

SAABB

POLICY BRIEF
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Is the Appalachian Regional Commission a Good Model for the Black Belt Region?

MESSAGE FROM CISC DIRECTOR AND SAABB EDITOR

The **State of African Americans in the Black Belt (SAABB)**, a yearly report founded by **Tuskegee University and the Federation of Southern Cooperatives/Land Assistance Fund**, is a project of the Carver Integrative Sustainability Center (CISC) and is funded by the **W.K. Kellogg Foundation**. SAABB is designed to address policy issues, economic development and otherwise, that are specific to the Black Belt Region while at the same time having national impact. Since there are five federal regional commissions and authorities in the Black Belt Region, they represent national economic development policy issues that have a far-reaching impact on the Region, therefore the informed input and commitment from all stakeholders is critical. For the purpose of this brief, we focused on the Appalachian Regional Commission (ARC) since it is the oldest commission and the others are primarily modeled after it.

Dubbed “a region apart” and referred to as the nation’s poorest region in the 1960s, it was decided that the Appalachian Region would receive special assistance for its economically distressed areas in order to bring the region into parity with the rest of the nation. The Appalachian Regional Development Act of 1965 authorized a total of \$1.1 billion in federal funds for the 393 counties then served.¹ However, the poorest region in the nation, at the time of the creation of the ARC in 1965 was, in fact, the Black Belt Region, and it still is today.² The 15 slave states that constitute the Black Belt Region as redefined by SAABB is the only area of the country that can be legitimately called “a region apart” due to its 400-year history of systemic economic and racial inequities imposed upon people of African descent. Sanctioned by the Constitution and enforced at every level of government, these inequities included uncompensated labor, federally sanctioned Jim Crow laws, and racial and economic apartheid. If any region deserved federal attention and “special assistance for economically distressed areas,” the Black Belt Region should have been at the very top of any such list.

However, instead of seeking economic parity for people of African descent in the Black Belt Region in the 1960s along with voting rights and other demands of the Civil Rights era, the Kennedy and Johnson administrations, at the behest of governors like George Wallace a well known racist, sought economic parity for the Appalachian Region where the majority of rural poor whites lived. It should be noted that the actions of the federal government during the Civil Rights Movement only restored rights that were taken away when the federal government failed to protect those rights during Reconstruction (the former enslaved and their descendants were left to defend themselves against white supremacists who employed domestic terrorism to oppress and disenfranchise them). The unfortunate reality is that the creation of the ARC along with its high levels of funding were reparations to the descendants of former slave owners for conceding to some Civil Rights demands.

Raymon Shange
CISC Director

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SAABB Editor

¹ Appalachian Regional Commission. *Annual Report 1969*, p. 20.

² Carl Vinson Institute of Government, *It's a Matter of Wealth: Dismantling Persistent Poverty in the Southeastern United States*, Athens: University of Georgia, 2003.

THE ORIGINS OF FEDERAL REGIONAL COMMISSIONS & AUTHORITIES

In 1965, the Appalachian Regional Commission (ARC) was established as the first federal place-based experimental approach to comprehensive regional development in the economically distressed areas of the Appalachian Region. Designed to address both rural and urban problems at all three levels of government, the ARC was to combine planning for human, natural, physical, and institutional resources as well as provide funds to carry out plans and projects.³ This experiment would lead ultimately to a call for a national system of multistate regional commissions to be modeled after the ARC. However, over the years, the purpose shifted away from the original intent of Congress to topics of “balanced growth” with commissions now being used as a source of additional federal aid.⁴

Since the ARC offered itself as a model for the rest of the nation, the General Accounting Office (GAO) decided to review ARC’s nonhighway programs with an eye toward answering the following question in its 1979 report: **Should the Appalachian Regional Commission be used as a model for the nation?** The GAO concluded that the Commission does not have **“a complete project and program evaluation system which systematically identifies project benefits, measures program effectiveness, and links the results to ongoing planning and project selection.”**⁵ The report urged Congress that until **“the Appalachian Regional Commission addresses these and other issues, its resolution calling for a national system of multistate commissions patterned after it will not be convincing. The Appalachian Regional Commission is not yet a model for the Nation.”**⁶

The GAO determined the following questions were unresolved:⁷

1. Is ARC’s definition and concept of the regional development plan adequate, and what impact will such a plan have on the flow of federal/state expenditures in the region?
2. What benchmarks and quantified goals has ARC established to measure progress in terms of increased income, reduced poverty levels, reduced education gaps, reduced substandard housing, and decreased unemployment and underemployment?
3. Based on ARC’s definition of a self-sustaining economy, how many of the region’s counties are currently considered self-sustaining and are likely to become self-sustaining?
4. How much matching funds, by state and year, will each state provide?

To address these and other unresolved issues, the GAO/Comptroller General presented four overarching recommendations:

1. revise its planning policy and improve its guidelines for state and district planning;
2. quantify its goals and objectives and reexamine its method of allocating funds to the states;
3. resolve program and project monitoring responsibilities); and
4. expand its program evaluation efforts.

ARC, for the most part, rejected both the unresolved issues raised by the GAO as well as the recommendations. Despite GAO’s conclusions and recommendations, the other six federal regional commissions and authorities are broadly modeled after the ARC.

³ Comptroller General (1979). Report to the Congress of the United States: Should the Appalachian Regional Commission Be Used As A Model For The Nation? Government Accounting Office (GAO), p. 3.

⁴ Ibid., p. 101.

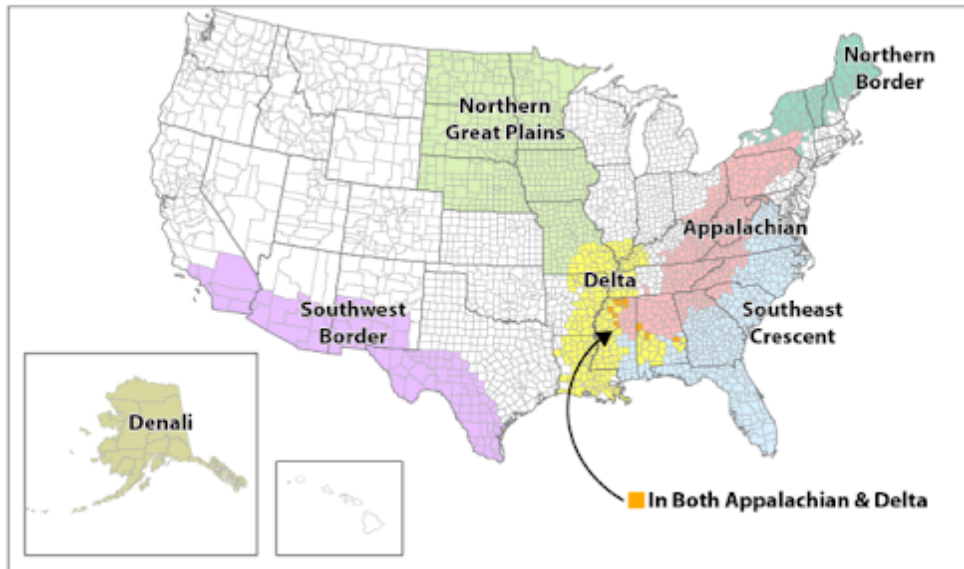
⁵ Ibid., p. 91.

⁶ Ibid., p. v.

⁷ Ibid., p. 102.

FEDERAL REGIONAL COMMISSIONS AND AUTHORITIES TODAY

Seven federal regional commissions and authorities have been authorized by Congress, five are active (receive annual appropriations) and are being administered through the Office of the President with missions to address economic distress in various regions of the country.⁸



Source: Compiled by CRS using data from the various commissions and authorities and Esri Data and Maps 2019.

While the federal commissions and authorities are said to be modeled after the ARC, the levels of funding committed are nowhere near the level of funding that has been provided to ARC. In fact, ARC receives more funding annually than all of the other commissions combined (see nonhighway funds below):

	ARC	DRA	SCRC	SBRC	NGPRA	NBRC	DENALI
Year Created Administration	1965 Johnson	2000 Clinton	2008 GW Bush	2008 GW Bush	2002 GW Bush	2008 GW Bush	1998 Clinton
Year Activated Administration	1965 Johnson	2001 GW Bush	2021 Biden	Not Yet Activated	Defunct	Obama 2015	1998 Clinton
Annual Authorization	\$200 Million	\$30 Million	\$33 Million	\$33 Million	NA	\$33 Million	\$15 Million
2022 Appropriations	\$1.2 Million	\$150 Million	\$10 Million	\$1.25 Million	NA	\$150 Million	\$75 Million
Total Appropriations as of 2022	\$7.4 Billion	\$479 Million	\$12.75 Million	\$1.5 Million	\$3 Million	\$174 Million	\$649 Million

For the 423 counties it now serves, the ARC has an annual authorization of \$200 million, and in 2021 was appropriated \$1.2 billion through 2026. In contrast, the Southeast Crescent Regional Commission (SCRC), originally referred to as the Black Belt Regional Commission, is authorized to receive \$33 million annually for the 434 counties it serves and was appropriated a mere \$5 million for its first year's operations.⁹

⁸ Learn more here: [Federal Regional Commissions and Authorities: Structural Features and Function](#)

DRA - Delta Regional Authority; SBRC-Southwest Border Regional Commission; NGPRA - Northern Great Plains Regional Authority; NBRC - Northern Border Regional Commission.

⁹ Read more about the stark differences between ARC and SCRC at: [Promoting Development in the Black Belt Region: A Plan for the Southeast Crescent Regional Commission](#).

ASSESSING ARC'S SUITABILITY AND IMPACT

The Black Belt Region has three active federal commissions/authorities (ARC, DRA and SCRC), there is also one that's inactive (SBRC) because no federal cochair has been appointed since it was created in 2008, and one that is defunct (NGPRA) because it was not reauthorized in 2018. Given the disparity in funding and commitment, one can easily understand why historically, as it relates to the Black Belt Region, commissions are where good ideas go to die.

In order to adequately answer the question of whether or not the Appalachian Regional Commission (ARC) is a good model for the Black Belt Region, it's necessary to assess its suitability for the region, whether the unresolved issues raised in the GAO report were fully addressed, as well as assess impact as reflected by the economic status of its counties.

With respect to its suitability as a model for the Black Belt Region, a 2003 proposal for a Black Belt Regional Commission from a coalition led by the Southern Organization for Food Systems and Education Consortium (SOFSEC) determined that due to the region's unique history of racial oppression, it should address issues of race and racism as well as have the following six priority areas: a) education, b) health care, c) transportation systems, d) housing, e) economic development, and f) infrastructure.¹⁰ According to a SEAP report:¹¹

... the SOFSEC recommendations were ahead of their time in calling for racial/social equity and inclusion as they relate to the proposed commission's structure, strategies, and priorities. The report called for a commission centered around a community-based approach with representation from a broad group of stakeholders that includes low-income representation to provide input and program direction as well as guidance for targeted resource allocation.

Most of the elements of the SOFSEC proposal were echoed in a PolicyLink/Urban Institute report which provided a blueprint for federally place-based programs to follow if they are to have the desired impact in the 21st Century. It recommended a design for place-based policies that, among other things, allows local practitioners to respond to the priorities of those most impacted by a history of racial segregation and discrimination.¹² While economic development, transportation, and infrastructure are priorities for ARC, unfortunately, education, health care and housing are not. In addition, ARC has not sufficiently addressed issues of racial equity.¹³

The most relevant of the unresolved issues raised in the 1979 GAO report is whether ARC now has a **complete project and program evaluation system identifying project benefits, measuring program effectiveness, and linking the results to ongoing planning and project selection.** According to a 2021 report by the Urban Institute under contract with ARC to develop a roadmap and provide recommendations to guide its internal performance measurement processes and systems, ARC's performance measurements and accountability system lack a cohesive framework that connects its mission statement with program goals. In addition, it indicated that ARC staff were unclear about the difference between outputs and outcomes. The Urban Institute further recommended that ARC should enhance performance measurement, strengthen reporting, improve capacity through guidance and training, build shared understanding and improve communications, and lead on equity.¹⁴

¹⁰ Southern Organization for Food Systems and Education Consortium (SOFSEC) and Community-Based Organizations (2003). Persistent Poverty in the South: A Community-Based Perspective. SOFSEC.

¹¹ Promoting Development in the Black Belt Region: A Plan for the Southeast Crescent Regional Commission, p. 13.

¹² Margery Austin Turner, et al, A Blueprint for the Next Generation of Federal Place-Based Policy, Washington, DC: The Urban Institute and PolicyLink, 2021.

¹³ Strengthening the Appalachian Regional Commission's Grant Performance Measurement | Urban Institute

¹⁴ Appalachia Envisioned: A New Era of Opportunity | ARC Strategic Plan Fiscal Years 2022-2026

The ARC's lack of coherence in its project and program evaluation system is evident in ARC's 2022 Strategic Plan with respect to the health challenges facing the people of Appalachian Region (the section below on challenges and needs is taken directly from the strategic plan):¹⁵

Substance use disorder rates and health status. The nation's substance use disorder crisis continues to disproportionately impact Appalachia. By 2018, the overdose-related mortality rate for the Region's 25- to 54- year-old age group – those in their prime working years – was **55% higher** than for the same age group in the country's non-Appalachian areas. Similarly, **the health status of the Region's residents continues to decline:** The all-cause mortality rate is **33% higher** in Appalachia than in the rest of the country, and the Region has **higher rates of mortality** due to many of the leading causes of death in the U.S., including cancer, heart disease, chronic obstructive pulmonary disease (COPD), injury, stroke, and diabetes. Rural and economically distressed counties generally report the highest rates in the Region.

Despite these incredulous findings, of the 17 objectives listed in ARC's strategic plan, **not a single objective addresses the region's health crisis!** Other challenges and needs described in the strategic plan are reflected in the table below:

Challenges/Needs	ARC	Nation
Job Creation (increase since 1980)	49%	79%
Loss of Manufacturing Jobs (2000-2019)	-29%	-24%
Labor Force Participation (ages 25-64)	73%	78%
Not served by a community water system	20%	12%
Not served by a community sewage system	47%	24%
Access to Broadband (2015-2019)	78%	83%

While ARC lags behind the nation in all areas, there is less disparity with respect to the loss of manufacturing jobs, labor force participation, and access to broadband. However, the disparity is greatest when it comes to job creation, and the percentage of the population not served by community water and sewage systems.

Furthermore, other indicators reflect continued disparity: per capita market income (ages 25-64) was 28% lower than the nation in 2019 and adults with a bachelor's degree or higher was seven percentage points lower than the rest of the nation. Access to transportation is still a challenge as well as the need for capacity building, planning, and technical assistance for rural and/or economically distressed counties and areas. Finally, ARC's strategic plan had very little to say about persistent and severe economic distress:

Nearly one fifth of Appalachia's counties continue to face high poverty rates, low per-capita market incomes, and high unemployment rates, hindering economic prosperity.¹⁶

Notwithstanding the above staggering results, the ARC characterized its progress and accomplishments by counting inputs, rather than outcomes and impact, as follows:¹⁷

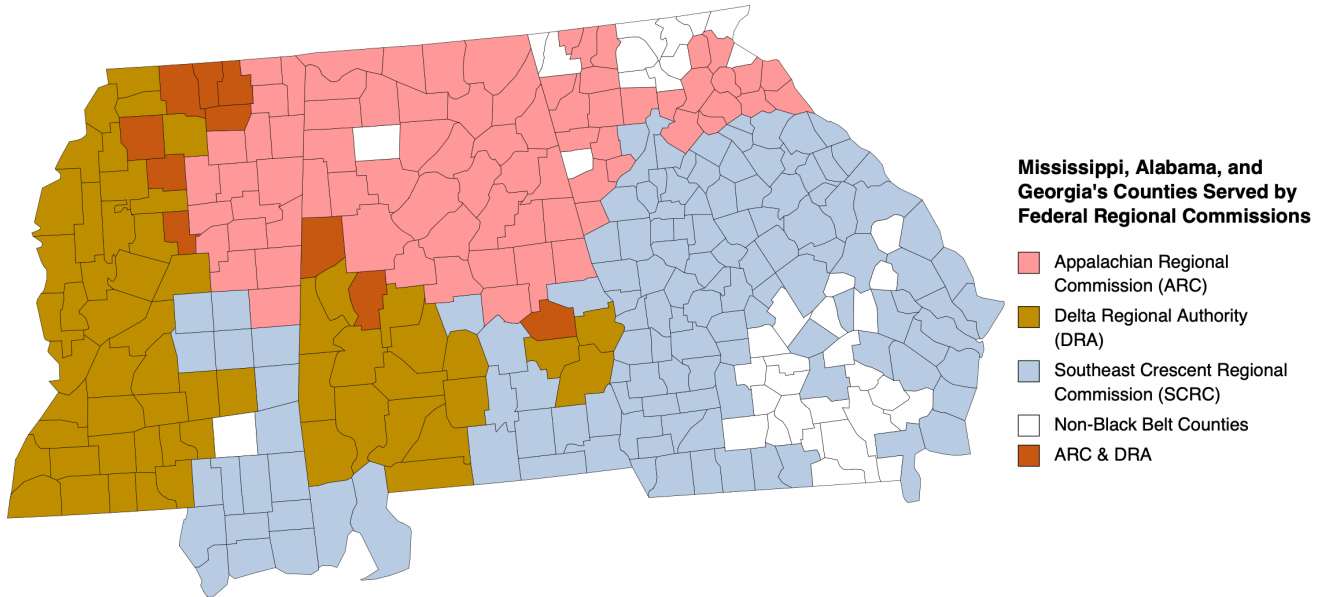
Since its inception in 1965, ARC has invested in the efforts of its local, regional, and state partners to transform Appalachian communities, create economic opportunities, and advance its mission of helping the Region achieve socio-economic parity with the nation. Since 1965, ARC has made over 28,000 targeted investments and invested more than \$4.5 billion in the Region. These investments were matched by \$10 billion in other federal, state, and local funding sources. From 1978–2013, for each \$1 in funds invested by ARC in non-highway area development projects, \$6.40 in private-sector funding was leveraged.

¹⁵ Appalachia Envisioned: A New Era of Opportunity | ARC Strategic Plan Fiscal Years 2022-2026

¹⁶ Ibid., p. 12-13.

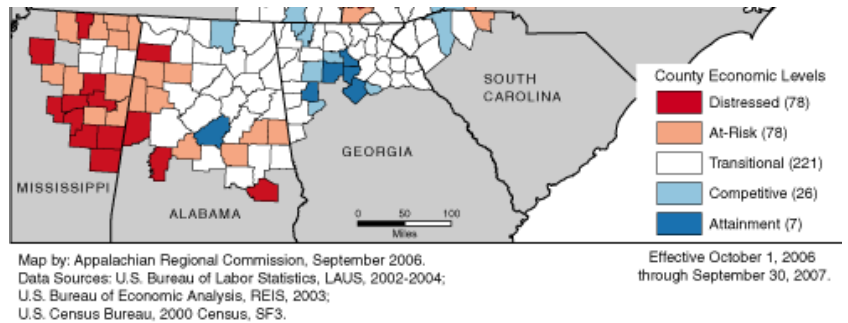
¹⁷ Ibid., p. 11.

To further assess ARC's effectiveness as a model for the Black Belt Region, the economic status of Black Belt counties served by the ARC in the states of Mississippi, Alabama and Georgia were examined (see map below of ARC counties in the Black Belt Region as redefined by SAABB).¹⁸

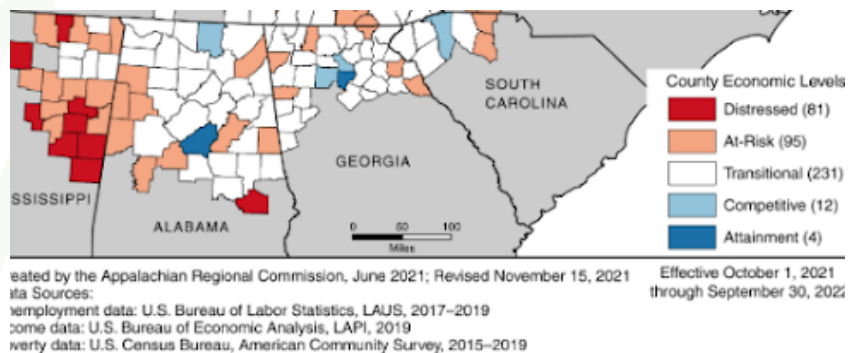


With respect to economic status, beginning in 2007, ARC started classifying counties into five different categories, from the most distressed to the least distressed:¹⁹

- **Distressed Counties - worst 10% of U.S. counties**
- **At-Risk - rank between worst 10% and 25%**
- **Transitional - rank between worst 25% and best 25%**
- **Competitive - rank between best 25% and best 10%**
- **Attainment - rank in the best 10%**



In the ARC region overall, competitive counties decreased from 26 to 12, a 54% decline while attainment counties fell from 7 to 4, a 43% decline for the 15-year period beginning 2007 and ending 2022. On the other end of the spectrum, distressed counties increased from 78 to 81 (roughly 4%), and at-risk counties increased from 78 to 96, a 23% increase (see maps to the right).²⁰



¹⁸ See The Black Belt Region Redefined: SAABB BRIEF-March 2022.pdf, p.2.

¹⁹ Federal Regional Commissions and Authorities: Structural Features and Function, p.9.

²⁰ <https://www.arc.gov/classifying-economic-distress-in-appalachian-counties>; Learn more about the various definitions of distress used by federal regional commissions at: [Defining Distress: | Brookings Institution](https://www.brookings.edu/research/defining-distress/).

For the 15-year period, the economic status of ARC counties in the Black Belt Regions of Mississippi, Alabama, and Georgia are presented below:

Economic Status of ARC Counties: SAABB Black Belt Region of Mississippi, Alabama, and Georgia, 2007 - 2022									
County Ranking	MISSISSIPPI			ALABAMA			GEORGIA		
Economic Status	2007	2022	% Change	2007	2022	% Change	2007	2022	% Change
Attainment	0	0	-	1	1	-	4	1	-75%
Competitive	0	0	-	1	1	-	6	1	-83%
Transitional	4	5	25%	23	24	4%	14	17	21%
At-Risk	10	11	10%	7	9	29%	0	5	500%
Distressed	10	8	-20%	4	1	-75%	0	0	-

Mississippi: Both attainment and competitive counties remained unchanged at zero, at-risk counties increased by 10%, and distressed counties decreased by 20%. **Of the 24 counties (all located in the Black Belt Region), 79% experienced no change in economic status, 17% experienced a positive change, and 4% experienced a negative change.**

Alabama: Both attainment and competitive counties remained unchanged at one, at-risk counties increased by 28%, and distressed counties decreased by 75%. **Of the 36 ARC counties located in the Black Belt Region, 81% experienced no change in economic status, 14% experienced a positive change, and 5% experienced a negative change.**

Georgia: Experienced higher rates of decline in economic status compared to the other two states and the region for both attainment and competitive counties, clocking in at -75% and -83%, respectively, and a whopping 500% increase in at-risk counties. **Of the 24 ARC counties located in the Black Belt Region, 58% experienced a negative change (a decline in economic status), while 42% experienced no change at all. Not a single county improved its economic status over the 15-year period.**

Finally, an examination was made of ARC's approved funding to assess its suitability. The ARC approved funding for 465 projects in FY 2021.²¹ Funding for the states of Mississippi, Alabama, and Georgia totaled \$53.3 million and covered 10 different project types.

Mississippi: Of the \$20.9 million in approved funding, \$19.2 million (91%) was allocated to two project types: community infrastructure at \$16.4 million (78%) and business site development at \$2.8 million (13%); human capital investments (healthcare, education, workforce development, etc.) accounted for only 3.2% with approved funding totaling only \$753,644.

Alabama: Of the \$22.5 million in approved funding, \$15.2 million (67%) was allocated to two project types: community infrastructure at nearly \$8 million (35%) and business site development at \$7.3 million (32%); human capital investments accounted for 26% with approved funding totaling \$5.8 million.

Georgia: Of the \$10 million in approved funding, \$8.1 million (82%) was allocated to two project types: community infrastructure at \$5.1 million (52%) and business site development at nearly \$3 million (30%). **Not a single dollar was invested in human capital.**

²¹ ARC Projects Approved in Fiscal Year 2021.

CONCLUSIONS AND RECOMMENDATIONS

Based on our review, ARC does not appear to have fully resolved the issues identified by GAO some 40 years ago with respect to having a project and program evaluation system that is able to identify project benefits, measure program effectiveness, and link the results to ongoing planning and project selection. Furthermore, a recent study undertaken at the behest of the ARC determined that the ARC lacks a cohesive framework (theory of change) that connects its mission statement with program goals, outcomes, and impact. Because of the above, many of the economic disparity issues the ARC was created to resolve have not been addressed. Finally, the ARC does not adequately address issues of racial equity. **For these reasons and more, the ARC is not a suitable model for the Black Belt Region.**

Detailed recommendations for federal regional commissions and authorities, with a particular focus on the largest commission within the Black Belt Region, the **Southeast Crescent Regional Commission (SCRC)**, will appear in SAABB's first yearly report to be published November 2022. Recommendations will include, but not be limited to: 1) employing a comprehensive wealth-building approach to regional economic development that is community-based; 2) fully engaging HBCUs and community-based organizations as engines of economic growth and development, with a focus on 1890 Land Grant Universities; 3) making 1890 Extension Service a part of the economic development process; and 4) involving the environmental justice community in the early stages of the economic development process.

In addition, we encourage the federal government to conduct a thorough assessment of the impact of existing commissions and authorities currently serving the Black Belt Region as defined by SAABB, and to give serious consideration to creating a commission to address the wealth-building challenges still faced by African Americans, the majority of whom live in the 15 former slave states where, for centuries, they were prohibited by law from building wealth. This action is particularly urgent given the findings of a 2017 report on the racial wealth divide which concluded that, "if unattended, the median Black household wealth is on a path to hit zero by 2053," while "White household wealth is expected to climb to \$137,000," during the same period.²²

Finally, our recommendations are informed, among other things, by a wealth-building theory of change and utilizes the WealthWorks approach to regional economic and community development.²³ WealthWorks defines wealth as the stock of all of a region's resources, assets, inputs, or, in other words, a community's eight capitals (individual, intellectual, natural, social, cultural, built, political, and financial). Wealth-building then is taking action to: 1) increase the quality and quantity of wealth embodied in the eight capitals; 2) increase the ownership and control of that wealth by the people of the region; and 3) increase the livelihoods of the people. Always focusing on people, places and firms on the economic margins (low-income/low wealth), WealthWorks' goal is to "advance a region's overall prosperity and self-reliance, strengthen existing and emerging sectors, and increase upward mobility for many."²⁴ We will also challenge current and future commissions and authorities to prove their relevance in a region where the racial wealth gap long ago reached the critical stage.

²² [road to zero wealth.pdf](#), p. 12.

²³ [Explore regional wealth building | WealthWorks.org](#).

²⁴ <https://www.wealthworks.org/sites/default/files/modules/pdfs/mod1-5-29-14a.pdf>, p. 18.