on the input received by EDA on data collection, and what steps EDA took in response to better collect information on the important work being done in Opportunity Zones?

Response:

EDA's Opportunity Zones RFI received 5,000+ views and 45 public comments. Recommendations on specific types of data to collect was a common theme expressed in the public comments. EDA has engaged with federal partners at the U.S. Department of the Treasury, the U.S. Department of Housing and Urban Development, the White House Opportunity and Revitalization Council, the Council of Economic Advisers, and Members of Congress to identify proper metrics to gauge the impact of investments in Opportunity Zones.

**Senator Ernst:**

9. Iowa has 62 designated Opportunity Zones, and I believe they can be a powerful tool in driving investment in these communities. What specifically is the Economic Development Administration (EDA) doing to promote investment in Opportunity Zones?

Response:

EDA has been working to promote Opportunity Zone investments across the country, within the government, among communities, and in the private sector in many ways. The principal role of EDA is to make investments in economically distressed communities, create jobs, promote innovation, and accelerate long-term growth. The Opportunity Zone initiative fits hand in glove with the missions of EDA, the Department of Commerce, and the broader Trump Administration.

EDA has been discussing Opportunity Zones during an extensive, ongoing White House Opportunity and Revitalization Council (Council) listening tour, while educating



stakeholders and highlighting assets available across the country through forums, conferences, and a host of other events.

EDA is also conducting an Opportunity Zone State Engagement effort to learn how states support Opportunity Zones. This effort is helping EDA determine best practices, incentives offered, challenges, ways EDA and other Council members can help, and more. EDA looks forward to visiting the great state of Iowa in this regard.

EDA's mission fits hand in glove with the Opportunity Zones initiative, which EDA has been working to leverage in many ways. As stated above, per the Council, EDA has made several key Opportunity Zone-focused policy changes:

1. Issued a Notice of Funding Opportunity (NOFO) that made Opportunity Zones eligible for funding from EDA through its special needs category.
2. Added Opportunity Zones as an Investment Priority, which should increase the number of catalytic Opportunity Zone-related projects submitted to EDA and likely approved by the bureau, ultimately fueling greater public and private investment in these areas.
3. Updated EDA's Comprehensive Economic Development Strategies (CEDS), Content Guidelines to include Opportunity Zones.

- 10.** Many of Iowa's Opportunity Zones are in rural communities with declining or stagnant populations. While this is an exciting new economic development tool for these communities, they also face unique challenges in attracting investment, especially compared to Opportunity Zones in larger communities. For example, these communities may not have the infrastructure and planning resources of larger cities. What steps is the EDA taking to help rural Opportunity Zones overcome these barriers and attract investment?

Response:

EDA makes investments in economically distressed communities across the country to spur job creation for American workers, promote American innovation, and accelerate long-term sustainable economic growth. EDA traditionally invests more than 60 percent of its funding in rural areas. Grant investments in planning, technical assistance, infrastructure construction, and EDA's Revolving Loan Fund are designed to leverage existing regional assets to support the implementation of economic development strategies that make it easier for businesses to start and grow in rural and urban communities.

EDA is engaging with local leaders in rural Opportunity Zones to help develop strategies to drive investment to rural areas. In addition, EDA is working with stakeholders to develop an Opportunity Zone rural playbook for rural communities, investors, economic development and planning entities, and others to help rural areas maximize the Opportunity Zone initiative.

Senator BARRASSO. Well, thanks so very much for your testimony and for your very diligent work on this important project and program.

I have a couple of questions. I know my colleagues do, as well. As I mentioned in my opening statement, your agency issued a \$1.4 million grant to Campbell County and Gillette, Wyoming through the Economic Development Corporation, so I am pleased to see you are supporting the projects, because coal-to-products technology is an emerging industry, and it could be many new markets for coal.

Last month, Senator Capito and I, along with Senators Manchin and Enzi introduced legislation, S. 3047, the Creating Opportunities and Leveraging Technologies for Coal Carbon Act of 2019. The bill supports dedicated Federal research and development of coal-to-products technology.

How does your agency collaborate with other agencies and experts in identifying promising new technologies like coal-to-products, but other technologies as well?

Dr. FLEMING. Well, I think I can best answer that, Senator, by giving you an example. We are currently concluding an MOU with the Department of Energy that they are going to provide \$2 million to our RIS program that we will invest in innovative ways of dealing with blue energy, so-called blue water energy, using wave motion and things of that sort.

We are working collaboratively with our sister departments and agencies. Many have focused particularly on our RIS program because it is innovation-based, and it is a very competitive program looking for the best possible ideas and new technologies that we can work on cooperatively and collaboratively to achieve those goals.

Senator BARRASSO. And then in terms of building work force, certainly at home in Wyoming, the University of Wyoming, our community college system, they are key partners in building our work force. I was going to ask if you could explain how the Economic Development Administration works with university centers and with community colleges to address some of the challenges that we have in work force development.

Dr. FLEMING. Right. Well, thank you for that, Senator.

That is a very exciting area, one, along with our RIS program, we have the most interest in. Community colleges are really engaging in the trade skills, whether it is advanced welding instrumentation, bricklaying, you name it, anything that requires skills.

The reason is because these jobs go untaken, and they are good-paying jobs. These young adults in many cases don't have the opportunity to get those skills anyplace else. So we have been providing grants, both technical assistance grants and direct grants, such as in the panhandle of Florida where we had a million-plus dollar grant for advanced welding.

That is going to help them because their building schedules are getting way behind. Why? Because they get hit by disaster after disaster. There just aren't enough skilled folks in the region to do this. So that is a very much growing area, and we highly support that, Senator.

Senator BARRASSO. I was thinking back to your hearing for your confirmation. You, being a fiscal conservative, were questioned in

here, with a group of fiscal conservatives here, about making sure the government is a careful steward of taxpayer funds. That was your history in the House of Representatives. How does your agency evaluate projects to determine if they are really a productive use of our taxpayer's money?

Dr. FLEMING. Well, great question. First of all, as an agency, we fight way above our weight class when it comes to how we deploy funds. What I mean by that is we also have a section of our agency that actually measures, particularly at three, six, and 9 years, and mainly our construction projects, on how we are doing.

It has to be proven to us that there are jobs waiting to be had, that there is capital ready to be deployed. As a result of that, over the measurement of many years, we have seen for every single Federal taxpayer dollar, \$15 of private capital investment. That is in addition to the local community match, which is usually one to one.

So as you can see, we catalyze, we leverage the private sector capital investment, and we have the stats in order to prove that.

Senator BARRASSO. My final question, since I am here with my colleague, Senator Capito from West Virginia, we are both from coal States. Coal communities throughout Wyoming certainly were devastated as they were in West Virginia under the Obama administration. I applaud your current efforts to focus on opportunities in coal communities.

Can I ask, do you intend to continue to prioritize coal country projects?

Dr. FLEMING. Absolutely, Senator, and as Senator Capito is likely to comment here in a moment, I visited West Virginia. We had a great time.

We actually presented eight different grants, totaling \$7 million, that are going to help the good people of West Virginia recover from a lot of these problems and difficulties. We strongly support that. The appropriators are generously providing \$30 million a year for us to employ in that space, so we are always standing ready to help in that.

Senator BARRASSO. Thank you, Dr. Fleming. Senator Carper.

Senator CARPER. As Senator Capito know, I am a native West Virginian, and from Beckley, Raleigh County. One of my great-great-great-grandfathers was one of 15 co-founders of Raleigh County. So I hope one of those seven or eight grants makes its way to Raleigh County.

In fact, when I was a little kid, a lot of our neighbors were coal miners. My grandparents, even going back to see them later in our lives, their next-door neighbor, Mr. Metters, was a coal miner. I have a great deal of feeling and empathy toward the plight that they have gone and faced. I am happy to hear that you are able to provide some real help for them.

I know Senator Capito has been all over this, along with Senator Manchin, as well. Thank you.

When I think about economic development, I love economic development. I used to work as a naval flight officer in the Vietnam War and came back to the U.S. and moved from California to Delaware and got an MBA and met a guy running for Congress. I ended being his treasurer and fundraiser while I was an MBA student.

The next year, I got to run for State treasurer because nobody wanted to run. We had the worst credit rating in the Country. I got to run because nobody wanted to run. The rest is, as they say, history. I worked for about less than a year before I ran for treasurer in the Delaware Economic Development Office.

To this day, when people ask me what I do if I am traveling around the Country, like if I am on an airplane, they say, well, what do you do? So I end up spending the next 2 hours talking about impeachment or the Affordable Care Act.

Senator BARRASSO. You know, they have these headphones that you wear, so you don't have to answer all these questions.

[Laughter.]

Senator CARPER. In any event, I tell people I am a retired Navy captain, and I work for the Head of Economic Development for the State of Delaware. I just love doing that. I think there are a lot of ways you can help people, and one of the best ways you can help people is to make sure they have a job. There are many elements to that.

As I said earlier, we don't create jobs, but we are all involved in helping to create the environment that sustains the job creation, including the work force training that we are doing in Sussex County, Delaware that we are doing with people who will help keep our new generation of automobiles and trucks up and operating. Transportation systems and surface transportation, which we work on here a lot, water, access to capital, access to decisionmakers, common sense regulation, a tax burden that is bearable and actually fosters economic growth, and the list goes on and on and on.

I want to talk a little bit about the future. When you were a nominee before us, and you reflected back on your time in the House of Representatives, how many years did you serve?

Dr. FLEMING. Eight years.

Senator CARPER. Eight years. One of the things we talked about was your choice not to support EDA as a Congressman, but as a nominee. We all learn as we go along in life. God knows I hope I am smarter than I used to be.

Just talk to us about now that you have been at the helm for about a year, just think back on your views then and what you have seen and what you would like to share to folks who aren't really convinced that we do need an EDA, we need a robustly funded EDA. The Administration has given us three budgets in a row where they zero out EDA. My hope is that when you provide your input, you are trying to convince the President to do something else, but just talk about that please.

Dr. FLEMING. Sure. Well, I thank you for the opportunity for that, Senator Carper. I can tell you that in preparing for the nomination, I learned a lot more about EDA than I ever knew.

What really excites me as a fiscal conservative, as the Chairman says, is the fact that from my former life, I was involved in entrepreneurship, I was a developer.

Senator CARPER. Is there something you haven't done? It is pretty impressive.

[Laughter.]

Dr. FLEMING. Well, you need to talk to my wife, Senator. She could probably tell you.

As developers or entrepreneurs, we are always interested in OPM, right? Other people's money. From a fiscal standpoint, from a conservative fiscal standpoint, to me, it makes a lot of sense for us, for the government to leverage the private sector to do what it does so well, and that is invest private capital with a great return, not only a financial return, but a social impact return on that investment.

As I learned more about EDA and the good work that it has done, and really the excitement from both sides of the aisle about the work EDA has done, I really fell in love with EDA and the work that it does.

Senator CARPER. Let me just interrupt. The President is going to submit his budget in a couple of weeks. Do you have any idea if the President will again propose to eliminate EDA?

Dr. FLEMING. My expectation and that of my staff and colleagues is that that will also be in his budget, the fourth-year budget, that elimination of EDA will likely be—

Senator CARPER. Is that demoralizing for the folks that work for you, with you? Is that demoralizing?

Dr. FLEMING. I really have not detected anything like that. To be honest with you, if you look at our scores, the FEV scores that we have, that we have actually seen that lift, and they were already pretty good anyway. Longevity with people that have been there 30, 40 years.

I really have not detected that problem. We just keep our heads down and our nose to the grindstone. We just do our work every day. And so far, Congress has been very generous to us, in fact, increasing our funding this year. That really gets us up every morning and doing the good work that we do, catalyzing private investment.

Senator CARPER. My colleagues and I in the Senate, have been focused a lot in the recent days, actually recent hours, on checks and balances, and really, the key to our success as a Nation for all these years, underlying our success, the durability of our democracy is that system of checks and balances. A good demonstration of that is support for EDA and the work that you and the folks you lead work.

You mentioned leverage. It is incredibly important that we use this limited Federal resource to leverage a whole lot more private sectors in State and local. We try to do that in Delaware; I am sure my colleagues try to do that in their States. Thanks so much.

Senator BARRASSO. Thank you, Senator Carper. Senator Capito.

Senator CAPITO. Thank you, Mr. Chairman. It is great to see you again, Dr. Fleming, and to see Angela. I appreciate your visit to West Virginia on Veteran's Day, you being a veteran yourself.

We had a great day with some great announcements, as you mentioned, \$7 million. The one that we cut the ribbon on where we were actually in Putnam County was an infrastructure project, which really can leverage a lot of private investment, but also help those local water entities and the economic development and county authorities really get the job done in an area where they can't grow unless they can get this infrastructure. So I am really pleased about the emphasis that EDA has placed on infrastructure.

I am also pleased that under your leadership, and really under the leadership of President Trump, that the prioritization that EDA has reprioritized to where it needs to be. These are the unserved and underserved areas, where your options are non-existent or are very, very low. I think we see that, certainly in my State.

Obviously, the assistance to coal communities has been an enormous help to us, because as the Chairman said, Wyoming, and as Senator Carper knows, as a native-born West Virginian, some of those areas were really decimated and have a really long time to be able to recover.

Let's talk a little bit if we could about infrastructure. Where are you seeing, when you set priorities, where are you seeing the priorities in terms of, I mean, you could go anywhere. You could go in infrastructure, you could go in coal communities, tech development, work force development. How do you set the priorities, or is it project to project?

Dr. FLEMING. Senator, do you mean specific to coal, or all?

Senator CAPITO. No, just in general.

Dr. FLEMING. Over our history, the vast majority of our investments have been in infrastructure. Typically, a water system, sanitation systems, 60 percent of our dollars go to rural areas. Obviously, broadband is another type of infrastructure that we invest in.

In our regular or routine appropriations, our focus is again on removing obstacles to private investment. One quick example I will give you is in Hattiesburg, Mississippi. Regent's Bank has a call center there, and they want to do expand it, hire more people, invest tens of millions of dollars, but for a road there that had been so affected by weather. They didn't want to make that investment or take that risk unless the road was fixed. So the community matched our investment of over a million dollars. Now, they are growing and blowing and hiring people, and these are good-paying jobs.

Senator CAPITO. Thanks. Well, we know diversification is the key to success. Our States being very heavy energy jobs, there is still a lot of job growth and job development that occurs in the energy field. EDA was, in your November visit, we announced a half-million-dollar project for the city of Philippi to be able to extend sewer infrastructure to a coal mine, which is 150 jobs, 450 existing jobs.

I appreciate the fact that while aid to coal communities is to those that are no longer able to sustain that employment base, you still have your eye on the diversification of the economy and retaining the jobs that we have.

The energy industry, you come from an energy State yourself. How do you see that in terms of job development? Because obviously we are much more energy independent in this Country than we were even five to 10 years ago.

Dr. FLEMING. Yes. Well, Senator, I think you have already said it, diversification. When I came to Congress in 2009, we were not exporting natural gas. Today, Louisiana is one of the largest natural gas exporters in the world. It is a cleaner form of energy than what we had prior to that time.

As the marketplace moves and as we find newer forms of energy or newer uses of existing energy form, we are always happy to evolve with that from a technological standpoint. Also remember that in the coal communities as well as the upcoming nuclear closures, we offer technical assistance. We actually pay for consultants to come in and look at what is going on in your section of the Country, what is happening with the economies in your locale, and how can we diversify that and get into whether it is other forms of energy, the same form, or something else altogether different.

Also remember that in the coal section, we are also working the supply chain, too, which extends up into other States, such as Massachusetts.

Senator CAPITO. Right. Last, in a hat tip to Senator Carper, the last EDA assistance to coal communities that West Virginia received was \$700,000 in Beckley, which is his birthplace, and it is for the Regional Development Authority to do entrepreneurship, to try to get creative minds to create their own small businesses.

You are also working with WVU Beckley there, but also the ARC, which is the Appalachian Regional Commission, which has dollars to go along with the private dollar investment. It is also located in a designated opportunity zone. I am proud to say that is legislation that I was on the forefront of, and I think has great potential for EDA to match investments in opportunity zones to help, again, going back to those communities, that really, their options are so limited, that without that kick from EDA and the opportunity in an opportunity zone, couldn't further develop.

Sorry I went so far over, but thank you.

Senator BARRASSO. Thank you, Senator Capito.

Before turning to Senator Whitehouse, I ask unanimous consent to enter into the record four letters in support of the EDA's ongoing work in Wyoming. Without objection, they are admitted.

[The referenced information follows:]



January 16, 2020

The Honorable John Barrasso  
Chairman  
Senate Environment and Public Work Committee  
United States Senate  
Washington, DC 20510

The Honorable Tom Harkin  
Ranking Member  
Senate Environment and Public Work Committee  
United States Senate  
Washington, DC 20510

**Via email transmission to** [Craig\\_Thomas@epw.senate.gov](mailto:Craig_Thomas@epw.senate.gov)

Dear Chairman Barrasso and Ranking Member Carper:

Thank you for contacting our office regarding the use of U.S. Department of Commerce Economic development Administration funding. Having recently received EDA assistance, we have direct working knowledge of the Implementation of their programming

Our experience in the development of a local revolving loan fund using EDA Public Works assistance was a very efficient process. We received excellent advice and guidance as we completed the application process and subsequent documentation. Our initial application was submitted in April with final approval in August. We know the RLF program will be valuable to our community.

In addition to this recent experience, I feel that I need to respond to the overall benefit of EDA programs to our rural communities. As I enter my 33<sup>rd</sup> year as an economic development professional, I can honestly state that the EDA program make a difference. They does so in three key ways.

First, the premise of all the EDA programs hinge around planning. It is important that project proponents have a deep understanding of economic data which leads to direction, and direction guiding solutions and implementation. Having been engaged in an Economic Development District and the reoccurring revisions of the Comprehensive Economic Development Strategy for a designated region, I know firsthand the importance of planning. Using planning to set the stage for defining projects allows the best and most appropriate use of scarce funding resources.

Second, program dollars for infrastructure matter and especially so to rural communities. The lack of population and tax base make many projects virtually impossible for small communities. The EDA assistance that I have leveraged over the years has made a tangible difference in making things happen at a local level. Whether it be infrastructure for a business park, assistance to make capital accessible to businesses or planning dollars for a special project, most of these efforts would have stalled "but for" the federal assistance.

1130 Sheridan Avenue #200 Cody, WY 82414

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Finally, I have appreciated the adherence to EDA's Investment Priorities. These parameters cause each project to evaluate the overall impact of the project activity not just the localized impacts. In the development of projects, it is easy for proponents to focus on the euphoria of the deal and not recognize how the project fits a large picture. It really is about bang for the buck!

Over the last 11 years, I have served a community which is ineligible for EDA assistance. When that circumstance changed recently, the tools of the agency became an immediate benefit to our community. And isn't that what our government is for... to help those who cannot achieve their goals on their own?

You can count me as a big supporter of the work of the Economic Development Administration. I encourage the Senator to continue his support for them as well.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Klessens", written over a horizontal line.

James Klessens, CEO

**Kemmerer City Hall**  
220 State Highway 233  
Kemmerer, WY 83101



(307) 828-2350  
www.kemmerer.org

*Make it Matter – Make it Better – Make it Happen*

January 16, 2019

The Honorable John Barrasso  
Chairman  
Senate Committee on Environment  
and Public Works  
United States Senate  
Washington, DC 20510

The Honorable Tom Carper  
Ranking Member  
Senate Committee on Environment  
and Public Works  
United States Senate  
Washington, DC 20510

Re: *Support for Economic Development Administration (EDA) Grants*

Dear Chairman Barrasso and Ranking Member Carper:

**Our community is on the front lines battling the War on Coal waged by extreme factions of the environmental movement.** Receiving an EDA economic diversification grant recently has given our community more hope for the future. The EDA grant will not only benefit Kemmerer, but also Diamondville, Lincoln County, and the rest of Southwest Wyoming. We believe that this grant can help us develop a plan, which when properly executed, will lead to our becoming a successful economic model for other coal communities in Wyoming and across the country.

**As you may know, Rocky Mountain Power recently announced plans to retire all three Naughton Power Plants near Kemmerer: #1 and #2 in 2025 and #3,** which will be temporarily converted to a natural gas peaker plant in 2029. Retiring these plants will cause a devastating negative economic impact on Kemmerer and our neighbors in Diamondville, with the potential of losing about 125 coal-fired power plant jobs, and a likely loss of half of approximately 260 jobs at the Kemmerer Operations, our nearby coal mine. Losing these jobs will lead to losses of even more jobs, depending on what the multiplying factor effect will be.

**Because of this EDA grant, we have recently received proposals from 11 economic development firms, one of which will be selected to create an economic diversification plan.**

This plan should address steps that we can take within the next five years to not only diversify our economy with manufacturing and other industries, but also find ways to use proven technologies, such as carbon capture utilization and storage (CCUS) and coal gasification, to retain, and possibly expand, the number of coal-fired power plant jobs, while also significantly reducing CO2 emissions. They will look at strategies for exporting more coal.

**Another key part of this study will be to examine Senator Dan Dockstader's breakthrough legislation, Senate File 159, to find ways to utilize and strengthen it.** This requires Rocky Mountain Power to sell the retired power plants to any interested firms, subject to proper rules and procedures set forth by our Wyoming Public Service Commission. I believe this legislation will be a model for other states who are on the front lines battling this War on Coal.

Significantly, the City of Farmington New Mexico, because of efforts by their mayor, has been able to attract investors who are looking to revitalize their coal-fired plants. If successful they be investing in retrofitting their coal-fired power plants with carbon capture technology, which has already proven successful at the Petra Nova Coal-Fired Plant in Houston Texas and at another one in Saskatchewan Canada.

**Economic studies have been done before in Southwest Wyoming and haven't necessarily led to a diversified economy.** What makes our EDA grant unique, is the we will have the funding to hire an impact manager to aid us in its careful execution. We have assembled a committee of expert volunteers from the gas, coal, banking, and power industries, and others with expertise, to give us advice on hiring the right firm and the right impact manager.

**We are grateful for this EDA Grant and plan to seize this opportunity to expand our economy and tax base.** It is our goal to be careful stewards of these funds and use them wisely to get a great return on investment for the citizens and residents whose federal tax dollars contributed to this effort. We will treat the matching funds for this grant with the same care. We appreciate your efforts, and the efforts of the EDA on our behalf in this great cause.

**The EDA has been very much at the forefront of this effort.** They have been easy to work with and helpful to us in getting this process started and have offered to help us along the way as well.

Sincerely,



Mayor Tony Tomassi  
City of Kemmerer



January 27, 2020

The Honorable John Barrasso  
 Chairman – U.S. Senate Committee on Environment and Public Works  
 410 Dirksen Senate Office Building  
 Washington, DC 20510

The Honorable Thomas Carper  
 Ranking Member – U.S. Senate Committee on Environment and Public Works  
 410 Dirksen Senate Office Building  
 Washington, DC 20510

Dear Chairman Barrasso and Ranking Member Carper,

I am writing in support of the good work of the Economic Development Administration regional Denver office.

I learned of the EDA about three years ago after reading an article on how the EDA worked to support an Agricultural project at one of Wyoming's other community colleges. After a bit of digging I learned how they have helped yet another Wyoming college in an economic development project.

I reached out to the EDA and have been nothing but delighted with their level of service and support for Wyoming. They've proven themselves very eager to serve and to help CWC best develop a truly effective economic development strategy and plan. They worked with us to get a small EDA grant to do an Ag Sector Study for the region where the resulting document is being very useful for not only public entities but also private Ag and equine business and farms/ranches to identify new enterprises. Just yesterday, yet another person requested the report. I believe we've given out about 30 or so.

From the Ag Sector Study we were easily able to justify a proposal to the EDA for \$3 million for a Rocky Mountain Complex for Ag & Equine Sciences (RMC). We hope to break ground on these \$18 million facilities in 2021. Since much of the Ag Sector Study explained what would be needed to grow meat processing in the region, a part of the RMC facilities will be for a new regional and statewide meat processing program. This announcement has led two local business, one new and one existing, to start USDA-certified meat processing plants; and many restaurants and ranchers are coming forward to be a part of the initiative. This last week another rancher met with me to discuss how he might be able to hold back more calves to have more local meat for restaurants. The basic economic strategy is for ranchers to hold back more animals for local sales so that they can make more value-added revenues (since 2/3 of an animal's revenue is in processing, marketing, transportation and sales) while also bolstering local restaurants that in

turn help local tourism. So many tourists are seeking local food and Wyoming beef as part of their tourism experience and Fremont County has many thousands of tourists driving through on the way to the Tetons and Yellowstone each year. I've presented on the economic development plan many times locally and across the state and I continue to get very positive feedback. The State of Wyoming, through its new Wyoming Works Program, has provided almost \$800,000 for this ag economic development initiative.

If all this were not good news enough, I was delighted that the EDA reached out to the USDA, unbeknownst to me, to strategize other things we all could do to help Ag economic development for the region. I participated in a joint EDA/USDA call and we are working on some ideas to take next steps identified in the Ag Sector Study recommendations.

If you have questions or need more information, please feel free to contact me at (307) 855-2101 or [btyndall@cwcc.edu](mailto:btyndall@cwcc.edu).



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Brad Tyndall  
President  
Central Wyoming College



The Honorable John Barrasso  
Chairman  
Senate Committee on Environment  
and Public Works  
United States Senate  
Washington, DC 20510

The Honorable Tom Carper  
Ranking Member  
Senate Committee on Environment  
and Public Works  
United States Senate  
Washington, DC 20510

Re: Support for Economic Development Administration (EDA) Grants

Dear Chairman Barrasso and Ranking Member Carper,

**The Economic Development Administration (EDA) has been a critical partner in the success of our Advanced Carbon Products Innovation Center (ACPIC).** This project is a keystone effort to diversify and broaden Wyoming's economy by developing new products utilizing carbon from coal as the primary raw material. The purpose of this letter is to ask for your continued support for EDA grants. These grants are vital to projects that will help diversify the local economy in Gillette and Campbell County where our economy depends heavily on the extraction of coal, oil, and gas.

**New Industry: The EDA Grant funds for Energy Capital Economic Development are helping us invite businesses for advanced carbon research.** In 2019, Energy Capital Economic Development secured a \$1.46 million EDA grant for our Advanced Carbon Products Innovation Center (ACPIC). We are in the process of reviewing architectural proposals on the development of the facility. We expect the facility to be complete in the second quarter of 2021. The ACPIC is located at a former coal mine that has been repurposed into an industrial park. We have partnered with the University of Wyoming School of Energy Resources to design, build and put into operation this project. The ACPIC will provide a location in the Powder River Basin where research can be advanced to pilot plant and pre-commercial projects to develop new, profitable uses for coal.

**Diversifying Economy: The ACPIC development will contribute to Campbell County's future economic growth by helping diversify the economy and reducing the dependence on coal, oil, and gas.** With coal as the primary raw material for these Advanced Carbon Products, local workers will still be mining coal while adding new customers for their products. As fewer companies are using coal to generate electricity, Gillette could be on the cutting edge of using coal

to support the application of advanced carbon research. As coal mining operations are struggling nationwide, the potential economic growth could be duplicated in other communities. Success of our ACPIC project will support a carbon neutral environment while preserving jobs, industries and local economies.

**Stabilizing Economy: The EDA grant for ACPIC promises to help provide economic stability to our region by inviting businesses to develop advanced carbon products using minerals we have in abundance.** We've designed the ACPIC development at the Fort Union Industrial Park to be attractive for businesses. Our plan provides sites with support services, access to coal, industrial utility services, and shovel-ready real estate. While the use of coal for power generation has diminished, there is a growing demand for advanced carbon products. These manufactured goods include such products as carbon nanotubes, graphene, asphalt, char for agricultural uses, carbon fiber technology, activated carbon and many more.

**Supporting Local Leaders: The EDA grant provides resources helping address the critical need for diversification in Campbell County and support the forward-thinking leaders working together to invite business transition and expansion.** The most recent evidence of the local effect of the lagging coal demand was visible when Blackjewel closed their facilities due to bankruptcy. This closure left over 600 workers without work. As coal consumption throughout the United States and the Rocky Mountain region has declined, Gillette and the surrounding community have been deeply affected. The past five years have seen bankruptcies from every major coal producer in the Powder River Basin. As coal is plentiful, the EDA grant helps our community harness an inexpensive and plentiful resource for a growing market in advanced carbon products. Our current workforce and support industries will be able to easily transition to a new advanced carbon economy. The ACPIC facility will provide an opportunity to make a small shift that could open up new industries who will utilize our abundant carbon resources.

**Supporting Engaged Communities: Economic development helps communities help themselves survive the downturns.** The goal of economic development is to help local businesses grow while attracting new businesses and industries to our community. The ACPIC project will attract businesses who, once their technology is proven, will build new businesses and industries based on advanced carbon products. The ACPIC project is a primary reason why EDA grants are a critical part in building, growing and expanding our economy. I strongly encourage support and continuation of the EDA grant program.

Sincerely,



Phil Christopherson  
Chief Executive Officer



January 17, 2020

The Honorable John Barrasso  
Chairman  
Senate Environment and Public Work Committee  
United States Senate  
Washington, DC 20510

The Honorable Tom Harkin  
Ranking Member  
Senate Environment and Public Work Committee  
United States Senate  
Washington, DC 20510

Dear Chairman Barrasso and Ranking Member Carper:

On behalf of the thousands of farmers, ranchers, small businesses and citizens of Wyoming that the rural electric cooperatives provide reliable and affordable power, I am writing to express our support of the many U.S. Economic Development Administrations programs for all that they do for rural Wyoming.

In many of our communities the cooperatives are seen as the "stewards" of the community not just for keeping the lights on but for all that we do outside the utility world including economic development.

As you know the co-ops have access to funds for economic development purposes through the U.S. Department of Agriculture's Rural Economic Development Loan and Grant program or REDLEG. However there are instances when we have been able to partner with other economic development entities who have received EDA funds and were able to leverage these funds to address issues such as workforce development, infrastructure maintenance and others.

We would like to see these relationships, and funding, continue as there are many needs in rural Wyoming yet to be met. It is for these reasons that I'm writing to express our gratitude and thanks for supporting the EDA program.

Sincerely,

Shawn Taylor  
Executive Director  
Wyoming Rural Electric Association



Senator CARPER. Mr. Chairman, before you recognize Sheldon, can I just say a followup to Senator Capito? My wife and I went on a roots tour last August, back through West Virginia, Kentucky, North Carolina, South Carolina. It was just great fun. We got to see all of our cousins.

Senator CAPITO. Well, we are all related.

[Laughter.]

Senator CARPER. We really are.

In Beckley we had, 1 day I got up really early on a Saturday morning, and I went for a run. I went downtown and ran by the old First Baptist Church where the Pattons all used to go to church. I used to go there with them. It was 7, 7:30 in the morning. I ran by First Baptist Church, and a guy pulls up in his car and he stops, and he gets out and apparently, he is a deacon or something.

He was just going in to work on a project in the church, as he said, you are a United States Senator, aren't you? I went, wow, I have my gym clothes on.

[Laughter.]

And he said, Senator Manchin, we are very proud of you, and I said, I am not Senator Manchin, and he said, well, which one are you? I said, I am Shelley Capito.

[Laughter.]

Senator CAPITO. Well, I hope you got him straightened out.

[Laughter.]

Senator CARPER. I straightened it out for the record before I left.

Senator BARRASSO. Senator Whitehouse.

Senator WHITEHOUSE. Welcome, Director Fleming. As you know, I voted for your confirmation and supported you. On occasion, I have had some regret about people who I have voted for, but in your case, I came to say thank you and to express my appreciation for the work you are doing.

I want you to know that in Rhode Island, we very often get things done by working together. Public-private partnerships, partnerships across municipal, State, Federal, all sorts of different parties coming together. As you also know, when that is your process, things can sometimes take some time.

I think we have been particularly well-served by Linda Cruz-Carnall, who is your Regional Director in our area, and by the terrific Marguerite McGinley, who is the Area Director. We have a port in Galilee that has had very considerable rebuild, thanks to EDA support, and that has made it an attraction for other fishing boats that had not come there before to now come there because the facilities are top-quality.

That has been very helpful for our fishing community. As you know, in a farming community or a fishing community, when you get below a certain point, and you can't support the net-makers, the motor repair people, the boat painters, and all the others, then it begins to completely fall apart. So having that extra business has been essential to that industrial fishing ecosystem at Galilee, and that has been very helpful.

It has meant a lot to us to have EDA there when Sandy came through and so much damage was done, and there had to be some flex about unpredicted harms that resulted from Sandy,

unpredicted damage. EDA was there and very patient with working through with us to make sure that things got done and got done right.

My particular favorite, however, was the story of an incubator, a business incubator, an innovation hub on Aquidneck Island in Rhode Island, an area which often feels a little bit overlooked by Providence and upState and everybody else. Because there were so many parties involved in it, the project ran into some difficulties. There was a moment when EDA had the choice to bail on the project, or to hang in there.

My office gave EDA a very strong assurance that this project would work, that they should hang in there, that it was going to be worth it at the end of the day. EDA made the choice to hang in there, and sure enough, since then, all the pieces have come together. The innovation center is up and running. What used to be an abandoned, moldy schoolhouse on an attractive, relatively main street of Aquidneck Island, one of the main thoroughfares of Aquidneck Island, is now buzzing with activity and filled with business interests and folks who are trying to lead the innovation agenda in that area.

You didn't have to hang in there with us. You trusted us that we could get this done. We did, in fact. It has turned into, I think, a real victory for EDA and for the local community. So I am just here to express my appreciation for a number of very good stories and for the patience and determination and the toleration of your Regional Director and you Area Director with us through all of this. It is been a terrific, terrific partnership, and I appreciate it.

Dr. FLEMING. Sure. Thank you. If I could respond to that.

Senator WHITEHOUSE. Please do. I will have to run though, because I am due at the leader's office.

Dr. FLEMING. That is OK. I just want to thank you for your words of support, and that is one of the things I really like about EDA, is its ability to be flexible with these situations that arise. Thank you.

Senator BARRASSO. Senator Carper.

Senator CARPER. Dr. Fleming, I have a series of questions to ask. They are not yes or no questions, but you can give fairly short answers if you want. The first one, on disaster funding, which you talked about already a little bit. Congress authorized I think about \$1.25 billion dollars in disaster supplemental funding to EDA, I think to spend on major disasters in 2018 and in 2019. I think that was roughly what we did.

The question was, any idea if these funds are being spent to build and rebuild infrastructure that has more recently been able to withstand the effects of the climate crisis?

Dr. FLEMING. Senator, yes. We are well into that \$1.2 billion dollars. It was for fiscal years 2018 and 2019 for disasters 2017 through 2019, and we are \$471 million into the first tranche, which is about 80 percent. We are, again, investing in new structures or to rebuild structures and to, because of our mandate, to add resiliency to this so that with the next hurricane, or the next earthquake, or the next forest fire that may—

Senator CARPER. Or the next 1,000-year flood which occurs next year, someplace.

Dr. FLEMING. Flooding, of course, yes. Absolutely. So we want to make sure we don't have to go back and rebuild, or if it is down, it is down for a very short period of time and can be brought back up very rapidly.

Senator CARPER. It is my understanding that EDA has suffered from some staffing shortfalls in recent years. Is that still the case today, and would you please share with us what the current staffing levels are, roughly, and how they compare to staffing levels at the end of, we will say, the last Administration.

Dr. FLEMING. Right. Thank you for that question. You know, EDA has not had supplemental disaster funding for a number of years until again, Fiscal Year 2018. We had a sudden tranch of \$587 million for deployment, and we had to gear up, which meant hiring term employees, engineers, and so forth.

We had several challenges there. No. 1, the economy is roaring, so we have to compete with the private sector. No. 2, we have all the steps that you have to go through with Federal hiring, and we don't have the sort of emergency hiring authority that for instance, FEMA has. But we have managed to get the job done. Certainly, we would be interested in further discussions on emergency hiring authority going forward.

Senator CARPER. I talked with my staff a few minutes ago about reauthorization of EDA. The next time we do reauthorization, is that something that we should take into consideration?

Dr. FLEMING. Absolutely, Senator. We could really gear up a lot faster, spin up our staff. Remember also, these are term employees, which means that it is not a permanent job, and that is another challenge. Some people won't work that way.

But now that we have closed the gaps, we really are up and going now. We have these term employees available for the next Fiscal Year tranch, which we have already begun to obligate. It is going, but the ramp-up period could be faster if we had that special authority.

Senator CARPER. OK. Good, thanks.

A little bit on opportunity zones, as have been mentioned here by several of us. I understand that EDA is giving preference to grant applications from applicants in opportunity zones, pursuant to the President's 2018 executive order. EDA has also made opportunity zones eligible for EDA funding, even if the area fails to meet EDA's economic disaster distress criteria.

Opportunity zones, if I am not mistaken, already have a leg up with private investors, due to their generous tax preference, as you know. So in some cases, impoverished areas that weren't designated as opportunity zones are losing out, I am told, because potential investors would rather invest in opportunity zones instead.

I am a little concerned about this practice. You might be too, that they could inadvertently further disadvantage distressed communities where EDA grants are most needed.

Here is my question. Could you just take a minute and explain to us how the EDA is ensuring that the preference given to opportunity zones, including zones that don't meet EDA's economic distress criteria, does not put distressed communities at a greater disadvantage compared to those communities that already enjoy a powerful incentive for attracting private investment?

Dr. FLEMING. Senator, first of all, let me just say that you heard me earlier talk about the 15 to 1 ratio of private investment. To every dollar of taxpayer Federal dollar that we invest, we fill that with opportunity zones, that could dramatically increase, 30 to 1, 50 to 1, 100 to 1, who knows.

So the force multiplier effect of leveraging and catalyzing the private sector investment, we think, coming alongside opportunity zone tax preferences could really empower the work that we do and the work of entrepreneurs as well as philanthropists and others. We see that as very important.

As far as the criteria, it is correct that we accept all applications, but not necessarily grant them if they are opportunity zone applications. It is one of our five special criteria, or priorities, if you will, for investment.

However, we have been investing, as you heard me say in my opening remarks, since 2018, almost \$400 million in or around opportunity zones. Just based on the fact that they were areas of distress, not because they were opportunity zones, because most of them had not been declared yet.

I will say there are special criteria, of course, that were set forth in statute, such as there has to be at least 20 percent poverty rate, and other things. Then from that, the Governors themselves selected the census tracks. We try to be mindful of any potential for investment in areas that really don't need our help. Remember, it is still a competitive process, and we are going to go where the need is the greatest.

Senator CARPER. Thank you so much.

Senator Gillibrand, you are right on time.

Senator GILLIBRAND. Thank you, Mr. Chairman and Mr. Ranking Member. Mr. Secretary, thank you for your testimony today.

I want to take the time to discuss the Economic Development Administration's role in disaster recovery. We continue to see devastating extreme weather events across the Country, whether it is fires raging in California, hurricanes and earthquakes ravaging the island of Puerto Rico, or flooding in my home State of New York, climate change is truly wreaking havoc in communities across the Country.

In the EDA's commitment to building more resilient regional economies in the wake of natural disasters, does the EDA see the unrelenting effects of climate change as a hurdle to, as you said, "help communities recover stronger?"

Dr. FLEMING. Thank you, Senator. Certainly, EDA's focus is on resiliency since 2015, that if we have to rebuild something, or diversify, or whatever we need to do, that it can withstand the next natural occurrence, next event that may come that way. I am not a climatologist, we don't have any climatologists on our staff, so I don't claim any expertise in that area, but certainly we stand ready to deal with any sort of weather event or other natural disaster that may come our way.

Senator GILLIBRAND. Through the Supplemental Appropriations for Disaster Relief Act of 2019, the EDA received \$600 million in additional funds. The EDA disburses both pre-disaster resiliency grants as well as post-disaster recovery grants. With climate change contributing to an uptick in extreme weather events, how

does the EDA prioritize pre-disaster resiliency grants versus post-disaster recovery grants?

Dr. FLEMING. Senator, I will need to take that question for the record. I am not in a position to really make that distinction for you today, but would love to research and analyze it and get back to you.

Senator GILLIBRAND. We would be grateful for a letter to the committee.

Dr. FLEMING. OK, sure.

Senator GILLIBRAND. As you detailed in your remarks, the role of the EDA in disaster recovery is to help facilitate the timely and effective delivery of Federal economic development assistance to support long-term community economic recovery planning and project implementation and resiliency.

In 2017, after being hit by an economic disaster, our fellow citizens in Puerto Rico were devastated by Hurricane Maria. EDA's first disbursement of disaster aid to Puerto Rico came in October 2018, a little over a year from when Hurricane Maria hit. At the end of 2019, the island was once again struck by disaster, this time in the form of multiple earthquakes.

How will the EDA prioritize funding to ensure that the island and our fellow citizens receive relief, as well as resiliency resources so they can rebuild effectively and quickly?

Dr. FLEMING. I am glad you asked that question, Senator, because a lot of times, there can be a little bit of confusion about where we fit into the whole disaster recovery scheme. We are not first responders, although we do set up a joint office with FEMA and our other partners early on, but we were not appropriated funds for the 2017 disasters until well into 2018. Then we began to obligate them as we received applications.

So we are about 80 percent through that, at this point. So far, we have obligated over \$56 million to Puerto Rico for the 2018 tranch of appropriations for disaster funding.

Senator GILLIBRAND. When do we think that money will be actually spent?

Dr. FLEMING. Well, it is obligated. It is really up to the people on the ground there in Puerto Rico, for them to bring that project to fruition and to be mature enough to spend it. We set it aside; we make it available to them.

But remember that while we have an economic development representative there, in fact, he is Puerto Rican, he lives in Puerto Rico, he is a native Puerto Rican, and he is very close to everything, we rely on our partners there, such as the economic development directors, the local business community, and so forth, to actually let us know what they are going to do, what their plans are so we can then fund them.

Senator GILLIBRAND. Have you identified any impediments to having that money be spent? Is there, for example, a matching requirement, or is there any other structural impediment that has resulted in that money not being spent?

Dr. FLEMING. In the case of Puerto Rico, we find the biggest challenge is the fact that the level of expertise, the level of capability is less than what we see in other areas.

Senator GILLIBRAND. I would imagine, particularly since the islands have been hit so hard, and they have had such a loss of population as a result, people are just going where they can have a home and a school, and running water and electricity. So they really have been leaving the islands.

Dr. FLEMING. Right. You are quite correct on that, Senator. I will add that part of what we do is provide grants for technical assistance, so we are always willing to pay to have experts and consultants to come in and come on the ground and to give their guidance.

Senator GILLIBRAND. Last, is there a deadline for that money, if it is not spent, when it would be clawed back?

Dr. FLEMING. There is not an absolute deadline. We try to be very flexible with that. The only time that we may recapture it in some other way is when it appears that project is just never going to come about.

Senator GILLIBRAND. Well, I would be grateful if you would work with my office specifically on trying to remove impediments for that money to be spent, and if it is needing assistance to write applications for technical assistance, our office is happy to support that. But I would love to work with you to make sure that we really start investing in Puerto Rico's recovery as well as resiliency building.

Dr. FLEMING. Absolutely, Senator, we would be happy to work with you and your staff,

Senator GILLIBRAND. Thank you very much. Thank you, Mr. Chairman, and Mr. Ranking Member.

Senator BARRASSO. Thank you, Senator Gillibrand.

Thank you so much, Dr. Fleming.

The record is going to remain open for 2 weeks, so you may get some questions, and if you do, please respond in writing, I want to thank you for your time and your testimony and for the wonderful job you are doing. Thank you very much.

The hearing is adjourned.

[Whereupon, at 11:05 a.m., the hearing was adjourned.]