

CDBG
Testimony of T.J. Justice, Director of the Ohio Governor's Office of Appalachia
March 25, 2006

Good morning, my name is T.J. Justice and I am Director of the Governor's Office of Appalachia here in Ohio. I would like to thank Congressman Bob Ney for holding this forum in Logan and giving me and others the opportunity to speak today. As Director of the Governor's Office of Appalachia, I know firsthand the benefits that Community Development Block Grant (CDBG) funds bring to the communities of Appalachian Ohio. I also know the crushing impact that the proposed cuts of this funding would bring.

My office works with the many small towns and cities in the 29 Appalachian counties of Ohio aiding in community and economic development projects. Like CDBG, the office I represent also provides grant funding for projects in the region. CDBG funding is frequently a partner with our office, the Appalachian Regional Commission, the Ohio Public Works Commission, and many others that allow major capital improvement projects in our rural, Appalachian communities to move forward. Our small towns do not have sufficient operating dollars that would otherwise allow for reinvestment in public infrastructure resulting in job growth.

In just the last three years 2,568 jobs were created and 1,290 more

jobs were retained as a result of 71 Economic Development Program grants and 16 Microenterprise Business Development Program grants, which were funded with CDBG Program funds. This is a calculated, measureable return on investment by the federal government that is replicated not just here in Ohio but across the country. However, the proposed 10 percent reduction of CDBG funds for FY 2006, the State of Ohio anticipates that, at a minimum 86 less jobs will be created, 43 less jobs will be retained and \$13.3 million dollars will not be leveraged. In FY 2007, with a 25% reduction, another 192 jobs will not be created, 97 jobs will not be retained and \$29.3 million will not be leveraged. These numbers may not mean much to you, but these jobs can make or break the struggling economies of small towns in Appalachian Ohio. One job in rural, Appalachian Ohio may well be the equivalent to 500 jobs in Cincinnati, Columbus, Cleveland, Indianapolis or other metropolitan areas.

Aside from job creation, the CDBG program provides necessary funding for improving the infrastructure of smaller communities, helping their economies grow and making the lives of citizens better. For example, 1.2 million linear feet of street improvements, 389,588 linear feet of curbs and sidewalks and 3.1 million linear feet of water and sewer lines were installed or improved during the last three years. In many instances, the

CDBG Program funds were the “gap” financing that enabled the projects to be completed.

When we look at what the proposed reductions in CDBG funds would do - the figures are alarming. The FY 2006 10% reduction would decrease infrastructure improvements and installations in Ohio’s smaller communities as follows:

- 1 40,000 linear feet of street improvements will not be improved/installed
- 2 12,986 linear feet of curbs and sidewalks will not be improved/installed
- 3 103,333 linear feet of water and sewer lines will not be installed or improved

The proposed FY 2007 25% reduction will further decrease infrastructure improvements/installations in Ohio’s smaller communities as follows:

- 1 90,000 linear feet of street improvements will not be improved/installed
- 2 29,219 linear feet of curbs and sidewalks will not be improved/installed
- 3 232,500 linear feet of water and sewer lines will not be installed/improved

The 2002 Le-Ax waterline extension project is a perfect example of CDBG funds being used to benefit the residents of the Appalachian region. The \$600,000 in CDBG funds made it possible for 353 households to have safe

and reliable water in Vinton, Athens, Meigs and Hocking counties. In my 12 years of economic development practice during two gubernatorial administrations, I can think of no other federal program that is as powerful and effective (like the ARC) than CDBG - I urge the United States Congress to restore funding allowing our communities to continue to grow and be competitive. In closing, I do want to applaud President Bush for his proposed level funding of \$66 million for the Appalachian Regional Commission which also provides monumental economic impacts here in Ohio. I'm hopeful the Bush administration and Congress equally recognize the importance of the Community Development Block Program while maintaining its successful protection of our great country which it has accomplished since our worst day of tragedy on September 11, 2001. Thank you.