



March 27, 2023

Susan Brehm, Regional Director  
Economic Development Administration  
U.S. Department of Commerce  
1401 Constitution Ave NW  
Washington, DC 20230

RE: Implementation of the Distressed Area Recompete Pilot Program (2023-03732)

Dear Director Brehm:

The Local Initiatives Support Corporation (LISC) thanks the Economic Development Administration (EDA) for the opportunity to provide comments on the planning and design of the [Distressed Area Recompete Pilot Program](#) (Recompete Pilot). The implementation of the Recompete Pilot offers a unique opportunity to support inclusive economic growth within areas experiencing persistent economic distress and promote long-term job growth as authorized by the [CHIPS and Science Act of 2022](#). LISC appreciates the EDA's ongoing efforts to promote comprehensive approaches to economic and workforce development and encourages continued engagement with stakeholders as rules are finalized to guide the use of the \$200 million in appropriated funding.

### **Background on LISC**

LISC is a nonprofit housing and community organization and certified Community Development Financial Institution (CDFI) with offices in 38 cities nationwide and a rural network encompassing 140 partners serving 49 states and Puerto Rico. LISC's work supports a wide range of activities, including affordable housing, economic development, building family wealth and incomes, education, community safety, and community health. LISC mobilizes corporate, government, and philanthropic support to provide local community development and business development organizations with loans, grants, equity investments, capacity building, and technical assistance.

LISC supports economic and workforce development in underserved communities in urban and rural areas by helping equip local communities with the resources they need to expand access to opportunity. As one of the nation's largest intermediary organizations and CDFIs, we partner with local grassroots groups, community-based organizations, financial institutions, and government agencies to implement programs and projects that leave a positive long-term impact. Our inclusive framework enhances the ability of people, places, and businesses to achieve shared prosperity. LISC also supports the development of more extensive coordinated assistance networks for workers and enterprises through our Financial Opportunity Centers, Bridges to Career Opportunities, and Business Development Organizations that operate on the ground within economically distressed communities.

## Specific Comments

We are pleased to offer comments in response to the [Federal Register Notice](#). With four decades of experience investing in communities' social and economic infrastructure, LISC recognizes the promise of the Recompete Pilot Program to help alleviate persistent economic distress and support long-term comprehensive economic development and job creation in areas of need.

Implemented strategically, we believe the Recompete Pilot program will help direct resources to distressed communities to increase employment opportunities and better connect workers to high-quality jobs supporting inclusive, long-term economic growth. By significantly increasing the resources available to advance comprehensive approaches and interventions that address high prime-age employment gaps – the difference between the national 5-year average prime-age employment rate and that of the eligible areas - EDA has the opportunity to strengthen our workforce and entrepreneurship opportunities while building more resilient communities.

### *Increasing Stakeholder Capacity*

Obstacles to achieving shared economic prosperity are rooted in structural inequities that inhibit community capacity and often perpetuate long-term economic distress. While we believe that the Recompete Pilot can help close these gaps, LISC also encourages the EDA to consider policies and targeted investments that increase the number of stakeholders actively engaged in economic development initiatives. **Specifically, we recommend adopting policies incentivizing larger public and private institutions to partner with community-based organizations working within historically disinvested and disconnected communities to bolster their capacity to support workforce and economic development efforts.**

EDA can do more to encourage more intentional partnerships between public and private institutions and community-based organizations that benefit underserved communities and individuals. **LISC encourages the EDA to prioritize planning, broad engagement, and technical assistance alongside the deployment of Recompete Pilot resources to ensure sustainable investments.** As outlined above, we believe this requires capacity building to be a foundational component of the program and key to equipping historically underinvested groups with the organizational capacity to collaborate with institutional partners at the state, regional, and local levels to promote inclusive long-term job growth.

By investing in the capacity of community-based organizations, the EDA can foster equitable access to these new resources and build authentic community and employer partnerships that promote economic mobility through. **EDA could undertake this by bolstering the ability of trusted nonprofit intermediaries that engage established institutional players and community-based organizations to implement projects that meet the needs of workers, employers, and local communities in areas experiencing resource and capacity constraints.** This approach would strengthen and scale the local systems that connect communities and individuals by building more robust and sustainable networks of groups while driving impact for communities involved in the Recompete Pilot.

### *Supporting Inclusive Economic Development*

The COVID-19 pandemic disproportionately impacted historically underserved communities and heightened the longstanding economic development challenges, particularly within our nation's most

rural and isolated areas, many of which are persistent poverty counties. LISC understands that inclusive economies are made up of people with living wage jobs who feel confident about their economic futures through increased savings and assets. Therefore, **we encourage EDA to consider how the Recompete Pilot interventions can support community-based efforts that simultaneously build local organizational capacity and connects individuals with the resources and training necessary to access high-quality work and support entrepreneurship.**

LISC currently supports these outcomes through an inclusive economic development framework that enhances the ability of people, places, and businesses to achieve shared prosperity and offers EDA the following examples of our models for consideration. This work includes a number of focused programs and initiatives, including (i) our financial stability programs; (ii) our small business support programs; and (iii) our early childcare initiatives.

LISC's financial stability initiatives include a national network of over 130 Financial Opportunity Center®(FOC) partners operating in 30 cities and rural areas across the country. LISC provides resources, technical assistance, and curriculum development to the members of our FOC network to support the [integrated provision](#) of employment and career services, financial coaching and education, benefits counseling, and low-cost financial products that build credit, savings, and assets of low-moderate income families. Innovation in the FOC model led LISC to develop the [Bridges to Career Opportunities](#) (Bridges) initiative. Bridges provide contextualized literacy and numeracy training, connects clients to "middle skills" jobs with a career pathway, and helps local employers staff up with employees who can get the job done. This integrated delivery approach has proven to help people stay motivated and improve their economic prospects: [studies show](#) that FOC and Bridges clients have better job retention with growth opportunities, develop sound financial habits, and build credit.

LISC supports job growth and wealth development within underserved communities by helping equip local businesses with the resources they need to grow, both by providing small business loans, and also by providing financial support to a network of over 170 [Business Development Organizations](#) (BDOs) that provide access to capital, coaching, and place-based assistance for small businesses. We strategically support businesses in low- and moderate-income communities, as well as businesses owned by veterans, women, and minority entrepreneurs. This network includes connections to trained employees and business districts where the business can thrive. By closing long-standing access to capital gaps and technical expertise, [LISC is strengthening small businesses](#) within historically disinvested communities to foster wealth creation and increase employment opportunities.

LISC also invests significantly in early childcare initiatives, including financing childcare facilities and building the capacity of home-based childcare providers, often owned by women of color. Communities nationwide have limited access to quality child care, with historically disinvested communities of color and rural areas disproportionately affected. **LISC encourages EDA to consider leveraging the Recompete Pilot to expand equitable access to quality child care and early learning.**

#### *Expanding Resources for Rural Communities*

While rural communities contain almost 20 percent of the country's population, many face challenges tied to job loss, limited access to financial services, substandard housing stock, and a lack of infrastructure investment, including investments needed to expand rural access to broadband. These factors hinder the growth of rural economies and contribute to population loss, higher poverty rates,

and basic capacity needs that lessen workforce opportunities. **LISC agrees with the comments provided by the [10,000 Communities Initiative](#) and urges EDA to prioritize funding to the most underserved and undercapitalized communities, most of which fall within rural or non-metro areas. We also urge EDA to provide high-quality technical assistance to eligible rural communities at the application stage and consider the development of a rural Recompete Pilot cohort as outlined by the Reimagining Rural Assistance Network.**

To better support rural communities, EDA should ensure a broad geographic distribution of Recompete Pilot resources and consider how it can be more responsive to the types of businesses that tend to operate in rural communities. While companies within rural areas are incredibly varied, similar to urban markets, there are distinct sectors primarily housed in rural communities, including agriculture and mining industries. These industries contribute significantly to local rural economies and regional employment. But increasingly, other sectors are becoming a large part of the rural economy, including professional and technical services, tourism and hospitality, manufacturing, health care, retail, logistics, and warehousing. **EDA could advance an inclusive economic development framework by focusing on these growing sectors and leveraging Recompete Pilot resources to promote equitable access to capital and technical assistance for rural small businesses.**

#### *Fostering Entrepreneurship*

LISC appreciates the EDA's attention to community assets that support economic development and entrepreneurship within localities and regions. Small businesses in economically distressed communities require place-based supportive services tailored to their unique needs. The pandemic hit these businesses particularly hard and exacerbated long-standing patterns of disinvestment within commercial corridors, stifling efforts to revitalize these once-vibrant economic hubs and public spaces in rural and urban communities. High-quality technical assistance and wrap-around services have a demonstrated ability to foster more equitable access to capital, increase procurement opportunities, and promote manufacturing within local communities. **LISC encourages EDA to consider how flexible resources for nonprofit organizations to meet the varied needs of existing small businesses and aspiring entrepreneurs, as allowed for by the authorizing legislation, would stimulate economic activity as part of collaborative approaches.**

Main Street programs and business district organizations (BDOs) have played an outsized role in developing economies for decades, bolstering small businesses' resiliency to economic crises by supporting inclusive economic growth and local economic development ecosystems. Yet, no federal programs are focused on providing BDO funding and capacity-building support to foster the revitalization of these economic assets. **We urge EDA to consider how the Recompete Pilot can meet the long-standing need for additional place-based economic development resources focused on revitalizing existing assets such as historic commercial corridors and main streets that have the ability to foster entrepreneurial development, increase employment opportunities, and draw private investments.**

#### *Measuring the Success of the Recompete Pilot*

EDA can help ensure the Recompete Pilot projects meet legislative intent by providing resources to support establishing best practices and evaluating evidence-based outcomes. **LISC encourages the EDA to consider evaluating participating organizations' commitment to collecting key metrics and openly**

**participating in evaluations.** Adopting specific benchmarks of success to evaluate and measure the progress that the eligible entity has made toward the strategic objectives identified in the application for the grant is critical.

LISC recommends that EDA emphasize the following high-impact metrics: the creation and retention of high-wage jobs, including self-employment and part-time employment; private and public investment leveraged; businesses established or improved; companies attracted or retained; new products or services commercialized; increased regional collaboration; the number and dollar amount of new loans; the number and dollar amount of procurement contracts secured; improvement of income of participating workers and sales of participating businesses; and the amount of training and education activities related to innovation. We also encourage EDA to consider opportunities to incentivize grantees to collect longitudinal data on businesses and workers supported and gather insights on the specific industries and business sizes served.

**LISC recommends that EDA leverage qualitative and quantitative measures and provide greater flexibility for regional areas with higher degrees of economic distress.** We understand and greatly value the role of microbusinesses, defined as those with less than ten employees, in supporting rural economies and meeting the needs of local communities. For this reason, we encourage EDA to consider the adoption of qualitative metrics that prioritize community benefits and develop qualitative review criteria for factors that cannot easily be quantified, such as a region's connections to markets, networks, industry clusters, and assets. This is necessary since our experience has shown that rural communities are diverse. For example, many underserved rural areas may not have an existing concentration of sectors or industries, although they may be developing them.

## **Conclusion**

LISC appreciates the opportunity to provide these comments to the EDA. We strongly support the EDA's mission and look forward to continued engagement as the Recompete Pilot Program is implemented. Please contact Michelle Harati ([mharati@lisc.org](mailto:mharati@lisc.org)), LISC Senior Policy Officer, if you need additional clarification on the letter's recommendations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Matt Josephs".

Matt Josephs

Senior Vice President for Policy