Appalachian Regional Commission

SOME LESSONS LEARNED FROM THE APPALACHIAN REGIONAL COMMISSION (ARC)

- **A successful effort should take a comprehensive approach to economic development.** The ARC takes a holistic approach to economic development, making the general well being of the Appalachian people (their health, education, and developmental needs) as important as more traditional notions of economic development (infrastructure, etc).

- **It <u>may</u> be a good idea to consider appointing state governors to sit on a Regional Commission.** The 13 Appalachian state governors sit on the ARC along with an appointed representative of the President. This high-level commitment has worked well for the ARC, giving it exposure and buy-in at the top levels of state government. Things tend to get done faster when the person at the top wants them done, although we would have to consider some way of including top Federal officials too.

- **State Local Development Districts (LDDs) have played a vital role in the success of the ARC, and this is a role we must somehow reproduce**. According to the ARC, LDDs "proved especially important in the poorer, more rural areas of Appalachia that consist of scattered patterns of small communities." While no two regions are alike, these rural Appalachian communities sound very much like the rural timber communities that we are dealing with. LDDs bring a number of important local players together -- government and business leaders, community organizations, labor, etc. They create a forum for community debate and provide vital technical assistance. They also foster interjurisdictional cooperation and effect economies of scale in performing community functions. This can be vital to the survival of small, isolated communities like we have in the Northwest.

  Can USDA's Rural Development Councils fill this role?

  <u>Key differences between LDDs and Rural Development Councils</u>

  -- LDDs have 18-20 full time staff members, while RDCs only have a full time Executive Director.

  -- LDDs were created with a specific purpose in mind, while RDCs have a variety of (confusing) missions.

  -- RDCs are statewide organizations, while LDDs represent smaller areas and can concentrate their efforts.

THE APPALACHIAN REGIONAL COMMISSION

The Appalachian Regional Commission (ARC) was created in 1965 by the Appalachian Regional Development Act (ARDA). The Commission takes a comprehensive approach to economic development, making the health, education, housing and general well being of the Appalachian people as important as highways, industrial parks and other more traditional notions of economic development. ARC projects reflect this approach, addressing such diverse needs as highways, rail and air transportation, education, job training, public health, child development, environmental protection, and housing.

COMMISSION MEMBERSHIP

ARC has 14 members -- the 13 sitting Appalachian governors (from Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia) and a Federal co-chairman appointed by the President and subject to Senate confirmation. Commission members jointly appoint an ARC executive director to head the Commission staff. Staff members are paid jointly by the Federal government and the states.

COMMISSION FUNDING

Funding Under the Original Act

The ARC was originally funded through a complex process that called for each of a number of Federal departments and agencies to go before Congress, when seeking its own appropriation, to request special funds (under the authority of the Appalachian Regional Development Act) for identified Appalachian activities. States would then seek ARC approval of projects, and ARC would recommend to the appropriate Federal department or agency that approved projects be funded.

Current Funding Process

When this process proved too complicated, the Act was amended in 1967 authorizing congressional direct appropriation of ARC funds to the President in order to reduce administrative costs. Annual appropriations were changed and are now allocated among the Appalachian states on the basis of formulas negotiated by the Commission. The 1967 amendments also removed from the Federal agencies implementing ARC projects the power to veto Commission-approved projects. This method of funding makes possible one budget presentation to the President by the ARC, and gives the Commission greater flexibility in developing regional strategies and administering its programs.

ORGANIZATIONAL/ADMINISTRATIVE PROCESS

Federal Administrative Process

ARC's only formal organizational tie to the Federal government is to the President through the Commission's Federal Co-Chairman. However, ARC has reached informal agreements with the agencies it relies on for project administration. For most of its projects, each state draws up its own development plan for Commission approval in consultation with Local Development Districts (described below). Once Commission approval is attained, funds and Federal implementation responsibilities are transferred to the appropriate Federal agency.

State Administrative Process

Federal money is not the only source of funding for ARC development plans. State and local monies are also used. ARDA requires that, when submitting its annual state development plan to ARC, each state must include a description of the state organization responsible for drawing up and implementing the plan, the provision made by the state for participation of Local Development Districts, and methods of coordination with Federal, state, and local agencies and programs.

Local Development Districts

Soon after the ARC program began, states were asked to establish, by either state legislation or gubernatorial executive order, multicounty organizations called Local Development Districts (LDDs). LDDs are locally controlled, and operate as public bodies or nonprofit organizations. Currently there are 69 LDDs which incorporate all 397 counties in the Appalachian region.

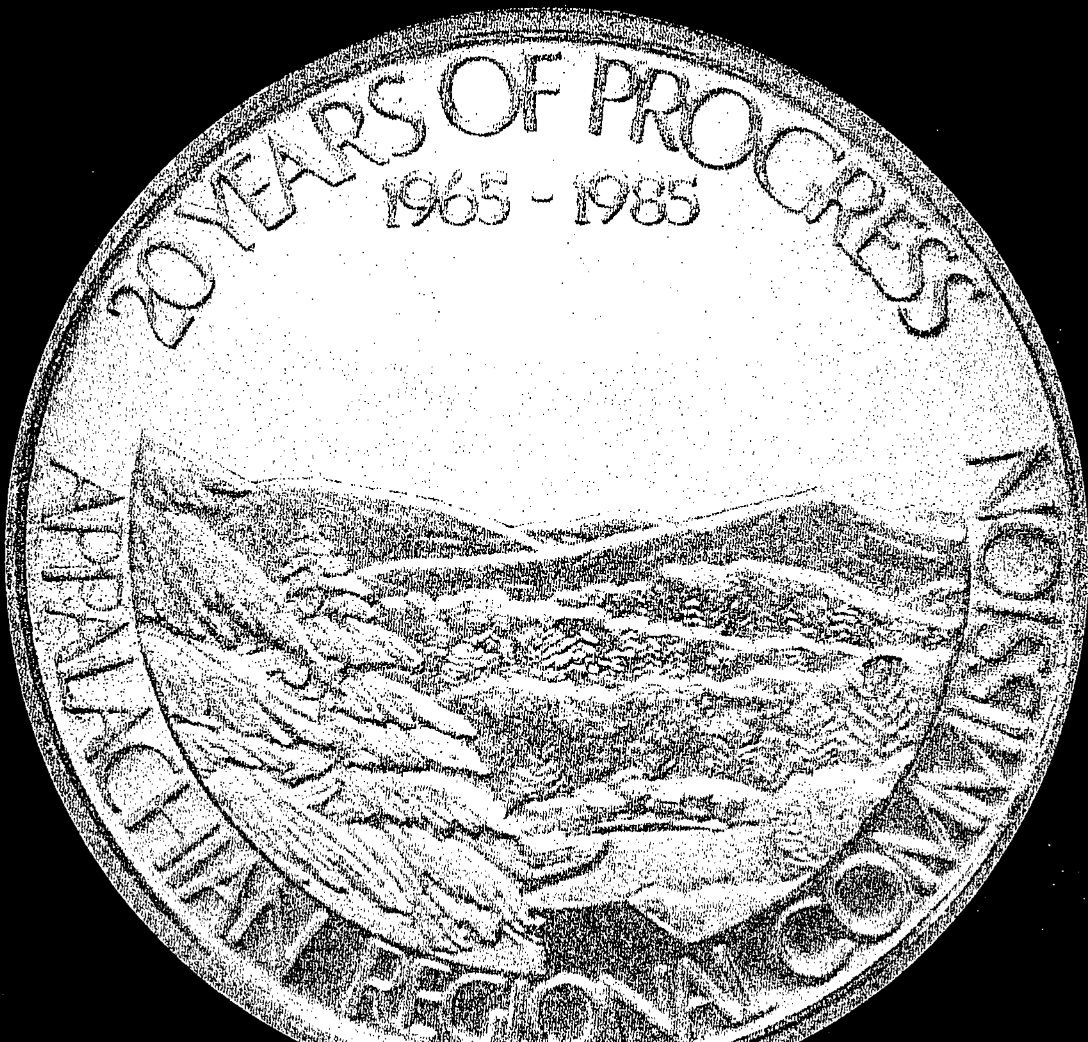
Each LDD operates under the direction of a local board of directors made up of leaders from local government, business, labor, the professions, and other groups. Each board employs a professional staff -- an average of 18 people in 1984 -- and has an average annual operating budget of $533,000. Direct Federal funding (through ARC and other Federal grant programs) provides approximately 41% of the LDD budgets, state government contributes over 13%, and local governments approximately 26%. The rest of the funds come from private sources.

LDDs have proved especially important in the poorer, more rural areas of Appalachia that consist of scattered patterns of small communities. In such areas, LDD's "help break down the isolation of rural communities from one another and foster interjurisdictional cooperation to effect economies of scale in performing community functions". LDDs have many functions, including promoting and helping to guide economic development of an area, using professional staff to study and analyze economic opportunities in the district, bringing local community and business leaders together in a forum to collectively consider economic development problems, and providing technical assistance to communities in a variety of fields.

Mike:
The #'s in this book are out of date but other information is accurate.
See pp. 24-28 & pp. 70-74 for overview of organization.

Ann Anderson
673-7968

Appalachia


20 YEARS OF PROGRESS
1965 - 1985
APPALACHIAN REGIONAL COMMISSION