



U.S. House of Representatives
Committee on Transportation and Infrastructure

Washington, DC 20515

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Ranking Democratic Member

April 12, 2005

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The Honorable David A. Sampson
Assistant Secretary of Commerce for Economic Development
U.S. Department of Commerce
14th and Constitution Avenue, NW
Washington, D.C. 20230

Dear Assistant Secretary Sampson:

I am astounded at your poorly conceived comments on PBS' *News Hour with Jim Lehrer*, on Thursday April 7th. I watched the program with increasing astonishment as you described the Bush Administration's Strengthening America's Communities Initiative (SACI) proposal to eliminate at least 18 community and economic development programs and create a new program within the Department of Commerce, with reduced economic development funding. You stated, "[t]he reality is, after a 30-year track record and hundreds of billions of dollars that have been pumped into these communities ... when you look at the program as a whole, the analysis simply shows that these programs have not produced measurable results."

Your statement that "these programs have not produced measurable results" is dead wrong with respect to the Economic Development Administration (EDA) and the Community Development Block Grant (CDBG) programs. Just two years ago, President Bush's own budget specifically examined the performance of EDA programs and stated: "The program scored well for program management and strategic planning, primarily because the agency has a longitudinal methodology in place for gauging economic development and has met or exceeded its targets." *President's Fiscal Year 2004 Budget, Performance and Management Assessment, page 34.*

In addition, EDA's demonstrated and documented success with meeting its long-term goals of private sector dollar invested and jobs created also directly contradicts your erroneous assessment of the agency's impact. The President's FY2004 Budget specifically concluded that "EDA exceeded long-term performance targets for 1997 and 1998 investments." *Id.* According to the President's Budget, in 1997, EDA's target for private sector dollar investment was \$116 million. The actual investment was \$199 million. In 1998, the target was \$130 million; the actual level of investment was \$971 million – more than **seven times** the target level of private sector investment. The number of jobs created or retained is equally impressive. In 1997, EDA's target for jobs created or retained was 5,040. The actual number of jobs created or retained was 12,056. In 1998, the target

The Honorable David A. Sampson
April 12, 2005
Page 2

was 5,400, and the actual number of jobs created or retained was 12,898 – more than double the target for job creation in each year.

Just seven months ago, the Department of Commerce issued a press release praising EDA for being awarded the prestigious Balanced Scorecard Hall of Fame Award. The press release highlights that EDA increased its private sector investment ratio by five-fold. This profile hardly supports your claim that “these programs have not produced measurable results.”

Given EDA’s remarkable history of success, I am, frankly, astonished at your comments. You know full well the effects of EDA’s extraordinary success in creating jobs in distressed areas throughout the United States and the resulting tax benefits to federal, state, and local governments. The multiplier effect that generates tax dollars for federal, state, and local tax bases is a well established effect associated with EDA programs.

Finally, you also know full well that EDA and CDBG are both grassroots, bottom-up programs whose success derives from local participation. That local participation, that devolution of authority is what the Bush Administration repeatedly claims as its objective.

How can you demean such successful initiatives when you know the opposite to be true?

I look forward to your reply.

Sincerely,



James L. Oberstar, M.C.
Ranking Democratic Member