

National Association of Regional Councils

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The Economic Development Administration (EDA), the International Economic Development Council (IEDC) and the National Association of Regional Councils (NARC) have established an information dissemination partnership. One element of this partnership is the broadcast of a series of economic development telecasts called Economic Development Today. These telecasts are intended to provide information to economic development practitioners who serve all communities throughout the United States.



Economic Development Administration

Economic Development Today



Strengthening America's Communities



Left to right: Deborah L. Wince-Smith, Dr. David Sampson, Doris McMillon, Terrell Halaska, and Deirdre Coyle

The telecast, *Economic Development Today*, broadcast on Tuesday, March 15, 2005 from 3:00pm to 4:00pm EST, centered around President Bush's, "Strengthening America's Communities Initiative."

The show featured related and topical research findings by the Council on Competitiveness and the Initiative for a Competitive Inner City, as well as an overview by the White House and Assistant Secretary of Commerce for Economic Development, Dr. David Sampson, on the underlying principles, reasons for reform, and implementation process of the "Strengthening America's Communities Initiative".

Guests included:

Ms. Deirdre M. Coyle, Senior Vice President and Director of Communications, Initiative for a Competitive Inner City

Ms. Deborah L. Wince-Smith, President, Council on Competitiveness

Ms. Terrell Halaska, Special Assistant to the President for Domestic Policy, The White House

Dr. David A. Sampson, Assistant Secretary of Commerce for Economic Development

Ms. Deirdre Coyle reviewed the ICIC findings from the study “Benchmarking Federal Spending and Guidelines for Action,” conducted in 1999. The study provided the first picture of Federal expenditures that influence inner city business development, and provides strategic recommendations to leverage Federal resources. The study found that significant resources flow to urban areas for business-related purposes – approximately \$16 billion. However, while spending related to job and business growth is considerable, it appears to focus on small low-growth companies with limited capacity to influence job and wealth generation.

Some key findings of the study include:

- Over half of the Federal dollars for urban business development go to inner cities - approximately \$9 billion of the \$16 billion.
- Job training and placement programs represent the largest direct business-related expenditure by the Federal government: \$5.4 billion of the \$9 billion.
- Federal assistance is primarily focused on small, low-growth companies and does not leverage opportunities to support growth companies.
- The number of decision-makers and delivery mechanisms is complex and fragmented. In the 90’s, the \$16 billion spent on urban business development was delivered by 90 programs across 14 Federal departments and agencies.

ICIC has identified several principal ways in which Federal government spending can be made more effective. They are as follows:

- Competitiveness and business development needs to be a central theme of urban policy.
- Investments should emphasize improving the business environment, rather than supporting individual companies.
 - An inner city economic development strategy needs to be integrated across Federal agencies and between the Federal, state, and local levels. Economic development programs and resources are highly fragmented. The lack of an explicit and coordinated strategy substantially diminishes their impact.
- Industry cluster initiatives should be integrated into inner-city economic development efforts.

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- The information gaps on program outcomes, spatial distribution of resources, and business clusters have to be better monitored. Tracking the success and failure of government assistance over time will help sharpen program design, selection criteria, and evaluation of overall effectiveness.

Ms. Coyle remarked that the biggest challenge is the lack of government or philanthropic funding to reduce poverty and the need to leverage private markets.

Ms. Deborah Wince-Smith, Council on Competitiveness, discussed findings from their report *Innovate America*. The main recommendations were centered around three fundamental platforms—Talent, Investment and Infrastructure.

The findings around the federal role in economic development were:

- While the federal government spends approximately \$20 billion on economic development assistance, this funding is fragmented across multiple agencies and lacks a consistent innovation focus
- We also found that economic development funding is most effective when the private sector, local and state government present a coordinated plan and provide significant funding. This gets back to the innovation ecosystem concept—every sector has a role to play, and the key actors need to be committed before federal support can be effective.

The Innovate America report recommended the following:

- The federal government should establish a lead agency for economic development programs to coordinate regional efforts and ensure that a common focus on innovation-based growth is being implemented.
- Better coordination would enormously increase the effectiveness of these programs.

Ms. Wince-Smith's final comments were that the future of our economy is at the local and regional levels and that we need to be bold and seek the future.

Ms. Terrell Halaska provided an overview on why the President proposed the Strengthening America's Communities Initiative. Under the President's management initiative all federal programs were reviewed to see if the program produced the intended results. Also, to see if overlap, duplication, or waste existed. A review of the economic development looked at the 35 programs in seven agencies. OMB found that 1) unclear long-term objectives; 2) Did not coordinate effectively; 3) Overlap in the mission and functions; 4) Many communities served had graduated from the need for federal assistance and were continuing to receive assistance; and 5) Programs did not show achievement.

Ms Halaska summarized the proposed program changes needed to transform the way the federal government works so an impact can be made on people's lives and that the government has some accountability of the investments are being made.

Dr. Sampson discussed the proposed program highlights. President Bush has already introduced a whole new approach to economic and community development to help communities transition to a 21st century economy. His plan includes:

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- Creating new Opportunity Zones;
- Establishing new education and job training programs;
- Introducing tax incentive proposals for the development of single-family housing in low-income areas; and
- Revitalizing former Brownfield's.

In summary, Dr. Sampson stated: "If we keep doing what we have done for the last forty years we will continue to see areas struggling and decline. This is a new century, the programs that were perfectly designed for the economic conditions of the 1960's no longer work. Recognizing that every area of life has their cycles, the economic and world changes are rapidly occurring. The federal government programs need to be designed to support economic growth strategies and personal empowerment strategies for the 21st century."

The last twenty minutes of the telecast addressed questions that the audience emailed, faxed, or called in. The telecast will be available on the EDA website by March 23rd for those who were not able to view the telecast at the following website: <http://www.eda.gov/NewsEvents/WebCastsVideos.xml>.