

September 16

Geoff,

Please see me regarding a 26 September meeting Carol would like Bill and/or whomever he directs to attend.

Thanks,

Pat

Meeting: 26 September 1994
3:30 - 4:30 p.m.
Meeting with Senator Rockefeller and Jesse White
re. Appalchian Regional Commission

Hart
Rm
109

Bill will
attend
per
GT
9/16/94
PV

Bill Galator
Peter (you) (new) CAR @ 3:00 →
Hart

4:30 pick up

Spoos w/ 9/13
Thick 12:55
Ken Rockefeller's
office

She will call
Back if he
still wants)
needs to
meet.

9/14
Thick
will
call Jesse
White's
office re
mtg.
if
Rockefeller.
Jesse White wants
staff person.

Sept 26 /
Khw
~~330-7430~~
3-

THE WHITE HOUSE

27 August 1994

Dear Senator,

I received your letter last month and realize how hectic things have been for you since that time. If you still wish to meet don't hesitate to call.

I'm looking forward to a visit to West Virginia in November for the Rural Health Conference!

Sincerely, Carol Kaseo

All to Komani
after mailing
card.

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: _____

Draft response for POTUS
and forward to CHR by: _____

Draft response for CHR by: _____

Please reply directly to the writer
(copy to CHR) by: _____

Please advise by: _____

Let's discuss: _____

For your information: _____

Reply using form code: _____

File: _____

Send copy to (original to CHR): _____

Schedule?: Accept Pending Regret

Designee to attend: _____

Remarks: *appears they will call
you -
I think haven't called
the Dept. - also called
Carol Rasco*

*1:50 pm 8/12, PV.
per CHR
held off calling -*

United States Senate

WASHINGTON, DC 20510-4802

July 19, 1994

JUL 22 REC'D

Dear Carol,

The purpose of this letter is to let you know of my interest in a serious discussion with the Administration about the Appalachian Regional Commission (ARC). I would like to propose a meeting with you, ARC Federal Co-Chairman Jesse White and myself to discuss the future of this valuable program, and I will call you shortly to work out a mutually convenient date.

As you remember, I wrote to you in November in the form of a memorandum to express my appreciation for the return of an administration that supports ARC, and to urge swift action on Jesse White's nomination. I continue to hope that the agency can be rejuvenated after 12 years of relative neglect. In fact, as you know, the ARC has received a significant increase in its annual appropriation in the first two appropriation bills of the Clinton Presidency.

There are, however, some issues I would like to raise with you concerning ARC's future, and the best approach that we all might take to ensure its continued survival. I am keenly interested in playing a role in charting its long-term agenda as well, and thinking about ways to strengthen its mission and effectiveness in West Virginia and the region.

* Again, please expect a call suggesting a convenient meeting time, and I hope that can be during the week of August 1.

As always, I appreciate all of your committed work, and I look forward to seeing you and Jesse White very soon.

Sincerely,

John D. Rockefeller IV

The Honorable Carol Rasco
Assistant to the President
for Domestic Policy
1600 Pennsylvania Avenue, NW
Washington, DC 20500

*Carol, as a former Vista, my ARC
passions are measured in megahertz!*

Thanks, I hope we can talk.

Jay

205-170-9512

EXECUTIVE OFFICE OF THE PRESIDENT

24-Jul-1994 05:36pm

TO: William A. Galston

FROM: Carol H. Rasco
Economic and Domestic Policy

CC: Sylvia M. Mathews
Patricia E. Romani

SUBJECT: Appalachian Regional Commission

I am sending to you a copy of an email I sent back at end of May as well as what may be a duplicate of the draft proposal from ARC (they may have an updated draft by now). In the meantime, Jesse White has called saying he wants to discuss latest draft of proposal on this issue with someone. As discussed with Rubin back then, it was decided you would be a good person with whom Jesse can have next discussion. You can certainly include any NEC folks, others as you wish. I have told Jesse you will call him to set up a meeting. He is at 884-7660.

In the meantime, Sen. Rockefeller has written me since I talked to Jesse last week saying he wants to come see me shortly after Aug. 1 to discuss this matter. It would be good if you could have had the next meeting with Jesse by then so we can plan better for the Rockefeller meeting.

(NOTE to Pat Romani: If, when you hear from Rockefeller to set up this meeting, make sure Galston and/or whom he directs can be in the meeting as well.

NOTE to Sylvia: I wanted to keep Bob aware of all this and will hope he too can sit in on the meeting with Sen. R. when it is set up. Thanks.

Sept. 12th - 12th

' Slip thru
Crack "

Call - didn't want
to slip thru
Crack -

file:
Schedule
Calls
TO Be
Read.

~~let us see: The side of the~~
WA file

United States Senate

WASHINGTON, DC 20510-4802

July 19, 1994

Called
A 22 RE

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Assistant to the President
for Domestic Policy
1600 Pennsylvania Avenue, NW
Washington, DC 20500

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Thank you, I hope we can talk.

John

EXECUTIVE OFFICE OF THE PRESIDENT

30-May-1994 08:54am

TO: Rosalyn A. Miller
FROM: Carol H. Rasco
Economic and Domestic Policy
SUBJECT: message for Sylvia

I forgot to cc you on this...make sure you put this in tickler to determine on Thursday if I got answer.

CC of top
page plus
materials
in gold.
clip on outside
of folder to

EXECUTIVE OFFICE OF THE PRESIDENT

30-May-1994 08:48am

TO: Sylvia M. Mathews
TO: Kumiki S. Gibson
TO: Paul J. Weinstein, Jr

FROM: Carol H. Rasco
Economic and Domestic Policy

CC: William A. Galston

SUBJECT: Call from Bob Nash

I had a call from Bob Nash following the visit Jesse White and Gov. Winter had with Espy last week which was the same presentation in essence they gave to Paul and me and which I related to you in our subsequent meeting in my office. Bob was very discouraged as Espy didn't read Nash's memo before the meeting with White/Winter and gave off lots of positive signals to White/Winter saying he didn't feel it needed to go through Farm Bill, should be sep. legislation, thought it was good idea, etc. Bob was in the meeting and said he asked lots of questions, will be following up with White. Once Espy and Nash talked Espy realized he had just opened a big door. White has called here for me giving this same type report about the excellent meeting, wanting to know with whom he should be working at White House. Sylvia, who heads the regional economic development group you all mentioned in my office and is that the person to whom we should refer White? He will call and call until I give him a point person. Thanks.

Galston: I have cc'd you as I learned after the first round of meetings that you are working on the regional economic group and I should debrief you on the meetings and the materials I forwarded to you recently.

NATIONAL COMMISSION ON RURAL REVITALIZATION
Draft--5/11/94

AN OPPORTUNITY FOR PRESIDENTIAL LEADERSHIP

The memory of a young John F. Kennedy campaigning for President in West Virginia and emerging from that visit with a commitment to fight poverty in Appalachia is deeply ingrained in the Nation's history. Likewise, President Lyndon Baines Johnson, picking up that banner, made economic development in Appalachia a centerpiece of his War on Poverty. Another great President, Franklin D. Roosevelt, articulated the national interest in eradicating poverty when he stated, "We cannot afford to have one-third of this Nation ill-fed, ill-clothed, and ill-housed."

Much of the area FDR was talking about lay in Appalachia, and still does. But, there are other areas of historic under development, as well. The success of one of the most unique Great Society programs, the Appalachian Regional Commission, offers President Clinton an opportunity to exercise similar leadership in the 1990's by empowering people to challenge the seemingly intractable poverty in all historically underserved rural areas. He can do so without increasing the Federal deficit, and at the same time, can deliver a clear message of his commitment to the multi-racial and multi-ethnic nature of our nation. This paper proposes the creation of a National Commission on Rural Revitalization which would address the problems of poverty in the three historical concentrations of rural economic distress.

THE THREE CONCENTRATIONS OF RURAL ECONOMIC DISTRESS

While the problems of urban ghettos get much attention, and deservedly so, there remain three concentrations of persistent and severe economic distress in rural America: Central Appalachia with its predominately white population, the Lower Mississippi Delta and contiguous areas of the deep South with its predominately African-American population, and the Mexican border area with its predominantly Hispanic population.

More than 80% of America's 600 distressed counties--with a population of 12 million -- are in these three areas (see Attachments A and B). These counties have poverty rates and three-year unemployment rates which are at least 150% of the national average. Their per capita incomes are less than 2/3rds of the national average. More than 27% of their people and 35% of their children live in poverty. Beyond the statistics is the inexorable cycle of poverty which robs people of hope.

Compounding the problem is that these areas have an annual deficit of more than \$13 billion in per capita Federal spending

compared to the nation as a whole (see Attachment C). Thus, the cycle of poverty and hopelessness is accelerated, perhaps unintentionally, by Federal spending policies.

Through the creative investment of existing resources, **President Clinton can proclaim his concern for our nation's poorest and most neglected people and for the importance of our nation's rich diversity. At the same time, he can strike a major blow for the Clinton/Gore initiative to "re-invent" government.**

INVESTING RESOURCES FOR EMPOWERMENT

The ARC model of investing resources has, in essence, empowered states and local communities to lift themselves by the economic bootstraps. For several reasons the ARC model commends itself as the most effective way to invest in these three major concentrations of rural economic distress:

(1) **The approach taken by the ARC has worked.** A 1993 study funded by the National Science Foundation and undertaken by professors at West Virginia University paired each ARC county with a statistical twin outside the region and traced their well-being through the life of the Commission. The ARC counties strongly outperformed the twins, leading the professors to conclude that the ARC investments had, indeed, been effective (see Attachment D).

(2) **The ARC model brings to the table something unique in Washington -- a true federal-state partnership.** The active involvement of governors -- including sitting on the Commission and contributing hard dollars to the administrative support of the agency -- makes policy sense, adds to program effectiveness, and solidifies political support. The independent status of the agency was, undoubtedly, a major reason the ARC survived during the 1980's while other regional commissions were killed. This type of protection is especially important for effort aimed at politically sensitive issues like poverty. Separate regional organizations for each distressed area, such as the Delta Region, would encounter the same problem of sustained political support in Congress that the ARC has encountered, whereas combining depressed areas would expand the political base for all concerned, and it would promote cooperation and eliminate competition in Congress for scarce dollars.

(3) **The ARC, in many ways, was an effort ahead of its time in reinventing government.** The Commission provides one-step service to 13 participating states, 69 local economic development organizations, and thousands of local government entities. Unlike most federal agencies, the Commission's legislative purpose includes coordination with other agencies, responsiveness to state and local government needs, and regular feedback from private citizens. It is important to note that the ARC does not duplicate the work of other federal agencies; rather it is supplemental and

facilitative. The Commission has proved to be most efficient in getting the federal dollars to where they were intended to go -- to the people. Over the years 98.5 percent of the Commission's appropriations have gone to the Region, leaving only a small 1.5% for administration. Working with other agencies at the national, state and local level, and with the private sector, \$2.2 billion in ARC assistance has been leveraged to produce \$8.1 billion in project expenditures for the region.

(4) **The ARC takes a broad, holistic approach to economic development** and is not, therefore, in a programmatic straight jacket. The funding history of ARC illustrates its broad scope: over \$4 billion on the Appalachian Highway System, \$2.125 billion on area development (including health, housing, education, training, water and sewer infrastructure, child development, community service and youth leadership, business development, etc.), and \$160 million on technical assistance and support for local development districts. Being able to combine in one agency all of the essential elements of the development process makes the possibilities of planning and resource utilization virtually limitless.

(5) This program can be created to replace the ARC **without increasing the budget deficit** and without penalizing any current members. About \$100 million of ARC's \$187 million FY '95 budget request is for the Appalachian Development Highway System; and all but 300 miles of those roads were included in the new National Highway System under ISTEA. This raises the possibility of reprogramming all or a part of the highway money for area development and technical assistance in the new states without slowing progress on the Appalachian Highway System. This amount, if leveraged in the same way the ARC has leveraged its funds over the years, is sufficient to have a major impact on these three concentrations of economic distress.

HOW WOULD THE NEW NATIONAL COMMISSION RURAL REVITALIZATION WORK?

The hallmarks of the new Commission should include the following:

(1) The federal state partnership should be maintained. A governor could bring his or her state into the Commission only if it met certain criteria and only if he or she agreed to serve as a member and that the state pay its share of the administrative costs.

(2) Any state currently a member of ARC but not meeting the new criteria for membership on the Commission would be given a grace period of 3 years in the new program.

(3) Once a state becomes a Commission member, it could shift its participant counties according to new statutory criteria, but it could also grant a grace period for the current counties. For example, South Carolina could shift its participant counties from those original ARC counties now in attainment to other distressed counties which would become eligible under the new criteria.

(4) The original features of the ARC should be maintained -- especially its program breadth, flexibility, leveraging features, and supplemental nature. The program dollars should be federal, but the administrative support should be split between the federal and state partners.

(5) A mechanism should be put in place for mandatory "graduation" out of the program for those counties which achieve attainment. Likewise, entire states should be graduated out when the state reaches certain attainment levels. Both of these procedures should be in the statute and not require Congressional action. One possible criteria for attainment could be the criteria for "Strong" county designation: a per capita income level at least 80% of the national average and unemployment and poverty rates at the national norm or better for a specified period of time.

(6) States eligible to join the Commission should meet specific criteria. The chart on Attachment B rank orders the states with distressed counties. It would be up to the Administration and Congress to "draw the line" on participation. One option could be that a state must have at least nine distressed counties containing a minimum of 250,000 people. If those states containing large Indian reservations were eliminated, the following states would be eligible to join: Mississippi, Kentucky, Texas, Louisiana, West Virginia, Arkansas, Alabama, Georgia, Tennessee, Missouri, Michigan, Ohio, Illinois, South Carolina, Florida, Virginia, and North Carolina. New York, Pennsylvania, and Maryland would continue in the program for a grace period of 3 years.

THE GOVERNANCE STRUCTURE OF THE NEW COMMISSION

The new Commission would be an independent, governmental agency whose purpose would be economic development in geographical areas suffering persistent social and economic distress. The Commission would constitute the Board of Directors -- Governors of participating states, the Secretaries of Agriculture, Commerce, and HUD, and one member appointed by the President, with the advice and consent of the Senate, to be the Chairman and Chief Executive Officer of the Commission. The Board would be the policy-making body and would approve the Commission's strategic plan and results-oriented performance standards. Decision-making would be decentralized to the regional level, eliminating unnecessary

management layers. Using reprogrammed funds from the Appalachian Development Highway System, the federal funding levels would not need to be increased over the President's FY 1995 recommendation for the ARC of \$187 million.

ISSUES FACING ARC

ARC has its critics. There are those who oppose many domestic government programs in general despite tangible evidence of their impact. ARC also has the "13-state problem" of helping only a part of the Nation (even though other regions also benefit from other special federal spending). These critics have tried and continue to try to close the Commission. The enormous grassroots support which has arisen and helped the ARC to survive in the face of such threats is testimony to the Commission's impact.

Some critics, however, who acknowledge ARC's effectiveness, charge that it serves areas which no longer need special assistance and ignores areas which are demonstrably in need of such assistance. They are correct. Nearly one quarter of Appalachia's population resides in counties which have achieved a level of economic parity with the nation as a whole. Members of Congress, with justification, resent special funding for areas which no longer need it. The current Federal Co-Chairman encountered hostile questions on this very issue during his confirmation hearing.

Unfortunately, the Commission is forbidden by law from tampering with the boundaries of the program. Although the Commission has attempted to deal with Appalachia's growing economic diversity by varying the matching funds requirements based on the economic health of a county and by targeting resources to severely distressed counties, it has not satisfied these critics. Thus, special assistance to those counties which continue to need it is endangered by the Commission's inability to "graduate out" counties.

This situation is exacerbated by the growing public perception of the Commission as a "pork barrel" operation. Part of this problem arises from the Commission's inability to "graduate out" counties which now can hold their own. Far more serious has been the impact of Presidential hostility to the agency for twelve years. During the 1980's -- in the face of Presidential indifference and, therefore, no executive leadership -- Congress kept ARC alive. But, the price was excessive legislative control of the agency and a growing practice of earmarking pet projects within the annual ARC appropriation. While the core budget of the ARC continues to do its good work, the earmarking has drawn media attention and resulted in stories like that in **Readers Digest** in 1993.

Another legacy of the 1980s was, apparently, a deterioration in the quality of the state project lists and investment plans so that the "appearance of pork" crept into the state plans themselves. It is hoped that renewed interest in and commitment to the agency by President Clinton will redress the checks and balances in ARC operations, and restore a sense of purpose, policy guidance and rigor, and accountability.

Portions of central Appalachia, of course, remain in the grip of the grinding poverty which candidate John F. Kennedy discovered during his 1960 primary contest in West Virginia. Progress has been made, but a century of neglect and exploitation cannot be overcome in one generation.

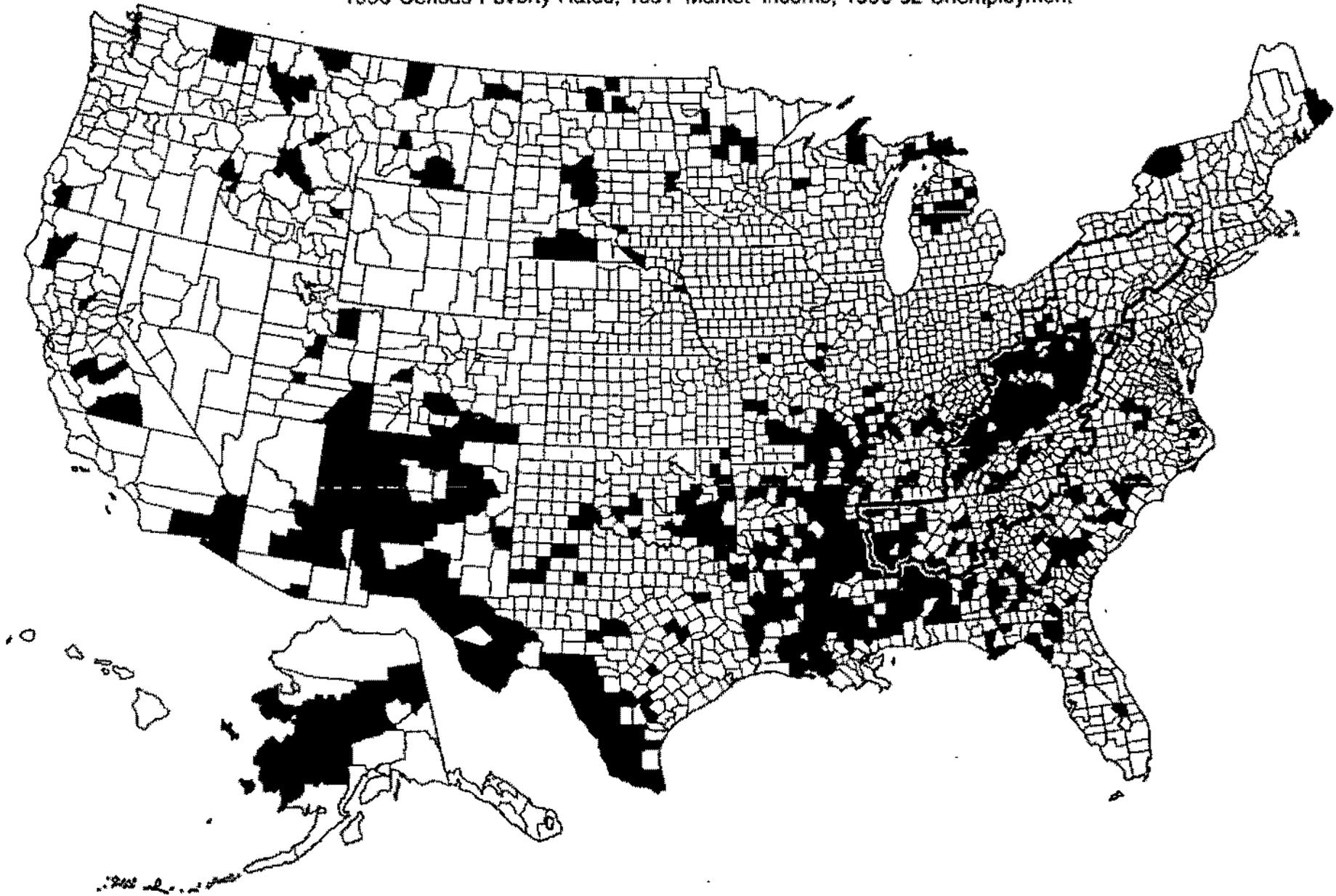
THE POLITICS OF ESTABLISHING THE NATIONAL COMMISSION ON RURAL REVITALIZATION

Several political hurdles must be cleared. First those Appalachian states (New York, Pennsylvania, Maryland) which may be eliminated from the program must have a gradual phase-out over a reasonable period of time (3-5 years), and must be assured that their Appalachian Highways and other projects in progress will be completed. Second, those Appalachian states which remain in the program must be assured of funding at a hold-harmless funding level for a defined period of time. Assured completion of the highways and a hold-harmless would help clear a third hurdle, the concerns of Senator Byrd and Representative Beville, ARC's most powerful Congressional supporters. Finally, Congressional resistance to new programs can be overcome, particularly in the Senate, by the ability to do this without additional Federal expenditures and by the interest of strategically-placed Senators like Johnston, Breaux, Bumpers, Pryor, and Cochran.

This proposal offers a unique opportunity for President Clinton to seize the initiative in addressing geographic distress. By creating an independent entity, he provides the programmatic flexibility necessary to address different needs in different places, creates an advocate for distressed areas with Federal agencies, and increases the likelihood of the program continuing if the Administration changes. By inviting Governors to be partners, he generates bi-partisan support for the initiative, similar to that which the ARC has always enjoyed. By requiring state and local financial participation, he leverages limited Federal dollars and builds on his themes of responsibility and accountability. By focusing on clusters of distressed counties in Central Appalachia, the Lower Mississippi Delta, and the Mexican border, he makes a bold statement that no group -- whites, African-Americans, Hispanic-Americans -- is immune from poverty and that he is committed to bringing all groups together to address the problems. This is "reinventing government" at its best.

Distressed Counties

1990 Census Poverty Rates, 1991 'Market' Income, 1990-92 Unemployment



Distressed counties qualify on all three indicators or have twice the U.S. Poverty Rate and qualify on one other indicator. 600 counties are identified.

Distribution of 600 Distressed Counties
States Listed by Number of Distressed Counties

State	No. of Counties	Cumul. Count	Cumul. Percent	1992 Population	Cumul. Pop.	Cumul. Percent
1 Mississippi	59	59	9.8	1,239,085	1,239,085	7.6
2 Kentucky	57	116	19.3	1,016,355	2,255,440	13.9
3 Texas	55	171	28.5	2,248,329	4,503,769	27.7
4 Louisiana	37	208	34.7	1,118,091	5,621,860	34.6
5 W. Virginia	37	245	40.8	839,343	6,461,203	39.8
6 Arkansas	34	279	46.5	736,502	7,197,705	44.3
7 Alabama	31	310	51.7	826,081	8,023,786	49.4
8 Georgia	31	341	56.8	374,736	8,398,522	51.7
9 Tennessee	28	369	61.5	544,872	8,943,394	55.0
10 Missouri	25	394	65.7	436,590	9,379,984	57.7
11 Oklahoma	23	417	69.5	454,115	9,834,099	60.5
12 Michigan	19	436	72.7	341,381	10,175,480	62.6
13 Ohio	17	453	75.5	560,119	10,735,599	66.1
14 N. Mexico	16	469	78.2	618,861	11,354,460	69.9
15 Illinois	14	483	80.5	256,904	11,611,364	71.4
16 S. Carolina	14	497	82.8	333,156	11,944,520	73.5
17 Florida	11	508	84.7	250,342	12,194,862	75.0
18 S. Dakota	10	518	86.3	57,687	12,252,549	75.4
19 Virginia	10	528	88.0	216,976	12,469,525	76.7
20 Montana	9	537	89.5	86,785	12,556,310	77.3
21 N. Carolina	9	546	91.0	259,723	12,816,033	78.9
22 Arizona	7	553	92.2	497,709	13,313,742	81.9
23 California	7	560	93.3	929,674	14,243,416	87.6
24 Colorado	6	566	94.3	56,856	14,300,272	88.0
25 Minnesota	5	571	95.2	61,508	14,361,780	88.4
26 Alaska	4	575	95.8	37,384	14,399,164	88.6
27 Idaho	4	579	96.5	52,312	14,451,476	88.9
28 N. Dakota	4	583	97.2	30,021	14,481,497	89.1
29 Utah	4	587	97.8	44,687	14,526,184	89.4
30 N. York	3	590	98.3	1,356,400	15,882,584	97.7
31 Washington	3	593	98.8	49,715	15,932,299	98.0
32 Pennsylvania	2	595	99.2	185,962	16,118,261	99.2
33 Indiana	1	596	99.3	10,041	16,128,302	99.2
34 Maine	1	597	99.5	35,897	16,164,199	99.5
35 Nebraska	1	598	99.7	6,928	16,171,127	99.5
36 Oregon	1	599	99.8	65,386	16,236,513	99.9
37 Wisconsin	1	600	100.0	15,073	16,251,586	100.0

METHODOLOGY:

The research presented in this paper uses a control group of counties outside Appalachia that are similar to the Appalachian counties. By matching the Appalachian counties to others with similar economic structures, growth patterns, and so on, the analysis controls for macroeconomic events, industrial restructuring, and other external factors in a way that a comparison to national indicators cannot do.

Thus, the evaluation measures how the Appalachia counties changed in comparison to other lagging places that did not receive comparable federal attention. Furthermore, basing the study on comparisons of groups of counties corrects for any random or unpredictable occurrence in a particular county or counties.

RESULTS:

Three empirical analyses are presented in the study. The first compares the Appalachian and control county growth rates. The main finding is that the Appalachian counties grew significantly faster than their twins. Between 1969 and 1991 total personal income and earnings grew 48% faster in the Appalachian counties than in their twins, population grew 5% faster, and per capita income grew 17% faster.

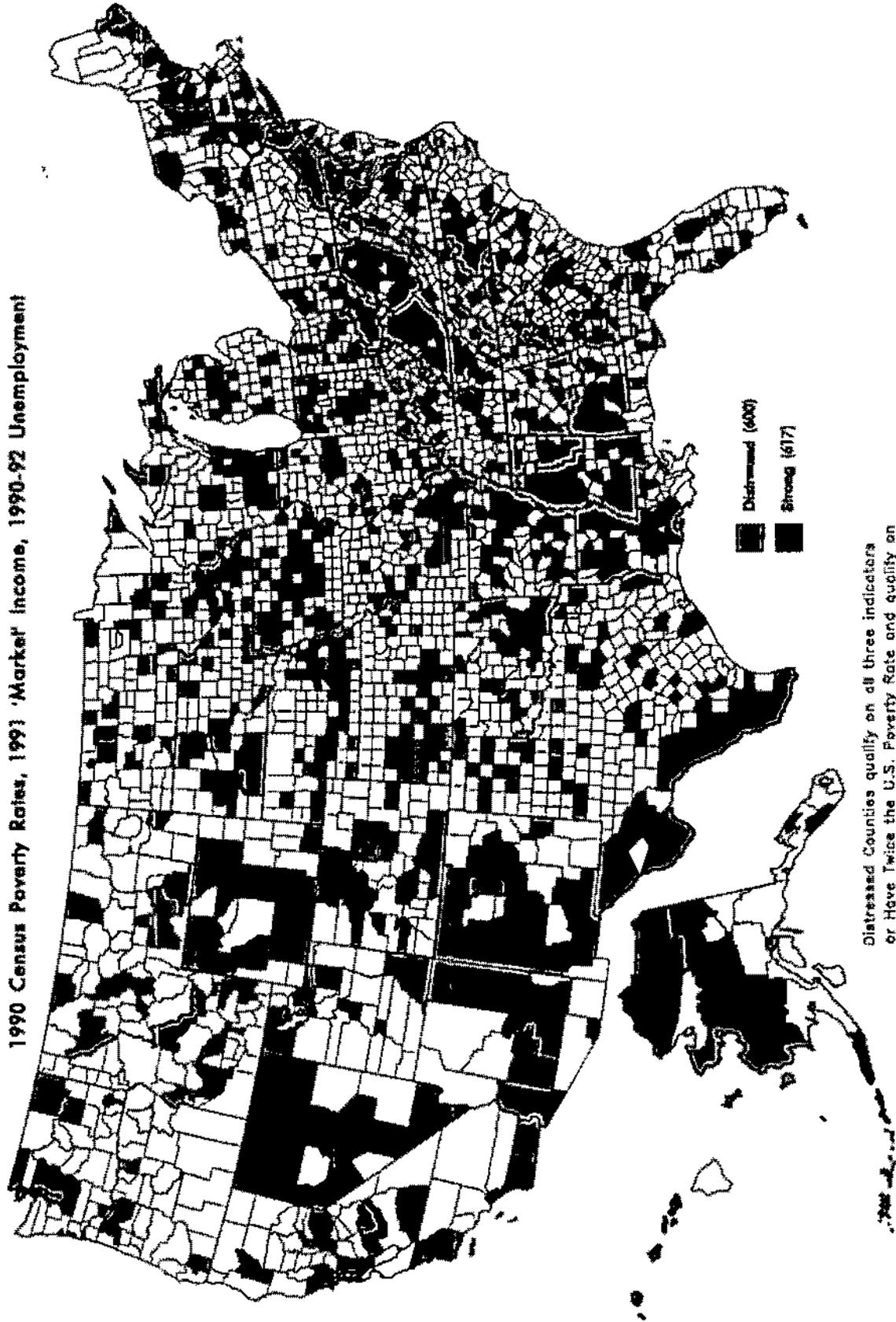
The second analysis examines the spatial pattern of these growth rate differences. It concludes that the overall result does not stem from southern growth or some other geographical pattern and that all parts of Appalachia generally grew faster than their twins.

The third analysis examines the variance in the growth rate differences. The main finding is that the growth rate differentials do not vary significantly with metropolitan status, growth center designation, Appalachian highway presence, distressed county status, subregion, coal county, and other variables. Thus, the observed Appalachian growth effect is not the result of certain types of counties having large growth differentials.

The attached table shows the mean growth rate difference for each of 20 variables for each year from 1969 to 1990.

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Federal Expenditures in 599 Distressed Counties by State, 1992*

	Est. Pop. 1992	Total Fed. Expend. (000s)	Total Per Capita	Total Fed. Procure. (000s)	Per Capita	Total Defense Expend. (000s)	Per Capita	Total Defense Procure. (000s)	Per Capita
Alaska	37,384	252,929	6,766	53,284	1,425	53,374	1,428	11,099	297
Alabama	826,081	3,435,325	4,159	233,631	283	279,021	338	155,456	188
Arkansas	736,502	3,137,818	4,260	140,628	191	277,035	376	113,247	154
Arizona	497,709	1,680,056	3,376	153,511	308	249,709	502	107,666	216
California	929,674	3,005,229	3,233	129,401	139	535,591	576	70,068	75
Colorado	56,856	245,557	4,319	9,987	176	8,253	145	1,486	28
Florida	250,342	970,515	3,877	40,227	161	55,867	223	16,393	65
Georgia	374,736	1,330,128	3,550	61,734	165	54,581	146	12,696	34
Idaho	52,312	141,469	2,704	7,091	136	4,560	87	152	3
Illinois	256,904	1,116,193	4,345	47,912	186	30,281	118	12,278	48
Indiana	10,041	33,542	3,341	270	27	666	66	0	0
Kentucky	1,016,355	3,804,663	3,743	141,251	139	122,006	120	98,803	97
Louisiana	1,118,091	4,435,684	3,967	362,787	324	192,954	173	133,640	120
Maine	35,897	174,222	4,853	10,304	287	11,896	331	1,167	33
Michigan	341,381	1,360,604	3,986	34,578	101	47,211	138	7,271	21
Minnesota	61,508	271,466	4,414	7,459	121	6,289	102	710	12
Missouri	436,590	1,705,802	3,907	39,702	91	62,299	143	14,033	32
Mississippi	1,239,085	4,850,025	3,914	418,089	337	205,952	166	160,086	129
Montana	86,785	475,899	5,481	35,753	412	19,541	225	13,964	161
N. Carolina	259,723	894,878	3,446	40,001	154	31,438	121	73,145	282
N. Dakota	30,021	250,380	8,340	53,012	1,766	42,101	1,402	41,286	1,375
Nebraska	6,928	85,212	12,300	41,106	5,933	35,816	5,170	35,748	5,160
N. Mexico	618,861	2,651,593	4,285	458,819	741	717,469	1,159	322,498	521
N. York	161,786	648,104	4,006	28,290	175	12,142	75	2,376	15
Ohio	560,119	2,409,377	4,302	527,399	942	34,417	61	70,229	125
Oklahoma	454,115	2,049,365	4,513	92,488	204	113,630	250	25,077	55
Oregon	65,386	270,213	4,133	15,541	238	23,772	364	11,377	174
Pennsylvania	185,962	944,113	5,077	88,735	477	82,208	442	68,083	366

S. Carolina	333,156	1,131,489	3,396	28,316	85	51,823	156	15,433	46
S. Dakota	57,687	360,336	6,246	29,489	511	5,368	93	352	6
Tennessee	544,872	1,918,562	3,521	104,970	193	70,624	130	28,338	52
Texas	2,248,329	7,848,494	3,491	365,430	163	1,232,614	548	303,611	135
Utah	44,687	144,105	3,225	9,926	222	2,453	55	490	11
Virginia	216,976	825,017	3,802	57,603	265	30,027	138	83,196	383
Washington	49,715	167,966	3,379	4,215	85	7,913	159	427	9
Wisconsin	15,073	57,730	3,830	445	30	912	61	0	0
W. Virginia	839,343	3,670,419	4,373	173,842	207	255,045	304	181,633	216
All Distressed	15,056,972	58,754,279	3,902	4,047,226	269	4,966,858	330	2,193,514	146
U.S. Totals	255,078,000	1,207,261,135	4,733	200,195,282	785	228,012,851	894	129,124,509	506
Non-Dist. U.S.	240,021,028	1,148,506,856	4,785	196,148,056	817	223,045,993	929	126,930,995	529

* 600 Counties were identified as Distressed, but the Bronx, New York cannot be included in this analysis because separate federal expenditure data are not available.

Marisa wanted you to know prior
to the meeting that Bob, etc. has
problems w/ the proposal. Marisa
will be at this meeting also.

MAY 20 REC'D

Small Community and Rural Development
United States Department of Agriculture
14th Street and Independence Avenue
Washington, D.C. 20250

Phone: (202) 720-4581
Telecopier: (202) 720-2080

Telecopy Transmittal Form

Date: May 20, 1994
To: Rosalind
Telecopy #: 456-2878
Phone #: 456-2216
From: Peter Necheles, Special Assistant to the Under Secretary
Subject: ARC Meeting at 2:30

Comment: Rosalind -- Bob Nash asked that I pass on some thoughts he has for Carol's 2:30 session on the expansion of ARC. Attached are some quick thoughts. Could you call me at 720-5277. Thanks.

*Confirmed receipt and that CRK should call
him with any questions.*

The information contained in this telecopy message and any attachments hereto is intended only for the individual or entity named on this transmittal sheet. If you are not the intended recipient, or an agent responsible for delivery to the intended recipient, you are hereby notified that you have received this document in error, and that the review, dissemination, distribution, or copying of this material is prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original to us by mail. Thank you for your cooperation.

Confidential reactions From Nash prior to Rubin/Rasco/Quinn meeting

Overview

The Appalachian Regional Commission (ARC) has proposed the creation of the National Commission on Rural Revitalization (NCRP). There is great need for increased attention to the problems of the rural poor. We also need new approaches to creating public/private partnerships in rural America. after

The 1995 Farm Bill will include significant sections on rural development. The Department of Agriculture intends to submit a series of alternative strategies for rural development, including regional initiatives. The consideration of the ARC expansion proposal might best fit in the context of the up-coming Farm Bill. Winter/

Proposed National Commission

There are a number of concerns with the NCRP proposal: White

- While ARC has done an excellent job in the creation of a white middle class in its target area, it has been much less successful in focusing on the reduction of hard core poverty. In addition, in the few parts of its territory that are racial diverse, minorities have not experienced the same gains as whites. meeting
- The Federal-State partnership that is the core of the ARC process was a political compromise to gain the support of key Members of Congress and Governors; it was not part of the original Kennedy/Johnson proposal. The inter-governmental environment of today is much more complex than the early 1960's. Because of Federal and state investments, local and tribal governments are today much stronger and more representative of their constituencies. In addition, we now have a variety of sub-state regional entities addressing many of the issues originally addressed by ARC (water systems, healthcare facilities, etc.). Rather than a Federal-State partnership, we need a partnership more like what we have been able to develop under the economic adjustment portion of the President's Pacific Northwest Timber Initiative, where all levels of government are setting a new table, sharing knowledge and capacity. w/
- The private sector is a much more important today than it was 30 years ago. Under the ARC model, the private sector, both for-profit and non-profit, are more clients than partners. The state rural development councils, based within USDA but cutting across many agencies and sectors, are an existing model for insuring public/private collaboration in difficult areas like poverty alleviation. These state rural development councils have been recently created, the NCRP may end up duplicating their efforts. Rasco.
- ARC has been successful, in part, because of the homogeneity of its target area. The people of Appalachia, with a few important exceptions, are white Protestants of northern European origin. If the NCRP is seen as an extension of ARC, it will be questioned by many. The cultural commonalities of Appalachia have made it easier to develop culturally appropriate solutions. Under the proposal, there is the danger that the compromises that might occur to make NCRP less objectionable to many non-whites

would lead to a homogenized, "one-size-fits-all" approach within the agency, thus reducing its effectiveness. A new, or more broadly based initiative would avoid some of this potential problem.

- ARC is part of the Kennedy/Johnson legacy. An extension of ARC would be seen as an extension of this legacy, not as a separate Clinton/Gore legacy. Under President Johnson, an attempt was made to broaden the mandate of the Department of Agriculture, changing its name and mission to the Department of Agriculture, Food, and Rural Development. This was partially in response to the efforts of the President's Commission on Rural Poverty. At the time, this broadening of mandate, and the transfer of many programs housed in other departments and agencies was seen as too radical. Today, such a move might be more saleable. Such a shift, along with a renewed focus on rural development to assist the rural poor, could be part of the Clinton/Gore legacy.

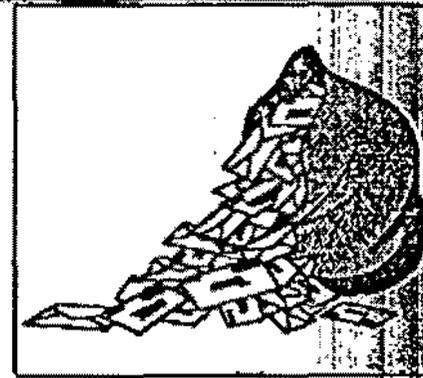
- The Department of Agriculture has the mandate from Congress to serve as the coordinator of rural development across the Federal government. The NCRP may be seen as the duplication of governmental functions. There will be a high political cost associated with the expansion of the ARC, the same results may be reached through the reorganized structure at USDA, without the political costs.

- ARC's costs are so low because it delivers programs through other state and federal agencies.



APPALACHIAN REGIONAL COMMISSION

OFFICE OF THE
FEDERAL CO-CHAIRMAN
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235
202/884-7666



FACSIMILE COVER SHEET

DATE: May 25, 1994

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

Carol H. Rasco

FROM: JESSE L. WHITE, JR. - FEDERAL CO-CHAIRMAN

SENDER: ANGELA LYONS 202/884-7669

Total number of pages 2 including cover sheet.

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FACSIMILE TELEPHONE NUMBER: 202/884-7693

MESSAGE:



APPALACHIAN REGIONAL COMMISSION

OFFICE OF THE
FEDERAL CO-CHAIRMAN
1686 Connecticut Avenue, N.W.
Washington, D.C. 20235
202/884-7860

*holder in
outbox
file
here somewhere*

MEMORANDUM

Date: May 25, 1994

To: Carol H. Rasco
Assistant to the President
Domestic Policy Council

From: Jesse L. White, Jr. ^{glw}
Federal Co-Chairman

Subject: Meeting with Secretary Mike Espy

Since I am leaving town this afternoon and will not be back until next week, I am taking the liberty of giving you this brief report on our meeting with Secretary Espy via FAX. If you need to discuss it with me, you can reach me through the weekend at 910/256-9269.

It was an excellent meeting with Secretary Espy, Bob Nash, Governor Winter, Fred Slabach, Guy Land (ARC Counsel for Congressional Affairs), and myself. We explained that ARC serves as "glue" money to make projects in many agencies, including Agriculture, possible for poor communities. We can augment the federal portion in most cases from 50% to 80% of the project costs, or in some cases 100%. For example, we spend about \$17 million a year on projects which are administered by FmHA and for which "first dollar" funding is provided by FmHA. Our statute is so broad that whatever USDA does in rural development can be supplemented and leveraged by us.

After some discussion, Mike Espy said, "How can we help?" He is fully supportive now that he understands that our proposal in no way takes away from USDA rural development work--in fact, it supplements it. That is also part of the reason we changed the name of the Commission to get the word "rural" out of it. As you know, we are now calling it the National Commission on Appalachia, the Delta, and the Border Areas.

It was also agreed that the Farm Reauthorization Bill and our proposal are two different matters. The Farm Bill should proceed as planned, and we will probably make the National Commission an initiative for next session using our ARC statute as the vehicle.

Mike Espy said that he would call you to express his support for our proposal and to report on the meeting from his perspective. I will continue to stay in close touch with Bob Nash. In the meantime, I would appreciate your guidance on next steps for preparing this idea for the President. Should I meet with the Domestic Policy Council or have some other individual meetings? I would appreciate your input as soon as you can give the matter some thought. I'll give you a call next week.

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: _____

Draft response for POTUS
and forward to CHR by: _____

Draft response for CHR by: _____

Please reply directly to the writer
(copy to CHR) by: _____

Please advise by: _____

Let's discuss: _____

For your information: _____

Reply using form code: _____

File: ARC _____

Send copy to (original to CHR): _____

Schedule ? : Accept Pending Regret

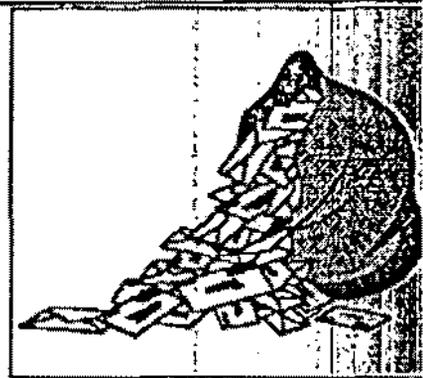
Designee to attend: _____

Remarks: _____



APPALACHIAN REGIONAL COMMISSION

OFFICE OF THE
FEDERAL CO-CHAIRMAN
1668 Connecticut Avenue, N.W.
Washington, D.C. 20236
202/884-7660



FACSIMILE COVER SHEET

DATE: November 1, 1994

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

Carol Rasco
Assistant to the President
Domestic Policy Council

FROM: JESSE L. WHITE, JR. - FEDERAL CO-CHAIRMAN

SENDER: ANGELA LYONS 202/884-7669

Total number of pages 3 including cover sheet.

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MESSAGE:

Please disregard previous fax



APPALACHIAN REGIONAL COMMISSION

MEMORANDUM

Date: November 1, 1994
To: Carol Rasco
Assistant to the President
Domestic Policy Council
From: Jesse L. White, Jr. *JLW*
Federal Co-Chairman
Subject: Trip to West Virginia

Week before last I travelled to Logan, West Virginia, for the ribbon cutting on a section of Corridor G, one of the Appalachian Development Highways. I shared the podium with Governor Caperton and Senator Byrd, along with local dignitaries, and spoke on behalf of the Appalachian Regional Commission. Although it was a cold, misty day, a large and enthusiastic crowd was present.

Governor Caperton introduced Senator Byrd, who made a "stem winder" in defense of the ARC highway program. He spoke movingly about the promise made to the people of Appalachia 30 years ago to open up the region to the rest of America.

In my remarks, I spoke of the political courage it took to keep faith with that promise (the average cost of an interstate through the mountains is now over \$10 million/mile). I also praised Senator Byrd for helping keep the ARC alive during 12 years of Republican hostility. The crowd rose to its feet in applause when I said, "And, I am proud to be representing President Clinton and an administration that now, after twelve long years, is fully committed to the ARC and its program".

I write this memo to say that there is still a lot of good will toward the President in what he is trying to do to help people. We all need to carry that message into every nook and cranny of the Nation. I hope that someone, somewhere is imploring all senior appointees to carry forward this message in any speech or appearance. I consistently get a good response when praising the President for his support of the Commission.

I also reminded the audience that, in addition to the highway program, the ARC has equally important programs in the areas of community development, human resource development, and business development (under the Clinton administration we have moved more and more in that direction). Highways are, I argued, a necessary but not sufficient condition for economic development. Our goal, under my chairmanship, is to create "entrepreneurial communities

Page 2
Ms. Carol Rasco

and enterprising people." With our federal-state partnership, the active involvement of governors, and leverage with the federal, state and local agencies, we were, I told the audience, also reinventing government 30 years ago!

I also should report that Senator Byrd appreciates the President's support for the ARC and wants to work with us to find ways to strengthen the program. I continue to be heartened by the reservoir of enthusiasm and support I find for the ARC across the 400 counties we serve.

- cc: Mr. Leon E. Panetta
Chief of Staff
- Mr. Patrick Griffin
Assistant to the President, Legislative Affairs
- Mr. George Stephanopoulos
Senior Advisor, Policy & Strategy
- Mr. David Wilhelm
Chairman, Democratic National Committee