

## DEPARTMENT OF COMMERCE HEARING

Wednesday, March 10, 2010

Opening Statement

Alan B. Mollohan, Chairman

Good morning. Welcome. This hearing is called to order.

Today we will hear testimony from Assistant Secretary of Commerce for Economic Development, John Fernandez, for the first time since his appointment in September 2009. We look forward to working with you.

The fiscal year 2011 request for the Economic Development Administration is \$286.2 million, a 2.3 percent decrease from FY10. This includes a \$2.1 million increase in salaries and expenses and a \$9 million decrease in economic development administration programs. The budget proposes significant changes within EDA programs, including an increase of \$86 million in the Economic Adjustment Assistance (EAA) program, a corresponding decrease of \$90.5 million in Public Works, and a decrease of \$8.5 million in the Global Climate Change Mitigation Initiative Fund (GCCMIF).

EDA's mission is to create sustainable jobs. There is no other agency in the Federal government with quite the same focus. From fiscal year 2004 to fiscal year 2008, EDA helped American communities create 350,000 higher-skill, higher-wage jobs at an average cost of \$2,500 per job. EDA is very good at its mission, even with a reduced staffing level.

In fiscal year 2008, Congress appropriated \$500 million in disaster funding for EDA. In fiscal year 2009, Congress appropriated \$150 million in American Recovery and Reinvestment Act funding for EDA, 98 percent of which is obligated. While there are some concerns with respect to the disaster funding, which we will discuss today, clearly EDA is filling a significant need, in very short time frames, with funding provided above the annual appropriation of close to \$300 million. That makes it all the more puzzling that the Administration has proposed a reduction for EDA in fiscal year 2011.

In fact, instead of adding critical funding, the Administration wants to move funding from the Public Works program to the Economic Adjustment Assistance (EAA) program. The rationale appears to be one of flexibility, but the net effect is a reduction in Public works infrastructure project grants. Given the critical role these projects play in communities, and the fact that the demand for these projects remains constant, EDA should be at least maintaining, if not increasing, the Public Works funding level. This is not to value Public Works projects over EAA projects. According to EDA grantees that testified before this subcommittee in February, the two programs should not be in competition with each other for funding – both are vital to the success of regional economies. Indeed, rather than debating the relative merits of each program, the Administration and Congress can agree that helping communities overcome the recent economic downturn is exactly what EDA is designed to do – and together should provide the funding level needed to do it.

Thank you for coming, Assistant Secretary Fernandez.

Following the opening statement of Ranking Member Wolf, we will ask you to provide a brief summary of your written testimony, which will be included in the hearing record, and then we will go to questions from subcommittee members.