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ABSTRACT

Assessing the progress of the Appalachian Regional Commission, this report dealt with policy decisions and programs implemented by the Commission from its inception in the mid-1960's through fiscal year 1970. Low income, high unemployment, retarded urbanization, education deficits, inadequacies in standards of living, and a changing population were identified as the major problems of the region. The program strategy was to improve employment opportunities which would lead to economic growth and general development. It was further decided that Appalachia would have to adjust to the evolving national society if a greater share of national output was to be attained. Since its inception, the program has broadened the definition of its daily operating development, changed the relative emphasis among programs, and changed the range of its administrative and program activities. Some functional programs discussed were Appalachian housing, natural resources and environment, education, health, and highways. Additional chapters contained the planning and development strategy and the commission as a government institution, which included federal, state, and the local development districts. (HBC)

The Appalachian Experiment 1965-1970

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Preface

The Appalachian Regional Development Act represents a unique federal-state approach to solving the problems of a depressed region. As such, it is the obligation of the Appalachian Regional Commission established by the Act to report upon the progress of the experiment. The capstone of an effort to assess that progress, this report deals with the policy decisions and programs implemented by the Commission from the time of its inception in the mid-1960s through fiscal year 1970.

The Commission weighed the comparative virtues of using its own staff or hiring an outside firm to do this study. There are advantages and disadvantages to be faced in either case. A staff study is subject to criticism that it would be biased in favor of the agency, an outside firm, on the other hand, is subject to a long learning process before it can really understand agency operation.

Ultimately, it was decided to use the Commission's own staff. To balance their views and to secure outside inputs, the Commission appointed a special review panel which reviewed the first drafts of the total report and many of the individual studies. The overall approach to researching and writing the report is explained in detail in Chapter 1.

It is important for the reader to remember that this document covers the life of the Commission and the program from its inception through 1970. Many changes have taken place since 1970, for instance: staff reorganization; increases in the number of miles of highway under construction and completed; expansion of the health demonstration areas in numbers and in scope of services; and creation of local development districts throughout the Region. Consequently, this report must be read in conjunction with recent annual reports of the Commission by those who wish a full and complete understanding of the evolution of the Appalachian Regional Development Program.

Acknowledgements

THE APPALACHIAN EXPERIMENT – 1965-1970 is the results of over two years (1970-1971) of research and writing by Commission staff and consultants. It also reflects the very valuable insights and the cooperation of the review panel, the governors in office during the evaluation period and their representatives to the Commission.

Special recognition is due Kenneth D. Rainey, Thomas A. Cotton and Dr. Monroe Newman who did most of the research and writing for the summary. Other staff members and consultants whose research studies and working papers form the foundation of the evaluation, along with members of the review panel, are acknowledged as follows:

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CHAPTER I

INTRODUCTION AND DESCRIPTION OF COMMISSION PROGRAM

Stewardship over public funds and, more importantly, partial responsibility for the future of fellow citizens requires that agencies examine their activities and candidly assess their failures and achievements.

In the years that have elapsed since the Appalachian Regional Development Act was passed in 1965, the Commission it established has engaged in diverse activities, many of which could not be expected to show results in this period of time. Some (like early childhood education) have effects whose magnitudes will probably not be fully discernable even when they begin to yield impacts on the Region. Others, such as the highway program, presently have direct, measurable impacts but there are other effects, not now evident, that may prove to be the more significant aspects of these activities.

The task of assessment in a setting such as this is basically twofold. The first is to describe what has been done and why, and to provide insight into the efficiency with which it has been done. The second is to provide as full an understanding as can now be provided of the effects of the program measured against Commission goals, and to set the stage for continued monitoring of the efficiency of program activities and their effectiveness in addressing regional problems and potentials that are in the Commission's field of action.

An effort of this nature requires an understanding of the process of change in which the Commission has become involved. It is a process that requires working with multitudes of public and private agencies and creating new ones as well. Appalachia's organizations, its institutions, and those of the federal government have not been able to fully assist the Region in the past and changes in their modes of operation were seemingly desirable. New tasks were appearing that apparently needed new entities to undertake them. Institutional change and building, traditionally slow processes, were stimulated while the Commission itself was going through its own internal creation and evolution. Much needs to be said, therefore, in this evaluation about these attempts at institutional change and initiation.

These institutions are especially important because the problems of the Region are deep-seated and, at best, are likely to be remedied slowly. These institutions must be the

stimulators and shepherds of these remedial steps because the Appalachian Regional Commission was intended to help set the people of the Region on a path toward both growth and development. As the Commission expressed it, the development – or social goal – is to provide the people of Appalachia with the health and skills they require to compete for opportunity wherever they choose to live, and the growth – or economic goal – is to develop in Appalachia a self-sustaining economy capable of supporting the people with rising incomes, improving standards of living, and increasing employment opportunities.

These two goals are not the same; they may even have elements of conflict between them. But when the evaluation process which begins with this report is completed, the judgment should be in terms of impact on the levels of living and the opportunities of the people who live in the Region.

Some general background on the organization of the Appalachian Regional Commission and how it operates will be necessary to make the remaining sections of the evaluation report understandable to the general reader. Those who are familiar with the Commission organization, operations, and programs should feel free to skip to the next section.

This section will first describe the Commission's programs and activities made possible by the 1965 Act and the 1967 and 1969 amendments, followed by a description of the basic organization of the Commission and its officers. Finally, the section will discuss the basic operating procedures structured in such a way as to give the reader a concept of how policy is set and who sets it, and the picture of the flow of Commission operations.

The PARC Recommendations

In 1964 the President's Appalachian Regional Commission (PARC) issued its report. This study group's work was the basis for the present legislation. It recommended a comprehensive program for redevelopment of the Appalachian Region. The PARC report cited three major areas of emphasis which formed the basis for the Administration's legislative recommendations: human resource development; economic resource development; organization for development.

The President's Commission recognized the need for a very highly interrelated set of investments in such social overhead needs as hospitals, educational facilities, and the community facilities which form the base necessary for economic growth. These would go side by side with increased investments in natural resource development. Tying all these together would be a new set of institutions to carry out the development program and to strengthen the ability of the state and local governments and private institutions to use their existing resources.

Four priority goals requiring significant investments were recognized. These were: (1) the provision of access both to and within the Region, (2) the utilization of the Region's natural resources of coal, timber, and tillable land, (3) the utilization of the Region's rainfall and water resources, and (4) the improvement of the education and health of the people. In line with these priorities the PARC report recommended a $1.2 billion highway program to link Appalachia with the major metropolitan markets lying just outside the Region and a $36 million program of accelerated water resource facility construction. In addition, a broad range of conservation and resource development programs including pasture improvement, timber business development, power studies, minerals utilization, and marketing were recommended. The report also encouraged the construction of recreation areas already planned for the Region.

A program of action in the federal human resources agencies to meet the Region's needs for improved education – especially vocational education, employment and welfare services, nutrition and housing – was suggested. Specific funding proposals were withheld pending action on the Administration's poverty program. Finally, in the field of community development, an expansion of existing federal agency programs to encourage industrial expansion in lagging communities was recommended.

The PARC report placed much heavier emphasis on natural resource development than the subsequent program enacted by Congress and implemented by the Appalachian Regional Commission. The actual program allocated more funds to local community facilities and human resource development than PARC suggested.

Matters of emphasis and degree aside, if the PARC report had stopped with these program recommendations, it would have merely been calling for "more of the same" within a federal structure already becoming crowded with grants-in-aid for community development. But the report went on with three further recommendations that both set the report apart and formed the framework for a new approach to developing a lagging region.

Supplemental Grants – The study commission took note that the communities of Appalachia lacked the tax resources to take advantage of existing grant-in-aid programs. It recommended that special funds be appropriated to the Commission to supplement regular federal grants, decreasing the required local share so as to enable communities within Appalachia to take advantage of existing federal programs.

Sharing the Decision-Making – The report recommended that a Commission be created to direct a combined federal and state effort to solve the Region's problems. The federal government would share with the states not only the administrative costs but also the programming and policy-making authority over the funds appropriated by Congress. Thus, policies, plans, and even grant applications would be reviewed not just by the federal government, but by the states as well.

Local Development Districts – The report also recommended the creation of a set of local development districts

(LDDs), multicounty planning and development units to link local areas and the states. Single towns and single counties had proven too small for effective development planning. The LDDs also were to link the local government and private businesses. The President's Appalachian Regional Commission recommended the formation of a federally chartered, mixed ownership corporation to provide funds to carry out the plan of a local development district. Although the report is not specific about what the funds of such a corporation would be used for, it does mention that they should not be available for financing the capital requirements of private businesses. The corporation idea, however, was dropped by Congress.

The Appalachian Regional Development Act of 1965

Following the President's Appalachian Regional Commission report, the Johnson Administration submitted a bill to Congress in 1964; the Senate passed a version of the bill, but the House did not act. The bill, with some amendments, was then resubmitted in 1965, passed, and signed into law on March 9, 1965. The Act paralleled the PARC recommendations very closely. It authorized the supplemental grants, the highway program, the federal-state decision-making mechanics, and the development district program. Thus, the Act set up a dual experiment. First, it was an experiment in regional economic development to overcome the kind of problems previously cited. Second, it was an experiment in federalism to provide a new kind of institution to manage the development process.

A new feature in the legislation, and one that has gained perhaps more attention than any other in the bill, was the concept of an investment strategy. It is commonly, but narrowly known by the term "growth centers." The Act stipulated in the statement of findings and purpose that, "The public investments made in the Region under this act shall be concentrated in areas where there is a significant potential for future growth, and where the expected return on public dollars invested would be the greatest."

The authorizations in the bill were:

- **a six year authorization of $840 million to build up to 2,350 miles of development highways and up to 1,000 miles of access roads.**
- **$41 million for grants of up to 80 percent of the cost of building demonstration hospitals, diagnostic and treatment centers, and $28 million for operating cost grants which could go as high as 100 percent of the cost.**
- **$17 million for grants to help local landowners prevent erosion and to promote soil and water conservation.**
- **up to $5 million for loans to establish local timber development organizations.**
- **$36.5 million for eradicating mining scars such as extinguishing fires, filling mine voids, and rehabilitating strip mines.**
- **$16 million for grants for vocational schools under the Vocational Education Act.**
- **$6 million for grants for the construction of sewage treatment works under the Federal Water Pollution Control Act.**
- **$90 million to supplement other federal grants-in-aid so that Appalachian communities could receive up to 80 percent of project cost from federal funds.**
- **$5.5 million for research and to offset the administrative expenses of local development districts.**

Amendments to the Act

The 1965 Act permitted the inclusion of New York state counties in the Region, a step soon taken by the state and the Commission. The 1967 amendments added counties in Mississippi and made adjustments in authorizations to reflect these additions. The 1969 amendments called for consideration of a further enlargement in the state of New York and New England.

These amendments extend the authorization for successive two-year periods and generally provided for greater flexibility (e.g., permitting operating grants where only construction had been provided for in the past). There were several major new items, however, in each of the Acts.

The 1967 amendments changed the posture of the Commission within the federal system. The original Act provided that the Commission would recommend the approval of the grants made under the Act but that formal approval would be done by Cabinet agencies. The 1967 amendments made it clear that the Commission would approve its own grants. Other federal agencies retained technical review responsibilities. The amendments also severed a number of the administrative ties between the Commission and the Secretary of Commerce, validating, in effect, the independent posture under which the Commission had been operating.

The amending Act also provided for an extension of the highway program from $840 million to $1.015 billion and from 2,350 to 2,700 miles. A contract authority provision was added to enable the states to undertake construction of the highways prior to appropriations, with the expectation that they would be reimbursed by the federal government.

Finally, a new housing program was included to encourage the development of low and moderate income housing in growth centers. This resolving fund program was to parallel the Section 221 program operated by the Department of Housing and Urban Development.

The 1969 Act generally extended the program for another two years, until July of 1971. The highway program was extended to 1973. The Act also eliminated the three-year limitation on administrative grants to local development districts. The 1965 legislation contemplated that the LDDs would be locally funded within three years. The program was not far enough along to permit this. The only exception to the extension was in those states where

there were no development districts and where grants had been made for three years to the state government for the purpose of establishing the local development district program. In these states, the three-year limitation on grants for district program development was retained.

The major feature of the 1969 Act was an expansion of the Commission's health program, which provided Congressional support for the increasing emphasis the Commission had been placing on human resource development. Under the new amendments the Commission was encouraged to enter into the new fields of nutrition, child development and black lung, and at the same time permitted to make larger federal grants to operating projects.

Program Trends

A review of the PARC report, the 1965 Appalachian Regional Development Act, and the 1967 and 1969 amendments indicates some major shifts in program emphasis. A natural resource orientation to solving the problems of the Appalachian Region was very evident in the PARC report. It could be seen clearly in the 1965 Act, but it has tended to be overshadowed in the later amendments and in the actual implementation of the program. The mining area program has been much too constrained to provide the wholesale solutions that were needed. The Army Corps of Engineers entered into a major water study, but is is only now nearing a stage where it would be translated into action. Since funds are scarce for large-scale water projects, the impact of this study will be felt much later. The timber development program never got off the ground because of legislative limitations and the economies of marketing small holdings of small hardwoods.

The need for improved community facilities, on the other hand, is evident in the PARC report, and has grown in importance. It dominated the 1965 Act and the first two years of the administration of the program. At present, emphasis on facilities *per se* has tended to level off and, indeed, represents a declining share of the overall program emphasis For example, the Commission has not asked for funding for its water and sewer program.

Human resource programs were given fairly prominent mention in the original PARC report, but were not authorized and funded in 1965 because of the parallel passage of the Federal Economic Opportunity (OEO) program. Experience under OEO indicated that it did not meet Appalachia's needs, and as result the program amendments, program emphasis, and program appropriations have tended to enlarge the role of the human resource programs.

Organization for community development through a new combined federal-state structure and a new set of multicounty development districts has retained strong emphasis from the PARC report through the 1965 Act, and into the present. In the early years, however, the Commission placed primary emphasis on the federal-state institution. The creation of the local development districts was to be left to the initiative of the states, with the Commission providing financial incentives to ex d their efforts.

The PARC report and the legisl 1 provided the goals and objectives of the Appalachian Regional Development Program. What was the program supposed to have accomplished during its first five years of operation? Chapter IV will specify the operational objectives of the program and describe the evaluation studies undertaken to determine whether or not the Commission has met them.

To provide some scale against which to measure the magnitude of these Commission programs, Table 1 shows the authorization and appropriations for the program during the first five years of operation.

Commission Organization and Officers

A unique concept of the management of the Appalachian Regional Commission is that the federal government and the 13 Appalachian states are coequals in the management of the Commission's operations. The legislation provides for a Commission composed of representatives of the 13 states and a federal cochairman appointed by the President. This is the Commission's policy-making body.

The Federal Cochairman – The Appalachian Regional Development Act provides for Presidential appointment of a federal cochairman of the Appalachian Regional Commission. His major roles, as defined in the Act, are to approve any Commission action and liaison with the federal agencies, particularly with the Office of Management and Budget and the Office of the President.

The federal cochairman has the rank equivalent to an assistant secretary. He represents the Administration's position on Commission matters before Congress. In presenting the federal budget, he acts in a manner analogous to that of a regular federal agency head. The budget office for the Commission is part of the federal staff and the preparation and presentation of the budget for federal funds is done by the federal cochairman with the advice of the states.

The Commission has had four federal cochairmen. The law also provides for the appointment of an alternate. The federal cochairman has a personal staff of 10 people, all compensated entirely out of federal funds.

Member States – The states have the other half of the Commission's policy-making authority. A majority of the states must agree to Commission action in addition to the vote of the federal cochairman. The law says that the state members may be the governor or his designee or any person designated by state law. A strong tradition has developed that the governors are the state members. They participate in Commission activities at the major policy level, but in every case they also select an officer to represent them at the Commission meetings and to handle the administration of the programs at the state level. The law provides that the states elect a states' cochairman from among themselves. This has always been a governor. The governors serve

TABLE I

APPALACHIAN AUTHORIZATIONS, APPROPRIATIONS AND OBLIGATIONS TO DATE
(thousands of dollars)

	1965-67 Author ization	Appropriations 1965-66	1967	Total	1968-69 Author [2] ization	Appropriations 1968	1969	Total	1970 71 Authori [2] zation	Appropriations 1970	1971[5]	Total	Cumulative Approp thru 1971	Cumulative Oblig Dec 71
202 Health	69,000	21,000	2,500	23,500	50,000	1,400	20 000	21,400	90 000	34,000	42 000	76 000	120 900	85 042
203 Land Stabil	17,000	7,000	3,000	10,000	19,000	3,300	2,815	6 115	15 000	3 000	0	3,000	19 115	19 115
204 Timber Devel [1]	5,000	600	–	600	2,000	0	0	0	0	0	0	0	600	303
205 Mine Area [1]	36,500	16,950	7,10'	24,050	30,000	0	335	335	15 000	5,000	4,000	9 000	33 385	26 199
Bu of Mines		15,600	7,C00	22,600	30,000	0	335	335	15,000	5 000	4 000	9,000	31 935	25 278
Fish & Wildlife		1,350	100	1,450	0	0	0	0	0	0	0	0	1 450	971[6]
206 Water Res Survey	5,000	1,500	1,500	3,000	2 000	2,000	0	2,000	0	0	0	0	5 000	5 000
207 Housing Fund	0	0	0	0	5,000	1,000	1,000	2,000	3,000	1 000	1 000	2,000	4 000	2,542
211 Voc Ed Facil	16,000	8,000	8,000	16,000	26,000	12,000	14,000	26,000	50,000	25,000	24 000	49 000	91 000	67,153
212 Sewage Treatment	6,000	3,000	3,000	6,000	6,000	1,400	0	1,40C	0	0	0	0	7 400	7,207
214 Suppl Grants	90,000	45,000	30,000	75,000	97,000	34,000	32 450	66,450	82,500	34,000	48,500	82,500	223 950	175 855
302 Research & LDD	5,500	2,500	2,750	5,250	11,000	1,600	3,000	4,600	13,000	5,500	7,500	13,000	22 850	18,184
Less Limitation	–	–	–	–	–78,000	–	–	–	–	–	–	–	–	
Total Non Highway	250,000	105,550	57,850	163,400	170,000	56,700	73,600	130,300	268,500	107,500	127,000	234,500	528 200	406,600
201 Highway	840,000	200,000	100,000	300,000	715,000	70,000	100,000	170,000	695,000[3]	175,000	175,000	350 000	820,000	659 068
Total Program	1,090,000	305,550	157,850	463,400	885,000	126,700	173,600	300,300	963,500[3]	282,500	302,000	584,500	1 384,200	1 065,668
105 Admin Expns.	2,400	1,290	1,100	2,390	1,700	746	850	1,596	1,900	932[4]	958	1,890	5,845	5,381
GRAND TOTAL	**1,091,400**	**306,840**	**158,950**	**465,790**	**886,700**	**127,446**	**174,450**	**301,896**	**965,400**	**283,432**	**302,958**	**586,390**	**1,354,045**	**1,071,049**

[1] Appropriations are adjusted to account for reappropriations to other accounts – for 204 and 205 programs of $1 2 million

[2] 1968-69 and 1970-71 authorizations are new authorizations Authorizations not appropriated lapsed in 1967 and 1969

[3] Includes authorization of $175 million and $170 million for 1972 and 1973 respectively

[4] Included transfer of $42 thousand to this account from 204 Timber Development

[5] Includes $8,5 million Supplemental Appropriation for Airport projects under Section 214

[6] $383 thousand rescinded to Treasury

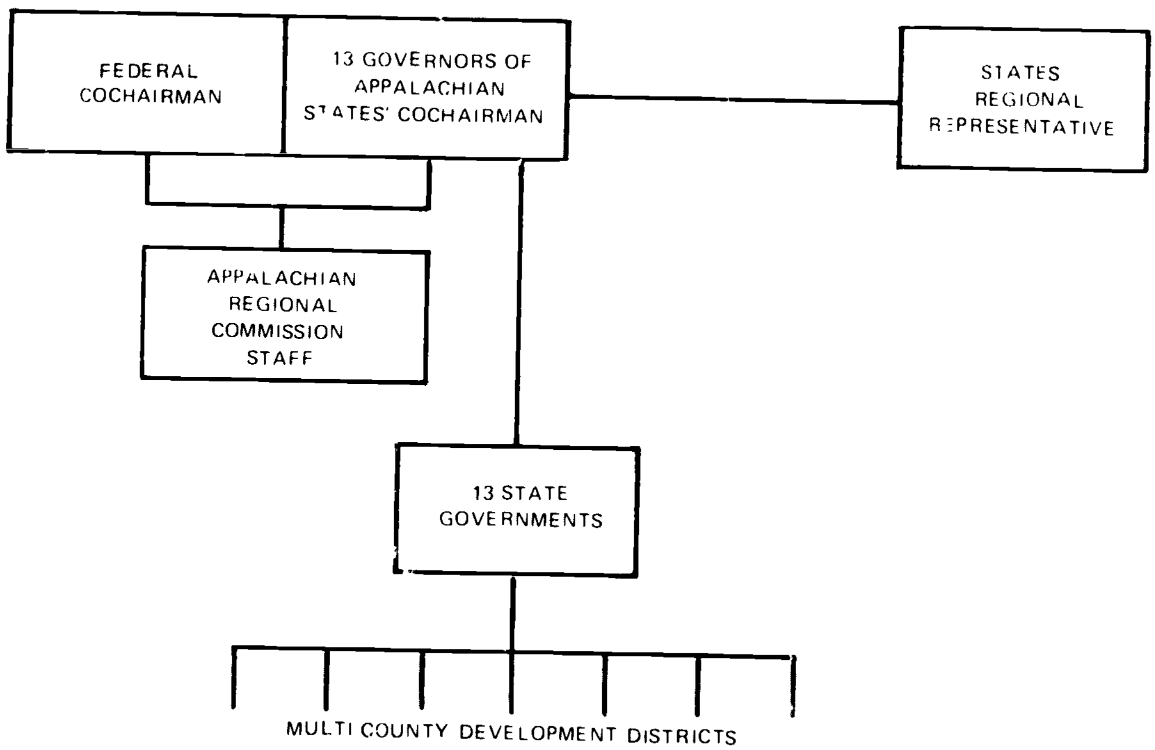
six-month terms as states' cochairman of the Appalachian Regional Commi sion.

State Representatives – The officer appointed by the governor to represent him on the Appalachian Regional Commission is the state representative. The state representatives or their alternates attend the Commission meetings, usually held monthly, and cast their states' votes on policy issues. In most cases these officers are also in charge of the administration of the program in their states. Usually they are cabinet level officers and they have a small staff at their disposal for Appalachian matters. The state representatives and their staffs are the focus for the program in each of the Appalachian states. They prepare the state development plans, project applications, and work with regional federal agency offices, the local governments, and the state agencies involved. The functioning of the program at the state level will be examined in some detail in Chapter V.

States' Regional Representatives – One continuing concern in the administration of the Appalachian program is how to keep the Commission program from becoming federalized. With the federal cochairman as a full-time officer in Washington, Washington as a center of staff operations, and administration of federal grants-in-aid as the Commission's major business, the staff and entire Commission operation could fall into a pattern of operating essentially as a federal agency. Consequently, the states decided to retain a full-time representative at the Commission to handle their affairs between Commission meetings and to advise the states on policy matters coming

FIGURE 1

APPALACHIAN REGIONAL COMMISSION



before the Commission They established the office of states' regional representative. This action is noteworthy because the office was not required by law; it is a feature of the program that developed from state, rather than Congressional initiative.

The Appalachian Code describes the states' regional representative as the "functional equivalent of the federal cochairman" and he speaks for the states collectively when the Commission is not in session. There have been only two states' regional representatives since the passage of the 1965 Act. The states' regional representative has a personal staff of four people He and his staff are compensated entirely by the states.

Executive Director – The Commission's staff operations are headed by an executive director, whose position is provided for in the Act. He is responsible for developing policy and program recommendations for the Commission's broad direction.

The Executive Committee – Early in the program, the Commission created an executive committee to handle major personnel actions not delegated to the executive director. This was needed during the days when the Commission was recruiting its staff because these actions could not wait for the scheduled Commission meetings. Over the years the executive committee has become responsible for many more of the Commission's major executive and policy actions between monthly meetings. The executive committee has been delegated most of the financial and administrative responsibilities that have not been delegated to the executive director The members of the executive committee are the federal cochairman, the states' regional representative, and the executive director

Actions of the executive committee must receive the affirmative votes of the federal cochairman and the states' regional representative who votes on behalf of the states. The executive director does not have a vote. The most important activities of the executive committee in terms of Commission operations are the approval of projects and state plans. The executive committee does not meet to take these actions. The executive director proposes a project or state plan to the executive committee for approval. It is then routed to the states' regional representative and, after his approval, to the federal cochairman.

The executive committee also develops and discusses the agenda for Commission meetings and develops program policy questions for presentation to the Commission for resolution.

The Staff – The Commission now has a staff of approximately 100 people. This is quite small for a program that has received over $1 billion in appropriations. The small size is made possible, in part, because many of the administrative and engineering problems related to Commission operations have been delegated to federal agencies, and in part because of a decision by the Commission to keep the number of staff to a minimum. The primary role of the Commission staff is program development and assisting the Commission with project review and approval.

The principal officers under the executive director are

FIGURE 2
APPALACHIAN REGIONAL COMMISSION STAFF STRUCTURE*

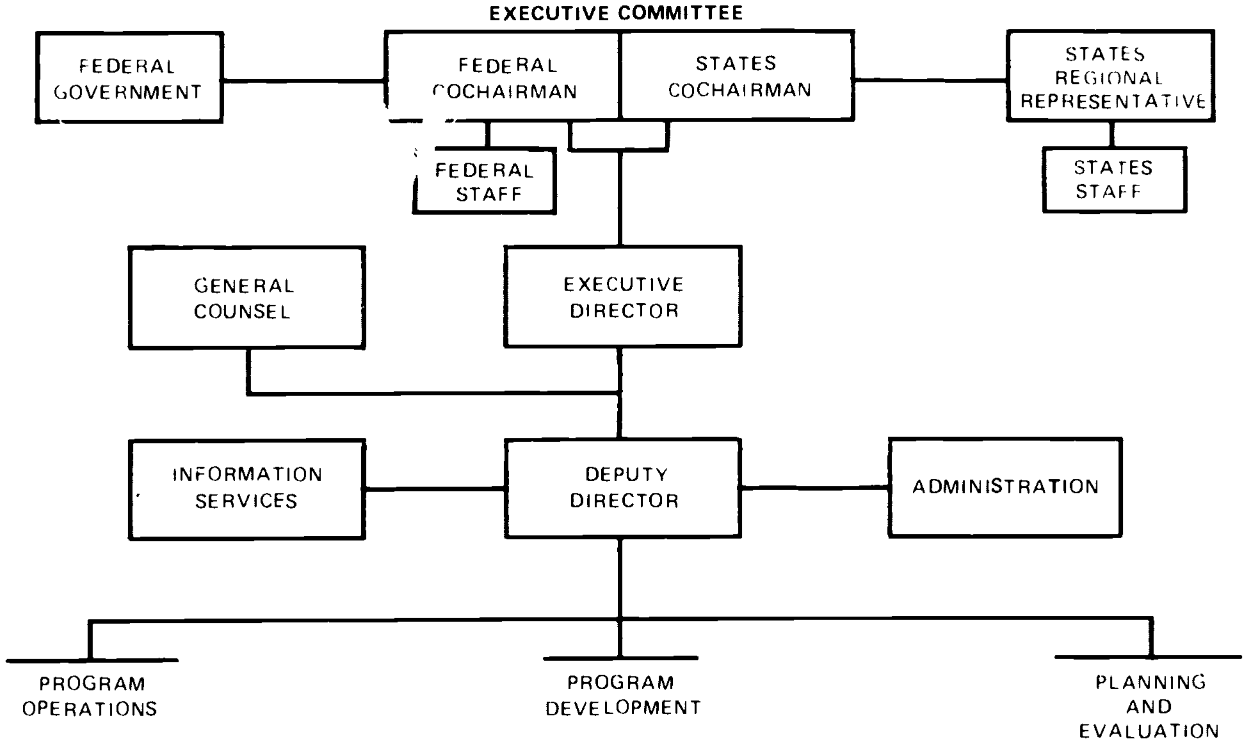


*Figure represents staff structure as of 1970

the deputy director, who is responsible for the administrative and public information units, and who has also been delegated primary responsibility for the health, education, and early childhood programs of the Commission, and a general counsel who is responsible for the legal and contractual work.

The remainder of the staff is divided into three operating divisions. The division of program planning and evaluation is responsible for program analysis and long-range plans for the development of the Appalachian Region. This division is also responsible for evaluating the current Commission program. The division of program development contains professional experts covering the fields of Commission programs and interest. It has experts in education, health, child development, community development, public administration and other fields. The primary function of this division is to assist the states in developing programs called for under the Appalachian Act. Finally, the division of program operations is responsible for the liaison with the states and for the review and execution of projects submitted to the Commission by the states.

Commission Operations and Processes

A final element of background needed to make some of the evaluation material meaningful is the description of how the Commission operates. Neither the programs nor the organization chart can really indicate how policy is set. Even the basic legislative requirement vesting the Commission's power coequally in the federal cochairman and the 13 states leaves a great deal of latitude.

Policy ideas, problems and recommendations can come to the Commission table from many sources. They can come from the federal cochairman and his staff, from the states' regional representative and his staff, from the executive director and the Commission staff, or they can be brought to the table by any of the member states. The usual pattern, however, is a staff presentation sent out with the agenda in advance of the meeting. Frequently a problem or issue is debated and resolved to some extent by the executive committee in advance of the actual Commission meeting.

Budget and Allocations – One of the most crucial policy matters that the Commission faces is the question of how it distributes its funds. There was a general Congressional intent that the Commission make some attempt to give each state a significant share of the funds so that it would have an incentive to participate in the program. Aside from this, presumably, the Commission itself could have proceeded to review individual project applications of the several states if it wished to do so. But this kind of approach would have been both administratively unworkable and certainly difficult for the states to handle. If each state viewed itself as competing with the other states for project funds, it could have brought either a complete breakdown of operations or excessive log rolling.

Instead, the Commission decided to use a set of state

allocation formulae for most sections of the Act (Section 202 health program and the Section 302 research funds being excepted). These formulae were developed by the staff soon after the Commission started operation and recommended to the Commission for adoption They were adopted without amendment and the same allocation formulae have been used to determine the states' shares of the funds appropriated by Congress since 1965.

These allocations are not guarantees or, strictly speaking, block grants They are better construed as reservations of funds that provide assurance to the states that if they follow through on their responsibility under the Act, and develop acceptable plans and projects, that at least this much money will be available to them. Funds under each section of the Act are allocated and states may, if they wish, trade funds from one grant type to another.

The annual budget for program funds is a federal instrument. As was indicated earlier, it is developed by the federal cochairman and his budget officer after extensive consultations with the staff and the states. It must be included in the annual budget of the Executive Office of the President and handled in the same way that a federal agency budget is handled The Commission receives budgeting guidelines from the Office of Management and Budget (OMB), develops a draft budget, and presents it to OMB which holds hearings and marks it up. The budget is then redrafted by the Commission staff for inclusion in the budget documents presented to the Congress.

The administrative budget is a different matter since the administrative funds of the Commission are paid half by the states and half by the federal government. This budget is developed in detail jointly by both groups and approved by the Commission. The states' share of the administrative funds is determined by an allocation formula similar to the ones to distribute federal program funds among the states. One difficulty in administrative budgeting is the different budget cycles used by the member states Some of them still have biennial legislatures and this means a two-year lead time might be necessary to make any substantial change in the size of the administrative budget of the Commission

State Development Planning – The Appalachian Regional Commission Code requires each of the states to submit an annual development plan providing the basic framework for their activities under the program. The plan includes statements of the state's goals and objectives for Appalachian development, its analysis of the potentials for the development, an analysis of area problems, a description of the state's proposed program plans for the coming fiscal year, and other longer-range kinds of analysis.

The Appalachian state representative has the basic responsibility for developing the program plans. Sometimes this is done by their own staff or other state planning units and in some cases the states have used consultants to develop the plans. The Commission staff has provided technical assistance to the states in helping them develop the plans since the beginning.

When the development plans are submitted to the Commission, they are first routed through the staff for review A staff recommendation is then developed for the executive director to send to the executive committee recommending whether the plans should be approved or disapproved, or requesting certain modifications in the plan. The executive director then routes the plan to the executive committee members

The Development and Approval of Project Packages – After the development plan is approved, the state proceeds to put together a project package appendix, also called for in the Code, to the development plan The project package lays out which specific projects the state intends to request during the coming year (although they are not at this point applications) The relationship between the project and the state plan is also described in the project package. It is at this point that the state must do considerable liaison between any federal agency offices involved in basic funding of projects and with the localities and state agencies that are involved This project package is also given a staff review and sent to the executive committee for approval in the same manner as the state plan. Again, the executive committee does not sit and review each project package.

Project Processing – Once the plan and project package are approved, project processing becomes rather straightforward although by no means an easy matter in every case. Many of the difficulties in processing Commission projects can be traced to the need to secure approvals from some other federal agency for the basic funds prior to the time when the Commission's official approval can be ex cuted. Most of the projects come into the Commission during the latter part of the fiscal year. They are reviewed by the staff of the operations division with technical assistance from the other staff units where this is necessary. Once the staff decides the project is in proper form, it prepares an approval recommendation for the executive director to send to the executive committee. Here again, if the executive director concurs, he sends the proposed project approval first to the states' regional representative and then the federal cochairman for approval. Neither the executive committee nor the Commission as a body sit and consider project approvals.

Project Administration After Approval – For every Commission program except the Section 302 research and demonstration activities, some federal agency is named in the Act as being responsible for project administration after approval. This was done to avoid the necessity of creating an elaborate Commission staff for project administration since in many cases the Commission grant would be piggybacked upon some existing federal agency grant. After approval of a project, the necessary papers are prepared to transfer the funds from the Commission's treasury account to the treasury accounts of the federal agencies involved. The federal agencies are then responsible for the usual engineering and administrative review that is necessary to implement an approved project.

CHAPTER II

HISTORY AND OPERATIONS

Background of the Appalachian Program

The Appalachian effort did not just happen. As with so many apparent novelties, it is the creature of new thoughts born of the problems and experience of the past. That experience partially determines the thoughts that are thinkable and even more closely determines the thoughts that are practical. To understand the composition of the Appalachian effort requires an historical view of the changing nature of the federal role in economic development.

In many important ways, federal concern with national and regional economic development can be traced to the First Congress and to the American Revolution itself. From the beginning, a federal role in the expansion of economic activity was accepted, as was a recognition that national welfare was tied to the performance of our constituent regions. Hence, the continuous series of acts to "open the West" to trade and commerce. We have come full circle because Appalachia was the first "West" to which that phrase was applied.

For the purpose of this report, it is sufficient to comment on the federal role since the 1930s since those years saw the creation and operation of the immediate predecessors of the Appalachian effort.

There were many pieces of legislation during the 1930s that could be called "economic development acts." A look at the central ideas behind this legislation reveals two main strategies underlying such programs as the Tennessee Valley Authority, rural electrification and the public works programs of the Civil Works Administration and the Civilian Conservation Corps.

These strategies were:

Public Works – [illegible] by the depression [illegible] public facilities. This [illegible] roads, parks [illegible]

[illegible] – The strategy [illegible]

Thus the New Deal experience shaped future economic development activities in two ways. First, it taught us to think of the government's role in economic development primarily in terms of public works. As a consequence, Congress later tried to replicate the New Deal action of putting the unemployed to work building public facilities through the Accelerated Public Works Program of 1963.

Second, the resource programs and agricultural development programs worked very well, so well in fact that they contributed to the increased productivity of agriculture through technological innovation which led to the displacement of many workers from farms and agricultural industries. This is a major cause of the present patterns of unemployment and underemployment in the United States.

While the federal government had the leading role during the 1930s, after World War II the focus shifted to private industrial development groups. Nearly every city and town had one. After the war many communities found that their traditional industries were sick, changing technology was leaving them behind. The coal industry, iron and steel, and textiles faced this problem. The plants and mines were closed, and some areas began to develop chronic unemployment. A race began to secure new industries. The local industrial development groups bought land, built shell buildings and advertised their communities' advantages. State and local governments offered tax incentives. The South was particularly active in seeking diversified industry to supplement its traditional economic base of agriculture.

This local industrial development era lasted from the end of World War II into the 1960s. While the South enjoyed some success and other communities across the country did get new industry, the local industrial development activities had major flaws.

1. There was not enough industry to go around. Thousands of industrial development groups were chasing a few hundred annual plant locations.

2. The communities that were growing anyway got most of the new industries because they were attractive and had the facilities and services the most modern and desirable industries wanted.

3. Lagging communities beggared themselves offering incentives and too frequently succeeded only in attracting low-wage, female-employing industries. They lacked the facilities and services industry wanted. Often an existing, declining heavy industrial base of coal and steel left them dirty and unattractive places to live.

The 1950s and early 1960s saw the increasing popularity of a new term which came to characterize the new federal role in economic development. The nation's economic development problem was said to center in *depressed areas.* These were places which had either never been industrialized or had lost their old industries. Whether the nation was at the peak or the trough of the business cycle, the depressed areas suffered chronic unemployment.

The depressed areas were said to share one common feature, a lack of social and economic infrastructure. They did not have the basic public facilities — water supply and sewage treatment plants, streets, and recreational facilities — that modern industries seemed to demand from communities. Public programs to provide the infrastructure for the depressed areas appeared to be the answer to this problem. Although greatly oversimplified here, this view was the basis of the Area Redevelopment Act (ARA) of 1961 and the Accelerated Public Works Act (APW) of 1963.

Neither act fulfilled the hopes for them. To the extent that the acts intended that those actually employed would be put to work building the infrastructure, any beneficial effects proved to be short-lived. Most of the unemployed were not qualified for the skilled jobs in modern construction projects. But the program also faced other fundamental impediments.

1. The public works construction was scattered over the United States. The attempt to try to develop all of the depressed communities at once clearly flew in the face of economic reality. Even before the construction programs, there were more than enough growing, developed communities to provide homes for industrial expansion. Building a sewer for a depressed community merely allowed it to compete with thousands of other communities that had sewers and a great deal more.

2. The relatively small amount of money that was available was spread too thinly. A single public works project was of little use to a poor community. Most depressed communities needed massive attention to plan, organize, and carry out a comprehensive development effort if they were to have any chance of success.

3. The people of the depressed areas needed more attention than the public facilities. Many workers had seen their old skills become obsolete, if they had ever possessed any skill at all. (Although the ARA provided some funds for manpower retraining, this amount was only a small portion of total authorizations and was not nearly enough to deal adequately with the problem even when augmented with funds from the Manpower Development and Training Act (1963). Worse yet, the prospects were no brighter for the children. The community educational and health systems in the depressed areas were geared to producing generation after generation of young people who were at a serious competitive disadvantage in the nation's job markets.

4. The acts encouraged planning, but only on an individual community basis. This was both politically and economically unrealistic. Economic development planning deals with the allocation of scarce public and private resources in highly interdependent national and subnational economies. This requires planning on a scale much larger than a single town or even county.

These problems and evolving notions about the process of economic development led to passage of two new economic development laws in 1965 – the Public Works and Economic Development Act and, our basic subject, the Appalachian Regional Development Act.

Antecedents

The institutional antecedents of the Appalachian program can be found in the developments in eastern Kentucky during the mid- to late 1950s A rehabilitation study prepared after the disastrous flood in 1957 recommended a regional approach as essential to solving the area's problems.

Acting upon that recommendation, the state authorized establishment of the Eastern Kentucky Regional Council The Council, in turn, authored the idea that it would require a regional interstate approach initiated by the governors of the Appalachian states to begin effectively remedying the physical, social and economic problems that were plaguing the mountainous area

The floods were the occasion for going beyond the immediate crisis to present an idea for tackling chronic problems, among them the personal and physical waste and degradation which followed in the aftermath of the resource-based exploitive economy that characterized more prosperous periods throughout Appalachia.

Similar problems were being faced by residents of the mountainous areas of other states and this consciousness of joint problems prompted Governor Tawes of Maryland to call for the first meeting in May 1960 of what was then known as the Conference of Appalachian Governors. This conference had before it a study prepared for the state of Maryland which defined the problems of the mountainous region in terms which have become familiar – access, employment, education, health and migration.

In one of its earliest actions this new Conference of Governors addressed the Presidential candidates of 1960 with a proposal for a regional attack upon the area's problems. Eight of the present 13 Appalachian states were involved in this early joint petition.

Upon his election, President Kennedy appointed a task force, chaired by Senator Douglas, whose deliberations were built on the Congressional debates of the 1950s on area development legislation and presented the recommendations that led to the Area Redevelopment Administration. At its creation, ARA was charged with developing special programs for the Appalachian area whose problems had been so clearly observed by the President during the preceding campaign. For reasons that were partially legislative and partially administrative, ARA did not create an adequate approach to the Region's persistent problems.

The Governors' Conference became increasingly restive as the area's situation deteriorated, and the hopes of 1961 remained unfulfilled. With the record floods in Central Appalachia of late winter 1963, a new initiative was undertaken, leading to a meeting with the President in March of 1963 which resulted in the establishment of the President's Appalachian Regional Commission charged with responsibility to prepare legislation to assist the Region.

The President's Appalachian Regional Commission

Three basic factors were at work influencing the deliberations and recommendations of this Commission The first was the understanding of the nature of the Region and its problems as they were perceived and understood at that time The second was the strategic understanding of alternative approaches to a solution and, third, the political context of the times which significantly affected the program alternatives considered to be available

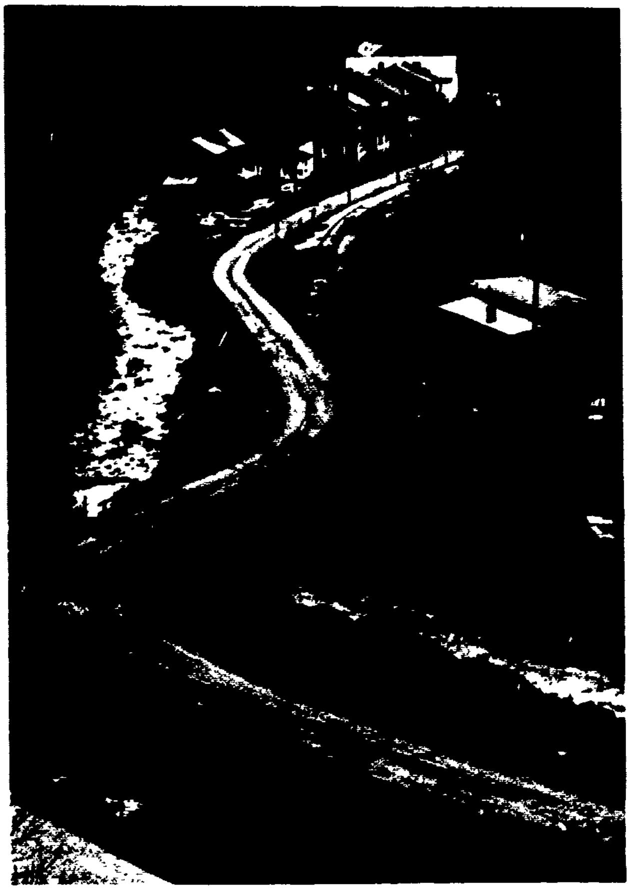
The Nature of the Region – At this time no one had a clearly defined regional boundary in mind. The Region was viewed not as an economic and social entity but rather as an area with some common problems. Major focus was placed upon the distress in the central part of the Region The Region suffered from gross decrease in employment in coal mining which accentuated persistent problems of low income and associated deficits in health, education and other public services. Out-migration was proceeding at a rapid pace and there had been major adverse effects from the technological changes in steel and other basic industry labor requirements in a period when the national economic performance had been poor.

PARC recognized that, as a region located in the heart of the economic core of the United States, Appalachia has an important physical and economic relationship to the development of the adjoining metropolitan areas such as Atlanta, Cincinnati, Charlotte, Nashville and Columbus. Appalachia produces most of the nation's coal and much of its manufactured goods. With 9 percent of the national population, the Region has 10 percent of its manufacturing employment. It is the watershed for most of the eastern United States and the source of many of the basic resources processed elsewhere. Its unique location contains potentially optimal sites for some kinds of close-to-market activity related to metropolitan regions on the seaboard and in the Midwest. Portions of Appalachia also provide important recreational amenity areas for nearby metropolitan regions. The Region's economic base led PARC to expect the area to contain substantial population for years to come.

The report also recognized that the many human problems of Appalachia could not be solved efficiently without correcting the social and economic overhead deficiencies which existed, i.e., by making physical investments in health and education facilities in the Region itself. For all these reasons, a place specific program was devised and a conscious policy of encouraging massive out-migration was rejected.

Approaching Appalachia as an "island in the midst of affluence" meant that the Region was essentially defined as the locus of a set of problems. Though the Region does follow the Appalachian Mountains, it cannot be considered a unified physical region, nor is it a coherent economic, political or social area.

In terms of both problems and potentials, the heart of Appalachia contains some of the largest concentrations of



poverty in the United States. One finds in Appalachia some of the highest incidences of unemployment and under-employment, sickness and disease, malnutrition and illiteracy, in the entire country. These conditions characteristics of both people and place - helped define the Region.

In recognition of the difficulty of drawing a clear boundary line between Appalachia and the rest of the United States, however, PARC left the responsibility for final decision concerning the actual boundary to the governor of each state. Necessarily, this led to variations in the way in which the final boundary was agreed upon. In some states, such as Virginia, portions of the Appalachian geographic province were purposely excluded from the definition because the economy in the area was relatively prosperous. In other states, however, a liberal definition was taken and large portions of other physiographic areas were incorporated.

Economic Structure – Appalachia has certain common economic characteristics. Historically, there have been four main legs of the Appalachian economy - agriculture, railroads, mining and primary manufacturing. Appalachia's economic base was heavily concentrated in the very sectors of industrial activity that have had declining employment for several decades This is the common source of many of the Region's problems

Although rich in resources, the economy of portions of Appalachia has concentrated on extraction, rather than processing, at a time when shifting markets and changing technology have dramatically reduced employment in agriculture and mining. In common with extractive-based economies throughout the world which have exported resources for processing elsewhere, economic returns have been relatively sparse.

Many Appalachian communities, from small town to metropolitan areas, still rely on one or two dominant industries. Such economies are highly sensitive to technological and policy shifts and business cycles

Appalachia is filled with farm market towns that no longer have any markets, mining towns that are ill-equipped to compete for anything but a share of the remaining employment in mining, and mill towns that have lost their once valuable locational advantages and are unable to compete effectively for other kinds of economic activity This led the President's Appalachian Regional Commission, in 1964, to assert that "rural Appalachia is lagging behind rural America and urban Appalachia is lagging behind urban America."

To a very large extent, then, the Appalachian Region has been the victim of technological change Changes in technology are, of course, a national phenomenon The changes advancing technology have wrought are not peculiar to Appalachia alone Many parts of the nation are able to respond to these new conditions, however They have reached a stage of diversity in their development that enable them to attract and develop new forms of economic activity to replace the old But regions such as Appalachia have lacked the intellectual, social and economic capital necessary to provide this kind of adaptability.

The Dimensions of the Problem

The President's Appalachian Regional Commission highlighted six major problems of the Region:

1. **Low Income** – One Appalachian family in three had an annual income of less than $3,000 compared to the national figure of one family in five. Less than 9 percent of the Appalachian families had incomes of over $10,000 a year compared to nearly 16 percent for the remainder of the United States. Per capita income in Appalachia was $1,400 while the national figure was $1,900.

2. **High Unemployment** – While 5 percent of the U. S. labor force was out of work, over 7 percent of the Appalachian labor force was unemployed. Commission estimates indicate that in some counties in West Virginia the true figures may have been 30-40 percent unemployment.

3. **Retarded Urbanization** – While the nation was 70 percent urban in 1960, Appalachia was only 44 percent urban. Appalachia has one of the highest concentrations of rural non-farm population in the United States reflecting the dispersed settlement patterns that accompany a resource-dependent economy. These dispersed populations are more difficult to reach with adequate public services.

4. **Deficits in Education** – In 1960, 42 out of 100 people in the United States over age 25 had completed high school In Apalachia the figure was only 32 out of 100. Similar patterns can be found for dropout rates, college graduates, and literacy levels. All of these figures also mask unmeasurable differences such as the quality of education programs.

5. **Deficits in Standards of Living** – The 1960 census also reflected that the typical Appalachian bought fewer services, fewer automobiles, and purchased less in the way of retail goods. His housing was of lower quality and lower value than the national average; over 34 percent of the housing in Appalachia was deteriorating or dilapidated compared with 23 percent in similar condition in the remainder of the United States

6. **Changing Population** – Those most able to leave the Region in search of new economic opportunities were the young working-age adults. They left behind older people with obsolete skills and the very young who were still in school This phenomenon of a population of the young and the old provides a mounting picture of distress. It requires higher level of public service and yet is less able to provide the tax resources necessary to finance them.

In summary, the Region was found to be lagging behind the nation in a variety of critical dimensions – income, employment, employment structure, degree of urbanization, health, education and public facility availability. The problem was seen in both economic and social dimensions, overlaid with an awareness of the extent to which isolation was a pervading condition. Public remedial action was the underlying theme to assure greater participation and contribution to the nation from the Region.

The Economic and Administrative Alternatives

At this time a basic debate was going on in academic and policy circles about the nature and causes of the continuing unsatisfactory levels of national unemployment which had been the hallmark of the preceding decade. Basically, the issue was whether the explanation could be found in the rapid obsolesence of firms and skills leading to structural unemployment or whether the cause was a deficiency of overall demand.

Supporters of the former explanation also supported training and retraining programs, and assistance programs for the distress areas which were believed to be the pockets of poverty containing large amounts of obsolete economic activity.

Advocates of the latter point of view tended to support fiscal and monetary policies to insure sufficient levels of total demand to create opportunities for the unemployed. This, it was believed, would substantially remedy the problems of areas that had in the recent past been the centers of above average unemployment and of distress.

The presumption underlying the recommended Appalachian program was that there were elements of validity in both points of view. It was believed that higher levels of national performance were an essential requirement for regional improvement but that this would be insufficient to accomplish the goal of regional renewal. There was no reason, it was felt, to expect that national prosperity would sufficiently benefit Appalachia to remedy its problems. These were believed to be caused by a blend of forces – the inadequate national performance plus structural problems that made the Region relatively uncompetitive economically, and the associated social problems and deficiencies of public services. This policy debate carried with it the implicit recognition that no well accepted theory of regional development existed so that in the conceptual sense there was no clear prescription for overcoming regional problems.

Although not verbalized in the PARC report, the interacting evolution of theoretical investigations and public policy concerns has since made explicit another dimension of the issue of regional development. During the late 1950s and again today, concern has been expressed that attempts to obtain satisfactory levels of national employment will be diverted into an inflationary response before unemployment has been reduced to the desired level. A regional development program that reduced the structural component in the unemployment statistic could make a contribution to the national goal of high level employment with reasonable price stability. By making available at current prices resources that would otherwise be left unemployed, the upward pressure on prices from stimulative governmental activities might become evident at lower levels of unemployment than would otherwise be the case. In effect, a regional development program could add to the resources available to the economy and have a price level dampening effect similar to that obtainable from technological advances or imports.

Just as there were two opposing economic alternatives – the structuralist and the total demand approaches – so there were two opposing administrative alternatives. One alternative tended to focus on the federal government as the appropriate unit to administer a program of regional assistance, the existence of areas of distress was taken to be evidence of the inability of state and local governments to effectively discharge programs of economic and social betterment. In fact, the disaffection with state and local government was to find expression in the Economic Opportunity Act. Some centralists believed state and local governments incapable of overcoming distress, others found them culpable for some of it.

Others believed that though these units of government were financially incapable of effective contribution, they could effectively develop plans and program elements that would reflect unique local conditions and opportunities that would be more appropriate than those possible from the perceptions of the national government alone.

In formulating the Appalachian recommendations, PARC chose to emphasize the latter point of view in a way which gave to the Appalachian Regional Commission its distinctive federal-state partnership structure.

Political Constraints

In addition to the issues just mentioned, there were two political considerations underlying the Commission's recommendations concerning program strategy. The first was widespread dissatisfaction with the results of the operations of the Area Redevelopment Administration and the Accelerated Public Works program it had also admin-

istered Eligibility for ARA assistance depended upon meeting specified statistical measures of subpar performance and the preparation of an overall economic development plan The latter tended to be static, "canned," county-by-county documents which contained no perceptive analysis and which evaluated the area without recognition of interarea dependencies and relationships The number of eligible areas reached almost a third of the roughly 3,100 counties in the country, meaning that the available funds could be, and were, dispersed in a manner that made perceptible impact in any area unlikely

Despite this, ARA's philosophy was to emphasize direct job creation and the agency therefore took credit for "new jobs created" on the assumption that, except for its expenditure, the job would not have appeared in the areas assisted Logically, this led to a "bird-in-hand" emphasis that largely responded to new manufacturing and recreational job opportunities without regard for the existence of other opportunities or of fundamental inhibitions to area improvement.

To avoid those difficulties of ARA and APW, PARC recommended a much more comprehensive approach to development – in terms of the range of available program tools, the geographic scale for planning, and the breadth of analysis of the determinants of development – than was embodied in either of these programs.

The second consideration was the desire to avoid duplication of programs that might be recommended by the evolving poverty program. With this in mind, PARC documented the need for human resource development but recommended that its proposed new commission retain jurisdiction over only two programs – demonstration regional health centers and construction of new vocational education facilities.

Other "people-oriented" programs were to be carried out by the new poverty agency then anticipated.

The Strategy of the Program

The Strategic Concepts in the PARC Report

In reviewing the Region's status and the effectiveness of its existing problem-solving programs, PARC concluded that a new emphasis was essential in any proposed new approach. Moreover, that new emphasis would have to form the basic strategy underlying the entire structure.

A policy of accommodation would mean acceptance of the trends of the recent past with the hope that their personal impacts could be mitigated. There would be no fundamental attempt to alter the evolving spatial structure of national economic activity. The associated trend of population out-migration would be regarded as a necessary adjustment process with no conscious attempt to create new migration or commutation destinations within the Region.

On the other hand, a policy of growth inducement would operate on the assumption that the trends, which were based upon a myriad of private decisions, could be changed, that underlying these trends was a set of government decisions about investments and public facility availability which, if altered, could influence the trends

This alteration could be brought about by a combination of public decisions, made in the light of the evolving national trends in industry growth Such decisions, made and carried out at the right time and locations, could lead to creation of spatially competitive alternatives to be considered in the private decisions that bring about employment opportunities.

It was anticipated that the improved employment opportunities would lead to economic growth and also to general development, the enlargement of the range of social opportunities available to the Region's residents.

PARC relied upon the experience of many underdeveloped countries in recommending reliance upon public investments which would stimulate private capital investment. It recommended the translation of these foreign aid principles into a domestic program.

Since that time, there has been much discussion of the extent to which these public activities in underdeveloped countries have been successful in inducing private activity and whether or not this is the most efficient strategy to be followed. Although there is still uncertainty about the efficacy of this approach in the developing countries, their experience is not precisely translatable to a case like Appalachia, in which the policy focus is on a relatively depressed region of a developed economy. In the latter case, the competitive alternatives are far more numerous but the same can be said of the private employment generating decision opportunities. Consequently, the parallelism between the case of Appalachia and that of the underdeveloped countries is not close and foreign experience may not be fully instructive.

A second strategic recommendation of PARC concerned the relationship of Appalachian development to the evolving urban and industrial pattern in the United States.

Data from preceding decades and estimates of developments after 1960, as well as information from other sources, strongly suggested that the areas in and around the country's larger cities would be the residential and occupational hosts of increasing percentages of the population. Industrial data was similarly strong in emphasizing that the noncommodity producing sectors of the American economy were the probable creators of a majority of new jobs of the future. In summary, these inquiries forecast an urban, service industry employment and residential structure.

Implicit in PARC report was recognition that if Appalachia was to obtain a greater share of national output, it would have to adjust to the evolving trend of the national society. Consequently, the conclusions about the emerging character of the American pattern suggested that Appalachia would have to alter both its residential and occupational pattern to find a fulfilling role in the national scene.

The significance of another implication arising from these inquiries was grasped only gradually. If manufacturing was going to provide a decreasing proportion of national employment, then all communities could not hope to attract manufacturing plants. This approach might hold promise at selected locations, but was far less likely to be fruitful as an overall strategy.

It is noteworthy that the PARC report contained no recommendations for federal inducements to industrial location beyond those already enacted, however, it did recommend that the states continue, and consider expanding, their programs of industrial credit activities. In all likelihood, this was not principally a reflection of the probable scarcity of such opportunities, but of the intense competitiveness among the states for industrial prospects and the problems it would produce for a regional program of direct industrial attraction.

Post-PARC Evolution of Commission Strategy

Once a strategy of growth stimulation through public investments was recommended, it was still necessary to define more precisely the character and location of the investments to be made. The PARC report, as previously mentioned, noted a lack of urbanization similar to that in the rest of the country as a deterrent to Appalachia's development. The report also cited the then recent relative improvement in service employment in Appalachia as a hopeful sign that readjustment to the evolving national pattern was beginning. However, the report did not contain an explicit emphasis on growth-centered public investments comparable to that contained in Section 2 of the Act as passed. The critical sentence in that section states that "public investment . . . shall be concentrated in areas where there is a significant potential for future growth . . . "

The Theory – In the literature and experience on economic development, several alternative descriptions of the regional growth process were prevalent. One of them was cited in the PARC report – a "stages approach" to economic development which emphasizes the evolution of a local economy from an extractive to a spiraling self-generative condition which is wholly independent of natural resources. Other competing explanations which were then held included an emphasis upon the need for a strong export sector in the local economy and an emphasis upon the importance of urban growth centers with their associated economies of scale and agglomeration. PARC explicitly adopted none of these approaches and elements of all three can be found in its report, though by inference the stages approach was given greater weight.

By the time of legislative enactment, the growth-centered approach had achieved prominence as the basis for strategy. This was the result of two forces which were at work. First, it was evident that the magnitude of the job to be done in Appalachia precluded the likely availability of sufficient funds to engage in development activities in every community and area of the Region. Budgetary restraints therefore counseled selective, concentrated efforts. Second, the community by community approach which was followed under ARA had not been sufficiently successful to warrant emulation and, in fact, had triggered attention to the growth-centered approach that emphasized the growth potential of selected areas and urged the concentration of public investment in them.

Role of the States – In the months immediately preceding the enactment of the Appalachian Regional Development Act, the concept of state responsibility underlying the Commission's structure and growth area emphasis was crystallized in two ways: (1) state responsibility for the designation of areas of investment focus was firmly established in meetings between the state staffs and the federal officials involved, (2) a first attempt was made to identify the locations of economic growth which existed in the Region.

This study made manifest the fact that in Appalachia, as had been true nationally, the principal centers of growth were the major cities. A strategic dilemma was apparent. The most depressed areas of the Region, those in which poverty and deprivation demanded the most remedial actions were the same areas that could not, on historical evidence, be viewed as the likeliest locations of future economic promise. For program purposes, this dilemma was resolved by establishing growth potential as a relative condition and allowing each state to designate, within guidelines and subject to review, those areas within its part of the Region which seemed most likely to be the future centers of employment, population and service delivery. In effect, the growth potential strategy was applied regionally in principle and within each state relative rankings were required. Intraregional, interstate comparisons were not made. To do so would have bypassed precisely those areas of the Region which in the mind of the public, were the prime examples of the reasons for the program's inauguration.

Exclusion of Major Urban Areas from the Region – Adoption of a growth-centered strategy raises questions about the established boundaries of the Region. Surrounding Appalachia as defined in law are a series of metropolitan areas which are the likely focus of development for nearby areas within the Region. The exclusion of Cincinnati, Nashville, Atlanta, Charlotte, Roanoke, Harrisburg and similar cities can be questioned if the Region were to be defined solely on strategic grounds. However, this was not the sole criterion for regional delineation. In both the state capitals and in the federal government, administrative and political factors also required consideration. In fact, had these cities been included within the Region, application of the formulae by which the Commission allocated its appropriated funds to the states as financial planning targets would have resulted in grossly different proportionate distributions.

Other allocation formulae obviously could have been established but in all probability, inclusion of these densely populated areas would have resulted in lesser allocations to the states, principally in Central Appalachia, where the

problems of unemployment and distress were most prevalent. In practice, exclusion of these centers had proved to be less of a problem than a map inspection would suggest. In planning its program, the Commission has made investments which were designed to improve physical, economic and social linkages between nearby areas of the Region and their external major cities

From Strategy to Operational Guidelines

With the passage of the Appalachian Act in March of 1965, the Commission began to implement the strategy and program made available to it, both of which were reasonably similar to those formally recommended It felt impelled to show prompt action and therefore embarked upon project approvals while formulating more detailed operating guidelines and procedures. This "quick start" period was frankly undertaken for political and public relations purposes, and did provide time to develop mechanisms more in keeping with the strategy enunciated.

As the Commission thought its way into the problem of establishing guidelines for its operation, five basic assumptions were made

1. It was necessary for the Commission to attempt to understand the patterns of economic development in the United States and, to the best of its ability, to work *with* these trends instead of against them so that ultimately the Region could develop the capacity to contribute its fair share to national development and economic growth.

2. Substantial investment in human capital is required not only because the principal concern is the people rather than geography, but because – in the language of one of the early Commission documents on the subject – "without investments in the health and skills of the people resources would remain inert and capital would never appear."

3. The Region's location between the major metropolitan regions of the East made it possible to integrate much of the Appalachian economy with the national mainstream by strengthening transportation linkages with major nearby centers.

4. Development of a well-articulated economy, particularly with respect to local-serving services, required a growth strategy which recognized the relationship between urbanization and the potential for growth in a local area

5. Public services and facilities provide the necessary supporting infrastructure for most private investments in manufacturing plants and services. A proper investment strategy would be attuned to that relationship and place highest priority upon those public investments in each area most likely to allow the area economy to pass the threshold of growth.

These assumptions all dictated an emphasis on the role of urban places and tended to give a particular urban emphasis to the prescription in the Act to focus investment on "*areas* with significant potential for future growth." It did so because nationally, the country is urbanizing and shifting its employment to service jobs in urban centers. If Appalachia is to capitalize on this trend it must, among other things, selectively strengthen those urban centers, either existing or to be created, which on the basis of performance, location and potential are the most likely ones to grow in service employment. Appalachia's urban system, existing or potential, came to be viewed as a competitive part of the national system of cities.

The primary aspect of urban development that had to be taken into account was that some minimum level of urbanization must take place if economic growth is to be supported. In Appalachia there are many cases where this "critical mass" does not exist in any real sense, despite the existence of a large and dense rural non-farm population. In such areas urbanization, perhaps of unique character, might have to be induced. The large populations of such areas in Appalachia may make such an approach feasible where, under other conditions, such a "new towns" strategy would prove unworkable.

In this national setting, the unique Appalachian problem was a relatively densely populated area without many large urban places. Yet it was projected by the special study entitled "Urban and Rural America: Policies for Future Growth," that nationally half of all the population growth in the coming years is likely to occur in the metropolitan areas of over a million persons, and that most of that growth will occur in the suburbs. Most of the remaining growth, that study projected, would occur in smaller-sized metropolitan areas. Towns below 10,000 in population, rural villages, and farms would have the lowest growth rate. The study went on to observe that "the likelihood of sustained balanced growth in a small community is much more fragile and problematic than in larger communities."

The Commission recognized that there were bound to be exceptions. A small community located at a new highway junction, for example, might be expected to spurt ahead.

And a community might prove fortunate in its caliber of local leadership and be able to "beat the odds."

After careful consideration of all the facts, the Commission concluded that its major emphasis should not be on the large metropolitan areas since it was going to attempt to divert the flow of rural migrants away from such areas, but that on the other hand the Commission should not attempt to concentrate efforts in those communities least likely, because of location, topography and other limitations, to respond to programs designed to increase economic growth.

In the early months of Commission operation, not all these thoughts had fully crystallized. Enough was understood, however, to allow it to establish the general criteria that would guide the states in designating areas of investment focus. By resolution, the Commission required "the identification of areas which, in the state's judgment, have a significant potential for future growth and other localities from which the population must be served in order to promote overall development of the Region."

In its "Policies for Appalachian Planning," more precise guidance to the identification of areas with a significant potential for future growth is provided. The following paragraph provided a working definition of a growth center:

By a center or centers is meant a complex consisting of one or more communities or places which, taken together, provide or are likely to provide a range of cultural, social, employment, trade and service functions for itself and its associated hinterland. Though a center may not be fully developed to provide all these functions, it should provide or potentially provide some elements of each and presently provide a sufficient range and magnitude of these functions to be readily identifiable as the logical location for service to people in the surrounding hinterland.

The Commission defined those "linkages" that should exist between the designated center and its hinterland. These include commutation patterns, wholesale trade services, educational and cultural services, professional services, inter-firm and inter-industry trade, governmental services, natural resource and topographic considerations, and transportation networks.

The policy statement then differentiated between primary and secondary centers by saying that classification as one or the other is dependent upon the range of services which it provides to the hinterland. Finally, limitations were placed upon the importance of the secondary centers:

A secondary center may be identified as an area of growth potential, but its proximity to the primary center and its position in that center's hinterland hinders its future growth and therefore the range and magnitude of public investments to be made in it. The public investment program for a secondary center must be related to the program for the growth areas as a whole.

Four aspects of these early actions proved to be highly important as the Commission's work proceeded. First, individual communities, particularly in the central part of the Region, were too small for public facilities in each of them to be economically justified. However, two or more neighboring centers might be able to provide complementary public services, given transportation improvements. From this, there quickly evolved the operating concept that creating communities that were separated by distance, but by minimal time, as an entity might enable them to achieve the economies associated with size that were a hallmark of a center. The Commission policy encouraged this by explicitly defining a center as potentially consisting of more than one community.

Second, the Commission action took note of the relationship of the center and its hinterland in a way that emphasized not only the flow of people and resources to the center but also the flow of services to the residents of the hinterland. This emphasis on the mutual relationship of center and hinterland was an attempt to avoid the development of a program that would benefit rural residents only as they moved to centers or as economic activity spilled out into the area's surrounding centers.

Third, and closely related to the second, is the emphasis on "other localities from which the population must be served." The Commission policy has avoided the rigidity of making investments only in "growth centers" in recognition of the fact that in some areas, populations exist which cannot have access to certain services if they are provided only at these centers. There has been increasing emphasis on the delivery of services from points that are functionally efficient, building on language in its early "Policies for Appalachia – Planning":

Some investments may most appropriately be placed in rural hinterland areas. Most particularly, these investments would be in the fields of health and education, where such services and facilities must be located close to those they are designed to serve. In this way, the labor force of the hinterland can be upgraded to more effectively participate in the growth opportunities occurring in the growth area of the district.

Fourth, this emphasis on functionally efficient service delivery has had an impact on the Commission's understanding of its early distinction between primary and secondary centers. It has not come to recognize a three-tiered hierarchy that is not based solely on absolute size and potential but also includes consideration of the function the center plays in its area. It is these functions that become the basis for distinguishing among the types of public expenditures deemed appropriate in each.

Regional centers are important metropolitan centers providing specialized services and employment opportunities that extend well beyond the boundaries of the area in which they are located. Investments made in these centers are mainly "Region-serving," i.e., they help improve services and employment prospects for a large area of the Appalachian Region.

Primary centers are communities or a complex of communities where a major portion of the future employment base of a district is likely to be located. Investments in these centers are designed to develop their competitive advantages by providing the public facilities and services needed to make the area attractive to increased private investment and growth. They also receive investments of the types made in secondary centers.

Secondary centers are communities from which it is necessary to provide services to a large surrounding rural hinterland if isolated populations are to be given the skills and training they need to compete for opportunities wherever they choose to live and work.

The Commission's policies and guidelines cannot determine which investments of what size and in what sequence are appropriate to which specific areas. Not only is there no simple set of answers to these questions available from a technical viewpoint, accommodation to state and local desires and preferences is a necessary and desirable part of the program. However, just as it established criteria for growth area delineation by the states, so it established criteria, outlined in the next chapter, for each functional program.

The mode of operation adopted is designed to place major program project selection responsibilities on the states within the program criteria. For them to discharge these effectively, a financial planning target was required, otherwise each state would be induced to submit as many projects as possible to the Commission in hopes of getting more "winners" because it has more "candidates." This would hardly have led to responsible state behavior nor would it have been useful in fostering a federal-state partnership.

Basically, two systems were used to allocate appropriated funds. The first concerned only development highways. The general corridor locations (and consequently each state's share of the total mileage) had been bargained out and agreed to in PARC days. Essentially, the decisions were conditioned by a desire to fill the gaps left by the interstate and federal aid primary systems between centers in and surrounding the Region. However, not enough money was available to build new mileage the full length of every corridor. A uniform adequacy rating scheme was therefore devised to evaluate the need for improvement on each section of each corridor. These, plus the state's desire and ability to build mileage in its corridors, determined the amount allocated to it.

Two of the initial states, however, received no development highway mileage. In lieu of this, Alabama and South Carolina received half of the local access road money, the rest of which was divided on a formula basis similar to that used in other programs.

These formulae are the second, and more generally recognizable, allocative devices used by the Commission. All other program funds (except for health demonstrations, housing, local development districts, and research demonstration) have had formulae applied to them at some time during the Commission's operation. In fact, the states bear their costs of Commission operation on the basis of a similar formula. Although the weights applied differ, in each formula recognition is given to equality (equal sharing), population and area. In several, an inverse measure of per capita income appears as well as a "need" measure if the program seemed amenable to such measurement. Specialized criteria were included in the program for land stabilization and erosion control.

These formulae have been the basis for each state's planning target and have also been the initiator of a procedure of "swaps" among the states that enable them to create a better match between fund availability and program and project priorities.

Changes Since 1965

In the years of the Commission's operations, three fundamental types of shifts have occurred in its program. One, a broadened definition of its day-to-day operating concept of development, cannot be directly documented. The other two, a change in the relative emphasis among programs, and a change in the range of administrative and program activities in which it is permitted to engage, can be documented and, in a sense, provide evidence that the first type of change has taken place.

Early in its program, the Commission gave relatively greater weight to the strictly economic growth aspects of its function and, though still present, lesser weight to the delivery and quality of services to the Region's residents. In time, relative emphases gradually shifted. Within the staff there appeared more frequently emphasis on growth areas

as locations of service delivery institutions, as well as of jobs. In fact, concentration of service institutions in one place was justified as the efficient spatial organization for service delivery, sometimes without mention of the center's employment producing potential. In sum, the shift was neither sudden nor dramatic. It did reflect a gradual relative growth in the importance of delivering public services to people whether or not it also was tied to a probable employment generating, private sector response The shift was, of course, limited by the legislative prescription to emphasize areas of significant growth potential.

The annual appropriations received by the Commission and their use are the basic evidence of the change in emphasis among programs. To a much greater extent than implied by a first reading of the Act, the Commission has sought, and spent its discretionary funds, on projects designed to upgrade the health and education of its constituents. The best single piece of evidence is the allocation of funds available to supplement federal grant-in-aid programs (see Chart 3). Chart 4 shows the overall areas of project emphasis.

Similar evidence can be found in relative appropriations received by the Commission in its first three and the last three fiscal years (see Table 2). For example, while overall

TABLE 2

APPALACHIAN PROGRAM APPROPRIATIONS

	Fiscal Years 1965-68 (million $)	Fiscal Years 1969-71 (million $)
Human Resources		
Health	$ 24.9	$ 96
Housing	1.0	3
Voc. Ed.	28.0	63
Total	$ 53.9	$162
Natural Resources		
Soil Conservation	$ 13.3	$ 5.8
Timber Development	.6	.0
Mine Restoration	24.1	9.3
Water Study	5.0	.0
Total	$ 43.0	$ 15.1
Community Facilities		
Water and Sewer	$ 7.4	$ .0
Supplemental	109.0	114.9
Total	$116.4	$114.9
Other		
Research, Planning and Districts	$ 6.9	$ 16.0
Administration	$ 3.1	$ 2.7
Highways	$370.0	$450 0
TOTAL	$593.3	$760 7

program appropriations increased by 28 2 percent, appropriations for human resource programs increased by 200 0 percent.

Interpretation of the increase in highway funds should recognize that it merely indicates an increase in the states' capacity to use them. The entire system was a program commitment of the original Act.

Furthermore, the major part of supplemental grant and research and technical assistance funds have been devoted to health and education activities throughout the program's life (see Table 3).

TABLE 3

PROJECT APPROVALS
SECTION 214 – SUPPLEMENTAL GRANTS
1965-1970

	Type of Project	
Fiscal Year	Health and Education (millions)	Natural Resource or Community Facilities (millions)
1965-66	$ 14.3	$ 3.6
1967	40.1	5.6
1968	32.7	9.3
1969	27.8	5.9
1970	16.9	6.0
Total	$131.8	$30.4

Administrative and program changes recommended by the Commission and adopted by Congress have reflected the broadening view of the Commission's role in the Region. They also reflect the increasing confidence of Congress in the Commission.

Regional Commissions and Regional Solutions

The Appalachian Regional Development Act directed the Commission to "develop, on a continuing basis, comprehensive and coordinated plans and programs and establish priorities thereunder, giving due consideration to other federal, state and local planning in the Region."

Although this could be interpreted as directing the Commission to develop overall comprehensive regional development plans, it was decided early in the life of the Commission that this would be impossible and that overall development planning should begin at the state rather than regional level. The Commission's position was presented by John Sweeney, the federal cochairman, in testimony before the Senate Subcommittee on Intergovernmental Relations in February 1967:

It was evident to us from the beginning that there would be no such thing as a 'regional' investment plan. There is too

FIGURE 3

SECTION 214 – SUPPLEMENTAL GRANTS
APPROVALS BY TYPE OF PROGRAM
FISCAL YEAR 1965-1970

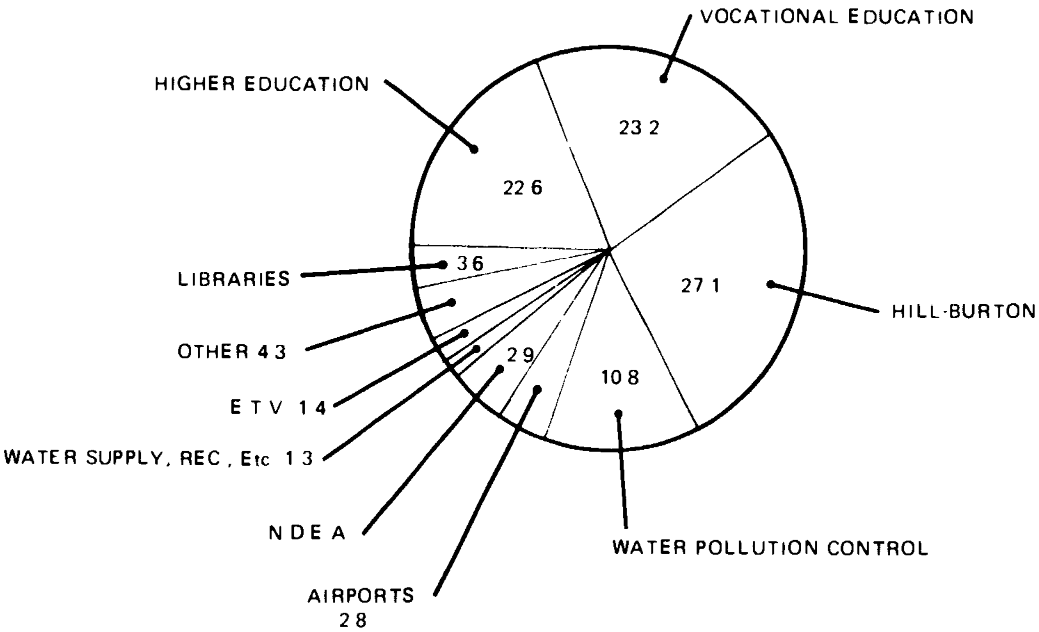
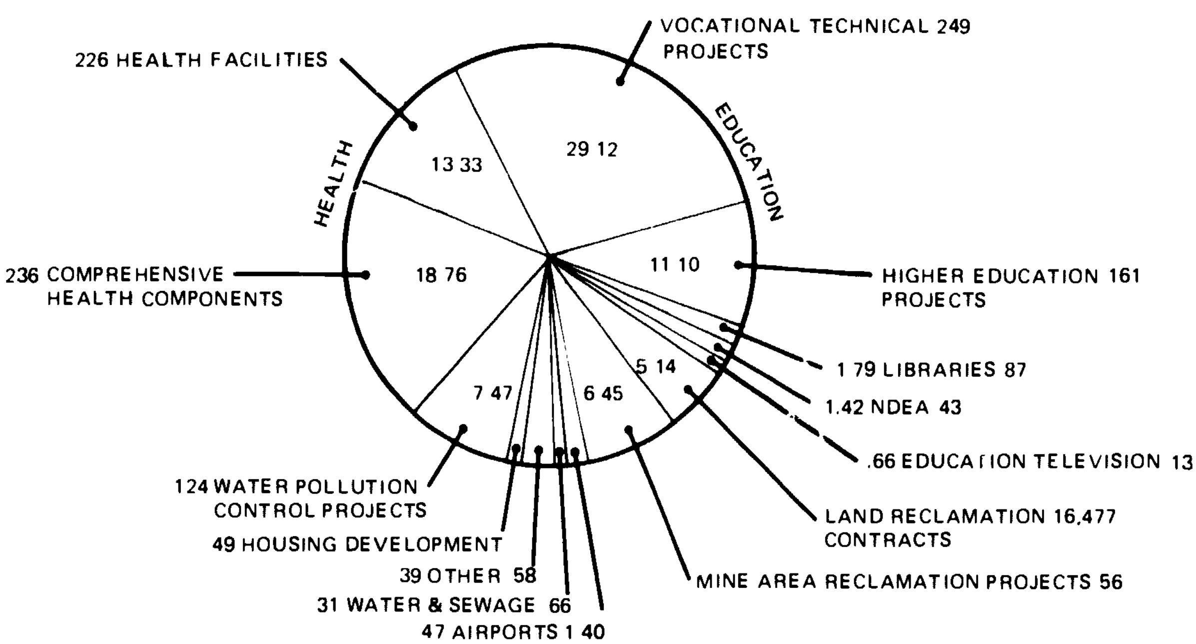


FIGURE 4

APPALACHIAN INVESTMENTS
FISCAL YEARS 1965-1970



Includes All Appalachian Programs except Highways
Total Funds 140,600,000

much of a diversity of problems and need within the 12 state area of Appalachia. For that reason it was decided at the outset that each state should develop its own investment plan That plan was to include those areas in which the state thought future growth was most likely, it was to include an analysis of what specific investment could best enhance the possibility for such growth, and it was to establish priorities for projects to implement that growth potential.

Several basic considerations influenced this decision. In the first place, it appeared that only investments in heavy infrastructure – highways, power systems, dams, etc. – would result in substantial direct regional impact and, therefore, benefit from the regional planning. In most other project areas – schools, hospitals, sewer systems, etc. – the impact of the individual project would be restricted to the local or, at most, state level.

Yet the Commission was not given basic program funds for any heavy infrastructure projects other than the Appalachian Development Highway System. The Commission, in fact, was expressly forbidden to become involved in any aspect of the generation of transmission of electric power although the PARC report had contained a recommendation to that effect.

In the second place, it was not at all clear that development of a comprehensive regional plan, as that term is usually understood, was technically feasible. Thus, there was no reason to believe that use of a single regional plan to program all of the Commission's investments would have led to a greater return for the Region as a whole than would the use of individual state development plans devised by people who were much closer to local problems, even though these several plans would probably have different approaches, assumptions and objectives. This consideration was particularly compelling in view of the diversity of problems and potentials among the various states in the Region.

Finally, the Commission was intended to be a federal-state partnership in which a major share of responsibility and authority was to be given to the states. In view of both this fact and the technical considerations mentioned, the decision to delegate to the states the basic responsibility for programming Appalachian investments within their borders made very good sense.

However, in another sense, a regional plan was developed and refined. Going back to PARC, a regional analysis led to the specification of a set of program and institutional tools needed to do a job. As indicated, Congress did not fully agree but tools and a strategy were made available. Progressively, the Commission has requested new and amended tools and elaborated the strategy. In this sense, a regional plan exists. It is a set of tools and a strategy for their application which reflects continuing analysis of the Region and the efficiency of earlier operations.

Beyond this, the Commission retained responsibility for building a common base of information and analysis. It took particular responsibility for areawide functional plans, for program development studies, and for developing a framework into which all of the state and Commission studies could be put.

The three principal examples of the regional functional plans are highways, airports and recreation

The Commission's highway plan is basically a product of the President's Appalachian Regional Commission, with some modifications and refinements added in 1966. The plan was accepted as the basis for the Commission's highway investments, and implementation according to Commission policies concerning construction priorities is well underway.

The Commission's airport plan, "Guidelines for an Appalachian Airport System," consisted of three basic components: a projected classification of all airports in the Region based on traffic and service pattern projections, a description of the physical improvements required to bring individual airports into line with their projected classifications for the first five years of the 1966-81 plan period, and an estimate of the investment funds needed for the overall airport improvements called for in the plan.

Since the Commission was given no basic funds to construct airport facilities, it was limited to using the supplemental funds available under Section 214 to add to Federal Aviation Agency (FAA) grants. Full implementation of the plan would have required FAA to accept, in addition to its normal criterion of air commerce needs, economic development effects as a valid factor in assigning priorities to projects.

Although FAA did distribute the airport plan to its regional offices where it was considered when the National Airport Plan was drawn up, it was not willing to accept economic development as the criterion for its own grants. However, a review of FAA grants to the Region for the past several years does indicate a high relationship between the Commission's plan and where the funds actually went.

Another regional planning effort is the recreation plan currently being developed by the Commission staff. The plan is intended to focus attention and investment on the recreation complexes expected to have the greatest regionwide economic impact. Representatives of recreation agencies from all levels of government have participated in the preparation of the plan, which is based in part on separate plans produced by these individual agencies. As is the case with airports, the Commission has no basic funds for direct development of recreation complexes, although funds from some sections of the Act can be used to implement certain parts such as the construction of access roads. However, it is anticipated that the plan will be implemented as the participating agencies and other groups give higher priority to the development of those areas on which the plan focused attention.

The staff of the Commission, acting upon the request of the states of Kentucky, Tennessee, Virginia and West Virginia has been working with them to prepare a comprehensive strategy for the 60 counties of Central Appalachia.

This is an example of interstate planning through the Commission and of the nature of planning of this type. There is a simultaneous relationship between planning (and the research that underpins it) and implementation. As one element is completed, it is implemented while further planning proceeds. The objective is to achieve in this area the goals established by the Commission for all of Appalachia.

Early work on this strategy led to the crystallization of the concept of complexes of communities as the centers of growth areas, previously mentioned. It has also led to a better understanding of the availability of capital in the area, of the potential for economic growth, of the importance of health and education services at particular locations, and of the problems of job training, mobility and migration.

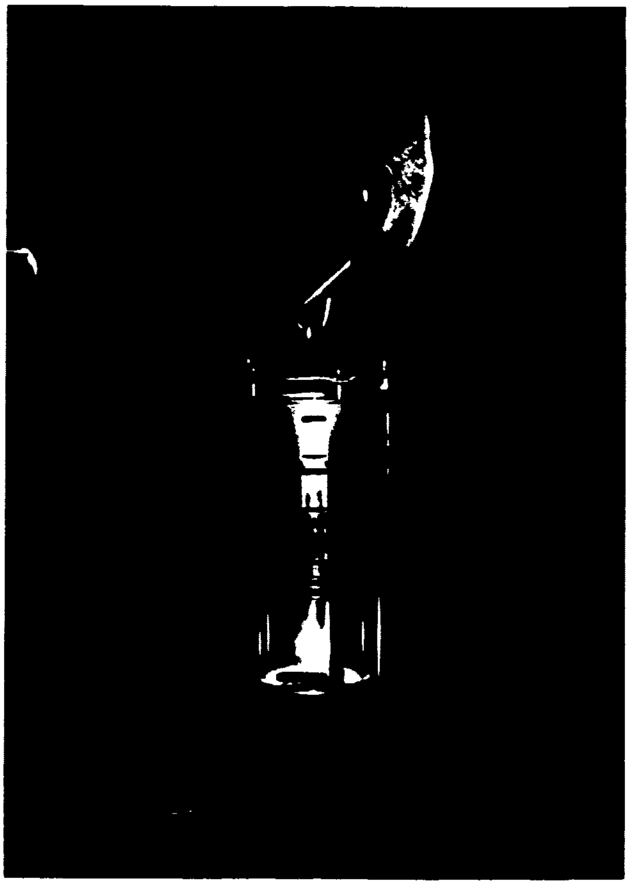
Program studies often precede new legislation or state action. Examples of these studies underway or completed are:

- *Teacher Manpower in Appalachia*
- *Occupational Hazards Associated with Coal Mining*
- *Analysis of Transportation in Appalachia*
- *Mining Manpower Needs*
- *Spatial Distribution of Industry in Appalachia*

Finally, for over a year the Commission has been preparing a 15-year program financial strategy for Appalachia. This is an effort to develop new planning techniques for assessing the Region's overall needs and for developing alternative solutions to present to the governmental and private leadership. It is also hoped that this set of planning techniques will provide a basis for integration of the state plans, the regional functional plans, and the special studies into a consistent whole.

Another dimension of the regional aspect of the Commission's activities is evident in the development of overall investment strategies. Perhaps the most obvious example is the translation into formal policy of the ARDA requirement that investments be concentrated in those areas having significant potential for future growth and where the return on the public dollar would be the greatest. The resulting policies, discussed in detail in the next chapter, embody the Commission's best judgment of the way to obtain maximum value for the Region from the fairly limited investments authorized under the various program sections of the ARDA.

The Commission has also adopted certain policies for specific programs based on an analysis of the possible ways of using those programs to best effect in the Region. In the area of vocational education, the Commission determined that a major obstacle to growth and development was the serious mismatch between job opportunities in the Region and the training curricula being offered in Appalachian vocational and technical schools. As a result, the Commission decided that its vocational education funds would have the greatest impact if they were limited to supporting



schools having job-relevant training programs, a policy which was more restrictive than those of the Office of Education's vocational education program.

Another example of a regional program priority was the recommendation of the Health Advisory Committee, adopted by the Commission, that funds from Section 202 should be used primarily for demonstrating better ways of delivering health services rather than for the construction of conventional facilities. A final example was the Commission's decision to concentrate its limited education demonstration funds on the development of regional service agencies (i.e., education cooperatives) which would enable groups of small rural school districts to take advantage of the economies of scale.

In addition to the regional development strategies contained in these policies dealing with specific program areas, the shift in investment emphasis from physical resources to human resources that has occurred since 1965 itself represents a clear policy decision concerning the most effective use of limited Commission resources.

In summary, the fact that the Commission has chosen not to emphasize the production of formal, comprehensive investment plans is not evidence that it has not taken a regional approach to development. By concentrating instead upon refinement of the available program tools and the establishment of policies and priorities for classes of project investments based upon analysis of the Region's needs and of the development process, the Commission has been involved in a regional planning process.

CHAPTER III

PLANNING AND DEVELOPMENT STRATEGY

Congress instructed the Appalachian Regional Commission to concentrate public investments in areas with significant potential for future growth. The Commission adopted the evolving understanding of this prescription of geographic concentration described in the preceding chapter and provided the states with financial planning targets. These were all necessary steps antecedent to the critical decisions about where specific investments should be made. As the Commission's procedures evolved, four additional steps had to be taken before a project for a particular location could be established.

1. Guidelines for each functional program had to be established.

2. The states had to delineate their growth areas and their centers and determine which of these areas were to receive investments of what nature. In other words, the states had to prepare an investment plan.

3. This plan and the group or package of projects associated with it had to be approved by the Commission.

4. The individual projects had to be reviewed for technical conformance with the Commission's guidelines and the basic law.

The procedures involved in the fourth step were described in the first part of Chapter II and need not be elaborated further. The other three do warrant further discussion.

Appalachian Planning

Program Guidelines

The code of regulations adopted by the Appalachian Regional Commission extends the basic provisions of the law and provides the framework for relating individual [illegible]

TABLE 4

GROWTH AREA REQUIREMENTS OF APPALACHIAN CODE

Section	Description	Required Growth Area Location	Exceptions to Requirements 1	2	3	4	5	6	7
201B	Access Roads	Yes	x	x	x	x			
202	Health Demo.	No*							
203	Land Stabilization	Yes							x
205	Mine Area Restoration	Yes		x			x		
207	Housing	Yes							
211	Vocational Education	Yes						x	
212	Sewage Treatment	Yes							x
214	Supplemental Funds		See ** below						

Types of exceptions.
1—Residential Development
2—Recreation Development
3—Education Areas
4—Timber Development
5—Demonstrated significant impact on growth
6—Service to isolated areas
7—Directly affects a growth area

*Approved health demonstration area required.
**Depends on the project. In general, the principles stated at the beginning of this section, apply to 214 projects.

Commission's recognition of a growth goal and a development goal: to provide the basic facilities essential to the Region's economic growth and to help to develop its human resources so that a wide range of opportunities are open to them.

Literature on economic development reflects a growing emphasis upon the importance of human resource improvement in the attainment of a desired level of economic performance. Statistical and other investigations tend to suggest that significantly larger returns are likely to result from these improvements than was earlier assumed to be the case.

In addition, development strategy problems dictate emphasis upon investments of this character. The projection of growth potential is far from a precise science, as is specification of the response of private initiative to changes in relative public facility availability. These uncertainties, it can be assumed, lead to equilibrating shifts of labor and capital. Investments in the mobile labor resource therefore may be the least likely to be wasteful, a consideration reflected in the Commission's emphasis upon improving the ability of the Region's residents to compete for opportunities "wherever they may choose to live."

These two goals, though largely complementary, also have some competitive aspects. Complementarity exists because the development of human resources can directly improve prospects for economic performance. However, a competitive element is also present because the Region's dispersed population requires investment in public facilities to provide for human resource development at locations which were not necessarily ones at which significant economic growth could be anticipated. In its resolutions establishing program and project evaluation criteria and in its administration, the Commission has sought to solve these potentially competitive considerations. The sometimes subtle differences in the terminology of Commission resolutions have led to the creation of fairly widespread investments in human resource related programs and projects. In general, highest priority is given those investments in or serving a growth area; secondary priority to those projects serving large isolated populations and meeting certain exceptions to the general policy.

The State Plan

In establishing the requirements of a plan, the Commission recognized that the member states had differing degrees of experience with such an undertaking and that there was no single "best" way to accomplish the task. It also recognized that a very difficult political issue was involved, and that the states would develop different means of handling the problem resulting from the announcement that some areas would be recipients of Appalachian investments while others would not.

The Appendix contains capsule summaries of the nature of each state's plan. Each has found a way to respond to the mandate for an analysis of the problems and potentials of its entire Appalachian area, a delineation of its areas of growth potential, a selection of those to receive investments, and the reasoning that leads to the selection of those investments for the particular area.

At the time the program was initiated many thought it unlikely that the states would be willing to make the difficult political and technical decision of announcing areas of investment focus. The expectation was that omitted areas would have sufficient political potency to force only superficial area distinctions that would have no effect on expenditure patterns. In fact, however, the states have been willing to make these politically difficult pronouncements required by the regional strategy.

As anticipated, an evolutionary process has occurred in some states leading to alterations in their approach and in the selection of growth areas. Their initial diversity and evolution along separate tracks requires separate treatment of each state. These discussions are also in the Appendix.

Plan Approval

The approval of a state plan and the projects identified in it is not a mechanical process of comparing the submission with an ideal set of criteria, or with a separate analysis prepared by the Commission staff. As indicated, the Commission proceeded on the belief that no single best set of standards exists. Moreover, the Commission and its staff are not separate from the states. In many cases the staff participated in the plan's development and was aware

of the political and technical issues resolved in the document as submitted.

However, plan approval has not been automatic. Commission review involves perspectives broader than that of one state – the other states, the federal interest, and the Region as a whole. This has led to numerous sets of conversations, sometimes relating to individual projects but also to the basic formulation of the plan, its geographic and functional area coverage, the anticipations and criteria implicit in it, and the effect of all of these on the nature and dispersion of investments.

In effect, the give and take of plan review has evolved a "common law" of standards that relate not solely to the technical process of plan development but also to the qualitative judgment of the suitability of the proposal, measured against the Commission's evolving understanding of the problems and potentials of parts of the Region and the effectiveness of various programs in given settings.

This set of evolved standards can be summarized by delineating six types of areas into which Appalachia can be divided and the types of programs appropriate to each:

1. *Areas within the range of influence of major metropolitan areas outside of Appalachia where regional development programs can capitalize on development opportunities pressing outward from those metropolitan areas. Examples of areas under such influence in Appalachia are the Hagerstown area of Maryland and the extreme eastern part of the Eastern Panhandle in West Virginia close to Washington and Baltimore; the area surrounding Atlanta, a small area in eastern Kentucky near Lexington, those portions of Appalachian Ohio near Cincinnati; portions of New York and Pennsylvania between Buffalo and Cleveland; and portions of eastern Pennsylvania and New York near New York and Philadelphia.*

2. *Areas within the orbit of major Appalachian metropolitan centers such as Pittsburgh, Birmingham or Charleston, where dual programs must be undertaken to reinforce the service base and employment opportunities in the city while at the same time the surrounding rural area is more effectively integrated and linked to the area economy through improvements in transportation, health, education and resource development.*

3. *Large Appalachian cities located in peculiar topographical situations where a "critical mass" of population and social overhead exists, but where further growth within the city as presently defined is unlikely for lack of available land. Here initial efforts should concentrate on alternative ways for such cities to join with surrounding jurisdictions where growth will occur in order to preserve existing overhead in the city and make duplication of those services in the outlying areas unnecessary. Examples of such cities are Johnstown, Pennsylvania; Wheeling, West Virginia; and the central anthracite communities of northeastern Pennsylvania.*

4. *In areas unserved by any urban complex large enough to be capable of self-sustaining growth, but where there are many small towns close together, the program should help develop complementary services so that together they offer the same service advantages and employment concentrations as a middle-sized city. The Pikeville-Prestonburg-Paintsville or Middlesboro-London-Corbin areas of eastern Kentucky or the Dalton-Calhoun area of Georgia are representative of this kind of area.*

5. *Areas with a dense, but rural non-farm, population where there is no viable community and few urban services or urban centers. A combination of two approaches may be required in these areas, one may be similar to the third strategy above, the other is a "new community" approach in which an urban center is consciously induced based on analysis that indicates that access, market and demographic conditions are such that a viable urban center can be created.*

6. *Areas that are sparsely populated but which have had conferred upon them unusual access and resource advantages which make it probable that development and emigration of population will occur. In such areas a planned "new community" approach may be indicated.*

Plan preparation and review can be summarized as a five step process:

1. Delineation by the states of multicounty areas with common social, political and economic interests.

2. Designation by the states of centers within the multicounty areas.

3. Selection, also by the states, from among the centers to receive investment emphasis.

4. Recommendation by the states of investments for the selected centers.

5. Review and refinement of the plan by the Commission and the state.

An evaluation of this process would reveal that as a result of the planning, new methodologies were created in some cases and unique solutions found in others. It was inevitable that some mistakes be made but in many such instances the errors have been corrected. There is, without doubt, room for improvement in the methods used to define growth areas. However, improvement must be an evolutionary process during which the states will find, through experimentation, solutions suited to their unique characteristics and needs.

If any general criticism is to be directed at the process of growth area delineation by the states, it would be the lack of overall interstate awareness. While there is evidence of this tendency by some of the states, it by no means

approaches unanimity. Cooperation in the delineation of interstate growth areas is only the first step toward a unified approach by two or more states to an efficient investment policy and a full recognition of the regional approach to economic development.

Were They the Right Places?

No attempt has been made in the preceding pages to determine whether or not the choices made were good choices, in the sense that they accurately represented desirable centers of relatively high growth potential in the states. This is an extremely complex and difficult question which, in the scope of the present evaluation, cannot be answered. Even an attempt to answer this question involves a clear, specific definition of the objectives involved in selecting growth areas (e.g., this relates to problems of marginal versus actually growing areas, locational questions, a determination of what is desirable in terms of patterns of urban development and population migration, etc.). Furthermore, this question involves the ability to quantitatively determine an area of relatively high growth potential and to compare such areas with areas of lower growth potential. The state of the art in economic theory is not such that this can be done at present. One can distinguish at the extremes of a spectrum the major urban areas with the highest probability of continued economic vitality, and areas of diminishing performance whose economic future is probably bleak. However, much of Appalachia falls into the range of greater uncertainty. How, then is one to distinguish? Opinion seems to be evolving toward the view that growth can be made to occur given adequate infrastructural investments. Therefore, an area selected as one of high growth potential and subsequently provided with substantial investment concentration is likely to become an area of relatively high growth. This opens up a whole new range of policy alternatives. In the face of the complexity and uncertainty of this issue, no attempt will be made here to assess the relative performance of the "growth areas" and areas not selected for concentrated investment.

The problem is further complicated by the fact that the Commission has not followed a rigid growth area concentration policy. As noted, it has also pursued the goal of assisting in widening the opportunities for development of the Region's human resources and the statistics in the next section of this chapter show that investments have gone into areas not selected for concentrated investment.

A later portion of this chapter will, however, attempt to indicate what has been happening in a small number of growth centers receiving a concentration of investments, as well as to provide a general indication of the impact of those investments.

Project Concentration

The preceding section discussed the Commission's policies relating projects to growth areas, described the manner in which the states have fulfilled their responsibility to designate such areas, and discussed the role of planning in the overall process. This section will examine the way in which the states have implemented these policies in their own growth areas.

The analysis will be divided into three portions the first will examine projects approved to determine whether there has been any tendency state-by-state to spread investments and to equalize them on a county basis; the second will examine investments in uniformly defined "service areas" to determine whether there has been any relation between concentrations of population to be served and project allocations (i.e., whether the program has reached the people); and the third will study project allocations to growth areas as designated by the states to determine whether growth area classifications have in fact provided a framework by which investments may be concentrated in a relatively limited number of areas.

County Concentration

Examination of project concentration by county[1] within the Appalachian portions of the states served to determine whether state project recommendations had a tendency to simply spread investments evenly among all counties within the Appalachian portion. A brief examination of Table 5 indicates that this did not occur, i.e., the supposition that there would be equality between any percentage of counties and their share of total investments is not confirmed.

TABLE 5

CUMULATIVE INVESTMENT BY COUNTY

% of Total Number of Counties	% of Total ABC Investment**
5.0	31.5
10.0	45.2
15.0	55.0
20.0	63.9
25.0	70.6
30.0	76.4
40.0	85.6
50.0	92.1
60.0	96.5
70.0	98.9

*Counties are arranged according to quantity of ARC investments made, in descending order; i.e., the first 5 percent includes those counties with the highest absolute qu.ntity of ARC investment.

**Excluding highway funds.

The top 5 percent of the counties (in terms of dollars spent, excluding highway funds) accounted for just over 30 percent of the total funds invested. This represents 20

[1] Counties were used in this analysis because they are the smallest geographic units for which data are consistently available.

FIGURE 5

INVESTMENTS (1965-1970) AND POPULATION (1960)
AS A PERCENT OF TOTALS FOR SERVICE AREAS
(BY SERVICE AREA SIZE CLASS)

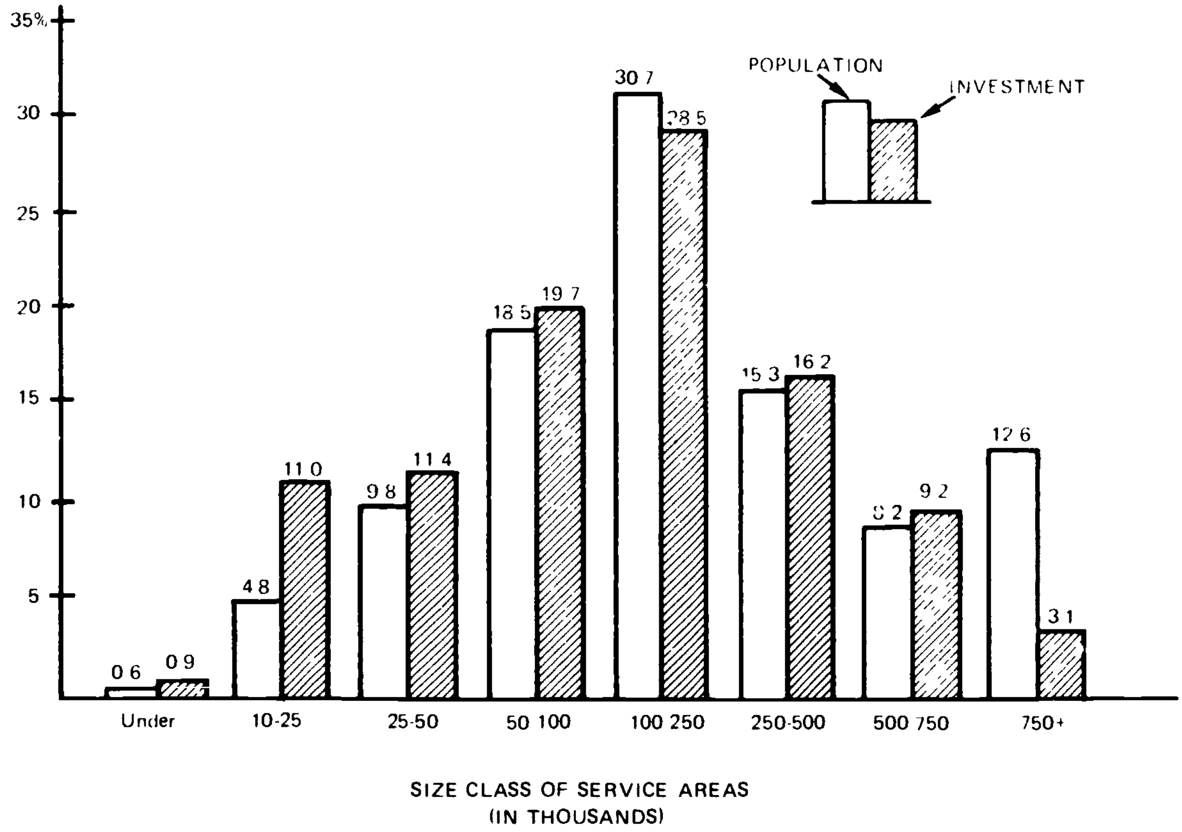


TABLE 6

SIZE CLASS DESCRIPTION OF GENERAL SERVICE AREAS

Population Size Class	Number Of Areas	Pop.* In Size Class	Avg. Pop. Within Class	% of Total Serv. Area Pop.
Under- 10,000	10	85,000	8,500	0.6
10,000- 24,999	44	726,300	16,507	4.8
25,000- 49,999	40	1,410,200	35,255	9.3
50,000- 99,999	39	2,799,200	71,774	18.5
100,000-249,999	30	4,630,600	154,353	30.7
250,000-499,999	7	2,315,500	330,786	15.3
500,000-749,999	2	1,233,700	616,850	8.2
750,000 & Over	1	1,911,000	1,911,000	12.6
Total	**173**	**15,111,500**	–	**100.0**

*1960 population rounded to nearest hundred.

TABLE 7

GENERAL SERVICE AREAS BY STATE

Appal. Portion of:	1960 Pop.*	1960 Serv. Area Pop.*	Percent	No. of Serv. Areas**	Average Pop.
Alabama	1,982,300	1,596,000	80.5	18	86,670
Georgia	675,200	531,200	78.7	7	96,460
Kentucky	922,200	719,900	78.1	21	43,910
Maryland	195,800	191,600	97.9	3	65,270
Mississippi	406,200	307,900	75.8	12	33,850
New York	1,000,100	808,600	80.9	14	57,760
North Carolina	939,700	813,100	86.5	12	67,760
Ohio	1,119,600	974,100	87.0	17	57,300
Pennsylvania	5,930,800	5,424,300	91.5	52	104,313
South Carolina	585,500	544,200	92.9	3	181,400
Tennessee	1,607,700	1,342,300	83.5	11	122,020
Virginia	500,900	356,700	71.2	6	59,450
West Virginia	1,860,400	1,501,600	80.7	25	60,060
Region	**17,720,200**	**15,111,500**	**85.2**	**173**	**87,350**

*1960 population rounded to nearest hundred.

**Includes portion of interstate areas within the boundaries of a state. Will not total to 173.

counties out of 397. More than half of the total funds were concentrated in just 15 percent of the counties. At the other end of the scale, 64 counties received no investments under the Appalachian program.

Service Areas in Appalachia

The practice of having each state define its own growth areas in its own way presents serious problems in attempting to evaluate the program. There is no regionally uniform geographic base from which to perform an analysis. Since many of the areas have only generalized boundaries, data on population, incomes or any other relevant indicators are not uniformly available. For this reason, the staff defined "general service areas" in each of the Appalachian states to establish a uniform base. These areas consist of primary market areas delineated around the dominant center or growth areas as defined by the states. They were defined by using population concentration maps for 1960, newspaper circulation, traffic flow maps and topographic maps. A total of 173 service areas were thus defined. Tables 6 and 7 show the size distribution of these areas. The total 1960 population of these areas represents 85.2 percent of the total population of Appalachia, with the service areas being the average size of 87,350. If the Appalachian program has fulfilled its aim of serving the Region's people, there should be a high correlation between service area population and investment allocation.[2]

The allocations according to size class of the service area are shown in Figure 5. The pattern is readily apparent. All size classes are approximately equal in terms of relative amounts of population and Commission investments with the exception of the 750,000 plus group (Pittsburgh) and the 10-25,000 group.

In absolute terms, the Commission has obviously concentrated its funds in the middle-size service areas (100,000-250,000 population) which have the largest population. On a per capita basis, concentration has been in the 10,000-25,000 category (shown in Table 8 right). The centers of these areas are very small communities. In general, the figures confirm two aspects of the Commission's operations. First, service to relatively dispersed populations is relatively more expensive, witness the per capita costs in the two lower population classes of areas. Secondly, the Commission has tended to avoid expenditures in its largest city (Pittsburgh) but has placed heavy emphasis on its other major urban centers and particularly those metropolitan areas below Pittsburgh's size.

[2] Investment in service areas for purposes of this analysis excludes funds under Section 201-a (development highway), Section 202 (health demonstrations), Section 302 (research and local development district funding), and certain grants serving large areas, the precise location of which is not specified

TABLE 8

INVESTMENT IN SERVICE AREAS BY SIZE CLASS

Population Size Class	Population 1960	Investment 1965-70	Investment Per Capita
Under 10,000	85,000	$ 2,388,189	$28.09
10-24,999	726,300	28,185,063	38.80
25-49,999	1,410,200	29,078,465	20.62
50-99,999	2,799,200	50,509,607	18.04
100-249,999	4,630,600	72,751,433	15.71
250-499,999	2,315,500	41,373,332	17.87
500-749,999	1,233,700	23,530,380	19.07
750,000 +	1,911,000	7,842,952	4.10
	15,111,500	$255,559,421	$16.91

One additional service area classification should be examined. The service area delineation process identified some 26 interstate service areas. These, in most cases, are key areas in Appalachia and are by any measure, dominant centers of influence. Investment in these areas in shown in Table 9. This chart indicates a significant concentration of investment in interstate service areas, an interesting result in view of the general lack of explicit consideration of interstate relationships in state plans and growth area designation.

TABLE 9

INVESTMENT IN INTERSTATE SERVICE AREAS

	Total Serv. Area Invest.	% of Tot. Invest.	1960 Pop. Served	% of Tot. Appal. Pop.	Per Cap. Invest.
Multi-state Investments	$ 77,548,609	30.3	2,311,600	15.3	$33.54
Single-state Investments	17,216,855	6.8	1,194,900	7.9	14.41
Total	**94,765,464**	**37.1**	**3,506,500**	**23.2**	**27.02**
Region	**$255,559,421**	**100.0**	**15,111,500**	**100.0**	**$16.91**

Growth Area Concentration

The purpose of the growth center strategy was to provide a discipline, a rationale, for the allocation of public investments. If this strategy has been adhered to, project investments should be concentrated in the designated areas of growth potential. Earlier, it was pointed out that there are numerous exceptions to the general rule of project concentration in growth areas. In order to obtain Commission approval, all exceptions to this rule must be accompanied by strong evidence showing that an exception is warranted. Therefore, a project which is not in a growth area has not necessarily been improperly located but, in fact, is likely to be there because it was able to meet the Commission Code criteria relating to such exceptions.

During the life of the Commission, approximately a quarter of a billion dollars has been approved for growth area appropriate projects[3] Of this amount approximately 50 percent has been concentrated in areas of "first level growth potential,"[4] as designated by the states. An additional 11 percent was in the second level areas and 8 percent was concentrated in third, fourth, and fifth level areas. Finally, 11 percent of the fund was approved for nongrowth areas and 21 percent was approved in the early stages of the program before growth areas had been defined.

If the quick start period is excluded, no significant shifts have taken place in the geographic focus of investment dollars. There has been no consistent tendency for the states to move toward higher or lower level growth centers.

Table 10 shows the overall performance of each of the states from the beginning of the program through fiscal year 1970 in comparison with the Region. Projects authorized before a state's first development plan was approved have been eliminated.

From this table, it is obvious that there has been substantial variation among the states with respect to their concentration of Commission funds in growth areas. Georgia, Kentucky, North Carolina and Tennessee allocated the lowest percentages of funds to the first level growth areas. In the latter three, the first level growth areas were large metropolitan cities. These states avoided placing a large percentage of their funds in such centers because it was felt that the impact would have been minimal. Georgia designated four "high" growth potential and 15 "medium" growth potential areas. Despite this, Georgia's percentage of investments in nongrowth areas is the highest of any state.

The remaining states have been relatively consistent with the intended strategy. They produced a high degree of concentration of funds in first level growth areas and, for the most part, a low degree of concentration outside growth areas.

[3] Excluded from this classification are all Section 201a projects (developmental highways), Section 202 projects (health demonstration), Section 302 projects (research and LDD funding), and certain multicounty grants to school systems, ETV, etc., as well as a few access roads (Section 201h) which served large areas and were not directly assignable to individual areas.

[4] Classification of areas is somewhat difficult since different states used different terminologies The classification system used in this analysis is as follows:

1st Level:	All top level growth areas designated by a state including "regional," "primary," "high," etc
2nd Level.	Next lower level designation. For example, if "regional" was the 1st level designation, then "primary" became the 2nd level classification.
3rd, 4th, 5th Level	As appropriate following similar criteria as with 1st and 2nd level.
6th Level	Not designated as growth area.

TABLE 10

CONCENTRATIONS OF INVESTMENTS IN GROWTH AREAS BY STATE

State	Growth Area Levels 1 (Percent)	2 (Percent)	3,4,5 (Percent)	6 (Percent)
Alabama	84.3	1.4	–	14.3
Georgia	33.2	27.1	–	39.7
Kentucky	2.2	45.8	42.0	9.9
Maryland	86.0	14.0	–	–
Mississippi	87.2	6.9	–	5.9
North Carolina	17.3	36.5	43.4	2.8
New York	80.5	9.9	–	9.6
Ohio	87.2	9.7	–	3.1
Pennsylvania	86.1	4.8	2.9	6.2
South Carolina	68.6	9.1	–	21.3
Tennessee	38.7	26.5	24.3	10.5
Virginia	61.5	–	–	38.5
West Virginia	67.3	3.0	9.5	20.2
Region	**62.1**	**13.9**	**10.3**	**13.7**

*Figures include only investments made after the designation of growth centers.

TABLE 11

PROJECT DOLLARS BY GROWTH AREA LEVEL AND INVESTMENT CATEGORY (In Percent)

Investment Category	Growth Area Levels 1	2	3,4,5	6	Total
Health	50.0	18.7	14.0	17.3	100.0
Education	61.6	15.5	9.5	13.4	100.0
Water & Sewer	46.7	14.1	10.7	28.5	100.0
Airport	64.2	12.2	13.2	10.4	100.0
Other	50.9	20.0	21.1	8.0	100.0
Total*	**57.2**	**15.9**	**10.6**	**16.3**	**100.0**

*Note the percentage distribution of this row is not equal to the distribution of the preceding table This is due to the removal of all access roads and mine area restoration projects.

Allocations, according to project type, were also analyzed in the following categories health, education, water and sewer, airport and others.[5] These allocations are shown for the Region in Table 11.

Table 11 shows that first and second level growth areas received close to 70 percent of the funds in each category except for water and sewer projects. The needs for these are ubiquitous, and apparently Commission procedures for assuring selectivity were less effective here than in other categories. Water and sewer grants have provided some of the more vigorous internal debates because they have been viewed by some as primarily for the purpose of stimulating economic growth. Advocates of this viewpoint counsel concentration. Others view these projects as primarily related to the health of the population and therefore argue that they should be provided to serve needs wherever they exist. The disagreements have not been easy to reconcile even though the Appalachian Code specifically states that such projects must be placed in growth areas or in nongrowth areas having sewage problems which affect growth areas. Since 1968, the Commission has had no funds specifically earmarked for sewage treatment facilities.

The growth area policies as set forth in the Commission Code were deliberately designed to allow the maximum possible freedom to the participating states in preparing the growth area portions of their state development plans. Imposing a set of strict guidelines on the states would have had three major shortcomings: it would have strongly inhibited the development of growth area policies reflecting the unique situations in individual states; no local expertise would have been developed; and, the imposition of highly specific criteria would have placed the Appalachian program in the position of being "just another federal program."

The Commission's approach has, as the previous discussion shows, been moderately successful insofar as the delineation of growth areas is concerned. However, such an approach is not without problems. Allowing the states a free hand in designing their approach to growth area delineation opens the door to provincialism in the form of a tendency to look no further than state boundaries in planning. This appears to have been the case among many of the Appalachian states. While there have been some cases of deliberate interstate cooperation in defining growth areas and in project placement, this approach is not widespread. Furthermore, even though a large percent of ARC project funds were placed in interstate service areas, this is probably due to the fact that these areas are generally dominant centers in Appalachia rather than a result of coordinated interstate planning efforts. However, the structure does exist in Appalachia, leading to the joint recognition of the importance of these interstate areas by some states. The Commission should actively encourage cooperation.

[5] "Other" specifically excludes all access roads and mine area restoration because adequate or consistent information was not available for all projects. Development highways, health demonstration, research, and LDD funding were also excluded.

Growth Area Case Study Analysis

For reasons of statistical and theoretical difficulty discussed earlier, no attempt has been made to evaluate the appropriateness of the growth areas selected by the states. However, at this point it will be beneficial to examine events occurring in a sample of centers which received a concentration of investment effort following their designation as growth centers on the hub of growth areas

Methodology

This section is based on a study of seven centers in Appalachia. The study was designed to assess the effects and impacts of public facility investments, both individually and as a group, on the capacity of centers to stimulate and accommodate economic growth, and to attempt to determine some of the more important factors influencing a community's response to such investments. Since techniques for evaluating effects of public investments are crude and at best require lengthy project operating experience, a qualitative approach was selected for this part of the evaluation in view of the Appalachian program's short history.

The centers included in this study are Hornell, New York; Gaffney, South Carolina; Cookeville, Tennessee, Crossville, Tennessee, Altoona, Pennsylvania, Florence, Alabama; and Carrollton, Georgia. They were selected from among approximately 95 such centers throughout the Region. Criteria for selection included geographical distribution, population size range, and a relatively heavy concentration of investment (composed of a representative mix of facility types) under the Appalachian program.

Efforts also were made to pair the final choices on the basis of certain characteristics. For example, Gaffney and Hornell are similar in terms of their population sizes and the nature of the Commission investment package, but had experienced divergent economic trends. In addition, four of the centers selected had been the subject of a similar study conducted by the principal investigator in 1967 and 1968, and thus offered the possibility of time comparisons. The relevant statistics for the sample are shown in Table 12, while their locations are shown on the map in Figure 6.

The rationale for selecting centers that received a heavy concentration of investment under the Appalachian program stems from the specific intent of this study which is to develop an understanding of the process by which a center (whose economy may be presently stagnant) is assisted to become the location of more opportunities for its population and that of the surrounding areas.

The Appalachian Regional Development Act embodies a strategy which focuses public investment on centers having the capacity to stimulate economic effects throughout a broad service area. Thus, if one is to examine the thesis – that a heavy infusion of public capital concentrated in time and quality can be an inducement for economic revitalization and growth – it is appropriate to evaluate those centers having received a large injection of public capital. Therefore, this evaluation has been restricted to those locations which appear to offer the best prospects for identifying the dimension and nature of impacts from public investment of the types supported by the Appalachian program. It should be emphasized once again, however, that the conclusions resulting from this study cannot necessarily be extended to cover the whole range of growth areas identified by the Appalachian states. An assessment based on a small sample cannot hope to establish the validity of the Commission's operating thesis that concentrated investment will stimulate growth, but rather, can at best examine the extent to which the results in the area studies are consistent with the theory. The approach adopted – an in-depth study of a small number of centers – can provide some valuable insights into the development process and the extent to which Commission investments have supported or stimulated that process, as well as serve as a pilot model for more extensive and long-term efforts in the future.

The principal instrument employed in this inquiry was a series of in-depth personal interviews of local public and private officials and leaders in each center. These persons included directors or administrators of specific facilities funded with Appalachian Regional Commission assistance, other professionals such as city planners, local development district staffs, urban renewal officials, city managers, elected officials, industrial promoters, bankers, representatives of private business and industry including newly located or expanded plants, and other persons (e.g., university officials) having special knowledge of the center and its relationships with its service area.

To support these qualitative findings which by their nature are subject to personal biases and prejudices, a quantitative examination of all current and reliable data regarding the recent economic performance of the center was undertaken. Similarly, all supporting data presented at the time project applications were made were studied and analyzed. Upon comparison of recorded statements, personal observations and impressions, and trends developed from current statistical data, individual case studies were prepared. This section summarizes the results of these case studies and presents the major conclusions

The characteristics that must be present for growth potential to exist include: (1) a labor force of sufficient size, diversity and skill to attract new activities. (2) a surplus of developable sites for location and expansion of economic activities; (3) an attractive living environment which includes competitive levels of community services and facilities; (4) accessibility to a sufficient size market and resource base to support a growing economy; (5) proximity to a major metropolitan area which can supply at some minimum level of effort, cultural and other services to local residents and businesses not normally available in a center of its size; and (6) a modern governmental and financial structure.

The relative importance of these factors will differ among locations. In the selected centers studied, two

TABLE 12

SELECTED GROWTH CENTERS: BASIC CHARACTERISTICS AND COMPOSITION AND VALUE OF INVESTMENT PACKAGE

Center	County	Population 1970*	Population % Change 1960-70	Total Project Cost ($000)	ARC Investment ($000)	Number and Type of Project #	1	2	3	4	5	6	7	Per Capita Income (County) 1959	1968	Percent US 1959	Percent US 1968	% Change 1959-68
Hornell	Steuben	11,979	-13.9	$ 6,654.5	$ 1,744.5	4	x	x				x		$2,074	$3,122	96.0	91.3	50.5
Gaffney	Cherokee	12,868	23.3	2,147.4	1,157.4	5	x	x	x			x		1,240	2,063	57.4	60.3	66.4
Cookeville	Putnam	14,205	82.0	8,878.1	1,116.0	7	x		x			x		1,105	2,005	51.5	58.6	81.4
Crossville	Cumberland	5,267	12.8	2,436.7	904.4	5	x	x		x		x		825	1,596	38.2	46.7	93.4
Altoona	Blair	133,973	2.4	10,953.4	1,639.4	6	x	x			x	y	x	1,811	2,797	83.8	81.8	54.4
Florence	Lauderdale	33,535	6.0	11,490.7	3,281.3	11	x	x	x		x	x	x	1,234	1,995	57.1	58.3	61.7
Carrollton	Carroll	13,325	21.4	6,577.7	1,785.3	7		x	x	x	x	x	x	1,291	2,170	59.7	63.4	68.1
	Total			$49,138.5	$11,628.6													

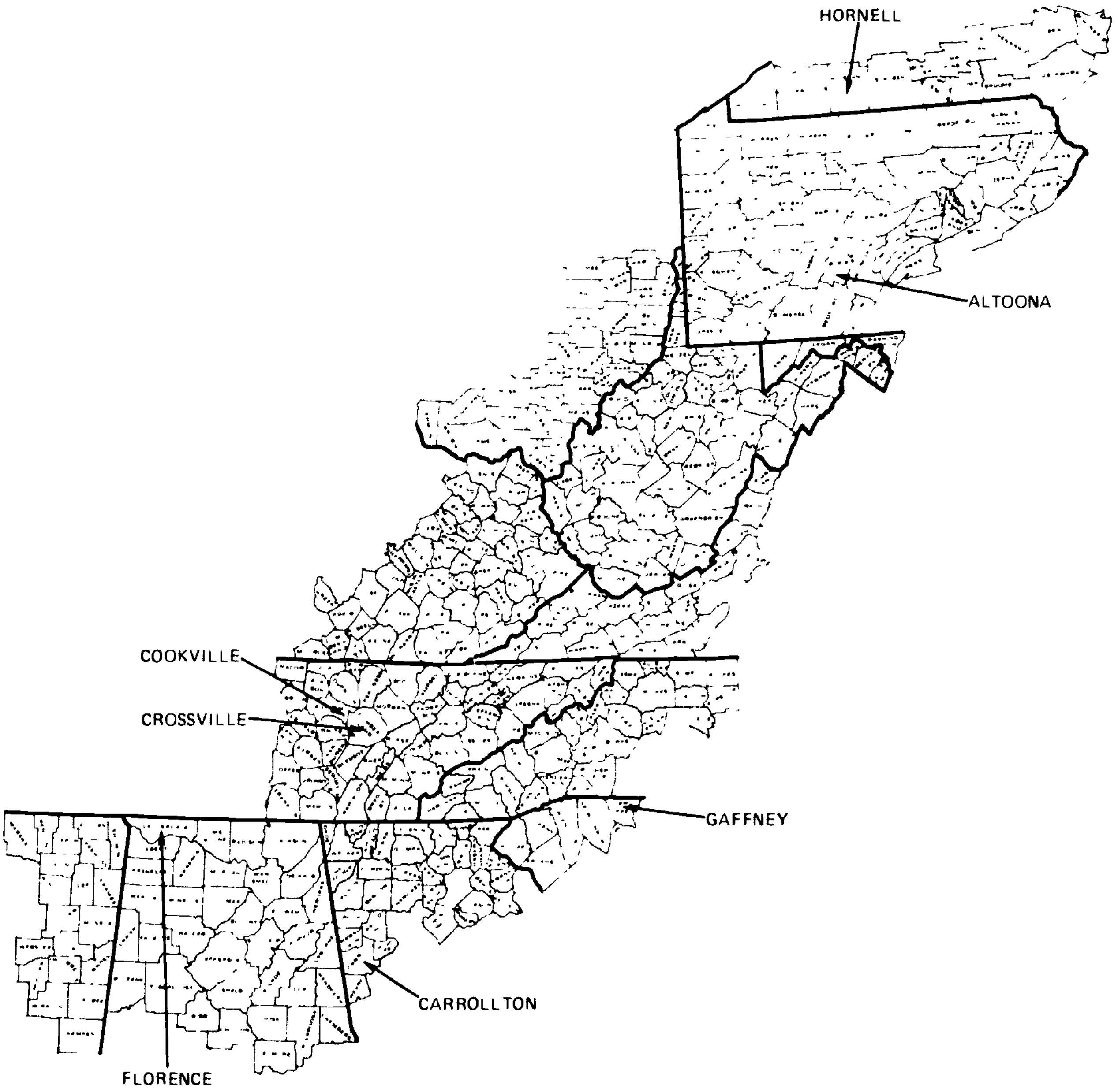
*Preliminary reports from 1970 census

Type of Project

1 – Health
2 – Vocational Education
3 – Higher Education
4 – Airport
5 – Library
6 – Sewer and Water
7 – Other· Recreation, Housing, Access Road

FIGURE 6

SELECTED GROWTH CENTERS



conditions appear to have been principally responsible for their success or lack of success in achieving their respective economic and service potentials. These are multidirectional highway access within their service area and connecting the center to centers of greater economic importance, and progressive local leadership.

Transportation constitutes a production cost which shows great variation among centers. Given the fact that a vast number of communities will have virtually identical production costs, those places having transport cost advantages will more likely attract economic activity. In this context, adequate transportation becomes a pivotal consideration.

It cannot be said, however, that transportation facilities alone will suffice to insure economic growth. This process is not that simple. However, given the basic conditions necessary to support growth – population mass, location, resources, etc. – a place will enjoy success in relation to its ability to manage its economic, social and physical climate. Management implies leadership and efficient utilization of public resources in a manner enabling the center to satisfy the demands of a growing economy and to fulfill its service responsibilities to the residents in its service area.

Thus, for a program of public investment to affect the capacity of a center possessing the basic ingredients necessary for growth, this investment must be focused on those factors which will contribute to creating a competitive economic climate while furthering the center's capacity to accommodate the regional service requirements focusing at that location. The additional financial support provided by the Appalachian Regional Commission to the centers studied has permitted them to broaden their public improvement programs, leading them to reallocate local fiscal resources to projects including those for which nonlocal assistance either was not available at all or was unattainable at the time. No examples were found where the availability of Commission support resulted in a center reshuffling its priorities by intentionally postponing a more essential improvement in order to use funds that became available for some less fundamental need.

These centers have established their priorities and sought nonlocal support from appropriate sources accordingly. The inability to gain support for one project in a current period has meant that it has had to be postponed until funding became available. However, if a project of lower priority could be implemented in the interim as a result of nonlocal funding being available for that project, it usually has been undertaken. In this manner these communities have been able to make a number of high priority improvements in a period of several years. The order in which these priorities have been undertaken has had to be reshuffled within this period as a result of perversities in federal and state grant programs.

Local improvement priorities have appeared to reflect a balance between obvious needs and others that may have large components of political attractiveness. Consequently, local priorities seem to reflect a combination of local realities which may not necessarily be clearly evident to an outside observer. For example, competition between nearby communities may distort basic priorities so that greater emphasis is given to an improvement which will enhance a center's regional image than to a facility having little visability but one which is essential to local environmental quality.

The kinds of grants available from the Appalachian Regional Commission generally paralleled the more critical service needs of the growth centers studied. These centers have received a large package of investments and some have satisfied more of their critical needs than others.

Providing the local matching share for grants from the Appalachian program has placed strains on local treasuries. While these communities are feeling the pinch of revenue limitation, none has been placed in an untenable financial position as a result of participating in the improvements involving Appalachian Regional Commission grants. On the contrary, such participation has stimulated additional local efforts to expand revenue resources.

Some centers have been more successful than others in gaining outside support for local programs. However, all communities surveyed showed a good knowledge of available funding sources and little hesitation in seeking such assistance from a wide range of programs. Those communities appearing to be most successful in their improvement efforts have combined outside and local financial sources in a variety of ways to best utilize all available resources. Financial support from the Appalachian program has made an important contribution to these efforts, but by no means has it been the only source or even the most important source of funds. For a community to be successful in its modernization program, all funding sources must be utilized to their maximum. Without the Appalachian program, other sources would have had to be found and judging from the aggressive approach that several centers have demonstrated, alternatives might have been developed. However, this would have delayed many local efforts and might have discouraged some entirely, as the flexibility and supplemental nature of the Appalachian program has made it easy to implement at the local level. This basic characteristic received favorable comment from community officials and was emphasized as one feature that other government programs should incorporate.

The importance of efficient allocation of local public financial resources has become recognized in most centers as demands have grown for new and better public facilities and services. As a result, all centers studied have initiated local planning programs with the purpose of identifying their current needs and better anticipating those in the future. Several communities indicated their most urgent need was establishing a more comprehensive planning program encompassing all community facilities and services. Since these centers have undertaken modest planning efforts in the past and can point to instances where planning for local improvements has had its benefits, local support for more aggressive planning programs is develop-

ing. Participation in the Appalachian program's planning process has further reinforced the local commitment to planning.

This local commitment has also been advanced by being able to implement current plans as a result of the financial assistance provided by the Commission. A high degree of pride was found in the centers' local planning experiences Former local resistance to planning has diminished with critics often becoming planning advocates.

The community improvement programs given impetus by the Appalachian program appear to have stimulated both improvement to and expansion of existing private facilities in the centers, and may have been a significant force in attracting new private investments. The public improvement efforts have helped to reestablish local confidence and have made the center more attractive to new commercial and industrial ventures. The composite effort of these public improvement programs has been to stimulate what was in many cases an apathetic and very conservative private sector into becoming active and progressive.

The positive attitude being developed within the private sector is evidenced in the constructive leadership being provided by some of the centers' banks. Bankers interviewed were almost unanimous in their estimates of good prospects for local economic recovery. No hesitancy was suggested regarding the banks' support of local businesses in their remodeling and self-improvement efforts. Generally, the banks seemed to be leading the improvement movement in the private sector.

The suddenness and magnitude of improvement programs initiated in these centers has been in sharp contrast to the inactivity formerly characterizing them. Leadership for the programs has come mainly from elected public officials with some support coming from influential businessmen. With signs of progress and a change in economic climate, greater numbers of businessmen are becoming involved in local improvement efforts, often through Chamber of Commerce-type organizations. The changing community image and developing pride appeared to be related directly to specific improvements in which the Appalachian Regional Commission participated. The more visible projects such as hospitals, vocational education schools, and libraries generated the most interest. This has made businessmen more aware of their responsibilities to these communities and the potential opportunities associated with their renewed economic growth.

Existing industrial firms have demonstrated their renewed confidence in these centers by reaffirming their support of the communities through greater involvement in local affairs, expansion of operations and, in some cases, with monetary gifts for selected facilities. Plants have expanded and entirely new industries have located in many of these communities and their surrounding areas. Whether these can be tied directly to Appalachian Regional Commission projects (some probably can) is not important. That these new locations and expansions are occurring is the significant factor. The creation of a combination of conditions which successfully promotes economic growth is an indication that these centers are moving toward a goal for which the Appalachian program is aiming.

It is likely that some of this expanded economic activity would have occurred irrespective of assistance furnished by the Appalachian Regional Commission. For some of these firms, the location already provided sufficient advantages to warrant expansion. New plants, however, have been more directly influenced by the progress of some centers. These firms have made their locational selection based on many considerations with the economics of the location being usually the most important. Final selection between equally economical locations is based on the quality of other local conditions. The centers examined in this study can accommodate growth, as their infrastructure is now modern or becoming so, and their living environment is becoming competitively attractive. This has probably contributed to their encouraging industrial expansion.

Similarly, these positive changes have discouraged relocations away from these centers on the part of existing firms. The occurrence of firms relocating from these centers has been rare. Several failures have occurred but these were ascribed to factors unique to the individual firm or to national economic conditions. Most important is the centers' substantially increased capacity for attracting new investment over the long run. Without the massive improvements recently initiated, some with Commission support, the basis for this performance would not likely have been established.

One of the major changes occurring in the centers – that of public opinion – has significant implications with respect to their ability to support expanded public improvement efforts. As long as the community had the attitude that the town could not be saved and, indeed, was not worth saving, public officials could not generate sufficient support to mount a concerted program of essential public improvement to meet basic local needs. Where apathy persists, local initiative remains too weak to overcome basic local problems. However, with the citizenry supporting progressive government as was so clearly evident in centers like Carrollton, Cookeville and Florence, communities have been able to implement previously impossible programs.

Growing citizen interest and support of these efforts has been attributed to enthusiasm associated with the first taste of success. Being able to point to substantive improvements within the community has made the populace aware that progressive programs are worthwhile and rewarding. The Appalachian program has contributed to stimulating this growing support by enabling aggressive improvement programs to be successfully undertaken. Without this support, such extensive programs would have been impossible since lesser efforts have a greatly reduced influence on local attitudes.

Evidence of the strength of such attitudinal change was witnessed in local elections where progressive government has been reaffirmed and in greater citizen participa-

tion in local affairs. The latter has involved formation of citizen groups whose activities include lobbying for specific programs and educating the general public concerning community needs. Greater citizen understanding of local affairs has resulted, and the centers experiencing this have been able to expand their efforts towards upgrading the community.

The growth occurring in these centers has undoubtedly affected their tax bases. Since Commission-assisted projects are public facilities, these in themselves are not taxable. However, where these improvements have stimulated upgrading of private structures, expansion of existing businesses, or establishment of new firms, they also have materially expanded the revenue base of the center. Since this growth is a result of a combination of conditions, attempting to attribute all or a portion of it to one or more factors would be unproductive.

Individually, public improvement projects have stimulated a wide range of effects within the communities and areas they are intended to serve. In addition to direct impacts such as job and income generation and the alleviation of a specific service deficiency, the projects have had a wide range of additional effects. These have included improvement of related services, amelioration of associated deficiencies, strengthening of local leadership, intensification of modernization programs, institutionalization of the planning process, generation of citizen involvement, development of a sense of pride in the community, and emulation by other nearby communities. While expectations with regard to these public improvements have been guarded in many cases, experience has shown increasing local enthusiasm following project completion. Visual impact has resulted in unexpected verbal approval of some facilities. In several cases, the contrast between these new facilities and the unattractiveness of the communities in general has heightened citizen approval and interest in them, and they have become community landmarks to be shown to out-of-town visitors as representative of the "new look" in that city.

Providing more sophisticated services in centers capable of serving a large attendant area has attracted a substantial nonlocal clientele, as evidenced in the high rates of utilization associated with services intended to be area-serving such as health and education facilities. In several cases, in spite of substantial expansion, these facilities soon became overcrowded. This overcrowding attests to the prior existence of unsatisfied demand, and to the expansion of the service area associated with the center following the provision of these expanded and more modern regional services. However, in addition to the existence of previously unfulfilled demand and the extension of service area, this overutilization suggests that many of the regional facilities are, in fact, underdesigned in terms of their size. Even in cases where further expansion capabilities have been included in the initial design, this extra space has been needed almost immediately and thus has not provided a margin for furture needs.

By no means can it be concluded that the centers selected for this study have been found free from all constraints and barriers to self-sustaining economic growth. Many conditions persist which may shortly limit the competitiveness of these centers vis-a-vis others in the nation. However, the experience these centers have had as a result of receiving this heavy and concentrated injection of public capital suggests that basic deterrents to growth can be overcome quickly with resultant positive benefits accruing to the center and its service area.

CHAPTER IV

FUNCTIONAL PROGRAMS

Introduction

The following summary is based upon individual studies of each of the Commission's major program areas. The discussion of each program is generally divided into two broad sections. The first deals with institutional, policy-related questions:

What was the President's Appalachian Regional Commission's (PARC) conception of the underlying problems? What were the specific program recommendations outlined in its report? To what extent were these recommendations incorporated into the Appalachian Regional Development Act? How has the Commission understanding of the problem evolved since then? What changes have occurred in policy or legislative authority?

The second section deals with the results of the Commission program activities in each functional area. While it was hoped that would be possible to assess the impacts of the Commission activities on the Region's development, several major obstacles quickly became apparent. First, the long lead time required for most public works projects meant that relatively few of the Appalachian-funded projects have been in operation long enough to have had measurable effects.

Second, since Commission expenditures represent only a small increment (less than 3 percent) of the total federal spending on similar activities in the Region, it appeared difficult if not impossible to isolate their effects. (The major exception to this is the Appalachian Development Highway System which represents a substantial improvement in the Region's infrastructure. However, analysis of its impact is limited at the moment by the first problem mentioned above).

Finally, adequate data on which to base analysis was generally unavailable. For example, there are few useful socio-economic data series which would allow a comparison of the state of the Region immediately prior to the beginning of the Appalachian program with its condition at the time the initial evaluative effort was to be conducted (late 1970 and early 1971, prior to the availability of detailed data from the decennial census). In some cases, vital data were out of date as to be nearly useless; in particular, the most recent unemployment and income data for the Region are for 1960 and 1968, respectively. Since few projects had been operational for any length of time

when those statistics were collected, it is unreasonable to assume that data could reflect any effects of the Commission's programs.

In other cases, data that would allow an assessment of Commission activities in certain areas were not collected at all. For example, there is no source of regular information, on a county basis, on high school dropout rates (useful for measuring the effects of vocational education programs) or delivery of health services (needed for evaluating the demonstration health services). While time and financial constraints made it impossible to conduct special surveys to collect such data for this initial evaluation, the absence of comparable data for the pre-Commission base period would seriously limit the usefulness of current statistics even if they were available.

A related difficulty was the lack of consistent data on other federal project activities in the Region since 1965. It is impossible to find out what projects, similar to Appalachian projects, were funded by other agencies in Appalachia. For that matter, it is impossible even to find out, by functional area, how much federal money went into the Region each year since immediately before the passage of the Act. It is therefore impossible even to determine the leverage effect that Commission funds (particularly its supplemental funds) have had on other federal programs.

A final difficulty in this area was the lack of any formal monitoring system for Appalachian projects. Since Commission projects are administered by other line agencies, the Commission has in the past relied on these agencies for follow-up information on its grants. While the data thus obtained has been sufficient for accounting purposes, it is generally inadequate for analytical use. For example, when the evaluation was undertaken the Commission did not even have consistent information on which projects were in fact operational, much less any data concerning the use that had been made of them. While this situation is being corrected by the creation of a computerized project information system which will form a basis for future analysis, the lack of such a system was a serious constraint on this first round of evaluation studies.

Given these difficulties, it was decided at the outset of the evaluation not to attempt any detailed analysis of Commission projects on the Region's development during the initial evaluation effort; emphasis was instead placed on developing a comprehensive institutional analysis of the Commission's activities, which would form a basis for more detailed long-term analysis of the Commission's impact on the Region. Where possible, however, intermediate program effects, such as a reorientation of curriculum emphasis in Appalachian funded vocational schools or the effects of the highway system on measures of regional access, were estimated. In addition, program inputs, such as facilities constructed or services delivered, have been given where possible as an indication of the magnitude of Commission programs and their relation to need. Finally, several subjective studies, in particular the study of seven selected growth centers in Evaluation Report No. 1, have been drawn on to cast some light on possible long-term program impacts.

Appalachian Housing Programs

Background: The PARC Report and the Act

Some of the nation's most wretched housing conditions are found in Appalachia. More than a million families live in housing that needs replacement and repair. In some rural counties of the Region, nine out of 10 homes are substandard.

These facts were known to the President's Appalachian Regional Commission, which observed in its 1964 report:

In Appalachia, 26.6 percent of the homes need major repairs and 7.5 percent are in such a dilapidated condition that they endanger the health and safety of the families. The comparable percentages for the rest of the United States are 18.1 and 4.7, respectively. The situation is more aggravated in rural areas. Here almost 1 out of 4 homes has basic deficiencies that require correction to provide adequate housing, 1 out of 10 is dilapidated. More than half of the farm homes lack adequate plumbing. In the rural sections of one state almost half of the homes need either major repairs or replacement, and more than three-fourths of the farm homes lack complete plumbing.

The report went on to point out that "... many [families] in the Region could afford to improve or replace their inadequate housing if adequate credit resources were available in the Region." Suggestions were made to modify existing federal housing programs to meet the credit problems. However, no specific legislative recommendations were made or later incorporated in the Appalachian Regional Development Act of 1965.

Evolution of Commission Policy

Although it initially had no housing program, the Commission found itself in the first two years responding to numerous proposals dealing with housing (mostly applications to OEO) and to requests from the member states for advice on housing matters. While the Commission did not adopt any official position on housing during this period, a Commission policy began to evolve as a result of both informal staff analyses and the federal cochairman's comments on housing project proposals sent to him by other agencies for review.

The staff analysis, based on secondary data and casual interviews with developers, mortgage bankers and housing officials, revealed both the magnitude of the Region's housing problem and the great economic potential offered by the expansion of housing construction. It was estimated, for example, that the direct costs of mounting an all-out effort to bring Appalachia's existing housing up to standard would range from $6.9 billion to $18.2 billion in public and

private funds In terms of the total impact on the Region's employment, the high figure could create 1,400,000 jobs annually and the minimum figure 650,000 positions.

These efforts also determined that the major constraints to housing production in the Region were high construction costs, shortages of developable land, inadequate financing and packaging services, and the failure of communities and individuals to take advantage of federal housing assistance programs As a direct result of these efforts, two courses of action were recommended (1) to stimulate the use of federal housing programs, and (2) to assist member states prepare and implement state housing programs, specifically designed to meet housing problems in the respective states

The first recommendation led to a staff memorandum proposing an amendment to the Act to provide funding "to stimulate the effective use of existing federal housing programs designed to meet the housing needs of low and moderate income families." The memorandum also pointed out that the acute shortage of risk capital as front monies for planning housing projects, and the shortage of professional and technical abilities to conceive, execute, and manage housing projects were two of the major deterrants to the use of existing federal housing programs. It then noted that planning monies could be made available on a loan basis and could be recovered from mortgage proceeds of successful projects.

On the basis of this staff proposal the Commission recommended, and Congress later adopted with few changes, an amendment adding Section 207. Section 207 created an Appalachian Housing Fund to provide the sort of "front money" that was not available under existing housing legislation. A total of $5 million was authorized, and $2 million later appropriated, for Section 207 for fiscal years 1968 and 1969. Given the small size of the Housing Fund, the Commission has taken the position that, in order to obtain maximum impact on Appalachian development with these very limited funds, housing projects will be supported only in state-designated growth areas, with no exceptions, and has on several occasions urged other agencies, such as OEO, to adopt similar policies for low-income housing projects.

The authority under Section 207 was expanded in the 1971 House of Representatives and Senate amendments to make basic site development costs (such as the cost of sewer and water line extensions, draining facilities and site grading and stabilization) eligible for Appalachian support. This amendment is aimed particularly at isolated communities of Central Appalachia which have been unable to produce housing for low- and moderate-income families because of the gap between what the people who need housing can afford to pay and the relatively high cost of developing housing sites in mountainous areas which are frequently not directly accessible to sewer and water facilities. It is felt that assistance in meeting these basic development costs would permit many Appalachian communities to move forward with housing projects which would otherwise not be undertaken.

Program Activities

Once the Appalachian Housing Fund was created, the Commission began the second phase of its housing activities aimed at increasing the Region's effective demand for federal housing funds. Shortly following the introduction of this amendment in 1967, the Commission staff started negotiations with several member states with the objective of establishing state housing programs Kentucky and West Virginia were selected for initial study, primarily because of the severe housing problems in those states. Urban America, Inc was given a contract to conduct a study and develop recommendations. The suggested solution to these states' housing problems called for the creation of a state housing development agency which would market tax exempt securities, using the proceeds to purchase federally insured mortgages and construction loans.

Following presentation of the Urban America, Inc report, the Commission prepared the necessary legislation to implement its recommendations. Legislation was introduced and subsequently passed in West Virginia with the assistance of Commission staff who worked with the committees and state legislature leadership.

Section 207 funds were used to support the initial year of operation of the West Virginia Housing Development Fund created by the legislation. The program now is fully operational and capable of participating in the production of 3,000 to 4,000 housing units annually. During the first year it initiated projects involving 4,184 dwelling units with a total mortgage loan value of $66.9 million.

In 1968 the Commission staff further developed the West Virginia legislation and assisted North Carolina with a successful legislation program resulting in the North Carolina Housing Corp. Other somewhat less ambitious programs have been developed for Ohio, Pennsylvania, South Carolina and Maryland. The principal focus of these efforts has been technical assistance, with the Commission supporting the preparation and implementation of assistance programs to housing sponsors, builders and local communities.

While the Commission has adopted no formal housing goal, the basic thrust of its activities has been directed towards the two objectives mentioned earlier. to stimulate the use of federal housing programs, and to assist the states in establishing state housing programs. The preceding paragraphs suggest that the Commission has been quite successful in achieving the latter objective, particularly considering that only one full-time Commission staff member has been involved in providing technical assistance.

Substantial success has also been achieved in increasing the Region's participation in federal housing programs. The combination of the creation of the Appalachian Housing Fund (Section 207), and the technical assistance provided by the Commission to the states, has contributed to a dramatic increase in the Region's utilization of existing federal programs. In his presentation of the 207 amendment, the federal cochairman noted that only 602 units of low- and moderate-income housing had been built in

Appalachia since the inception of the federal programs in 1961 By December 31, 1970 the Commission had approved 59 loans (totaling about $2.5 million) which were being used to plan 7,093 housing units with an estimated construction cost of $98 million Approximately one-third of these units currently are constructed and occupied. Compared to the minimum estimate of $6.7 billion which would be required to bring the Region's 920,000 substandard housing units up to standard, the magnitude of the 207 program is minuscule even though its leverage on other federal housing programs has been substantial.

Nonetheless, the Commission has played a valuable role as a catalyst, especially in the light of the relatively small amount of resources available to it. By successfully establishing and implementing a "front money" program, the Commission gave some impetus to the Department of Housing and Urban Development, which had been reluctant to initiate this idea, to recommend and obtain the incorporation of such a program in national housing legislation (Section 106 of the Housing Act of 1968). Finally, and perhaps most importantly, the provision of technical assistance to states, local governments, and private groups has been instrumental in the establishment of a number of low- and moderate-income housing programs in the Region which in the long run could have a substantial impact on the housing problem.

Natural Resources and Environment

The PARC report places heavy emphasis on programs to develop Appalachia's natural resources and, secondarily, to cope with its environmental problems. (Some of the latter, acid mine drainage, for example, were a direct result of resource exploitation.) The major recommendations of the PARC report were:

1. ***Water Resources:*** *nearly $36 million, to be appropriated to existing agencies (e.g., the Farmers Home Administration, TVA, and the Corps of Engineers) for the construction of water resource facilities; $10 million for local water and sewer facilities.*

2. ***Agriculture:*** *$22 million for expanded pasture improvement programs intended to stimulate the livestock industry, which the PARC felt had outstanding potential in Appalachia.*

3. ***Timber:*** *about $7 million for expanded research in hardwood utilization; construction of forest access roads; technical assistance for local manufacturing and marketing of Appalachian timber products: restoration of depleted forest lands; and, most importantly, creation of local timber development organizations (TODs) that would help small landowners develop their wood-lot holdings and to process and market timber products.*

4. ***Minerals:*** *$3 million for research and surveys to expand utilization and markets for Appalachian minerals; continued U.S. coal export efforts, research to reduce environmental impact of mining, and, specifically, research and demonstration activity related to reducing the surface subsidence caused by deep mining.*

5. ***Power:*** *extended studies to determine how the Region might benefit from the nation's expanding power needs (no specific appropriations were recommended).*

6. ***Recreation:*** *no appropriations were suggested. PARC endorsed a number of pending proposals for recreation area development legislation and programs*

Background

The diversified emphasis of the 1965 legislation contrasted strongly with the PARC report emphasis on the development of natural resources Only a few of the report's specific recommendations were incorporated into the original bill submitted in 1964 pasture improvement (Section 203), timber development organization (Section 204), the mine area restoration (Section 205), and sewage treatment facilities (Section 212)

In the area of water resources, Section 206 provided for a three-year, $5 million study by the Corps of Engineers as a necessary basis for the wise expenditure of funds recommended in the PARC report. Other PARC recommendations, many of which dealth with continuation or expansion of other public agency programs, were left out of the Act; instead, funds were to be appropriated directly to these agencies. In addition to the activities specifically authorized and funded under the Act, the first appropriation for the program (P.L 89-16) included nearly $43 million for other agencies to be used in Appalachia in programs authorized by acts other than the ARDA. Almost allf these funds were earmarked for natural resources and environment use.

Legislative compromises - largely the result of interest group pressures - further restricted the program tools available to the Commission. For example, a clause was inserted forbidding the use of Appalachian funds for facilities for the production, transmission or distribution of electric energy or fuel gas.

The pasture improvement emphasis of the soil conservation program – intended to stimulate livestock production – was dropped after Midwestern cattle producers objected. They maintained that the proposed program would, in effect, subsidize marginal Appalachian farmers to compete with major cattle and dairy areas elsewhere, and that increased cattle production would further accentuate an already poor market situation. The program as modified provided broad measures to control erosion and benefit farm productivity.

The scope of the proposed timber development program was severly restricted. The initial Appalachian Bill submitted in 1964 provided for timber development corporations to consolidate small landholdings and to integrate production of timber with wood finishing and marekting, as

well as with production and marketing of wood products. These corporations, which could operate for profit, were to be eligible for financing by the proposed regional development corporation. As a result of legislative compromise, the bill was altered to eliminate the regional development corporation and to authorize the Secretary of Agriculture to use existing programs to make loans, and to provide technical assistance only to nonprofit timber development organizations. Nor could such loans be used for manufacturing, processing or marketing of forest products, or for consolidating landholdings except on a demonstration basis. A special study later concluded that this restriction on the activities of timber development organizations would make them essentially unworkable.

As a result of the relatively limited scope of the proposed legislation, and the subsequent compromise during the legislative process, the Commission was given only very limited program tools with which to encourage the development of the Region's resources. Measured by specific operating programs and appropriations, heavier emphasis was placed on environmental "clean-up", i.e., mine area restoration (Section 205) with an appropriation of $24 million for fiscal years 1966 and 1967, and sewage treatment (Section 212), with an appropriation of $6 million for the same period. (Initially, the sewage treatment program was justified on public health and economic development grounds; the emphasis on environmental quality has come with the growing national concern in this area).

The mine area reclamation program contained in the Act differed substantially from the PARC recommendation. The PARC proposal – based on the assumption that additional study and research was needed before embarking on any major program to remedy the impacts of previous surface and underground mining – suggested only research and demonstration activities in reducing surface subsidence. Several states, Pennsylvania in particular, maintained that such a program was inadequate and urged an action program for correcting the most severe individual mining impact problems – underground mine fires, subsidence of surface lands, and the scars of surface mining operations – which were seriously inhibiting the recovery of growth of the Region's most economically depressed areas.

As a result of these objections, the 1965 Act contained a mined area reclamation program which incorporated and expanded the two existing federal programs for extinguishing underground mine fires and controlling subsidence. It also provided new authority for the reclamation of abandoned surface mined lands which were in public ownership.

In addition to these operating programs, Section 205 directed the Secretary of the Interior to conduct a survey and study of strip and surface mining operations and their effects. Thus, by the end of the legislative process, the Commission was left with a set of program tools which were oriented mainly toward environmental improvement rather than natural resource development.

Evolution of Commission Policy

This shift towards environmental concerns was carried further as the Commission developed its own policies for program implementation. During the early years of the Commission's life, the argument that natural resources could, at best, play only a secondary role in the Region's economic development gained considerable support at the Commission. It was argued that Appalachia's economic problems could only be solved by bringing the Region's economy more into line with that of the rest of the nation since adequate new employment opportunities could not be created by any reasonable expansion of employment in the natural resource industries – forestry, agriculture, mining, etc. For example, in 1969 these industries represented less than 5 percent of total employment in the Region as a whole. (In Central Appalachia, the heart of the coal region, mining made up about 23 percent of total employment, however, this mining employment in Central Appalachia represented only about 1 percent of the total employment in the Region).

Employment in these sectors also had been consistently declining. From 1950 to 1960 mining employment decreased by 58.8 percent, while agricultural employment fell by 44.4 percent. Since the exploitation of natural resources is becoming increasingly mechanized (as is reflected in the employment trends just mentioned), it seemed highly unlikely that substantial employment could be created by concentrating efforts in this area. Instead, it was felt that Appalachia should modernize and diversify its industrial base and, in particular, should expand employment in the service sector.

In addition to the analytical and legislative reasons for giving low priority to the development of natural resources, there was a compelling practical one as well The natural resource and environment staff was so busy with the immediate operational responsibilities of the predominantly environment-oriented programs of the Commission (mine area restoration, land stabilization and, after 1967, an acid mine drainage study, and the water resources survey undertaken by the Corps of Engineers with Commission cooperation) that it had no time to take the initiative in encouraging the development of Appalachia's natural resources, an area in which the Commission's program tools were severely limited. (An exception has been in the area of recreation. The Commission funded a major study into the potential of recreation as an industry and is now cooperating with other federal and state agencies in developing a comprehensive plan for a series of recreation complexes in the Appalachian Highlands)

While programs aimed at solving the problems of resource exploitation have thus far been the primary focus within the field of natural resources and environment, a comprehensive approach to environmental problems has evolved in the last several years.

Initially, the Commission's activities in this area were operated on a narrow program-by-program, project-by-project basis. For instance, during the first two program years, most of the mining reclamation projects approved by the Commission represented the massive type of effort concerning extinguishment of underground mine fires and control of surface subsidence that was needed in order to protect existing development in central business districts of important cities and towns in the anthracite and bituminous areas of Pennsylvania. Although these different projects had the same intent and objectives, they were undertaken without the narrow framework of a project-by-project approach that did not look beyond the immediate purposes of each undertaking, either to their total setting or the ramifications of their effects.

At the same time, the Department of the Interior study on the environmental impact of surface mining was being conducted within an equally narrow perspective. Both efforts were implemented within the confines of their respective program definitions and did not explicitly recognize that the problems they were concerned with existed within a system of related mining impacts. Thus, mine fire extinguishment, subsidence, or reclamation projects were undertaken for their direct and specific project impacts and little, if any, consideration was given to work which might be required within the same immediate area on associated mining problems such as water pollution or solid waste piles.

Similarly, the surface mining study concerned itself exclusively with the impacts of surface mining operations, even though it was recognized in the early stages of the study that the surface effects of underground mining are similar to, and often coexist or are interspersed with, those of surface mines and that, as a consequence, a joint remedial and control effort would be necessary.

The report which resulted from this study served to publicize the magnitude of the strip mine problem and to demonstrate clearly that successful reclamation of strip mined land is possible and practical. However, its usefulness as a basis for developing a reclamation program was very limited, for two main reasons. First, it contained no analytical basis for establishing priorities for reclamation efforts aimed at previously mined and abandoned lands. It was impossible to determine from it which projects or classes of projects should be undertaken first. Second, despite the urging of the Commission staff and others, the study did not consider the surface effects of underground mines (subsidence, refuse banks, etc.) which are similar to and often intersperse strip mine impacts and must be taken into account in any comprehensive reclamation program.

In recognition of this lack, the President requested that the Bureau of Mines conduct a study concerning the

control of the surface effects from underground mining and prepare a set of recommendations concerning such impacts which might be integrated with existing recommendations concerning the control of surface mining. The resulting report demonstrated that the surface effects of underground mining (including acid mine drainage) are, in fact, as extensive and in some cases intractable as those from surface mining operations.

In the 1967 amendments, the mine area restoration program was broadened to allow the reclamation of other types of mining damage. Specific authority was added for the reclamation of waste piles from underground mining operations and from the processing of coal, and the sealing of abandoned oil and gas wells which often penetrate abandoned underground mines and cause pollution of underground water supplies. Eligible project costs subject to cost-sharing with the federal funds available were expanded to include the planning, engineering, and administration of projects by the states, and states were also able to use the costs for land acquisition as part of their matching requirements.

A Commission request for a program for the abatement of acid mine drainage was transformed into a study to assess the need, desirability, and conditions upon which a public and private program should be implemented to correct this type of pollution.

The reclamation projects submitted and approved by the Commission during this period (1967-1969) differed substantially, both in numbers and in types of projects, from those approved during the first two years. Nearly half of these projects were surface reclamation efforts for the purpose of creating lands suitable for development or recreational uses. These projects were in part conceived and involved in a broader context of correcting mining problems in the areas of development.

The third cycle of program evolution began to be articulated with the preparation of the Commission's report on acid mine drainage and the continuing interaction of the Commission staff with other federal and state personnel concerned with correcting environmental impacts from mining operations.

The Commission recommended that any action program for controlling and abating acid mine drainage from abandoned mines should be part of a more comprehensive pollution control and environmental improvement program for the lands and waters in the affected areas. The rationale for such a recommendation was that the greatest increase in water uses and values which could be expected from an acid abatement program could easily be negated by the presence of other land and water pollution in the same area.

Similarly, the Commission recognized that there were parallel considerations in other reclamation activities. Thus, the entire network of direct environmental impacts from mining came to be viewed within the overall environmental system of the area.

While the Commission policy has thus evolved towards an emphasis on comprehensive environmental planning, the recent growth in the demand for coal for power generation and the national concern about the occupational hazards associated with coal mining have stimulated a series of Commission studies dealing with the problems and potentials of the coal industry. These studies are to provide coal mine state governors with information and analysis for developing appropriate policies and legislation. These studies will cover four main areas

1. Projections of national demand for fuels, with particular attention to coal, the structure of its markets, and its competitive position.

2. Analysis of the probable impact of alternative public policies on the competitive position and extraction of Appalachian coal with special emphasis on alternative taxation policies and policies for environmental control

3. Projection of manpower needs and development of special coal miner training programs

4. Analysis of the state's responsibilities under relevant federal and state mine safety and mining control laws and programs in order to determine the actions required to assure adequate and effective enforcement.

Program Activities

Section 203, Land Stabilization

As described earlier, the pasture improvement emphasis of the land stabilization program proposed in the original 1964 Appalachian draft bill was eliminated during the legislative process. The more general program ultimately adopted provides contracts ranging from three to 10 years to furnish assistance to landowners, operators, or occupiers of land in the Appalachian Region for land stabilization, erosion and sediment control, reclamation through changes in land use, and the establishment of measures for the conservation and development of the Region's soil, water, woodland, wildlife and recreation resources. The House Report of the 1965 bill estimated that some 8.6 million acres within Appalachia required the sort of improvement that would be provided by this section.

The Commission established the requirement of a state plan for the use of Section 203 funds. This plan must be consistent with and must establish specific criteria for the selection of areas eligible for 203 investments. In order to prevent scattering of effort, areas selected are to be located in, or to serve, areas identified by the state as having significant potential for future growth.

This program differs from the Agricultural Conservation Program (ACP) of the U. S. Department of Agriculture in three major respects:

1. It provides long-term contracts rather than the usual ACP year-by-year noncontractual approach which does not encourage long-term planning.

2. It provides for a federal share of up to 80 percent, compared to the normal ACP share of 50 percent and, therefore, allows larger numbers of poor farmers to take part in the program.

3. It requires concentration of resources in or near growth areas designated by the state plans, unlike the ACP program which tended to scatter funds widely as a result of its first-come-first-served approach.

Direct measurement of the impact of such a program on erosion and siltation, and upon the economic well-being of the participant would require "before" and "after" data of a degree of detail that is currently unavailable. As a result, the best that can be done is to use intermediate measures – such as acres treated, number of farmers participating, and degree of concentration achieved – as proxies.

For the Region as a whole, the Commission has obligated (through FY 1970) $14.4 million for 13,812 contracts to cover 374,267 acres. As of June 30, 1970 a potential additional 79,358 acres were eligible for treatment in the areas designated by the plans.

The program has succeeded in obtaining a substantial degree of concentration in these investments. In FY 1966, the first year of the program, the concept of concentration was not well understood or accepted; as a result, 138 counties out of 373 counties then in the Region were included in the program.

In FY 1967, the number of counties in project areas was reduced to 111, primarily because of a smaller appropriation and more concentration in use of funds. There were 72 project areas in FY 1968, and only 63 projects the following year, in part due to the fact that Pennsylvania chose not to participate that year. Sixty-nine areas were involved in the program in 1970.

Another indication of the relative concentration obtained in the 203 program is the fact that the average size 203 contract is $1,040, while the average annual per participant agreement under the ACP is under $200.

Section 204: Timber Development

As discussed earlier, the scope of the timber development organization (TDO) program proposed by PARC was severely restricted during the passage of the Act. An early Commission study indicated that in fact the TDOs authorized by the Act would probably prove unworkable. As a result, the $600,000 appropriated for this section in 1965 has been used by the Forest Service to provide technical assistance to several groups in New Yo-k, Kentucky, North Carolina and Tennessee to determine the feasibility of implementing TDO under the existing legislation. The results so far are not promising. No additional funds have been appropriated for the program since 1965, and the authority for additional appropriations was dropped in 1967.

Section 205: Mine Area Restoration

Appalachia's historical dependence on the exploitation of its natural resources left certain parts of the Region, particularly the coal mining areas, with a legacy of environmental damage:

□ Nearly 10,500 miles of streams in the Appalachian Region have been polluted by mining wastes, nearly 5,700 miles by acid mine drainage alone.

□ Surface subsidence caused by the collapse of mining tunnels threatens major urban areas. During the period 1953-1964 over 46 incidents of surface subsidence occurred in the anthracite area. Since then, subsidence has continued in urbanized areas at a frequency of about two to three instances per year.

□ Surface mining for coal has disturbed an estimated 900,000 acres of land. About 35,000 acres of the approximately 515,000 acres requiring reclamation work is located in or around urbanized areas and corridors of transportation where they could potentially be used for economic development or other public purposes.

□ Toxic fumes from burning mining waste piles and underground mine fires and the surface subsidence which usually accompanies the latter, are a serious threat to urbanized areas in the coal region. In 1965 over 27 major underground mine fires were identified as burning uncontrolled in and around urbanized areas in Pennsylvania. In addition, over 290 burning waste piles were identified; however, many of these are located in sparsely populated portions of the coal areas.

A total of $29.4 million had been appropriated for Section 205 projects through FY 1970. By the end of that year, 26 mine area reclamation projects had been completed, including 16 mine fire extinguishment projects, five mine subsidence projects, and five surface reclamation projects. Another 14 were underway, including eight for surface reclamation. (Slightly over 3,500 acres were involved in the 13 surface reclamation projects funded by the Commission.)

As mentioned earlier, the emphasis in these projects has shifted from massive efforts to extinguish underground mine fires and control surface subsidence affecting urban areas of Pennsylvania towards surface reclamation projects intended to create land suitable for development or recreational use. An example of the former is the extinguishment of a mine fire in Carbondale, Pa., which affected a population of 200,000 and property valued at $34 million, and directly threatened an industrial park involving 3,300 jobs and an annual payroll of $17.5 million. An example of the latter is the reclamation of 27.4 acres of strip mined land owned by the Norton (Virginia) School Board to be used as a site for an elementary school for 900 children.

The Acid Mine Drainage Study – The 1967 amendments authorized the Commission to conduct a study of the effects of acid mine drainage. This study found that acid drainage, over 70 percent of which comes from underground mines, seriously affects some 5,700 miles of Appalachian streams, and imposes an estimated $3.5 million in additional annual costs on industrial, municipal, and navigational water users.

The report emphasized the need for establishing priorities in any pollution abatement effort and, more

importantly, recommended that any such program be a part of a comprehensive pollution control and environmental improvement program for the lands and waters in designated watersheds. Partial measures, dealing with only one source of pollution, should be encouraged.

The effect of this study, and the conclusion concerning the evolution of Commission environmental policies, was discussed earlier. Its impact beyond the Commission is less clear, although it appears to have given additional support to the idea of a comprehensive attack on water pollution problems urged in other government reports issued about the same time. Partly as a result of the concerns expressed in these reports, the Acid Mine Drainage Demonstration Program provided by Section 14 of the Federal Water Pollution Control Act, as amended, requires that demonstration projects must deal with other sources of pollution as well.

Section 206: Water Resources

The 1965 Act directed the Secretary of the Army (and the Army Corps of Engineers) to "prepare a comprehensive plan for the development and efficient utilization of the water and related resources of the Appalachian Region . . ." By the end of (FY) 1970, $5 million had been appropriated for this task. The resulting report identified potential water resource development projects within a framework developed by the state water resource agencies – the Commission, the Tennessee Valley Authority (TVA), the Federal Power Commission, and the Departments of Agriculture and the Interior.

Project recommendations were based upon a broadened methodology that attempted to account for the induced effects in the impact area from the water resource projects. Attempts were also made to indicate the associated public and private acts required to achieve the anticipated developmental effects. In this sense, a regionwide approach to water resource planning that responded to Commission growth area strategy was applied. However, the resulting report does not encompass all of the water problems or potentials of the Region and, in this sense, falls short of the Congressional directive.

One section of the survey has already had an effect leading to the development of a flood damage reduction program for a portion of the Tug Fork Valley in Kentucky and West Virginia. However, since the complete final report has not yet been received by the Commission for comment and transmittal to the President, its final disposition – and hence its potential long-term impact – is still uncertain.

Section 212: Sewage Treatment Facilities

During the formulation and passage of the Appalachian Regional Development Act, the PARC report's recommendations concerning a water resource program were substantially modified, eliminating basic funds for water supply projects and leaving only a program for the construction of sewage treatment facilities. In addition to the "first dollar" funds for such facilities authorized in Section 212, supplemental funds from Section 214 would be available for sewage treatment projects The use of Section 214 funds to supplement funds for water supply and sewer systems was permitted following the enactment of a basic federal grant program for this purpose in 1967

Through fiscal year 1970, 57 projects under Section 212 were approved, representing practically all of the $7.4 million appropriated for that program. In addition, $18.4 million of Section 214 funds (or 11 percent of the total) has been used for sewage treatment facilities, while $6.9 million (4 percent) has gone for water and sewer systems.

The Commission's primary policy concerning the use of funds for such projects has been that they must have a direct and demonstrable impact on economic growth in an area of significant potential future growth as delineated in an approved state plan. They are viewed mainly as vital public infrastructure which is a necessary condition for development. Since sewers can also be seen as a component of an environmental health program, there has been continued uncertainty about the appropriate criteria for the use of Section 212 funds. This fact, as mentioned in Chapter III, has led to a greater dispersion of these funds than might be expected if sewers were viewed strictly as infrastructure to encourage and support private investment.

Education

The PARC Report

In the field of education, the PARC report placed heaviest emphasis on the need for expanded training and vocational education programs Pointing out that Appalachia suffered from too few vocational education facilities, it recommended funds for that purpose above and beyond those that would be available to the Region through the then recently enacted Vocational Education Act.

While the report also called for literacy and vocational rehabilitation programs, these were to be left to the proposed poverty agency (OEO). No specific recommendations were made concerning higher education, or elementary and secondary education. (It was implied that current proposals for federal aid to elementary, secondary and higher education would provide adequate additional assistance for education in Appalachia.)

The Appalachian Regional Development Act

The PARC report's recommendation concerning special assistance for vocational education facilities was incorporated directly in Section 211 of the ARDA which authorized additional funds to be spent according to the provisions of the Vocational Education Act of 1963. No "first dollar" authority was provided for other education activities although it was understood that supplemental funds authorized by Section 214 could be used on education projects. In addition, funds authorized by Section 302 were available for the types of research and demonstration activities that will be discussed below.

Evolution of Commission Education Policy

The first major official statement of Commission goals in education was contained in a staff paper entitled "Developing Appalachian Human Resources" which was officially adopted as an interim policy statement on September 14, 1966. In this the Commission declared its goal to be:

. . . to help the Region attain parity with the rest of the nation in the health and educational opportunities it offers its people. In pursuit of that goal the Commission will assist the Region in taking maximum advantage of the assistance available from the federal government and elsewhere. It will also devote a substantial share of grant funds under the Appalachian Regional Development Act of 1965 to the improvement of health and educational facilities in Appalachia.

While the report did not outline any specific education strategy, the Commission had established and Education Advisory Committee (EAC) for that purpose several months earlier, in August 1966. This committee consisted of 25 members, 12 appointed by the governors of the Appalachian states, 12 appointed by the federal cochairman, and a chairman appointed jointly by the states' cochairman and the federal cochairman

While the EAC served this purpose well, its full potential was not realized for two major reasons. In the first place, some of the states' appointees did not enjoy a close operating association with the governor who selected them, this problem was compounded by the absence of any mechanism for regular direct communication with the governor's representative to the Commission. Thus, the states' members of the EAC were not always able to bring to the table the views of the governors or the leverage required to bring about change. In the second place, although the federal cochairman appointees also were of high caliber and also represented a wide variety of views, the federal establishment was underrepresented. Only three members came from federal agencies, of these three, only one represented Department of Health, Education and Welfare (HEW). There were none from any of the offices, bureaus, and divisions of HEW which directly support vital education and training functions. As a result, the opportunity for establishing government-wide procedures for a mutual attack on educational problems in the Region was not absolutely exploited.

An interim report issued by the EAC in December 1967 demonstrated that in comparison with national averages, Appalachian schools were deficient in the following areas: (1) financial support from state and local source, (2) the availability of competent and qualified manpower, (3) adequate vocational programs; (4) adequate school facilities; (5) pupil retention and performance; and (6) provision of services such as health and counseling.

The conditions identified, plus others, resulted in a series of recommendations from the Education Advisory Committee to the Commission. The recommendations were as follows.

(1) The Commission should assist state education departments in performing long-range comprehensive planning.

(2) The Commission should continue to encourage the construction and operation of vocational schools.

(3) Elementary and junior high curricula in the Region should be revised to increase the relevancy of regular school courses to the "world of work."

(4) The Commission should promote the establishment of educational programs for children, ages three through eight.

(5) The Commission should encourage the training of teacher and teacher aides to meet the Region's demands for education manpower.

(6) The Commission should give major emphasis to the establishment of regional education agencies or education cooperatives as a means of surmounting the difficulties caused by inadequate financing and small size of classes by allowing small rural districts to take advantage of the economies of scale.

These recommendations were not intended to be all-encompassing solutions to the educational problems of the

Region, rather they were suggestions of how a limited amount of money or leverage could best be applied to secure the maximum initial improvement in Appalachian education. Nonetheless, they could be criticized for being too limited. They do not explicitly recognize the need for substantial continuing efforts by other local, state and federal agencies if the goal of parity of educational opportunities which will require major improvement in elementary and secondary education – is to be reached. It is unlikely that simply providing the states with models to follow, improving their planning capabilities, and reorganizing the administration of some programs will produce the magnitude and kind of improvement that is needed if the goal sought is to be reached.

In addition, higher education was dealt with only as it related to the need for supplying more trained teaching professionals and paraprofessionals, and for providing technical assistance within the educational community. It was felt that funds and programs provided under the Higher Education Act of 1965, supplemented where necessary by Section 214, would be adequate for the Region's needs in this area.

Following the adoption of these priorities, the focus of the Commission policies were narrowed somewhat. Because of the emphasis on the need for more job-relevant vocational training found in both the EAC interim report and a subsequent study of vocational education in the Region, the Commission adopted the requirement that applications for assistance for the construction of vocational education facilities must demonstrate that the training courses to be offered are related to existing or projected demands for manpower. As will be shown later, this has had a substantial impact that is already measurable.

Commission activities in the other five prioroty areas have become focused on the establishment of Regional Education Service Agencies (RESAs) which, it is felt, can form the framework for accomplishing the other objectives. The recent summary report of the EAC urged that the Commission "develop a regional education service agency program to enable the states to develop pilot model agencies for replication throughout the states," and that highest priority be given to establishing such RESAs.

The EAC recommendation concerning the need for early childhood education programs ultimately led to the establishment by the Commission of an Appalachian Child Development Program. As a result of the 1969 amendments to the Act, funds authorized by Section 202 (the demonstration health program) were made available for this purpose.

A final area of emphasis has arisen for Commission efforts in education that was not explicitly included in the recommendations of the advisory committee. This is the role of the Commission education staff as "brokers" or representatives of the Region's interests in working closely with other federal agencies having major education program responsibilities to insure that Appalachia participates equitably in these programs. The importance of this function was recognized, and specific proposals for further action of this sort were made in the March 1971 report of the advisory committee

Program Activities

Vocational Education As discussed above, the PARC report emphasized the need for expanded vocational training.

Two types of changes were needed greater participation in vocational courses, and increased relevance of these courses to present or projected job opportunities. Appalachian Research Report No. 10 (Status of Secondary Vocational Education in Appalachia) indicated that in FY 1966, 33.6 percent of all Appalachian high school students in grades 11 and 12 were enrolled in some form of vocational courses, compared to a staff estimate of 50 percent participation for these grades as an appropriate target, given high school dropout figures and employment projections for the Region Of these students, 62.6 percent were enrolled in vocational agriculture and home economics although these categories represent only 5.3 percent of the job opportunities projected for 1975. In contrast, only 9.3 percent were enrolled in trades and industries, the category containing 44 percent of the projected job openings.

The Commission's activities have already had a demonstrable impact on the quantity and relevance of vocational education programs in the Region. Through FY 1969 the Commission had provided $42 million of basic funds under Section 211, and $48 million of supplemental funds under Section 214 to make available a minimum of 117,979 additional vocational educational enrollment spaces in Appalachia. Since it requires about two years for a construction program such as this to show an initial impact on the target groups for which it is intended, the first impact was not easily observed until the fall of 1968 (FY 1969) when enrollments in Appalachia's secondary vocational education classes rose 13.6 percent, over two and one-half times the rate of increase in non-Appalachian United States, and slightly over twice the annual rate of the nation as a whole. The total change for 1966 to 1969 was 34.9 percent.

In addition, there has been a dramatic increase in vocational programs beyond the secondary level. In the same time period (1966-1969), enrollment in post-secondary programs increased 110.7 percent, and in adult programs, 66.9 percent. (The comparable figures for non-Appalachian United States were 57.5 percent and 18.3 percent, respectively.)

The availability of Appalachian funds for vocational education has had a dramatic effect on state and local expenditures in that area. For each dollar of Commission funds spent in 1966, state governments spent approximately 36 cents and local governments 38 cents. By the time the program was fully operational in the 1967-1969 period, for every dollar of Section 21 and 214 funds spent by the Commission, state governments increased their expenditures to $2.20 and local governments to $1.64.

indicating a leverage effect of six times for state funds and four times for local funds Even if Pennsylvania is excluded from the analysis (in order to eliminate distortions arising from sharp increases in state and local spending for vocational education in Appalachian Pennsylvania) average state and local expenditures for vocational education in 1967-1968 were 182 percent and 234 percent, respectively, above the 1966 figures

The Commission policy of supporting only "job-relevant" training has had a significant impact on vocational education curricula From 1966 to 1969, the enrollment in vocational agriculture and home economics decreased (relatively) from 62 6 percent to 56 1 percent of the total, the enrollment in trades and industries went from 9 2 percent to 12.3 percent, while enrollment in other particular relevant curricula (distribution, health occupations, office occupations and technical education) went from 28 1 percent to 31 7 percent of total enrollment. Commission-assisted facilities provided 58 percent of the total regional increase in enrollments in health occupations curricula, 7 percent increase in office occupations, 52 percent of the increase in technical education, and 55 percent of the rise in trades and industry. These shifts have had a substantial impact on the employability of Appalachia vocational school graduates

As yet, no time series data are available to assess the actual impact of the facilities assisted by the Commission. However, a 1969 study of all students who had completed programs in Appalachia-assisted facilities and were available for job placement (5,503 out of a total of 9,392 graduates) showed that 72.5 percent were employed in the field in which they were trained, or a related field, (compared to 76.8 percent for the nation as a whole), while 7.1 percent were unemployed (compared to a national figure of 5.2 percent). However, 91.7 percent of the Appalachian graduates available for placement found full-time jobs which compares favorably with a figure of 91.1 percent nationally. This data should serve as a useful base line for future follow-up studies.

Early Childhood Education, Child Development – An early study by the Education Advisory Committee showed that there was a serious deficit of preschool education opportunities in Appalachia. Of the 13 states, only one had a statewide kindergarten program; two had kindergartens in 50 percent of their districts; and the remaining 10 had kindergartens in very few of their systems. At the same time, a preliminary cost-benefit analysis of preschool and kindergartens indicated a high payoff for such programs. Thus, high priority was assigned to encouraging programs for children from three to five years old.

Since only limited funds are available for demonstrations in this area, the major activity of the Commission has been to provide technical assistance and planning funds to states and local school systems for planning early childhood programs.

In a move to broaden the focus on children and create a division of responsibilities between the education staff and

the child development staff, a child development program was created in 1969. The Commission is now involved in programs for children ranging from prenatal to eight years old. The education staff is responsible for programs in an institutional setting (i.e., elementary school and kindergarten), aimed primarily at the five-to-eight-year group; Section 302 funds (less than $500,000) have been used to support such programs which are being handled mainly by regional education service agencies.

The child development staff is concentrating on extra-institutional programs for children from prenatal to five years of age. The basic approach of this program is to ask the states to think in terms of a broad range of services which can be applied to as wide an area of their Appalachian counties as they choose. The basic vehicle for this approach is the Commission's ability to provide part of the matching money required for funds provided under Title IV-A of the Social Security Act which reimburses states for 75 percent of past expenditures for services to eligible recipients; these services may include child development programs. At present there is no "front money" in Title IV-A; that is, there is no start-up money for new program services. Once a service is started and delivering, however, it can also qualify for in-service training funds, renovation, etc. In order to insure that this program can

reach the poorest Appalachian communities and help them receive Title IV-A reimbursement, the Commission must provide the start-up money and services for proposal development, staff training, equipment and facilities, program development, and initial operations.

To organize such programs, the Commission is providing support for comprehensive child development planning at the state level. Although the Commission's operational support will be for Appalachia only, it is requiring statewide planning, since implementation of comprehensive service programs will require statewide action by state agencies and since other federal agencies involved in child development will require such planning anyway

The need for a comprehensive, coordinated approach is readily apparent. At present, the considerable amount of federal and state investment of services to children is channeled through over 200 programs administered by a multitude of agencies at the state and federal level. As a result, the delivery of services is fragmented, uncoordinated and incomplete, many children, particularly those in rural areas, are unable to receive the combination of services necessary to make any of the parts fully effective To promote the needed coordination, the Commission is requiring that the comprehensive planning be the administrative responsibility of an interdepartmental body which includes all of the state agencies responsible for programs for children. In addition, participation of local and area organizations is encouraged

The Commission is particularly well-suited for working closely with the states and federal agencies in developing and implementing such a program because of its joint federal-state membership. Its experience in this area has been recognized by the Department of Health, Education and Welfare which requested that the Commission coordinate technical assistance to all 50 states in the area of child development, the Commission has accepted that responsibility.

The Commission sees five points of emphasis in its mission in this program area.

(1) To design, attempt and assess new systems for the coordination of services to children.

(2) To try new methods for the application and dissemination of child development knowledge.

(3) To assist Appalachian states to participate in federal programs for children.

(4) To demonstrate methods for developing comprehensive delivery systems for services to children in small cities and rural areas.

(5) To develop and test programs for the prevention of child disability and disease.

During FY 1970, planning grants had been awarded to interagency committees in Georgia, Tennessee, Kentucky, Pennsyvlania, Ohio and New York. An estimated $8 million will be available in FY 1971 from Section 202 funds for program operations once planning is completed.

Regional Education Service Agencies (RESAs) – The Commission has asserted that the formation of RESAs should be the first priority for action by the states These educational cooperatives can provide the economies of scale necessary to overcome the problems caused by declining tax bases and by the very small size of many schools and school systems in Appalachia These regional agencies will form the mechanism for implementing programs in the other priority areas, as well as new programs such as youth leadership development During FY 1970, the Commission provided $826,000 in planning funds to 13 local areas to develop such cooperatives

A typical developing RESA is the Virginia Cooperative, Dilenowisco (Dickenson, Lee, Wise and Scott counties, with the city of Norton). Its current activities include (1) an education media center, (2) in-service courses for teachers, (3) a youth development program, (4) a program to introduce vocational alternatives to potential and actual dropouts, (5) a curriculum improvement-humanities program, and (6) an early childhood demonstration program

To support these programs, this agency has received grants from the Commission, Titles I and II of the Elementary and Secondary Education Act, the State of Virginia, local school districts, the Appalachian Educational Laboratory (AEL) and TVA In addition, consultant help has been provided by Clinch Valley College, the state Department of Education, the Commission, the AEL, the University of Tennessee and others

Other Activities

Coordination with the Office of Education In addition to implementing the priorities established by the Education Advisory Committee, the Commission's education staff has served as an advocate for the Region in attempting to focus the interest and resources of the Office of Education onto the education problems of Appalachia.

By examining the pattern of federal education expenditures in the Region and by sponsoring studies of education manpower and vocational education in Appalachia, the education staff has been able to demonstrate to the Office of Education (OE) the unmet education needs of the Region. As a result, OE has given added priority to projects from Appalachia and has made program commitments to the Region. This has led to increases in Appalachia's participation in certain education programs. For example, Appalachia's share of programs authorized under the Education Professions Development Act (EPDA) has increased from 4.9 percent of the national total ($2.9 million out of $60.0 million) in FY 1969 to 10.8 percent ($9.3 million out of $80.6 million) in FY 1970.

In addition, members of the Commission's education staff have been invited to participate in the development of guidelines and regulations for new programs such as the Career Opportunities Program and the Urban Rural Program under the EPDA.

An examination of the amount received by Appalachia of the funds dispersed under these discretionary programs with which the Commission staff has been involved indicates that the Region's share of grants has been

substantially greater than its share of the nation's population would lead one to expect. In the case of the Urban Rural Program and the Career Opportunities Program, neither of which was in existence before FY 1970, the Region received in that year 15.6 percent of the total funds for these programs ($4.2 million out of $26.3 million). Although these improvements in regional participation in federal education programs cannot be attributed entirely to the Commission, it is clear that the activities of the education staff may have been at least partly responsible

In addition to these activities aimed at increasing the supply of federal education funds to the Region, the education staff has also made efforts to increase the effective demand from the Region for these funds by providing technical assistance to the school system, colleges and universities to help them take full advantage of federal programs to aid education. To accomplish this, in 1969 the education staff initiated a series of higher education seminars, which were available to each of the Appalachian states. In these seminars members of the Commission education staff and representatives from the Office of Education (detailed to the Commission for this purpose) met with representatives of local colleges and universities to explain the main features of higher education programs and to answer any questions. A similar series dealing with elementary and secondary education was started in 1970.

In these seminars, the Commission staff offered to review and comment upon any proposals submitted for an education project in Appalachia. The staff has estimated, on the basis of the number of proposals it has received for review in response to this offer, that at least $2 million of new project proposals have been submitted in FY 1971 as a result of these seminars.

Youth Leadership Development – One of the major hindrances to the solution of Appalachia's problems has been the steady out-migration of some of its most capable young people. Studies show that about 52 percent of the persons who leave the Appalachian Region are between 18 and 34 years of age.

In a direct sense, this migration is the result of the lack of job opportunities. Yet, indirectly, this lack of employment is at least in part a result of earlier migration which drained the Region of the potential future leadership which, as Chapter II has indicated, plays such an important role in community growth and development. The major thrust of the Commission's programs has been to attack the problem of migration by promotion of growth which could supply the needed jobs. Since 1969, however, the Commission has conducted a modest Youth Leadership Development program aimed directly at introducing the young people of the Region to Appalachia's problems and the opportunities for solving them. It is hoped that this will encourage young people to decide not to leave but rather to stay in Appalachia and play their role in its social and economic development.

During FY 1970, grants totaling slightly more than $300,000 (from Section 302 demonstration funds) were made by the Commission for youth projects in seven states Through these programs several thousand Appalachian young people have been involved in youth council activities, youth involvement seminars, day-care programs, youth opportunity camps, and many other development projects. As specific examples, activities underway in the east Tennessee area include a program to help students who are or may become dropouts, a program to help "high-risk" college students get in, and stay in, Appalachian colleges, and a program to assist Job Corps returnees find employment and readjust to their home environment.

Higher Education – As noted above, the PARC report did not recommend, and the Act did not establish, any specific programs in the area of higher education (other than post-secondary technical education covered under Section 211) However, the Commission has been involved in this field in two distinct ways

The first has been the use by the states of substantial amounts of supplemental funds to assist in the construction of higher education facilities Through FY 1970, some $38.4 million had been used to supplement basic federal grants for the construction of 135 such facilities in some 85 different institutions of higher education.

In addition, some funds from the demonstration health program (Section 202) have been used to support health-oriented projects and programs at various universities throughout the Region. For example, the Commission is supporting a nurse training associate degree program and laboratory technician courses at Dalton Junior College in Georgia as part of the Georgia 202 Health Demonstration Program.

Much of the supplemental assistance has been used to establish a network of community colleges in several parts of the Region. In addition, in key growth centers (such as Cookeville, Tenn.), substantial investments have been made in local institutions (in this case, Tennessee Technological University) in order to strengthen their role as centers of advanced education. Although no systematic assessment has yet been made of the impact of such investments, the study of a sample of growth centers, discussed in Chapter III, can provide some insights since higher education facilities had been funded by the Commission in four of the seven areas visited

In three of the four institutions receiving aid in these areas, Commission funds played an important role in supporting major expansion programs needed to keep up with local and regional demands. In general, the institutions studied were contributing to the growth and development of their area in three ways The most obvious way is the provision of degree-holding graduates to meet expanding demands. Of particular importance is the training of teachers for elementary and secondary education One school studied provided most of the teachers for the surrounding community In another, some 50 percent of the graduates were preparing for some form of teaching

role In addition, non-degree programs were important in three institutions One offered advanced technical training to prepare skilled workers for employment in local manufacturing plants Two others had substantial continuing education programs for local adults

The second major effect of these institutions is their direct economic impact on the surrounding community In at least two cases, the institution receiving Commission funds could be considered a major "industry" contributing directly to the development of the local economy One, Florence State University, is the largest single employer (with 300 full-time and 300 part-time jobs) in Florence, Ala. Another had a 1969 direct payroll of $5 5 million and was responsible for some $2 5 million of construction payrolls and about $1 5 million of direct student expenditures with local businesses

The final influence observed is the indirect impact on the local economy One important aspect of this is the involvement in local public service activities, for example, the participation of members of the faculty of Tennessee Technological Institute in the Model Cities program in Cookeville, Tenn The other major indirect impact has to do with the effect of the presence of an active institution of higher education on the attractiveness of a community as a place to live In at least two of the cases studied, for example, the institutions receiving Appalachian grants were the major, or only, source of cultural activities and continuing education opportunities in their communities

The second major area of Commission involvement in higher education resulted from the recommendations of a higher education subcommittee of the Education Advisory Committee The first recommendation was that the Commission undertake a study to determine whether the higher education institutions in the Region are training enough teachers to meet regional needs. After unsuccessful attempts to interest the Office of Education in supporting the effort, the Commission provided $50,000 to conduct this survey which was completed in 1970 The final report has been useful both in persuading the OE to give greater consideration to Appalachia in several discretionary programs, and in serving as the basis for education manpower programs in several Appalachian states

The second recommendation of the higher education subcommittee was that the staff explore the possibility of interstate compacts, particularly dealing with teacher accreditation and mutual sharing of programs between colleges that are located within a short distance of each other but are in different states. The staff negotiated with two states for over a year to develop such an agreement, but the effort was unsuccessful because of indifference at the higher policy levels of the state governments involved

A recent attempt to initiate interstate cooperation in higher education has been more successful, however. At present two institutions of higher education in New York have become involved with six others in Pennsylvania in a Regional In-Service Teacher Education Consortium which is providing personnel and courses to support on-the-job training activities for elementary and secondary teachers in two counties in Pennsylvania Plans are underway to expand the program to other counties

The final suggestion was that after careful study, the Commission make recommendations concerning the amount of scholarship and loan assistance needed by students in Appalachia Little was done until April 1971 at which time the Commission initiated a comprehensive study of higher education needs within the Region

Conclusions

The preceding discussion has described the expansion of the Commission's education-related activities since the passage of the Appalachian Act in 1965 This expansion clearly reflects the Commission's growing appreciation of the importance to the development process of all phases of education The initial emphasis of the Commission's education activities, as reflected in the substantial appropriations for Section 211, was in the field of vocational education where the need was demonstrably great and the payoff immediate The Commission's objective in this area – to make job-relevant vocational education available to as many eligible young people as possible – is clearly being achieved.

While the Commission was initially given little direction concerning appropriate activities in the area of elementary and secondary education, the recommendations of the Education Advisory Committee led the Commission to concentrate the limited demonstration funds available in this area on a few activities designed to have a maximum leverage effect at the state and local level. These included (1) encouraging the planning and operation of demonstration programs which can show the capabilities of multi-school district cooperation; (2) supplementing the planning efforts of states and local development districts with educational planning, and (3) assisting member states and local institutions in securing a larger share of other federal funds.

Since the objective related to these efforts – to assist the Region in attaining parity with the rest of the nation in the educational opportunities available to Appalachia – was never given any clear operational definition, it cannot readily be used as a yardstick against which to measure progress. However, while the relatively small magnitude of these activities would make such measurement difficult in any case, the results which can be seen appear encouraging enough to warrant some expansion of these and similar efforts.

As the Commission's emphasis on human resource development programs increased, its education-related activities were expanded by the creation of the Early Childhood Development and Youth Leadership Development programs. These activities differ somewhat from the older education programs in the amount of time required for their effects to be felt. While the potential impact of these programs on the regional development is very great, it will be many years – while children grow up and while participants in youth leadership programs move into

positions of community responsibility - before this potential can be fully realized. The creation of these programs is, therefore, encouraging evidence that the Commission is taking a broader, longer-term view of the development process than was current in economic development programs when the Act was passed.

Health

The PARC Report

The President's Appalachian Regional Commission stated that "the Region's shortcomings in training and skills are matched by health and nutritional deficits." To deal with this problem, PARC recommended the initiation of several multipurpose demonstration regional health centers which would provide a single community focal point for a wide variety of health programs. Although no particular appropriation was recommended for this effort, about $40 million was suggested for the initiation of these health centers and the construction of vocational education facilities taken together.

The Act

An enacted in 1965. Section 202 provided for essentially what the PARC report had urged the construction and operation of multicounty health facilities, "including hospitals, regional health, diagnostic and treatment centers, and other facilities necessary to health." This legislation was regarded by some observers at the time as "revolutionary" because it was the first time federal funds had been provided for the operation of health facilities in addition to their construction.

The Act authorized $41 million for construction and equipment of demonstration health facilities and $28 million for their operation. Under this authorization, $23.5 million was appropriated for Section 202, with $20.8 million earmarked for construction and equipment and $2.7 million for operating grants.

In October 1965, the Commission created a Health Advisory Committee to assist in the formulation of policy regarding the new health program. After considerable debate, the Committee recommended that "Section 202 should not be thought of as a 'construction' program since "the health problems of Appalachia are associated not with too few buildings but with too few services." Thus, funds under Section 202 should "serve as 'seed money' for a series of experimental or demonstration programs." Supplemental funds from Section 214 could be used to support "bricks and mortar" projects where they were needed.

The Committee suggested another major modification of Section 202 "Elimination of the requirements for 'construction' before operating funds can be provided, so that demonstration 'projects' for the delivery of comprehensive health services can be supported where new construction may not be required."

In January 1966, the Commission adopted the criteria and guidelines recommended by the Health Advisory Committee (HAC). Soon thereafter, the following statement of the objectives of the 202 program was accepted

The purpose of the demonstration health program is to improve the general health of the Appalachian area, to increase the availability of health services and to demonstrate that it is possible to make available modern, comprehensive health care in a variety of regions in Appalachia, with careful evaluation of each demonstration health project . .

By thus adopting the HAC guidelines and these objectives, the Commission moved, within a year after the enactment of Section 202, to a wider and more flexible concept of the program than was called for in the legislation The emphasis had been shifted from construction to the delivery of comprehensive health services with the active participation of local communities in planning to meet their own needs.

In line with recommendations of the advisory committee, the Commission asked Congress in 1967 to eliminate the restriction that operating grants be limited to projects constructed with the assistance of 202 funds; Congress complied. In addition, two new areas of concern were added to the 202 program in 1969 pneumoconiosis (black lung), and early child development and nutrition.

In an effort to stimulate the inauguration or expansion of services to children, the Commission, in July 1969, adopted a resolution providing that special consideration would be given to 202 projects related to child development. Early in 1970 the Commission established a child development program, which is in the early stages of implementation.

Program Operations

Commission Administration – Because of the commitment to local management of the 202 program, as well as the desire to avoid duplication of the technical resources of existing federal health programs, the Commission decided to keep its own health staff as small as possible and to provide funds for administrative services to the Health Services and Mental Health Administration (HSMHA), which is responsible for technical and legal review of Section 202 projects.

In retrospect, it is not clear that this decision to maintain only a small internal health staff was wise. Because of the administrative burden imposed on this small staff when projects began being funded in 1968, it was unable to provide the districts with thorough reviews and critiques of plans and projects, much less to participate in the local planning process in any meaningful way. In addition, it was unable either to devote any effort to providing for the systematic evaluation of the demonstration projects called for in the statement of objectives cited earlier, or to foster the dissemination of program experiences among the various demonstration areas. Recognition of these program weaknesses has led to recent moves to expand the Commission's health staff and to attach more

importance to evaluation and dissemination of the results of the demonstration health program.

Another administrative issue still in need of reform is the project review process For various reasons many projects require clearances from special agencies in addition to HSMHA and the Commission As a result, project review is often drawn out by a cumbersome procedure in which projects are processed *seriatim* by a group of agencies which may include the local A-95 agency, the state governor's office, the state Hill-Burton agency, the Public Health Service Regional Office, and the Commission in Washington. The complexity of the review process means that planning staffs at the state and local level must spend an inordinate amount of time keeping track of agency relations and paperwork.

The overly complicated process has led to delays, unexplained rejections, and other problems which have been demoralizing to local 202 councils. In addition, this multiagency review process has had an inhibiting effect on experimentation. While the Commission has officially encouraged innovative approaches in the delivery of medical care, the project applications are reviewed by a series of line agencies characteristically disinclined toward innovation.

The review process itself thus bears substantial responsibility for the relative lack of experimentation and the traditional categorical approach which has been followed in most demonstration areas during the first two years of the Commission health program. This problem could be alleviated to some extent by the establishment of a simplified joint review process and the adoption by the Commission of a clearer statement of goals and objectives for the 202 program.

Local 202 Councils

Following the adoption of the HAC guidelines, HAC members and the small staff detailed to the Commission by the Public Health Service turned their attention to Appalachia to determine which areas would make good demonstrations. The HAC recommended that the areas chosen be logical "medical trade areas" and that "health needs" and "community readiness" be important considerations in the selection process.

"Community readiness" involved both local organizational potential and acceptance of the health idea of a demonstration health program by local medical personnel The latter issue was a particular problem early in the program because of a concern within influential segments of medical practice in the Region that the Appalachian Health Program would be a device for overturning the private practice of medicine. To gain the support of local medical societies, it was necessary to add to the guidelines the statement that "The development and operation of any community health service under Section 202 shall preserve and encourage all existing programs and arrangements involving the relationship between the physician and the patient." While this clearly increased local acceptance of the program, it substantially limited the extent to which the Commission health staff could take an active role in initiating innovative health care delivery programs in the demonstration areas.

By the end of 1969, nine health demonstration areas had been selected, seven in 1967, one in 1968, and one in 1969 Their locations are shown on Figure 7

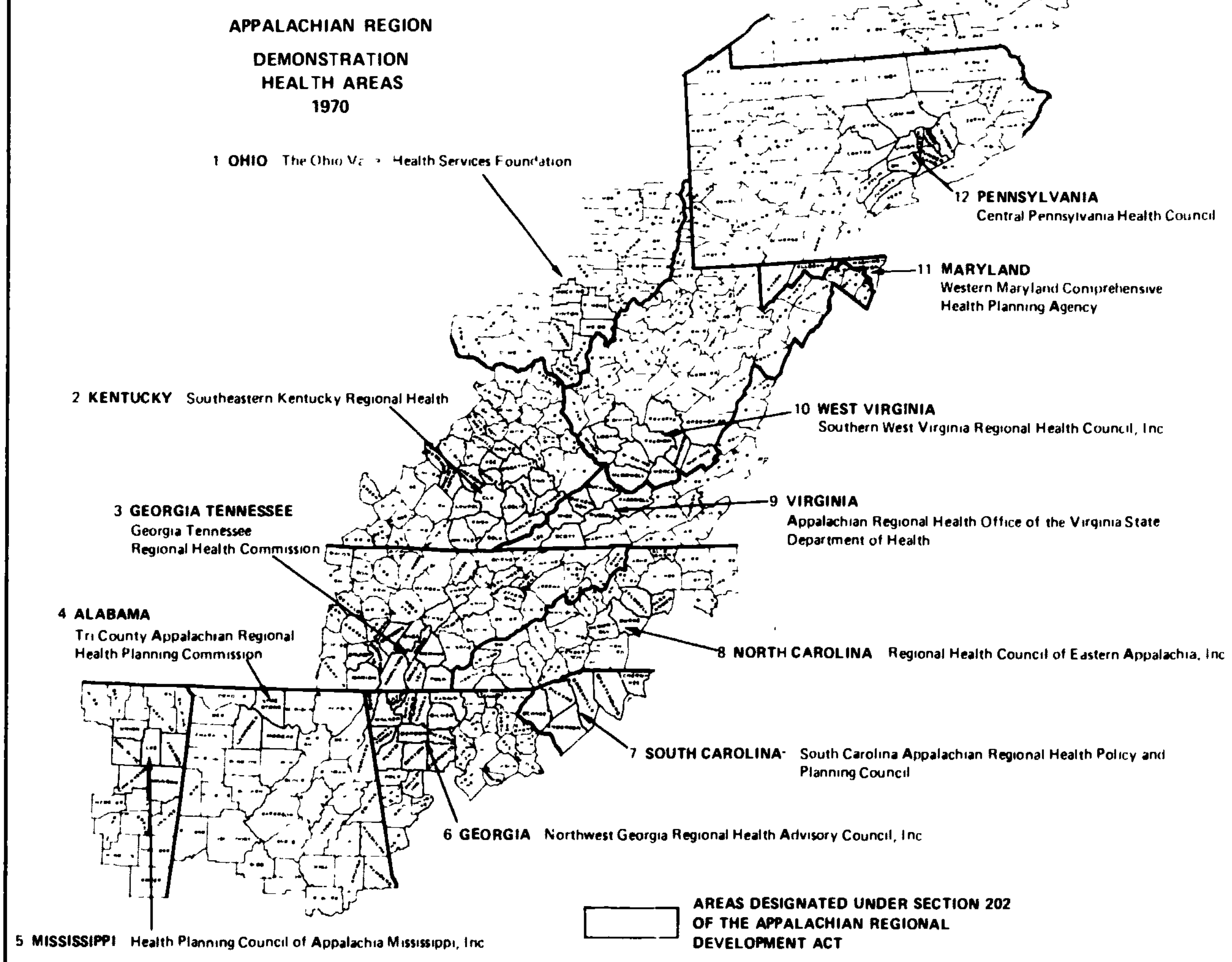
In the final choice of demonstration districts, factors such as organizational potential sometimes weighed more heavily than health needs. As a result, although the demonstration areas that were designated included counties that ranked statistically among the unhealthiest in the Region, as a whole the areas were not much worse off in terms of economic and health status than the rest of Appalachia.

Each district program was to be organized and operated by a local board or council. Encouragement to form democratic councils was included in the 1966 report of the Health Advisory Committee "Comprehensive health services are most effective when organized with broad-based community support involving the relevant groups of providers and consumers." The Commission, sensitive to problems being encountered by OEO and other agencies in promoting participating democracy, required only that the demonstration organization "be broadly based and representative of the geographic area served by the project."

In practice, membership on the local health councils was left to the local body itself. In general, council membership is heavily weighted with established local leaders - representative of local health, educational, and service institutions, officials of related state and federal health programs, civic leaders, etc. As yet, no area has successfully obtained effective representation of the disadvantaged. This emphasis on working through existing leadership, rather than attempting to set up a separate structure, parallels the approach generally used in the Commission's local development district program (as compared to the Community Action Program of the Office of Economic Opportunity). As one person closely involved in organizing one of the 202 districts put the case "We carefully selected the movers and shakers and we followed the lines of power Our goals focus on reshaping the system to provide a basis for extending services. If we wanted to find the unmet health needs, we would have needed a different council. But to change the system, you need a council that represents the power structure."

Within the qualification that the 202 councils generally represent the existing "power structure," the councils vary widely in composition, from large groups with heavy representation by community leaders to small, tightly-knit organizations in which the real power is held by medical and hospital interests. In general, these councils which enjoyed the greatest community support and participation (i.e., those in Kentucky, Georgia and South Carolina) are regionwide, broadly representative bodies which appear to conform closely to the ideal organization envisioned by the Health Advisory Committee.

FIGURE 7


APPALACHIAN REGION
DEMONSTRATION
HEALTH AREAS
1970
1 OHIO The Ohio V Health Services Foundation
2 KENTUCKY Southeastern Kentucky Regional Health
3 GEORGIA TENNESSEE Georgia Tennessee Regional Health Commission
4 ALABAMA Tri County Appalachian Regional Health Planning Commission
5 MISSISSIPPI Health Planning Council of Appalachia Mississippi, Inc
6 GEORGIA Northwest Georgia Regional Health Advisory Council, Inc
7 SOUTH CAROLINA South Carolina Appalachian Regional Health Policy and Planning Council
8 NORTH CAROLINA Regional Health Council of Eastern Appalachia, Inc
9 VIRGINIA Appalachian Regional Health Office of the Virginia State Department of Health
10 WEST VIRGINIA Southern West Virginia Regional Health Council, Inc
11 MARYLAND Western Maryland Comprehensive Health Planning Agency
12 PENNSYLVANIA Central Pennsylvania Health Council
AREAS DESIGNATED UNDER SECTION 202 OF THE APPALACHIAN REGIONAL DEVELOPMENT ACT

Planning

Prior to designation by the Commission, each proposed demonstration area was required to submit a comprehensive plan covering all aspects of health care in the area. These health development plans, which have been updated annually, were to represent the best judgment of local public and private leaders as to how present facilities and resources are to be used in the overall health system.

These plans have not been uniformly useful as guides for investment, however. Many of them have lacked a clear expression of the relationship between the proposed projects and the data and analysis contained in the plan, and few have stated any measurable objectives. There has been less improvement over time than might have been hoped, since the administrative burdens on the small Commission health staff have prevented anything more than a cursory review of the annual plans. Recently the Commission has acknowledged this difficulty by changing its policy to require a more realistic annual work program rather than a detailed comprehensive plan.

Project Activities

In assessing the effects of a health program, it is necessary to distinguish between activities aimed at improving the general health level of a population and those intended to improve the delivery of health care, since the two objectives are not necessarily reached by the same paths. For example, there is evidence that the health of a population (as measured by available indices of mortality and morbidity) is more closely related to family income than to the type and quantity of health care enjoyed by that population. Thus, focusing on the economic development of the Region may be a better way to improve the general level of health of the people of Appalachia than the provision of better health care facilities and services.

At the same time, however, provision of adequate levels of health care (facilities and services) is in itself a worthwhile objective to which considerable importance is attached, in part because the unavailability of such care is usually much more immediately obvious and disquieting than relatively low levels of health of the population; a rural resident is more likely to be worried about the fact that he is 60 miles from the nearest doctor than the fact that his life expectancy may be somewhat lower than the national average.

Although the Commission included both the improvement of the general health of Appalachians and an increase in the availability of health services in its formal statement of the goals, its program activities have in fact been directed almost exclusively towards demonstrating more efficient and effective ways to deliver health care to the people. (One exception may be the new child development program which, by concentrating on the critical prenatal period and first years of life, may have a long run impact on the general level of health.)

The emphasis on health care suggests that it is inappropriate to attempt to evaluate the 202 program by measuring changes in observable health indicators, with the exception of specific cases (such as the massive rubella vaccination program being supported by the Commission) which are aimed at one specific health problem. Instead, the appropriate measure of the success of the program would be the extent to which more and better services are being efficiently delivered in the demonstration health areas and, secondarily, the extent to which innovation is taking place and the results are being assessed and disseminated.

As noted earlier, however, the heavy operational pressures of the 202 program on the Commission's small health staff meant that program evaluation has until recently been given low priority. As a result, no systematic procedures have yet been established for assessing the output (in terms of services delivered) or the cost-effectiveness of the projects supported under Section 202. At present, therefore, it is possible to discuss only the program inputs (e.g., hospitals built) and to describe some of the types of activities being undertaken by various demonstration districts.

Financially, the greatest emphasis of the 202 program has been on the construction of facilities. Although the Health Advisory Committee stated that "the health problems in Appalachia are associated not with too few *buildings*, but with too few services," \$43.7 million (or 58 percent) of the \$74.2 million granted by the Appalachian Regional Commission under Section 202 up to the end of FY 1970 was awarded for construction of health facilities. Because of the long lead time typical of construction projects, the first patient care facility built with Section 202 assistance is still to open. In accordance with the recommendations of the Health Advisory Committee, Section 214 was also being used to support the construction of health facilities; through FY 1970, some \$46.8 million of supplemental funds had been used for this purpose.

While it was clear that renovation and expansion of intensive care facilities was sorely needed in some demonstration areas and that the need for extended care facilities was great throughout the Region, the figures could indicate an imbalance between facilities and services. However, it is also true that a financial comparison of this type can be misleading since capital costs for health facilities in any given early period will clearly exceed operating costs. A preferable, but unavailable, comparison would reflect the relative balance of capital and operating costs over a greater span of years.

Another possible reason for the large amount spent on construction projects was the pressure to obligate funds during the fiscal year in which they were appropriated, a reality encountered by the Commission even though its funds carry over from year to year. Since the grant application process for construction projects is standardized and applications which absorb funds in large amounts can be prepared quickly, the easiest way for the local districts to provide a demand equal to the Commission's supply of funds was to concentrate on building facilities. This

tendency was further encouraged by the fact that facilities are usually highly visible and popular

In addition to construction of intensive and long-term care facilities, the 202 districts have been involved in a wide variety of other programs including health manpower, public health services, home health services, dental health and environmental health

The first area, health manpower, has been of particular interest since the lack of professionals capable of providing primary care continues to be a major obstacle to the improvement of health in many communities, particularly those that are most rural. For example, in 1962 Appalachia had 92 non-federal physicians for every 100,000 persons, a figure 34 percent below the national average of almost 140. In Appalachian Georgia, the ratio was less than 60 doctors per 100,000 persons.

To alleviate this shortage, many demonstration areas are sponsoring programs for the training of paramedical personnel, although in many cases this has been done without benefit of thorough manpower studies to determine those areas in which efforts should be concentrated.

Although programs to train ancillary personnel are worthwhile, they leave untouched a principal problem the regionwide shortage of medical doctors. Unfortunately, direct attempts to recruit physicians have been weak and unsuccessful. Other efforts have shown greater promise. For example, two projects – one with Vanderbuilt Medical School and the other with the Student American Medical Association were directed at involving medical students in the health problems of the Region in the hopes that the students would practice there after graduation. While these programs have been well received, it is as yet too early to determine what the results will be.

In the area of health services, many demonstration areas have used 202 funds to expand the programs of public health agencies. New clinics have been added and existing ones expanded. Programs in maternal child care, family planning and nutrition are being offered.

Screening programs have been undertaken to detect disease and refer those detected as ill for treatment. For example, in the nine county West Virginia demonstration area, an immunization program has screened, and when necessary, vaccinated 110,868 children against such diseases as smallpox, mumps, rubella, tetanus and diphtheria. In addition, 50,000 doses of rubella vaccine will soon be administered to children aged one to 12 in an attempt to guard against the rubella epidemic medical authorities predict for some time between 1970 and 1973.

Many demonstration districts have placed emphasis on home health care. Seven of the nine 202 areas have programs to support domiciliary nursing at a total cost to the Commission of approximately $1.7 million. These programs appear to have been a good investment of 202 money. Home nursing programs are indispensable because of poverty, isolation and the inability of patients to travel to medical facilities. The projects also are well supported by community leaders and very popular with physicians.

These examples cover only a few of the many projects aimed at providing direct preventive and curative services. (The Appendix contains a table of all of the projects in one 202 area). Although such programs may have been underemphasized in comparison with construction of facilities, particularly in view of the Health Advisory Committee's emphasis on delivery of health services, innovation is taking place. While the Commission health staff has not had time to be closely involved in this process or to disseminate the results of such experimentation, the Commission is taking steps to insure that this is done in the future.

Conclusion

As a result of the development of Commission policy, and resulting amendments to the Act, the 202 program has evolved from a heavily construction-oriented program to one providing substantial flexibility for innovation in the delivery of health services. Although pressures to obligate funds quickly, as well as local inertia, led to an initial financial emphasis on construction, innovative approaches to the solution of health problems are being tried throughout the Region As a result of 202 operations, the range of available health care in 202 areas has been substantially increased.

The extent to which full advantage has been taken of the flexibility offered by the 202 program varies widely among districts, however. Because of the Commission's early commitment that "the development and operation of any community health service under Section 202 shall preserve and encourage all existing programs and arrangements involving the relationship between the physician and the patient," made in response to local concerns about the program, innovation has been highly dependent upon local initiative which has been slow in coming in some cases.

If there is one major criticism of the Commission's role in the 202 program, it is that it has not been active enough in encouraging such initiatives by the demonstration districts and in evaluating and disseminating the results of local experiments among the other districts and throughout the Region as a whole. While the Commission has recognized the need for such evaluation and dissemination, it should take the steps necessary to become more actively involved in the process of innovation itself.

To do this will require more direct and active involvement of the Commission health staff in the development of plans and programs in the local districts. An important goal of such increased involvement should be the reduction of the gap which all too often is found between planning and the selection of projects.

Since a systematic technical evaluation of the 202 program has not yet been undertaken, it is impossible to assess on any consistent basis the extent to which the delivery of health services has been improved in the demonstration health areas. However, the institutionally-oriented interim health evaluation that was conducted in

1970 suggested that it is possible for the quality of health care to be enhanced under the leadership of broadly representative local groups. Now that many of the projects funded by the Commission have had time to mature, the Commission should take immediate steps to assess on a more comprehensive and objective basis the effectiveness and efficiency with which this is being accomplished in the various demonstration areas.

The Highway Program

The first priority area for investment recommended by the President's Appalachian Regional Commission was the improvement of access both to and within the Region. The report of the Commission stated the case emphatically

Developmental activity in Appalachia cannot proceed until the regional isolation has been overcome.

• • •

The remoteness and isolation of this region, lying directly adjacent to the greatest concentrations of people and wealth in the country is the very basis of the Appalachian lag. Its penetration by an adequate transportation network is the first requisite of its full participation in industrial America

The reasoning behind this emphasis on access was the conviction that the lack of adequate transportation routes in and through the Region has been a major factor in discouraging the location of transport-dependent industry in Appalachia, and has also meant that major flows of commerce between the major centers on the periphery of the Region have tended to bypass the central, most depressed, portion of Appalachia

The basic cause of this inadequacy of the existing highways has been the extreme ruggedness of terrain associated with the Appalachian Mountain chain. Thus, although most Appalachian states have had per capita highway expenditures close to the national average, the high cost of building roads in the rugged areas – up to two or three times the nationwide average - has meant that compromises have had to be made in quality and/or quantity. The resulting winding, usually two-lane road system is characterized by low average travel speed and extreme circuitousness.

Although the Interstate Highway System has produced some improvement in the situation, it still bypasses a substantial portion of the dense, rural population. The highway subteam of PARC estimated that the portion of the interstate system to be built in Appalachia would leave some 21 percent of the population unserved (i.e., more than 25 miles from any interstate corridor). A substantial part of this population is in the part of the Region designated by the Commission as Central Appalachia, the isolated and depressed heart of the coal mining region.

To deal with this obstacle to development, PARC recommended the construction of a development highway system which would include some 2,150 miles of high speed intercity highways and some 500 miles of local access roads. The estimated cost was $1 2 billion

In recommending the construction of such a system, PARC clearly ruled out the option of simply allowing existing migration trends to depopulate the most depressed sections of the Region, such as Central Appalachia Instead it was decided to promote the economic development of all major subregions of Appalachia until they become self-sustaining While migration from the most isolated areas was expected to continue, it was hoped that this flow would be redirected to "growth areas" within each major subregion, and that the highway system could stimulate development in these selected areas. The Appalachian Development Highway System was seen not as a sufficient cause, but rather as a necessary precondition, for such development.

The Act

The PARC report's proposal was the basis for Section 201 of the 1965 Act which authorized the construction of a development highway system including up to 2,350 miles of highway and up to 1,000 miles of local access roads with the purpose of opening up "an area or areas with a developmental potential where commerce and communication have been inhibited by lack of access . . . " Congress authorized $840 million for this program.

Subsequent amendments in 1967 and 1969 increased the authorization to $1.165 billion and raised the mileage limitations on the highways and access roads to 2,700 miles and 1,600 miles, respectively. The 1971 amendments, under consideration at this writing, extend the period of authorization through FY 1978 and the amount to $2 090 billion to allow the completion of the system in spite of delays and inflation

Evolution of Commission Policy

Resolutions 10, 11 and 12 of May 1965 established early Commission policy on the highway program. In particular, the resolutions (1) established that an average travel speed of approximately 50 miles per hour between major termini of the system, commensurate with terrain, would be the prime objective, (2) provided that the system be designed, to the extent practicable, to standards adequate for 1990 traffice: (3) established the federal share in highway project costs at 70 percent, and (4) declared that "the Appalachian regions of Alabama and South Carolina have relatively less need for major highways because of their interstate highway networks and are, therefore, not being allocated development mileage . . . ": and (5) allocated $35 million to the local access road program from the $840 million highway authorization.

Since it was recognized very early in the program that the $805 million authorization would be insufficient to cover the cost of constructing the entire system, Resolution 10 provided that although the desired system should be adequate for 1990 traffic, construction should be deferred

on those sections not requiring improvement for 1975 estimated traffic Soon thereafter the Commission resolved (August 1966) that the federal funding ratio remain at 70 percent for preliminary engineering, right-of-way and two-lane construction but be readjusted to 50 percent for all four-lane construction approved after July 1966, unless four lanes will not exceed the cost of two lanes

The third step taken in dealing with the cost problem was to recommend (July 1965) that the states, in cooperation with the Bureau of Public Roads, develop a uniform rating of the adequacy of existing highways within the proposed corridors This would then allow the Commission to establish construction priorities and thereby undertake a program of staged construction. The ratings were conducted by the individual states a were completed by November 1965

Resolution 97, dated August 1966, established Commission policy with regard to construction priority. Subject to Congressional appropriation, funds for the highways would be allocated to individual states in the following order (1) projects approved for construction by the Commission and the Secretary of Commerce on or before July 1, 1966, and (2) construction projects approved by the Commission and the Secretary of Commerce after July 1, 1966 in the order of priority established in each state on the basis of the adequacy rating, beginning with the projects having the lowest adequacy rating. The resolution also allowed the states to adjust construction priorities if it was felt that such adjustments would improve route continuity or enhance development opportunities.

Evolution of Strategy

To stimulate commerce flows through the Region and make the major linkages competitively attractive to through traffic, they would have to be high speed highways of the interstate variety Hence, the decision to build for an average design speed of 50 mph. Although early documents mention improvements in commutation and access to services as benefits of the highway system, the emphasis at that time was primarily on improving high speed regional transportation. Thus, the 22 development highways approved by the Commission average 136 miles in length and are uniformly designed for an average travel speed of 50 mph between major terminals; in other words, by far the majority are linear, high speed, long-distance connections as opposed to spurs, radial routes, circular beltways or secondary roads serving urban concentrations.

Other than the improvements in local transportation which a regional highway network would provide, the only highway funds earmarked explicitly for local transportation have been those allocated to the Local Access Road Program. In all, the Commission has allocated only $80 million of total authorizations to local access road construction as opposed to $1.085 billion for the development highway system.

Yet at the same time, the Commission is not simply building additional interstate highways. For the Commission to have built all its highways to interstate standards would have meant curtailing the system mileage, assuming the same level of funding Although the highway program is a regional transportation network, it is purposely being built to lower design standards than the interstate system in order to allow construction of a more extensive system with an expanded range of influence. This policy is consistent with the evolution of the Commission's understanding of the potential role of the highway system. While at first primary emphasis was given only to the direct economic development impacts of the system (via improved linkages between major Appalachian centers and national markets, and diversion of flows of commerce into the Region), the highway network is now seen also as the transportation framework for regional health and education complexes, as a means for improving local access to other public and commercial services, and as an aid in improving the commuting ability of the rural population

The same sort of broadened role is seen for the local access roads A Commission staff evaluation in 1968 stated that

During the early years of the program local access roads were used primarily to provide short spur-like access into industrial, commercial and recreation areas. While this use is still important in specific instances, it appears that the most urgent need is for 'feeder roads' to the Interstate or Appalachian highways from rural areas in order to facilitate commutation to school or work.

In view of this changing perception of the highway system, the Commission's decision not to build to interstate standards but to still maintain a 50 mph design speed appears to have been a compromise between regional and local transportation considerations While the highways will be good enough to be economically competitive as shipping corridors, the system will be extensive enough in terms of mileage to have a significant effect on local transportation throughout the Region.

Program Implementation

In the first year following the passage of the Act, the Commission implemented the highway programs as quickly as possible. There were three basic reasons for this priority:

(1) For various technical and legal reasons, a timely completion of the system would require an extensive lead time, any delay in construction of the highways would postpone the full impact of other Commission programs, in such areas as health and education, which would be highly dependent on accessibility.

(2) In order to sustain the momentum of support for the program both in Washington and in the states, the Commission needed to couple long-range planning activities with some immediate and visible expenditures.

(3) Inflation of construction costs would make any delay very expensive.

Given these considerations, the Commission established a policy encouraging some immediate expenditures in Appalachia (including 87 miles of "quick-start" highway projects) and also took steps to expedite implementation of the entire highway program

To avoid administrative complications in the 201 program, the Commission has followed the same procedure of segmented approval used on other federal-aid highways except that, in general, construction must be on those segments determined to be most deficient under the adequacy rating system As a result, available funding has been allocated to include 19 of the 22 corridors approved for the highway system in such a manner that most of them will be left in a highly segmented status until the late 1970s

The Commission has been criticized for following this procedure rather than assigning priorities to the various development corridors on the basis of potential regional impact and then concentrating funds on the completion of the corridors having high priority. While the effects of the resulting fragmentation will be discussed later, it should be noted here that this alternative was considered and rejected for several specific reasons

(1) The states varied substantially in their ability to raise matching funds immediately For example, while Virginia was ready to commit 90 percent of its total allocation at once, West Virginia did not get voter approval for $350 million in bonds to match the Appalachian highway funds until November of 1968, furthermore, because some segments were already in the planning stage, they could be started much more quickly than others. Given the rate of inflation in the construction industry and the desire to begin as quickly as possible, it simply did not appear to be a realistic approach to hold up construction on those corridors or segments of corridors which could be initiated immediately in order to concentrate on other corridors which might have had a higher priority. As a result, allocation of early highway appropriations among the states was based primarily on the ability of individual states to absorb new highway construction funds, with the restriction that no state could exceed its allocation of total highway authorization.

(2) The adequacy rating system itself was intended to maximize benefits of the highway system by assuring that within the limited federal funds available, as much of the development highway system as possible could be constructed to the highest overall adequacy. The highest priority for construction funds was assigned to the least adequate sections of existing highway or to entirely new alignments within each state; it was felt that this procedure would most likely minimize the problems of a fragmented system should insufficient funds be available to construct the entire system.

(3) The Appalachian Act specifically provides that the governor of the state must recommend to the Commission specific projects to be undertaken within his state. The Commission may not compel any state to accept a project or program without its consent

Program Impacts

As of December 31, 1970, 428 5 miles of Appalachian highways were completed, representing 16 9 percent of the 2532 7 miles requiring construction Construction was underway on 399 7 miles (15 8 percent), engineering and right-of-way acquisition was in progress on 1131 8 miles (44 7 percent), and location studies were underway on 488.9 miles (19 3 percent) There were 83 8 miles (3 3 percent) on which no work had been undertaken, and 421.6 miles of adequate highway segments requiring no improvement with Appalachian funds

In the local access road program, 578 miles had been approved for construction by the Commission Of this total, 186 miles (32 2 percent) had been completed and 182 miles (31 5 percent) were under construction Some work had been undertaken on all but 51 miles (8 8 percent) of the remaining mileage The status of the system as of December 31, 1970 is shown in Figure 8

As noted earlier, the level of authorizations for the highway system has increased from $840 million (in the 1965 Act) to $2.090 billion (in the 1971 amendments) to keep up with increasing cost estimates for the completion of the system (which have risen from $805 million to $2 055 billion)

About $300 million of the increased estimate of cost can be attributed to the addition of corridors in New York and Pennsylvania. Most of the remaining increases are the result of four factors: inflation (about 7 percent per year), $500 million, new federal highway safety standards, $150 million, refinements of original engineering estimates, $100 million, and new federal relocation assistance requirements, at least $25 million. These increases are summarized in Figure 9.

Benefits of the Highway Program

The basic justification for the Appalachian highways was that for an underdeveloped area like Appalachia, potentially the greatest benefit from an improved highway system would be its role in the economic growth and development of the Region, i.e., benefit above and beyond direct road user benefits accruing to any type of highway program. However, since only about 17 percent of the new mileage is now open to traffic, and since even this mileage has been completed only for a short time, it is simply too early to attempt to determine the overall regional impact of the highway system. Nonetheless, several studies have been conducted which assess the effect of the system on the intermediate goal of improved access and which give some indication of the effect of a new highway corridor on a number of communities in the Region

Access Changes

The highway system has two broad "access" goals, one regional and one local. The regional goal was to "open up"

FIGURE 8

APPALACHIAN DEVELOPMENT
HIGHWAY SYSTEM

STATUS OF IMPROVEMENT AS OF DECEMBER 31, 1970

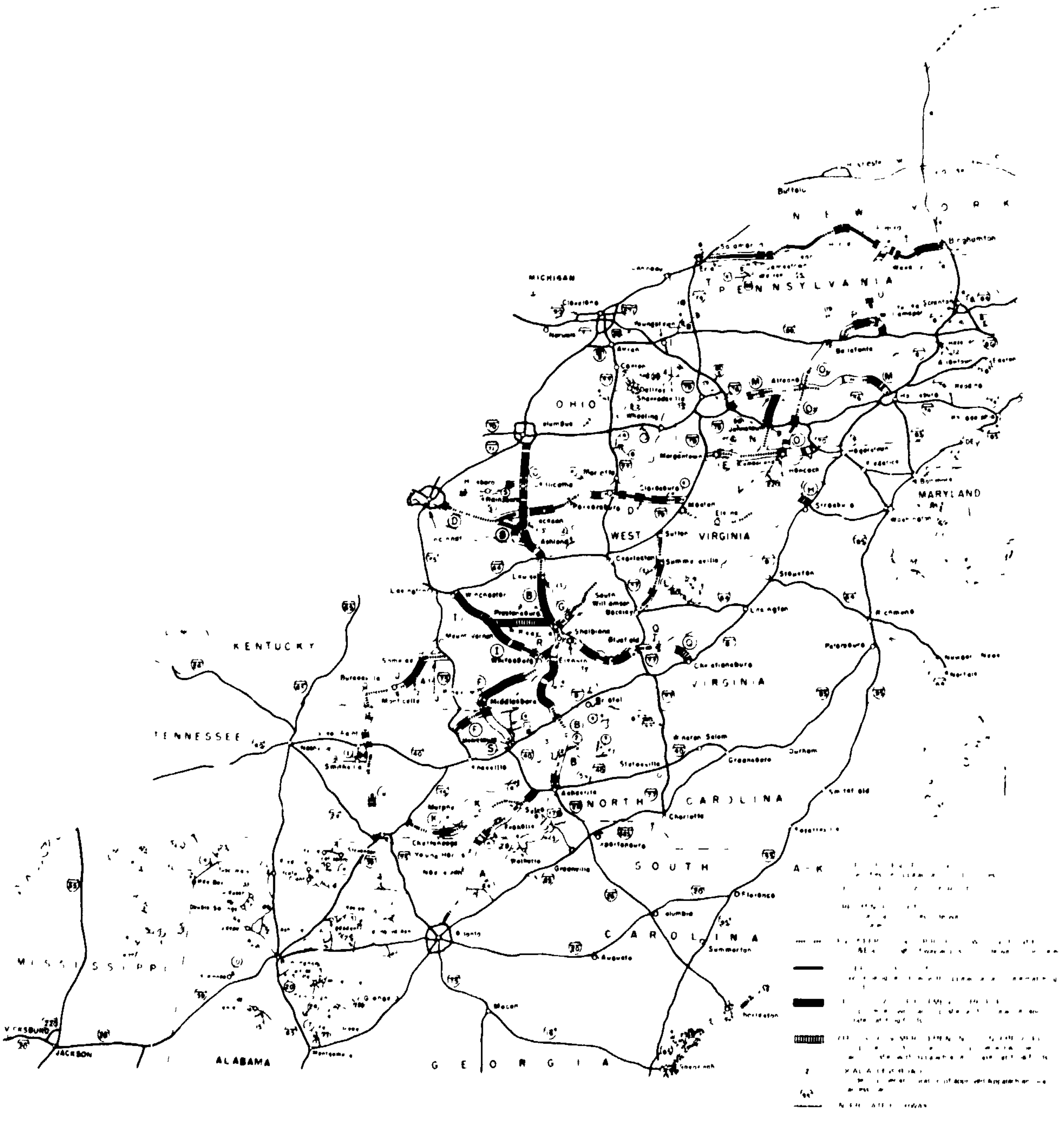
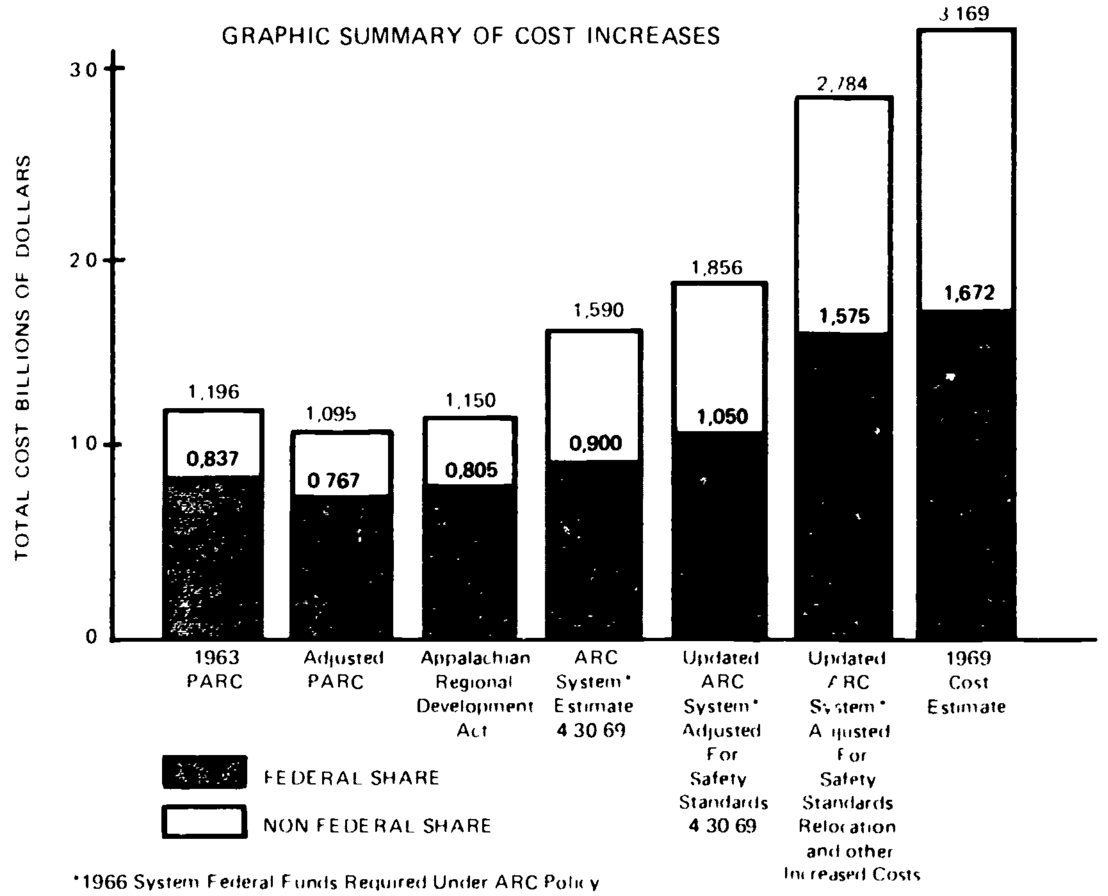


FIGURE 9

GRAPHIC SUMMARY OF COST INCREASES



*1966 System Federal Funds Required Under ARC Policy

the Region by improving the linkages between cities and towns in Appalachia and major centers of economic activity in the rest of the county, and by diverting existing flows of traffic between these external centers through Appalachia rather than around it. Appalachian Research Report No. 13, Highway Transportation and Appalachian Development, demonstrated the effect of the system on regional access by calculating the decrease in travel time between 12 Appalachian development centers and various major trading centers in and outside of the Region that will result from the completion of the system. The results, shown in Table 13 indicate that the greatest impact will be felt by those cities (such as Pikeville, Middlesboro, Parkersburg and the Tri-Cities) that are located in the most isolated and mountainous part of the Region in and around Central Appalachia

It should be noted that the fragmented approach to the construction of the system, adopted by the Commission for reasons discussed earlier, will delay the full realization of these regional access effects until the completion of the entire system because of the lack of emphasis placed on through-route continuity. Instead, most of the early impact will be on the improvement of local access.

The local access goal of the system is to expand the commuting fields of centers in and around the Region in order to make jobs and services more accessible to residents of Appalachia.

An internal staff study of the effects of the system (when completed) on commutation patterns indicate that the impact will be relatively small for the Region as a whole, but will be substantial in Central Appalachia This study measured the 1960 population within 45 minutes driving time of any regional, primary or secondary center of more than 5,000 population as designated in the 1967 Commission summary, State and Regional Development Plans, first excluding and then including the effects of the entire system The population so measured was defined as being within the "commuting field" of the centers involved.

This procedure showed that in the 10-state area which will directly benefit from the system (the region excluding Alabama, Mississippi and South Carolina, which will receive no highway mileage), some 1.9 million people (or 12 6 percent of the population of the area) were outside of any commuting field as defined above prior to the construction of the system Completion of the system would reduce that number by about 300,000, or roughly 17 percent. About 136,000 (or slightly over 49 percent) of this 300,000 are located in Central Appalachia, that part of the Region which also enjoyed the greatest increase in accessibility as measured above by reduction in travel time

TABLE 13

MEASURING ACCESS-TO-MARKET CHANGES

Rank	Appalachian Centers to	Major Trading Centers	Percent Reduction in Vehicle Travel Time
1	Pikeville	Charleston, West Virginia	48.1
2	Middlesboro	Charleston	46.0
3	Parkersburg	Washington	35.9
4	Tri-Cities	Cincinnati	34.8
5	Pikeville	Columbus	30.7
6	Elkins	Washington	33.9
7	Elmira	Pittsburgh	33.5
8	Parkersburg	Cincinnati	33.5
9	Middlesboro	Knoxville	26.8
10	Williamsport	Pittsburgh	26.7
11	Somerset	Nashville	25.9
12	Charleston	Washington	24.4
13	Portsmouth	Charleston, West Virginia	24.4
14	Tri-Cities	Atlanta	23.8
15	Parkersburg	Indianapolis	23.7
16	Portsmouth	Cincinnati	22.6
17	Elkins	Charleston	22.4
18	Cumberland	Pittsburgh	20.8
19	Pikeville	Louisville	20.5
20	Pikeville	Cincinnati	20.0

to major trading centers In this area, the population outside of any commuting field was reduced by nearly 30 percent, compared to about 13 percent for the rest of the 10-state area being considered and 17 percent for that area as a whole

One drawback of this analysis is that it considered only the question of whether any particular resident was brought into commuting range of at least one development center by the highway system, it did not attempt to determine the extent to which the system would expand the labor pool and, equally as important, the market for services of any particular center This latter effect will be particularly important in the more isolated and mountainous parts of the Region especially Central Appalachia – which for historical and geographical reasons have a high rural population density but a low level of urbanization.

As a result of this diffusion of population, compounded by poor transportation, few towns and cities in Central Appalachia serve a large enough market area to be able to provide public and private services efficiently and economically It is hoped that by linking small towns to their dense surrounding rural populations, as well as to neighboring towns, the Appalachian highways will be able to create effective population concentrations which are large enough to allow substantial economies of scale in the delivery of services

The previously cited studies of travel time reduction and expansion of commuting fields both indicated that the most significant improvements in transportation will be in Central Appalachia, which suffers most acutely from the problem of diffuse population just mentioned A good example of the potential improvement resulting from the system is the case of Pikeville, Prestonsburg and Paintsville, Ky , which will be linked by Appalachian Corridor B When this corridor is completed, Pikeville and Paintsville, at opposite ends of three-city chain, will be little more than 30 minutes apart, compared to the previous travel time of over one hour. This substantial reduction in the effective distance should allow these three cities, having a total population of about 12,000, to serve as a service complex for a surrounding population of nearly 250,000

Anticipation of the completion of Corridor B has already had a psychological impact on the three towns, making them more willing to plan jointly rather than competitively for the overall development of their region For example, consider the mayor of Prestonsburg's explanation of what took place when a large company was looking for a site in the area "When that industrial prospect came to find his 40,000 square feet for a factory, all three mayors sat down together to see which city could best meet his needs Who would ever have thought that would happen with Paintsville, Pikeville and Prestonburg?" While the development highway was not the only reason for this cooperation, its existence clearly reduced need for competition by insuring that the residents of each of the three towns would be within commuting range of the plant, wherever it located

Development Impact

Because of the small percentage of the system which has been completed and the short period of time in which it has been open, no effort has yet been made to perform any statistical analysis of the impact of the system on the Region's economy. However, a recent study of the impact of the interstate system lends some support to the basic assumption underlying the Appalachian highway, i.e., that improved transportation is at least a necessary condition for development.

This study selected 100 matched city pairs, with one city (the "freeway" city) of each pair within eight miles of an interstate exit and the other (the "non-freeway" city) more than 15 miles away. Statistical analysis of growth in per capita manufacturing employment in these cities demonstrated that there was no statistically significant difference in the growth rates between freeway and non freeway cities. In the Southeast, Eastern Midwest, and Pacific Northwest, regions with dense population and uneven terrain typical of all Appalachia, the freeway cities grew faster than the non-freeway cities by a margin of 43 jobs per thousand population to 23 per thousand This difference was statistically significant at the .04 level.

The report summarized the results as follows "These findings indicate that intercity freeways bolster manufacturing growth in regions where travel on regular highways is especially impeded by heavy traffic, frequent towns, and numerous hills and curves that is, in regions with dense population and topographic irregularities." Since this description fits much of Appalachia reasonably well, and since Appalachia is entirely contained within the area for which these results were determined, this study is, at the very least, consistent with projectio... ... substantial positive impact by the Appalachian highway on the economic development of the Region.

While no similar analysis is available for Appalachia per se, some tentative support is offered by a study that was done of the geographical relationship to a new highway corridor (of the Appalachian interstate system) of 912 new firms of 50 or more employees, representing a total new employment of 150,272, which located in the Region from 1965 through 1968. The results of this analysis, displayed in detail in Figure 10, showed that more than 60 percent of the plants were within 20 minutes travel time of a new highway and nearly 50 percent were within 10 minutes

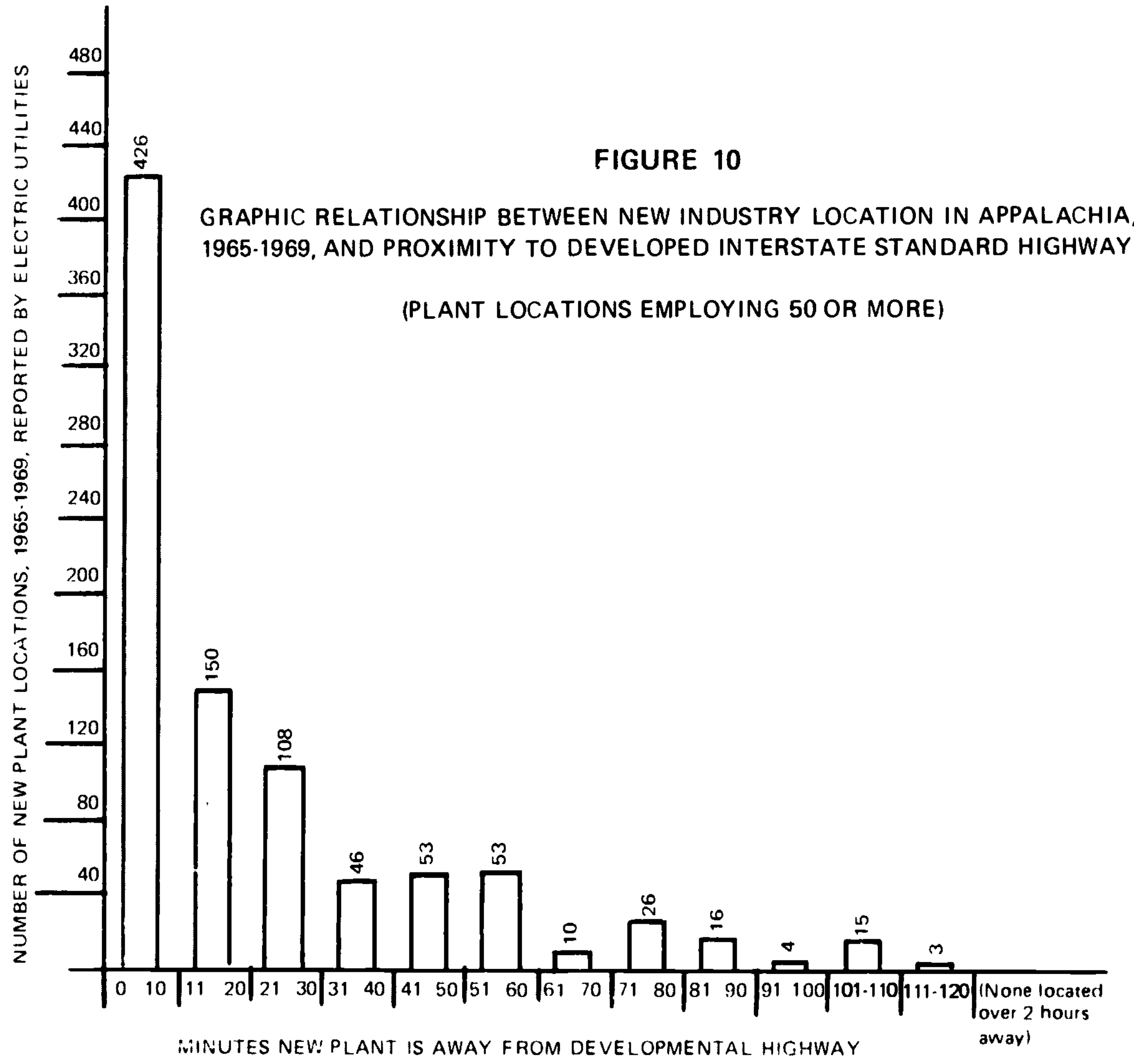
Since in Appalachia much of the population and most of the state designated growth areas tend to be located along the existing transportation routes which were followed by much of the Appalachian system, this correlation between private investments and the new highway system is not necessarily the result of direct causation Nonetheless, the correspondence does indicate at least that the highway program is well located to serve regional industrial growth

A separate staff study of the geographic relationship of Commission projects to high quality highways (Appalachian and interstate routes, and multilane highways connected to them) showed a similar concentration This analysis indicated that in the 12 states of the Region having substantial high quality mileage (all states except Mississippi, which was excluded from the study to eliminate the distortion resulting from the lack of high quality highways in the Appalachian portion), nearly 72 percent of Appalachian investment funds and 69 percent of projects by number

FIGURE 10

GRAPHIC RELATIONSHIP BETWEEN NEW INDUSTRY LOCATION IN APPALACHIA, 1965-1969, AND PROXIMITY TO DEVELOPED INTERSTATE STANDARD HIGHWAY

(PLANT LOCATIONS EMPLOYING 50 OR MORE)



were located within five miles of such a highway, while only 4 percent (by amount) and 3 6 percent (by number) were located more than 30 miles distant Even if Mississippi is included, the concentration within five miles falls only to 69 percent by amount and to 65 percent by number This concentration suggests that the highway system is in fact becoming a framework for regional development.

The importance of the highway system in the development process is given additional support by the field interviews performed for Appalachian Research Report No. 13 and for Evaluation Report No. 1 In both cases interviewees frequently stressed the importance of better access to the growth and development of their area. Based on studies of seven growth areas, Evaluation Report No. 1 concluded that one of the two principal factors determining the success of these areas in achieving their economic and service potentials was multidirectional highway access within their service area and connecting the center to centers of greater economic activity.

Conclusions

The Appalachian Development Highway System represents the largest single program investment of the Commission Because of the relative inaccessibility of much of Appalachia at the time of the passage of the Appalachian Regional Development Act in 1965, the construction of such a highway system was seen as a necessary, but not sufficient condition for economic development A conservative analysis of the available studies relating to the impact of the highway system suggests that no substantial evidence contradicting the validity of this assumption has been produced

These studies also indicate that the greatest effects, in terms of improved regional and local transportation, will be felt in Central Appalachia, an area served by nine of the development corridors and about 50 percent of the total system mileage initially authorized.

The use of state priorities based on an adequacy rating system has produced an early emphasis on improvements in local accessibility to jobs and services as opposed to improvements in regional access to the rest of the country. This is consistent with the evaluation in the Commission's understanding of the role of the highway system. While it was originally seen primarily as a means of opening up Appalachia to trade and commerce which had previously bypassed the Region, it is now seen in a broader context as a framework or super-structure on which both jobs and services to be generated by the regional development program can be located so that they are as accessible to as many people in the Region as possible.

Supplemental Funds

Section 214 of the Act contains one of the most innovative concepts included in the legislation. It permits the Commission to supplement local funds in the financing of grant-in-aid projects with specially appropriated federal funds so that the local contribution can be reduced to as low as 20 percent of the project's cost

The basic justification for this provision that was provided to the Congress in 1964 and 1965 and later, was that the relatively impoverished communities of the Region were unable to participate fully in existing grant-in-aid programs because of their inability to contribute the standard matching share. Therefore, it was argued, special funds were required to supplement local funds and make Appalachian communities competitive for grant programs for construction and original equipment Progressively, the range of programs that can be supplemented with 214 funds has been broadened but the basic justification has remained the same.

The acceptance of this argument by Congress carried with it a tacit admission. In many, if not most, grant-in-aid formulae, Congress has attempted to relate the availability of federal assistance to some measure of need However, typically this has been on a statewide basis and there was no way to lighten the burden on any particularly impoverished community Consequently, adoption of Section 214 meant that Congress was recognizing an inadequacy in existing grant-in-aid formulae, though the logic underlying this admission has not yet led to a thorough reconsideration of this aspect of the grant-in-aid system

There is another major innovative feature of Section 214. Congress did not identify specifically which grant-in-aid programs were to be supplemented Rather it identified a broad list of programs eligible for supplementation and permitted latitude in deciding the amount by which the local contribution was to be reduced in each case. Thus, Section 214 in effect gave the Commission an opportunity to experiment with a block grant approach

With few exceptions, the Commission has left to the states the decision concerning which programs would be eligible for supplementation, with the restrictions that individual projects must be justified in the annual state development plan and that in general they must be related to the social and economic development of the Region This latter requirement has led to two specific restrictions on the use of Section 214 funds. Because of the great demand for funds to alleviate the shortage of nursing home facilities, the Commission decided very early that, to avoid dissipating scarce resources on projects that were worthwhile but generally unrelated to the development of the Region, supplemental grants for nursing home facilities "will be considered only if it is demonstrated that the nursing home is related to the economic development of an area either because it is a part of, or has a close association with an existing or planned regional demonstration health center under Section 202 of the Act or because it will provide care for long-term patients of an existing hospital facility as an extension or expansion of, or in close association with that hospital's medical services."

For similar reasons, the Commission recently concluded that, in general, supplemental grants for law enforcement assistance projects should not be considered because of their low relevance to social and economic development.

An examination of the projects supplemented by the Commission under Section 214 through December 31, 1970 shows that the states have in fact concentrated almost all of the available funds in five program areas which are directly related to the Commission's social and economic development goals vocational education, other education (including elementary and secondary education, higher education and public (educational) television, health facilities, airports, and water and sewer systems (For detailed summary see Table 13.) Slightly over 80 percent of the total was spent on human resource development, an indication of growing Commission emphasis on this aspect of the development process.

Table 14 also shows that the various states differ substantially in the range of federal programs to which 214 funds were applied. For example, Kentucky has spent the bulk of its 214 funds on vocational education, the non-highway program area to which it has given highest priority. Maryland, on the other hand, has concentrated on hospital construction, while Georgia and New York have emphasized sewage treatment facilities.

Two conclusions can be drawn from these data the Appalachian states appear to place a greater value on human resource programs than that reflected in either the PARC report or the non-discretionary programs of the existing legislation, and more specifically, the states place a higher value for an additional dollar in human resources than in other areas. The extent to which this preference has been reflected in budget requests and subsequent appropriations will be discussed in the conclusion of this chapter.

Conclusion

The preceding summaries have discussed the Commission's individual functional programs. At this point it is worth looking at Appalachian project activity in the aggregate, drawing on both this chapter and Chapters II and III.

While it is not yet possible to measure any substantial impact of Commission expenditures in the Region, we can at least examine whether the investments have been consistent with its policy mandates and underlying assumptions concerning the development process.

The basic mission of the Appalachian Regional Commission, as specified in the Act, is to assist the Region in attacking its common problems and to promote its economic development on a comprehensive, coordinated regional basis. An examination of the Commission's activities during its first six years shows that it has indeed followed its mandate to take a comprehensive approach to the Region's problems.

Comprehensiveness

An overview of the Commission's functional programs and of the evolution of its policies in these areas during this period clearly demonstrates that the Commission has been constantly moving towards a broader understanding of the development process and has added new programs and modified old ones where necessary to implement this understanding. An examination of the Commission's budget requests and of subsequent appropriations shows a consistent preference on the part of both the Commission and the Congress for investments in human resources, such as education and health, as opposed to physical resource programs such as mine area restoration and construction of sewage treatment facilities.

This preference was apparent even in the translation of the recommendations of the PARC report into the operating Commission program Although PARC recommended only $41 million for human resources as compared to $77 7 million for non-highway physical resources (a ratio of almost two to one), the total appropriations for those categories for the first two years of the Commission's existence were $39 5 million and $43 7 million, respectively (or nearly one to one).

By the end of FY 1971, the emphasis had shifted even more sharply, total cumulative appropriations for the two areas were now $211 9 million versus $65.5 million, or a ratio of over three to one in favor of human resources. The contrast is even more marked if one considers that through FY 1970, some 80 percent of the $171 million utilized under Section 214 was used for human resource development programs.

Why did such a shift occur? The best explanation seems to be that the Commission became more aware of the general uncertainty of the causes of economic development in any particular place at the same time that it was developing a broader understanding of the role of human resources in the development process in general. The Commission recognized fairly early that neither Appalachia as a geographic region nor its people would be able to participate fully in the economic growth of the rest of the nation if substantial investments were not made to remedy the obvious severe deficits in health and education, as the PARC report had concluded.

As a result, the Commission implicitly accepted as one of its goals the provision of the health and education needed by the people of Appalachia to be able to compete for opportunities wherever they might choose to live, an objective which recognized that out-migration from many areas would probably continue until the long-term goal of providing adequate jobs for Appalachians in the Region had been achieved. By investing heavily in a very mobile form of resources – people – the Commission was able to minimize the chance that its investments would be wasted. While no one could be sure that any particular set of public facility investments could contribute to the development of a self-sustaining economy in the more lagging portions of the Region, it was clear that better health and education for the people of those areas was a necessary precondition for such development if it was to occur, and, if not, could be carried by the individual wherever opportunities for employment were available.

Within each of the two broad areas of physical and human resources, there has also been an evolution of policy

TABLE 14

APPROVED FUNDS FOR SUPPLEMENTAL GRANTS THROUGH DECEMBER 31, 1970

STATE	Vocational Education		Other Education		Health		Water & Sewer		Airports		Recreation		Totals	
	$1000's	%	$1000's	%	$1000's	%	$1000's	%	$1000's	%	$1000's	%	$1000's	%
Alabama	4,277	23.8	10,131	56.4	1,474	8.2	1,699	9.5	0	0	392	2.2	17,973	100
Georgia	1,599	13.9	2,220	19.3	2,386	20.7	4,754	41.2	529	4.6	37	0.3	11,525	100
Kentucky	6,339	50.2	2,148	17.0	4,147	32.8	0	0	0	0	0	0	12,634	100
Maryland	1,235	15.2	1,960	24.1	2,328	28.7	2,291	28.2	104	1.3	198	2.4	8,116	100
Mississippi	1,339	20.2	2,746	41.4	284	4.3	1,605	24.2	453	6.8	202	3.0	6,629	100
New York	3,832	38.8	757	7.7	2,582	26.2	2,238	22.7	155	1.6	300	3.0	9,864	100
North Carolina	3,366	27.8	2,003	16.5	3,094	25.5	2,845	23.5	223	1.8	585	4.8	12,116	100
Ohio	3,699	26.8	2,710	19.6	4,813	34.9	2,043	14.8	382	2.8	162	1.2	13,809	100
Pennsylvania	2,927	10.0	9,181	31.3	13,287	45.3	2,528	8.9	1,061	3.6	229	.8	29,305	100
South Carolina	2,096	21.7	4,760	49.2	629	6.5	1,976	20.4	50	.5	159	1.6	9,670	100
Tennessee	1,984	12.3	5,006	31.0	4,937	30.5	3,614	22.4	335	2.1	287	1.8	16,163	100
Virginia	4,415	46.8	2,292	24.3	1,909	20.3	511	5.4	210	2.2	89	.9	9,426	100
West Virginia	3,454	19.3	7,187	40.1	5,572	31.1	238	1.3	1,450	8.1	0	0	17,901	100
TOTALS	**40,562**	**23.2**	**53,101**	**30.3**	**47,442**	**27.1**	**26,434**	**15.1**	**4,952**	**2.8**	**2,640**	**1.5**	**175,131**	**100**

*Rows may not add to 100% because of rounding

in the direction of a more comprehensive approach to regional development. For example, the Commission, with the advice of the Health Advisory Committee, changed the emphasis of the 202 Demonstration Health Program from construction of demonstration health centers to the delivery of comprehensive health services with the active participation of local communities in planning to meet their own needs.

In the physical resources area, the Commission has grouped the Land Stabilization (203), Timber Development (204), Mine Area Restoration (205), and Water Resources (206) programs together under one environmental staff, and has proposed that all projects under any of these sections be required to be consistent with a comprehensive environmental component of the state plan. Finally, the Commission has been willing to drop programs (by requesting no further functioning) whose usefulness was seen to have ended, such as Section 212 (dropped in 1969) and Section 203 (dropped in FY 1972).

In summary, the Commission has proved willing to modify, expand or eliminate its programs and policies whenever necessary to better implement its broad charter to encourage and assist the development of the Appalachian Region on a comprehensive basis. Although in some areas the policy has matured considerably faster than the practice, as is to be expected in a process involving so many people at all levels, the very fact that the policies themselves have changed in keeping with an evolving understanding of the development process is in itself encouraging evidence of the flexibility of the Appalachian program.

Coordination

The second broad mandate to the Commission was that it undertake a coordinated effort for the development of Appalachia. This suggests two questions were the Commission's own programs coordinated among themselves in a manner that would insure maximum effectiveness?, and were Commission programs coordinated with those of other agencies?

The latter question will be discussed in some detail in Chapter V. However, one useful conclusion can be drawn The Commission has had most success in cooperating with other agencies (and greatest impact on their programs), in those cases (e.g., housing and education) in which staff members were free enough from day-to-day operational pressures to examine other federal programs and develop ways to work with them to improve their usefulness to the Region.

In contrast, the Commission has made least effort, and had least success, in precisely those areas in which it has had major program responsibilities (health and transportation). This suggests a moderate expansion and reorganization of the Commission's present small staff to allow more time to be spent in this relatively low-cost and high-payoff activity.

The Commission's major vehicle for achieving coordination among its own projects has been the annual state development plan which will be discussed in Chapter V. However, the studies of the Commission's individual functional programs indicates that coordination among them at the Commission staff level has been somewhat hindered by the same operational pressures that limited coordination with other agencies.

In order to cope with these pressures, the staff has tended to organize along program lines, with relatively little systematic inter-functional communication and coordination. While the amount of central project coordination that could take place to the states in this regard, this "refunctionalization" at the Commission level has limited the extent to which the Commission can effectively encourage the states to strive for better coordination in the state plans. Steps, such as a comprehensive approach to environmental problems, are now being taken to promote better coordination within the Commission staff.

Concentration

Within the broad mandate to promote the development of the Region on a comprehensive and coordinated basis, the Commission was instructed by the Act to concentrate its investments in those areas having significant potential for future growth. The discussion contained in Chapter III suggests two conclusions.

First, it is clear from an analysis of project activity that the states have in fact been able to make the difficult decisions required to designate areas eligible for concentrated investment and to use them as a basis for project location Second, the studies of selected growth areas suggested that concentration of investment does in fact have a positive effect on the development process in two ways, (a) directly, through its impact on the attractiveness of an area as a site for private investment and (b) indirectly, through the positive psychological impact on local citizens and community leaders.

The Highway System as a Framework for Development

The requirements just discussed – comprehensiveness, coordination and geographic concentration – were explicitly incorporated in the Act and have generally been met by the Commission in its project activity. A final standard for comparing Commission projects against the expectations for them is not mentioned explicitly in the Act but rather is found in the underlying assumption that the highway system should serve as a framework for future Appalachian development.

If this assumption is accepted, one can argue that the Commission should use the system as a framework for its own project investments. As noted in the section on the highway system this has been the case. Some 69 percent of all the Appalachian project funds that can be assigned a

specific location have in fact been concentrated within five miles of one of the high quality highway routes in the Region.

This is, of course, in part a result of the tendency of designated growth areas to be located on the highway system In any case, this concentration of Commission projects and the similar clustering of private investments along the highway system indicate that the system is becoming a framework for future development in Appalachia.

In conclusion, the studies of Commission investments and investment policies on which the preceding discussion was based suggest that the Commission has generally done a good job in following out the basic mandates of the Appalachian Regional Development Act, and the policy assumptions underlying it. The impact of these investments on the development of the Region remains to be assessed, however. While there are good reasons why this is not yet possible, provisions should now be made to insure that such long-term evaluation will be possible as Commission programs mature to the point that their impact can be felt and measured.

CHAPTER V

THE COMMISSION AS A GOVERNMENT INSTITUTION

Central question in examining the Appalachian Regional Development Program is "Why have a Commission?" If the objective of the program is to overcome the economic and infrastructural problems of the area, why not just channel more aid, specifically earmarked for Appalachia, through the federal agencies that administer similar grant-in-aid programs? This question was raised in the earliest discussions of the need for an Appalachian program.

Briefly, the framers of the Appalachian program devised the Commission structure and rejected the notion of channeling funds through the federal agencies because they did not think the simple federal route would work. They had had recent experience to reinforce their doubts.

The federal government's grant-in-aid system had been greatly expanded during the years from 1930 to 1965 from a handful of programs to over 170. In dollar amounts they rose from $1 billion after World War II to $15 billion in 1964. Administratively, the system was under great stress. Overlap, duplication, lack of coordination and even direct conflict plagued the administration of grants-in-aid. It was clear that these programs were not performing as well as they could and Congress and the Administration were looking for ways to assure better coordination.

The grant-in-aid system was never intended to deliver a coordinated set of federal aid programs to each municipality in the United States. Individual grant programs were to solve specific problems in separate functional areas (such as getting the farmer out of the mud). Few strings were attached to the grants initially; in later years, however, many grants became entangled in elaborate administrative requirements as grant programs were initiated to achieve national objectives. This was, and continues to be, a cause of dissatisfaction on the part of the governors and mayors, and a major coordination problem. Complex sets of administrative requirements are more difficult to coordinate than simple flexible grants.

There were two major problems with the grants-in-aid that are relevant to the design of the Appalachian program.

States, and particularly the governors, had been by-passed in [illegible] the policies governing the grants. Much of [illegible] [illegible]

The functional isolation of programs at all levels was also a major problem. Highway programs were not related to education, education had little operating relationships to health, and so forth. Policy was largely set within a vertically organized set of functionally specialized organizations legislative subcommittees, bureaucratic agencies and clinetele groups There were few general legislative or executive checks. Governors found themselves with few choices in budgeting funds to meet their view of state government-wide priorities

The origins of the Commission approach can be seen as a response not only to the general problems of f :eral grant administration but also of the specific problems of earlier economic acts - the Area Redevelopment Act (ARA), 1961, and the Accelerated Public Works Act (APW), 1962, were discussed in the first chapter.

The basic problem was and is that there is not enough money to go around The functional isolation and lack of a strategic or policy input at either the federal or state levels meant that an area's economic and community development tended to consist of a number of projects that may or may not have been related to each other. This phenomenon came to be known by the cliche "projectitis," shorthand for a system in which no one was sure if the projects supported by all federal grant-in-aid agencies were the most urgently needed, or if the community needed five things to overcome its problems, whether the other four would be provided with federal aid or by the community itself This happened even though federal grants frequently required areawide comprehensive plans. Indeed, many communities had to supply several different kinds of "comprehensive" plans to different federal agencies which usually did not read each other's plans or make any effort to see that they were consistent.

The Appalachian governors were dissatisfied with the results of existing economic development programs in their states, especially since these programs were enacted in part as a response to the mountain problems so vividly brought out during the 1960 campaign.

The Appalachian program, both in the legislative and administrative development, is an attempt to solve these problems.

To overcome the problem of the functional isolat' and the lack of a coordinated approach or coherent strategy within the regular federal aid efforts, the Commission is to provide a broad gauge link between the federal agencies, the states and the localities. It has been given much more flexibility in the use of its funds than is usually the case with federal grants-in-aid in that it is possible to redistribute appropriations within the non-highway funds with only broad Congressional limitations.

To overcome the defect of too narrow an approach to economic development, the Commission was given much broader programmatic concerns than had been the case with the previous economic development programs. It was not limited to public works, but included health, education programs and other human service activities.

To combat the problem of insufficient scale of single town or county efforts that had haunted economic development activities, the program was to encourage multicounty planning and development districts that could serve as the focus for the local actions of not only the Appalachian program, but also other federal and state community development efforts.

To overcome the problem of fractionalization in program administration, the Commission is to work all of these program features into an administrative system The staff, through the role of the federal cochairman, is to concentrate on a program coordination and brokerage effort within the federal government in Washington The Commission itself is the link with the states At the state level, the state Appalachian representative, as the governor's designate, is to tie together the state actions into a single coordinated program. The local development district is the tie with the localities Its role is intended to eliminate the dual problems of functional isolation (the education board doesn't talk to the mayor) and balkanization (the city council doesn't tell the county supervisors that they are planning an area sewer system and vice versa) Both the states and the local development districts (LDDs) are to focus on tying private development efforts into the system.

Finally, to meet the problem of lack of state-level policy involvement, the Commission is to be an experiment in federalism. The governors of the Appalachian states are given an equal voice with the federal government in formulating and executing program policies.

This, then, is the Commission idea a single coordinated administrative system linking public and private, federal, state, and local community development efforts.

The above provides us with a set of standards by which to judge the actual operation of the Appalachian Regional Commission at the federal, state and local levels during its first five years of operation. Moderate success can be reported but there, admittedly, is a great deal left to do. This is not to say the program has fallen short. Government operations do not change overnight. Functional rigidities within government are a major obstacle that have thwarted many kinds of government changes. The objectives set forth in the previous paragraphs might be summarized for our evaluation in the form of several questions to be asked about the program at each level of government.

FEDERAL LEVEL: How well does the Commission function in providing a strategy for coordination of federal programs in the Appalachian Region? This needs to be divided into those functions where the Commission's own funds are involved and those where the federal government but not the Commission has made a programmatic input.

STATE LEVEL: What role has the states played in coordinating activities at the state level? Have they been able to tie together formerly isolated functional programs? Have they been able to provide a focus and a strategy through state level planning? Have they served as a link between the localities and federal grant-in-aid agencies?

Multicounty or local development district level· How far advanced is the LDD program? Are the districts functioning well as a tie between the states and the local governments of the area? Do they function as areawide planning agencies? As areawide economic development units? Are they the only areawide coordination and planning unit or one of several competing units?

These are the basic questions the Commission's program evaluation attempted to answer. The following pages are a review of the findings at the federal level (which includes the functioning of the Commission itself), as the state level and at the local development district level.

The Federal Level

A discussion of the Commission's role in coordinating federal programs in the Appalachian Region needs to be put into perspective. First, it would be unrealistic to expect that a unit without direct program control could get all of the federal agencies marching to a single drum. Even though the Commission's appropriations average around $200 million a year and cover a very broad range of concerns, the federal government spends over $12 billion in Appalachia every year and it is involved in everything from post offices to potatoes. This examination of the impact of the effectiveness of the Commission as a coordinating unit in Washington will concentrate on those programs most directly needed to make the Commission's own community development and human resource programs a success. The evaluation conducted by the Commission in the past year paid particular attention to the Commission's relationship with Economic Development Administration (EDA), the Office of Economic Opportunity (OEO), and the other federal agencies whose grants were supplemented with Appalachian program funds under the Section 214 program.

A second condition affecting the Commission's role as a coordinating agency is that it was created in an era when coordination had become a salve for all the problems in the federal system. New coordinating committees and other devices were being created at a rapid clip in 1965. In other words, the Commission had competition. This chapter will review how the Commission's activities fit into these coordination efforts, examine the ties with EDA and OEO, and its ties with other federal agencies.

POLICY LEVEL: Coordinating Committees

One device that was used frequently in the mid-1960s to attempt to achieve coordination among the efforts of cabinet agencies was the coordinating committee. The hope for these committees was that they could eliminate the problems of overlap, duplication, and even conflict in federal grant-in-aid agencies by bringing together the chief officers of the agencies involved to hammer out comprehensive policies. The premise was that, if achieved, policy level coordination would be translated into more compatible action at the bureaucratic level. Four high level units of this type were associated with the Appalachian program, three of them prior to the passage of the Act in 1965 As such, they are somewhat outside the scope of our current evaluation and will be mentioned only briefly The fourth committee was created after the passage of the Act and was intended to be the primary instrument for policy coordination.

The first of the three groups created prior to 1965 was a federal interagency committee headed by the assistant administration of the ARA. It was to work with the Appalachian governors in planning a long-range program for the Region. Little was accomplished, in part because the actual departmental representation from the federal government was generally below the assistant secretary level and lacking in authority and prestige to actually shape the actions of the agencies they represented

Next was creation of the President's Appalachian Regional Commission (PARC) which enjoyed high level representation and considerably more Presidential interest and support. It led directly to the development and passage of the Appalachian Regional Development Act of 1965. The third multiagency body was the Federal Department Planning Committee for Appalachia (FDPCA) established after PARC for the purpose of assuring a smooth transition between the President's group and the actual Appalachian Regional Commission. It was successful in this undertaking.

After the passage of the Act, the President established the Federal Development Committee for Appalachia (FDCA) in March 1965. The membership of this committee was the same as that of the FDPCA, with the Commission's federal cochairman as ex officio chairman.

As was the case in most, if not all, coordinating committees, the FDCA was given no substantive powers. The federal cochairman was not required to do anything through the committee, nor was the committee given any specific powers other than to review and advise. Given these inherent weaknesses and the relatively narrow scope of the interagency problems that arose, it is not surprising that the FDCA was used more as a medium for transmitting information to the member agencies than as a vehicle for policy discussions. The Commission dealt on a one-to-one basis with individual agencies when specific problems arose.

The FDCA met sporadically during 1965 and the early part of 1966, becoming effectively moribund by the end of that year. On December 28, 1967 President Johnson signed Executive Order No. 11386 abolishing the Federal Development Committee for Appalachia and creating in its place a Federal Advisory Council for Regional Economic Development (FACRED) to deal with regional development in the Title V regions and in Alaska, as well as in Appalachia. Since the concerns of this committee are considerably broader than the Appalachian Regional Commission, an assessment of its effectiveness is beyond the scope of this study.

These federal committees were established at a time when interagency coordinating committees were a popular vehicle for attempting to make sense out of the rapidly

proliferating federal grant-in-aid system At the time of the "Creative Federalism" Hearings before the Senate Subcommittee on Intergovernmental Relations in November 1966, there were over 20 separate committees or councils for coordinating two or more grant-in-aid programs. In view of their generally poor performance, the lack of significant results from the FDCA should be neither surprising nor particularly disappointing. (Although much more successful, PARC's job was not so much to influence the member agencies to allocate more of their own funds to Appalachia as it was to develop a comprehensive development program which would use additional appropriations.)

In general, such committees share one basic defect the lack of decision-making powers and mechanisms for resolving disputed issues. Hence, there is no incentive for compromise. One root of this problem is the fact that no administratively established committee can infringe upon the legislative powers and responsibilities of any agency or department. Since the line between legislative mandate and administrative discretion is sometimes rather vague, the resourceful department or agency head can use such a clause as a shield to ward off any attempts to coordinate him in a way in which he does not wish to be coordinated.

In summary, it appears that the experience with federal coordinating committees for Appalachia has not been particularly useful; in this respect, it has been little different from many of the other such committees formed in the last decade. As long as policy coordination is left to negotiation among equals in committees with no substantive powers, and in the absence of any clear direction or pressure from Congress or the White House, it is likely that future interagency committees will have equally disappointing results.

Appalachian Regional Commission – Economic Development Administration Relations

The year 1965 saw the passage of the two acts intended to stimulate economic development in lagging areas. the Appalachian Regional Development Act and the Public Works and Economic Development Administration Act (PWEDA), the latter of which created both the Economic Development Administration (EDA) and the Title V Regional Action Planning Commissions).

There are substantial similarities in the two pieces of legislation

- both were intended to help depressed areas participate more fully in the nation's economy
- both were provided substantial public works funds (the Appalachian Act also had programs)
- both encouraged the formation of multicounty planning and development districts
- both were influenced although in different ways, by the growth center idea. It is a central strategy for the Appalachian program. The usage in the PWEDA is much more limited. Where a development district has been formed, a town not normally eligible for aid can be designated as a growth center which can receive investments designed to help the people in the adjacent depressed area

The EDA and Appalachian programs were to complement each other in the Region. One would expect to see close working ties and a cooperative effort, especially since the Commission had estimated that Appalachia would get a third of EDA project awards.

Such relationships did not materialize. During the first three years of operation, a substantial flow of memoranda between the two agencies suggested bases for linking program policy in Appalachia but little substantive coordination occurred. The authors are not to be faulted for lack of sincerity in the positions offered, however, for it must have become obvious rather quickly that, in addition to the similarities between the two programs, there also were major differences including different development strategies and a different posture vis-a-vis the states.

The Commission's history in carrying out the requirement to concentrate its investments in areas having substantial potential for growth are covered in the second chapter. EDA, on the other hand, used strategies aimed more at dispersion of funds. For a time the agency formally used what was called the "worst-first" strategy. This term was to plague the EDA, even though the intention was to give highest priority to the areas with the highest unemployment rates and the lowest per capita incomes. Although the rhetoric of the two agencies was always further apart than actual project investments, EDA could never bring itself to formally tie into Commission growth center policy because it felt that this would exclude much of the territory the agency was supposed to serve.

EDA's reluctance to adopt the growth center concept was also augmented by different concepts of the role of the states in the two programs. All of the action under the Appalachian program is not only channeled through the states, it is initiated by the states. The Commission's proposals to EDA would have meant that the agency would have had to surrender its control over what investments were made and where, to the governors of the states involved. EDA could not.

In effect, the two agencies had different clientele groups. With the Appalachian program it was the states, with EDA, the local areas.

Contributing to these differences was a considerable amount of bureaucratic rivalry. Both agencies are competing for leadership in the federal effort to combat area economic development problems.

When the Appalachian program began, it had substantial administrative ties with EDA and the Department of Commerce. In the beginning the Commission did not approve its own projects, it merely recommended them to other federal agencies. The Appalachian Office of the Economic Development Administration handled formal approval of funds for supplemental grants, development districts and planning and research. This was a continuing source of friction. The two agencies disagreed as to whether the Appalachian office's functions were merely ministerial

or whether the office could overrule the Commission.

In June of 1967 passage of a set of amendments to the Appalachian Regional Development Act severed the Commission's formal ties with the Department of Commerce, and hence with EDA. After this event, formal attempts at policy coordination declined drastically.

The absence of formal policy agreements does not imply that there was no significant contact between the agencies during the years since the 1967 amendments. The Commission and EDA have developed very good working level relationships concerning the development district program, including Appalachian review of proposals for EDA technical assistance. A similar good relationship exists in the area of data services and information systems Finally, EDA has been providing the Commission with copies of project applications for comment.

Recently, the two agencies have once again begun conversations to explore the possibilities for cooperation in their investment strategies. Furthermore, the subsidiary issue of coordinated designation of growth centers has also been resolved by the fact that 35 of 38 "growth centers" designated by EDA in the Appalachian Region are contained in growth areas delineated by the Appalachian states in their state development plans. Since these major policy issues have thus been effectively resolved, it may be possible for the two agencies to develop some useful forms of cooperation concerning investments in these centers.

Coordination Between the Appalachian Regional Commission and the Office of Economic Opportunity

The second major piece of legislation which would seem to have major similarities in mission to the Appalachian Act is the Economic Opportunity Act of 1964.

Although the Appalachian Regional Development Act was heavily oriented towards providing public facilities in the Region, the 1964 PARC report, which suggested the creation of the Commission, explicitly recognized the need for substantial investment in the people of Appalachia. PARC recommended a number of education, health and welfare programs not included in the Appalachian Bill because the Administration and Congress believed that these needs could best be met through the new Economic Opportunity Act.

Although program responsibilities were to be divided between the two agencies in this manner, it was felt that there should be close interagency cooperation and coordination The federal cochairman of the Commission was made a member of the new Economic Opportunity Council which included most members of the cabinet and other high level officials.

Here again, in spite of a similarity of mission, close cooperation proved difficult, not so much due to bureaucratic differences as to the vastly different structure of the two programs. These differences soon became apparent. The first concerned the degree of coordination and cooperation possible between the Commission's local development districts and the community action agencies (CAAs) being established by OEO. The Commission felt that the creation of LDDs, CAAs and EDA's economic development districts in the same areas would put a serious overload on the supply of local leadership unless it were possible for one council to handle all three functions

OEO was rather skeptical of this approach, and felt that combining the functions of the CAA with those of EDDs and LDDs would result in preoccupation with economic development. As a result they tended to favor separate CAAs. This feeling was motivated in large part by the belief that the local and economic development districts represented the established power structure which, OEO felt, was to some extent the cause of many of the problems of the poor.

A second difference which soon became apparent in the staff discussions between the Commission and OEO related to the different strategies being followed by the two agencies. The Commission was placing heavy emphasis on creating jobs in the Region for Appalachians by concentrating investments in a relatively few areas having significant growth potential. This implied that a certain amount of migration and resettlement would continue.

The Commission felt that the OEO policy of providing service to poor people wherever they were located would tend to impede necessary resettlement (the same objection that was raised against the "worst-first" policy of EDA). OEO, on the other hand, felt that the Commission's concentration on economic development would benefit primarily the establishment and would have only indirect impact on the problems of poverty, and that in any case, the Commission's approach was far too "smokestack" oriented and did not take into account the serious social obstacles to development.

The third diff·rence was between the Commission's statutory and philosophical commitment to working for change through states and local governments, and OEO's feeling that the establishment was part of the poverty problem through its lack of responsiveness and the lack of a commitment to solving the problems of the poor. Such a basic difference over the very mechanism by which the programs would be implemented made cooperation at the Washington level difficult.

Given all of these difficulties, major initiatives for coordination of the two programs virtually ceased after mid-1967. Now that the Commission has moved strongly into the area of "human resource development" in its Youth Leadership and Child Development programs, discussions betweeen the two agencies concerning possible coordination have been resumed. In retrospect, it is not surprising that so little was accomplished. If no other problems had existed, the difference in constituencies of the two programs would probably have been enough to have kept them at arm's length. Although the long-term identification with "the establishment" and OEO's chosen role as champion of the poor against this same structure made separate paths almost inevitable.

Coordinating the Program with Other Federal Agencies

(Although one might have expected closer working relationships with EDA and OEO because of the surface similarity of mission, in fact) the most essential working relationships for the Commission were with federal agencies other than EDA and OEO. These ties were brought about by the supplementary grant program, Section 214, and the statutory provisions giving federal agencies responsibility for administering grants once approved by the Commission. (See the Appendix for a list of the formal administrative ties.) Close cooperation with the Federal Highway Administration, Soil Conservation Service, and Office of Education was crucial to the success of the program and here the record of working together is much more substantial.

These relationships with other federal agencies must be viewed in two lights

(i) *the Commission was to have a very small staff and to avoid becoming involved in actual program operations. Its role was to cease once a grant was approved and the grant administration was to be handled by a federal agency*

(ii) *the Act gave the Commission a broad mandate for making program and policy suggestions to all federal agencies to guide their activities within the Appalachian Region*

While the Commission has developed very good working relationships with the agencies responsible for administering Appalachian grants, these relationships have primarily concerned the Commission's own funds The record of the Commission in influencing programs and funds of other agencies has been more mixed

The most significant successes, which clearly demonstrate the potential of the Commission as an advocate and broker for the Region, have occurred in the areas of education and housing While experiences are described in some detail in the relevant sections of Chapter IV on functional programs, the most important features bear repeating here.

The creation of the Commission's housing program (Section 207) provides a good example of how the Commission can enhance the benefits flowing to the Region from other federal programs. In 1966 the Commission staff determined that federal housing programs were being under-utilized in Appalachia because of (1) lack of risk capital or "front money" for the preliminary planning and other activities needed before these programs could be used; and (2) shortage of the local technical ability to organize and manage housing projects. To remedy the first problem the Commission recommended the creation of the Appalachian Housing Fund, a front money loan pool. The recommendation was incorporated in the Appalachian Regional Development Act in Section 207, and indirectly led to the inclusion of a basically similar program in national housing legislation.

To improve local ability to use these loans, the Commission worked closely with several states in creating state housing corporations or technical assistance programs

As a result of these two activities, Section 207 loans of $2.5 million are being used to plan 7,093 housing units with a total construction cost of $98 million.

In education, the Commission has demonstrated its ability to work closely with another federal agency, the Office of Education, to focus its interest and resources onto the Region's educational problems. As a result of the staff efforts, the participation of Appalachia in discretionary education programs has increased significantly.

The experience in these two areas has demonstrated that, at a very small cost in staff time and program funds, the Commission can directly and significantly increase the responsiveness of agencies of the federal government to the problems of Appalachia These successes appear to be based largely on the following factors

(1) Because the Commission is part federal and part state, the staff has a "neutral" platform from which to operate As a result, Commission staff has found it possible to act as "friend in court" to both sides of the federal-state partnership.

(2) The small size and informal structure of the staff, and the receptivity of the Commission leadership, has meant that ideas are usually given a hearing.

(3) Since the members of the Commission are appointed directly by, and are responsible to, the chief executives of the member governments (the President and the governors of the 13 Appalachian states), it is able to make decisions quickly without having to clear them through interminable layers of bureaucracy

Further, the Commission has enough money to be credible to other agencies This credibility is enhanced by the flexibility of the Commission's funding, in particular its

Section 214 supplemental funds and the Section 302 research and demonstration funds

Successful as staff activities have been, they have not yet been extended to cover the full range of program areas. The reasons are not hard to find. During the early years of the program, highest priority was understandably given to getting the Commission's own programs underway as quickly as possible and to developing credibility and support. Even after this had been accomplished, however, the continuing operational demands of the Commission's ongoing programs in most cases took precedence over efforts to influence the programs of other agencies. In such cases the small size of the Commission's staff proved to be a problem.

Less innovation and less effective interagency ties are paradoxically found in those programs where the Commission has substantial funds of its own, i.e., health, and natural resources and environment. In contrast, the "success stories" are to be found in those areas in which the Commission was initially given no basic funds, i.e., housing and education (other than vocational education), and in which professionals had the time to study other federal programs.

The State Level

The 13 Appalachian states, as has been pointed out many times in this report, are not merely voting members of the Commission, they play the key role in program administration within each state. They are each responsible for their own program design and strategy and for coordinating Appalachian activities with other undertakings of the state government, and they are the link between the actions at the local level and the federal programs.

In carrying out these responsibilities, each state has developed an administrative structure patterned to its own needs. In the process, some of them are developing organizations and procedures capable of aiding broad gubernatorial program management beyond the confines of the Appalachian program itself. In examining the role of the states, it cannot be said too strongly that we are not measuring what they have done against some set of standards that were set for them in the 1965 legislation. That law did not specify how the states were to organize themselves to carry out the Appalachian program. Indeed, this would have been contrary to the spirit of the Act. It would have been paradoxical for a federal law to say that the states and the federal government were equal partners and then to have the federal partner specify precisely how the state partners were to operate. Instead, the states were granted the major role in administering the program within their borders. It was up to them to decide how to organize and carry it out.

With this degree of latitude, one could expect that quite different arrangements would be used within each of the states. There is a considerable difference among the 13 Appalachian states in regular state organization, program activities, and distribution of powers and responsibilities. (For example, in a fairly straightforward matter of local roads, one state constructs them directly, counties do this in another, and in a third, local roads are constructed by municipal subdivisions below the county level.)

There are two key concepts to be discussed under the state role: the governor's authority, and planning as a way of providing for program coordination and an overall strategy. Although the Appalachian Act of 1965 contains only minimum specifications about how the state is to exercise its role in the program, those minimal positions clearly lay out the concept of program control at the state level. The law specifies that the governor or his designee or some other person appointed by state law shall be the member of the Appalachian Regional Commission. (Thus far only governors have served as the official state members.)

It also provides the key concept that all applications will be reviewed, evaluated and approved by the state member prior to being submitted to the Commission for funding. Some discussion took place in legislative hearings about allowing applications to come to the Commission by many routes — that is to allow local governments to apply for aid directly, with the state only "advising" on its views. The decision to require state level approval first is significant for it gives the governor basic and unambiguous influence over the program. The concept is further augmented by another provision which says that no state will be required to accept any of the programs under the Act if they do not wish to do so.

Since all of the governors have chosen to be the members (and their legislatures have supported them), these brief provisions have given them control over the execution of the program in their states. The importance of this is that the governor's own role within the state may not be nearly so broad in scope. In spite of the organization charts and the basic civic textbooks, governors face many limitations, both constitutional and operational, in acting as chief executive officer. In many cases independent boards and commissions exercise substantial control over major state programs including health, education, and highways. Even where he is legally the chief executive, the governor's day-to-day role in program administration may be quite limited. However, because of its requirements for state level coordination and program and project approval, the Appalachian program gives the governor an entree into many of the functional areas where legally or operationally his role may have been quite limited in the past.

The Appalachian Code's strong commitment to state level planning provides the governor with a vehicle for exercising this role. The Code (the agreement between the federal government and 13 states on how the program would be administered) requires the preparation of state Appalachian development plans and functional plans for child development, land stabilization conservation, and erosion control. An annual health demonstration area plan is also required. These plans are submitted by the governor and represent not only what will be done with Appalachian

funds, but also with the state and local funds required to match and carry out the balance of the program. The state development plan is to provide for a carefully coordinated program of public investments to develop the Appalachian portion of the state.

The Code also specifies that the plan encourage coordination of all federal, state, and local programs for Appalachian development and not merely deal with the activities of the Commission. All projects submitted for approval under the mining area program (Section 205), housing assistance (Section 207), vocational education programs (Section 211), research, technical assistance and demonstration program (Section 302), and the supplemental grant program (Section 214) must conform to the plan.

The two concepts must be kept in mind in examining how the states have organized: the role of the states in providing central coordination and program management, and the role of planning in carrying out this activity.

Patterns of State Organization

Administrative arrangements within the states for participating in the Appalachian program have fallen into four major patterns: placing the primary program responsibility in a program development office (Alabama and Kentucky) or a similar office for federal-state relations (Tennessee and West Virginia) within the executive office of the governor; assigning responsibility to a department of finance or administration (North Carolina and Virginia), assigning the function to the state planning agency within the office of the governor (Georgia and New York), and placing the responsibility in an independent line department for economic development or local affairs (Maryland, Ohio, and Pennsylvania). The lines between the four categories are not always sharp.

The Mississippi Division of Appalachian Development is essentially a division within the governor's office with some relationship to the office of coordinator for federal-state programs. It is physically located within the Appalachian Region of the state. In South Carolina, the coordinating and policy administrative responsibility resides with the governor's administrative assistant who is the state representative and the program administration and staffing responsibility is assigned to the South Carolina Appalachian Regional Commission which covers the entire Appalachian portion of the state and is located in Greenville.

In most states, the state representative is the head of the agency with major responsibility for the Appalachian program within the state and the alternate is either one of his deputies or the head of the unit within his agency with the most direct responsibility for the program. Some governors have virtually delegated authority over the program to the state representative and the administrative agency involved. Others participate directly in major policy decisions such as those involving areas of program concentration and new directions for the program. A number regularly review and participate in the setting of specific project priorities for the program and most become involved in policies regarding the major projects in their states.

In those states where the state representatives are top administrative assistants to the governors, there has been a tendency for them to concentrate on major policy determinations and become involved in administrative details only in connection with problems. The state representatives who are heads of program development or federal state relations offices tend to become more involved on a continuing basis in the program administration aspects of the Appalachian program and policies regarding it. However, they do not appear to have as central a position in relation to the governor nor the same coordinating policy position regarding other agencies as do the governors' assistants. The same general conclusions can be drawn regarding the state representatives who are heads of Appalachian units within other agencies.

The internal agency organization and size of staff assigned to the Appalachian program varies considerably from state to state (see Table 15). The size of the administrative staff associated with the program ranged from as few as a single project director and secretary to as many as a director and five or six program specialists in those agencies where the Appalachian responsibility is assigned jointly with other economic development aid.

The choices made by governors and state legislatures in the Appalachian Region in assigning administrative responsibility for the Appalachian program have varied widely. The place of a program in the administrative structure is probably primarily a function of how the state had administered economic development functions historically. But it also provides and indication of perceptions of its importance and status. Thus, whether a program is administered in a line department as an independent agency or as part of the governor's office affects the way it is viewed by the legislature, by other administrative agencies, and by its constituents and the public. Potentially, the influence of administrative arrangements on increasing the effectiveness of the Appalachian program has been greatest in states where it is located, either in the governor's office, in a special federal-state relations office, or in a department of administration since such an arrangement places administrative responsibility for the program and the funds flowing through it in a close relationship to the governor's management activities. On the other hand, in states where responsibility has been assigned to a line program agency or a separate office geographically isolated from the state capital, it would be expected that the program would be administered primarily as a special economic development grant program for a particular region of the state.

While these conclusions are generally true, of course there are a number of factors other than the assignment of major responsibility for program administration which may become overriding in their significance.

Several factors affecting the program in addition to historical structure are also apparent. The relatively small

TABLE 15

SUMMARY OF STATE ADMINISTRATION OF THE APPALACHIAN PROGRAM

State	Administrative Arrangement	State Representative's Primary Job	Agency With Program Responsibility	Size of State Appalachian Staff	Office Location	Controlling State Agency Also Responsible for: State Planning	Controlling State Agency Also Responsible for: Federal State Relations
Alabama	Program development section within Governor's office	Director, Alabama Development Office	Alabama Development Office	2	Montgomery	Yes	Yes
Georgia	State Planning Agency	State Planning and Community Affairs Officer	Bureau of State Planning and Community Affairs	2	Atlanta	Yes	Yes
Kentucky	Program development section within Governor's office	Administrator, Ky Program Development Office	Kentucky Program Development Office	3	Frankfort	Yes	Yes
Maryland	Dept for Economic Development	Insurance Man Beall, Garner, Geare, Inc	Maryland Department of Eco and Community Development	3	Annapolis	No	No
Mississippi	Administrative Section within Governor's Office	Director of Appalachian Development	Appalachian Development Office	1	Tupelo	No	No
New York	State Planning Agency	Assistant Director Office of Planning Coordination	Office Planning Coordination	2	Albany	Yes	No
North Carolina	Department of Administration	Director of Administration	Department of Administration	3	Raleigh	Yes	No
Ohio	Dept For Economic Development	Director, Ohio Dept. of Development	Department of Development	2	Columbus	Yes	Yes
Pennsylvania	Dept for Economic Development	Special Assistant for Interstate Relations	Department of Commerce	8	Harrisburg	No	No
South Carolina	Independent Division within Governor's Office	Executive Assistant To The Governor	Appalachian Regional Planning and Development Council	4	Greenville	No	No
Tennessee	Federal State Relations section within Governor's Office	Counsel to the Governor	Office of Urban and Federal Affairs	2	Nashville	No	Yes
Virginia	Department of Administration	Commissioner of Administration	Office of Commission of Administration	2	Richmond	Yes	Yes
West Virginia	Federal-State Relations section within Governor's Office	Dean, W Va University Center of Appalachian Studies and Development	Office of Federal and State Relations	4	Charleston	Yes	Yes

TABLE 16

MAGNITUDE OF THE APPALACHIAN PROGRAM IN RELATION TO THE TOTAL STATE CONCERNS

State	Total Population	Population Appalachian Portion	% Of State Total	% Of Total Population For All Of Appalachian	Total Land Area	Land Area Appalachian Portion	% Of State Total	% Of Total Land Area For All Of Appalachia	(In Thousands of Dollars) Average ARC Expenditure Per Year 1965 1970	Total State Expenditure 1969
Alabama	3,444,165	2,137,278	62 1	11 7	50,708	24,599	48 5	12 6	9,126	1,167 542
Georgia	4,589,574	813,596	17 7	4 5	58,073	10,804	18 6	5 5	7,209	1,402,368
Kentucky	3,218,706	876,467	27 2	4 8	39,650	16,942	42 7	8 7	30,043	1,208,439
Maryland	3,922,399	209,349	5 3	1 1	9,891	1,546	15 6	8	6,976	1,284,778
Mississippi	2,216,912	418,644	18 9	2 3	47,296	10,313	21 8	5 3	6,239	779,157
New York	18,190,740	1,056,367	5 8	5 8	47,831	11,806	24 7	6 1	19,989	9,028,225
North Carolina	5,082,059	1,037,212	20 4	5 7	48,748	11,885	24 4	6 1	11 822	1,552,274
Ohio	10,652,01.	1,129,350	10 6	6 2	40,975	13,734	33 5	7 1	13,495	3,153,022
Pennsylvania	11,793,909	5,930,303	50 3	32 6	44,966	36,625	81 5	18 8	24,507	4,313,831
South Carolina	2,590,516	656,219	25 3	3 6	30,225	3,947	13 1	2 0	7,356	780,772
Tennessee	3,923,561	1,733,612	44 2	9 5	41,328	19,238	46 5	9 9	15,065	1,113,043
Virginia	4,648,494	470,094	10 1	2 6	39,780	9,398	23 6	4 8	13,189	1,484,863
West Virginia	1,744,237	1,744,237	100 0	9 6	24,070	24,070	100 0	12 3	36,501	739,448

amount of funds available and the geogr nic coverage of less than the whole state reduce the administrative impact of the program on a total structure of state government (see Table 16). That is, where only a small area of the state is involved or where the dollar impact on the state budget is minimal, one would hardly expect a governor to structure his office management around the Appalachian program.

In view of the fact that only one whole state, West Virginia, is included in the Region and that Appalachian funds are only a small part of most state budgets, the willingness of many of the governors to assign responsibility for the program to one of their top assistants and to place the program in their own offices is indeed encouraging.

Weak coordination among programs, of course, persists at the state, as well as the federal, level but surprisingly it has been overcome many times in carrying out the Appalachian activities. One could not expect a small and temporary activity such as the Appalachian program to completely reverse the patterns of the past.

The State Appalachian Development Plan and Project Package

The state Appalachian development plan and the procedure for developing it, along with the project package, is intended to be one of the major focal points of Appalachian program administration within the states. The plan is to embody the major policy for the Appalachian Region of the state: to identify the program priorities and major strategies; define the criteria for identifying and designing those areas with growth potential, develop an ability-to-pay formula to apply to local applicants for specific project support, and, in its project package, provide a list of specific projects for the ensuing fiscal year.

In practice, the state development plans essentially have had three components a varying amount of economic, social, and resource analysis, major policy and priority determinations and guidelines, and the project package listing The plan document, in some cases, provides a general discussion for the Appalachian Region of the state, in others, the state discussion is broken into district analysis. In still other cases cases the plan itself includes entirely separate district sections.

To a lesser extent, the plans reflect such priority decisions as the development of vocational and technical training, provision of medical and health facilities accessible to the people who need them, provision of specialized educational services on a multicounty area basis, or providing access to isolated groups of population. Other types of policy issues dealt with in the development plans are the definition of potential growth areas; the application of ability-to-pay criteria to applicants for assistance: and general principles for location of different types of projects either in growth areas or in proximity to those needing the services

The preparation of the main body of the plan has been accomplished in a number of different ways within the states. Although the state representative and the Appalachian development office staff is always involved at some phases of plan preparation, the involvement is frequently quite limited.

In order to implement the Commission decision to require state development plans in the early years of the program, almost half of the states contracted with private consultants or universities to prepare the initial state development plan. This established a pattern and produced procedural results that have been difficult to reverse. The Appalachian program staff has complete responsibility for

the plan in only four of the states The Appalachian staffs in many states after contracting for an initial state development plan, continue to contract for all or part of the revisions

This way of developing the plans has resulted in a fragmentation and relative isolation of their preparation from the ongoing policy and program development activities. Planning is less effective where this has happened. The projects are supposed to be drawn from the plan and be an integral part of it. Separation of planning from actual program operations tends to result in plans with a strong emphasis on economic, social, and resource analysis sometimes not directly related to specific program policy and objectives.

The Commission's Code may have contributed to the division between the project package and the development plan The plans are due at the beginning of the calendar year, the project packages are due the July 1 following. Different staff are frequently involved in project pacakage development than those involved with the plan. In those states where the Appalachian staff develops the plan, there is usually less fragmentation and more integration of program policy and administration with the state development plan.

In virtually all of the states, the procedure for developing the project package is the main operating responsibility of the Appalachian agencies. Appalachian agency heads, project coordinators, and staff specialists work with the state program agencies, local development districts, and local applicants in identifying projects for funding.

The initial responsibility for assembling project lists usually is assigned to the project coordinator or, in some cases, to the Appalachian agency director. Ineligible projects are winnowed out and potentially eligible projects are identified through a continuing process of discussion and negotiation among representatives of the various agencies and local governments. Proposals are reviewed to make sure that they meet basic ARC criteria, conform to state Appalachain policies; are within the range of potential funding responsibilities, meet basic program agency requirements and plan priorities; and where necessary, have been reviewed and given a priority by a local development district.

The project coordinator will draw on the staff resources of program specialists and other during this process. When an initial tentative list has been assembled, it is reviewed and discussed with the Appalachian agency director and the state representative. At this stage, the governor's major priorities are known. In some states, the governor participates directly in a final decision regarding project priorities for funding, in others, he is represented by the state representative.

By the time an actual grant application is received in the state Appalachian program office, considerable preliminary review and development effort has already gone into it. Usually only routine administration, rather than tough decisions, are required from this point on.

Thus far the preparation of the development plans and project packages has been dominated by the practical requirements of running a grant-in-aid program To only a limited extent has it produced a process and documents emphasizing the basic objectives of bringing all of the program components together so the governor and the state legislature can make informed priority decisions on what they intend to do with their limited resources. The procedures for developing the plan have been only imperfectly coordinated with the policy development, and the plan frequently is a reflection of decisions already made rather than a method for giving direction to the decisions The way in which the plans have been developed both reflects this dispersion and fragmentation and contributes to it

In the United States, planning has too often been devoid of any policy content, in this context one can be encouraged by the extent to which the Commission with its member states has required the Appalachian state plans to address basic policy issues. Although in some cases the policy and priority decisions are merely inserted with insufficient relation to the detailed background analysis, but as policy positions nonetheless, these decisions are the heart of the planning effort because they reflect what the state is deciding to do with its financial resources.

The Local Development Districts

It was not possible, in the foregoing analysis, to draw any sweeping conclusions about the program's successes and failures at the state and local level after only five years of experience. The local development districts present an even more serious problem of evaluation. In many cases they have been in operation for less than two years. Substantial progress has been made in organizing districts. They now cover a significant portion of the Appalachian Region, but it is still too soon to report on the success of these institutions as vehicles for program coordination and administration at the local level. Consequently, this premature evaluation will review the basic features of the program as established in the legislation and the Appalachian Code, and then describe the local development organizations that have been created as a result. Finally, some features of the present program which seem to speak well for the future, and some which might possibly restrict the effectiveness of the local development districts, will be dealt with briefly.

Like so many features of the Appalachian Regional Development Act of 1965, the local development district program was a response to problems that had been observed in previous economic and community development efforts

□ *Communities with severe economic problems, particularly rural communities, usually lacked the technical personnel needed to take advantage of grant-in-aid programs.*

□ *Economic development programs had been carried out on too small a scale with each town or county working on*

its own. Such planning as was done frequently focused on something less than a cohesive or coherent economic area. There was a need for an areawide approach and areawide comprehensive planning.

Tied into this, economic development and industrial development was characterized by intense competition rather than cooperation at the local level. Communities a few miles apart were competing with others for grants and new industries when there was too little of each to go around. This competition consumed too much of the limited funds and energy of derpessed communities.

At the time the President's Appalachian Regional Commission was created, there was considerable discussion in planning and local government circles about the need to move toward an areawide approach to development. The emphasis was on organizations that encompass the economic subareas of a state, usually several counties. PARC recommended the creation of such organizations but set forth only minimum standards for what they should be. Under these standards the LDDs were:

- *to be multicounty and multipurpose planning units*
- *to involve local participation, particularly citizen participation*
- *to be professionally staffed*
- *to use existing local units wherever possible*
- *to be state and local entities and not creatures of the federal government*

The 1965 Act incorporated this concept but with appropriately minimal stipulations. It specified that one of the functions of the Commission was to encourage the formation of LDDs. It specified that to be certified to the Commission, local development districts must either be nonprofit corporations or instrumentalities of state and local government. Finally, it provided for administrative grants to support these LDDs for up to 75 percent of their costs for three years. This time limitation was later removed. So far, more than $6 million has been made available for the development district program at the local level.

The Appalachian Code provision dealing with development districts also are few. They require:

- *that districts have full-time staffs, competent to plan and carry out the Appalachian development program*
- *that the professional staff to meet standards approved by the state representative and the Commission*
- *that the states coordinate and, hopefully, combine Commission grants with those of the Economic Development Administration to support the LDDs*
- *that the LDDs coordinate Appalachian planning efforts with other planning underway*

The law and the Code then provided a fairly broad framework for encouraging the establishment of local units to aid in economic and community development. Some of the states already had begun the creation of a network of multicounty planning and community development organizations, notably Georgia and Kentucky. The clear intent of the PARC report and all the legislative history of the program was that the Commission should use these existing organizations wherever possible and not encourage the creation of a duplicate set of community development organizations.

Establishing such local development organizations was complicated because several other pieces of federal legislation encouraged and provided money for the creation of local community development organizations. These included Department of Housing and Urban Development (HUD) grants for Councils of Government, EDA grants for economic development districts, Department of Agriculture's local panels and organizations, and the Community Action Agencies sponsored by the OEO. Many of these units had the same program concerns but did not have the same ties to state and local government. Coordination of these units posed a potentially major problem but, as was reported earlier in this section, the Commission and EDA worked out an arrangement so that the two agencies did not duplicate efforts.

Since the states would be establishing the districts, the Commission relied on them to reduce the instances of multiple organizations covering the same area and the same program concerns. This position was later enforced by Bureau of the Budget directors to effect coordination among area planning units nationally.

While local development organizations that could be certified did exist in some of the states, the Commission recognized that there would have to be a state level program to develop these organizations in most cases. For this reason, the Appalachian program permitted the states to constitute themselves as local development districts and received the funds directly during the period when they were defining and organizing local development districts. The states had two immediate tasks: (1) setting boundaries, and (2) providing state enabling legislation where none existed. The boundary setting was a sometimes difficult process of balancing local wishes with established economic and social communities and existing political and planning boundaries.

Patterns for LDD Operations

Over three-fourths of the Appalachian states have either established or taken steps to create such a statewide system of officially designated planning area boundaries and district organizations. Fifty are operating in Appalachia at the time of this writing. This is far ahead of the rest of the United States.

There are three kinds of districts:

- *regional planning agencies established by statute (Georgia, South Carolina, Tennessee, Mississippi, North Carolina, and Virginia).*

◻ *Councils of Government organized under the nonprofit corporation statutes (Alabama)*

◻ *nonprofit corporations (Alabama (some), Kentucky, Ohio, Pennsylvania, and West Virginia)* [3]

While West Virginia did make legal provisions for the districts and did organize, they are not currently operating.

Almost three-fourths of the local development district commissions consist of a mix of elected officials and private citizens appointed by the elected officials (Provision of direct representation of minority groups is rare and this will doubtless be one of the continuing issues about the LDD program.) LDD boards are responsive to local needs in the same way that the local government structure is responsive to those needs. If the local governments are poor leaders, the district will probably not be able to overcome that weakness.

Conceptually it is difficult to see how the LDDs could move very much in advance of the attitude and capacity of the areas' local governments. The LDD depends upon these governments for a portion of its local support, and the LDD's main business is planning economic development services that are rendered by these units of local government and aiding the construction of facilities that are actually built by these units of local government.

Funding Patterns – One of the most useful indices of the role of the local development districts, their scale, and their utility as local coordinators and brokers is their budgets. Where do they get their funds? From how many sources? How large a budget to they have? The proportion of state and local funding to federal funding is a key to assessment of worth given to the districts. Averages are, of course, somewhat misleading and we offer the following statistics only to give the reader a quick pattern of district funding.

Table 17 lists LDD total operating budgets, averaged by state and for the Appalachian Region as a whole. It shows that the average total operating budget is approximately $175,000. The larger budgets typically are found in Tennessee, Pennsylvania, Georgia and South Carolina. The smaller budgets tend to belong to districts in New York, North Carolina, Mississippi and Ohio.

This table also shows what proportion of LDD total operating budgets are Appalachian funds. The average Commission contribution is half of the total consolidated budget. Appalachian grants are proportionately larger in Mississippi, New York, North Carolina and Kentucky, and smaller in Georgia, Virginia, South Carolina, Tennessee, and Alabama. The average Commission grant to an LDD is $86,725 a year, which must be matched on a three-to-one basis in cash or "in-kind." Although most LDDs receive financial support from more than one federal agency, only 10 districts in Appalachia receive a greater proportion of its total operating funds from another federal agency.

Six of the states contribute to the support of the district program. These are Alabama, Georgia, Kentucky, Pennsylvania, Tennessee and Virginia. The average contribution of those states to a district's budget is about $21,400. All local development districts require that participating political jurisdictions supply part of the local share.

The district, therefore, is not solely a creature of the Appalachian Regional Commission. To the extent that having multiple funding sources increases an agency's capacity to withstand the vagaries of local, state, and federal funding requirements and appropriations, the districts in six of the Appalachian states (Alabama, Georgia, Pennsylvania, South Carolina, Tennessee and Virginia) would tend to have a stable operating base.

What the Districts Are Doing – This analysis of local development district activities is based primarily upon what the districts say they are doing or, more precisely, how they say they spend their staff time. A questionnaire, sent to the district directors in December 1970, listed six different activities in which staff might be involved and asked the directors to supply information about the amount of staff time spent in each category. The survey results are also shown in Table 17.

In the Appalachian Region as a whole, the LDDs spend more time (31 percent) doing regionwide planning and research than anything else. This figure somewhat illusory, however. Very few of the LDDs are actually involved in preparing comprehensive areawide plans. Most of their planning consists of the functional planning necessary to establish the district's eligibility for various kinds of federal grants-in-aid. This is not to indict their efforts. Too often comprehensive planning agencies have been established with no foundation in actual administration of government programs and services. In these cases the units develop plans for activities that they have no capacity or responsibility for carrying out. Such plans have little influence over the government officials who make the decisions about what is actually done. On the other hand, the LDDs, with a base in functional planning, are able to establish credibility for their work at the local and create a set of relationships on which they can build in working with their local governments. With this base they can, and should, move on to broader planning activities.

The LDD staffs spend 27 percent of their time developing and reviewing projects for grants from the Commission or federal agencies. Another 11 percent of their time is devoted to technical assistance.

This technical assistance work in developing projects was one of the program objectives for the LDDs. They are not passively reviewing and passing on to the state projects that were developed by the local government. Instead, they are in most cases actively developing project ideas, helping local governments prepare the applications, and following up with the state and federal agencies involved.

Looking at the individual states, many spend more time in project development and review than in planning. This is particularly true of states where the districts have small budgets and where they have been largely relying on the Commission and their local governments for funds.

TABLE 17

APPALACHIAN LOCAL DEVELOPMENT DISTRICTS
ORGANIZATION PATTERNS, FUNDING AND PROGRAMS

	Ala	Ga	Ky	Md	Miss	NY	NC	Ohio	Pa	SC	Tenn	Va	WVa	Total
Number of LCDs														
Certified, funded & organized	6	6	7	–	3	1	7	2	7	1	4	6	–	50
Certified, organized & not funded	–	–	–	–	–	–	–	–	–	–	–	–	2	2
Certified, not funded or organized	–	–	–	–	–	–	–	–	–	–	–	–	6	6
State Enabling Legislation														
Regional planning agency	3	6 *	–	–	3	1	7	–	–	1	4	6	–	31
Nonprofit corporation	–	–	7	–	–	–	–	2	7	–	–	–	–	16
Nonprofit council of governments	3	–	–	–	–	–	–	–	–	–	–	–	–	3
Total Operating Budget														
Average (thousands of dollars)	171.5	284.5	109.4	–	74.6	51.0	54.9	84.8	293.4	255.0	349.4	132.0	78.2	176.6
Range (thousands of dollars)	68.6 to 211.0	136.7 to 687.9	80.2 to 164.0	–	67.3 to 89.1	–	49.9 to 118.3	75.2 to 94.4	86.7 to 669.1	–	247.6 to 458.9	116.2 to 150.0	59.0 to 97.5	49.9 to 682.9
ARC contribution (average)	[illegible] 7%	18.9%	71.3%	–	75.0%	75.0%	75.0%	55.5%	46.6%	35.0%	37.6%	29.5%	–	49.5%
State contribution (average)	6.5%	20.7%	19.0%	–	–	–	–	–	11.5%	–	6.1%	23.3%	–	16.2%
Local contribution (average)	34.7%	27.1%	6.9%	–	25.0%	25.0%	25.0%	25.0%	26.5%	35.0%	12.8%	26.0%	27.0%	23.4%
Local contribution exceeds 25% of operating budget (# LDDs)	4	1	–	–	–	–	1	–	2	–	1	1	1	10
Other federal funds exceed ARC contribution (# LDDs)	1	3	–	–	–	–	–	1	2	–	1	2	2	10
Source of Other Federal Funds (# LDDs)														
LEAA	1	6	2	–	–	–	–	–	–	1	3	5	–	18
HUD	5	4	1	–	–	–	–	–	1	1	4	2	–	18
EDA	–	3	–	–	–	–	–	2	3	–	2	2	1	12
OEO	–	–	–	–	–	–	–	–	–	–	3	–	–	3
HEW	–	–		–	–	–	–	–	–	–	1	–	–	1
FHA	–	1	–	–	–	–	–	–	1	–	–	–	–	2
DOT	–	–	–	–	–	–	–	–	–	1	–	–	–	1
LDD Board Size (average)	26.6	[illegible]0.6	22.6	22.0	n.a.	n.a.	14.9	57.5	61.4	39.0	52.8	26.5	–	33.0
LDD Executive Committee Size (average)	6.8	5.4	6.0	–	n.a.	n.a.	4.4	11.0	9.4	9.0	16.5	6.8	–	7.3
LDD Staff Size (average)	8.4	12.8	6.3	1.0	n.a.	n.a.	2.3	3.5	5.1	12.0	9.8	6.3	–	6.8
Time Allocation of LDD Staffs														
Region wide planning & research	41.0%	22.[illegible]%	27.0%	–	37.5%	15.0%	21.0%	20.0%	30.0%	30.0%	26.0%	51.0%	–	31.0%
Local planning and research	9.0%	28.0%	18.0%	–	6.5%	20.0%	10.0%	12.5%	9.0%	5.0%	11.0%	10.0%	–	13.0%
Project development/review	28.0%	19.0%	28.0%	–	25.0%	30.0%	30.0%	30.0%	33.0%	35.0%	34.0%	15.0%	–	27.0%
Technical assistance	11.0%	12.5%	14.0%	–	10.0%	20.0%	11.0%	15.0%	8.0%	10.0%	13.0%	8.0%	–	11.0%
Program operation/public information	11.0%	18.0%	13.0%	–	21.0%	15.0%	28.0%	22.5%	20.0%	20.0%	20.0%	16.0%	–	18.0%

Relationships with the State – Although the LDDs exact functions and relationship to the state governments vary, they run the full range of developing policy, planning, developing project proposals, and setting priorities.

District participation has been more significant in policy-making for the new Appalachian programs such as housing, youth development, regional education service agencies and solid waste disposal. In several states a good relationship among the Commission, the state representatives' offices, and the development district has evolved through which new programs are proposed, tested as demonstrations, and in some cases established as new district programs.

Increasingly, the districts are providing a local input into the Appalachian state development plans prepared under the direction of the state representative in each state. The district input has been accomplished primarily by contributing to formulating Appalachian development policies and programs which are incorporated into the state development plan.

Nonetheless, the local development districts still are more actively involved in the closely related activities of developing project proposals and establishing priorities for them for submission to the state Appalachian office. These district priorities may form the basis for developing the project package appendix to the state development plan.

The Commission as a Government Agency

A few words should be said concerning the effectiveness of the Commission itself as an organization. It serves as a link between the states and the federal government. How effective has the Commission been as a decision-making body? This is a critical test for any government institution or agency, a propensity for deadlock is a fatal flaw.

The experience of the last six years shows that the Commission has been able to come to grips with major policy questions, and to resolve them. This is a particularly significant conclusion in view of the obstacles that were and are readily apparent.

Perhaps the major potential problem lay in the formal structure of the Commission itself. At the time of the passage of the Act, many people felt that the proposed voting mechanism (affirmative vote from the federal cochairman and a majority of the state representatives to approve any action) could easily lead to deadlock. Yet this has not occurred. In fact, the federal veto has never been formally exercised, although its existence has allowed the federal cochairman to insure that basic federal policies are observed.

A second obstacle to effective decision-making by the Commission has been the fairly rapid turnover in membership due to regular elections in the Appalachian states. Over 40 governors have served on the Commission since 1965. Since this turnover has been substantial and unpredictable, it has definitely slowed the rate at which the Commission has been able to mature as a policy-making body.

A final difficulty faced by the Commission was the fact that there were no precedents to look for guidance. Since the Commission was a new and untried idea many doubts concerning its effectiveness had to be allayed before great confidence would be placed in it as a federal-state decision-making mechanism.

In spite of these difficulties the Commission has not merely survived, but has been able to take the difficult policy decisions that were necessary to carry out an effective program. Perhaps the most important of these was the initial allocation of program appropriations among the states. While the PARC report recommended that every state be guaranteed some participation in every program, there was no formal provision to that effect in the 1965 Act. Without some limits to the amount that any state could receive under each program, the potential for deadlock would have been very great, since the states would have been in direct competition with each other over every project. This eventuality was avoided by the unanimous adoption of the allocation formulae.

A second basic policy decision was the adoption of the requirement that each state should prepare an annual Appalachian development plan which would, among other things, delineate areas that the state considered to possess significant potential for future growth. Under the requirements of the Act, these areas were to be the foci for Appalachian investments. This idea of growth areas and growth centers was political dynamite for a governor, handled incorrectly, it could put him in the awkward position of appearing to say that some towns and counties would not grow. In any case, it required him to say that some areas in the state would not be eligible for assistance under the Appalachian program.

In spite of these difficulties, the Commission members accepted the responsibility of designating such areas and adopted a detailed set of requirements concerning the concentration of certain types of investments. Significantly, subsequent suggestions by some states that these requirements be relaxed have not received support from a majority of the state representatives.

The Commission avoided choosing the path of least resistance in other areas as well. For example, the Commission adopted stricter guidelines for its own vocational education funds than those established by the Office of Education for the national program. At a time when vocational agriculture dominated many state vocational education programs in spite of the drastic decline in agricultural employment opportunities, the Commission adopted the requirement that the courses to be offered in any Appalachian-aided project must be directly relevant to current or projected job needs. The resulting impact on the direction of vocational education in Appalachia has been discussed in Chapter IV. As a final example, the Commission has encouraged and supported the marked shift of emphasis towards human resource programs documented in Chapter II.

In spite of these trends, there is some indication that the Commission should be more concerned about maintaining

its ability to handle difficult policy questions. A state representative during his interview for the evaluation commented that he would have asked one question neglected by the interviewer "What is it that makes a state representative want to come to an Appalachian Regional Commission meeting?" The interviewer asked him for his own answer to the question He said that in his experience there had been a recent deterioration in the level of participation in Appalachian Regional Commission meetings It was to be expected that the governors would come only on the rare ceremonial occasions, but over recent years there has also been a decrease in the number of times state representatives actually attended the meetings. It was becoming more and more frequent for the alternates or even staff below the alternate level to be sitting at the table representing certain states.

This, the state representative continued, was because Commission meetings were becoming cut and dried and involved little policy level action. Instead he felt there were endless discussions of the same topics and that the decisions were frequently precluded by the executive committee or by the staff. Although this view and the causes could be disputed, a review of Commission meeting minutes does indicate that many times the most controversial topics are put off until the next meeting. It is clear that the Commission should be concerned about its continued effectiveness.

Conclusions

In the beginning, this chapter posed the question, "Why have commissions?" The hope was that the commission mechanism would provide a way of overcoming some of the severe problems that had dogged the administration of regular grant programs:

- *overlap, duplication, and a lack of coordination*
- *lack of a state policy role*
- *lack of a comprehensive and rational strategy, which brought about a scattering of project funds and a resulting reduction in the benefits flowing from federal project investments*

Development programs, to be successful, had to be linked together in a common strategy at the federal, state, and local levels. In addition to the problems common to all federal aid programs, the nation's economic development programs had had their own special problems. They had been too narrowly focused on public works.

This chapter has reviewed the efforts at coordination at the federal, state and local levels, the attempts to foster coherent development strategies, and the efforts to infuse state policy into the program. How well has the Commission done?

Anyone who expected the Appalachian Regional Commission to develop and execute a regional solution to the area's problems will doubtless be disappointed. But Congress did not authorize such a program and the Commission's experience has confirmed that, with the exception of the highway program, there is no regional set of actions that would solve Appalachia's problems. This again raises the question "Why then have commissions?"

It is nearly impossible to convince anyone of the worth of regional commissions who does not grant that states and their governors should have a policy voice in the management of the federal system. If a person believes that functional bureaucracies at the federal, state and local levels can solve Appalachia's problems, then that person cannot be convinced of the value of regional commissions. The bureaucratic solutions have been tried, however, and they did not work.

With the common ground of the state and gubernatorial roles granted, how well did the commission experiment work?

The Appalachian Regional Commission can report more than modest accomplishments in its own activities and in the response at the state and district level. New and broader program management techniques are being tried.

What the Commission has succeeded in doing during the first five and one-half years of the program is to discover what devices offer genuine hope for solving the problems of the federal system and which devices are fanciful.

Federal

At the federal level, the coordinating committee of cabinet officers or assistant secretaries is a hollow device. The same is true of legislative admonishments to coordinate. Even substantial amounts of money are not sufficient inducements to get agencies together; it may really divide them. The Commission's most successful efforts at coordination have been in functional areas where it had enough money of its own to be an honest broker, but not too much to be overwhelmed with operational problems. The most important ingredient of these successful coordination efforts has been providing the Commission staff with the time to do an adequate job of working with the federal agencies.

State

At the state level, the Commission has been able to conduct a varied experiment because the states themselves chose different administrative patterns to carry out their roles. The results at the state level have been surprising, both in the amount of involvement of the governors and their top assistants and also in the degree of experimentation with improved administrative mechanisms and coordination of development efforts beyond the Appalachian program itself.

Initially, the program legislation and discussions about it emphasized meeting the immediate, pressing needs of an economically-depressed area. Quite naturally, most states originally decided to either assign the program to an economic development agency or establish an independent office for the Appalachian program reflecting an economic development emphasis. Program administration stressed getting the flow of aid started.

In more recent years, however, there has been an encouraging trend toward placing the program in a broad administrative framework Almost three-fourths of the Appalachian states have now housed responsibility for administration of the Appalachian program in a central management agency close to the governor, either an office of federal-state relations, a program development office, or a department of administration in the office of the governor or the state planning agency The Appalachian program assignment has generally been accompanied by responsibilities for other program planning and coordination activities such as law enforcement assistance, health planning, poverty, and outdoor recreation programs. This represents substantial progress toward meeting the objective of improving state level program coordination by giving the governors the tools they need to overcome fragmented and dispersed administrative responsibilities within their own state governments. In these cases the state development planning process also offers the potential of being useful in broad policy and budget decisions.

This method of handling the Appalachian program should not be expected to occur in every state. There are a number of factors which tend to lessen the influence of the Appalachian activities within some of the states. In several states only a small portion of the land area or population are included in the Appalachian Region. Parts of three other states are both in the Appalachian and another regional commission. Furthermore, the money flowing from the Appalachian program is a relatively small portion of the state budget. Frequently very little state budgeted money is involved in matching Appalachian grants; therefore, the financial impact of the Appalachian program upon the state budget is minimal.

There have been other accomplishments at the state level. In a number of functional areas, the program has been successful in creating an Appalachian development strategy and priorities which influenced program decisions of line agencies. This is particularly true in most vocational education and health activities

Appalachian growth strategies have been developed and priorities established Policy has been set and projects and programs underway. Each of the states has a development plan, although in some cases the plan followed rather than shaped the program policies.

Here again the results achieved under the Appalachian planning program are good when compared with experience throughout the nation. Planning should parallel and complement the state budget, but rarely does. State planning elsewhere in the nation has seldom been used as a management tool; instead it tends to concentrate on encouraging local planning and conducting land use and resource studies.

Budgeting, on the other hand, concentrates on the things to be bought in the coming year. It is therefore rather surprising that the Appalachian states have been able to achieve the results they have in using the development plan to structure and coordinate major financial resource decisions

Local Development Districts

During the five and one-half year period of the Commission program, significant progress has been made in establishing districts The first three years under the Appalachian program were spent laying the groundwork for the district program at the state level Enabling acts and state technical assistance were needed in many cases As of January 1, 1969, 29 districts could be certified. By 1970 there were a total of 50 locally organized and operated development districts in 11 of the Appalachian states

Under the combined initiatives of state and local government and accompanying federal action, over three-fourths of the Appalachian states have either established, or initiated action to establish, a statewide system of districts to provide a method of relating local governments directly to state and regional development and planning policy determination. In all but two of the Appalachian states (West Virginia and Maryland), locally organized and operating development districts exist. They cover all of the Appalachian portions of seven states (Georgia, Mississippi, North Carolina, Ohio, Pennsylvania, South Carolina and Virginia) Six of the states offer a state financial support program for districts in addition to the Appalachian funding. Significant progress has been made in establishing the local government cooperative base for participation in the Appalachian program

It is difficult to generalize about the effectiveness of the local development districts in working with the states in administrating the Appalachian program because of the wide range of performance even within one state Four states have either no districts or the districts are too new to give a clear indication of their potential In several other states, a number of districts have only recently become firmly established and staffed.

The full potential of the district at the local level in a coordinated network of comprehensive planning agencies has not yet been realized. This is partly because state comprehensive and coordinated planning is still in a formative stage also. The local development districts have been active in the preparation of functional plans and, to a more limited extent, areawide comprehensive plans.

As might be expected, it is in the development of specific project proposals that the local development districts have been most effective. They provide a means by which local governments can cooperate in development projects to meet areawide needs within the framework of Appalachian regional development objectives and strategy.

In summary, the development district program has been operational for less than three years. The variety of state approaches has provided an opportunity to see which kinds of arrangements offer the most promise for success. Clearly, both state and local financial participation are essential to promoting good coordination and policy linkages. Also, the

more federal funding sources, the better A district with only one minimum amount of local funds and reliant solely upon the Commission for the remaining 75 percent of its operating money would tend to have a narrow and unstable program The state and local governments just do not have enough of a stake in it There are enough examples of districts that serve a broad local coordinating and program development role to justify considerable faith in the districts as a way of overcoming the problems of local balkanization

APPENDIX I

GROWTH CENTER DELINEATION

1 **Alabama**: The 1970 Alabama State Plan delineates both primary and secondary growth regions containing growth poles (urban centers of industry, commerce, and administration) and growth points (lower order service and employment centers). Primary growth regions may contain both growth poles and points, while secondary regions, which are smaller and more isolated, contain only points This delineation is a result of a gradual evolution beginning with the simple selection of growth areas with no differentiation between them. Recently, Alabama has been moving toward the recognition of interstate growth areas which are dependent on out-of-state dominant centers.

2. **Georgia**: Georgia has used the same approach of delineating cities and growth corridors throughout the existence of the program. The cities are further classified into areas of high and medium potential. No hinterland areas or interstate areas are defined.

3. **Kentucky**: Kentucky has submitted only one plan (1967) which identifies complexes of centers at five different levels (metro, primary, secondary, tertiary, satellite). Each local development district in Kentucky contains one or more such centers. The plan does not identify interstate growth areas

4 **Maryland**: Although Maryland did not specify growth areas in its first plan, the second plan (1967) identified primary and secondary growth centers (cities) and their associated hinterland. The plan does not discuss interstate growth areas.

5. **Mississippi**: In its first regular plan approved by the Commission in 1969 (Mississippi was not included in Appalachia until 1967), Mississippi defined primary and secondary growth centers and their associated hinterlands. Again, no interstate areas were taken into account.

6. **New York**: New York has, in general, maintained its original (1966) growth area delination, including primary and secondary growth areas having a center and a hinterland. The secondary areas were subsequently upgraded to primary areas. This plan does recognize interstate growth areas.

7. **North Carolina**. North Carolina's initial plan in 1967 identified three levels of growth cities primary, secondary, and urban. Subsequent plans have not altered this procedure, although the number of growth cities has consistently increased Neither interstate growth areas nor hinterlands are discussed.

8. **Ohio**: Ohio's approach to the definition of growth areas has evolved from an initial designation of growth areas in combination with primary and secondary centers to the narrower designation of only primary and secondary growth cities Later plans also recognize the influence of dominant areas outside Appalachian Ohio

9. **Pennsylvania**: Initially, Pennsylvania classified all its Appalachain counties according to their relative growth potential. In 1968, this was changed to the designation of "economic activity areas" (a municipality or group of municipalities and their associated hinterlands). These areas are in no way ranked. The definition of economic activity areas does take into account of the influence of out-of-state dominant areas

10. **South Carolina**: South Carolina has become increasingly sophisticated in its [illegible]ition of growth areas Initially, such areas were identified as growth corridors and were located along the principal interstate highways. In subsequent plans, primary areas and their urban centers were designated growth areas. The influence of areas in other states is not considered

11. **Tennessee**: Tennessee's first plan defined growth cities and ranked them as primary, secondary or tertiary. No hinterlands were designated except for the Tri-Cities area (Bristol, Kingsport, and Johnson City), the Knoxville areas and the Chattanooga and Cookville areas. Interstate areas are recognized only in the case of Bristol, Tenn.-Va.

12. **Virginia**: The approach used by Virginia has been to define primary growth areas around major highway corridors and labor shed areas. No specific mention is made of the central cities. However, the names of the areas imply

the dominant centers (e.g., Duffield-Wise) Interstate influence is recognized in the case of Bristol, Tenn.-Va.

13 **West Virginia** In its initial plan, West Virginia identified supplemental (primary), developmental (secondary), and complementary (hinterland) investment areas. This was changed slightly in 1970 when the areas were designated as developmental (primary), complemental (secondary), and supplemental (tertiary). Interstate influences are taken into account.

The initial approach used by Tennessee was considered satisfactory by the state and the Commission. A mathematical model was developed which, in analyzing variables (population size, proximity to regional centers and interstate systems, percent change in per capita income, etc.), produced a "growth coefficient" representing the relative growth potential of a city. Using this approach, cities were classified as primary, secondary, or tertiary growth cities. Regional centers were selected separately based upon their dominance in the area. Use of this model permitted periodic updating of the growth areas by simply entering new data.

An examination of the brief discussions earlier in this Appendix demonstrates that Alabama and South Carolina experienced the greatest change in approach to growth center designation. Alabama has moved from simply defining growth areas along county boundaries to an approach involving the designation of centers and their hinterlands. The new approach takes into account the vast rural areas while still adhering to the basic theory of concentration in dominant centers. South Carolina evolved from the simple definition of growth corridors along major highways to a more complex system of primary and secondary areas.

Maryland's approach demonstrates the importance of taking account of the particular characteristics of its portion of the Region in designating growth centers. It was recognized that although Garrett County had a limited potential for industrial development, it did have considerable potential for development as a recreation area. Therefore, it was defined as a secondary growth area with a dominant center in the Oakland-Deep Creek Lake area. Cumberland and Hagerstown, with obviously higher potential for more traditional growth, were designated as primary.

Kentucky recognized that "growth potential" in its Appalachian portion was highly limited, especially in the coal mining areas of eastern Kentucky. Therefore it developed a service complex hierarchy to improve the delivery of urban services to this densely populated but relatively rural area.

Although New York, Pennsylvania, and Virginia each followed an acceptable approach in defining growth areas, none of these states specifies the relative growth potential of their growth centers.

West Virginia and Ohio recognized the need for greater concentration of development effort and thus significantly reduced the number of growth areas over the period of the program.

Recognizing the importance of Atlanta (external to Appalachian Georgia) to its Appalachian region, Georgia took this city and its role as a transportation center into account in its plan. Major interstate highways extending from Atlanta were designated as growth corridors. Georgia has also differentiated between high and medium growth potential cities in a method similar to that used by Tennessee.

Mississippi, like Alabama, saw the need to take account of its large, relatively isolated rural areas. Consequently, cities providing services to these areas were designated as secondary growth cities while primary growth areas were selected around the major cities.

APPENDIX II

Federal Agencies with Administrative Responsibilities for Appalachian Regional Development Act Programs

Section of the Act	Subject	Agency
201	Development Highways and Access Roads	Department of Transportation
202	Demonstration Health Projects	Department of Health, Education and Welfare
203	Land Stabilization and Conservation	Department of Agriculture
204	Timber Development	Department of Agriculture
205	Mining Area Restoration	Department of the Interior
206	Water Resource Survey	Department of the Army (Corps of Engineers)

Section of the Act	Subject	Agency
207	Housing Assistance	Department of Housing and Urban Development
211	Vocational Education	Department of Health, Education and Welfare
212	Sewage Treatment Works (not currently funded)	Environmental Protection Agency
214	Supplemental Grants	(any Federal agencies providing basic funds)
302	Research, Planning and Development Districts	(none)

APPENDIX III

West Virginia

Nine counties are included in the demonstration area Fayette, Logan, McDowell, Mercer, Mingo, Monroe, Raleigh, Summers and Wyoming.

Population 354,678

Staff Director.
Dr. N. Allen Dyer
Executive Director
Southern West Virginia
App. Regional Demonstration Health Program
Route 2, P.O. Box 382
Bluefield, W. Va. 24701

Dr. Daniel Hale, Chairman
The Southern West Virginia
Regional Council, Inc.
Medical Arts Building
Princeton, West Virginia
24740

Total 202 Funds: $11,042,057 Date Designated November 29, 1967

States Representative: William A Loy

This demonstration project has engaged in a limited construction of health facilities including two county health centers, an extended care facility and a county satellite health center. Services in the nine-county area include early diagnosis of heart disease in children, nutrition services, Public Health staffing and consultation, mental health services offering prevention, therapy and rehabilitation to the handicapped, dental services, a German measles vaccination program, and a regional rehabilitation program for the handicapped. An occupational health planning program to train manpower, protect persons from health hazards and assure adequate medical care encourages job opportunities in the area.

WEST VIRGINIA

Section 202 Projects approved before 8/31/70

ARC NO.	PROJECT Planning and Operating Grants	DATE APPROVED	202 OBLIGATION	GRANT PERIOD
0629-1	Planning and Admin. Grant	1/25/68	$199,960	2/1/68-1/31/69
0629-1	Planning and Admin. Grant - supplemental	1/31/69	35,375	2/1/68-4/30/69
0629-1	Planning and Admin. Grant - continuation	5/23/69	76,640	5/1/69-12/31/69
0629-05	Coordinated program of screening, referral and follow-up for children with heart disease for early detection of congential defects of schoolage children in nine-county area or appalachia	6/29/68	123,327	8/1/68-7/31/69
[illegible]29-05	Coordinated program of screening, referral and follow-up for children with heart disease – continuation	6/30/69	145,837	8/1/69-7/31/70
0629-06	Establishment of 24-hour referral and health information service for residents of a nine county area to avail them of appropriate health services on short notice.	6/29/68	117,551	8/1/68 7/31/69
0629-06	Continuation of 24-hour referral and health information service.	6/30/69	268,819	8/1/69-7/31/70

ARC NO.	PROJECT Planning and Operating Grants	DATE APPROVED	202 OBLIGATION	GRANT PERIOD
0629-08	Solid waste disposal and sanitary landfill program to establish environmental control of a health problem carried by open dumping	6/29/68	403,051	8/1/68-7/31/69
0629-09	Comprehensive mental health services including prevention, therapy and rehabilitation on a regional basis	9/19/68	592,359	8/1/68-7/31/69
0629-016	Vaccination program, increase of satellite clinics for residents of remote areas to provide immunization and health education	6/29/68	245,860	8/1/68-7/31/69
0629-016	Continuation vaccination program, increase of satellite clinics	6/30/69	229,296	8/1/69-7/31/70
0629-017	Maternity and child health program, to raise the standard of care for mothers and offspring by increasing services and expanding existing preventive health programs	7/1/68	180,625	8/1/68-7/31/69
0629-017	Continuation maternity and child health program	6/30/69	774,239	8/1/69-7/31/70
0629-018	Home health services including skilled nursing and therapeutic services for persons requiring medical attention but not for hospitalization.	6/29/68	130,104	8/1/68-7/31/69
0629-019	Regional public health staffing and consultation program to support local public health staffing patterns and to expand their services	7/1/68	607,451	8/1/68-7/31/69
0629-020	Development of public health education program for residents of the area to make them aware of the basics of personal health practices and of health services available to them.	6/29/68	50,245	8/1/68-7/31/69
0629-020	Continuation of development of public health education program.	6/30/69	107,152	8/1/69-7/31/70
0629-021	Dental health program, staffing equipping, operation of dental health clinics in each of the 3 sub-regions of the area for all children ages 5 to 14 years.	6/29/68	429,690	8/1/68-7/31/69
0629-023	Development of manpower and training program for health related fields, recruitment and training of professional and allied health personnel to alleviate shortage of manpower in area health programs.	6/29/68	112,050	10/14/68-10/13/69
0629-025	To expand tuberculosis control program; to expand diagnostic and treatment services of an existing public health program	6/29/68	72,485	8/1/68-7/31/69
0629-02A	Extended Care Facility, Bluefield, Mercer County construction of a 50 bed nursing home for residents of the area.	6/29/68	374,072	
0629-02B	Extended Care Facility, Welch, MdDowell County construction of a 50 bed nursing home for residents of the area	6/29/68	386,072	
0629-02C	Extended Care Facility, .ullens, Wyoming County construction of a 30 bed nursing home for residents of the area.	6/29/68	273,027	
0629-013B	Satellite Public Health Center, Fayetteville, construction of a facility to provide out-patient health services to rural residents of the area,	7/31/68	129,372	
0629-013E	Satellite Public Health Center, Union, construction of a facility to provide out-patient health services to rural residents of the area,	7/31/68	135,234	

ARC NO.	PROJECT Planning and Operating Grants	DATE APPROVED	202 OBLIGATION	GRANT PERIOD
0629-015A	Expansion Public Hea'th Center, Beckley, to add 10,000 sq ft of space to an existing public health facility	7/15/68	300,443	
0629-015B	Expansion Public Health Center, Bluefield, to add 10,000 sq ft. of space to an existing public health facility	7/15/68	303,283	

WEST VIRGINIA

Section 202 projects approved before 8/31/70

ARC NO.	PROJECT	DATE APPROVED	202 OBLIGATION	GRANT PERIOD
0629-05	Program for Children with Heart Disease (Service and equipment continuation increase).	8/22/69	$ 14,200	8/1/69-7/31/70
0629-018	Home Health Services-continuation	9/05/69	393,695	8/1/69-7/31/70
0629-033	Nutrition-Counties of Mercer, Monroe, Fayette Summers, Wyoming, Raleigh, McDowell, Logan, Mingo to provide education and counseling on health and associated nutrition subjects.	10/02/69	132,404	8/1/69-7/31/70
0629-019	Public Health Staffing and Consultation continuation.	10/02/69	491,806	8/1/69-7/31/70
0629-09	West Virginia Mental Health increase	12/17/69	117,568	8/1/68-1/31/70
0629-1	Planning and Administration Grant increase.	1/09/70	22,016	5/1/69-12/31/69
0629-025	Tuberculosis Control Program continuation (Disease prevention and control)	3/17/70	103,935	2/1/70-1/31/71
0629-1	Planning and Administrative Grant continuation	3/19/70	200,000	1/1/70-12/31/70
0629-021	Dental Health Program continuation (Outpatient and other services)	3/23/70	464,872	2/1/70-1/31/71
0629-016	Vaccination Program (revised) German Measles (Disease prevention and control)	4/08/70	58,750	8/1/69-7/31/70
0629-09	Mental Health Services Program continuation	6/03/70	442,191	2/1/70-7/31/70
0629-030	Establishment of Regional Comprehensive Rehabilitation Program;outpatient and other services to assist the handicapped of a nine county area.	7/06/70	61,260	7/1/70-6/30/71
0629-036	Establishment of Regional Occupational Health Planning Program, outpatient and other services for the area to protect persons from health hazards in their working environment, facilitate placement of individuals, assure adequate medical care for the occupationally handicapped and to encourage personal health maintenance.	7/06/70	57,533	7/1/70-6/30/71
0629-01.)	Establishment of Emergency Care Communication and Transportation Program to provide a coordinated program for patients needing institutional in-patient care without the ability to transport themselves to the proper facility.	7/31/70	522,287	9/1/70-8/31/71
0629-029	Establishment of Grant for provision of water supply and sewage disposal by Public Service District.		24,872	7/1/70-6/30/71
0629-015	Raleigh County Public Health Center Expansion overrun.	11/10/69	143,640	
0629-015	Mercer County Public Health Center Expansion overrun.	11/10/69	72,855	
0629-037	Extended Care Facility at Montgomery General Hospital, Montgomery, construction of 44 nursing care beds to be coordinated with a modernization of hospital facilities.	7/31/70	761,598	
0629-013C	Summers County Satellite Health Center, Hinton, construction of a regional out-patient facility man area which cannot support a complete health center.	8/18/70	133,136	