

**House Committee on Energy and Commerce
Subcommittee on Consumer Protection and Commerce
Hearing entitled “The Fiscal Year 2022 Department of Commerce Budget”
June 8, 2021
Questions for the Record**

The Honorable Lori Trahan (D-MA)

1. The City of Lawrence to the Public Works and Economic Development Assistance Program recently submitted the *Riverwalk Future Economic Development* proposal to the Economic Development Administration. If awarded, this grant will support much-needed infrastructure improvements that will attract private investment, promote economic growth, and support invaluable quality-of-life improvements for residents of this Gateway City.

The City of Lawrence, a former textile-manufacturing powerhouse, underwent enormous economic shifts over the past half-century. The loss of much of its textile manufacturing base led to significant joblessness, shrank municipal budgets, and harmed business development. However, if funded, this proposal will enable the city to attract new employment opportunities for residents, provide a new tax base, and build vibrancy in the downtown through the creation of new residential, business, retail, cultural, and entertainment opportunities.

The City’s Riverwalk Mill Complex, located by the historic Merrimack River, has been a focus of redevelopment efforts over the past two decades. Much of the work has involved the renovation of historic mill buildings. Today, the area includes a mix of industries – from cafés, restaurants and retail shops to medical and educational services – along with market rate housing and a soon to be opened parking garage. The requested grant funding would help to catalyze even more investments by improving public access, including new streets and sidewalks, offering more park space, and supporting the necessary utility and drainage infrastructure. Ultimately, the project will support connections to a planned Merrimack River trail “Riverwalk Path.”

Access to preserved natural spaces should be universal, however in the United States, the distribution of green spaces is distributed unequally by race, and income. A Conservation Science Partners (CSP) and the Center for American Progress (CAP) report found that seventy percent of low-income communities across the country live in nature-deprived areas.¹

- a. As US cities undergo economic transitions, how will the Department of Commerce encourage the development of outdoor green spaces and family-friendly trails for recreation in low-income communities?

¹ Landau, V. A., M. L. McClure, and B. G. Dickson. 2020. Analysis of the Disparities in Nature Loss and Access to Nature. Technical Report. Conservation Science Partners, Truckee, CA.

RESPONSE: The development of outdoor green spaces could be eligible for EDA funding under the agency’s Environmentally Sustainable Development Investment Priority, one of EDA’s seven Investment Priorities (<https://eda.gov/about/investment-priorities/>), as long as the project has a clear economic development purpose.

EDA’s Investment Priorities provide an overarching framework to ensure its grant investment portfolio – ranging from planning to infrastructure construction – contributes to local efforts to build, improve, or better leverage economic assets that allow businesses to succeed and regional economies to prosper and become more resilient.

To meet the Environmentally Sustainable Development Investment Priority, an applicant must demonstrate that the project will help communities and regions address the growing climate crisis through the development and implementation of green products, green processes (including green infrastructure), green places, and green buildings.

By including environmentally sustainable development as one of its seven Investment Priorities, EDA is encouraging communities and regions across the nation to consider these types of projects as part of their economic development strategies.

b. Is the Department of Commerce collecting and analyzing data related to the impact infrastructure such as sidewalks and drainage infrastructure have on a town’s economy?

RESPONSE: The Department is not collecting and analyzing data specifically related in the impact such infrastructure projects have on a town’s economy, but it does provide other relevant data.

EDA has an extensive history of collecting performance data for its awards. As part of its Government Performance and Results Act (GPRA) process, EDA collects data on job creation and private investment leveraged as a direct result of EDA-funded infrastructure projects. These data are collected from grantees at three, six, and nine years following an EDA award.

Additionally, EDA has partnered with a leading research institution to perform an independent evaluation of EDA infrastructure awards over the last decade. While that research is ongoing, a recent study is expected to result in an assessment of the economic impacts of EDA infrastructure investments on local economies, including a comparative analysis on the economic impacts of different types of infrastructure projects.

EDA has not, however, studied the impact infrastructure such as sidewalks and drainage infrastructure have on a town’s economy.

The Census Bureau regularly collects and publishes at a state and municipal level data on highway, sewerage, and mass transit expenditures. It produces estimates measuring how much was spent on these activities but does not conduct any studies on the impact the expenditures have on the economies of the local governments.

The Bureau of Economic Analysis (BEA) also does not analyze this type of data; however, governments can use BEA's Regional Input-Output Modeling System (RIMS II) to assess the potential economic impact of various projects. RIMS II multipliers can be used to calculate the total regional economic effects of construction projects.

The Honorable Angie Craig (D-MN)

- 1. I'm pleased to see the President's Budget Request includes \$300 million for the Economic Development Administration to support locally driven economic development projects in communities across the nation – a very sensible reversal from the prior Administration, which proposed to shutter the entire agency and this work, harming jobs and job creation.**

One such local economic development project located in my Congressional District is the Red Wing Ignite program, which recently received a \$750,000 i6 Challenge grant through the EDA's Regional Innovation Program – the first in Minnesota to do so.

The Administration and American Jobs Plan proposes a significant investment of \$10 billion for the EDA to establish a Regional Innovation Hubs initiative that will enable United States leadership in key technology focus areas and support regional economic development that diffuses innovation throughout the country.

How do you envision these hubs would help existing incubators like Red Wing Ignite and create good paying jobs outside of the traditional areas of tech innovation on the coasts?

RESPONSE: The Regional Technology Hubs included in the President's American Jobs Plan could receive significant investment to meet their infrastructure, workforce development, planning, and entrepreneurship needs. This would catalyze private sector investment so that these hubs can spur innovation and domestic job creation in critical sectors, such as artificial intelligence (AI), quantum computing, advanced manufacturing, biotechnology, distributed ledger technologies, advanced energy and materials science, cybersecurity, and more.

Local public and private entities would form coalitions and apply to EDA for designation as hubs and, if designated, be eligible for significant funding. Proposals for designation would be coordinated by consortia including state and local governments, institutions of higher education, labor and industry representatives, venture development organizations and others, including incubators like Red Wing Ignite.

Each hub would focus on advancing its regional capacity to support research, commercialization and competitiveness related to a key technology area. In everything EDA does, they focus on geographic diversity to include regions across the country. EDA will coordinate with National Institute of Standards and Technology (NIST) programs including the Manufacturing Extension Partnership and the Manufacturing USA Program in implementing regional tech hubs. Further, the Department is coordinating with the National Science Foundation (NSF) to ensure synergy between the proposed EDA tech hubs and NSF university technology centers.

The Senate included authorization for tech hubs in S. 1260, the United States Innovation and Competition Act, which passed with the support of 68 Senators. Ultimately, if this authority is enacted and funds are appropriated by Congress, entities like Red Wing Ignite could benefit from the concentrated investments possible under these grant programs if they are located in an area designated as a Hub.

2. **Another point related to the budget request, the American Jobs Plan, and Red Wing Ignite is the role of reliable broadband.**

Thanks to partner Hiawatha Broadband Communications, Red Wing Ignite is able to leverage Hiawatha's gigabit fiber optic network to spur innovation.

The end result of the innovation is local and regional economic development through new company creation and job expansion, with benefits not only to Red Wing residents but to folks throughout the region.

The gigabit applications and related services developed in Red Wing could likely be deployed in small towns across the country with similar environmental conditions.

But they need reliable, high-speed broadband internet to achieve this.

How will the American Jobs Plan's proposed historic investment of \$100 billion to bring broadband service to every American would allow more people to more fully participate in the modern economy and access job opportunities and training?

RESPONSE: As a member of President Biden's "Jobs Cabinet," I champion the Administration's call—in the American Jobs Plan—for 100 percent of Americans, including those living in rural areas, to have access to high-speed, affordable, and reliable Internet to ensure equity of opportunities for learning and earning. As a former Governor, I also agree that states have an important role to play in determining how to distribute funding to the areas that have yet to reap the full benefit of broadband in their communities.

The National Telecommunications and Information Administration (NTIA) has worked with communities across the country, through the BroadbandUSA program, to help them understand their challenges as well as the assets they can leverage as they address their broadband roadmap. NTIA also has a robust connection to states through its State Broadband Leaders Network (SBLN), a cohort of government officials representing the 50 states and three territories that focus on state level broadband and digital inclusion efforts. SBLN was consulted in the development of NTIA's grant programs and will continue to serve as a valuable resource to promote outreach and to provide us with feedback as the programs are launched.

NTIA will also leverage the National Broadband Availability Map (NBAM), which is improving our understanding of the state of broadband availability across the country, and is a tool for state and federal policymakers in determining how best to target investments. Recognizing the ability of the NBAM to support their own broadband programs, 36 states and federal agencies such as the U.S. Department of Agriculture (USDA), Commerce's EDA, the Appalachian Regional Commission, and the Department of the Interior's Bureau of Indian Affairs have partnered with NTIA on this initiative.

The Honorable Cathy McMorris Rodgers (R-WA)

1. **Thank you for appearing before us and answering our questions. During the hearing you agreed with me on the importance of advancing, and the U.S. leading, on emerging technologies like artificial intelligence, blockchain, and quantum computing. I believe it bears repeating that America must remain at the forefront of innovation and deployment of these emerging technologies.**

Madam Secretary, you also mentioned the Department of Commerce is working on the studies required by the American COMPETE Act that was enacted last Congress.

- a. **Can you please provide us with an update on the current state of these studies?**

RESPONSE: The Department has initiated efforts to complete the mandated studies. Teams are engaged in collecting background documentation and preparing a broad request for information and plans for further engagement with representatives of the respective sectors, and relevant agencies to address the required elements.

- b. **Can you please provide the Subcommittee with a timeline for when these studies will be completed?**

RESPONSE: The Department plans to complete each of the studies in the required time frame (by end of December 2021) and will issue the required reports six months after the completion of the studies.

2. **During the hearing, you committed to providing the Subcommittee with an update on your negotiations with your EU Counterparts to reestablish the EU-U.S. Privacy Shield.**

- a. **Can you please provide the Committee with an update on the negotiations you had with your EU counterparts?**

RESPONSE: Finalizing an enhanced Privacy Shield arrangement is a top priority for the Administration and a key component of rebuilding our strong transatlantic ties. The Department of Commerce is committed to working with the European Commission to quickly negotiate an enhanced Privacy Shield that addresses the Court of Justice of the European Union's concerns and enables Privacy Shield to once again serve as a valid transfer mechanism for U.S. firms to receive personal data from the EU.

During my recent trip to Brussels as part of the June 15, 2021, U.S.-EU Summit, I held constructive bilateral meetings with key European Commission leaders – including Commissioner Didier Reynders, Vice President Vera Jourova, and Vice President Margrethe Vestager – to emphasize the importance of reaching a deal on an enhanced Privacy Shield Framework as soon as possible and to promote an open, interoperable, secure, and reliable transatlantic digital economy in line with our shared democratic values. Following the U.S.-EU Summit, the White House released a U.S.-EU Summit Statement that included a commitment to work together to ensure safe, secure, and trusted cross-border data flows that protect consumers and enhance privacy protections, while enabling transatlantic commerce,

and strengthen legal certainty in transatlantic flows of personal data. I will continue to remain fully engaged on this issue until we are able to reach a resolution. At my direction, the Department of Commerce continues to prioritize the negotiations, engage with the interagency and the White House on Privacy Shield constantly, and to negotiate at the technical level with the European Commission on a regular basis.

- 3. During the hearing, I mentioned the European Union's interest in setting policies such as AI. I agree we must work with our European allies to ensure our shared values form the foundation of the technologies of the future. I worry however, that well-intentioned policies could crush innovation and cede leadership in these critical technologies to the Chinese Communist Party.**

- a. How would the European Commission's proposals, such as the Regulatory framework on AI, impact U.S. leadership in the technologies outlined in the American COMPETE Act?**

RESPONSE: The Department of Commerce is closely monitoring the draft EU AI Act. We intend to work directly with the EU to uphold our shared democratic values in the AI space by encouraging research, investment in open, but secure data, promoting privacy-enhancing technologies, and supporting innovations and uses of AI for good.

The Department fundamentally believes the potential of AI outweighs its challenges. In the global emerging technology competition, our future depends upon transatlantic and other international partners working together to embrace innovation, while simultaneously defending our shared values and interests. The Department is committed to supporting the development and deployment of trustworthy and responsible AI in line with democratic values of freedom, openness, innovation, protections for intellectual property, and respect for human rights and privacy. We welcome continued and strengthened engagement on AI with the EU, particularly in AI research, risk management, and standardization.

Within the Department of Commerce, the International Trade Administration (ITA) and the National Institute for Standards and Technology (NIST) are closely monitoring the EU's effort to develop an AI regulatory framework that takes a risk-based approach and reflects our shared democratic values, while addressing shared global challenges. NIST has been charged by Congress with developing a framework to improve organizations' management of risks associated with AI. The framework will be developed through a consensus-driven, open, and collaborative process. It will identify standards, guidelines, best practices, and processes for developing trustworthy AI systems that are reliable and secure, and for mitigating potential risks from AI systems. NIST will look to its successful Cybersecurity Framework and Privacy Framework as examples of voluntary frameworks that are highly influential and impactful across industry.

The Honorable Brett Guthrie (R-KY)

- 1. Secretary Raimondo, I continually hear from employers who are struggling to attract and find individuals to employ at their business. We must get Americans back to work and supporting career development pathways and workforce education is critical for both employers and their future or current employees.**
 - a. Can you explain how the Biden Administration’s budget proposal focuses funding on the importance of getting Americans back to work while upskilling and training individuals to find work in manufacturing and emerging technology fields? Specifically, how will the Department of Commerce budget request support those efforts within the proposed 45% expansion of the Manufacturing Extension Partnership?**

RESPONSE: To meet the Hollings Manufacturing Extension Partnership (MEP) objectives of enhanced competitiveness, productivity, and technological performance, development of the talent pipeline is critical. We know the on-going hiring issues – a result of retirements, training needs, weak interest in manufacturing jobs and careers – will continue over the next decade if more coordinated efforts are not implemented. Unemployed and under-employed workers, particularly in disadvantaged communities, people of color, and women, present a large underrepresented pool of new workers that can help grow the industry.

To recruit the next generation of workers from a rapidly diversifying workforce and bring these new workers into the sector at a time of rapid technological change, small to medium manufacturers will need to (1) recruit underrepresented groups into entry-level production jobs, and (2) promote more upward mobility for underrepresented groups within manufacturing, from the skilled trades up through management and ownership.

MEP Centers currently respond to state and local workforce needs based on available Center resources and the Center’s existing ecosystem. MEP Centers bring together community assets including education providers, social service organizations, and local, state, and federal government to solve individual workforce problems by identifying manufacturers’ workforce needs and supporting effective, demand-driven training. In some states, there is a cohesive state plan integrating workforce programs. There are examples of coordinated efforts to use as benchmarks: Real Jobs Rhode Island, NJ Pro-Action Network, and Manufacturing Sector Partnerships in Ohio, Florida, and Massachusetts. In other states, the MEP Centers, along with other public and private sector providers, address needs on a more ad hoc basis. MEP’s involvement in state-based workforce programs is unique to each individual state.

With the proposed additional funding to NIST MEP, the Program will support Centers to build a skilled and diverse manufacturing workforce by positioning MEP Centers as state conveners and program leaders that amplify the impact of the workforce development system for manufacturing. The MEP Program will leverage the MEP Centers’ community connections and relationships with manufacturers to knit together the fabric of these groups to solve the many breakdowns in getting highly trained people into good paying careers. For

this, MEP will more systematically attack the problems of communities of assets, workers, and manufacturers. MEP will demonstrate success through increases in manufacturing jobs in key industries, critical technology areas, and displaced or underserved communities.

NIST MEP will position MEP Centers as regional/state intermediaries, organizing manufacturers, identifying needs, working with Workforce Development Boards and partner workforce organizations to tailor services. Through this positioning, the Centers will:

- Develop industry sector talent partnerships to define and implement training and skill development.
- Design and implement awareness campaigns to educate and entice new entrants to careers in manufacturing.
- Expand manufacturing apprenticeships and other work-based learning experiences with Federal partners, such as the Department of Labor's Office of Apprenticeship, and state partners.
- Promote advanced workforce practices to improve culture, and diversity and inclusion.
- Be the voice of manufacturing to educational institutes to develop innovative training and education program across the career spectrum.
- Convene workforce partners to be intentional about tapping into and removing barriers for underemployed and under-represented workers and supporting diversity and inclusion.

2. Secretary Raimondo, I continue to hear from home builders and home buyers in my district about lumber and building materials prices. I understand you and your team are working towards a lumber/building materials supply chain summit.

a. Can you provide an update on how those conversations are going?

RESPONSE: Thank you for this question concerning lumber and building materials prices. The prices did reach historical levels earlier this year. I understand your concerns about these prices. My team and I have been having productive meetings with a diverse group of stakeholders to try to identify the root causes of these supply chain bottlenecks and develop practical solutions. I recently addressed the National Association of Home Builders Leadership Council and have scheduled sessions with leaders from the forest products and retail industries. On July 16, 2021, I moderated a productive discussion with a diverse group of stakeholders that represented the homebuilding supply chain. Since Commerce started working on this supply chain issue, lumber prices have decreased and the market is showing signs of stabilizing.

b. Additionally, what is the Department of Commerce specifically doing to help address the rise in building material pricing?

RESPONSE: When lumber prices reached record highs in May, the Biden Administration took action by launching the Supply Chain Disruptions Task Force, and I took the lead on the homebuilding supply chain. The Task Force focuses on areas where a mismatch between supply and demand has been evident: homebuilding and construction, semiconductors,

transportation, and agriculture and food. The Task Force will bring the full capacity of the federal government to address near-term supply/demand mismatches. It will convene stakeholders to diagnose problems and surface solutions—large and small, public or private—that could help alleviate bottlenecks and supply constraints

As mentioned above, my team and I have conducted extensive consultations with stakeholders including a large convening on July 16, 2021. Commerce staff has talked to lumber producers about how to resolve challenges in acquiring equipment to expand capacity and find skilled workers like electricians and millwrights to fill high-skilled roles. The team has also been tracking announcements of new capacity across the country, building on the increase in capacity in the first quarter of 2021. In addition, the team has created processes to track prices, production and other key metrics to ensure that they are on top of the latest industry trends.

- 3. Secretary Raimondo, I appreciate your commitment to work with the Energy and Commerce Committee on spectrum policy. It is critical for us to work together and make more spectrum available for licensed and unlicensed commercial use so that the U.S. can win the race to 5G. One specific spectrum-related issue I'd like to raise with you is the upcoming 3.45 gigahertz auction. This auction of DoD spectrum is planned for October, and I know those who plan to bid on the spectrum just recently got NTIA's transition plans and workbooks. I'm a little concerned that we need more transparency from both DOD and NTIA.**

- a. What more can you and NTIA do to ensure this auction happens on schedule and is ultimately successful?**

RESPONSE: DOD and NTIA worked very hard to make this 3.45-3.55 GHz spectrum available to commercial wireless providers in practically record time, and this huge swath of valuable mid-band spectrum will greatly enhance American 5G leadership and competitiveness. My understanding is that the Federal Communications Commission remains on track to auction this spectrum in October, before the statutory deadline at the end of the year, and this is good news for wireless carriers. The transition plans for this spectrum were posted in June 2021, providing prospective auction bidders with more information for coordinating with incumbent Department of Defense (DOD) operations in the band.

In addition, it is my understanding that DOD scheduled a public workshop in July 2021 to provide a forum for interested parties to obtain additional information. The incumbent DOD operations, as I am sure you recognize, have operational aspects for which certain details cannot be made public. NTIA is working hard to safeguard DOD's legitimate concerns while seeking to provide prospective bidders with information sufficient to make informed decisions about their potential participation in the auction. Further, NTIA will continue to encourage prospective wireless bidders to provide us with as much information as they can about their anticipated 5G deployments so that we can focus on those details that are material to their auction preparations.

4. Secretary Raimondo, I wanted to ask about the administration’s plans to help grow U.S. jobs through international investment. Kentucky is a top destination for some of the world’s best companies – creating more than 137,000 jobs and making up 8.4% of the state’s private sector workforce – the second highest concentration of FDI in the U.S.

a. What is the administration’s plan to help bring in more international investment – particularly from our allies and historic economic partners?

RESPONSE: The Department of Commerce administers the SelectUSA program, which specifically promotes and facilitates business investment into the United States. Since its inception, SelectUSA has facilitated more than \$84 billion in client-verified investment projects, supporting more than 106,000 U.S. jobs. The SelectUSA mission is to facilitate job-creating business investment into the United States and raise awareness of the critical role that foreign direct investment (FDI) plays in the U.S. economy.

SelectUSA helps companies of all sizes find the information they need to make decisions, connect to the right people at the local level, and navigate the federal regulatory system. SelectUSA also assists U.S. economic development organizations to compete globally for investment by providing information, a platform for international marketing, and high-level advocacy.

We recently concluded our annual SelectUSA Investment Summit, this year being the first virtual summit. With over 3,400 participants from all 56 states and territories and 82 international markets represented, it was the most well-attended Investment Summit yet. As the President of the United States, 8 Cabinet officials, 28 Governors, and thousands of CEOs, and other public and private sector leaders came together for the Summit during that week, the message was clear: the United States is the best place in the world to do business.

President Biden delivered remarks during the Investment Summit stating the administration’s commitment to ensure that the United States remains the most attractive place in the world for businesses to invest and grow, thus creating U.S. jobs, strengthening supply chains across the country, and deepening our relationships with allies and partners. On the same day, he also announced the [Open Investment Policy](#), which reiterates this message and pledges to treat all investors fairly and equitably under the law.