

Ohio's Appalachian Local Development Districts
Written Testimony of Executive Directors

House Finance Committee

March 26, 2015

Chairman Smith, Vice-Chair Schuring, and Ranking Member Driehaus, on behalf of the Executive Directors of Ohio's Local Development Districts, we are pleased to present written testimony on House Bill 64.

The four local development districts in Ohio – Buckeye Hills-Hocking Valley Regional Development District, the Ohio Valley Regional Development Commission, the Ohio Mid-Eastern Governments Association, and the Eastgate Regional Council of Governments – are part of the Appalachian Regional Commission (“ARC”), a federal-state partnership that works with the people of Appalachia to create opportunities for economic development and improved quality of life. We work closely with the Governor's office of Appalachia, the Office of Community Development in the Development Services Agency, and the Appalachian Regional Commission.

Our Boards are made up of local elected officials at every level of government and private, engaged individuals and business representatives. The LDDs work within their local communities to identify, prioritize and fund community projects that build out infrastructure, improve technology and spur economic development in the region. We are on the ground, meeting with businesses and local governments to determine projects that provide the largest return on investment for the region. We then help see those projects to completion through advice, guidance, grant administration, revolving loan dollars or direct funding.

With funding through the federal government and the Ohio Governor's Office of Appalachia, we administer projects to meet the following goals:

- (1) Increase job opportunities and per capita income in Appalachia to reach parity with the nation;
- (2) Strengthen the capacity of people in Appalachia to compete in the global economy;
- (3) Develop and improve Appalachia's infrastructure to make the Region economically competitive; and
- (4) Build the Appalachian Development Highway System to reduce Appalachia's isolation

We meet these goals by working with our local community partners to identify projects, secure funding from various sources, and serve as grant administrators through completion of these projects. In addition, we provide direct, last-mile funding for important projects through state and federal money administered through the LDDs. In addition to the funding we receive through the State Operating Budget, the LDDs also utilize local dues paid by county and city members to fund projects.

In 2014, Ohio's LDDs worked on 63 projects with a total cost of over \$72 million dollars. We created 750 jobs and helped retain over 2,000 jobs.

Each LDD uses a very precise and very transparent process for reviewing, scoring and recommending projects for funding. LDD staff take in over 100 applications every year across the entire region for general project funding, rapid response grants, and community investment dollars. We score and rank each application and advance those worthy projects - that fit within our budget - to the Governor's Office of Appalachia for approval. Following the GOA's approval, the projects have historically been sent to the Development Services Agency for compliance review and final technical signoff.

Included with our testimony, please find a copy of Ohio's Appalachian Regional Commission Local Development District 2014 Impact Report, which contains information about the projects we helped to fund last year.

Sadly, for all the good work we do, many worthy projects go unfunded. By way of example, last year alone, Buckeye Hills funded seven projects averaging \$200,000 each. But, another 17 well-developed and highly-qualified applications went unfunded due to a lack of resources. In this time of unprecedented growth in the region, we are excited to be a part of making the region stronger. We believe with greater resources and a more defined, streamlined process, we can make an even greater impact.

The LDDs receive state funding through the Operating Budget, under the Development Services Agency. In House Bill 64, the Governor has proposed combining several line items – including what was previously a separate line item for the Local Development Districts – into a single unified line item – GRF 195455 “Appalachia Assistance.” We would ask the committee to ensure that the total appropriation to this line item (or multiple line items, if necessary) is sufficient to ensure the continued funding of economic development projects and meet growing demand in the Appalachian region. To that end, we will be requesting additional project and operational funding. These dollars will pay for direct project funding as well as some of the growing administrative costs to the LDDs. All the money will be utilized to benefit the region, directly, and increase the LDDs' impact for continued growth.

In addition, we will be requesting uncodified language to clarify the relationship between the LDDs and the Development Services Agency in the selection and prioritization of projects. The LDDs work very closely with our communities and are the “boots on the ground” entities best able to engage in conversations with community organizations and leaders to identify the most critical and impactful projects for this region. With limited funding, it is critical that the process for review, approval, and distribution of funds is clear, efficient, and effective. We understand and appreciate the need for oversight, and hope to clarify the role of DSA to ensure that the requirements for funding are met, while allowing prioritization of projects to come from the community.

Local Development Districts provide a critical last step to funding many projects in the Appalachian region. We are proud of the work we do with our local partners and the improvements we have made in the region. With continued support from the Ohio General Assembly, we will be able to continue this good work towards economic growth.

Sincerely,

John Hemmings,
Ohio Valley Regional Development
Commission

Misty Casto,
Buckeye Hills-Hocking Valley Regional
Development District

Greg DiDonato,
Ohio Mid-Eastern Governments Association

John Getchey,
Eastgate Regional Council of Governments