

PREPARED TESTIMONY

Representative John J. Faso (NY-19)

February 28, 2017

House Appropriations Committee

Subcommittee on Commerce, Justice, Science, and Related Agencies

Chairman Culberson, Ranking Member Serrano, and Members of the Committee, thank you for the opportunity to testify today. I come before you in support of the Economic Development Administration's Public Works and Economic Adjustment Assistance programs.

The Economic Development Administration was established through the Public Works and Economic Development Act of 1965 to increase employment, stabilize existing jobs, and increase growth in the most economically disadvantaged areas of the country. The EDA is the only federal agency charged entirely with economic development, and is designed to ensure stable economic growth through strategic investments. The grant programs established by the EDA are intended to secure long-term economic development by utilizing regional assets to support growth. Currently the EDA is appropriated \$261 million, with a majority of this funding being invested in projects as grants. This funding helps spur economic development by closing the public-private-partnership funding gap.

Investment in AMT modules is not only good for the manufacturing sector, but also benefits the larger economy. It is estimated that every dollar invested in manufacturing adds \$1.37 to the economy, and for every 100 manufacturing jobs, 200 ancillary positions are added in other sectors. Additionally, the manufacturing sector is expected to outperform the US economy, growing by 3 to 4 percent, compared to just 2 to 3 percent of the US economy as a whole. According to a recent study by the Manufacturing Institute, approximately 3.5 million new manufacturing positions will be created over the next 10 years. Of those openings, nearly 2 million positions will remain unfilled. The shortfall of workers can largely be traced to a surge in baby-boomer retirements with few young technicians to replace the lost workers. This growing skills gap poses a threat to the future competitiveness of American manufacturing which is the backbone of the US economy.

One program that is committed to closing this skills gap is Hudson Valley Community College, located just outside of my district. This local institution plays a critical role in training and developing highly-skilled technicians to serve regional and national manufacturers. Demand for these students is incredibly high, and the college is currently unable to meet this need because it can only train a maximum of 144 students. In order to better meet the demand for highly-skill technicians, HVCC is seeking to expand its AMT certification program to accommodate a total of 288 students, twice its current enrollment. The program is very successful with roughly 95 percent of students being offered employment by regional manufacturers prior to graduation. These students advance quickly in their respective fields, and often earn \$18 to \$25 per hour. By expanding its facilities to train more students, HVCC estimates that it will place over 1,200 skilled technicians into the workforce, and generate an additional \$286 million in salaries over the next 10 years.

In order to help finance this expansion project, HVCC has raised money from industry leaders including a donation from the Gene Haas Foundation, which has provided more than \$50 million in grants to similar programs across the nation. The Haas Foundation education-assistance program is designed to help close the nationwide advanced manufacturing skills gap by providing funding to programs for expansion. Haas funded programs are designed to take advantage of existing economic structures by leveraging and connecting local manufacturing with highly-skilled young workers.

When combined with private partnerships like the Haas Foundation, Economic Development Administration investments play a critical role in the long-term revitalization of distressed communities. These grants help to close the funding gaps for and empower regional economic engines. Initial EDA funds leverage existing regional strengths, and entice additional public and private investment to encourage growth in a particular region. These programs have proven to be very successful and can be used as a model for similar economic development across the country.

At a time when the House examines the best way to ensure a fiscally responsible future, it is important to consider the EDA's important role in assisting struggling communities. I ask that you consider maintaining \$261 million appropriated for the Economic Development Administration to better serve Americans across the country.