

Vandalia Heritage Foundation and Federal Funding Summary Statement by Laura Kurtz Kuhns, President/CEO

This summary extracts relevant points from my longer statement, available on Vandalia's web site. For additional information, please contact Laura Kurtz Kuhns at 304.368.1555.

Personal history. Starting in 1986, I had the great privilege and pleasure of working for Congressman Alan B. Mollohan on his staff. After my marriage to Don Kuhns in 1989, I subsequently left Capitol Hill to return to West Virginia. Since that time, I have been proud to count Mr. Mollohan and his wife Barbara among my closest and best friends. Upon my return to West Virginia, I engaged in a variety of diverse activities supporting community and economic development through both the private and non-profit sectors. In 1994, I joined McCabe-Henley, a West Virginia based comprehensive real estate services firm that hired Don in 1996. In 2000, Vandalia's independent board hired me as its executive director.

Dealings with Congressman Mollohan. Neither I nor my husband, nor anyone at Vandalia, has ever profited personally from any earmarks or any other form of Federal funding, nor has any public money ever been used to fund my personal real estate investments or other personal purchases. It is offensive if not libelous to suggest otherwise.

The newspaper reports. For two New York City based publications (*Wall Street Journal* and *New York Times*) to write the stories they did, after the many hours we spent visiting various projects and partners around our coverage area and preparing and compiling an inordinate amount of information in response to their written and verbal requests, shows that they had their story in mind before they ever left Chicago and Washington, D.C. and nothing they saw in West Virginia was going to change that.

Congressman Mollohan as a legislator. During all my time working for Mr. Mollohan, and ever since, I have seen him display nothing but the highest ethical standards. I believe him to be impeccably honest, and I know of no congressman who works as hard as ours. West Virginians, and first district residents in particular, should know how fortunate they are.

Relations with McCabe-Henley. During 1999, after Vandalia was formed, its independent board competitively selected McCabe-Henley as a real estate consultant. As the managing director for McCabe-Henley's North Central West Virginia office, the Vandalia work was my key assignment. In December 2000, when the board hired me as the full-time director, I strongly encouraged them to continue the relationship for comprehensive real estate services as Vandalia's project and real estate needs continued to grow. Now, as then, McCabe-Henley continues to provide comprehensive and competitive services.

Personal investment: Bald Head Island. In March 2003, after many years of having vacationed there in rented homes, Don and I bought an oceanfront residence as an investment property and began to rent it out almost immediately in order to defray expenses. Before actually closing on the property, we invited our good friends, Alan and Barbara Mollohan, to visit on a fall getaway weekend. Eventually, they bought the lot next to ours and built a home there. Because Barbara Mollohan is in real estate, as is my husband Don, when an opportunity came to buy some island lots, at market prices, we thought it made sense, as a short-term investment to pool our limited resources and jointly purchase them with the Mollohans -- nothing more sinister than that.

Vandalia's work. We do important work that saves communities and helps West Virginians, and we do it to the highest ethical standards and with the most careful and scrupulous accounting. All Federal funds are precious resources underwritten by taxpayers. We take our responsibility seriously for ensuring that these funds are spent and accounted for in the proper manner and according to federal regulations and guidelines. Indeed, we have always had clean audits with no findings or deficiencies. We also have a second CPA review our auditors' work, just to ensure that we are meeting the highest standards of accountability and oversight. We have also performed that function for small, local organizations that we work with and often provide technical assistance to on an ongoing basis.

Vandalia's track record. In seven years we have completed more than fifty projects throughout northern West Virginia, with only thirty-nine (39) percent being Vandalia-owned. We have effectively leveraged the federal capital by combining it with other sources of funds. We have partnered with dozens of local organizations, delivered results in more than twenty communities throughout northern West Virginia, and saved many historic buildings like the Waldo Hotel in Clarksburg, the B&O Railroad Station and Willard Hotel in Grafton, Carskadon Mansion in Keyser, and the Buxton & Landstreet and Peacock Buildings in Thomas. There are many more such success stories. But for us, these buildings would be gone, and the detriment to their respective communities would be immeasurable.

Earmarks as a funding source. Having had first-hand experience with both earmarks and authorized projects and programs, I believe that earmarks are a valuable legislative tool **because they enable Congress to experiment with worthy programs that could not be funded if they went through a large public bureaucracy.**

Our earmarked funding catalyzes change in West Virginia. I have never seen an authorized development program work as effectively at the local level. Authorized programs are effective for large-scale national initiatives. For micro-enterprises that bring value all over our country, particularly in rural West Virginia, earmarks are cost-effective and deliver measurable results.

Small organizations like ours mix internal staff and outsourced services. Like any small business, our agility keeps our operating costs down and allows us to undertake multiple projects at once.

Earmarks are also accountable. Non-federal entities like Vandalia that expend \$500,000 or more in a year in Federal awards must have a single audit conducted in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133. (Smaller entities must have their records available to GAO.)

Vandalia's use of capital. Like other earmark recipients, we lessen the burdens of government because we leverage Federal capital with high accountability and low administrative costs. Of the grants we have received, sixty-one (61) percent have gone out to external community efforts, not Vandalia properties. Of the property we own, much of it is aging, under-developed historical stock that we have acquired to preserve from the wrecking ball, and have usually secured and/or stabilized with a view to future revitalization. We have leveraged our Federal funding significantly with loans, other grants, and properties gifted directly to us by other non-profits and private individuals. None of that, nor the impact it affords our communities, would have been possible without our earmarked funding.