REGIONAL COMMISSIONS: A REVIEW OF FEDERAL ECONOMIC DEVELOPMENT PROGRAM EFFECTIVENESS

(118–32)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

OCTOBER 19, 2023

Printed for the use of the
Committee on Transportation and Infrastructure

Available online at: https://www.govinfo.gov/committee/house-transportation?path=/browsecommittee/chamber/house/committee/transportation

U.S. GOVERNMENT PUBLISHING OFFICE

56–927 PDF WASHINGTON : 2024

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SAM GRAVES, Missouri, *Chairman*

ERIC A. "RICK" CRAWFORD, Arkansas
DANIEL WEBSTER, Florida
THOMAS MASSIE, Kentucky
SCOTT PERRY, Pennsylvania
BRIAN BABIN, Texas
GARRET GRAVES, Louisiana
DAVID ROUZER, North Carolina
MIKE BOST, Illinois
DOUG LAMALFA, California
BRUCE WESTERMAN, Arkansas
BRIAN J. MAST, Florida
JENNIFFER GONZÁLEZ-COLÓN, Puerto Rico
PETE STAUBER, Minnesota
TIM BURCHETT, Tennessee
DUSTY JOHNSON, South Dakota
JEFFERSON VAN DREW, New Jersey, *Vice Chairman*
TROY E. NEHLS, Texas
LANCE GOODEN, Texas
TRACEY MANN, Kansas
BURGESS OWENS, Utah
RUDY YAKYM III, Indiana
LORI CHAVEZ-DEREMER, Oregon
CHUCK EDWARDS, North Carolina
THOMAS H. KEAN, JR., New Jersey
ANTHONY D'ESPOSITO, New York
ERIC BURLISON, Missouri
JOHN JAMES, Michigan
DERRICK VAN ORDEN, Wisconsin
BRANDON WILLIAMS, New York
MARCUS J. MOLINARO, New York
MIKE COLLINS, Georgia
MIKE EZELL, Mississippi
JOHN S. DUARTE, California
AARON BEAN, Florida

RICK LARSEN, Washington, *Ranking Member*
ELEANOR HOLMES NORTON, District of Columbia
GRACE F. NAPOLITANO, California
STEVE COHEN, Tennessee
JOHN GARAMENDI, California
HENRY C. "HANK" JOHNSON, JR., Georgia
ANDRÉ CARSON, Indiana
DINA TITUS, Nevada
JARED HUFFMAN, California
JULIA BROWNLEY, California
FREDERICA S. WILSON, Florida
DONALD M. PAYNE, JR., New Jersey
MARK DESAULNIER, California
SALUD O. CARBAJAL, California
GREG STANTON, Arizona, *Vice Ranking Member*
COLIN Z. ALLRED, Texas
SHARICE DAVIDS, Kansas
JESÚS G. "CHUY" GARCÍA, Illinois
CHRIS PAPPAS, New Hampshire
SETH MOULTON, Massachusetts
JAKE AUCHINCLOSS, Massachusetts
MARILYN STRICKLAND, Washington
TROY A. CARTER, Louisiana
PATRICK RYAN, New York
MARY SATTLER PELTOLA, Alaska
ROBERT MENENDEZ, New Jersey
VAL T. HOYLE, Oregon
EMILIA STRONG SYKES, Ohio
HILLARY J. SCHOLTEN, Michigan
VALERIE P. FOUSHEE, North Carolina

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

SCOTT PERRY, Pennsylvania, *Chairman*

GARRET GRAVES, Louisiana
JENNIFFER GONZÁLEZ-COLÓN, Puerto Rico
LORI CHAVEZ-DEREMER, Oregon, *Vice Chairman*
CHUCK EDWARDS, North Carolina
ANTHONY D'ESPOSITO, New York
DERRICK VAN ORDEN, Wisconsin
MIKE EZELL, Mississippi
SAM GRAVES, Missouri *(Ex Officio)*

DINA TITUS, Nevada, *Ranking Member*
ELEANOR HOLMES NORTON, District of Columbia
SHARICE DAVIDS, Kansas, *Vice Ranking Member*
TROY A. CARTER, Louisiana
GRACE F. NAPOLITANO, California
JOHN GARAMENDI, California
JARED HUFFMAN, California
RICK LARSEN, Washington *(Ex Officio)*

CONTENTS

Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Sam Graves
Chairman

Jack Ruddy, Staff Director

Rick Larsen
Ranking Member

Katherine W. Dedrick, Democratic Staff Director

OCTOBER 13, 2023

SUMMARY OF SUBJECT MATTER

TO:	Members, Subcommittee on Economic Development, Public Buildings, and Emergency Management
FROM:	Staff, Subcommittee on Economic Development, Public Buildings, and Emergency Management
RE:	Subcommittee Hearing on "*Regional Commissions: A Review of Federal Economic Development Program Effectiveness*"

I. PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management of the Committee on Transportation and Infrastructure will meet on Thursday, October 19, 2023, at 10:00 a.m. ET in 2167 of the Rayburn House Office Building to receive testimony on a hearing entitled, "*Regional Commissions: A Review of Federal Economic Development Program Effectiveness*." The hearing will analyze the role the different economic development regional commissions play in distressed communities across the country. At the hearing, Members will receive testimony from various regional commissions including: the Appalachian Regional Commission (ARC), Delta Regional Authority (DRA), Denali Commission, Northern Border Regional Commission (NBRC), and the Southeast Crescent Regional Commission (SCRC).

II. BACKGROUND

Currently, there are eight statutorily authorized regional economic development commissions; however, only five are active: ARC, DRA, Denali Commission, NBRC, and SCRC.[1] Each Commission, with the exception of Denali, is composed of a Federal co-chair, who is appointed by the President and confirmed by the Senate, and the governors of the states in which the commission operates.[2] The Federal regional commissions operate as partnerships with state governments with programming focused on infrastructure, energy, environment, workforce, and business development.[3]

III. APPALACHIAN REGIONAL COMMISSION (ARC)

ARC's membership consists of all of West Virginia and parts of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania,

[1] CONG. RSCH. SERVICE, FEDERAL REGIONAL COMMISSIONS AND AUTHORITIES: STRUCTURAL FEATURES AND FUNCTION (April 7, 2023), *available at* https://sgp.fas.org/crs/misc/R45997.pdf [hereinafter CRS REPORT].
[2] *Id.*
[3] *Id.*

South Carolina, Tennessee, and Virginia.[4] ARC uses an index-based system to classify county's levels of economic distress (distressed, at-risk, competitive, and attainment) to direct funds to the most vulnerable communities.[5] To date, ARC has invested nearly $5.3 billion over 33,000 different projects to help improve the region's economic position.[6] ARC focuses their grant programs on investing in building Appalachian businesses, community infrastructure, and community capacity. The Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) program focuses on the 360 counties in the region who are experiencing job loss due to a declining coal industry by preparing workers for opportunities in entrepreneurship, broadband development, tourism, and other industry sectors.[7]

ARC was reauthorized under the Infrastructure Investment and Jobs Act (IIJA) and was given a budget authority of $200 million a year for fiscal year (FY) 2022 through FY 2026.[8] This is a 31 percent increase from FY 2017 funding levels.[9]

IV. DELTA REGIONAL AUTHORITY (DRA)

DRA's membership consists of 252 counties in Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee, along the Mississippi River.[10] DRA's mission is to help create jobs, attract industrial development, and grow local economies by improving public and transportation infrastructure, training the workforce, and building local leadership.[11] DRA utilizes their States' Economic Development Assistance Program (SEDAP) to fund programs for basic public infrastructure, transportation infrastructure, business development, and workforce development.[12] Additionally, DRA provides funding through their Community Infrastructure FUND (CIF) to provide direct investment into community infrastructure needs for flood control.[13]

DRA is up for reauthorization this year, and, in the past, has been included in the Farm bill.[14] The DRA was appropriated $30.1 million in FY 2023.[15] Further, DRA received $150 million in supplemental appropriations through IIJA, a 400 percent increase from its FY 2021 appropriation level.[16]

V. DENALI COMMISSION

The Denali Commission was established to promote rural development and provide critical infrastructure investments such as power generation, transition facilities, communication systems, water and sewer systems, health care facilities, and transportation infrastructure throughout rural Alaska.[17] As the Denali Commission only represents one state, the rest of the board is comprised of the Alaskan governor, the University of Alaska president, the Alaska Municipal League president, the Alaska Foundation of Natives president, the Alaska State AFL–CIO president, and the Associated General Contractors of Alaska president.[18] A notable project for the Denali Commission is the Trans-Alaska Pipeline Liability (TAPL) which funds bulk fuel safety and security programs.[19]

The Denali Commission's authorization is currently expired, and it is also a potential item for reauthorization consideration in the FY 2024 Farm bill.[20] The Commission was last reauthorized under the Water Infrastructure Improvements for the

---

[4] ARC, *About the Appalachian Region*, (last accessed Oct. 3, 2023), *available at* https://www.arc.gov/about-the-appalachian-region/ [hereinafter About ARC].

[5] ARC, *Classifying Economic Distress in Appalachian Counties*, (last accessed Oct. 3, 2023), *available at* https://www.arc.gov/classifying-economic-distress-in-appalachian-counties/.

[6] About ARC, *supra* note 4.

[7] ARC, *POWER Initiative*, (last accessed Oct. 3, 2023), *available at* https://www.arc.gov/power/.

[8] Pub. L. No. 117–58, Div. J, Title III.

[9] CRS REPORT, *supra* note 1.

[10] DRA, *States*, (last accessed Oct. 3, 2023), *available at* https://dra.gov/states/.

[11] DRA, *Mission*, (last accessed Oct. 3, 2023), *available at* https://dra.gov/about/mission/.

[12] DRA, *SEDAP*, (last accessed Oct. 3, 2023), *available at* https://dra.gov/programs/critical-infrastructure/sedap/.

[13] DRA, *CIF*, (last accessed Oct. 3, 2023), *available at* https://dra.gov/programs/critical-infrastructure/community-infrastructure-fund/.

[14] CRS REPORT *supra*, note 1.

[15] Pub. L. No. 117–103, Div. D, Title IV.

[16] Pub. L. No. 117–58, Division J, Title III.

[17] Denali Commission, *About Us*, (last accessed Oct. 3, 2023), *available at* https://www.denali.gov/about/.

[18] Pub. L. No. 105–277.

[19] Denali Commission, *Funding*, (Oct. 3, 2023), *available at* https://www.denali.gov/about/funding-2/.

[20] CRS REPORT, *supra* note 1.

Nation Act in 2016.[21] The Commission was appropriated $17 million in FY 2023.[22] The Commission also received $75 million in supplemental funding through IIJA, which was a 400 percent increase from their FY 2021 appropriation level.[23]

VI. NORTHEN BORDER REGIONAL COMMISSION (NBRC)

NBRC's membership consists of distressed counties in Maine, New Hampshire, New York, and Vermont.[24] The Commission offers four key grant programs: the Catalyst Program, Forest Economy Program, Workforce Opportunity for Rural Communities, and State Capacity Grants.[25] These focus on modernizing infrastructure to support businesses, support the forest-based economy, support workforce development, and help states develop comprehensive economic and infrastructure development plans for the distressed communities.[26]

NRBC is currently up for reauthorization this year, and in the past has been included in the Farm bill.[27] The Commission received $150 million in supplemental appropriations through IIJA, which was a 400 percent increase from FY 2021 appropriation levels.[28]

VII. SOUTHEAST CRESCENT REGIONAL COMMISSION (SCRC)

SCRC's membership consists of all distressed counties in the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, and Florida that are not already serviced by the Appalachian Regional Commission (ARC) or the Delta Regional Authority (DRA).[29] SCRC is designed to issue grants to develop infrastructure, assist in worker training, improve basic health care, and promote resource conservation and the development of renewable and alternative energy sources through their State Economic and Infrastructure Development (SEID) Grant Program.[30] SCRC also operates a J–1 Visa Program by working with states to provide waivers for physicians, so long as the physician seeking a waiver meets certain requirements.[31]

SCRC is currently up for reauthorization this year, and in the past has been included in the Farm bill.[32] The Commission was first appropriated in FY 2021 at $250,000 and received $1.15 million in IIJA.[33] In FY 2023, SCRC received $5 million.[34]

VIII. CONCLUSION

The hearing will examine the role the regional commissions play in economic development throughout the country. As many of the regional commissions' authorizations are expiring, the hearing will hear from the commissions on their priorities.

IX. WITNESSES

- The Honorable Gayle Manchin, Federal Co-Chair, Appalachian Regional Commission
- The Honorable Corey Wiggins, Federal Co-Chair, Delta Regional Authority
- The Honorable Chris Saunders, Federal Co-Chair, Northern Border Regional Commission
- The Honorable Jennifer Clyburn Reed, Federal Co-Chair, Southeast Crescent Regional Commission
- Garrett Boyle, Federal Co-Chair, Denali Commission

---

[21] Pub. L. No. 114–322.
[22] Pub. L. No. 117–103, Div. D, Title IV.
[23] Pub. L. No. 117–58, Div. J, Title III.
[24] NRBC, *Northen Border Region*, (last accessed Oct. 3, 2023), *available at* https://www.nbrc.gov/content/northern-border-region.
[25] *Id.*
[26] NRBC, *Program Areas*, (Oct. 3, 2023), *available at* https://www.nbrc.gov/content/program-areas.
[27] CRS REPORT, *supra* note 1 at 1.
[28] Pub. L. No. 117–58, Div. J, Title III.
[29] CRS REPORT, *supra* note 1.
[30] *Id.*
[31] SCRC, *Grants and Programs*, (last accessed Oct. 3, 2023), *available at* https://scrc.gov/grants-and-programs/.
[32] CRS REPORT, *supra* note 1.
[33] Pub. L. No. 116–260; Pub. L. No. 117–58, Div. J, Title III.
[34] Pub. L. No. 117–103, Div. D, Title IV.

REGIONAL COMMISSIONS: A REVIEW OF FEDERAL ECONOMIC DEVELOPMENT PROGRAM EFFECTIVENESS

THURSDAY, OCTOBER 19, 2023

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:02 a.m., in room 2167 Rayburn House Office Building, Hon. Scott Perry (Chairman of the subcommittee) presiding.

Mr. PERRY. Good morning, everybody. The Subcommittee on Economic Development, Public Buildings, and Emergency Management will come to order.

The Chair asks unanimous consent that I be authorized to declare a recess at any time during today's hearing.

Without objection, so ordered.

The Chair also asks unanimous consent that Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions.

Without objection, so ordered.

As a reminder, if Members wish to insert a document into the record, please also email it to DocumentsTI@mail.house.gov.

The Chair now recognizes himself for the purposes of an opening statement for 5 minutes.

OPENING STATEMENT OF HON. SCOTT PERRY OF PENNSYLVANIA, CHAIRMAN, SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

Mr. PERRY. I would like to thank our witnesses for being here today to discuss the role and effectiveness of the regional commissions for economic development in distressed communities across the country.

Today, we will hear from five regional commissions: the Appalachian Regional Commission, the Delta Regional Authority, the Northern Border Regional Commission, the Southeast Crescent Regional Commission, and the Denali Commission.

These regional commissions are set up to work in partnership with their member State governments to support economic development activities. In addition to these regional commissions, the United States Economic Development Administration, commonly known as the EDA, a bureau of the Commerce Department, plays a similar role nationwide. There are also programs through other Federal departments that play some role in economic development, such as the Department of Agriculture, the Department of Housing and Urban Development, and the Small Business Administration.

Now, I would just let you know, frankly, I don't really believe so much in the Federal Government's role in so-called economic development. That's my opinion. These programs simply allow the Federal Government to, once more, in my opinion, pick winners and losers, and I hate to see the poor losers in that whole thing.

To me, private investment and innovation should drive economic development. States and local governments should be positioning themselves to create pro-business environments through reducing regulatory hurdles and the costs of doing business, and that's how this country and this system was originally set up.

On top of the duplication concerns that I have, these programs continue to proliferate and expand. For example, right now, it seems that the argument for a new regional commission is that, "Other geographic areas have them, so, why can't our area have them?" And you can certainly understand that. It just doesn't seem like much of a winning argument to me.

Programs that started out focused on the basic needs of distressed communities to attract jobs have expanded to include activities that don't seem really directly related to job production at all.

I am not blaming any of you. This place set this up. But it does mean that, at the very least, we should ensure that the activities you embark on and are funding are not duplicative. And we must ensure the funding is appropriately targeted and focused on truly distressed communities for activities that are directly related to attracting jobs and private investment and not just used to backfill State and local budgets that don't want to/can't afford to do these things or just don't want to pay for them. So, that is the mission statement here.

Notably, all of you received significant increases in supplemental funding in fiscal year 2021 under the IIJA, the Infrastructure Investment and Jobs Act—in some cases, 400 percent more than your annual appropriations, an important consideration as most of your agencies have authorizations that are expiring and are up for consideration.

And I would just like to characterize in the remaining time, I have got a little bit left here, that I don't think that this is necessarily a partisan issue, although it is always kind of perceived as that.

But Presidents on both sides of the political spectrum have said these commissions are duplicative and should not exist and that there are other agencies that are already doing this work. And we are spending that money, and what we are doing now is adding another layer for people to jump through.

And so, again, I don't think it's a partisan issue, but it's our job as Members of Congress to perform the oversight function.

And as you all know, I don't have to probably tell any of you, we have got a massive debt load in this country. We are going to take in $5 trillion in revenue this year, and we are going to spend $7.2

trillion. And that math just doesn't add up, I don't care where you live, which commission you represent, or what community you live in; that doesn't add up, and that's not a recipe for success.

So, we have got to look at some ways to be efficient. And maybe the answer is to keep the commissions and get rid of everything else. I don't know. I imagine we will have some kind of conversation about that today.

With that, I appreciate your traveling to Washington, DC, and being here today for the hearing.

[Mr. Perry's prepared statement follows:]

Prepared Statement of Hon. Scott Perry, a Representative in Congress from the Commonwealth of Pennsylvania, and Chairman, Subcommittee on Economic Development, Public Buildings, and Emergency Management

I'd like to thank our witnesses for being here today to discuss the role and effectiveness of the regional commissions for economic development in distressed communities across the country.

Today, we will hear from five regional commissions: the Appalachian Regional Commission (ARC), the Delta Regional Authority (DRA), the Northern Border Regional Commission (NBRC), the Southeast Crescent Regional Commission (SCRC), and the Denali Commission.

These regional commissions are set up to work in partnership with their member state governments to support economic development activities. In addition to these regional commissions, the United States Economic Development Administration (EDA), a bureau of the Commerce Department, plays a similar role nationwide. There are also programs through other federal departments that play some role in economic development, such as the Department of Agriculture, the Department of Housing and Urban Development, and the Small Business Administration.

Frankly, I don't believe the federal government should have any role in so-called economic development. These programs simply allow the federal government to, once more, pick winners and losers.

Private investment and innovation should drive economic development. States and local governments should be positioning themselves to create pro-business environments through reducing regulatory hurdles and the costs of doing business.

On top of the duplication concerns, these programs continue to proliferate and expand. For example, right now, it seems that the argument for a new regional commission is that other geographic areas have them. That is, from my perspective, not a winning argument. Programs that started out focused on the basic needs of distressed communities to attract jobs have expanded to include activities that don't seem directly related to job production.

Now, I am not blaming you, the witnesses here today, for this. But it does mean that, at the very least, we should ensure your activities and funding are not duplicative. And we must ensure the funding is appropriately targeted and focused on truly distressed communities for activities that are directly related to attracting jobs and private investment, not used to backfill state budgets.

Notably, all of you received significant increases in supplemental funding in fiscal year 2021 under the Infrastructure Investment and Jobs Act—in some cases, 400 percent more than your annual appropriations—an important consideration as most of your agencies have authorizations that are expiring and up for consideration.

Mr. PERRY. And with that, I now recognize Ranking Member Titus for 5 minutes for her opening statement. I yield.

OPENING STATEMENT OF HON. DINA TITUS OF NEVADA, RANKING MEMBER, SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

Ms. TITUS. Thank you, Mr. Chairman.

Let me offer a counterposition to that. I was thinking my district is Las Vegas, and Nevada is not covered by a regional economic development commission. I was thinking it would be a good idea if we got one. But now I see that my arguments are going to have to be strengthened other than just that, having heard the chairman's comments on what he thinks about these.

I, however, think they are a good thing. And thank you all for coming to share with us what you have done. And it is important to have this hearing because we haven't addressed this for several years.

And you do economic development in very different ways depending on the area that you represent. You respond to what the needs are there. And oftentimes, local governments, maybe they are rural counties or small communities, don't have the resources to do it themselves.

So, it makes sense that there is somebody else to bring together, to build up structure, to invest in things that we need, to replace things that have been lost.

You heard a little bit of a description, and I know you all already know this, but just for the record, there are eight of these commissions. You five are here today. You are active, you are functioning, you are funded, and you are staffed.

There is a sixth commission, the Southwest Border Regional Commission. It's in the process of organizing and hiring staff.

Recently created, I believe last year, was the Great Lakes Authority, and it doesn't yet have a Federal Cochair. I know Marcy Kaptur has been working very hard to be sure that that exists and it's up and running and gets appropriations.

And then the authorization for the Northern Great Plains Regional Authority—you will be glad to hear this [to Mr. Perry]—lapsed at the end of 2018.

Now, among those of you who are active, you have each received between $20 million and $200 million for the fiscal year of 2023 to support your different various economic development activities.

And they range in a variety of good projects. You invest in basic infrastructure, energy, the environment and natural resources, workforce and business development, and entrepreneurship programs to help build that private sector to carry development into the future that we heard the chairman talk about.

Although you all are federally chartered, and you receive congressional appropriations, you have a Federal representative on the commission, but you are very much across Government type of agencies that work closely as a liaison between the Federal Government and State and local governments. A lot of input from what local governments need.

And this is kind of a unique way of doing economic development because you are place-based, you are across Government, intergovernmental, and multifaceted. You bring together a lot of good qualities to move our economy forward.

I believe Federal support is critical for regional economic development. For example, during the pandemic, southern Nevada experienced 35 percent unemployment, the highest in the country, because we are so tied to tourism and outdoor recreation. Airplanes were empty, hotels were empty, the Strip was closed down. It was like "The Twilight Zone." So, naturally, that impacted employment, but also local businesses that were ancillary to gaming and tourism.

I introduced the INVEST in Our Communities Act, which was part of the recovery provisions, to try to help economic diversity and resiliency in all areas that rely heavily on tourism and would be affected by a catastrophe, like COVID was.

Scarcity of water is a problem affecting the Southwest, and we need to keep consumption top of mind when we are investing or looking for new industry or new businesses to come to an area. That's a role that you all could play.

So, you each do it in a very specific way to your area, whether you have to respond to closing down old factories, closing coal mines, loss of tourism, or climate impacts.

So, I commend you for what you do. I think it is valuable. And I look forward to learning some lessons from you in case we do have one in our area at some point in the future. So, thank you very much for being here.

I yield back.

[Ms. Titus' prepared statement follows:]

Prepared Statement of Hon. Dina Titus, a Representative in Congress from the State of Nevada, and Ranking Member, Subcommittee on Economic Development, Public Buildings, and Emergency Management

Thank you, Chairman Perry. I am pleased that we are having this hearing today as it has been several years since the Subcommittee examined the regional economic development commissions.

Of the eight federal regional commissions and authorities, the five here with us today are active, functioning, funded, and staffed. Those are the Appalachian Regional Commission; the Delta Regional Authority; the Denali Commission; the Northern Border Regional Commission; and the Southeast Crescent Regional Commission.

A sixth commission, the Southwest Border Regional Commission (SBRC), is in the process of organizing and hiring staff. The Great Lakes Authority is inactive as it does not have a federal co-chair and has not yet received appropriations, and the authorization for the Northern Great Plains Regional Authority lapsed at the end of Fiscal Year 2018.

Among the active commissions, each received $20 million to $200 million for Fiscal Year 2023 to support their various economic development activities, which range from investing in basic infrastructure; energy; the environment and natural resources; workforce; and business development and entrepreneurship programs.

Though they are federally chartered, receive congressional appropriations for their administration and activities, and include an appointed federal representative in their respective leadership structures, the regional commissions are quasi-governmental partnerships between the federal government and their constituent states. This partnership structure allows for substantial input and efforts at the sub-state level and represents unique federal approaches to economic development—ones that are place-based, intergovernmental, and multifaceted in their programmatic orientations.

Federal support for regional economic development is crucial because we all have unique challenges. For example, during the pandemic, Southern Nevada experienced 33 percent unemployment due to our strong economic ties to travel, tourism, and outdoor recreation. Airplanes were empty, hotels and restaurants were closed, and entertainment venues were shuttered. This negatively impacted employment and local government revenues.

That is why I introduced the bipartisan INVEST in Our Communities Act, which will help promote economic development and resiliency to future disruptions in regions that rely heavily on the tourism economy, while also investing in workforce development programs to help fill the nearly 1.2 million open positions in its ancillary sectors.

The scarcity of water is also impacting my region, as cities and economic development agencies have to keep consumption top of mind when determining which businesses they want to attract to Southern Nevada.

As you can see, every region requires a unique approach for economic development, and for districts like mine which are not covered by a commission, there are still lessons that we can take away. That is why I am happy to be joined by our witnesses today and look forward to hearing your testimony. Thank you.

Mr. PERRY. The Chair thanks the gentlelady.

The Chair would now like to welcome our witnesses and thank them for being here today: the Honorable Gayle Manchin from the Appalachian Regional Commission; the Honorable Corey Wiggins from the Delta Regional Authority; the Honorable Chris Saunders from the Northern Border Regional Commission; the Honorable Jennifer Clyburn Reed from the Southeast Crescent Regional Commission; and Mr. Garrett Boyle from the Denali Commission.

Briefly, I would like to take a moment to explain our lighting system to our witnesses. I don't know if you have been here before or not.

So, there are three lights in front of you with buttons associated with them. I guess you don't have the button. You have the button for the talk. If you are talking you have to push that button so we can hear you.

But there are three lights in front of you. Green means go and keep going. Yellow means you are going to run out of time in maybe about a minute or so; so, you want to be kind of thinking about wrapping it up. And red means you are kind of out of time, and we would hope that you would conclude your remarks.

The Chair now asks unanimous consent that the witnesses' full statements be included in the record.

Without objection, so ordered.

The Chair asks unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

Without objection, so ordered.

The Chair also asks unanimous consent that the record remain open for 15 days for any additional comments and for information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

Given the number of witnesses here today, we were not able to invite all interested in this subject. So, the Chair asks unanimous consent to enter into the record written testimony submitted by David Ditch from The Heritage Foundation, Thomas Schatz from Citizens Against Government Waste, and Marc Joffe from the Cato Institute.

Without objection, so ordered.

[The information follows:]

Statement of David Ditch, Senior Policy Analyst, Grover M. Hermann Center for the Federal Budget, The Heritage Foundation, Submitted for the Record by Hon. Scott Perry

REGIONAL COMMISSIONS: GOOD INTENTIONS, BAD POLICY, REAL COSTS

My name is David Ditch. I am a Senior Policy Analyst at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

This hearing represents something that ought to be commonplace: Congress reviewing the activity of federal agencies. The bloat and sprawl of the federal government means that too many programs and bureaucracies operate with minimal oversight or consideration.

One factor behind this flawed approach is the prevailing (if largely unspoken) view within the capital beltway that federal agencies are indefinitely entitled to taxpayer resources. In turn, this means that the burden of proof is overwhelmingly placed on critics of the status quo.

Unless Congress changes course, the regional commissions will likely spend $2 billion or more over the next decade.[1] In the areas covered by regional commissions, millions of full-time middle-class workers earn around $50,000 a year. It would take the salaries of 40,000 such people—working thousands of hours apiece—to reach $2 billion. Accordingly, the burden of proof ought to be on supporters of the regional commissions to show that they are worthy of so much taxpayer sweat equity while diverting such a large amount of private resources away from sustainable industry growth.

The problems covered in this testimony are not exclusive to the regional commissions. However, the commissions are excellent examples of many dysfunctions that have festered within the federal government for decades.

ECONOMIC DEVELOPMENT

Fundamentally, the regional commissions exist to promote economic growth in areas with pockets of persistent poverty through the provision of grants for infrastructure, business development, education, and more. The Appalachian Regional Commission (ARC) exemplifies this since parts of the region it covers have endured economic struggles for generations.

In the 58 years since the ARC's founding, many states and regions across the country have experienced dramatic and transformational growth. From technology hubs on the west coast to oil and natural gas production in the upper Midwest and gulf coast to broad-based growth in the southeast, tens of millions of people have enjoyed wealth creation and economic opportunity.

In contrast, much of the poverty that the ARC was created to address remains. This is because a federal program cannot create genuine, sustainable economic growth on its own. Factors such as geography, social conditions, and state and local governance are not matters of happenstance that can be solved with a federal grant—or even decades of grants.

Meanwhile, the fact that some counties within the ARC's purview have made economic progress does not constitute proof of the ARC's effectiveness. Instead, it was primarily caused by hard work and smart investments in the private sector. If anything, the uneven economic results across the region demonstrate how little effect the ARC has.[2]

Legislators often seek to tout themselves as "job creators," but we now have centuries of proof that the best way to create jobs is reducing the extent to which governments direct economic activity, not the other way around.[3] As such, regional commissions represent the wrong approach to delivering prosperity.

Finally, it is worth noting that the ARC's most recent budget justification highlights the closure of job-producing coal mines and power plants in the region.[4] The

[1] Congressional Budget Office, *The Budget and Economic Outlook: 2023 to 2033*, February 15, 2023, https://www.cbo.gov/publication/58848 (accessed October 16, 2023).

[2] Appalachian Regional Commission, "FY 2023 Performance Budget Justification," March 2022, https://www.arc.gov/wp-content/uploads/2022/03/FINAL-FY2023-ARC-Budget-Justification-Congressional.pdf (accessed October 16, 2023).

[3] Thomas Sowell, *Wealth, Poverty and Politics* (New York: Basic Books, 2016).

[4] Appalachian Regional Commission, "FY 2023 Performance Budget Justification."

Biden Administration's agenda, following the legacy of the Obama Administration, includes radical regulatory impositions that would make things even worse.[5]

POLITICAL ECONOMIC DEVELOPMENT

Regional commissions are undeniably effective at providing one thing in particular: political benefits. A grant enables officials at the local, regional, state, and federal levels to issue press releases, pose for pictures, and tout the "benefit" they are providing to constituents (with taxpayer dollars).

The idea that these projects represent economic progress relies on an economic fallacy referred to as the seen versus the unseen, where an economic activity is obvious, but its cost is obscured.

For example, a local infrastructure project promoted by press releases is highly visible to residents in the area. In contrast, we are unable to see what might have happened with those funds had they remained with the families and businesses whose tax payments facilitated the project. If a particular grant funds a project or activity of negligible value at the expense of productive household and business investments, the country is left poorer as a result.

The idea that the federal government should have a limited set of powers and responsibilities while most governance rests with lower levels of government (currently known as federalism) was a core principle of America's Founding. Regional commissions exemplify the breakdown of discrete local, state, and federal government responsibilities over the past century.[6]

A local government would be best positioned to judge whether a new sewer line or hiking trail is a good investment, since residents would experience both the costs and the benefits. Introducing federal subsidies distorts the process and incentivizes local officials to seek funding for projects whose costs are greater than their value.[7]

WASTE AND DUPLICATION

Perhaps the single most unavoidable flaw of regional commissions is the extent to which the entirety of their work is duplicative of efforts at all levels of government. This includes:

- Long-standing state and local provision of infrastructure for water and transportation;
- Grants for drinking water infrastructure provided by the Environmental Protection Agency and for transportation infrastructure provided by the Department of Transportation;
- The existence of the Rural Development bureau of the Department of Agriculture, which has authority to provide grants for a variety of economic development purposes;
- The existence of the Community Development Fund in the Department of Housing and Urban Development, which is a de facto slush fund for local projects;
- Business development support provided by the Small Business Administration; and
- Job training and educational programs operated by a multitude of agencies, primarily in the Departments of Education and Labor.

There is perhaps an argument to be made that regional commissions allow for an approach that is more tailored to their communities than one-size-fits-all nationwide programs. However, this would point towards devolving most non-defense federal activity to the state and local level rather than layering regional programs on top of nationwide ones.

In addition to overlap, regional commissions also provide funding for activities of more nebulous or dubious value, including tourism promotion, arts and crafts, and conferences.[8] Unfortunately, it is difficult to gauge the total amount of funding dedicated to such activities due to a lack of transparency, which is typical for federal-to-local grant programs.

---

[5] Mario Loyola, "EPA's Illegal Power Play," Heritage Foundation *Commentary*, September 28, 2023, https://www.heritage.org/government-regulation/commentary/epas-illegal-power-play.

[6] Chris Edwards, "Finding Victims for Trump Budget Cuts," Cato Institute, March 22, 2017, https://www.downsizinggovernment.org/finding-victims-trump-budget-cuts (accessed October 16, 2023).

[7] David Ditch and Nicolas Loris, "Improving Surface Transportation Through Federalism," Heritage Foundation *Backgrounder* No. 3450, November 12, 2019, https://www.heritage.org/budget-and-spending/report/improving-surface-transportation-through-federalism.

[8] "Eliminate Regional Commissions," Heritage Foundation Budget Blueprint for Fiscal Year 2023, https://www.heritage.org/budget/pages/recommendations/1.450.17.html.

REAL COSTS OF GOVERNMENT

Regional commissions are part of a broader trend. In fiscal year 2022, the federal government transferred $1.2 trillion to state and local governments. The scale of these transfers in both inflation-adjusted terms and as a share of the economy has exploded since 1940 and now touches every aspect of local governance.[9]

Even this understates the cost of federal grant programs, since state and local governments employ cadres of bureaucrats to apply for and administer grants. The more layers of government a project touches, the larger the cost of bureaucracy. Further, this creates an ever-growing gap between the government entity that raises revenue and the government entity that spends the money, as well as between those who pay for the project and those who benefit from it. This breaks an important link whereby voters would traditionally limit government's redirection of private resources.

More broadly, Congress is addicted to deficit spending.[10] From the start of the pandemic through the end of 2022, Washington went on a $7.5 trillion spending spree or over $57,000 for every household in the country.[11] The national debt has surged to $33.5 trillion or roughly $258,000 per household.[12] Even darker fiscal clouds loom on the horizon with $75 trillion in unfunded liabilities for Social Security and Medicare.[13]

The glut of deficit spending was a pivotal factor behind the wave of inflation that began in 2021 and has still not fully receded. In turn, the Federal Reserve has dramatically raised interest rates to combat inflation, causing turmoil in the financial and housing sectors, and, consequently, leading to slower and stagnating economic growth.[14] Relatedly, markets are demanding higher interest rates on long-term federal debt, which will pose a lasting threat to economic growth.[15]

None of this is to say that regional commissions are the primary cause of deficit spending. However, they are a perfect example of Washington's inability to prioritize federal activity or to place the national good ahead of special interests.

To prevent a catastrophic debt crisis Congress will need to put Social Security and Medicare on firmer footing, ideally by slowing the growth of spending.[16] However, given the politically sensitive nature of entitlement programs, this will require a massive undertaking.

With that in mind, a more reasonable first step to reduce the deficit and make the federal government more manageable would be to reduce the vast array of programs and bureaus that cater to niche political concerns.

RECOMMENDATION

Congress should phase out and eliminate the regional commissions, ideally within less than five years. This should take place in the context of many related reforms, reductions, and eliminations to other aspects of federal activity.

A smaller federal government that spends less and adds less (or ideally nothing) to the national debt would be a tremendous benefit to the entire country. More specifically, areas covered by the regional commissions would be better off with less inflation and lower interest rates than with more inflation and higher interest rates, but with a small chance of getting a federal grant for their area.

America became the greatest country in the history of the world by embracing freedom and opportunity. If we want to remain great, we must exercise fiscal restraint rather than constantly looking to Washington for handouts.

Thank you.

[9] Office of Management and Budget, Historical Table 12.1, https://www.whitehouse.gov/omb/budget/historical-tables/ (accessed October 16, 2023).

[10] David Ditch and Rachel Greszler, "The End of Business as Usual," Heritage Foundation *Backgrounder* No. 3793, October 12, 2023, https://www.heritage.org/budget-and-spending/report/the-end-business-usual-supplemental-package-farm-bill-and-more-congress.

[11] David Ditch and Richard Stern, "The Road to Inflation," Heritage Foundation *Special Report* No. 276, September 21, 2023, https://www.heritage.org/budget-and-spending/report/the-road-inflation-how-unprecedented-federal-spending-spree-created.

[12] U.S. Department of the Treasury, "Debt to the Penny," https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny (accessed October 16, 2023).

[13] Ditch and Greszler, "The End of Business as Usual."

[14] Ditch and Stern, "The Road to Inflation."

[15] Ditch and Greszler, "The End of Business as Usual."

[16] Ibid.

Statement of Thomas A. Schatz, President, Citizens Against Government Waste, Submitted for the Record by Hon. Scott Perry

My name is Thomas A. Schatz, and I am president of Citizens Against Government Waste (CAGW). CAGW was founded in 1984 by the late industrialist J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the recommendations of President Ronald Reagan's Private Sector Survey on Cost Control (PSSCC), also known as the Grace Commission, and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government. CAGW has more than one million members and supporters nationwide, and since 1984 it has helped save taxpayers more than $2.4 trillion through the implementation of Grace Commission findings and other recommendations.

In 2021, 61 percent of the organizations' combined income came from individual contributors, while foundation and corporate contributors accounted for the remaining 39 percent.

CAGW's mission reflects the interests of taxpayers. All citizens benefit when government programs work cost-effectively, when deficit spending is eliminated, and when government is held accountable. Not only will representative government benefit from the pursuit of these interests, but also the country will prosper economically because government mismanagement, fiscal profligacy, and chronic deficits soak up private savings and crowd out the private investment necessary for long-term growth.

CAGW appreciates the committee's ongoing efforts to conduct its oversight responsibility for regional commissions during today's hearing, as well as your other legislative initiatives.

The federal government operates several independent agencies that provide region-specific grants for infrastructure projects, economic development, and local capacity building. These agencies and commissions include the Appalachian Regional Commission, the Delta Regional Authority, the Denali Commission and the Northern Border Regional Commission. Each of former President Trump's budgets from fiscal years (FY) 2018 through 2021 proposed the elimination of these four agencies, stating that they are duplicative of other federal programs. The FY 2021 budget noted that money for the three commissions "is set aside for special geographical designations rather than applied across the country based on objective criteria indicating local areas' levels of distress."

The Denali Commission, created by Congress in 1998 to build infrastructure in rural Alaska, has been targeted for elimination by multiple administrations. Former President Obama recommended eliminating funding for the commission in his FY 2012 budget. His administration argued that Denali projects are not funded through a competitive or merit-based system, and that at least 29 other federal programs could fulfill the commission's mandate. Denali Commission Inspector General (IG) Mike Marsh stated in September 2013 that, "I have concluded that [my agency] is a congressional experiment that hasn't worked out in practice. . . . I recommend that Congress put its money elsewhere."

A September 2014 Government Accountability Office (GAO) report found that the Denali Commission IG provided extremely limited oversight of the commission's major programs during FYs 2011–2013. According to the report, "analysis of the 12 inspections completed by the IG found that the IG provided oversight for $150,000 of the $167 million in grant funds disbursed during fiscal years 2011 through 2013." The amount of funding inspected by the IG added up to less than 1 percent of grants awarded by the Denali Commission over this period.

Given that the state of Alaska's oil revenues pay an annual dividend to each resident of the state (in 2023, Alaskans will receive $1,300 each), an additional subsidy is hard to justify. The commission's statutory authorization expired on October 1, 2009. It is time for the federal appropriation to disappear as well.

The Delta Regional Authority has also been frequently criticized. In addition to being targeted for elimination by the Trump administration, former President Obama's FY 2017 version of *Cuts, Consolidations, and Savings* proposed a $3 million annual cut. Moreover, each of the Republican Study Committee's budgets from FYs 2017 through 2024 called for the termination of regional commissions, noting that they duplicate federal, state, and local programs.

Regular readers of CAGW's *Congressional Pig Book* know that these programs have long been heavily earmarked. The Appalachian Regional Commission has received 14 earmarks totaling $413.8 million since FY 1995 for projects in Alabama, Kentucky, and West Virginia. Since FY 2000, members of Congress have added 31 earmarks costing $343.1 million for the Denali Commission, including Senate appropriator Lisa Murkowski (R-Alaska), former Sen. Mark Begich (D-Alaska), and the late Sen. Ted Stevens (R-Alaska) and Rep. Don Young (R-Alaska). Since FY 2003, legislators have added 18 earmarks for the Delta Regional Authority costing $177.9 million, including 14 earmarks costing $166.1 million between FYs 2014 and 2021, during the supposed earmark moratorium.

These regional commissions and authorities are not only failing to meet the needs of taxpayers, but also duplicating state and local programs and wasting valuable resources that could be better used for other purposes. CAGW recommends that they all should be eliminated.

Letter of October 19, 2023, to Hon. Scott Perry, Chairman, and Hon. Dina Titus, Ranking Member, Subcommittee on Economic Development, Public Buildings, and Emergency Management, from Marc D. Joffe, Federalism and State Policy Analyst, Cato Institute, Submitted for the Record by Hon. Scott Perry

OCTOBER 19, 2023.

The Honorable SCOTT PERRY,
Chairman,
Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, U.S. House of Representatives, Washington, DC 20515.

The Honorable DINA TITUS,
Ranking Member,
Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, U.S. House of Representatives, Washington, DC 20515.

DEAR CHAIRMAN PERRY, RANKING MEMBER TITUS, AND MEMBERS OF THE SUBCOMMITTEE:

My name is Marc Joffe, and I am a Federalism and State Policy Analyst at the Cato Institute. I am writing to you today to provide information and policy recommendations regarding the regional commissions that are under the Subcommittee's purview.

The Congressional Research Service has identified eight regional commissions and authorities.[1] Some of these entities have little or no public footprint. The Great Lakes Authority, established under the Consolidated Appropriations Act of 2023, does not appear to have received any appropriations and has yet to begin operating.[2] The Northern Great Plains Regional Authority was created in 2002, but its authorization lapsed at the end of FY2018. Finally, while the Southwest Border Regional Commission has $5 million in authorized funding and a confirmed federal cochair, it does not appear to have a website, nor does it have any grant information on usaspending.gov.

If a commission or authority is not active, it is clearly a candidate for sunsetting. With the national debt now exceeding $33 trillion and large projected deficits over the coming decades, there is no fiscal space for adding new programs.

The following chart provides summary funding information for the six active commissions and authorities:

Commission and Authority Funding Data

[Dollars in Thousands]

Commission	IIJA Appropriations ($000)	PL 117–103 Appropriations ($000)	Authorized Funding—FY2023 ($000)
Appalachian Regional Commission	$1,000,000	$195,000	$200,000
Delta Regional Authority	150,000	30,100	30,000
Denali Commission	75,000	15,100	0
Northern Border Regional Commission	150,000	35,000	33,000

[1] Congressional Research Service. April 7, 2023. Federal Regional Commissions and Authorities: Structural Features and Function. https://crsreports.congress.gov/product/pdf/R/R45997

[2] Public Law 117–328. Title IV. Section 401. https://www.congress.gov/117/plaws/publ328/PLAW-117publ328.pdf.

Commission and Authority Funding Data—Continued

[Dollars in Thousands]

Commission	IIJA Appropriations ($000)	PL 117–103 Appropriations ($000)	Authorized Funding—FY2023 ($000)
Southeast Crescent Regional Commission	5,000	5,000	33,000
Southwest Border Regional Commission	2,500	1,250	33,000
Totals	**$1,382,500**	**$281,450**	**$329,000**

Source: Congressional Research Service. ARC's IIJA appropriation was $200 million per year for five years.

As the chart shows, most of these commissions received large supplemental appropriations under the Infrastructure Investment and Jobs Act (IIJA). Since much of these appropriations remain unspent, the commissions do not necessarily require FY 2024 appropriations to maintain their grantmaking activity at prior year levels.

While terminating inactive entities and deferring future appropriations should be seen as commonsense measures, that leaves the bigger question of whether regional commissions and authorities are an effective and equitable use of federal tax revenues.

There are other federal grant opportunities for communities in the regional commission areas, so it is not clear that the commissions are needed. For example, the IIJA provided $42.45 billion for a new state broadband deployment program and an additional $2 billion for the Department of Agriculture's rural broadband grant programs.[3] Yet, the Appalachian Regional Commission recently issued a $6.3 million grant to a California-based nonprofit to help provide broadband across fifty Appalachian communities.[4]

Small grantmaking agencies like regional commissions have two disadvantages relative to their bigger peers: higher overheads and less ability to professionalize selection and oversight processes. The federal co-chair of each body is a level III appointee of the Executive Schedule, entitled to a $195,000 salary plus benefits.[5] Additional staff can add significant extra costs. In its FY 2024 Congressional Budget Justification, the Denali Regional Commission requested $3 million for personnel compensation and benefits, representing 18 percent of the $17 million appropriation it is seeking.[6]

In its 2022 Annual Financial Report, Denali's Inspector General recommended that the Commission implement "a framework to continually assess, identify and monitor risk" implying that no such framework exists. In his response to the Inspector General, Federal Co-Chair Garrett Boyle agreed that the "long-term monitoring of grants is a challenge," and noting that "the fluctuating level of funds flowing into the Commission makes it difficult to strike the exact right balance between adequate staffing levels and over-staffing." [7]

Further, there is arguably an appearance of familial connections and political considerations influencing the nomination and appointment of federal co-chairs. This may inhibit the ability of commissions to adequately implement risk controls.

Admittedly the goals of reducing overhead burden and improving oversight could be achieved by consistently funding the Denali Commission at a higher level, but that would be a poor use of taxpayer funds given the small population positioned to benefit from the Commission's grantmaking.

---

[3] Bradley. Infrastructure Investment and Jobs Act Summary of Broadband Service Provider Funding Opportunities. November 2021. https://www.bradley.com/-/media/files/insights/publications/2021/11/iija-broadband-summary.pdf

[4] Appalachian Regional Commission. ARC Awards $6.3 Million to Bolster Broadband Access Across 50 Communities in Every Appalachian Subregion. https://www.arc.gov/news/arc-awards-6-3-million-to-bolster-broadband-access-across-50-communities-in-every-appalachian-subregion/

[5] Congressional Research Service. March 6, 2023. Forming a Funded Federal Regional Commission. https://crsreports.congress.gov/product/pdf/IF/IF11744

[6] Denali Commission Congressional Budget Justification Fiscal Year 2024. https://02e11d.a2cdn1.secureserver.net/wp-content/uploads/2023/03/Congressional-Budget-Justification-Fiscal-Year-2024-Final.pdf

[7] Denali Commission Agency Financial Report Fiscal Year 2022. https://02e11d.a2cdn1.secureserver.net/wp-content/uploads/2023/03/AFR-FY22-FINAL.pdf

Alaska's population is 734,000, of which 541,000 live in the state's four metropolitan and micropolitan statistical areas.[8] Thus, the Commission's main purposes of supporting job training, economic development, and infrastructure in Alaska rural areas[9] are focused on a population of less than 200,000 people.

Further, Alaska has considerable resources available to support its rural population without federal support. Alaska's permanent fund recently reported a balance of $75 billion.[10] These funds could be invested in state infrastructure.

Finally, although these bodies are intended to help impoverished communities, their regions include areas that are more affluent. For example, the Southeast Crescent Regional Commission's service area includes Loudoun County, Falls Church city, Fairfax County, and Arlington County,[11] which respectively rank 1st, 2nd, 6th and 10th among counties and county-equivalents in Median Household Income.[12] The Northern Border Regional Commission includes five counties with Median Household Income above the national median (Addison County, VT; Grafton County, NH; Rensselaer County, NY; Saratoga County, NY; and Schenectady County, NY).[13]

In summary, regional commissions and authorities are an inefficient and inequitable mechanism for distributing federal grant money to disadvantaged communities. To the extent that their grantmaking activities are deemed necessary, these activities can be easily subsumed by other federal agencies and state governments.

Sincerely,

MARC D. JOFFE,
Federalism and State Policy Analyst, Cato Institute.

Mr. PERRY. As your written testimony has been made part of the record, the subcommittee asks that you limit your oral remarks to 5 minutes.

With that, Ms. Manchin, you are recognized for 5 minutes for your testimony.

TESTIMONY OF HON. GAYLE C. MANCHIN, FEDERAL COCHAIR, APPALACHIAN REGIONAL COMMISSION; HON. COREY WIGGINS, PH.D., FEDERAL COCHAIR, DELTA REGIONAL AUTHORITY; HON. CHRIS SAUNDERS, FEDERAL COCHAIR, NORTHERN BORDER REGIONAL COMMISSION; HON. JENNIFER CLYBURN REED, ED.D., FEDERAL COCHAIR, SOUTHEAST CRESCENT REGIONAL COMMISSION; AND GARRETT C. BOYLE, FEDERAL COCHAIR, DENALI COMMISSION

TESTIMONY OF HON. GAYLE C. MANCHIN, FEDERAL COCHAIR, APPALACHIAN REGIONAL COMMISSION

Ms. MANCHIN. Thank you and good morning. I am Gayle Manchin, and I am very proud to be here representing the Appalachian Regional Commission as the Federal Cochair.

Since 1965, we have been reaching out to over 26 million people, helping them gain parity with the rest of American prosperity.

And we have been grateful over the years for the bipartisan support from this committee that has enabled and empowered us to strengthen our initiatives, that we have been able to respond to the

[8] US Census Bureau. 2022. Quick Facts: Alaska. https://www.census.gov/quickfacts/fact/table/AK/PST045222. Metropolitan and Micropolitan Statistical Areas. https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-metro-and-micro-statistical-areas.html

[9] Denali Commission Act of 1998 (as amended). March 2022. https://02e11d.a2cdn1.secureserver.net/wp-content/uploads/2022/03/Denali-Commission-Act-updated-March-2022.pdf.

[10] Alaska Permanent Fund. Financial Statements: August 31, 2023. https://apfc.org/download/151/fy-2024/4416/2023aug31-apfc-financial-statements.pdf

[11] Southeast Crescent Regional Commission. FY23 County and County Equivalent Listings by State. https://scrc.gov/wp-content/uploads/2023/01/SCRC-County-Listing-By-State.pdf

[12] Census Bureau. December 2022. SAIPE State and County Estimates for 2021. https://www.census.gov/data/datasets/2021/demo/saipe/2021-state-and-county.html

[13] County listings by state are provided as links at the Northern Border Regional Commission website at https://www.nbrc.gov.

evolving needs of communities across Appalachia's 423 counties and 13 States that stretch from southern New York to northern Mississippi.

We have already been authorized for 5 years in the Infrastructure Investment and Jobs Act. And so, this has positioned us to help Appalachia and seize opportunities moving forward.

We, of course, are not seeking any amendments to our enabling legislation through the Appalachian Regional Development Act.

It is important to note that the Appalachian region faces specific challenges: the isolating mountainous range; the dispersed population; the outdated or inadequate infrastructure, which includes broadband, water, sewer, roads; generational poverty; and the lack of capacity when it comes to applying for and receiving assistance from other funding opportunities.

ARC provides an effective approach for addressing the region's unique challenges. Our flexible base funding program takes a bottom-up approach, enabling local communities to tailor the Federal assistance to their individual needs.

But then ARC works in collaboration with the States as a partner to develop strategies from the local, State, and Federal level so that we are meeting the priorities at each level and not coming from the top telling them how to do it.

This bottom-up partnership approach ensures that the initiatives reflect local, State, and Federal partnership. And we believe that the base funding, which gives a formula-allocated amount to each State, allows Governors, too, to have a voice in funding opportunities.

In addition to the base program, ARC funds several grant initiatives that are having transformative impacts across our Appalachian region. This includes our POWER initiative, which responds to job losses specifically due to coal-impacted communities with the downturn of coal in those areas.

The Appalachian region has disproportionately suffered a major shift as the coal industry went down. Over 70 percent of coal mining jobs lost in the United States from 2011 to 2022 were in the Appalachian region, leading to a loss of more than 34,000 direct mining jobs.

Up to this time, ARC has invested more than $420 million into 507 projects since POWER was established.

The Appalachian region also continues to be disproportionately affected by the opioid epidemic. And so, in 2018 we organized. We formed listening committees, focus groups. We studied and researched.

And as a result, we launched the INSPIRE grant, which is a recovery-to-work initiative. So, training, not only the recovery, but giving support across—in this investment, we have given nearly $42 million across 126 INSPIRE projects.

And then last year, we launched our ARISE, which is a multistate initiative to give greater impact as we respond to the challenges as a region rather than as 13 individual States.

And then, through READY Appalachia, we have offered capacity training to build our local leaders and our nonprofits in a way that can strengthen their capacity in writing for grants, strategizing, and planning for projects in their communities.

So, we have undeniably seen progress in our region.

Highways have always been a key component. But in addition to the concrete highways, we now find that the broadband highway is another challenge in our mountainous isolated areas.

So, we continue to work to meet the challenges, targeting our investments. We are a part of the White House Interagency Working Group on Coal and Power Plant Communities where we serve as a major member of that committee, working in tandem with other Federal agencies. So, not to duplicate but to complement one another in the funding that we are able to put forth through those coal-impacted areas.

Our programs continue to work, they continue to thrive. We look forward to hosting a time when the Appalachian regional communities will not just thrive or survive, but they will actually be able to compete with the rest of the country in their efforts, and then we will know that we have reached parity.

So, I thank you for this opportunity to speak before you, and I look forward to answering any questions that you may have that come up before us. Thank you very much.

[Ms. Manchin's prepared statement follows:]

Prepared Statement of Hon. Gayle C. Manchin, Federal Cochair, Appalachian Regional Commission

Mr. Chairman and Members of the Committee:

My name is Gayle Manchin, Federal Co-Chair of the Appalachian Regional Commission (ARC), and I am pleased to come before you this morning to discuss the progress that ARC has made in helping close the socioeconomic gap between Appalachia's 26 million people and the rest of the nation.

ARC has been grateful for the bipartisan support from this committee over the years. You have helped us strengthen our initiatives and ensure that we are able to respond to the evolving needs of communities across Appalachia's 423 counties and 13 states. We were reauthorized for five years in the Infrastructure Investment and Jobs Act, and this has positioned us to help Appalachia seize the economic opportunities of the future. We are not seeking any amendments to our enabling legislation, the Appalachian Regional Development Act.

Since 1965, the ARC has collaborated with local and state partners to create jobs, build infrastructure, and strengthen the regional economy. ARC provides an effective approach for addressing the region's economic challenges and advancing each of our strategic investment priorities: 1.) building Appalachian businesses, 2.) building Appalachia's workforce ecosystem, 3.) building Appalachia's infrastructure, 4.) building regional culture and tourism, and 5.) building community leaders and capacity.

Our flexible base funding program takes a "bottom up" approach, enabling local communities to tailor the federal assistance to their individual needs. It makes use of local development districts to develop and implement effective strategies for local economic development. Through our federal-state partnership structure, ARC's projects reflect state priorities as well.

Since ARC was founded, it has made considerable progress to move Appalachia closer to the nation's economic mainstream. For example:

- The number of high-poverty counties in Appalachia has been cut by over 60 percent.[1]
- The regional poverty rate has been cut by more than half.[2]

[1] https://www.arc.gov/wp-content/uploads/2022/11/FY-2022-Performance-and-Accountability-Report.pdf. Page 15.

[2] https://www.arc.gov/wp-content/uploads/2020/06/AppalachiaThenAndNowCompiled Reports.pdf. Page 26.

- The percentage of adults with a high school diploma has nearly tripled since 1960, and students in Appalachia now graduate from high school at nearly the same rate as that of the nation as a whole.[3]
- In the past five years, ARC-funded infrastructure projects have provided 251,890 Appalachian households with access to clean water and sanitation facilities.[4]

ARC program investments totaled $867.3 million from FY 2018 to FY 2022. Taken together these funds—

- leveraged over $1.4 billion in other public investment ($1.63 per $1 ARC investment);
- attracted over $5.5 billion in private investment ($6.35 per $1 ARC investment);
- resulted in 113,483 jobs being created or retained; and
- provided training and new skills to 172,403 students and workers/trainees.[5]

In addition to our base funding program, which has been the mainstay of ARC over the years, and in which funds are allocated by formula to each ARC state for the Governor to recommend projects to us, I want to highlight for the committee three special initiatives that are positioning our communities to be competitive in the new economy:

The first is our regionally competitive *Partnerships for Opportunity and Workforce and Economic Revitalization Initiative (POWER)* initiative for coal-impacted communities. POWER responds to job losses in coal mining, coal-fired power plant operations, and supply chain and logistics businesses that serve that industry.

Appalachia has disproportionately suffered from the shift away from coal as an energy source. Over 70 percent of the coal mining jobs lost in the United States from 2011 to 2022 were in the Appalachian region. Since POWER's establishment in 2015, ARC has invested *over $420 million in 507 projects* impacting nearly 400 of Appalachia's coal-impacted counties. These ARC's investments are projected to *create or retain more than 53,000 jobs* and prepare over 142,000 workers and students for new opportunities in entrepreneurship, broadband, tourism, and other growing industries.

The next initiative I'll highlight is called *Investments Supporting Partnerships In Recovery Ecosystems (INSPIRE)*, which focuses on creating or expanding local substance use disorder (SUD) networks that lead to workforce entry or re-entry. In 2018, your committee recognized the way SUD was ravaging our region and you added a new authority to our statute for us to do work in this area. We created a substance use advisory council, convened a series of listening sessions around the region and launched INSPIRE as a result.

Successful projects support the post-treatment to employment continuum, which could include investments in healthcare networks that support SUD recovery professionals, recovery-focused job training programs, as well as initiatives designed to coordinate, or link, recovery services and training that support the recovery to work ecosystem, among others.

Substance use disorder poses a major threat to the economic prosperity of Appalachia. It's not just a public health and public safety issue; it's an economic development issue. It drains the region's resources, both human and financial.

Since April 2021 when INSPIRE was created, ARC has invested nearly *$42 million in 126 projects* that address Appalachia's SUD crisis in *349 counties*—which is 83 percent of the region. Together, these projects are projected to improve more than *2,178 businesses* and provide opportunities for nearly *9,772 students and workers* in creating or expanding recovery ecosystems leading to workforce entry or re-entry throughout the region.

Our newest initiative is *ARISE (Appalachian Regional Initiative for Stronger Economies)*, which is funded by the Infrastructure Investment and Jobs Act and which seeks to drive large-scale, regional economic transformation through multi-state collaborative projects across Appalachia. ARISE rests on the premise that greater economic impact can occur from activities that are coordinated across state lines than would likely occur when these activities are conducted in isolation in individual states. It gives ARC a way to boost economic sectors or industry clusters that

[3] https://www.arc.gov/wp-content/uploads/2020/06/AppalachiaThenAndNowCompiledReports.pdf. Technical Report. Page 51; https://www.arc.gov/wp-content/uploads/2023/05/PRB__ARC__Chartbook__ACS__2017-2021__FINAL__2023-06.pdf. Page 53.

[4] Data from ARC's grant management database and verified by Performance Accountability Reports for Fiscal Years 2018, 2019, 2020, 2021, 2022: https://www.arc.gov/budget-performance-and-policy/

[5] Data from ARC's grant management database and verified by Performance Accountability Reports for Fiscal Years 2018, 2019, 2020, 2021, 2022: https://www.arc.gov/budget-performance-and-policy/

reach across multiple states, yielding greater economic payoff for the economies of those states. ARISE grants are strengthening the electric vehicle sector in our southern states, the textile industry in the Carolinas, green manufacturing in northern Appalachia, and regional tourism in Central Appalachia.

Since launching ARISE last fall, we have made 13 grants totaling $48.6 million. We currently have 36 applications under review and have invited 14 more to apply.

Doing this kind of multi-state work is not easy; it calls for all of us to think differently about how we build a stronger regional economy. But I've been very encouraged by what our first year of experience with ARISE has produced. It is changing the conversation about economic development, and it is driving home the benefits of partnerships that reach broadly across multiple states.

Although Appalachia has seen progress as a result of ARC's program and initiatives, serious challenges constrain the economic future of too many Appalachians.

- Nearly one-fifth of Appalachia's counties still suffer from persistent and severe economic distress.[6]
- Per capita market income in Appalachia was over 27 percent lower than the nation in 2021.[7]
- The region has been disproportionately affected by the loss of manufacturing jobs. During the period 2000–2021, Appalachia had a net loss of 625,000 manufacturing jobs (a 31 percent decline), while the United States lost around 4.7 million (a 26 percent decline).[8]
- Roughly 20 percent of the region's population is not served by a community water system (compared with 12 percent of the rest of the nation's population), and 47 percent of Appalachian households are not served by a public sewage system (compared with 24 percent nationally).[9]
- Appalachia lags behind the nation in the proportion of adults with a bachelor's degree (26 percent compared with 33.7 percent for the nation).[10]

So there is still much work to be done.

In addition to leveraging our base funding program and special initiatives as mentioned previously, ARC tackles Appalachia's challenges by targeting its resources to the areas of greatest need, leveraging private resources into Appalachia, and partnering with other federal agencies to extend the reach of their resources into Appalachia.

In FY 2022, 74 percent of ARC's grant dollars supported projects that primarily or substantially benefited economically distressed counties and areas.

ARC is not duplicative, but rather complementary, of other federal programs. By using its grassroots delivery system, ARC can extend the reach of programs into some of the most economically distressed parts of the nation by providing the necessary training and gap funding to prepare economically distressed communities to compete successfully for funding from national programs.

Similarly, ARC helps attract private sector investment to areas that otherwise would not likely be considered competitive investment opportunities. In FY 2022, investments of $239.7 million in grant funds across all ARC initiatives attracted an additional $389.5 million in other project funding, an investment ratio of 2 to 1, and $1.57 billion in non-project leveraged private investment, a ratio of 7 to 1.

As previously mentioned, partnerships lie in the heart of how ARC is able to advance the economic health of the region. That's just as true in working with other federal agencies as it is in collaborations with the private and nonprofit sectors. ARC has strong relationships with U.S. Department of Agriculture, the Economic Development Administration, the U.S. Department of Labor, and the Federal Communications Commission, and the U.S. Environmental Protection Agency. We have a history of collaborating with federal agencies to achieve greater impact in Appalachia.

ARC is a leading member of the White House Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization, spotlighting for the 11 member agencies the particular challenges that many Appalachian communities face because of the decline in the coal industry.

Highways have always been a key component of the effort to narrow the economic gap between Appalachia and the rest of the nation. The Appalachian Development

[6] https://www.arc.gov/wp-content/uploads/2022/11/FY-2022-Performance-and-Accountability-Report.pdf. Page 16. And https://www.arc.gov/classifying-economic-distress-in-appalachian-counties/

[7] https://www.arc.gov/distressed-designation-and-county-economic-status-classification-system/

[8] Woods and Poole 2022 Complete Economic and Demographics Data Source.

[9] https://www.arc.gov/wp-content/uploads/2020/06/DrinkingWaterandWastewater Infrastructure.pdf. Page 4. Data updated from UNC Environmental Finance Center in 2020.

[10] https://www.arc.gov/wp-content/uploads/2023/05/PRB__ARC__Chartbook__ACS__2017-2021__FINAL__2023-06.pdf. Page 53.

Highway System (ADHS) was created to connect Appalachia to national and international markets and to compensate for the fact that the interstate system had bypassed much of the region. The Infrastructure Investment and Jobs Act (IIJA) provides dedicated funding of $250 million a year for work on the ADHS. IIJA also sets aside 25 percent of the funding for the Rural Surface Transportation Grant Program for the ADHS, which totals $500 million over five years. This will facilitate significant progress in completing the system, which is currently 91 percent under construction or open to traffic. While the current funding for the ADHS goes to the Federal Highway Administration, ARC maintains an active role in overseeing the system.

ARC's program also helps fund reliable and affordable broadband infrastructure to rural Appalachian communities so they can compete and participate in the global economy. We have partnered with the Federal Communications Commission to help more Appalachians participate in the Affordable Connectivity Program, which helps reduce barriers by providing eligible households with up to $30 per month to help cover internet bills.

However, we often hear from communities that they lack the capacity to take full advantage of ARC's resources or the funding opportunities at other federal agencies. In response, ARC has created *READY Appalachia*, which seeks to build capacity in four key pillars of economic and community development: nonprofit organizations, community foundations, local development districts, and local governments. We launched this program last year.

Congress and the Biden-Harris Administration have made historic levels of funding available to communities across Appalachia—funding that will be used to support sustainable economic growth. By helping local leaders and nonprofit organizations to build on their capacity to develop infrastructure projects and workforce development initiatives in our communities, READY Appalachia will also help increase equity for our Appalachian people and ensure that the region's resilience and success will transform their future.

ARC's emphasis on local building capacity, in addition to our POWER, INSPIRE, and ARISE programs, will complement ARC's traditional base funding program that advances basic infrastructure, workforce development, and business support.

I like to say that the name of our agency isn't the "13 States of Appalachia"; it's the Appalachian Regional Commission, and the more we can do things on a truly regional, multistate basis the greater the benefits will be for Appalachia and for the Appalachia states. If the Appalachian part of the state gets stronger, the whole state will get stronger, and the stronger the ARC states become, the stronger our national economy will be. Taken together, ARC's program and initiatives will help narrow the economic gap between Appalachia and the rest of the nation. I look forward to working with the Subcommittee in this effort.

Mr. EZELL [presiding]. Thank you, Ms. Manchin.

And, Dr. Wiggins, you are recognized for 5 minutes for your testimony.

TESTIMONY OF HON. COREY WIGGINS, PH.D., FEDERAL COCHAIR, DELTA REGIONAL AUTHORITY

Mr. WIGGINS. Mr. Chairman and members of the committee, my name is Dr. Corey Wiggins. I serve as the Federal Cochairman of the Delta Regional Authority. Thank you for allowing me the opportunity to share with you the important work of the Delta Regional Authority.

Since its establishment in 2000, the DRA's purpose has remained unchanged: to promote and encourage economic development in the DRA region.

DRA's financial assistance programs provide targeted investments in the 252 counties and parishes across our eight-State region. That includes parts of Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee.

While home to 10 million residents, the DRA region is among the most economically distressed parts of the United States.

The DRA invests in a broad range of initiatives that support four overarching goals, including investing in public infrastructure, developing the local workforce, promoting business growth and entrepreneurship, and supporting sustainable communities.

Some highlights of DRA programs and their impacts include, from 2017 to 2022, project investments in the States' Economic Development Assistance Program, our partnership program with our Governors, resulted in over 500,000 families affected by infrastructure programs, more than 160,000 individuals trained in workforce development programs, and approximately 35,000 jobs created or retained in the region.

Since 2017, our Community Infrastructure Fund, which supports basic public infrastructure investments, resulted in more than 290,000 families affected by improved infrastructure projects, about 1,500 individuals trained in workforce programming, and over 8,000 jobs created or retained in the region.

DRA invested a total of over $46 million in funding in the DRA region in fiscal year 2022. The expected impact of this funding from nearly 110 projects in the region includes nearly 42,000 families affected via improved infrastructure, over 1,800 jobs created or retained, and over 1,200 individuals trained.

As DRA continues to assess its fiscal year 2023 project and impact data, some highlighted regional investments include: DRA awarded $11.7 million in investments to 28 projects in the region through our Delta Workforce Program.

DRA also awarded over $600,000 to five communities in Illinois, Louisiana, and Missouri in its first round of funding through the Strategic Planning Grant Program, a new initiative to support capacity building in the region.

Every 5 years, DRA, by statute, is responsible for creating a regional development plan with public input that is approved by our Governors. In February 2023, the authority approved and released "Navigating the Currents of Opportunity: DRA Regional Development Plan IV."

Our strategic goals for the next 5 years include: DRA will expand and invest in the resiliency of the region's public infrastructure to improve residents' quality of life and increase economic opportunity.

We will improve the networks of agencies, organizations, businesses, and educational institutions providing workforce development opportunities.

We will strengthen the competitiveness of the region's employers, attract new employers to the region, and support the long-term growth of micro and small businesses.

We will expand our efforts to enhance sustainable and inclusive local placemaking, quality of life, and community capacity.

DRA has pursued its vision of the region as a place where people and businesses have access to economic opportunities and vibrant, sustainable, and resilient communities.

One of DRA's legislative priorities includes reauthorization of the agency, which has been included in the farm bill in the past. It is vitally important that the agency continues to exist and provide critical resources to the heart of America.

Additionally, the agency requests appropriations language to amend DRA's authorizing statute to remove section 382N of the Delta Regional Authority Act of 2000, thereby deleting or removing DRA's sunset language.

DRA and its sister commissions serve a distinguished purpose and uniquely critical role within each of our regions. Our impact in the region is not just limited to the quantitative outputs from the agency investments, but is also connected to DRA's reputation as a regional partner working closely with local governments and local development districts to help find solutions to the challenges experienced in the region.

It is critical that DRA remains a vital partner in the region to foster inclusive communities, strengthen regional collaboration, achieve sustained long-term economic development, and produce meaningful opportunities for all people in the DRA region.

Again, thank you for allowing me to speak today. I look forward to our continued conversation.

[Mr. Wiggins' prepared statement follows:]

Prepared Statement of Hon. Corey Wiggins, Ph.D., Federal Cochair, Delta Regional Authority

On behalf of the Delta Regional Authority (DRA), I am pleased to present the Delta Regional Authority's Written Testimony Regarding Regional Commissions: A Review of Federal Economic Development Program Effectiveness.

Since its establishment in 2000, the agency's purpose has remained unchanged—to promote and encourage economic development in the DRA region. DRA's financial assistance programs provide targeted investment in the 252 counties and parishes within eight states in and around the Mississippi River Delta and the Alabama Black Belt. Member states are Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee.

While home to 10 million residents, the DRA region is among the most economically distressed parts of the United States. Among the DRA region's 252 counties and parishes, most are characterized as distressed and persistently in poverty [1] [2]. Despite these economic conditions, millions of Americans across the country rely on the DRA region for agriculture, manufacturing, textiles, and supply chain logistics, as well as natural resources.

Throughout its history, DRA has responded effectively to the region's challenges through its programs and investments. The DRA invests in a broad range of initiatives that support the four overarching goals of the DRA: investing in public infrastructure, developing local workforces, promoting business growth and entrepreneurship, and supporting sustainable communities. Some highlights of DRA programs and their impact include:

- The States' Economic Development Assistance Program (SEDAP), one of DRA's main investment tools, provides direct investments for basic public infrastructure, transportation infrastructure, business development, and workforce development. From 2017 to 2022, project investments in SEDAP resulted in over 504,000 families affected by infrastructure projects, about 164,000 individuals trained in workforce development programs, and approximately 35,000 jobs either created or retained in the region.

[1] As of FY 2022, 230 (91 percent) of DRA's counties and parishes are economically distressed. In compliance with the statute, the DRA calculates distress criteria on an annual basis. To be deemed distressed counties and parishes must meet the following criteria: (1) An unemployment rate of one percent higher than the national average for the most recent 24-month period. (2) Have a per capita income of 80 percent or less of the most recent national per capita income level.

[2] As of FY 2022, 136 (54 percent) of DRA's counties and parishes are in persistent poverty. The DRA follows the definition of persistent poverty provided by the USDA Economic Research Service that designates a county or parish may experience persistent poverty if it has poverty rates of 20 percent of the population, or more, for at least 30 years.

- The Community Infrastructure Fund (CIF) supports projects that address flood control, basic public infrastructure, and transportation infrastructure improvements. Since 2017, CIF investments have facilitated nearly 299,000 families affected by infrastructure projects, about 1,500 individuals trained in workforce programming, and over 8,000 jobs created or retained in the region.
- The Delta Doctors program increases access to quality health care in DRA communities by using a J–1 visa waiver to allow foreign physicians trained in the United States to work in areas with a shortage of health professionals. From 2019 to 2021, the DRA sponsored 440 physicians across the region, with about half of projects taking place in Alabama and Louisiana. About 25 percent of DRA-sponsored doctors work in a primary care role, with the remainder working across more than 18 specialties.
- In collaboration with the U.S. Department of Health and Human Services (HHS), the Delta Region Community Health Systems Development Program enhances healthcare delivery by providing technical assistance to critical access hospitals, small rural hospitals, rural health clinics, and other healthcare organizations. From 2017 to 2021, the program supported 43 organizations (37 hospitals, five Rural Health Clinics, and one Federally Qualified Health Center) in 40 DRA communities across all eight DRA states. A total of approximately 73,220 county jobs were supported due to hospital and clinic employee spending (2017–2021), which represents about 19 percent of all local jobs in these communities.

DRA is essential to economic development in the 252 counties and parishes within our eight-state region. As noted by the Southern Economic Advancement Project, "[t]he economic conditions within the Delta and the Black Belt regions continue to negatively impact the lives of the people there and the nation's overall economic health."[3] The investments made via DRA for basic public infrastructure, transportation infrastructure, business development, and workforce development are vital to the economic development of these areas.

Additionally, as stated in the Congressional Research Service Report: Federal Regional Commissions and Authorities: Structural Features and Function dated April 7, 2023,[4] DRA, along with other commissions, "provide[s] a model of functioning economic development approaches that are place-based, intergovernmental, and multifaceted in their programmatic orientation (e.g., infrastructure, energy, environment/ecology, workforce, business development)."

An example of this approach can be highlighted in the demand for DRA's programs in FY 2022. Historically, DRA's appropriations have been around $30 million. However, the agency received a one-time $150 million appropriation in the Bipartisan Infrastructure Law, or the Infrastructure Investment and Jobs Act. By combining DRA's annual appropriations and Bipartisan Infrastructure Law funding, DRA invested a total of over $46 million in funding in the DRA region in FY 2022. The expected impact of this funding for nearly 110 projects in the region includes nearly 42,000 families affected via improved access to infrastructure, over 1,800 jobs created or retained, and over 1,200 individuals trained.

One of the FY 2022 projects included a DRA Community Infrastructure Fund investment of $414,915 to Independence County, Arkansas. The investment funded two county-owned roads which were necessary to access the property utilized by American Stave Company. DRA funding was leveraged by the county to help execute the $23 million investment of private capital. American Stave is an international company established in 1912 and is the largest barrel maker in the world. The new stave mill will be the company's seventh domestic mill and an important addition to the supply of high-quality American white oak. The investment is helping to create 45 new jobs in an area where the poverty rate is nearly five percentage points higher than the national average (17.1 percent and 12.6 percent, respectively), and a higher unemployment rate compared to the national average (4.3 percent and 5.4 percent, respectively).[5]

As DRA continues to assess FY 2023 project and impact data, some highlighted regional investments include:

- DRA awarded $11.7 million in investments to 28 projects in Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee through the Delta Workforce Grant Program (DWP). One of those investments included $450,000 to the Green River Area Development District to support a water and

---

[3] https://theseap.org/wp-content/uploads/2021/12/Delta-Regional-Authority__Womack-Research-Report.pdf (theseap.org)

[4] CRS Report R45997, page 2, available at https://crsreports.congress.gov/product/pdf/R/R45997.

[5] Per capita income: 2021 American Community Survey 5-Year Estimates

wastewater operator apprenticeship program serving residents in the Green River region of Western Kentucky.

- DRA awarded $630,400 to five communities in Illinois, Louisiana, and Missouri in its first round of funding through the Strategic Planning Program, including $150,000 to the Alexander-Cairo Port District located in Southern Illinois. The funding will be utilized to develop a master plan that will identify the scope for port development and the future of the riverport.
- DRA awarded a $3,539,000 investment that will boost economic development and improve the quality of life for current and future businesses and residents surrounding the BlueOval City automotive complex near Stanton, Tennessee. BlueOval City is Ford's largest, most advanced auto production complex in its history and will be home to the next-generation electric truck from Ford. Funding from this project is provided by the Community Infrastructure Fund. The investment will be matched by $8,140,000 in additional funds from U.S. Department of Agriculture Rural Development. The Town of Stanton investment project will provide water and sewer utility services to facilities critical to BlueOval City. The project is expected to create 2,700 direct jobs and over 3,300 indirect jobs.

Every five years, the DRA, by statute, is responsible for creating a regional development plan with public input that is approved by our board of governors. In February 2023, the Authority approved and released *Navigating the Currents of Opportunity: DRA Regional Development Plan IV*. This plan is not just a statement of our priorities but a driver of the actions we have begun to embark on to capitalize on tremendous opportunities, focus on rural and distressed communities, and strengthen regional economic development. DRA's strategic goals reflect the Authority's fourfold commitment to advancing infrastructure, job creation, business expansion, and local economies. Our strategic goals for the next five years include:

- DRA will expand and invest in the resiliency of the region's public infrastructure to improve residents' quality of life and increase economic opportunity.
- DRA will improve networks of agencies, organizations, businesses, and educational institutions providing workforce development opportunities. It will promote access to services, funding, and programs that enable career stability.
- DRA will strengthen the competitiveness of the region's employers, attract new employers to the region, and support the long-term growth of micro and small businesses.
- DRA will expand efforts to enhance sustainable and inclusive local placemaking, quality of life, and community capacity.

A part of DRA's commitment to build upon these priorities to expand its impact in the region includes outreach to DRA stakeholders, including local governments, nonprofit organizations, local development districts, community colleges and four-year institutions of higher learning. Some of these outreach and technical assistance efforts have included:

- Technical assistance and capacity-building training for Local Development Districts (LDD). In 2023, DRA conducted ten in-person and one virtual LDD training.
- Technical assistance and capacity-building training for the Workforce Opportunity for Rural Communities (WORC) Initiative, which is a partnership between the U.S. Department of Labor Employment and Training Administration, the Appalachian Regional Commission (ARC), the DRA, and the Northern Border Regional Commission (NBRC), that funds grant projects within the Appalachian, Lower Mississippi Delta, and Northern Border regions. In 2023, DRA conducted one in-person Pre-Technical Assistance training opportunity in Alexandria, Louisiana, for potential applicants applying for the WORC grant with over 80 attendees and one virtual Pre-Technical Assistance training opportunity.

DRA has pursued its vision of the region as a place where people and businesses have access to economic opportunities in vibrant, sustainable, and resilient communities. To realize this vision, DRA has embraced its mission of applying innovative ideas and strategies to foster inclusive communities, strengthen regional collaboration, and achieve sustained economic development. One of DRA's recent initiatives in meeting these regional needs includes the Delta Revitalization through Innovation, Vision, and Equity (DRIVE) initiative in partnership with the University of Memphis Division of Research and Innovation. This project aims to support capacity building in selected small rural communities. DRIVE serves as a key component in the DRA-supported research initiatives centered on economic and workforce development, economic recovery, transportation infrastructure, water and wastewater infrastructure, digital infrastructure, capacity building, business development and entrepreneurship.

DRA's priority for reauthorization, which has been included in the Farm Bill in the past, is to continue to exist to provide critical resources to the heart of America. Additionally, it is important for the agency to seek out opportunities to improve upon its execution of its mission through amendments to its authorizing statute.

The 2024 Budget included the following two proposals to amend DRA's authorizing statute:

- *Adding "Indian Tribes" to Eligible Entities*
  We propose an amendment to expressly include "tribes" in DRA's statute as an eligible entity. This amendment would be made, specifically and exclusively, to 7 U.S. Code Section 2009aa–2 Economic and Community Development Grants.

  Amend,

  "(a) In General, The Authority may approve grants to States and public and nonprofit entities for projects, approved in accordance with section 2009aa–8 of this title" to read "The Authority may approve grants to States and local governments, Indian tribes, and public and nonprofit organizations for projects, approved in accordance with section 2009aa–8 of this title"

- *Expand Grantmaking Language to align with other Commissions*.
  We would like to add grantmaking language to align with the language of other regional commissions, including Southeast Crescent Regional Commission, Southwest Border Regional Commission, and Northern Border Regional Commission.

  The proposed amendment would be the addition of the following "new" language as subparagraphs:

  (5) to provide assistance to severely economically distressed and underdeveloped areas of its region that lack financial resources for improving basic health care and other public services;
  (6) to promote resource conservation, tourism, recreation, and preservation of open space in a manner consistent with economic development goals;
  (7) to promote the development of renewable and alternative energy sources; Causing renumeration of current subparagraph (5) to (8).

In addition, the 2024 Budget included two legislative proposals through appropriations language:

- *Allow User Fees*.
  DRA requests authority to collect and spend discretionary user fees in conjunction with the Delta Doctors J–1 Visa Program. Consistent with Government Accountability Office (GAO) Redbook guidance on user fees, collections may only be spent on the cost to operate the visa program and may not be used to offset other agency programs or operations. The agency should set and announce the user fee for public comment consistent with the GAO Redbook.

  The Delta Doctors Program increases the number of doctors serving Delta residents. The program allows foreign physicians who are trained in the United States to work in medically underserved areas for three years by providing those physicians with J–1 Visa Waivers. Participants in the Delta Doctors program do not take jobs away from U.S.-born physicians. Instead, they provide services in areas where there would otherwise be a shortage of physicians. The impact of Delta Doctors in the region can be realized by the access to quality affordable healthcare and the economic impact the doctors make on the community in which they reside and practice. On average, each "Delta Doctor" is estimated to create five full-time jobs within their clinics and offices, and an additional 3.4 full and part-time jobs within the communities where they work.

  Under the proposed authority, DRA would collect user fees from health care institutions and spend the collections on the operation and staffing of the Delta Doctors Program.

- *Deletion of sunsetting provision*.
  DRA requests appropriations language to amend DRA's authorizing statute to remove section 382N of the Delta Regional Authority Act of 2000. Currently, DRA continues to fulfill its mission notwithstanding the sunset clause because prior year appropriations language included a provision that allows the agency to continue to operate as long as it continues to have such funding available.

DRA and its sister commissions serve a distinguished purpose and uniquely critical role within each of our regions. DRA's impact in the region is not just limited to the quantitative outputs from the agency's investments, but it is also connected to DRA's reputation as a regional partner working closely with local governments and local development districts to help find solutions to the challenges experienced in the region. It is critical that DRA remains a vital partner in the region to foster inclusive communities, strengthen regional collaboration and productive capacity, achieve sustained, long-term economic development, and produce meaningful opportunities for all people in the DRA region.

Mr. EZELL. Thank you, Dr. Wiggins.

Mr. Saunders, you are recognized for 5 minutes for your testimony.

TESTIMONY OF HON. CHRIS SAUNDERS, FEDERAL COCHAIR, NORTHERN BORDER REGIONAL COMMISSION

Mr. SAUNDERS. Mr. Chairman, Ranking Member Titus, members of the subcommittee, thank you for the invitation to appear before you today to discuss the impactful work of the Northern Border Regional Commission.

This fall marks the 15th anniversary of the creation of our commission by Congress as part of the 2008 farm bill. And thanks to the continued investment and support of Congress, NBRC has quickly matured into a significant contributor to the economic development ecosystem in the northern border region.

As the NBRC was modeled on the Appalachian Regional Commission and the Delta Regional Authority, it should come as no surprise that everything the commission does is rooted in partnership. We bring together the Federal Government and the leadership of our member States to utilize a regional lens to invest public dollars in local communities. This model doesn't just invite collaboration but requires it.

We believe the ways in which we put this model into practice we are fulfilling the vision laid out by Congress to serve as an integrator of resources and a collaborator between all levels of Government.

The commission is staffed by a dedicated team of professionals who live and work in the communities they serve and apply their knowledge and experience to shape the commission's programs and operations.

Guiding this work is a vision that at its core, the mission of the NBRC is to build vibrant, rural communities and provide for the well-being of the residents that live there.

We put this vision into practice in a variety of different ways, such as centering the needs of rural communities. The regional commission model was designed around the origination of projects at the local level. And we are pleased to share that in our latest grant round, of the 66 awards made, more than half were made to communities under 5,000 people. And just under half were made to communities that were first-time applicants to NBRC.

We embrace the drivers of regional and local economies. The core of our territory is shaped by an ecological zone that is known as the Northern Forest, and that forest has experienced significant disruptions over the past three decades.

Supporting the communities as they determine what the future of a forest economy means to them is a cornerstone of the commission's work. In some communities, this has meant supporting innovation in the wood products industry, while helping others to diversify their economies by investing in outdoor recreation infrastructure.

As you have heard from my peers, many of our rural communities need significant investment in infrastructure. And I am pleased to share that as part of our Catalyst awards this summer, which is in part funded by the Infrastructure Investment and Jobs Act, 50 percent of our awards were made to projects classified as infrastructure.

We know that NBRC is very effective at leveraging other sources of funding. The commission has a strong track record of supporting projects that incorporate other funding sources. In fact, it is required in our project awards. And in this most recent round, our funds were matched at a nearly 1-to-4 ratio, turning $40 million of Federal investment into a total investment of $200 million across the region.

NBRC is also addressing the capacity gap in rural areas.

A limiting factor on many of our small communities to participate in Federal grant programs is a lack of access to capacity, namely people and organizations who play a critical role in the planning, development, and execution of economic development initiatives.

The commission operates a State capacity program that is authorized in statute that builds human capacity at the statewide level and at local organizations and technical assistance providers.

Similar to ARC and DRA, we are responsive to emerging needs. The commission evaluates what role it should play in addressing obstacles that limit economic opportunity in rural areas. And increasingly, housing and access to healthcare have emerged as barriers to growth. We are actively considering how best to leverage our resources in order to complement, not replicate, the work of other agencies in this area.

Each of these points illustrates a way in which the commission is maximizing its unique structure as a regional agency to the benefit of rural areas.

As I have noted, all our work is rooted in partnership, and we see Congress as a key collaborator in determining the commission's priorities.

Earlier this year, a bipartisan group of Representatives introduced H.R. 4188, the Northern Border Regional Commission Reauthorization Act, and this bill has been cosponsored by nearly every Member of Congress from districts representing counties included in the commission territory.

We appreciate the work that has gone into drafting this legislation and its companion bill in the Senate.

We look forward to working with Congress, and I am pleased to answer questions regarding the commission's work to better our region.

Thank you again for the opportunity to testify, and I look forward to your questions.

[Mr. Saunders' prepared statement follows:]

Prepared Statement of Hon. Chris Saunders, Federal Cochair, Northern Border Regional Commission

Mr. Chairman, Ranking Member Titus, Members of the Subcommittee, thank you for the invitation to appear before the Subcommittee today to discuss the impactful work of the Northern Border Regional Commission (NBRC).

This fall marks the fifteenth anniversary of the creation of our Commission by Congress as part of the 2008 Farm Bill. Thanks to the continued investment and support of Congress, NBRC has quickly matured into a significant contributor to the economic development ecosystem in the Northern Border Region.

As the NBRC was modeled on the Appalachian Regional Commission and the Delta Regional Authority, it will come as no surprise that everything the Commission does is rooted in partnership. We bring together the federal government and the leadership of our member states to utilize a regional lens to invest public dollars in local communities.

This model doesn't just invite collaboration, but requires it. We believe that in the ways in which we put this model into practice, we are fulfilling the vision laid out by Congress to serve as an integrator of resources and a collaborator between all levels of government; be they municipal, county, state or federal. The Commission is staffed by a dedicated team of professionals, who live and work in the communities they serve, and apply their knowledge and experience to shape the Commission's programs and operations.

Guiding this work is a vision that at its core, the mission of the NBRC is to build vibrant rural communities and provide for the well-being of the residents who live there. We put this vision into practice in a variety of different ways such as:

- *Centering the needs of rural communities*—The regional commission model is designed around the origination of projects at the local level. That is no different in the NBRC territory where we maintain a network of Local Development Districts that collaborate with municipalities and non-profits to develop and submit applications to the Commission for funding. The Commission continues to look for ways to prioritize delivering our funds to rural communities. We are pleased to share that in our latest grant round, of the 66 awards made, more than half were made to communities with under 5,000 people and just under half were made to communities who were first time NBRC applicants.[1]
- *Embracing drivers of regional and local economies*—The core of the Commission's territory is shaped by an ecological zone known as the Northern Forest. Stretching across Northern Maine, New Hampshire, Vermont, and New York, the area represents one of the most densely forested regions in the country and at 26 million acres is the largest continuous forest east of the Mississippi. The economy and settlement patterns of the region were both shaped and defined by timber harvesting and paper making for nearly two centuries. The forest economy has experienced serious disruptions over the past three decades and supporting communities as they determine what the future of a forest economy means to them is a cornerstone of the Commission's work. In some communities this is supporting the commercialization of cross laminated timber utilizing local species such as hemlock, new wood fiber-based businesses such as new forms of insulation, or the residential and institutional conversion to modern wood heat. Other communities aim to diversify their local economy with many investing in their natural assets and outdoor recreation infrastructure. Accordingly, NBRC has recognized these areas as regional priorities, and developed programs focused on supporting these industries.
- *Investing in infrastructure*—Like many rural areas, our territory needs investment in public infrastructure that will facilitate additional private and public investments. Congress has recognized this should be a priority funding area for NBRC, stipulating in our statute that a minimum of 40 percent of our grant awards should be made to infrastructure projects. NBRC meets and exceeds this threshold with its investments across the region on an annual basis. In our latest round of Catalyst awards, which is funded in part by the Infrastructure Investment and Jobs Act (IIJA), 57 percent were made to projects classified as infrastructure.
- *Leveraging other sources of funding*—While NBRC requires a local match for its funding, the Commission has a strong track record of supporting projects that incorporate other funding sources. In NBRC's most recent Catalyst round, our

[1] https://www.nbrc.gov/userfiles/files/Announcements/NBRC%202023%20Catalyst%20Grant%20Awards%20Press%20Release%20-%20August%202023%20FINAL.pdf

funds were matched at a nearly 1:4 ratio, turning $43.6 million of NBRC funding into $208.5 million in total investment across our four-state region.[2]

- *Addressing the capacity gap in rural areas*—A limiting factor on the ability of many small communities to participate in federal grant programs is a lack of access to capacity, namely people and organizations who play a critical role in the planning, development, and execution of economic development initiatives. The Commission operates a State Capacity Grant program as authorized in statute, that builds human capacity at the statewide level as well as at local organizations and technical assistance providers. The resources offer communities assistance and guidance in developing their project ideas and with understanding the requirements of applying for awards and successfully administering them once received. A number of our peer commissions have strong programs in this area and we continue to look to their experiences and lessons to better serve our region.
- *Responding to emerging needs*—Additionally, the Commission evaluates what role it should play in addressing obstacles that limit economic opportunity in rural areas. Increasingly both housing and access to health care have emerged as significant priorities for many rural communities. While the Commission is able to fund projects in both of these areas, we are actively considering how to best leverage our resources in order to complement, and not replicate, the work of other agencies. One such strategy is establishing a J–1 Visa Waiver program that will allow for the recruitment of foreign-born physicians trained in the United States to rural areas. Another has been to contributing to the creation of new housing in the region by funding the water and wastewater infrastructure needed for these developments to move forward.

Each of these points illustrate a way in which the Commission is maximizing its unique structure as a regional agency to the benefit of rural areas. Looking beyond the broad themes of our work, I am happy to offer some specific project examples that highlight how this work plays out in practice.

In our most recent Catalyst round, the Commission awarded $2.25 million to the Town of Killington, Vermont. While the town is well known as a ski destination, the majority of visitors to the area, and many neighboring residents, are less familiar with the ways in which failing infrastructure has inhibited economic growth, impaired drinking water, and have contributed to outmigration and a falling population in the county. The Commission's investment in public water and road infrastructure will help the town address a water supply contaminated by PFAS and make critical safety upgrades to a highly traveled roadway. The public investment of funds is the cornerstone to facilitating development of hundreds of housing units and nearly $285 million in private investment. These plans have been decades in the making and will now become a reality in part because of the Commission's investment.

Nearly every community and business the Commission engages with raises workforce development as a challenge to economic growth. In the summer of 2022 NBRC awarded $285,000 to the North Country Chamber of Commerce located in Plattsburgh, New York, for an important workforce development project. Many of our communities are seeking ways to bolster domestic manufacturing and this project is providing trainees with the skills required to obtain a welding job at a number of North Country-based manufacturing employers. By aggregating the needs of multiple local manufacturers, and providing training at no-cost, this project offers just one example of the ways in which NBRC is helping to address both short and long-term workforce needs of the employers in our region.

Economic development in rural areas often looks very different than it does in cities. One city block may be completely transformed over the course of one year with one large project. In contrast, the development of one building on a rural main street might take an entire year, if not longer. Rural communities often need to stitch together multiple sources of patient capital to undertake one project, but once completed that successful project can have a catalyzing impact on an entire town.

Such is the case with the redevelopment of the Parker Noyes Building in Lancaster, New Hampshire, undertaken by the Northern Forest Center. An award from NBRC was a small portion of the capital stack assembled to renovate this cornerstone block in downtown Lancaster in order to transform it into a local food hub and six market-rate apartments. The redevelopment has sparked follow-on private investment on Lancaster's Main Street, with multiple other properties being purchased with the goal of renovating them into mixed-use developments. NBRC's in-

[2] Id.

vestment played a small but meaningful role in ensuring the project could move forward, ultimately fostering increased economic development in the town.

These three examples demonstrate the different ways rural communities utilize NBRC's flexible funding to achieve their aims. As the Commission continues its existing programs, we are also actively planning for the future. The Commission is part way through the writing of a new strategic plan that will help shape our work over the next five years. This work will complement the input and direction we get from our partners in Congress.

Earlier this year, a bi-partisan group of Representatives introduced H.R. 4188, the Northern Border Regional Commission Reauthorization Act of 2023. The bill has been cosponsored by nearly every Member of Congress from districts representing counties included in the Commission territory. We appreciate the work that has gone into drafting this legislation and its companion bill, S.292, introduced and cosponsored by the Senators from our region. The proposed reauthorization contains a handful of administrative provisions with the objective of streamlining the Commission functions, and a few additional investment areas and provisions that mirror the statutes of our peer commissions designed to make federal funds more accessible to resource-limited communities.

We look forward to working with Congress and am pleased to answer questions regarding the Commission's work to better our region. Thank you again for the opportunity to testify and I look forward to your questions.

Mr. EZELL. Thank you.

Dr. Reed, you are recognized for 5 minutes for your testimony.

TESTIMONY OF HON. JENNIFER CLYBURN REED, ED.D., FEDERAL COCHAIR, SOUTHEAST CRESCENT REGIONAL COMMISSION

Ms. REED. Thank you, Mr. Chairman, Ranking Member Titus, committee members, and staff. Thank you for the opportunity to testify on behalf of the Southeast Crescent Regional Commission since being activated in January of 2022.

I also want to thank the Members of Congress and President Biden for their confidence and support for this region. There is an abundance of greatness and potential here.

Many thanks to the Members of Congress who have met with me over the past 22 months and offered support to SCRC as we create and formalize policies and procedures to meet the needs of its 51 million residents and generate jobs and opportunities within the 428 counties, spanning over 210,000 square miles.

The region consists of seven States: portions of Alabama, Georgia, Mississippi, North Carolina, South Carolina, Virginia, and the whole State of Florida. Currently, it is the largest of all the active regional commissions.

I have much appreciation for State Cochair Governor Henry McMaster and the other Governors, Governor's alternates, program managers, and staff who have shown and continue to show their support and commitment to SCRC.

Two years ago, I sat before the Senate Committee on Environment and Public Works as a nominee. At that time, I identified goals which included assessing the needs of each community, naming regional challenges, and determining the tools needed to transition counties from a distressed economic designation.

Today, I will share what I have learned and how SCRC is progressing.

Upon establishing the commission, we worked to develop an initial set of bylaws. A seven-State survey was disseminated with questions that centered around, "What will make you love where you live?" We hosted virtual "Coffee and Conversations" in each State to introduce SCRC and to glean a better understanding of each State's needs.

SCRC also held collaboration sessions to hear how regional stakeholders thought economic growth, development, and sustainability should look.

Information from these efforts led to the formation of SCRC's 5-year strategic plan. Additionally, partner States created State economic development plans, which illuminated each Governor's priorities.

Feedback from the information-gathering efforts revealed six overarching goals: invest in critical infrastructure, improve health access and outcomes, strengthen workforce capacity, foster entrepreneurial and business development, expand affordable housing stock and access, and promote environmental conservation and preservation.

During that hearing 2 years ago, Senator Carper suggested that I find what works and do more of that. SCRC commissioned a three-part health assessment to address gaps in healthcare needs and access. Nationally, 76 rural hospital closures have been reported between 2011 and 2021. Nearly 20 percent occurred within the southeast crescent region.

When preparing for the start of the flagship grant program, SCRC formalized cooperative agreements with all participating States and the 55 local development districts to strengthen economic development and sustainability.

In June, SCRC launched its inaugural State Economic Development and Infrastructure grant program. The pre-application phase is now complete; 363 pre-applications totaling $119 million were submitted and are now under review; $20 million will be spent on these worthwhile projects.

The large number of projects that SCRC cannot fund this year shows the high demand for economic development and infrastructure investment.

I look forward to working with Congress on H.R. 5899, a bipartisan bill to reauthorize the commission.

SCRC is committed to building sustainable communities and fortifying economic growth in its 428 counties. We look forward to building partnerships with local, State, and other Federal entities to ensure a prosperous future for all who call the southeast crescent region home.

Thank you for your time and attention.

[Ms. Reed's prepared statement follows:]

Prepared Statement of Hon. Jennifer Clyburn Reed, Ed.D., Federal Cochair, Southeast Crescent Regional Commission

Good morning.

Chairman Perry, Ranking Member Titus, Committee Members and Staff, thank you for the opportunity to testify on behalf of the Southeast Crescent Regional Commission (SCRC) and share how it has progressed since being activated in January 2022. I also want to thank the members of Congress and President Biden for your confidence and support for this region of the country. There is an abundance of greatness and potential here.

Many thanks to all the Members of Congress who have met with me over the past 22 months and offered support to SCRC as we create and formalize policies and procedures to meet the needs of its 51 million residents and generate jobs and opportunities within the 428 counties which span over 210,000 square miles. The region, or footprint, consists of seven states—portions of Alabama, Georgia, Mississippi, North Carolina, South Carolina, Virginia, and all of Florida. Currently, it is the largest of all active regional commissions.

I have much appreciation for my State co-chair, Governor McMaster, and the other Governors, Governor's Alternates, program managers, and staff who have shown and continue to show their commitment to the region by putting forth great effort.

Two years ago, almost to the day, I sat before the Senate Committee on Environment and Public Works as a nominee. At that time, I identified goals to pursue—assess the needs of each community, name regional challenges, and determine the tools needed to transition counties out from a distressed economic designation to transitional or attainment status. Today, I'll share what I've learned and how SCRC has progressed.

Immediately after acquiring an Employer Identification Number (EIN), work commenced to develop an initial set of bylaws. A seven-state survey was disseminated with questions that centered around, "What will make you love where you Live?" We hosted virtual "Coffee and Conversations" in each state to introduce SCRC and glean a better understanding of each state's needs. SCRC also held Collaboration Sessions to hear how regional stakeholders thought economic growth, development, and sustainability should look.

Information from the seven-state survey, Coffee and Conversations, and Collaboration Sessions was compiled to formulate SCRC's Five-Year strategic plan. Additionally, participating partner states created state economic development plans which illuminated each Governor's priorities.

Feedback from the information gathering efforts revealed six overarching goals for SCRC to reach to have a positive impact within the footprint:

(1) invest in critical infrastructure,
(2) improve health and support services access and outcomes,
(3) strengthen workforce capacity,
(4) foster entrepreneurial and business development activities,
(5) expand affordable housing stock and access, and
(6) promote environmental conservation, preservation, and access.

These guiding principles are in sync with SCRC's statutory obligations to:

- develop public, transportation and telecommunications infrastructure;
- assist with job skills training, business development and entrepreneurship;
- provide access to basic health care and other public services;
- promote conservation, tourism, recreation, and the preservation of open space; and
- also encourage the use of renewable and alternative energy sources.

During that hearing two years ago, Senator Carper suggested that I find what works and do more of that. In response to the data gleaned from outreach efforts, most notably, SCRC found gaps in healthcare access. Of the 76 rural hospital closures between 2011 and 2021, nearly 20% occurred within the Southeast Crescent region. In response to that statistic, SCRC was encouraged to use the J1 Visa Waiver Program. It was already being offered by two other regional commissions and proved highly successful. In conjunction with the Department of State, SCRC processed its first application in November 2021 and, to date, has successfully retained 65 doctors in areas of the region where health access was lacking. SCRC also commissioned a three-part health assessment of the region. Part I compiled data for the 166 distressed counties and is now complete. Part II will focus on the 177 transitional counties and Part III will gather data for the 85 attainment counties.

When preparing for the start of the flagship grant program, SCRC formalized cooperative agreements with all participating states and the 55 local development districts to fortify economic development and sustainability in communities.

SCRC launched the inaugural State Economic Development and Infrastructure (SEID) grant program in June 2023 and the pre-application phase is now complete. 363 pre-applications totaling $119 million were submitted and are currently under review—an extraordinary showing for the first grant opportunity cycle. There was a wide range of projects with the percentage of construction projects at 56% and non-construction projects at 44%. Fiscal Year appropriations plus funding from the Bipartisan Infrastructure Law totaling $20 million will be spent on these worthwhile projects. The large number of projects that SCRC cannot fund this year shows the high demand for economic development and infrastructure investment in our region.

I look forward to working with Congress on H.R. 5899, the Southeastern Crescent Economic Empowerment Act. This bipartisan bill to reauthorize the Commission includes legislative proposals from the 2024 Budget, such as authority for the State Capacity Building Program and identifying promoting housing accessibility as an eligible activity.

SCRC is committed to building sustainable communities and strengthening economic growth in the 428 counties and county equivalents that make up the Southeast Crescent footprint. We look forward to continuing partnerships with local, state, and Federal entities to allow SCRC to achieve its mission, ensuring a prosperous future for the people who call the Southeast Crescent region home. Thank you for your time and attention.

Mr. EZELL. Thank you, Dr. Reed.

Mr. Boyle, you are recognized for 5 minutes.

TESTIMONY OF GARRETT C. BOYLE, FEDERAL COCHAIR, DENALI COMMISSION

Mr. BOYLE. Good morning, Mr. Chairman, Ranking Member Titus, and honorable members of the committee. Thank you for inviting me to testify and providing this opportunity to present the Denali Commission's perspective.

We are unique among the other regional commissions, as we operate solely in Alaska. While this may seem like a narrow focus, I assure you, it is not.

Alaska has a population of just over 730,000 people spread out over more than 571,000 square miles of land area, which makes the State larger than Texas, California, and Montana combined and leaves us with a population density of about 1.27 people per square mile.

Alaska has about 160 municipalities, ranging in size from about 20 to around 300,000. Of these municipalities, 86 percent are not connected to the road system, which means everything the community needs is either barged or flown in, significantly driving up costs and logistical problems.

About 80 percent of these municipalities are considered rural, meaning a population of less than 1,500. Slightly more than 50 percent have less than 500 residents; 13 percent less than 100. Only 6 have more than 30,000 residents.

Many of those smaller communities do not have much in the way of a cash economy. Many who live there still follow a traditional lifestyle. The municipality often does not have tax authority, and there is not much to tax even if it did. The infrastructure base is frequently decades behind most of the country.

I share this information with the committee to illustrate the challenges of promoting economic development in the rural parts of Alaska, which is where the Denali Commission does the majority of its work.

We aim to address the challenges presented by Alaska's geography and low population in a holistic way.

To begin, many villages are powered exclusively by diesel generators. The cost of electricity averages 47 cents per kilowatthour in rural communities, but it ranges from a high of $1.50 to a low of about 37 cents.

As a point of comparison, the Bureau of Labor Statistics states the average cost of power here in the DMV area is 16.2 cents per kilowatthour.

It is incredibly hard to have an economy when power costs that much.

We fund a wide array of energy projects, from new power houses, bulk fuel tank farms, and, increasingly, renewables in order to bring those costs down. We engage in efforts to bring broadband to these areas to provide more economic opportunities.

Several years ago, the commission started working groups to raise awareness and encourage stakeholders to consider a statewide strategy. This outreach resulted in technical assistance grants in eight regions supporting planning, engineering, strategy, and applications to larger grant opportunities.

As a specific example, the commission's grant to the Tanana Chiefs Conference, which is a Tribal organization representing 42 Tribes in the interior, resulted in three winning grants from different programs for over $90 million in investment.

We also have direct economic development efforts. Last year, we partnered with the Southeast Conference, a regional economic development organization, and pledged $1.5 million in non-Federal match to their Build Back Better regional challenge application, which resulted in a $49 million award to the Alaska Mariculture Cluster.

This award will help grow the mariculture industry to a target of $325 million per year, supporting 1,800 jobs across the State from Ketchikan in the southeast to Unalaska far out the Aleutian Chain in the southwest, in 20 years.

Finally, the Village Infrastructure Protection Program has been working with Tribal, local, regional, State, and Federal partners to support the resilience of Alaskan communities. We have funded the planning, partnership, and construction efforts to move communities to safer environments while also protecting communities in place and assisting in managed retreats.

One project has used our funding to leverage additional support and generate more opportunity for Alaskan communities. Our partnership with the Alaska Native Tribal Health Consortium's Center for Environmentally Threatened Communities, which I will call CETC for short, began in 2016. Recognizing the value in this partnership, the commission has increased the awards over the years.

Since program inception and June 30, 2023, the CETC has provided technical assistance to 39 communities and secured $43 million across 133 projects to benefit 44 different communities.

The commission is proud of our work to improve the lives of Alaskans, especially those in rural communities. We look forward to working with your committee, and we would welcome a discussion about potential legislative changes that can strengthen the work of the commission.

Thank you for convening this hearing, and I welcome your questions.

[Mr. Boyle's prepared statement follows:]

Prepared Statement of Garrett C. Boyle, Federal Cochair, Denali Commission

Chairman Perry, Ranking Member Titus, and Honorable Members of the Subcommittee,

Thank you for inviting me to testify and providing this opportunity to present the Denali Commission's perspective. We are unique among the other regional commissions, as we operate solely in Alaska. While that may seem like a narrow focus, I assure you it is not. Alaska has a population of just over 730,000 people, spread out over more than 571,000 square miles of land area, which makes the state larger than Texas, California, and Montana combined, and leaves us with a population density of 1.27 people per square mile.

Alaska has approximately 160 municipalities, ranging in size from around 20 to about 300,000. Of those municipalities, 86 percent are not connected to the road system, which means everything the community needs is either flown or barged in, significantly driving up costs and logistical problems. About 80 percent of the municipalities are considered rural, meaning a population of less than 1,500. Slightly more than 50 percent have less than 500 residents, 13 percent less than 100 residents.[1] Only six have more than 30,000 residents. Many of those smaller communities do not have much in the way of a cash economy; many who live there still follow a traditional lifestyle, the municipality often does not have tax authority and there is not much to tax even if it did, and the infrastructure base is frequently decades behind most of the country.

I share this information with the Committee to illustrate the challenges of promoting economic development in the rural parts of Alaska, which is where the Denali Commission does the majority of its work. To illustrate: in fiscal year 2022, of the $21 million the Commission awarded, 97% was allocated to areas that were considered economically distressed or disadvantaged. For fiscal year 2023, we will be making awards that total just under $32 million, of which 97 percent will go to disadvantaged or distressed areas. The Denali Commission aims to address the challenges presented by Alaska's geography and low population in a holistic way.

To begin, many villages are powered exclusively by diesel generators. The cost of electricity averages 47 cents per kilowatt hour in rural communities, but it ranges from a high of $1.50 to a low of about 37 cents.[2] As a point of comparison, the Bureau of Labor Statistics states the average cost of power here in the DMV area is 16.2 cents per kilowatt hour. It is incredibly hard to have an economy when power costs that much. Rural Alaskan households spend an estimated 27 percent of their annual income on energy—which includes both power and home heating—compared to 7 percent for urban Alaskans.

One factor that influences the cost of all rural energy is the availability of bulk fuel purchasing—which relies on an appropriately sized and code compliant bulk fuel tank farm—such that heating oil and diesel for power generation, as well as transportation fuels, can be purchased and delivered in bulk by barge during the brief seasonal windows of[3] opportunity, where that's possible, rather than in smaller, more costly quantities throughout the year delivered by airplane. Even in communities with renewable energy integrated into the power generation mix there's still a critical need for bulk fuel purchase and storage. Without significant state and federal investment in these critical bulk fuel facilities, the cost of rural energy would be exponentially higher. A 2016 study found that public investments in this infrastructure saved sometimes more than $2.00/gallon in the cost of the fuels stored there.[4]

As Alaska continues advancing down the long and slow road to a carbon-reduced energy future, our rural communities' energy systems will have an unavoidable place for diesel. At a minimum, it will be needed for backup power generation and for building heat, and the futuristic possibility of someday displacing all of rural Alaska's diesel with renewables for power and heat is at best several decades away if for no other reason than it takes a long time to make change in these far-flung places. In the meantime, bulk fuel tank farms will continue playing a critical role in the rural Alaska community landscape. One bulk fuel project costs around $9 million these days. Since 1999, the Commission has invested more than $255 million in bulk fuel projects; $115.7 million of those funds have come from the TAPL transfers, $70 million from the Rural Utilities Service (RUS), and $44.5 million from the

[1] https://www.commerce.alaska.gov/web/Portals/4/pub/AKMBPA2.pdf
[2] https://www.akenergyauthority.org/Portals/0/Power%20Cost%20Equalization/FY22%20PCE%20Community%20Report.pdf
[3] https://avec.org/2020/04/12/the-outlook-for-energy-costs-in-rural-alaska-in-2019/
[4] https://iseralaska.org/static/legacy__publication__links/2016__10__26-TrueCostElectricityFuelRuralAK.pdf

Commission's "base" appropriations that come from the Energy & Water bill to match the RUS funds. Additional base appropriations have been used to reach more communities, and the Commission has also received funding from the EPA to do bulk fuel work. While we have partnered with the Rural Utilities Service to fund some of these projects in the past, but going forward, the Commission will likely be the only federal agency to provide funding for diesel power generation.

While they may not fit into the idealistic picture of renewable and sustainable energy, well maintained bulk fuel tank farms in good condition provide a level of security that helps manage energy costs and, by allowing confidence to members of a community that they will make it through winter without having to make the impossibly hard choice between feeding their families or keeping the house warm, builds the kind of resilience that makes planning and innovation possible—the very things we need to advance farther down our carbon-reduced energy road.

Much of Alaska's foundational energy infrastructure—bulk fuel tank farms, rural powerhouses, and distribution systems—are aged beyond their expected useful life. Inadequate operations and maintenance due to funding shortages and management capacity challenges, combined with the harsh climates in which these facilities are located, exacerbated by the effects of a rapidly changing climate, has created an overwhelming backlog of deferred maintenance for energy infrastructure throughout rural Alaska. The Alaska Energy Authority estimates more than $300 million for powerhouses and more than $800 million for bulk fuel tank farms is needed for critical repairs or replacements. The cost of distribution system upgrades is not included in this estimate but is undoubtedly a high cost as well. The more time it takes to meet the deferred maintenance need for critical rural energy facilities will inevitably raise the price tag, and more importantly, it increases the risk of infrastructure failure, which results in a cascade of additional social, environmental, and financial consequences. We fund a wide array of energy projects—from new powerhouses, tank farms, and increasingly, renewables—in order to bring those costs down.

We also engage in efforts to bring broadband to these rural areas. Several years ago, the Commission started hosting working groups to raise awareness and consider a statewide strategy, working with 12 Alaska Native Regional Corporations, 12 regional Native nonprofits, and other statewide nonprofits. This outreach resulted in technical assistance planning grants in eight regions supporting planning, engineering, strategy, and applications. As a specific example, the Commission's Grant to the Tanana Chiefs Conference, representing 42 interior tribes, resulted in Applications submitted to U.S. Department of Agriculture (USDA) Community Connect, National Telecommunications and Information Administration (NTIA) Tribal Broadband Connectivity Program 1, USDA ReConnect 3, and USDA ReConnect 4, resulting in three winning grants for over $90 million as of Spring 2023, with several anticipated Awards pending as of Fall 2023. The Commission achieved success through early awareness of the opportunity and focused response, developed with key regional partners meshing the best approach to building complex networks in remote communities.

The Commission's transportation program was reauthorized in the Infrastructure Investment and Jobs Act, and we are engaged in helping build out economically impactful projects in this space as well. One such project is the Commission's award to the village of Emmonak for dock storage. The Denali Commission awarded the Emmonak Dock Storage Project $200,000 to remove the scrap metal and convert the site into the first-ever secure, fenced storage facility for port operations, emergency response supplies and boats in Emmonak. This will advance the City's goals toward building a full-service port that will support the regional commercial fishing industry that employs hundreds of workers from local communities in the region. The Dock Storage Project will not only benefit the City of Emmonak but will support better operations for barge services that provide many goods to communities of the Lower Yukon Region. Another award to the Bristol Bay Native Association aims to identify the preferred alignments for approximately 60 miles of new roads that will connect the communities of Ekwok, New Stuyahok, Koliganek, to Aleknagik, which has road access to the regional community of Dillingham. The project increases access to economic opportunities in the region by surveying more reliable and efficient travel routes that could be utilized year-round, and will conduct planning, engagement, and preliminary engineering activities for the project.

We also have direct economic development efforts. Last year, we partnered with the Southeast Conference—a regional economic development organization—and pledged $1.5 million in non-federal match to their Build Back Better regional challenge application, which resulted in a $49 million award to the Alaska Mariculture Cluster. This award will help grow the mariculture industry to a target of $325 million per year, supporting 1,800 jobs across the state from Ketchikan in the Southeast to Unalaska, far out the Aleutian Chain, in the Southwest in 20 years. This project also involves numerous private sector partners, ranging from the Sealaska Corporation and numerous seafood companies to several philanthropic partners. In fiscal year 2022, the Commission awarded $1.3 million in direct economic development awards.

Finally, the Village Infrastructure Protection Program has been working with Tribal, local, regional, state, and federal partners to continue to support the resilience of Alaskan communities. We have funded the planning, partnership, and construction efforts to move communities to safer environments while also protecting communities in place and assisting in managed retreats. All of these impact the well-being of the Alaskan economy. One project has used our funding to leverage more funding and generate more opportunity for Alaskan communities. The Commission's partnership with the Alaska Native Tribal Health Consortium–Grant Center for Environmentally Threatened Communities (CETC) began in 2016. Recognizing the value in this partnership, the Commission has increased the award over the years with the most recent amendment providing the CETC with another $500,000. Between program inception and June 30, 2023, CETC has provided technical assistance to 39 communities and secured $43 million to benefit 44 communities across 133 projects. Every three cents invested by the Denali Commission into CETC has resulted in one dollar for infrastructure protection in Alaska communities.

The Denali Commission is proud of our work to improve the lives of Alaskans, especially those living in rural communities. We look forward to working with your Committee, and we would welcome a discussion about potential legislative changes that can strengthen the work of the Commission. Thank you for convening this important hearing, and I welcome your questions.

Mr. PERRY [presiding]. Thank you, all. The Chair does thank you for your testimony.

And we will now turn to questions for our witnesses. The Chair recognizes himself for 5 minutes for questions.

I think there is a reasonable claim to be made that regional commissions do duplicative work at multiple levels of Government. There are State and local programs for almost everything.

I am not going to read through all of it because that would spend all the time. But we have the U.S. Environmental Protection Agency, Federal Emergency Management Agency, U.S. Department of Housing and Urban Development, U.S. Small Business Administration, U.S. Department of Education, Department of Labor, Department of Health and Human Services, Department of Energy, Department of Commerce, Department of Transportation, Department of Agriculture, and a panoply of programs, and all of those agencies that do exactly what you do, and yet you do it, too. It's just inefficient.

Let me ask you this, Ms. Manchin. I am close to the Appalachian Regional Commission geographically. It is not in the district that I represent, it is adjacent to it. I am looking at a map here, and I am sure you are probably familiar with the map.

So, if I look at that, all the white area is counties that aren't included. The gray areas are attainment counties. So, what, 58 years this has been going on? I see one, two, three, three attainment areas. This is a map as of 2023 [indicating map], everybody to see here. I mean, for 58 years we have got attainment of three counties here.

What is the cost over the 58 years for the Appalachian Regional Commission? Can you tell us that?

Ms. MANCHIN. Well, thank you very much. And I appreciate—we do look at that. I have lived in the Appalachian region all of my life, and so, I have seen the isolation and the poverty that is there.

And so, we have been building—we have been on the mission of building the highway system since 1965, and we are now about 91 percent complete on that. Building highways through the mountains is not an easy task. And it also takes cooperation with the States and funding that comes from several different arenas.

Mr. PERRY. Did you say 95 percent complete?

Ms. MANCHIN. Ninety-one.

Mr. PERRY. Ninety-one. So, if you are 91 percent complete since 1965, do we have to wait until we are 100 percent complete in building the highways before we see any of these counties go from attainment to anything better than attainment?

Ms. MANCHIN. Well, certainly. I mean, Corridor H that comes from Washington across and comes into the eastern panhandle of West Virginia is one of the latest, Corridor H——

Mr. PERRY [interrupting]. I am familiar with it.

Ms. MANCHIN [continuing]. And we are working on that. But it takes—this is a series of years. You don't build the highway in a year.

Mr. PERRY. I get it, I mean. But we are talking about an area that is right here [indicating map], but we have got this whole thing right here. Some of this is dark red or black, almost distressed, one, two, three counties, one in Virginia, one in Georgia, one in Alabama. So, if you are 95 percent or 91 percent complete . . .

Ms. MANCHIN. That is through the entire, from southern New York——

Mr. PERRY [interrupting]. Yes. So, why aren't we seeing more counties meet attainment? I mean, it has been 58 years. And with all due respect, I know you haven't been there for 58 years, but this is costly to the American people.

Ms. MANCHIN. Well, because there is—because you build the highways and then you have the impact of when coal goes up and when then coal went down and 70 percent of the jobs lost.

Mr. PERRY. OK. Fair enough. But——

Ms. MANCHIN [interrupting]. If you notice, the highly distressed counties are through southern West Virginia and eastern Kentucky.

Mr. PERRY. So, just to be clear here, in my opinion, the coal industry has been destroyed by the Federal Government. It just didn't go away on its own, it has been destroyed by the Federal Government. And if the Federal Government was so concerned about the Appalachian region, maybe they should have thought about that before they destroyed the economic vitality, maybe what little there was or is in the Appalachian region. But they did that.

That having been said, I am looking at, this is the Appalachian Regional Commission, the city of Toccoa, Georgia, the Ritz Theatre Annex, $750,000, to include the expanded lobby, concession stand, merchandising stand, bathroom, storage, ticketing, balcony access, and more.

Now, I don't know if that county is the one county in Georgia that has reached attainment, but it doesn't seem to me that money went for building a highway.

And, God bless them, I am sure they love their theater. I have got a theater that I represent in Middletown that we would love to have kept open because it was historic, but nobody could afford to keep it.

We spent a boatload of money on the one in New Cumberland, Pennsylvania. We did it. We didn't ask people from California, New York, and Florida to do it, we did it. These are State and local issues. These are not Federal issues. And how do we justify?

And I don't mean to pick on you, ma'am. I mean, I can go through a list here.

We have got, in the northern border region, the fund, the replacement of a double chair lift and to upgrade existing snowmaking infrastructure. How about purchase of a trail groomer and a Mogul Master drag? I live within eyesight of a ski resort where I live, and I am sure they would love to have the Federal Government pay for their snowmaking, their chair lift, and their new snow machinery. I am sure they would love it.

And then in the Denali Commission, a bike and pedestrian path. It is wonderful, I am sure. It is not a Federal responsibility.

Or how about the development of an art studio? Again, building a visitor and retail center. I am sure they are all wonderful. These aren't things that we should be paying for at the Federal level. These are local issues, ma'am.

Let me just ask you this. Can you tell me, if you know, how much of the commission's budget goes to pay for salaries and other administrative costs and operating, and how much of your budget is directed to actual programming?

Ms. MANCHIN. Yes. When grants are presented, that is all in it. We have third-party evaluators that evaluate all the programs and initiatives that we have. So that we ask for impact, how many jobs are going to be created, what is the impact on communities and——

Mr. PERRY [interrupting]. Do you have a number? Do we have a percentage? What is the metric there?

Ms. MANCHIN. Well, it is different. The POWER grants, these POWER grants are all designed a little differently to address different needs.

But what we have found through our third-party evaluators is that the money that has been invested in these communities has reached or exceeded the expectations of what that grant was to do.

Mr. PERRY. And——

Ms. MANCHIN [interrupting]. So, we are talking about bringing clean—in the 21st century, we are still bringing clean drinking water into these communities.

Mr. PERRY. I understand, ma'am, but I am looking for a metric by which we can measure your success, and I don't see any.

And even the IG, especially for the Denali Commission, Mr. Boyle, has said that of the mass amount of money that has been spent there, a very, very small percentage has been reviewed under the inspector general. And so, almost literally no one is looking at any of this.

Do any of you have a standard set of metrics by which you measure your success? And I am not meaning to be pejorative here. But we created you, I get it. But this is taxpayer money. And you would think, you are all high-powered people that are well connected, you should be able to come up—you are working together, you are working with other agencies. Is there any metric by which all of you measure your success? Anybody.

Ms. MANCHIN. Yes. Well, we do have measures and we do have an inspector general over our commission that works every year with reports. So, I don't—I mean, I don't have numbers——

Mr. PERRY [interrupting]. Well, his comments are not very flattering.

But my time has expired. And now I would yield to the gentlelady from Nevada.

Ms. TITUS. Thank you.

I think I heard—maybe it was you, Dr. Wiggins, who said that for every dollar you spend you get back—would you tell us that statistic again?

Or was it you, Mr. Saunders?

I am sorry.

Mr. SAUNDERS. That is correct.

Ms. TITUS. That is a metric.

Mr. SAUNDERS. I was citing from our grant round that for every dollar, Federal dollar that is invested, there is a total of $4 that goes to a project that is leveraging other sources of funding.

Ms. TITUS. Yes. So, that would be a metric of success if you can take some Federal dollars and use it to leverage. Maybe it is a private investment, maybe it is a State match, that sort of thing. So, wouldn't that be a metric to show success?

Mr. SAUNDERS. Absolutely. And we are asked to measure indicators of distress and target our resources. Congress asks us to award at least 50 percent of our resources at the Northern Border Regional Commission to distressed communities, and we routinely meet and exceed that target, as well as our targets around infrastructure investment and other metrics that Congress has put in place to say, this is how we believe we should guide the dollars flowing to your communities.

Ms. TITUS. And, Ms. Manchin, you were talking about how many jobs were lost from the coal industry. Can you address how your workforce development programs may have brought back some of those jobs? There would be a metric of success.

Ms. MANCHIN. Yes. Most—all of our grants, whether they are POWER grants, INSPIRE, or the multistate grants, all are around economic development, economic vitality.

But then that spans a large region. Are we talking about education that is going to strengthen and training programs for industry that is coming in? The Appalachian region is seeing a lot of industry reentering the region. The automotive industry. And so, training for that.

Ms. TITUS. Don't you all—don't you do reports at the end of the year of how many new businesses you have attracted or how many new people you have hired or how many have gone through the workforce development program? Don't you all do that?

Those are all metrics of success, I would say, or measurements of what your accomplishments are. You just don't have time to hit on every single one of them.

I am sure you do them, Dr. Reed. Don't you do them in the Southeast?

Ms. REED. Yes. Thank you for the question. And while we are in our first round of grantmaking, we have developed targeted impact measures to evaluate the efforts of the investments. And these include jobs created and jobs retained. So, I look forward to coming back next year and giving you an update on where we stand with that.

Ms. TITUS. And don't all the commissions leverage that Federal money as you work closely with local governments? I am sure that is not all you have and all you spend, that you can use it to—you water the green spots sometimes. Is that kind of what you do?

This isn't a question to any of you, but listening to you and hearing some of the dates you have to get reauthorized to exist, reauthorize the money, don't know how much money you are going to get.

I have always heard from business that the main thing they need is stability and predictability. And if you are subject to political whims, that makes it very hard to do good investment, I would think. Maybe you all could address that.

That doesn't mean you don't have to justify what money you are getting and how you are spending it for taxpayers. But if you kind of knew you were going to be in existence and basically the minimum of how much you were going to have, wouldn't that make the investment easier and better for leverage?

Mr. Boyle.

Ms. MANCHIN. Well, I think, just to be very specific, we are in partnership. We match money. So, any grant that comes from the ARC has started at the local level, is matched by State money, and then we come in as the third element. We don't come in with a check to pass out to people to say: Build it, and they will come. They create, and we are the third partner.

So, it is a bottom-up approach. So, if a grant comes to us for funding for match, it is because the State, the Governor, and the local communities of that State have actually researched and worked on that.

Ms. TITUS. Yes. Do you want to add to that, Mr. Boyle?

Mr. BOYLE. I am sorry, could I ask you to repeat that question?

Ms. TITUS. Well, I have forgotten it myself by now.

No, I was just saying that if you had some stability and knowing that you were going to be around next year and not subject to political whims, wouldn't it be easier to invest and leverage the Federal dollars that you get?

Mr. BOYLE. Yes. I think it certainly would. Allowing communities to know that we are going to be around for years as opposed to we might be gone next year would make it a lot easier for us to plan how to invest.

Ms. TITUS. And you can go through a list and pick out a theater there and a ski lift here and all. It makes a kind of cute list of calling out these things, kind of like the Proxmire award.

But in reality, if you put those in context, those may have a big impact on a community. That may be a historic area, it may bring back business, it may revitalize a downtown area.

You have got to put it in context. You can't just pick and choose like the list that the chairman gave out.

Dr. Wiggins, you hadn't weighed in.

Mr. WIGGINS. Well, to your point, I mean, we actively work to make sure that our investments are in line with our statutory purpose.

One of the unique opportunities we have because we do partner with our States, we regularly are engaging with our State members and having conversation and better understanding the needs of the community.

So, to your point, making sure that our investments are aligned to our purpose and having the type of impact around job creation, how we improve infrastructure in the communities, and really trying to make sure that we have workforce development programs that are training people to be able to get into family-sustaining jobs.

Ms. TITUS. I yield back. Thank you.

Mr. PERRY. The Chair thanks the gentlelady.

The Chair now recognizes the gentleman from Mississippi, Mr. Ezell.

Mr. EZELL. Thank you, Mr. Chairman.

Thank you all for the active commissions that are here today. I really appreciate it.

I want to note all the work that the Delta Regional Authority and the Appalachian Regional Commission have done in facilitating projects in my State of Mississippi.

Dr. Reed, since the SCRC covers my district in south Mississippi, I want to ask you a question here.

The Southeast Crescent Regional Commission, the SCRC, was founded in 2008 and began receiving funds in 2010. The SCRC did not have a Federal Cochair until you became the first one—and congratulations—in 2021.

If a Federal Cochair is not appointed, regional commissions cannot expect to expend the funds. However, before your arrival, the SCRC received annual appropriations totaling $2.75 million.

Can you elaborate on how these funds were used?

Ms. REED. Yes, sir. Thank you for the question.

The accumulated funds over that time were put into the appropriations being used now for the grantmaking. So, it is included in that $20 million that we will grant forward through this first grant cycle.

Mr. EZELL. Thank you.

As previously stated, the DRA and the ARC have been successful in partnering with counties to accomplish projects in Mississippi.

Since your appointment, what has the SCRC done outreach-wise to prepare counties for receiving Federal grant dollars?

Ms. REED. Thank you very much.

We have garnered cooperative agreements with every local development district in participating States, and there are 55 of them. We have also enacted cooperative agreements with the States. So, we have a layered support system to make sure that the entities applying for grants are ready to receive those funds.

Mr. EZELL. Very good.

Lastly, each regional commission categorizes counties based generally on economic indicators such as per capita income and unemployment rates.

The counties that have the lowest per capita income and the highest unemployment rates are labeled as distressed. Each regional commission has declared that nearly every county in Mississippi is distressed, including 66 percent of the counties in my district. I understand that 40 percent of the funds under each commission must go to distressed counties.

Can each of you just kind of elaborate a little bit on a plan to prioritize funds to assist counties in Mississippi and in my district? And let's start with the DRA.

Mr. WIGGINS. Sure. As you mentioned, each year, we do an analysis to determine which counties or parishes are distressed in our communities. Once we do that, we have two primary investment tools.

One tool is where we work with our Governors and our designees in our local development districts in identifying potential projects or opportunities to invest.

And then we have another fund that is our Community Infrastructure Fund that is really focused on basic public infrastructure.

So, we really work hand in hand with our local development districts because they are part of our boots on the ground, in a sense, in working, talking to local government, helping and supporting project development in terms of projects that come to us.

Statutorily, a certain percentage of our funding does have to go into distressed communities. In addition, too, we focus on areas, what we consider isolated areas of distress, because you do have some communities or counties or parishes that may be nondistressed, but you have isolated areas of distress and poverty.

So, in addition to working with our local development districts, our agency, ourselves, we do a lot of direct outreach by being present, showing up, meeting with local mayor associations, supervisor associations, so, all the types of things to make sure that our programmatic options are in front of, particularly, our distressed communities to maximize our investment at DRA.

Mr. EZELL. Thank you, Mr. Chairman. My time is about up. I yield back.

Thank you all again for being here today.

Mr. PERRY. The Chair thanks the gentleman.

The Chair now recognizes the gentlelady, Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Ms. Manchin, we must help ensure that Federal dollars for infrastructure projects flow through the local community.

Throughout my service in Congress, I have worked to increase workforce development opportunities for District of Columbia residents whom I represent.

After I first secured funding for the Department of Homeland Security headquarters consolidation in 2009, I worked to establish the Opportunities Center at St. Elizabeths to help DC residents and small businesses—including minority-owned and women-owned businesses—procure jobs, apprenticeships, and contracts for the headquarters consolidation and other Federal projects.

The Opportunities Center also offers resume writing workshops, job postings, 8(a) small business training, and community outreach.

Furthermore, I was proud to stand with Secretary Buttigieg in front of DC's own Frederick Douglass Memorial Bridge to announce the reinstatement of the Department of Transportation's local hiring initiative pilot program now permitted by the Infrastructure Investment and Jobs Act.

Through local hire, we can revitalize local communities, of course, and provide meaningful jobs.

Ms. Manchin, in your testimony, you describe how the new Appalachian Regional Initiative for Stronger Economies, which is funded by the Infrastructure Investment and Jobs Act, supports large multi-use collaborative projects, such as transitions to electric vehicles, something I have been working hard on, and green manufacturing. Large-scale projects such as these can generate new, good-paying jobs for local residents.

What are the workforce development efforts, Ms. Manchin, including skills training, recruitment, and job placement, that will help residents take advantage of jobs created by the new initiative?

Ms. MANCHIN. Well, one of the things that you find throughout the Appalachian region, as with all of our commissions, is that we have academic institutions throughout our regions.

And so, one of the great assets, I think, in the Appalachian regions are our community colleges, which have become really the engines for training for industry that is coming in: the automotive industry that is coming back, the energy industry, hydropower, the agriculture that is returning to our area.

We are finding that our community colleges are becoming the major engines for workforce training, not only for students out of high school but workers that have been displaced by their former work can go back and be retrained into these jobs and stay in the area in which they live. They can commute.

So, this is one of the most effective. Education becomes the foundation for economic development, for growth, for vitality within a community.

And certainly then that can lead into a 4-year degree or more. But community colleges are really the advocate and the lead instrument for training for the industry that is in our area and that is coming into our area.

Ms. NORTON. Thank you very much, Ms. Manchin.

And I yield back.

Mr. PERRY. The Chair thanks the gentlelady.

The Chair now recognizes the gentleman, Mr. Edwards—oh, correction—Mr. Carter.

Mr. CARTER OF LOUISIANA. Thank you, Mr. Chairman.

And thank you all, Commissioners, for the incredible work that you do.

Dr. Wiggins, in your testimony, you mentioned the commission's role in the CIF. I am sure that you and your staff have been working with Federal, State, and local officials on the massive flood insurance issues that the gulf coast is facing.

Can you share what steps your office has taken to combat the risk of flood?

Mr. WIGGINS. Well, one, our Community Infrastructure Fund does support investments in flood control projects and other basic public infrastructure. And we actually do tend to see a lot of those requests come from Louisiana, particularly southern Louisiana.

So, we actively work, again, with these local development districts, our commissions, on helping identify project support.

In addition, we have actually spent some time, spent time in communities. I mentioned the mayors association meetings, the municipal association meetings as an opportunity for our local elected officials to hear from us.

And I will lift up at this time, too, partnership, because an important part of our work is not just us as a commission going at this work alone. We actually do work with our other Federal partners closely in trying to figure out how we can support our regions that we serve. We work with State government. We work with the local development districts, as well, in addition with local governments.

So, a lot of our work to address those issues around flood control projects is really based on the local needs but making sure that local government understands that we can be a resource, a partnering resource, as they are looking to address those issues around flood——

Mr. CARTER OF LOUISIANA [interrupting]. And we appreciate that.

As you know, Risk Rating 2.0 is a major, major issue. It is literally pricing people out of the market of being able to either become a homeowner or maintain home ownership in homes that they have paid for.

And now, God forbid, with the rising costs of insurance, who would have ever thought that that could be a prohibitive factor in people maintaining their homes?

What training programs does the DRA offer? Can you speak to any job training fields that promote environmental sustainability?

Mr. WIGGINS. Sure. Just recently, as a matter of fact, through our Delta Workforce Program, we awarded a partnership grant to Southern University that included partnership with other local development districts, Baton Rouge. They actually do work around sustainable energy development.

And so, that is a prime example of, I think, some of the types of projects we are investing in that gets towards climate sustainability, resiliency.

But, again, our strategic goals, our regional development plan helps put an eye towards the type of investments we do.

I will highlight that in those plans, it is not a plan that is developed only by DRA input. We actually went out and talked to stakeholders across our eight-State region to help develop that plan, to help guide those investments.

And so, work around sustainable energy is one that we continue to see and get more requests for, and we will continue to work with our local stakeholders in making sure we are doing good quality investments that are giving us a good return on that investment in terms of impact, as well.

Mr. CARTER OF LOUISIANA. As you know, in Louisiana District Two, which is my congressional district, I represent the largest compilation of petrochemical plants in the River Parishes, plants that are nestled between communities.

So, obviously, we have to consistently find ways to make sure that we have sustainability and environmental justice in those areas. So, thank you for your efforts.

Dr. Reed, I would like to congratulate you once again on your post to the SCRC. Thank you for coming today to brief our subcommittee on your work over the past 22 months.

I have two questions. What has been your biggest win to date? And how will the State Economic Development and Infrastructure grant help you and your agency in carrying out your mission?

Ms. REED. Thank you for the question.

The biggest win to date is the establishment of a relationship with the States. It is a Federal-State partnership. And in order for us to do any of the work that we have been charged to do, that relationship has to be solid.

So, I am really proud of the work that we have done and look forward to the relationship that we will have with the Governors and the Governor's alternates in getting everything established there.

Second to that would be the 5-year strategic plan that sets the tone for where we are going and a map to where we need to be in the next 5 years. So, to that question.

Your second question was about the Economic Development and Infrastructure grants?

Mr. CARTER OF LOUISIANA. Yes.

Ms. REED. OK. I am extremely proud of the interest and the number of pre-applications that have come through; 363 pre-applications are being evaluated right now, $119 million, while we only have $20 million to grant away. But to know that that interest is there.

And the projects are broad. They run from infrastructure to health access to housing access. They run the gamut. So, we are very proud of the diversity that those grants have shown.

I want to also point out we are statutorily bound, 40 percent of the funds are to be spent on infrastructure, and 50 percent of those funds are to be spent in distressed counties.

So, those are the challenges that we have when we are awarding those grant funds.

Mr. CARTER OF LOUISIANA. Thank you very much. And that is demonstrative.

My time is up. So, thank you very much for your leniency, Mr. Chairman.

But I will say in closing, this is demonstrative of the need that is out there. The great work that you are doing is showing. And the plethora of people that are attempting to apply talks about the real need.

And we talk about metrics. It was offered, a question earlier. The metrics is people are showing up saying they have need, and thank God we have resources now to be able to address them.

So, congratulations and thank you all for the great work that you do.

Ms. REED. Thank you.

Mr. PERRY. The Chair thanks the gentleman.

The Chair now recognizes the gentleman from California, Mr. Garamendi.

Mr. GARAMENDI. Thank you, Mr. Chairman.

Witnesses, thank all of you. I appreciate the opportunity to engage with you.

Some of my questions have been answered in the previous discussions by the Members.

But I want to really begin to focus in on the critical pieces of legislation that are now law, the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, and just generally how in each of your commissions you are able—or unable—to access that money, to bring that to bear in the problems that you are attempting or you are responsible to address.

So, Ms. Manchin, if you would care to start.

Ms. MANCHIN. Well, thank you.

Yes, the increased funding that came out of the bipartisan infrastructure act, also the RFA, makes a big—increased certainly the funding that came to us. And where you are given more, one of the initiatives that we brought forth was the ARISE, which is a multistate.

What I noticed, that in our 13 States, they were writing and doing great projects. But we are not the 13 States of Appalachia. We are the Appalachian Regional Commission.

And so, with being able to offer a larger grant, the encouragement was that States need to work together, that if we lift up our region, then all of our States will do better.

So, this increased funding in the Appalachian region I think has started an impact of States working together, how they can create bigger projects, which then impact and are much more transformative.

The Hydrogen Hub, one of the placements now, will certainly impact Ohio, Pennsylvania, West Virginia, it will impact that region not only in jobs that will come there, training, but subsidiary jobs that will come into the region.

And so, I think that our Governors and our program managers are beginning to realize that by sharing ideas and growth and certainly using our academic institutions between our States will certainly greatly impact and increase the abilities of our region to grow and gain parity.

Mr. GARAMENDI. Thank you.

Mr. Wiggins.

Mr. WIGGINS. Well, with our additional funding, we did a couple things.

One, we leveraged the funding into existing programs. So, for example, I talked earlier about our Community Infrastructure Fund. Just this week, we were looking at the amount of requests that we have.

So, for example, we have about $29 million to spend in that particular fund, but we received $46 million of good quality requests. So, not just the total number of applications, but projects that are eligible, good-quality projects.

And so, we have been able to leverage the additional funding to go further in those types of programs that we have.

The other thing that we did, what we have noticed, is there has been a real, sort of, challenge—but we view it as an opportunity—

around capacity building in a region. Again, that is part of our regional development plan that was approved by our Governors.

So, two investments that we have leveraged with the additional funding is, one, a capacity-building grant to our local development districts. We hear throughout our region, through our local governments, about the help we need.

So, we really have been focused on investments in capacity and leveraging our existing programs.

Mr. GARAMENDI. Thank you.

I am not sure we are going to have enough time to go all the way down, so, briefly with the remaining three.

Mr. SAUNDERS. I would just simply echo some of the same improvements we have made to our programs as our peers have, making larger award size, incentivizing partnerships, looking at the fact that many rural communities have challenges, assembling multiple funding sources to make these projects possible.

So, we have increased some award thresholds to try to make those projects happen quicker and more expediently.

Mr. GARAMENDI. Ms. Reed.

Ms. REED. Thank you.

Past appropriations leading up to my appointment, added to the $5 million for IIJA, all folded into the $20 million that we are using for our current grant cycle.

Mr. GARAMENDI. Mr. Boyle.

Mr. BOYLE. Thank you, Congressman Garamendi. It is good to see you again.

Briefly, Mr. Chair, if I can. From our IIJA funds, directly to your point on the IG, I am taking one-half of 1 percent of that money to make sure he can do the work that he needs to do. Your point is well-taken. I know that was an issue in the past, and I am doing my best to address it.

What we are doing is we devised a 5-year spend plan for our funds to make sure all of those moneys are available in the outyears for our communities. Our funds may be used as non-Federal match. We want that available down the road if other communities get big grants from other programs but they don't have the match available at the local level.

We are doing a lot of technical assistance to provide capacity building and grant applications, and also doing planning, engineering, and design work that other Federal agencies can't fund in order to get projects to a fundable stage.

Thank you.

Mr. GARAMENDI. Thank you very much.

Mr. Chairman, my time having expired but my questions not, I yield back.

Mr. PERRY. I thank the gentleman. The gentleman does yield back.

Are there any further questions from any of the Members who have not been recognized?

I don't see any.

So, I would like to say I would like to continue the hearing. However, there are other pressing needs apparently that require my attendance and our attendance.

So, I hope the trip was worthwhile for you. It was worthwhile for us in having your attendance. And while sometimes these can seem stressful, none of us has any personal animosity with any of you. We believe that you are hoping for the best things in your communities and working towards that.

I think our collective job is to make sure that we are doing it as effectively and as efficiently as we can within the scope of all of the Federal Government.

And so, with that, that concludes the hearing for today, and I would like to thank each of you for your testimony.

This subcommittee stands adjourned.

[Whereupon, at 11:21 a.m., the subcommittee was adjourned.]

Submissions for the Record

Prepared Statement of Hon. Rick Larsen, a Representative in Congress from the State of Washington, and Ranking Member, Committee on Transportation and Infrastructure

Thank you, Chairman Perry and Ranking Member Titus, for holding this important hearing on the effectiveness of regional economic development commissions.

We have held several hearings in the past few years to examine the Economic Development Administration and the good work it is doing to promote economic development in communities across the country.

But it has been several years since we held a hearing specifically on the regional commissions. I have long been a champion of regional economic development commissions—which leverage federal, state and private sector resources to bolster regional economies.

With their singular focus on specific areas of the country and the needs of those regions, regional commissions play an important and complementary role to the EDA.

Regional commissions are unique in their structure and reach with most led by a federal co-chair and the governors of the states in which the commission operates. By integrating federal, state, regional and local economic development priorities, the regional commissions help state, local, and non-profit experts tailor responses to unique local economic crises, trends and needs.

The impacts that these regional commissions have on communities around our country is crucial. Construction of wastewater treatment facilities, development of workforce training programs, industrial park road improvements, commercial truck driver training, broadband expansion—all these local initiatives are vital to regional economies.

I look forward to hearing from each of the commissions represented today about their important work and the impact it is having on their regions.

Mr. Chairman, I would like to note that the Southwest Border Regional Commission (SBRC) is missing from this hearing. The SBRC is a federal-state partnership between the states of Arizona, California, New Mexico, and Texas and the Federal Government.

The SBRC was authorized in 2008 but did not receive funding until FY21. In January of this year, Mr. Juan Sanchez of Texas was confirmed by the Senate to serve as SBRC's first Federal Co-Chair. Mr. Sanchez expects the commission to be operational in the very near future, and I hope we will include the SBRC in our next hearing on this topic.

After visiting the southwest border multiple times, I am convinced that innovative economic development projects are crucial to the economic vitality of our border communities and the SBRC is poised to help.

Regional Commissions are an important tool that can leverage federal, state and private sector resources to help historically distressed regions respond to economic challenges.

I look forward to hearing from our witnesses and I thank the Chairman and Ranking Member for holding this hearing.

APPENDIX

QUESTIONS TO HON. JENNIFER CLYBURN REED, ED.D., FEDERAL CO-CHAIR, SOUTHEAST CRESCENT REGIONAL COMMISSION, FROM HON. MIKE EZELL

Question 1. Can you further elaborate on which of the Local Development District (LDD) and state cooperative agreements you have signed and finalized? If all the agreements have not been finalized, what is your plan to finalize the outstanding agreements before distributing the funds that were appropriated in the LDD Capacity Building Program?

ANSWER:

LDD Capacity Building Program

SCRC will allocate two million dollars from appropriated funds to the LDD Capacity Building Program to support the 55 LDDs located in the participating states of Alabama, Georgia, Mississippi, North Carolina, South Carolina and Virginia. Funding for this program is available through the Consolidated Appropriations Act, 2023, PL. 117–328.

This non-competitive financial assistance program will strengthen the operational capacity of LDDs and benefit communities within distressed, transitional, and isolated areas of distress by enhancing local economic development, administration and planning. As economic development engines, LDDs provide services which often consists of funding identification, grant writing assistance, planning and project implementation.

The LDD Capacity Building Program will provide LDDs with resources to help communities plan, develop, implement and evaluate projects. To date, all 55 LDDs within the Southeast Crescent region have opted-in to participate in the LDD Capacity Building Program. Of those participating, 50 cooperative agreements have been signed by both the LDD and SCRC. These fully executed agreements have been forwarded to the LDDs along with required forms needed to establish the LDDs as vendors, making them eligible to receive financial investments from SCRC. Once the LDDs are vendors and all required forms and documents are signed and returned, disbursements will be dispersed.

There are five LDD cooperative agreements that have not been signed by the LDDs. Staff has contacted each one to acquire the required signatures and documentation. *The goal is to have all 55 cooperative agreements fully executed by the close of the calendar year*.

SCRC State Capacity Building Program

SCRC will allocate two million dollars of appropriated funds to participating member states to assist with grant administration and facilitating outreach efforts. The cooperative agreements with member states will also assist with oversight of SCRC's financial investments in roads, buildings, water systems, broadband networks and other projects executed within their counties. Local technical assistance, training and outreach will be a collaborative effort between SCRC member states and LDDs.

SCRC collaborates with other active regional commissions to formalize procedures and internal processes. In drafting the cooperative agreement for the SCRC State Capacity Building Program, staff worked with the State Program Managers (SPMs). Since SCRC shares six states with the Appalachian Regional Commission (ARC), a sample state cooperative agreement from ARC was used as a guide to draft the cooperative agreements for SCRC's State Capacity Building Program.

Upon review by SCRC legal counsel, initial drafts which included a scope of work, budget, and budget narrative, were delivered to the member states for internal review by September 22, 2023. SCRC received collective feedback from the members states on November 7, 2023. The states' revisions were reviewed by SCRC legal counsel and the final drafts are with the member states for signatures. Once member states complete their internal review of the revised cooperative agreement and signatures are acquired, funds will be disbursed to the six participating member states. *The goal is to have all six cooperative agreements fully executed by mid-January 2024*.

Question 2. Please provide a detailed outline of how you plan to use the funds that were appropriated to the Southeast Crescent Regional Commission (SCRC) before your arrival, and how you plan to use the additional funds that were made available to SCRC by the Infrastructure Investment and Jobs Act (P.L. 117–58).

ANSWER. SCRC was authorized by Congress in the 2008 Food, Conservation, and Energy Act ("the Farm Bill") and began receiving annual appropriations in 2010. From FY 2010 through FY 2021, prior to the appointment of a Federal Co-Chair, SCRC was appropriated $3.75 million (In FY 2010–FY 2020, SCRC received $250,000/FY and $1 million in FY 2021).

Once confirmed in January 2022, I conducted a Backdated Treasury Warrant exercise with the Office of Management and Budget (OMB) and the Department of Treasury to have those funds transferred to SCRC Treasury-generated accounts.

Cumulative funds from FY 2010 through the current fiscal year are being used for grants, programs and administrative operations. SCRC also received $5 million from the Infrastructure Investment and Jobs Act (P.L. 117–58) which has been invested in the 2023 State Economic and Infrastructure Development (SEID) Grant program. Funds for the $20 million grant program are from the following sources:

- Consolidated Appropriations Act, 2023, PL. 117–328 ($10 million);
- Consolidated Appropriations Act, 2022, PL. 117–328 ($5 million);
- Infrastructure Investments and Jobs Act, 2021, PL. 117–58 ($5 million).

Question 3. Please elaborate on how you plan to prioritize distressed counties in Mississippi's Fourth Congressional District, especially considering over half of the counties are distressed.

ANSWER. Of the 18 counties within the SCRC Mississippi footprint, 14 are distressed. The Fourth Congressional District is home to four transitional counties and seven distressed ones. All investments by SCRC in Mississippi's Fourth Congressional District will be guided by the enabling statute, priorities identified in the SCRC's Five-Year Strategic Plan and Mississippi's State Economic and Infrastructure Development Plan approved by the Governor's office. SCRC investments align with the six strategic goals listed below:

a. Invest in Critical Infrastructure
b. Improve Health and Support Services Access and Outcomes
c. Strengthen Workforce Capacity
d. Foster Entrepreneurial and Business Development Activities
e. Expand Affordable Housing Stock and Access
f. Promote Environmental, Conservation, Preservation, and Access

SCRC's authorizing statute, 40 U.S.C., Subtitle V, §15501 (b)(c)(d), stipulates at least 50% of grant funds be allocated to distressed counties and isolated areas of distress in the region. The statute also requires SCRC to allocate at least 40% of grant funds to infrastructure projects tackling basic public infrastructure, telecommunications, and transportation.

As stated previously, SCRC has entered into cooperative agreements with 50 of the 55 LDDs located in the Southeast Crescent region. It is a goal to have the remaining five signed by the end of the year. SCRC is in the final stages of signing cooperative agreements with the six participating states. The scope of work within each cooperative agreement details how both outreach and technical assistance will be delivered to entities in the region, to include Mississippi's Fourth Congressional District. SCRC member states and LDDs will work collectively to build the capacity of local communities while simultaneously serving as conduits of change and development.

Methodology—Economic Designations

SCRC uses an index-based, economic classification system to identify and monitor the economic status of its counties and county equivalents. The system involves the creation of a national index of county economic status through comparative averages of three economic indicators—the three-year average unemployment rate, per capita market income, and poverty rate—with national averages. The resulting values are summed and averaged to create a composite index value for each county. Each county is then ranked based on its composite index value where high values indicate high levels of distress.

Per 40 U.S.C. § 15702, SCRC annually assigns economic designations to counties and areas within the region. The categories are:

a. *Distressed Counties*—Counties that are the most severely and persistently economically distressed and underdeveloped with high rates of poverty, unemployment, or outmigration.
b. *Transitional Counties*—Counties that are economically distressed and underdeveloped or have recently suffered high rates of poverty, unemployment, or outmigration.
c. *Attainment Counties*—Counties not designated as distressed or transitional counties under this subsection.
d. *Isolated Areas of Distress*—In accordance with 40 U.S.C. § 15702, SCRC identifies isolated areas of distress with high rates of poverty, unemployment, or outmigration and located within attainment counties.

SCRC Mississippi Distressed Counties (14)

Clarke, Forrest †, George †, Greene †, Harrison †, Jones †, Lauderdale, Leake, Neshoba, Newton, Perry, Scott, Stone †, and Wayne †

SCRC Mississippi Transitional Counties (4)

Hancock †, Jackson †, Lamar †, and Pearl River †

The Southeast Crescent Regional Commission (SCRC) is a federal-state partnership authorized by Congress in the 2008 Food, Conservation, and Energy Act ("the Farm Bill") to promote and encourage economic development in parts of Alabama, Georgia, Mississippi, North Carolina, South Carolina, Virginia, and all of Florida. SCRC invests in projects that support basic infrastructure, business development, natural resource preservation and workforce development. SCRC is committed to supporting job creation, building communities and improving the lives of the 51 million people who reside in the 428 counties of the seven-state region.

○

† Counties in MS–4