WRITTEN STATEMENT FOR THE RECORD

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On behalf of the
National Association of Counties (NACo)

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Subcommittee on Housing, Transportation, and Community Development

"Building Economically Resilient Communities: Local and Regional Approaches"

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Thank you, Chairman Menendez, Ranking Member Moran and members of the Subcommittee for the opportunity to testify today on building economic resilient communities at the local level.

My name is Claire Collins and I am a County Supervisor in Bath County, VA. Today I am testifying on behalf of the National Association of Counties (NACo) which represents all 3,069 county governments in the United States.

About NACo

Founded in 1935, NACo assists America's counties in pursuing excellence in public service to produce healthy, vibrant, safe and resilient counties. NACo promotes sound public policies, fosters county solutions and innovation, promotes intergovernmental and public-private collaboration and provides-value added services to save counties and taxpayers money.

This past year, NACo and counties across the country have been working on the "Resilient Counties" initiative that was created to help counties bolster their ability to thrive amid ever-shifting physical, social and economic conditions—including unexpected events ranging from natural or man-made disasters, plant closures and declines in specific industries. Through this initiative, NACo has worked to strengthen county resiliency by building leadership capacity to identify and manage risk and enable counties to become more flexible, responsive and prepared.

I want to thank you, Chairman Menendez, Ranking Member Moran and members of this Subcommittee for recognizing the importance of strengthening the economic resiliency of our communities, and again, for allowing me to testify on behalf of NACo.

Today I will focus my remarks on the how counties, and especially rural counties, across the country have bolstered their ability to thrive amid ever-shifting physical, social and economic conditions and what more can be done at the federal level to support local economies.

Specifically, I will address three key issues:

1. **Rural counties play a key role in building economically resilient communities**

2. **Improving transportation systems, housing options and job opportunities is critical to enhancing local economic development and resiliency**

3. **Strengthening the federal-state-local partnership is critical to local economic resiliency**

Rural counties play a key role in building economically resilient communities.

First, Mr. Chairman, counties play a distinctive role in economic resiliency as stewards of their local communities and are an integral part our nation's intergovernmental system of federal, state and local governments.

Counties are responsible for supporting and maintaining key public infrastructure, transportation and economic development assets; creating and sustaining a skilled workforce to meet the needs of business; promoting public health and public safety to protect our citizens and implementing a broad portfolio of federal, state and local programs in a cost-effective and accountable manner.

Counties maintain safe roads, bridges, airports and transit systems and ensure that we have clean water and effective wastewater systems. They maintain our parks and recreation programs, libraries and recycling facilities. They also provide access to health care, especially for the uninsured and indigent, and serve as the community "safety net" for our children, elderly, disabled, mentally ill and other vulnerable populations.

At the leadership level, county elected officials are tasked with shaping county and community policies and investments that enable economic and community development and are instrumental in moving their communities forward by providing the business conditions, critical infrastructure and capital necessary for private industry to flourish. In an era where "doing more with less" has become the norm, counties must make certain that the investments made in building communities carry through the long-term.

My county, Bath County, is located in the Alleghany Mountains of Virginia with a population just over 4,600. Our rural county has actively engaged the local community to build an economy that is both strong and resilient. Although we face many challenges, we are focusing on improving our transportation systems, developing infrastructure, providing affordable housing opportunities, and building and sustaining a skilled workforce that can help our community be globally competitive.

For an example of how we are working to create the partnerships and environment needed for economic resilience, Bath County uses its convening powers to engage businesses as part of the Shenandoah Valley Partnership (SVP)—which includes the neighboring counties of Augusta, Highland, Page, Rockingham, Rockbridge and Shenandoah. SVP is not only a public-private-partnership, but is the one-stop economic development resource for businesses seeking expansion or location in Virginia's Shenandoah Valley. Through regional cooperation, this partnership between the public and private sectors brings together business, government, and education leaders to promote new investment, strengthen existing business and guide labor force development to ensure a healthy economic future for the region.

Other counties across the country are also utilizing strategic partnerships to build and strengthen their local economies. For example, the Region Five County Development Commission in rural central Minnesota developed a plan to create a community driven-university assisted partnership around a long-term vision for the region that will integrate housing, transportation, natural environment (land use) and economic development (including energy and local foods). The strategies they are developing through civic engagement will provide opportunities and improve the quality of life of all residents.

For homeownership, the five county region created Central Minnesota Housing Partnership's (CMHP) Home Stretch classes to educate residents about home buying, including potential down payment assistance or other programs to help homebuyers get into their home and/or receive funds for energy efficiency improvements. Through their Resilient Regional Transportation Plan, they are seeking to ensure that transportation projects are designed to serve the regions' mobility, land use and economic development needs in a safe manner. Other pieces of transportation system are to maintain and improve the existing road system, increase public transportation services in the region, and expand infrastructure serving pedestrians and bicyclists.

Collaboration and partnerships like these will enable rural communities to provide more opportunities for the businesses and citizens we serve.

Second Mr. Chairman, improving transportation systems, housing options and job opportunities is critical to enhancing local economic development and resiliency.

Counties across the country are also responsible for building and maintaining 45 percent of the public roads, 230,690 bridges and are involved in a third of the nation's transit and airport systems that connect residents, businesses and communities.

Federal and state highway funding for county transportation projects is increasingly not meeting local needs. Based on Federal Highway Administration (FHA) data, the share of federal and state funding to local governments for highways decreased by 10 percent between 1998-2011. The latest federal surface transportation law (MAP-21) further skewed the allocation of funds away from local governments. While local governments own 43 percent of the federal-aid highways system, local areas receive a suballocation that is equal to 16 percent of the MAP-21 National Highway Performance Program (NHPP) and the Surface Transportation Program (STP) funding for federal-aid highways. A combination of federal budget cuts, the effect of the recession on state and local governments are contributing to a widening gap in transportation funding available to counties.

Further, counties—and especially rural counties—face the dilemma of rising costs of infrastructure projects and limitations on their ability to generate revenue. The cost of construction and materials increased by 44 percent between 2000-2013, more than the 35 percent rise in the overall rate of inflation. At the same time, most states limit counties' ability to raise revenue. Forty-three (43) states have some type of limitation on the property taxes collected by counties, including 38 states that impose statutory limitations on property tax rate, property tax assessments, or both. Only 12 states authorize counties to collect their own local gas taxes, which are limited to a maximum rate in most cases and often involve additional approvals for implementation.

Despite these challenges, counties across the nation invest $25 billion annually in economic development efforts. They spend $106 billion annually to build, maintain and operate roads, bridges, transit, water systems and other public facilities.

Through such investments in infrastructure, counties have facilitated private sector growth and accelerated economic development.

NACo has also found that counties can facilitate economic growth by leveraging transportation and infrastructure assets to forge private sector partnerships and attract new businesses.

For example, Rutherford County, NC (with a population of 67,300) used the decline of the local manufacturing sector as an opportunity to diversify and strengthen its economic base. They did this by treating existing infrastructure assets, such as vacant industrial buildings, a robust electric power and water network, and broadband expansion, as marketing tools to attract data centers to the county. In 2010, Rutherford County successfully recruited Facebook to invest over $900 million in two new data centers. Because data centers require access to a massive and reliable energy source along with a supply of water to serve as a coolant, county leaders were able to make the case that locating to Rutherford County was the most affordable option for Facebook.

Another example of a smaller rural county utilizing existing infrastructure assets to create economic development under challenging circumstances at the federal level is Brookings County, South Dakota. Brookings County developed an innovative public-private partnership to help realize a county-wide economic development vision that targeted investments to support growth industries. Brookings County has a population of just over 32,000, and has experienced a 20 percent population growth in the past ten years. The county has utilized its many existing amenities to support successful business development and entrepreneurship, including its location along a major transportation corridor in eastern South Dakota and its vicinity to South Dakota State University. In fact, the Vision Brookings Coalition, a partnership with Brookings Economic Development Commission, the area Chamber of Commerce and Downtown Brookings, Inc., raised $4.1 million in five years to support projects like the construction of the South Dakota State University Innovation Campus. That particular site has walking, jogging and bike trails, and is accessible via public transportation. An analysis shows that the short-term impacts of these investments included over 1500 net new jobs created from 2006-2009, 25 new retail establishments, and the construction of over 700 housing units.

Planning for economically resilient communities is by its nature a regional effort. Counties are unique in that they are at their core a regional form of government, especially in rural America. Whether acting individually, with neighboring jurisdictions or through regional councils, counties have the primary role in land-use planning and economic development decisions that impact and determine the growth, development and livability of communities.

Third Mr. Chairman, strengthening the federal-state-local partnership is critical to local economic resiliency.

Over the past half-century, state and local governments have increasingly borne the cost of infrastructure and public improvements. According to the Congressional Budget Office, about 75 percent of public funding for transportation and water infrastructure alone is supplied by state and local governments. It goes without saying that the increased economic burden taken on by state and local governments decreases their economic resiliency as they strain to meet the many needs of their residents.

The growing burden taken on by our local and state governments is especially problematic for our nation's rural communities, which are facing enormous pressure from global competitors. Our rural regions have the capability and drive to compete and take advantage of new opportunities, and it is therefore imperative that the federal government have the policies, program tools and flexibility to assist rural communities and regions with cutting-edge, asset-based regional innovation strategies and investments.

To be successful in the modern economy, rural entrepreneurs and communities must be connected to global and domestic markets—digitally, institutionally, and physically. This requires a new level of sophistication and capacity within our rural regions and within our federal agency partners. It will also mean improving federal interagency collaboration, fostering stronger public-private-nonprofit partnerships, preparing our rural workforce for new challenges and developing more modern infrastructure and community facilities.

The importance of federal partnerships with state and local governments is demonstrated through the positive results of existing examples of such partnerships.

In Bath County, we are partnering with the federal government to develop and expand broadband accessibility for our local community. Through a grant from the U.S. Department of Housing and Urban Development's Community Development Block Grant program, we are working to address our region's broadband needs and are in the process of determining whether to build our own system or partner with the private sector to expand broadband accessibility. Through the planning grant, our counties recognize the economic value of expanding broadband and how it is critical to maintaining a skilled workforce, attracting and expanding businesses, and ensuring the overall competitiveness of our region.

Bath County also relies on federal partnerships to address our communities' pressing housing needs. With limited and dilapidated housing for our existing workforce and low to moderate income individuals, two Community Development Block Grants were awarded to rehabilitate and reconstruct homes and improve infrastructure, drainage and roads in two neighborhoods. One of these grant funded projects, Pinehurst Heights Community Improvement Project is near completion and the second project, the Thomastown Community Improvement Project, is just beginning. The Thomastown project will benefit at least 60 residents, of which 33 will be low to moderate income (LMI) residents. This project will stabilize the neighborhood, preserve existing housing stock and improve the overall environment and living conditions of the Thomastown area.

These are just some of the examples of effective partnerships between federal and local governments that provide much-needed assistance to local communities in their efforts to provide needed services to their residents. Continuing, expanding and strengthening these partnerships is imperative to increasing local economic resiliency across our nation.

Conclusion

In conclusion, Mr. Chairman, counties have a unique role in economic development and building resilient communities—specifically as partners with other levels of government, the private sector and nonprofits. The main reason counties engage in economic development and resiliency initiatives is to improve the well-being of their communities and the people they serve.

Counties of all sizes across the country are problem-solvers, able to adjust their initiatives and programs to match local assets and needs, and have a distinct ability to mobilize and coordinate resources for economic development. Local economic development challenges often require a regional solution and counties are best positioned to serve as conveners for such initiatives due to the legitimacy and accountability they have as formal governments covering both incorporated and unincorporated areas in a region. This enables us to exercise leadership in collaboration with both local public and private entities to address common economic resiliency challenges.

Counties understand that strategic planning with partners at the federal, state and local levels is necessary to build strong economies and to make their communities more resilient to unexpected events ranging from natural disasters to plant closures and long-term declines in specific industries. As both global and local challenges arise, counties are poised to lead, convene and participate in economic development efforts.

Thank you again, Mr. Chairman and members of the Subcommittee, for the opportunity to appear before you today. We appreciate your interest in exploring new opportunities to build economically resilient communities at the local level.

We look forward to continuing the dialogue with you. I would be pleased to answer any questions.