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APPALACHIAN REGIONAL DEVELOPMENT REAUTHORIZATION ACT OF 2001

AUGUST 1, 2001.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Transportation and Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 2501]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 2501) to reauthorize the Appalachian Regional Development Act of 1965, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY OF THE LEGISLATION

H.R. 2501, the "Appalachian Regional Development Reauthorization Act of 2001," amends the Appalachian Regional Development Act of 1965 (ARDA) to extend the authorization for the Appalachian Regional Commission (ARC) through fiscal year 2006. The bill also revises and updates ARDA to reflect new initiatives and better target ARC resources to economically distressed communities.

The Committee recognizes the need for continued federal assistance to economically distressed communities in Appalachia. This bill targets these communities in several ways including providing the Appalachian region with tools to compete in the changing economy and requiring ARC to direct at least fifty percent of its project funds toward activities in distressed counties and areas.

BACKGROUND ON THE LEGISLATION

During the Subcommittee's hearing on June 20, 2001 on ARC's reauthorization, the Committee received extensive testimony regarding the progress ARC's programs have made in Appalachia. While ARC has accomplished a great deal over the past 35 years,

there is still much to be done to bring Appalachia's economy to the national average. For this reason, the Committee strongly endorses the need for the continuation of the ARC's programs. The economic prosperity enjoyed by the Nation during the 1990s did not reach all of Appalachia, and ARC has continued to assist the region through its federal-state-local partnership. In recent years, Appalachia has endured great economic hardship resulting from the loss of its major industry. ARC is assisting the region to assimilate to the change through coordinated regional planning and innovative proposals, which have resulted in successful sustaining projects designed to replace coal mining and other dying industries.

ARC has significantly improved the lives of Appalachians. In recognition of ARC's achievements, the Commission served as a model for creating the newly established Delta Regional Authority. ARC's success lies in its ability to involve each level of government in project identification and funding. The partnership between ARC federal co-chairman and 13 member state governors requires federal and state representatives to share equally in making policy decisions, approving state development plans, and allocating funds. Each state submits an annual state development plan, which includes a list of projects to be completed within the state. The plan is subject to review and subsequent approval by the majority of the Commission. Since all funding decisions are made jointly by the states and the federal government, ARC is cited as a model program for devolving funding decisions back to the states.

The ARC was established to address the unique problems faced by the isolated Appalachian region, which separates it from the economic mainstream. ARC's regional approach to economic development enables states to work cooperatively to address issues unique to the region. Due to its economic distress, many Appalachian communities lack basic resources needed to match other federal programs. ARC is able to provide funds to these distressed areas at an 80 percent matching rate. Ultimately, ARC is able to succeed because it responds to identified and agreed upon needs, and is extremely flexible in its approach. ARC also leverages its funds to provide resources to bundle multiple federal programs.

Prior to the reauthorization passed in 1998, the Appalachian Regional Commission was funded by appropriators, but remained unauthorized for 17 years, despite Committee efforts to reauthorize the program. By the time of the reauthorization, many issues had been identified through continued oversight over the Commission. Reforms implemented in the 1998 reauthorization targeted these issues and focused ARC's funding efforts on communities in the greatest need. One important reform required ARC to designate the poorest counties in Appalachia as "distressed" and designate those counties that had achieved parity with the rest of the Nation as "economically strong."

ARC's programs affect 406 counties located in thirteen states, including all of West Virginia and parts of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. The region contains nearly 200,000 square miles and 22 million people. ARC reviews each of these counties on an annual basis to determine which designation each county receives—distressed, transitional, competitive or attainment. A county is classified according to a

comparison with the national average on unemployment, poverty rate and per capita market income. Distressed counties have a three-year average unemployment rate that is at least 150% of the national average, a poverty rate at least 150% of the national average, and a per capita market income of no more than two-thirds of the national average. Currently, of ARC's 406 counties, 114 are considered to be distressed.

H.R. 2501 continues the Committee's previous focus on distressed counties, requiring ARC to deliver at least half of its program funds to activities in distressed counties and areas. In the past, ARC was given wide latitude to define the categories of "distressed" and "economically strong," and has shown great diligence in ensuring that these categories have meaning in the scope of their program decisions. These definitions are based on three factors: employment, poverty and per capita market income. The Committee expects ARC to identify similar factors to be relied upon for implementation of funding in distressed areas that may not be located within the confines of a distressed county. These areas are currently described in ARDA as "severely and persistently distressed," but lack a statutory definition. The Committee notes that while an entire county may not qualify as "distressed," there may be pockets of economic distress within a county in need of assistance. Therefore, these pockets should be included in the fifty percent funding target. The Committee notes that while ARC focuses on funding projects in distressed areas, it should do so while continuing to utilize a regional approach to economic development.

H.R. 2501 does not alter any current authorizations or authorities affecting the 3,025 mile Appalachian Development Highway System. The Transportation Equity Act for the 21st Century (TEA–21) has already provided necessary amendments for the highway program. As such, the amendments in H.R. 2501 focus on ARC's administration and area development program.

Testimony received during the Committee hearing illustrated the progress ARC has made implementing the 1998 reauthorization reforms. As such, the Committee reauthorizes ARC for a period of five years and provides ARC with additional funding to assist Appalachian residents to acquire better access to telecommunications and technology, thereby enabling the region to participate in the changing economy.

H.R. 2501

The Committee notes that ARC is one of several federal agencies administering economic development programs in Appalachia. While ARC's programs are administered according to regional development plans and are approved according to state development plans, other federal economic programs in the region may provide assistance that is not reflected in these plans. As such, the Committee recognizes the need for coordination of these economic development projects and provides for the creation of a council to bring federal agencies together to organize the delivery of federal economic development projects in the region.

While much of the Nation is experiencing the benefits of access to technology and telecommunications, Appalachia has extremely limited access to these assets. H.R. 2501 provides ARC with the authority to provide technical assistance and provide funds to in-

crease affordable access to advanced telecommunications, provide education and training, assist industry groups and businesses in preparing to utilize technology, and support entrepreneurial opportunities in the region. The Committee authorizes $10 million for FY 2002 and such sums as may be necessary through 2006. The Committee anticipates that this initiative will enable Appalachians to compete in the changing economy.

H.R. 2501 also continues the theme of the 1998 Reauthorization by requiring ARC to direct at least half of its project funds to activities in distressed counties. The Committee notes that it does not intend to exclude pockets of distress that may exist within counties that on the whole do not qualify under the requirements as distressed. Instead, the Committee directs ARC to provide a definition for a distressed area, which would also be eligible for funding under this targeted requirement. The Committee grants ARC the discretion to establish this definition based on ARC's current commitment to target funds to distressed areas. Nevertheless, the Committee intends to closely monitor the designation process used by the Commission to assess whether further statutory guidance may be needed. Local Development Districts (LDDs) that include a distressed county will also benefit from H.R. 2501. LDDs that include a distressed county are eligible for an increased federal cost share of 75 percent for administrative expenses. The bill also makes technical amendments to update program terminology and to eliminate references to outdated programs.

The Committee authorizes ARC for five years ending in FY 2006. Total authorizations for ARC are $78 million for FY 2002, $80 million for FY 2003, $83 million for FY 2004, $85 million for FY 2005 and $87 million for FY 2006.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

The Act may be cited as the "Appalachian Regional Development Reauthorization Act of 2001." All amendments are made to the Appalachian Regional Development Act of 1965.

Section 2. Coordination of Appalachian regional development programs

Requires the President to create the "Interagency Coordinating Council on Appalachia" to coordinate federal economic development programs in the Appalachian region. The council will be chaired by the Appalachian Regional Commission (ARC) federal cochairman and will consist of representatives of federal departments and agencies carrying out economic development programs in Appalachia.

Section 3. Telecommunications and technology

Enables ARC to provide technical assistance, make grants, enter into contracts and otherwise provide funds to increase affordable access to advanced telecommunications in the region; provide education and training for people, businesses and governments in telecommunications technology; develop relevant technology readiness programs for industry groups and businesses; and support entrepreneurial opportunities in information technology in the region.

The program is authorized for 2002 at $10 million and such sums as may be necessary through 2006.

Section 4. Program development criteria

Requires ARC to distribute at least half of its project grant funds to distressed counties.

Section 5. Grants for administrative expenses of local development districts (LDDs)

Provides grants for administrative expenses at 75% federal share for development districts that include one or more counties designated as distressed. LDDs that do not contain a distressed county remain eligible for administrative expense grants at a 50/50 cost share.

Section 6. Addition of counties to Appalachian region

Expands ARC's jurisdiction to include six additional counties.

Section 7. Technical amendments

Updates terminology by replacing outdated terms including "implementing investment program" and "development program" with "strategy statement" and "development strategy." Provides ARC with the authority to lease office space for a term exceeding its authorization period. Eliminates references to federal grant in aid programs no longer in existence or not used by ARC. Eliminates references to repealed authorities.

Section 8. Authorization of appropriations

Provides authorization of appropriations in the amount of $78 million for FY 2002, $80 million for FY 2003, $83 million for FY 2004, $85 million for FY 2005 and $87 million for FY 2006.

Section 9. Termination

Extends the date the Appalachian Regional Development Act will cease to be in effect to October 1, 2006.

HEARINGS

The Subcommittee on Economic Development, Public Buildings and Emergency Management held a hearing on the reauthorization of the Appalachian Regional Commission on June 20, 2001. Witnesses at this hearing included the federal and state co-chairmen, a former state co-chairman, a representative from a local development district and an individual from a county development organization. Testimony from this hearing illustrated the important work ARC has completed through its partnerships with states to improve economic conditions in highly distressed areas.

COMMITTEE CONSIDERATION

H.R. 2501 was introduced on July 16, 2001. The Subcommittee on Economic Development, Public Buildings and Emergency Management favorably reported the bill by unanimous voice vote with no amendments on July 17, 2001. On July 18, 2001, the Full Committee met in open session and ordered reported H.R. 2501 unanimously by voice vote with no amendments.

ROLL CALL VOTES

Clause 3(b) of rule XIII requires each committee report to include the total number of votes cast for and against on each roll call vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no recorded votes taken in connection with ordering H.R. 2501 reported. A motion by Congressman Steven C. LaTourette to order H.R. 2501 reported to the House was unanimously agreed to by voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

COST OF THE LEGISLATION

Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XIII

1. With respect to the requirement of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, and 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office (CBO) included below.

2. With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objective of this legislation are to extend the authorization of the Appalachian Regional Commission and to make amendments.

3. With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 2501 from the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 26, 2001.

Hon. DON YOUNG,
Chairman, Committee on Transportation and Infrastructure,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2501, the Appalachian Regional Development Reauthorization Act of 2001.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Lanette. J. Walker.

Sincerely,

STEVEN M. LIEBERMAN
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 2501—Appalachian Regional Development Reauthorization Act of 2001

Summary: CBO estimates that H.R. 2501 would authorize the appropriation of $473 million for the Appalachian Regional Commission over the 2002–2006 period. The bill would establish an Interagency Coordinating Council on Appalachia and create a program to provide enhanced access to telecommunications and technology. H.R. 2501 also would expand the definition of the region to include six additional counties: three in Kentucky and three in Mississippi. Under H.R. 2501, these six counties would be eligible to receive grants from the commission. CBO estimates that implementing H.R. 2501 would cost $246 million over the 2002–2006 period, assuming the appropriation of the necessary amounts. Because this bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

H.R. 2501 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). New authorizations of appropriations totaling $413 million over the 2002–2006 period would support a variety of grant programs to state and local governments in the Appalachian region. In addition, CBO estimates that a total of $60 million would be authorized over the 2002–2006 period for telecommunications and technology assistance to those governments. Any costs associated with applying for or implementing those grants would be voluntary.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2501 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By fiscal year, in millions of dollars—					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
Spending under current law for the Appalachian Regional Commission:						
Budget authority[1]	77	0	0	0	0	0
Estimated outlays	118	92	66	36	18	7
Proposed changes:						
Estimated authorization level	0	88	91	95	98	101
Estimated outlays	0	9	27	54	71	85
Spending under H.R. 2501 for the Appalachian Regional Commission:						
Estimated authorization level[1]	77	88	91	95	98	101
Estimated outlays	118	101	93	90	89	92

[1] The 2001 level is the amount appropriated for that year for the Appalachian Regional Commission.

Basis of estimate: For this estimate we assume the necessary amounts will be provided each year and that spending will follow historical patterns. CBO estimates that implementing H.R. 2501 would cost $246 million over the next five years

H.R. 2501 would authorize the appropriation of $413 million over the 2002–2006 period for the Appalachian Regional Commission to provide grants to state and local governments to support economic and social development within Appalachia. In addition, the bill would create a program to provide enhanced access to telecommunications and technology and authorize the appropriation of

$10 million in fiscal year 2002 and such sums as are necessary over 2003–2006 period. Assuming annual adjustments for anticipated inflation, we estimate that this provision of H.R. 2501 would authorize the appropriation of $60 million over the five-year period for this new program.

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: H.R. 2501 contains no intergovernmental or private-sector mandates as defined in UMRA. New authorizations of appropriations totaling $413 million over the 2002–2006 period would support a variety of grant programs to state and local governments in the Appalachian region. In addition, CBO estimates that a total of $60 million would be authorized over the 2002–2006 period for telecommunications and technology assistance to those governments. Any costs associated with applying for or implementing those grants would be voluntary.

Estimate prepared by: Federal Costs: Lanette J. Walker; Impact on State, Local, and Tribal Governments: Leo Lex; Impact on the Private Sector: Cecil McPherson.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (P.L. 104–4).

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (P.L. 104–1).

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omit-

ted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

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TITLE I—THE APPALACHIAN REGIONAL COMMISSION

MEMBERSHIP AND VOTING

SEC. 101. (a) * * *

(b) Except as provided in section 105, decisions by the Commission shall require the affirmative vote of the Federal Cochairman and of a majority of the State members (exclusive of members representing States delinquent under section 105). In matters coming before the Commission, the Federal Cochairman shall, to the extent practicable, consult with the Federal departments and agencies having an interest in the subject matter. A decision involving Commission policy, approval of any State, regional, or subregional development plan or [implementing investment program] *strategy statement*, any modification or revision of the Appalachian Regional Commission Code, any allocation of funds among the States, or any designation of a distressed county or an economically strong county shall not be made without a quorum of the State members. The approval of project and grant proposals shall be a responsibility of the Commission and exercised in accordance with section 303 of this Act.

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FUNCTIONS OF THE COMMISSION

SEC. 102. (a) In carrying out the purposes of this Act, the Commission shall—

(1) * * *

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(5) encourage the formation *and support* of local development districts;

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[LIAISON BETWEEN FEDERAL GOVERNMENT AND THE COMMISSION

[SEC. 104. The President]

SEC. 104. COORDINATION OF APPALACHIAN REGIONAL DEVELOPMENT PROGRAMS.

(a) LIAISON BETWEEN FEDERAL GOVERNMENT AND COMMISSION.—The President shall provide effective and continuing liaison between the Federal Government and the Commission and a coordinated review within the Federal Government of the plans and recommendations submitted by the Commission pursuant to sections 102 and 103.

(b) INTERAGENCY COORDINATING COUNCIL.—

(1) IN GENERAL.—In carrying out subsection (a), the President shall establish an interagency council to be known as the "Interagency Coordinating Council on Appalachia".

(2) MEMBERSHIP.—The Council shall be composed of—

(A) the Federal Cochairman, who shall serve as Chairperson of the Council; and

(B) representatives of Federal agencies that carry out economic development programs in the Appalachian region.

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ADMINISTRATIVE POWERS OF COMMISSION

SEC. 106. To carry out its duties under this Act, the Commission is authorized to—

(1) * * *

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(7) enter into and perform such contracts, leases (including notwithstanding any other provision of law, the lease of office space [for any term expiring no later than September 30, 2001]), cooperative agreements, or other transactions as may be necessary in carrying out its functions and on such terms as it may deem appropriate, with any department, agency, or instrumentality of the United States (which is hereby so authorized to the extent not otherwise prohibited by law) or with any State, or any political subdivision, agency, or instrumentality thereof, or with any person, firm, association, or corporation.

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TITLE II—SPECIAL APPALACHIAN PROGRAMS

PART A—NEW PROGRAMS

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SEC. 203. TELECOMMUNICATIONS AND TECHNOLOGY.

(a) IN GENERAL.—In order to ensure that the people and businesses of the Appalachian region have the knowledge, skills, and access to telecommunications services to compete in the technology-based economy, the Commission may provide technical assistance and make grants, enter into contracts, and otherwise provide funds for the following purposes:

(1) To increase affordable access to advanced telecommunications in the region.

(2) To provide education and training for people, businesses, and governments in the region in the use of telecommunications technology.

(3) To develop relevant technology readiness programs for industry groups and businesses in the region.

(4) To support entrepreneurial opportunities in information technology in the region.

(b) SOURCES OF FUNDING.—Assistance provided under this section may be provided entirely from appropriations made available to carry out this section or in combination with funds available under a Federal grant-in-aid program (as defined in section 214(c)), under another Federal program, or from any other source.

(c) FEDERAL SHARE LIMITATIONS SPECIFIED IN OTHER LAWS.—Notwithstanding any provision of law limiting the Federal share in a Federal grant-in-aid program or other Federal program, funds

appropriated to carry out this section may be used to increase such Federal share, as the Commission determines appropriate.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Commission to carry out this section $10,000,000 for fiscal year 2002 and such sums as may be necessary for fiscal years 2003 through 2006. Such sums shall remain available until expended.

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PART B—SUPPLEMENTATIONS AND MODIFICATIONS OF EXISTING PROGRAMS

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SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

SEC. 214. (a) In order to enable the people, States, and local communities of the region, including local development districts, to take maximum advantage of Federal grant-in-aid programs (as hereinafter defined) for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share, or for which there are insufficient funds available under the Federal grant-in-aid Act authorizing such programs to meet pressing needs of the region, the Federal Cochairman may use amounts made available to carry out this section for all or any portion of the basic Federal contribution to projects or activities (hereinafter referred to as projects) under such Federal grant-in-aid programs authorized by Federal grant-in-aid Acts, and for the purpose of increasing the Federal contribution to projects under such programs, as hereafter defined, above the fixed maximum portion of the cost of such projects otherwise authorized by the applicable law. In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant-in-aid program is proposed to be made under this subsection, no such Federal contribution shall be made until the responsible Federal official administering the Federal grant-in-aid Act authorizing such contribution certifies that such program or project meets the applicable requirements of such Federal grant-in-aid Act and could be approved for Federal contribution under such Act if funds were available under such Act for such program or project. [Funds may be provided for programs and projects in a State under this subsection only if the Commission determines that the level of Federal and State financial assistance under Acts other than this Act, for the same type of programs or projects in that portion of the State within the region, will not be diminished in order to substitute funds authorized by this subsection.] Funds provided pursuant to this Act shall be available without regard to any limitations on areas eligible for assistance or authorizations for appropriation in any other Act. Any findings, report, certification, or documentation required to be submitted to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of any Federal grant-in-aid program shall be accepted by the Federal Cochairman with respect to a supplemental grant for any project under such program.

* * * * * * *

[(c) The term "Federal grant-in-aid programs" as used in this section means those Federal grant-in-aid programs authorized by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid programs authorized by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; titles VI and XVI of the Public Health Services Act; Vocational Education Act of 1963; Federal Airport Act; Airport and Airway Development Act of 1970; part IV of title III of the Communications Act of 1934; title VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; sections 201 and 209 of the Public Works and Economic Development Act of 1965; the housing repair program for homeowners authorized by section 1319 of title 42, United States Code; grants under the Indian Health Service Act (42 Stat. 208); and title I of the Housing and Community Development Act of 1974. The term shall not include (A) the program for the construction of the development highway system authorized by section 201 of this Act or any program relating to highway or road construction authorized by title 23, United States Code or (B) any other program for which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act. For the purpose of this section, any sewage treatment works constructed pursuant to section 8(c) of the Federal Water Pollution Control Act without Federal grant-in-aid assistance under such section shall be regarded as if constructed with such assistance.

[(d) Not to exceed $97,000,000 of the funds authorized in section 401 of this Act for the two-fiscal-year period ending June 30, 1969, shall be available to carry out this section.]

(c) FEDERAL GRANT-IN-AID PROGRAMS DEFINED.—

(1) INCLUDED PROGRAMS.—In this section, the term "Federal grant-in-aid programs" means those Federal grant-in-aid programs authorized by this Act or another Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid programs authorized by the following Acts:

(A) The Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.).

(B) The Watershed Protection and Flood Prevention Act (16 U.S.C. 1001 et seq.).

(C) Title VI of the Public Health Services Act (42 U.S.C. 291 et seq.).

(D) The Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.).

(E) Part IV of title III of the Communications Act of 1934 (47 U.S.C. 390 et seq.).

(F) The Land and Water Conservation Fund Act of 1965 (16 U.S.C 460l–4 et seq.).

(G) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

(H) Sections 201 and 209 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3141 and 3149).

(I) Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

(2) EXCLUDED PROGRAMS.—In this section, the term "Federal grant-in-aid programs" does not include—

(A) the program for the construction of the development highway system authorized by section 201 or any program relating to highway or road construction authorized by title 23, United States Code; or

(B) any other program for which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act.

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PART C—GENERAL PROVISIONS

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PROGRAM DEVELOPMENT CRITERIA

SEC. 224. (a) In considering programs and projects to be given assistance under this Act, and in establishing a priority ranking of the requests for assistance presented to the Commission, the Commission shall follow procedures that will insure consideration of the following factors:

(1) the relationship of the project or class of projects to overall regional development including its location [in an area determined by the State have a significant potential for growth or] in a severely and persistently distressed county or area;

(2) the population and area to be served by the project or class of projects including the relative per capita *market* income and the unemployment rates in the area;

* * * * * * *

(d) ASSISTANCE TO DISTRESSED COUNTIES AND AREAS.—For each fiscal year, at least one-half of the amount of grant expenditures approved by the Commission under this Act shall support activities or projects that benefit counties for which distressed county designations are in effect under section 226.

APPALACHIAN STATE DEVELOPMENT PLANNING PROCESS

SEC. 225. (a) Pursuant to policies established by the Commission, each State member shall submit on such schedule as the Commission shall prescribe a development plan for the area of the State within the region. The State development plan shall reflect the goals, objectives, and priorities identified in the regional development plan and in any subregional development plan which may be approved for the subregion of which such State is a part. Such State development plan shall (1) describe the State organization and continuous process for Appalachian development planning, including the procedures established by the State for the participation of local development districts in such process, the means by which such process is related to overall statewide planning and budgeting processes, and the method of coordinating planning and projects in the region under this Act, the Public Works and Eco-

nomic Development Act of 1965, and other Federal, State, and local programs; (2) set forth the goals, objectives, and priorities of the State for the region, as determined by the Governor, and identify the needs on which such goals, objectives, and priorities are based; and [(3) describe the development program] *(3) describe the development strategies* for achieving such goals, objectives, and priorities, including funding sources, and recommendations for specific projects to receive assistance under this Act.

* * * * * * *

(c) To the maximum extent practicable, Federal departments, agencies, and instrumentalities undertaking or providing financial assistance for programs or projects in the region shall (1) take into account the policies, goals, and objectives established by the Commission and its member States pursuant to this Act; (2) recognize [Appalachian State development programs] *Appalachian State development strategies* approved by the Commission as satisfying requirements for overall economic development planning under such programs or projects; and (3) accept the boundaries and organization of any local development district certified under this Act which the Governor may designate as the areawide agency required under any such program undertaken or assisted by such Federal departments, agencies, and instrumentalities.

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TITLE III—ADMINISTRATION

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GRANTS FOR ADMINISTRATION EXPENSES OF LOCAL DEVELOPMENT DISTRICTS AND FOR RESEARCH AND DEMONSTRATION PROJECTS

SEC. 302. (a) AUTHORIZATION TO MAKE GRANTS.—

(1) IN GENERAL.—The Commission is authorized—

(A) to make grants for administrative expenses, including the development of areawide plans or action programs and technical assistance activities, of local development districts, but (i) the amount of any such grant shall not exceed 50 percent *(or 75 percent for a development district that includes 1 or more counties for which a distressed county designation is in effect under section 226)* of such expenses, (ii) no grants for administrative expenses shall be made for a State agency certified as a local development district for a period in excess of three years beginning on the date the initial grant is made for such development district, and (iii) the local development district contributions for administrative expenses may be in cash or in kind, fairly evaluated, including but not limited to space, equipment, and services;

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APPROVAL OF DEVELOPMENT PLANS, [INVESTMENT PROGRAMS] *STRATEGY STATEMENTS*, AND PROJECTS

SEC. 303. State and Regional Development Plans and [implementing investments programs] *strategy statements*, and any multistate subregional plans which may be developed, shall be an-

nually reviewed and approved by the Commission in accordance with section 101(b) of this Act. An application for a grant or for any other assistance for a specific project under this Act shall be made through the State member of the Commission representing such applicant, and such State member shall evaluate the application for approval. Only applications for grants or other assistance for specific projects shall be approved which are certified by the State member and determined by the Federal Cochairman to implement the Commission-approved State development plan; to be included in the Commission-approved [implementing investment program] *strategy statement*; to have adequate assurance that the project will be properly administered, operated, and maintained; and to otherwise meet the requirements for assistance under this Act. After the approval of the appropriate State development plan and [implementing investment program] *strategy statement*, certification by a State member of an application for a grant or other assistance for a specific project pursuant to this section shall, when joined by an affirmative vote of the Federal Cochairman for such project, be deemed to satisfy the requirements for affirmative votes for decisions under section 101(b) of this Act.

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TITLE IV—APPROPRIATIONS AND MISCELLANEOUS PROVISIONS

SEC. 401. AUTHORIZATION OF APPROPRIATIONS.

[(a) IN GENERAL.—In addition to amounts authorized by section 201 and other amounts made available for the Appalachian development highway system program, there are authorized to be appropriated to the Commission to carry out this Act—

[(1) $68,000,000 for fiscal year 1999;

[(2) $69,000,000 for fiscal year 2000; and

[(3) $70,000,000 for fiscal year 2001.]

(a) IN GENERAL.—In addition to amounts authorized by section 201 (and other amounts made available for the Appalachian development highway system program) and section 203, there are authorized to be appropriated to the Commission to carry out this Act—

(1) $78,000,000 for fiscal year 2002;

(2) $80,000,000 for fiscal year 2003;

(3) $83,000,000 for fiscal year 2004;

(4) $85,000,000 for fiscal year 2005; and

(5) $87,000,000 for fiscal year 2006.

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DEFINITION OF APPALACHIAN REGION

SEC. 403. As used in this Act, the term "Appalachian region" or "the region" means that area of the eastern United States consisting of the following counties (including any political subdivision located within such area):

In Alabama, the counties of Bibb, Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, De Kalb, Elmore, Etowah, Fayette, Franklin, Hale, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Limestone, Macon, Madison, Marion, Marshall, Morgan, Pickens, Ran-

dolph, Saint Clair, Shelby, Talladega, Tallapoosa, Tuscaloosa, Walker, and Winston;

In Georgia, the counties of Banks, Barrow, Bartow, Carroll, Catoosa, Chattooga, Cherokee, Dade, Dawson, Douglas, Elbert, Fannin, Floyd, Forsyth, Franklin, Gilmer, Gordon, Gwinnett, Habersham, Hall, Haralson, Hart, Heard, Jackson, Lumpkin, Madison, Murray, Paulding, Pickens, Polk, Rabun, Stephens, Towns, Union, Walker, White, and Whitfield;

In Kentucky, the counties of Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, *Edmonson,* Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, *Hart,* Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, Magoffin, Martin, Menifee, *Metcalfe,* Monroe, Montgomery, Morgan, Owsley, Perry, Pike, Powell, Pulaski, Rockcastle, Rowan, Russell, Wayne, Whitley, and Wolfe;

In Maryland, the counties of Allegany, Garrett, and Washington;

In Mississippi the counties of Alcorn, Benton, Calhoun, Chickasaw, Choctaw, Clay, *Grenada,* Itawamba, Kemper, Lee, Lowndes, Marshall, Monroe, *Montgomery,* Noxubee, Oktibbeha Pontotoc, *Panola,* Prentiss, Tippah, Tishomingo, Union, Webster, Winston, and Yalobusha;

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TERMINATION

SEC. 405. This Act, other than sections 201 and 403, shall cease to be in effect on October 1, **[**2001**]** *2006*.

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