

August 8, 2008

The Honorable Barbara Boxer  
Chairwoman  
Senate Environment and Public Works Committee  
112 Hart Senate Office Building  
Washington, D.C. 20510

Dear Chairwoman Boxer:

The National Association of Regional Councils (NARC), representing regional planning organizations – regional councils, councils of governments, and metropolitan planning organizations – and their local elected officials nationwide, strongly urges the reauthorization of the Economic Development Administration (EDA) before the current authorization expires at the end of September 2008. EDA reauthorization is essential, particularly in these difficult economic times, to providing cost-effective programs, efficient investment of federal resources, creation and retention of jobs, generation of important tax revenues in distressed communities, and tools to achieve regional and global competitiveness.


EDA programs are an invaluable resource to our communities to implement regional strategies that promote innovation and competitiveness. EDA's role in creating and maintaining jobs while stimulating industrial and commercial growth in economically distressed areas, both urban and rural, is critical to the sustainability of our regions and local governments, many of whom are facing fiscal budget restraints. EDA programs are also flexible, allowing funding to be applied towards long-term economic development planning, as well as sudden and severe economic distress, meeting the nation's needs on multiple levels through one comprehensive program.

As you are keenly aware, the quality of our national infrastructure is declining in many areas due to a lack of funding. Roads, bridges, local transit and air service need substantial attention and investment. EDA Public Works grants are a key component to these improvements by funding the construction and rehabilitation of essential public infrastructure and facilities. Additionally, EDA Planning grants are a linchpin for local governments and regional planning organizations to cooperatively address economic development challenges on a regional basis through multiple jurisdictions. Overall, EDA funding must reflect the current need of our regions and, therefore, NARC recommends EDA be funded each year, at a minimum, with the fiscal year 2008 authorized levels of \$500 million.

Reauthorizing EDA and maintaining its current portfolio of programs with increased funding represents sound public policy, empowering local governments to help improve the quality of life within communities around the country. We are encouraged by Senator Inhofe's proposal (S 3264) and hope more progress is made in the coming weeks. NARC offers its support and assistance in this effort and any future economic or community development issue that might arise.

We at NARC thank you for your commitment to improving our regions and hope reauthorization is on your short list of items to complete before Congress adjourns. Please feel free to contact me at any time at 202.986.1032, x.216 or [fred@narc.org](mailto:fred@narc.org) or Shannon Menard at [shannon@narc.org](mailto:shannon@narc.org) or x.217 Thank you.

Sincerely,



Fred Abousleman  
Executive Director

Encl. NARC EDA Reauthorization Policy Positions and supporting documents



# NATIONAL ASSOCIATION OF REGIONAL COUNCILS

## 2008 LEGISLATIVE PRIORITIES

### ECONOMIC DEVELOPMENT ADMINISTRATION

#### ISSUE

The National Association of Regional Councils (NARC) supports sufficient and sustained funding for the Economic Development Administration (EDA) reauthorization, which is set to expire at the end of FY2008, at the FY2008 authorized level of \$500 million.

#### RECOMMENDATIONS TO CONGRESS

- Recognize the contributions EDA programs have made to economic revitalization with the FY2008 authorized funding level of \$500 million to sufficiently provide for programs and operations resources at all levels of the agency.
- Increase overall funding for public works grants.
- Increase overall funding for the global climate change initiative, which intends to support projects that contribute to sustainable "green" construction and resource conservation.
- Increase individual planning grants from \$55,000 to \$75,000 – currently economic development districts (EDDs) are receiving the same \$52,000 per year that they received 25 years ago.
- Include performance measures and increased timeframe (at least three years) for Comprehensive Economic Development Strategies (CEDs) and Construction grants.
- Provide incentives and/or rewards for those who utilize EDA funds for projects that are done ahead of or on-time and below budget.
- Support of the continuation and reauthorization of the core programs of the EDA and the agency's long-standing relationship with economic development districts.
- Fully staff the EDA to ensure all essential regional economic development and planning needs are met.
- Promote the implementation of criteria for EDA programs that require development through a collaborative process with practitioners and stakeholders.
- Support increases in funding or other incentives for ongoing EDA programs that promote regionalism through economic development.
- Support the consolidation of government programs within EDA that will make processes more effective and efficient.
- Support balance between public and private sector investment to raise planning funding.
- Ensure that EDA commitment continues in both urban and rural areas.
- Incorporate the use of "Regional Infrastructure Improvement Zones," a financing mechanism that would allow for businesses or individuals to make contributions toward infrastructure/economic development project(s) for a tax deduction.

#### BACKGROUND

The EDA was established under the Public Works and Economic Development Act of 1965 to create and maintain jobs, as well as stimulate industrial and commercial growth in economically distressed areas, rural and urban alike. According to EDA, the agency helps "create new American jobs at a cost of only \$2,825 per job" and "leverages over \$28 in private sector investments for every taxpayer dollar we invest." EDA programs address bottom-up economic development strategies and are an invaluable resource to the nation's communities as they have moved to implement regional strategies that promote innovation and global competitiveness. Continuance of these programs is critical to sustain the nation's posture in the world economy.

The FY2007 budget request included an increase of \$43 million for EDA, a total budget request of \$327.1 million. Under the Continuing Resolution, the EDA programs are funded at \$280 million; and, therefore, the EDA increases have gone unrealized. Estimates show that EDA declined more than \$170 million in funding requests for more than 115 public works projects that were "ready to go" and involved significant job creation initiatives due to a lack of funds. These unfunded projects were projected to match more than \$219 million in state and local funds and more than \$7.2 billion in private sector investments, resulting in the retention and creation of more than 47,000 private sector jobs.

For FY2009, the President requested \$132.8 million, an overall reduction of nearly \$147 million from FY08, cutting \$141 million to the public works account and nearly eliminating its function. This is significantly under both the FY07 and FY08 authorized levels and will not provide adequate support for vital economic and community development programs throughout the U.S.

## **Economic Development Administration (EDA) Reauthorization Talking Points**

- The National Association of Regional Councils (NARC) supports the preservation of the purpose and impressive legacy of EDA's highly valued and respected programs, and recommends sufficient and sustained funding for the Economic Development Administration (EDA) reauthorization, which is set to expire at the end of FY2008, at the FY2008 authorized level of \$500 million.
- With tight budgets and limited staff, many regional councils and EDDs, especially those in rural areas, have a difficult time finding resources to improve community infrastructure or develop strategic plans for economic and community development, moving these priorities lower on the growing list of demands.
- Furthermore, EDA dollars are an even more critical resource in the face of the fiscal budget crisis currently affecting most state and local governments.
- Supporting EDA funding and programs are critical and necessary for the following reasons:
  - They are directly tied to private sector job growth.
  - They are critical to the nation's distressed areas across the country
  - They assist local governments with economic development planning and implementation where there are scarce resources for such activities.
  - They stimulate local and regional economies.
  - They are flexible in nature – funding can be applied towards long-term economic development planning, as well as sudden and severe economic distress.
- EDA represents an important and efficient investment of public sector dollars on the local level, and helps local governments improve the quality of life for citizens in distressed areas.
- EDA's programs and grants have spearheaded the development of the business incubators, creating a platform for a variety of entrepreneurs to grow small business and revitalize communities with a strong flow of commerce and jobs.
- The EDA approach is a cost-effective, efficient investment of federal resources with programs paying for themselves through the creation of jobs and generating tax revenues in distressed communities. Moreover, the bottoms-up approach reflected in the comprehensive economic development planning process ensures the development of a planning strategy that reflects input from the local government level.
- EDA programs have made significant contributions to economic revitalization with the FY2008 authorized funding level of \$500 million is necessary to sufficiently provide for programs and operations resources at all levels of the agency.
- The quality of roads and bridges is declining in many rural areas due to lack of funding. Federal funding for rural roads, bridges, local transit service and air service needs to increase substantially. Public Works Grants are a key component of the work NARC members do with EDA funding. These grants support the critical construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain private sector jobs and investments, attract private sector capital, and promote regional competitiveness – priorities for many NARC members. These grants require increased support.
- NARC supports an increase in overall funding for the global climate change initiative, which intends to support projects that contribute to sustainable "green" construction and resource conservation. NARC members are actively engaged in making their regions more sustainable for the future so that dollars spent will have a positive impact on the environment.

- EDA planning grants are the linchpin for local governments to cooperatively address economic development challenges on a regional basis, working with multiple jurisdictions. For this reason, our members are asking that individual planning grants be increased from \$55,000 to \$75,000 – currently economic development districts (EDDs) are receiving the same \$52,000 per year that they received 25 years ago. This is particularly important as the true purchasing power of regional planning organization money has been eroded over the past 30 years to less than 15 cents on the dollar with inflation costs continuing to rise.
- EDA should take the initiative to explore opportunities for greater integration of local and regional planning requirements imposed by federal departments and agencies. A priority should be a demonstration program focused on multipurpose regional organizations faced with multiple planning requirements.
- The EDA revolving loan fund program is a powerful tool for addressing the credit gaps and providing the funding necessary to improve many underserved and rural communities.
- EDA should provide additional incentives and/or rewards for those who utilize EDA funds for projects that are done ahead of or on-time and below budget.
- NARC looks to bolster regional economic development opportunities by examining the consolidation and streamlining of government programs within various government agencies – Department of Commerce, Department of Agriculture, Department of Housing and Urban Development, etc. – that will make processes more effective and efficient.
- EDA's commitment must continue in both urban and rural areas.
- NARC recommends the incorporation of “Regional Infrastructure Improvement Zones,” a financing mechanism that would allow for businesses or individuals to make contributions toward infrastructure/economic development project(s) for a tax deduction.
- The FY2007 budget request included an increase of \$43 million for EDA, a total budget request of \$327.1 million. Under the Continuing Resolution, the EDA programs are funded at \$280 million; and, therefore, the EDA increases NARC advocated for went unrealized.
- Estimates show that EDA declined more than \$170 million in funding requests for more than 115 public works projects that were “ready to go” and involved significant job creation initiatives due to a lack of funds. These unfunded projects were projected to match more than \$219 million in state and local funds and more than \$7.2 billion in private sector investments, resulting in the retention and creation of more than 47,000 private sector jobs. (NADO statistic)
- For FY2009, the President requested \$132.8 million, an overall reduction of nearly \$147 million from FY08, cutting \$141 million to the public works account and nearly eliminating its function. This is significantly under both the FY07 and FY08 authorized levels and will not provide adequate support for vital economic and community development programs throughout the U.S.
- Reauthorizing EDA and maintaining its current portfolio of programs represents sound public policy, and will empower local governments to help improve the quality of life for citizens and assist distressed communities



# Regional Infrastructure Improvement Zones

Ohio-Kentucky-Indiana Regional Council of Governments  
720 East Pete Rose Way, Suite 420  
Cincinnati, OH 45202  
Phone: (513) 621-6300  
[www.oki.org](http://www.oki.org)  
Contact: Mark Policinski, Executive Director, [policinski@oki.org](mailto:policinski@oki.org)

National Association of Regional Councils  
1666 Connecticut Ave NW, Suite 300  
Washington, DC 20009  
(202) 966-1032  
[www.narc.org](http://www.narc.org)  
Contact: Shannon Menard, Policy Manager, [Shannon@narc.org](mailto:Shannon@narc.org)

## What are Regional Infrastructure Improvement Zones?

A new, innovative solution to infrastructure construction developed by the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) in conjunction with the National Association of Regional Councils (NARC), "Regional Infrastructure Improvement Zones (RIIZs)" are a way to encourage private-sector investment in infrastructure through a favorable tax treatment of funds and streamlined approval processes. RIIZs will allow private corporations or individuals to contribute tax-deductible funds toward construction of public infrastructure (not limited to transportation infrastructure) that will benefit communities, addressing the need for alternative sources of funding to help build the infrastructure to keep people, businesses and the economy growing and moving.

## How will it work?

RIIZs are based on Urban Boundary designations and businesses and/or individuals who wish to form a RIIZ must first apply through their local Metropolitan Planning Organization (MPO). The MPO will be responsible for determining if local governments in the area, as well as other community organizations, support the proposed infrastructure improvements. The MPO will also be responsible for determining the eligibility of the proposed projects in local or state long-range plan documents. Final approval of the RIIZ will come from the MPO's Board of Directors. When these conditions are satisfied, a certificate of approval will be issued to the RIIZ and filed with the state's Attorney General and the Internal Revenue Service.

When the certificates are properly filed, members of the infrastructure zone will be permitted to make contributions. The businesses and individuals who make donations to the RIIZ will realize tax-deductible contributions on the corporations' or individuals' annual tax forms.

## What Projects are Eligible?

Acceptable projects for RIIZs may include road repair or construction, transit facility construction, the purchase of right-of-way, historic preservation of transportation facilities (i.e. train stations, covered bridges), water runoff facilities, or other projects that will enhance the infrastructure system of the designated area. RIIZ will not be permitted for upgrades that are considered customary or ordinary for development approval.

A RIIZ may be as small as a single street or as large as an entire city. One example of an RIIZ could be an add-a-lane project at a four-way intersection: On one corner is a local bank, another is a department store while the third and fourth corners house an office building and a gas station. Each of these corporations, in concert with their local government, can apply to their MPO for RIIZ status in order to add a turn lane, sidewalk, or bus stop that will enhance business and job opportunities. Membership in these Zones are not limited to businesses, individuals may also join. As with any donation to a charitable cause, the RIIZ will issue individuals a receipt indicating the amount of their contribution as well as the date received. The contributing business or individual could then deduct the amount of their donation from the income taxes.

## About OKI

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI) is a council of local governments, business organizations and community groups committed to developing collaborative strategies to improve the quality of life and the economic vitality of the region. Its 103 members represent governmental, social and civic groups from 198 communities in the eight county, three-state region. OKI has final authority over all federal dollars spent on transportation in the region.

## About NARC

For nearly 40 years, NARC has served as a non-profit 501 (c)(3) organization with an expertise in representing multi-functional, full-service organizations that serve local units of government. NARC membership includes Councils of Government (COGs), Metropolitan Planning Organizations (MPOs), Economic Development Districts (EDDs), and other regional government agencies.