



EDA CARES Act Best Practices Report

Development District Association of Appalachia

December 16, 2020

Background

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is a \$2.2 trillion economic stimulus bill passed by the 116th U.S. Congress and signed into law by President Donald Trump on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. For more information about the EDA CARES Act Funding, click here:

<https://www.eda.gov/coronavirus/>.

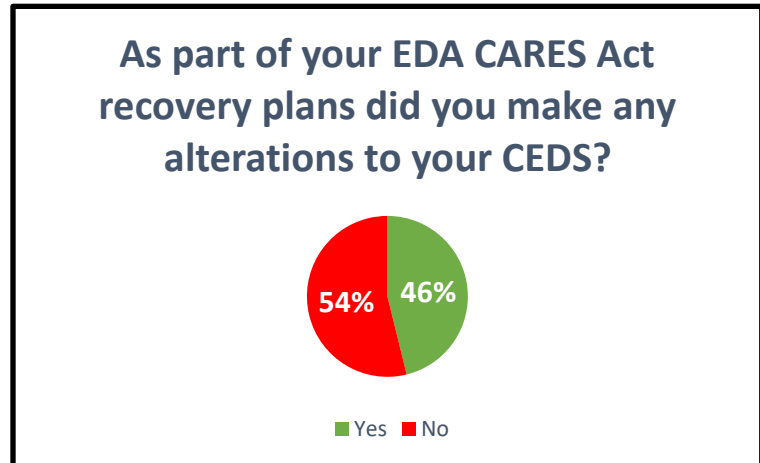
The Development District Association of Appalachia recognized the challenges local development districts face in integrating these funds into their regular work program in a timely fashion to maximize community impact. The Board of Directors requested DDAA to gather insights from LDDs about the use EDA CARES Act funding and consolidate information about ideas for potential ways to reprogram those funds to meet critical needs in the coming months.

On November 5, 2020, DDAA held a virtual town hall event for 20 staff leaders from local development districts located in Alabama, Georgia, Kentucky, North Carolina, Ohio, South Carolina, Tennessee, Virginia, and West Virginia. DDAA structured the discussion around a series of survey questions shared with attendees prior to the session. The goal of the town hall was to encourage peers to identify best practices and share experiences on topics of interest. DDAA followed up the town hall with interviews of several LDD staff to learn more about their activities, interests, and challenges. This report shares DDAA's findings. Synthesizing the results was challenging because many LDDs were still in the process of developing their plans or saw their preliminary plan as a work in progress. This report seeks to summarize experiences to date and inform LDDs moving forward about their peer's efforts.

Survey and Interview Findings

Question 1: As part of your EDA CARES Act recovery plans did you make any alterations to your CEDS?

Most LDDs are expecting to integrate their recovery plans into their existing CEDS. Even so, about 46 percent said they were planning to alter their CEDS to incorporate their EDA CARES Act recovery plans. Furthermore, some indicated that they had not made a change, but they expect they might do so.

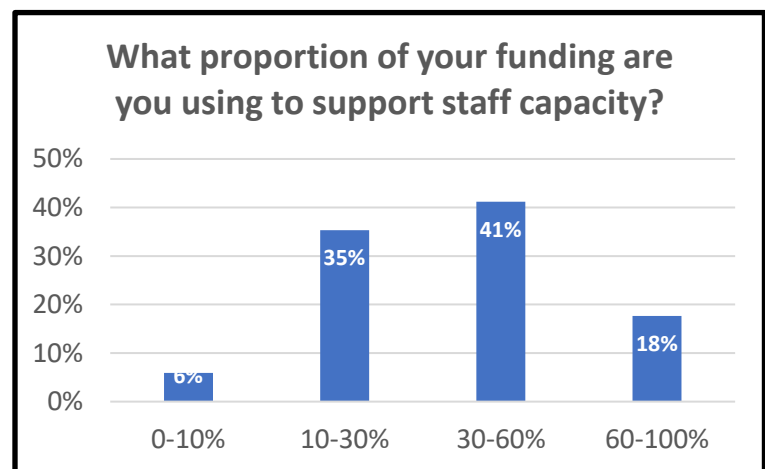


When asked whether their workplan for EDA CARES Act funding had been

approved, most participants responded affirmatively. During discussion, two participants explained that they were in the process of making final changes to their CARES Act workplans, and they anticipated they would be approved by the EDA shortly. LDDs were relying on a broad definition of recovery to ensure that their project activities were eligible with EDA.

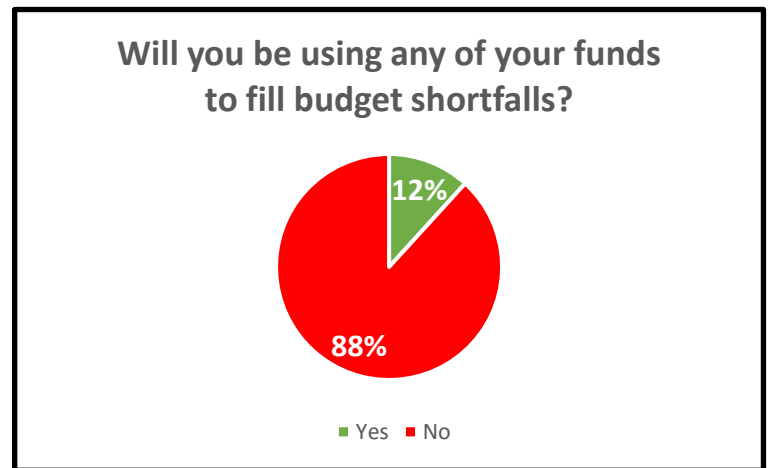
Question 2: What proportion of your funding are you using to support staff capacity?

A significant share of the funding is expected to go to support direct costs other than staff. When respondents were asked what proportion of their EDA CARES Act funding was being used to support staff capacity, the most popular response was 30-60% (7 respondents) followed closely by 10-30% (6 respondents). During discussion, two respondents indicated that their offices had used the funds to hire additional staff, while another said they had used a portion of the funds to hire consultants to support regional initiatives. One LDD is hiring a new staff using the funding and then building in their salary into other current programs.



Question 3: Will you be using any of your funds to fill budget shortfalls?

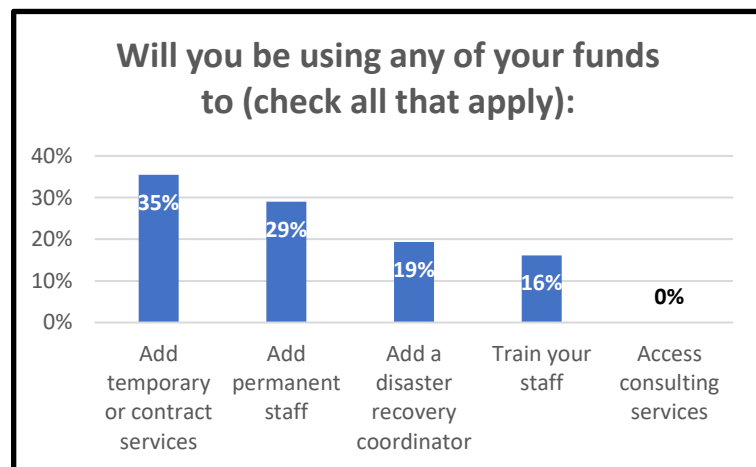
When respondents were asked if they planned to use their EDA CARES Act funds to fill budget shortfalls, the vast majority (15 respondents) indicated that they did not. During discussion, one respondent that the funding had provided their office an extra degree of financial stability. They considered the funds as 'bridge financing' while they awaited other resources to come online. Regions are experiencing divergent budget situations. For some, CARES Act funding is serving as a lifeline during severe budget shortfalls across multiple programs. For others, executive directors need to be creative in using funding due to their strong financial position. This has forced LDD leadership to think carefully about how to use their funding, recognizing that their organization might currently be at capacity or limited by eligible types of spending.



Question 4: Will you be using any of your funds to (check all that apply):

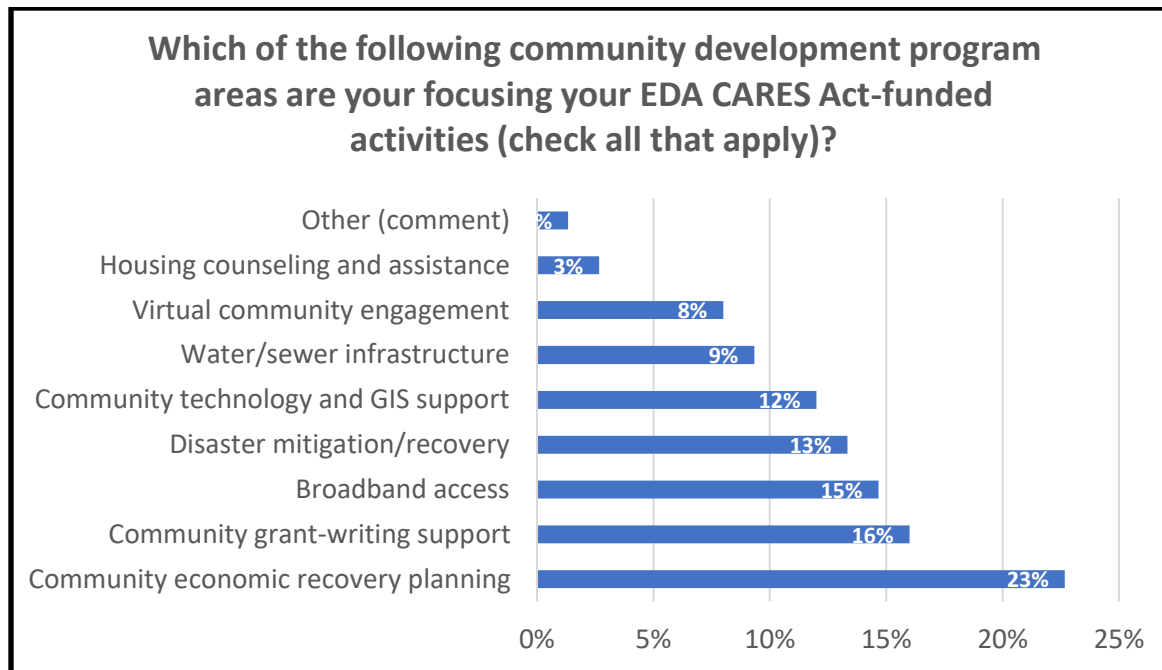
The EDA CARES Act funding has enabled LDDs to contract out activities that are causing bandwidth issues but might otherwise have had to be done in-house. These activities can move forward faster with the external help.

When asked to specify what types of activities they planned on funding with CARES Act funds, a plurality of respondents indicated they would be adding temporary or contract services. When asked to expound, three respondents said they had plans to hire an economic recovery consultant, while two others had contracted services to conduct studies: a COVID-19 economic impact study and a regional broadband feasibility study.



Many LDDs are using their funding to hire consultants to help with updating their CEDS or to conduct research advising on economic recovery strategies. However, it can be difficult to determine what to include in an RFP, especially in a time of uncertainty and without precedent to guide decision-making. One region is hiring a consultant to develop a recovery “playbook”, leveraging insights from economic development associations within their region to document best practices for different business types and sectors.

Question 5: Which of the following community development program areas are your focusing your EDA CARES Act-funded activities (check all that apply)?

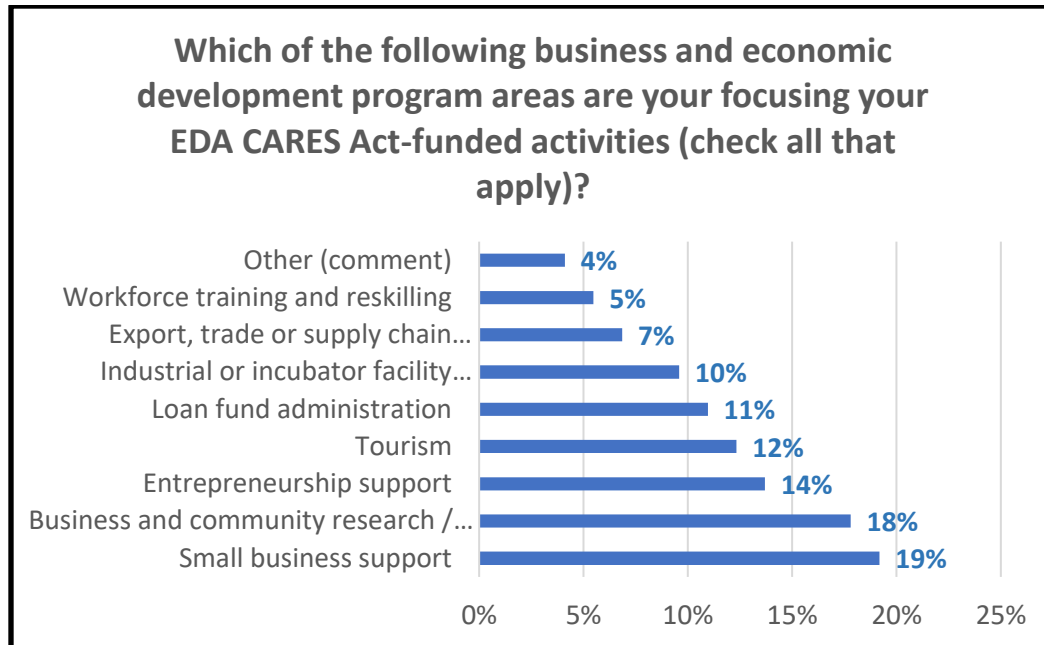


Nearly a quarter of all respondents selected "Community economic recovery planning" as the primary activity they had focused their CARES funding towards. The respondent that selected "Other" explained that it had not yet determined where additional funding would be focused. During discussion, one participant noted that the demand for water/sewer infrastructure projects was high in his region because departments with outstanding maintenance projects were trying to secure CARES Act funding to complete them.

Some LDDs are providing direct technical assistance to local governments for economic recovery – helping with accounting, reimbursements, and managing state program funds. This state funding is being used to cover salaries for public safety and public health personnel. It is important to have a strong understanding of the eligible uses for program funds and to maximize use of those funds accordingly, otherwise it will be difficult to make the case for additional funding in times of need. The EDA funding also reiterates the importance of close regional collaboration among local governments and LDDs when writing CEDS, as without buy-in from both parties and a shared understanding, it is difficult to execute the various components of the CEDS.

Some regions are using funding for broadband, including needs assessments with online surveys for internet speed tests. Once a clear case can be made for these broadband projects, other funding such as ARC or EDA funding can cover implementation projects. Broadband can support a variety of community and economic benefits, from telehealth and education to online shopping and telework.

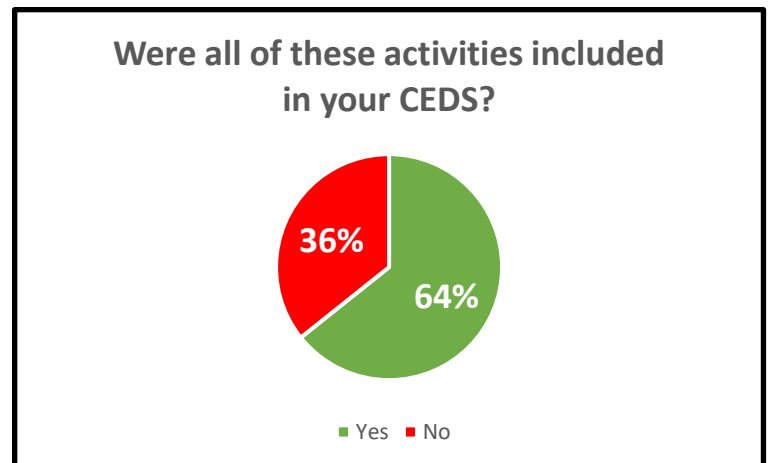
Question 6: Which of the following business and economic development program areas are you focusing your EDA CARES Act-funded activities (check all that apply)?



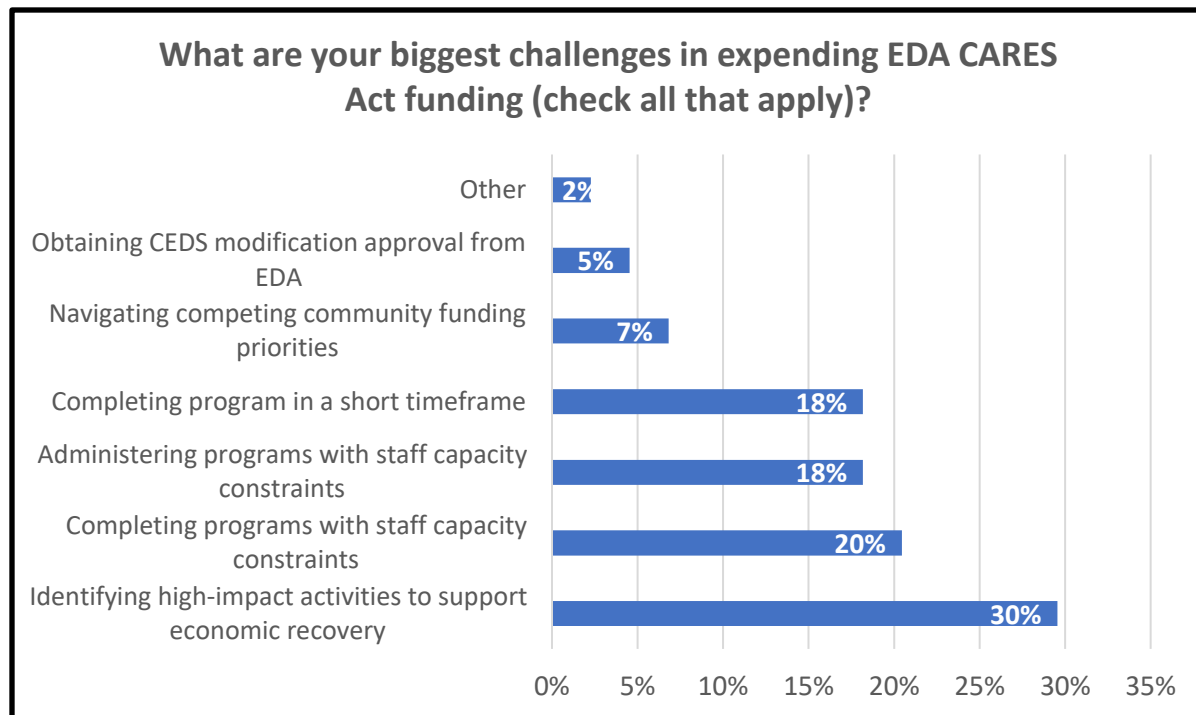
When asked to select which business and economic development program areas they were focusing their EDA CARES Act funds towards, the two most popular responses were 'Small business support' (14 responses) and 'Business and community research/data collection' (13 responses). Support for small business, according to one respondent, represented ensuring that small businesses were taking advantage of all the support programs available to them. Four participants said they were supporting business and community research by focusing on collecting more granular data about their communities to get a sense of how the pandemic had impacted their regions. Of the three participants that had selected 'Other,' one explained that they were using some of their funds to conduct health/safety and other specialized training.

Question 7: Were all these activities included in your CEDS?

A majority of respondents indicated that their EDA CARES ACT activities were included in their CEDS. One participant said that traditionally they design their CEDS to be as general and comprehensive as possible to maximize funding flexibility. Regions had to get approval from EDA for their Grant Administration Plans, and a lack of understanding of EDA rules delayed several projects. This does not change the content of a potential RFP, but it can affect the dollar amount allocated to various programs.



Question 8: What are your biggest challenges in expending EDA CARES Act funding (check all that apply)?



One third of the participants stated that 'Identifying high-impact activities to support economic recovery' is their greatest challenge in expending CARES Act funding. During discussion, participants said that the challenge was not only identifying high-impact recovery activities but finding those that were both high-impact and within budget. Respondents also indicated that they did not see the two-year time limit to obligate the funds as a challenge.

For some regions, CEDS are not used as frequently as they could be either because their format is inaccessible or because their content is not relevant to regional leaders. To ensure the usefulness of their upcoming CEDS, one region is developing a story map format using a software platform for ease of use and is working to build a more thorough and fleshed-out plan. In addition, this would require a new SWOT analysis and public outreach led by a consultant to develop a better understanding of regional needs. It also includes integrating recovery-related concepts from the EDA CARES Act into CEDS to enable additional recovery activities.

Data is key to understanding local conditions and making good decisions in responding to economic and public health challenges. In addition, quality data helps to demonstrate local need to potential funders and to evaluate program effectiveness. LDDs face several challenges in identifying quality data. For example, lags in data such as wages and employment by industry is always a year or two behind – real-time data would be much more helpful. In addition, a high margin of error for rural counties limits the accuracy of economic indicators. To address these data shortfalls, it can be helpful to build relationships with chambers of commerce and economic development commissions to get on-the-ground information.

Regions are using a variety of metrics in assessing impact. Some of the best examples focus on:

- Unemployment totals
- Food shortages
- Number of businesses closed
- Distance to interstate
- Sales tax revenue

One region is working on a “vulnerability index” to find specific data related to how COVID impacted their areas. They are considering creating a type of dashboard at the municipal level, including using maps to show which areas were hit the hardest by COVID and which areas would be the most in trouble during successive waves of cases.

GIS mapping could present and connect granular data to a wide variety of activities. This allows regions to monitor impacts of major events more effectively on a region, from COVID-19 to flooding. Further, software like ESRI can help with workflow and staff monitoring or facilitating public communication participation with LDDs. One region was able to fund a seven-year enterprise agreement with ESRI on behalf of regional governments to support GIS. This significantly reduced the pricing for area municipalities. This type of regional collaboration was a common theme among participants.

Conclusion

The EDA CARES Act funding for local development districts has provided a lifeline to communities across the country. It has also presented several challenges to regions as they work to simultaneously manage current programs and identify new ways to spend funds and support economic recovery. While there is no silver bullet that will apply to any community, DDAA has found a few commonalities across the region. LDDs have recognized that data is vital across the board, from determine the scope of the problem and communicating that to funders, to program management and evaluation. In addition, regional collaboration is important, from sharing vendors to save costs to deploying rural broadband. LDDs will do well to continue to talk to each other to learn what they are doing moving forward – the community of LDDs at DDAA are a resource that can provide continued benefit.