REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS
THE TITLE V PROGRAM
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Introduction

Regional development, as an explicit Federal concern, has existed in the United States for about twenty years. The Area Redevelopment Administration (ARA) came into being in May 1961, with a four-year congressional mandate to provide technical and financial assistance to distressed and lagging areas throughout the nation. Two years later, in 1963, President Kennedy appointed a Commission (PARC) at the request of the Council of Appalachian Governors to develop a special program for the Appalachian region. The PARC recommendations, which included the creation of a new federal-state regional planning commission (ARC), were embodied in legislation in the spring of 1965 (ARDA), and at the expiration of ARA's mandate the Congress enacted new legislation (PWEDA), which created a new agency (EDA). Title V of that act authorized the creation of ARC-like commissions in other regions of the country.

Thus, only four years elapsed between the initial legislation (ARA) and major revisions (ARDA and PWEDA). In retrospect, one can hardly attribute the revisions to a learning process or to radically changed circumstances. They must instead be viewed as extensions of ARA to complete the first cycle of legislation in the context of the concerns of the '60s and the New Frontier-Great Society response to these concerns.

Now, twelve years have passed and we are ready for a true second round. Our sense is that the vast majority of the concerned parties will be greatly disappointed and the national interest will be poorly served if the laws which go into effect on October 1, 1979, and the recommendations of the WHC and the PRP do not mark significant departures in policy, programs, and delivery systems.

Title V commissions (and ARC) are unique institutions in the simple sense that there are no other formal arrangements for joint federal-state decision-making on the disposition of federal resources which entail regular consultation between and among a group of governors and a presidentially-appointed representative of the federal government. Along the spectrum from categorical programs, in which a federal agency exercises unilateral authority, to general revenue sharing, in which the state (with minor qualifications) exercises full authority, the ARC and Title V model occupies a special niche, and bears no resemblance to other existing arrangements or mechanisms.

This paper is based upon a report of an evaluation of the Title V Program which was conducted by the Center for Social Analysis at S.U.N.Y., Binghampton. The study was funded by a grant from the Office of Regional Economic Coordination, Department of Commerce. The assistance of Professor Monroe Newton is gratefully acknowledged.
The innovative nature of Title V was not fully apprehended at the time of its creation, nor is it appreciated even now by the majority of observers. There are a number of reasons for the low profile of this innovation. First, the multi-state dimension of Title V, while new in the context of depressed area programs, was not new in the broader context of institutional devices in the federal system. Thus, the typical reaction to Title V was that it represented the application of an old tool to a new problem, new in the sense of being the object of federal attention. We had county programs under ARA and with PWEDA we were adding multi-county district programs and multi-state regional programs.

Second, in the case of ARC, the innovative design of the commission was relatively inconspicuous by contrast to the new dollars authorized and appropriated, particularly for the Appalachian Highway System. To many observers that was the most important accomplishment of PARC and far overshadowed the creation of ARC with its innovative design.

The fundamental role of Title V commissions was also obscured by the emphasis on planning, which has its roots in the legislative and administrative history of the program. The notion was (and still is in the minds of many) that the unique contribution of a Title V commission would be the capacity to develop long range regional plans which would identify the resources required from federal, state, and local sources to meet the region’s developmental needs. No single federal agency and no single state government could do that job as well because of their limited perspectives and authorities.

There was further obfuscation caused by the birth of the concept in the context of lagging regions. Why would a new approach to federalism be restricted to lagging regions? Therefore, it followed that the really important dimensions of Title V were the planning, the multi-state regional perspective, and the extra dollars justified in terms of regional lags.

But perhaps the single most important reason for the low profile of the basic innovation was (and is) the failure of the federal partner to take the partnership seriously. Our reference at this point is not to the budgetary history of Title V, which is not irrelevant, but to the failure on the part of the federal government to give adequate representation in regional commissions as seriously as it was envisaged in the legislation. The neglect of federal agencies is symptomatic, but the root of the problem obviously lies in the White House.

The history of Title V from 1965 to 1977 can be viewed, and will be viewed in this report, as an evolutionary process in which the kernel of the legislation - federal-state decision making partnership - increasingly came to be viewed as an innovation in federalism rather than just another component of a delivery system for lagging regions.

The Seven Commissions: An Appraisal

Since 1966 seven regional commissions, which include all or part of 32 states, have been organized. The Coastal Plains, Four Corners, New England, Ozarks, and Upper Great Lakes were established during the years 1966-67; the Old West and Pacific, Northwest, in 1972. These seven commissions are the subject of our study. In 1976 the Southwest Border Economic Development Region was designated, but a commission has only recently been organized (Figure 1).

Boundaries and Indicators

The initial boundaries and subsequent boundary changes in each commission territory are displayed in Table 1.

Three commissions have always been comprised of whole states: New England, Old West and Pacific Northwest. The Ozarks went whole-state in 1974. Four Corners went whole-state in 1975 and added Nevada in 1976. Coastal Plains went from parts of three states to parts of five states. Only one commission, Upper Great Lakes, has stuck to the original boundaries.

As shown in Table 2, the criterion of "lag", at least in terms of per capita income, correlates well with the whole-state vs. partial-state dimension of regional boundaries. The commission areas that are not whole-state display a significant lag in terms of per capita income. Only the Ozarks retains that characteristic after going whole-state, but the lag was greater with the original boundaries.

New England is the only region among the whole-state regions which has consistently lagged behind the U.S. average in terms of growth rates, whether for population, total employment, or employment in sectors, broadly defined; e.g., manufacturing. The Old West and the Four Corners Regions have relatively large Indian populations which are very poor but as total regions they and the Pacific Northwest hardly qualify as lagging on any indicators. The boundaries and boundary changes prompt the following observations:

- Enabling legislation permits configurations that do violence to the concept of "regions in distress" (New England, Pacific Northwest, and Old West).
- Extensions of regions to whole states (plus new states -Louisiana and Nevada, for example) compounds the distortion and gives a false impression of convergence.
- Changes in regional boundaries seem to have had no effect on regional strategies. Inclusion of growing areas or metro areas did not affect development strategy.
- As would be expected, regions are homogeneous only with respect to a few attributes and these are not always relevant to commission funding opportunities. Transportation (in Ozarks and Upper Great Lakes) is an example. In general, common problems are common to only parts of the region.
- In fact, regions have been bounded in part by public administrative and political considerations, not alone by common problems and opportunities. This experience should teach us

2 Each commission is the subject of a separate report which will be available at a later date and which will deal with the issues raised here in much greater detail. Here the emphasis will be on the collective experience of the seven commissions, with summary comparative comments on key issues. The ARC is not included in this evaluation although there are frequent references to the ARC.
<table>
<thead>
<tr>
<th>Region</th>
<th>Designated</th>
<th>Original Boundaries</th>
<th>Commission Organized</th>
<th>Boundaries Modified</th>
</tr>
</thead>
<tbody>
<tr>
<td>COASTAL PLAINS</td>
<td>12/21/66</td>
<td>Parts of Georgia, North Carolina, and South Carolina</td>
<td>07/29/67</td>
<td>03/19/75 - Added parts of Florida and Virginia</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12/31/75 - Added counties in Piedmont areas of Georgia and South Carolina</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>06/16/75 - Expanded boundaries to include entire states</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>06/12/76 - Added State of Nevada</td>
</tr>
<tr>
<td>FOUR CORNERS</td>
<td>12/19/66</td>
<td>Parts of Arizona, Colorado, New Mexico, and Utah</td>
<td>09/19/67</td>
<td></td>
</tr>
<tr>
<td>NEW ENGLAND</td>
<td>03/02/66</td>
<td>Entire states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont</td>
<td>03/20/67</td>
<td></td>
</tr>
<tr>
<td>OLD WEST</td>
<td>01/25/72</td>
<td>Entire states of Montana, Nebraska, North Dakota, South Dakota, and Wyoming</td>
<td>08/18/72</td>
<td></td>
</tr>
<tr>
<td>OZARKS</td>
<td>03/01/66</td>
<td>Parts of Arkansas, Kansas, Missouri, and Oklahoma</td>
<td>09/07/66</td>
<td>04/13/72 - Added remaining counties of Missouri</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>08/15/72 - Added remaining counties of Arkansas and Oklahoma. Added the entire state of Louisiana</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>03/25/74 - Added remaining counties of Kansas</td>
</tr>
<tr>
<td>PACIFIC NORTHWEST</td>
<td>02/25/72</td>
<td>Entire states of Idaho, Oregon, and Washington</td>
<td>12/11/72</td>
<td></td>
</tr>
<tr>
<td>SOUTHWEST BORDER*</td>
<td>10/23/76</td>
<td>Counties along the border with Mexico in the states of California, Arizona, New Mexico, and Texas</td>
<td>08/09/77</td>
<td></td>
</tr>
<tr>
<td>UPPER GREAT LAKES</td>
<td>03/03/66</td>
<td>Parts of Michigan, Minnesota, and Wisconsin</td>
<td>04/11/67</td>
<td></td>
</tr>
</tbody>
</table>

* Not included in the scope of this study.

Source: Office of Regional Economic Coordination.
that these factors, plus common problems and opportunities, plus a concept of the strategy to be followed, ought to guide boundary decisions.

No region has become smaller. No state or area has opted out despite the relatively small amount of money and the political problems that regional commissions may generate. This testifies to the attractiveness of the basic concept.

Commissions: Structure and Role

Although the legislation specifies the membership of the commission, it says nothing about the commission staff, except that the federal government would pay each commission's administrative expenses for two years, and after that up to 50 percent of such expenses. Thus, while the law does address the commission's functions, it does not explicitly comment on the anticipated role or importance of the commission staff.

By the commission staff we mean the joint federal-state staff, as distinguished from the staff of the Federal Co-Chairman (F.C.C.) and the staffs of the member governors who may be assisting their respective governors in relation to their responsibilities to the commission.

Our working hypothesis is that the spirit of Title V, if not the letter, calls for a commission staff which is large relative to the federal and state staffs and at least as competent. This is suggested by such language as "advise and assist", "foster surveys and studies", "prepare recommendations", "coordinate and develop plans", "review and study", and "provide a forum". Among the seven commissions we found that staff size and functioning have been flexibly adapted to the role each commission has selected for itself.

There is a rough correlation between structure and role of the following kind: Heavy reliance on state-by-state allocations for supplemental grants is associated in the extreme case (Upper Great Lakes) with very small commission staff. At the other extreme, the total absence of supplemental grants and an emphasis on regional and soft-ware projects is associated with a large commission staff (New England). On this spectrum, the Ozarks, Coastal Plains and Four Corners are relatively more like the Upper Great Lakes model, and the Pacific Northwest and Old West are relatively closer to the New England model. But other factors also influence commission size.

In any case, there has yet to emerge a sense of "regional civil service" separate from the state or federal government. The F.C.C. serves as staff executive director in the Upper Great Lakes, and the F.C.C. of New England is gravitating to that posture. In the Pacific Northwest, the F.C.C.'s staff is larger than the commission staff. We do not have the impression that the commission staff has developed an identity as a source of expertise that can serve member states and/or deal as technically qualified equals with state or federal personnel.

Generally, no clear role has been assigned to sub-state agencies (districts), although in some they receive commission funding for plan-

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Membership for each commission includes the governors of the states in the region plus one Federal Co-Chairman appointed by the President with the advice and consent of the Senate.
ning. States receive planning grants but not all commissions require that the product meet commission criteria or be submitted to it.

Here are some additional observations:
- A relatively high level of gubernatorial participation has been maintained (despite?) (because of?) the relatively small sums involved.
- Public advisory committees are used more and more to tap opinion and expertise and achieve coordination among the states in specific functional areas.
- Most of the F.C.C. identify more closely with their respective commission's member states than with the federal government. This is, in our view, mainly a by-product of the benign nature of successive administrations, which chose not to give the F.C.C. any real status despite their being appointed by the President and being confirmed by the Senate.

Plans and Planning

In the initial legislation, Title V commissions were not authorized to do much more than planning. Later, when their authority was expanded to include supplementation of federal programs, the acceptance by Congress of a plan approved by the Secretary of Commerce (which became the prerequisite to spending on supplemental grant projects. Actual appropriations have been modest throughout the history of the program, but the initial exclusive emphasis on planning without reference to budgetary constraints has left its mark.

- Although the functional sweep and fiscal scale of plans have been revised downwards, there is still a vast gulf between the regional plans and the regional commission activities that is dictated by resource availability. Only gradually has there evolved a sense of the need for two levels of plans: one for the region, and one for the commission program. Relatively favourable cases in recent years are Ozarks, New England, and Four Corners.
- Thus, regional plans have had little influence on resource allocation and probably should have had little influence. Size and scale problems dictate the difference.
- A political strategy rather than an economic development strategy appears to be the foundation of the plans.
- No plan for affecting the existing flow of public funds into the region is evident in any of the documents.
- Plans originally had used sophisticated analyses to identify a "gap" (income or employment) and then estimated cost by functional area (and sometimes by agency) in conformity with basic instructions. This mold is being preserved, but data systems and modeling are being downplayed considerably. Notable examples are Ozarks and New England.
- Generally, plans seem to have no strategy component that reflects a sense of spatial structure. Rather, they tend to focus on functional competitiveness, with heavy emphasis generally on human resources.

- All plans accept the legislation's basic premise that infrastructural changes can alter the pattern of private location decisions by their effects on communities. Pacific Northwest and Old West plans are more concerned with growth management than growth stimulation.
- As commissions move away from supplementation (if that was ever in their practice) and emphasis is on projects of direct region-wide scope, relevance of planning for use of commission funds grows. Examples are New England and Pacific Northwest. For those regions that emphasize supplementation, there is no apparent relationship between plans and projects.

Here are some observations on process:
- Plans tend to overlook an institutional component that indicates how federal agency, state agency or local government funding and policy decisions are to be influenced.
- The planning process has been generally remote from the elected officials of the region below the state level and sometimes even at that level. But, there may be a growing awareness that local and state involvement in the planning process increases the acceptability and utility of the plan. There is a growing tendency to involve sub-state districts, state personnel and academics from the region.
- There exists no clear role for state plans (as distinct from state officials) in the regional planning process except in the case of Coastal Plains and Four Corners.

Resource Allocation: What and How

By ARC standards, the Title V commissions have been very modestly funded. Yet Title V, as amended, gives these commissions the same range of authority as ARC. Thus, they can spend their funds for a variety of technical assistance projects and/or supplemental grants.

Technical assistance is a broad term covering such activities as planning, investigations, research demonstration projects and training programs. These activities are carried out by the commissions themselves through their own staffs, grants to states and other public entities, and contracts with private organizations.

Technical assistance also includes the new demonstration project authorities added to the Act in the areas of energy impact, transportation, health and nutrition, and education. The latter two authorities are to be carried out through the Secretary of Health, Education, and Welfare.

Commission supplemental grants enable states and local entities to participate in federal grant-in-aid programs for which the state or local entity lacks financial resources to provide its full matching share. If the commission approves a supplemental grant, the Federal Co-chairman transfers the funds to the basic grant agency to be handled as a part of the basic grant to the applicant. In addition, if the basic federal agency certifies that the project would be carried out except for the fact that the federal agency lacks funds, the commission may provide all or part of the basic agency funding. However, in all supplemental grants the applicant must provide at least 20 per cent of the project
cost. Supplemental grants have been for public works, "brick and mortar" types of projects.

Very different patterns of use of funds exist among the commis-
sions and probably reflect a wide range of historical and institutional
forces. This should be viewed favourably as adaptations to different
circumstances. Here are, by region, the major categories in order of
importance:

- Ozarks: Employment Development, Human Resources,
  Transportation, Community Development

- Pacific Northwest: Natural Resources, Agriculture and Forestry,
  Human Resources, Regional Economic Analysis

- Old West: Natural Resources, Agriculture and Forestry,
  Regional Economic Analysis, Energy Management

- Four Corners: Industrial Development, Human Resources,
  Transportation, Natural Resources

- Upper Great Lakes: Industrial Development, Human Resources,
  Energy and Transportation, Tourism

- New England: Transportation, Energy, Commercial and Indus-
  trial Development

- Coastal Plains: Human Resources, Marine Resources, Industrial
  Development, Agriculture and Forestry.

Except for New England, where the focus on energy and transpor-
tation is of recent origin, there has been no dramatic shift in functional
priorities over time. Since Human Resources ranks high in all regions
(even New England in the past), it is no surprise that an aggregation
of all regions would (probably) show Human Resource in first place.
The absence of Industrial Development in the rankings for Pacific
Northwest and Old West correlates well with our earlier observations
about priorities in these regions as reflected in their plans.

As to the choice between Technical Assistance and Supplementary
Grants, here is the current pattern:

- New England has the Supplementary Grant Authority but
  chooses not to use it.

- Old West has only recently had its plan accepted and there-
  fore will be able to make supplemental grants in FY 1978, and
  they intend to do so to a modest extent. Pacific Northwest
  will shortly submit its plan for Secretarial review and ap-
  proval.

- Coastal Plains, Four Corners, and Upper Great Lakes have
  spent between 30 per cent and 50 per cent of their resources
  via supplemental grants.

- Ozarks has spent more than 70 per cent of its resources via
  supplemental grants.

There is a clear trend towards the reduction of the relative
importance of supplemental grants in most regions. This,
however, may well be a function of inadequate funding to
meet basic technical assistance needs prior to allocation of
remaining funds for supplemental program areas.

"Regional" versus "Local"

The "Regional" versus "local" issue has plagued the com-
missions from the start and is one of, if not the, most forceful criti-
cisms of Title V spending patterns.

We offer the following observations: Only those regions (Pacific
Northwest, Old West, New England) which have virtually abandoned the
mandate to deal with "economic distress" have been able to live up to
the mandate to be regional. Crude estimates suggest that at least half
of their projects could easily pass the "regional" test. This is also
correlated with their almost complete avoidance of the supplementary
authority and their heavy reliance on "software" projects.

In the other four regions, where the supplementary authority is
used extensively and where hardware projects are more common, the
proof of "regionalism" in their spending can only rest on the identifica-
tion and articulation of a regional strategy which lends "regional"
credence to a series of small local projects. Therefore the paradox:
the greater the focus on economic distress and economic stimulation (in
the style of EDA) the more difficult it is to live up to the mandate to
be regional. Even in these four commissions, however, there is a trend
from regionalism to a larger proportion of regional projects.

The Allocation Process

What can be said here is already implicit in earlier comments. The
economic development focus, hardware projects, supplemental grants, a
lesser role for the commission - all these correlate well with a strong
state-by-state flavour to the allocation process. But there are two
aspects of this process which need to be distinguished. One is the
setting of state quotas which is common to four regions (Ozarks, Coast-
al Plains, Four Corners, and Upper Great Lakes). The other is the
extent to which the commission is seriously involved in the review of
proposals. In the latter respect, some commissions exercise greater
control than others. In general, states have been free to select pro-
cucts for supplementation in keeping with the underlying philosophy.
However, no criteria of region-wide applicability have developed to
make the selection process.

Summary Appraisal

- The commissions have been useful political and public admin-
  istrative agencies.

- They have contributed to a sense of regional identity and
  have provided forums for sharing experience and expertise
  among the states.

- Overall, they suffered from such resource anemia that they
  struggled to find something useful that related (sometimes
  vaguely) to their mandate. They are monuments of adminis-
  trative adaptation to adversity.
The present operations and guiding principles of the Title Vs cannot be taken to be representative of their performance under other circumstances. Just as they have sought and found roles in their present circumstance, so it can be expected that they would adapt fruitfully to altered mandates and fiscal resources. In many fundamental respects, the original concepts of the Title Vs have never been tested.

Generally, a very narrow view of the definition of "projects of regional significance" has been adopted, namely that the project be multi-state in character and impact. An alternative and functionally more useful definition would be projects guided by a multi-state strategy or development concept. The narrower definition precludes doing most of the things likely to be done even with more generous funding.

No commission has succeeded in accomplishing the legislative intent of bringing the overall allocation and administration of public funds - federal, state, and local - into conformity with a regional plan. This is no surprise given the limited funding and authority. In any case, since that mandate is shared with the Secretary of Commerce, the responsibility for failure must also be shared.

Economic development impacts have been small, at best, which is not surprising given their funding. The same can be said about their impact on other units of government, including other regional entities.

But there is sufficient anecdotal evidence to suggest that many legitimate local and regional needs which would otherwise have been neglected have been addressed by Title V commissions.

Title V: The Changing Context

In 1965, the national economy was expanding rapidly, there was full employment (a rate of unemployment under 4 per cent) and the rate of inflation was insignificant by current standards. The overall population was growing rapidly, and migration patterns were still favouring metropolitan areas as against non-metropolitan areas, urban areas as against rural areas, and suburbs as against cities.

The federal budget had just reached $100 billion. We were in the early stages of the growth of a vast array of federally funded social programs which took the form mainly of categorical grants aimed at improving human, social, and physical capital throughout the nation, with some emphasis on improving the real income and economic opportunity of poor and disadvantaged people and lagging and declining places. The underlying assumptions, which were widely shared, were that state and local fiscal capacities were inadequate to the challenge and that in any case the national stake in the welfare of all citizens was too great to allow for complete self-determination within the formal state/local jurisdictional structure on the division of the pie between private and public purposes. The federal government had to play a larger role financially, and wholly new quasi-governmental institutions had to be created to give expression to perceived needs and to assist in the planning and implementation of programs.

As we look back on this period we do not cease to be impressed by the concatenation of forces which made it possible for a President to mobilize national support through the Congress for massive commitments to such a varied and detailed agenda of programs and objectives. And by and large, the nation remains committed to the same objectives: better housing, better education, better health care, elimination of poverty, greater equality of opportunities, and so forth. However, our priorities have been shifted somewhat, and more important, we do not share the enthusiasm of 1965 for the potential of federal categorical programs as achieving these objectives. That experience has been discouraging.

The President's fiscal year 1979 budget will call for $500 billion of expenditure, a growth in real terms of 150 per cent over 1965. Even when balloonning social security payments are subtracted, the most glaring contrast with 1965 is the vast growth in cash transfers to individuals and governments for welfare and unemployment benefits and general revenue sharing. A variety of 1965 categorical grants relating to urban problems are consolidated into the Community Development Block Grant, and a second bundle of categorical manpower programs are consolidated under CETA.

The 1979 budget as compared to 1965 also reflects some significant new priorities: a high unemployment economy calls forth a "stimulus" package of counter-cyclical revenue sharing, public service jobs, and local public works. The "environment" (clean air, clean water, etc.) was just rearing its head as an issue in 1965. It is now a major concern. In fact, it is the largest current categorical grant program. And then there is energy, an issue which was on nobody's agenda in 1965.

A lot more has changed since 1965. The population trends have altered dramatically both as to national totals and geographic distribution. The much heralded decline in the birth rate has brought our annual growth rate down to less than 1 per cent in the 1970s and has prompted drastic downward revision of population estimates for the balance of the century, thus dissipating much of the earlier concern over the pressure of population on scarce resources and the environment.

Moreover, the prospects for different areas have changed. The biggest metropolitan areas have stopped growing relative to the U.S. average, and many are registering absolute declines in population in the 1970s. Net migration is negative. Non-metropolitan growth is more rapid than metropolitan growth and rural areas (as a whole) are no longer experiencing net outmigration. This pattern is manifest in all regions of the country.

On a regional basis, the Northeast is lagging sharply behind the U.S. average, and the South has joined the West in growing at almost twice the national average.

The only persistent trend is the relative (as compared to suburbs) and absolute declines of population (and jobs) in the central cities of most of our metropolitan areas. Furthermore, while per capita income differentials among regions have been reduced substantially, the gap between city and suburb has widened.

The overall rate of U.S. economic growth in the 1970s is far below the 1960s; the rates of inflation and unemployment are much higher.

What does all this mean for Title V?

In 1965 the geographic bias of Title V was appropriately rural. In 1978, that bias is no longer consistent with national priorities.

In 1965, the emphasis was on lagging regions and sharing regional growth. In a period of high unemployment and insufficient investment, the challenge to lagging regions is to add to national growth and in all regions to manage growth.

In 1965, Title V was viewed appropriately as an extension of categorical programs in the field of economic development. Today our perspective is different. We see Title V as an early experiment with alternatives to categorical programs. Title V now falls in the stream of developments which took us away from categorical programs towards revenue sharing and block grants. As contrasted to these later developments, however, Title V called for a unique marriage of federal and state powers.

Whither Title V?

In the light of perceived needs and prior experience, what are the alternatives for the future as to the structure, the scope, and the funding of Title V?

- Structure: how many commissions, what should their boundaries be, how should each commission be structured internally as to membership, staff, and relations to and with the federal government, the member states, and other regional and sub-state entities?
- Scope: what should be the range of their authority as to functions, as to where and how they can spend their resources?
- Funding: should their budgets be in thousands, millions, tens of millions, or hundreds of millions?

It would be presumptuous to pretend that we have an original position on all of these issues. Originality is undermined by the spate of proposals which have been made in the near and more distant past. Our main contribution will be to spell out the internal logic of each major suggested alternative and test it against the experience we have examined. We see three broad sets of options.

The maintenance of the status quo is an option we need to examine, in any case, because all the signs suggest that posture at least until October 1, 1979. Given the past record of failure to turn right or left, we cannot dismiss the possibility that the status quo will be extended further into the future.

The elevation of Title V to a more exalted status within the matrix of agencies and programs which address the economic development needs of areas and regions in need of stimulation. One version, for example, would call for the complete consolidation of economic development programs on a regional basis with the Title V Commission playing the lead role in each region. A more modest proposal would leave the structure intact but substantially increase the funding of Title V.

The lifting of Title V out of the narrow (EDA) economic development context and assigning commissions broad responsibilities as a vital and permanent component of governmental structure in the federalist system. Such responsibilities would include (1) facilitating the regional adaptation of federal programs and policies and (2) setting regional development priorities, selecting strategies, and focusing joint local-state-federal action on identified objectives.

As we explore the pros and cons of each approach we should have before us a list of issues which need to be resolved in a detailed design. These are:

- What is to be done with the pending Title V applications?
- What are the implications of the ARC experience?
- What are the implications for existing federal agencies and programs existing mechanisms for regional coordination (such as Federal Regional Councils), and sub-state mechanisms (such as Development Districts)?
- What are the budgetary implications?
- What are the implications for the structure of the commission, the respective roles of the F.C.C., the Governors, the commission staff, and state staff?

The Status Quo

From now until October 1, 1979, the following actions seem appropriate:

- A substantial effort of communication to increase the visibility of Title V as a concept and advertise its accomplishments. For example, the forthcoming Annual Reports for 1977, commission-by-commission, should be consolidated into one report for widespread distribution. The report should minimize the conventional phrases and numbers and deal squarely with the issues (what the commissions have in common, how they differ in their strategies and expenditures, how they relate to the "establishment"), and selectively call attention to the most dramatic achievements in each region.

- A more vigorous posture on the part of the F.C.C. vis-à-vis the federal establishment. We have to believe that the low profile of Title V of the federal bureaucracy is partly the fault of the F.C.C.

- Assuming that it is too late to alter resource allocation patterns for FY 1978, a concerted effort at further innovation should be made for FY 1979. Even at the risk of offending some of the local officials, the commissions ought to bring their planning and the spending into closer correspondence as a way of demonstrating that they are more than little "foundations" which sift unsolicited proposals and make awards and less than global planning agencies which pretend that there are no budgetary constraints. Some of the flavor of this thrust could be conveyed in the consolidated 1977 report.
The dilemma of the status quo through October 1, 1979, is what to do with the pending applications.

Does the status quo make sense as the preferred policy for the future of Title V? Not! Optimizing the current structure within the current constraints will still leave Title V as a program in a very unsatisfactory state. While some of the participants may be happy with things as they are, that does not necessarily equate with the national interest.

Incremental movement to de-facto blanket coverage of the nation with Title V does violence to any pretense that Title V was designed for lagging regions. If, in addition, as part of that "creeping" coverage we create single state commissions in the continental U.S., the original emphasis upon the development of lagging regions will be further undermined.

The current mix of objectives and programs among the Title V commissions is so heterogeneous as to strain the faith of the onlooker (Congress, OMB) in the integrity of the program. Yet, any attempt to impose a standard format in the current circumstances would reduce rather than enhance the productivity of the commissions.

Inflation and the expansion of the program into new regions would call for significant budgeting increases just to maintain the same level of real resources per commission. The total program would look bigger, but it would be no bigger from the perspective of the individual commission. That may be the worst of all possible worlds.

But, if the choice is between the status quo or nothing, we opt for the status quo.

The Second Option

Should Title V be strengthened as a component of the overall federal effort in economic development? This option has many varieties:

- The status quo modified to increase funding per commission. Most of the objections cited earlier would still apply. Additionally, if the commitment to the original mandate of Title V is to be renewed, there are at least three existing commissions which would have to strain to justify their current mix of programs and their very existence.

- A renewed commitment to the original conception of Title V for lagging regions and the reconstitution of commissions for eligible regions with substantial levels of funding for each commission. Of the current group, only the Upper Great Lakes and the Coastal Plains would survive within their present boundaries. One could envisage a set of regional commissions focused on lagging regions, complementing and supplementing the national programs of EDA, H.U.D., and Agriculture in their respective domains. The rationale would flow from the earlier spirit of ARC and Title V, which were intended to augment existing programs both in terms of dollars and planning.

Another version of this option would call for vesting Title V commissions with the key role in planning and implementing economic development programs in their respective regions. In this model, the emphasis on lagging regions is dropped but so is EDA as we know it, and the country is divided into a set of regions, with whole states within each region, and commissions which plan and spend for economic development the resources which are now administered by EDA and ARC and Title V and more. But if the region as a whole does not have to be lagging to deserve a commission, the needy areas within the region would still receive top priority.

This is not the time to generalize the ARC model for all lagging regions. While it is true that by strict statistical criteria we could still delineate some regions which have lagged, the dominant trend and frame of reference is one of convergence of per capita income by region, with the focus shifting to intra-regional variations. At the regional level, the indicators of growth - as opposed to levels - would call for commissions in the highly urbanized regions of the Northeast and Midwest, not the Ozarks and the Upper Great Lakes. What we're suggesting is that the rationale for regional commissions to deal with regions in distress has been largely undermined by the trends.

But the fundamental objection to this option is the lesson of experience, which is that it is politically difficult to contain Title V (or the ARC) within its boundaries and its mandate. The marriage of the federal and state government in the commission, money aside, is inherently such an attractive concept that it invites adultery. There is pressure to expand the boundaries, expand the number of commissions, and expand the range of functions and goals and objectives.

Regional trends do not challenge the validity of the proposal to cast all of the federal government's economic development efforts into a regional framework; the focus then could be precisely on intra-regional variations and this makes the proposal attractive. The regions could be designed to conform with the all-purpose federal regions and the F.C.C. could be prominent members of the Federal Regional Councils. Since all states would be included, there would be no problem of containment. With all of EDA funds and related development program funding "dumped" into the commissions, they would no longer be operating at the edge of starvation. Their financial muscle might prove effective in bending other federal and state agencies to their will. An attractive option!

But there are problems. ARC has had substantive funding, yet the experts agree that the impact on federal agency policies and programs affecting the region has not been impressive - with some notable exceptions. Furthermore, ARC has not exactly "stuck to its knitting". The Commission has been viewed as a general purpose intergovernmental mechanism as much as a specialized economic development institution.

Again, the lesson of experience seems to be that the ARC and Title V mechanism by its very nature tends to drift from its narrow focus to a broader focus. We suggest three reasons why this is so. Economic development is inherently a complex and broad objective. Second, when you are told to focus on a region, you cannot avoid getting involved in other issues. Finally, when you bring a Presidential appointee into contact with Governors on a regional basis, it is hard to control the agenda.
The Third Option

The logic of our findings and theoretical speculation therefore leads us to express a clear preference for the third option: a national system of general purpose regional commissions, with a focus on development priorities.

These regional commissions should concentrate on the alleviation of those problems and the pursuit of those opportunities that can affect the development of their areas. Their activities should serve to improve governmental processes so that, in combination with private organizations, the economic and social development of their region is encouraged. The range of their activities should encompass economic, human resource, natural resource, community, and institutional development.

Regional commissions, in their design and organization, are structured to achieve this purpose. By providing for a forceful role for states, their vitality in the federal system can be reinforced in a setting that requires them to represent the full range of situations in their jurisdiction. They can therefore be expected to work toward priorities and program applications that reflect all their internal circumstances. Within a commission, these efforts can be harmonized with regional perspectives and the national interest to produce wiser applications of public resources. Regional commissions by providing a mechanism for intergovernmental, cooperative activities, are supportive of a federal system of government.

Recommended Commission Organization and Functions

Structure

Establishing a national system of multi-state regional development commissions requires setting some guidelines for their composition. It is recommended that:

(a) the commissions in each region be composed of the governors of the states involved and their appointees, along with a Presidentially appointed federal member;

(b) the determination of regional boundaries be based on adjustments of the areas in present Title V commissions and ARC that are proposed by the states and receive federal concurrence;

(c) the principles of boundary determination include: (1) regions preferably consisting of whole states; (2) in exceptional cases, single state regions could be considered acceptable; (3) all areas of the U.S. should be in a region; (4) no area should be in more than one region;

(d) each regional commission be required to assure that the states establish substate (multi-county) districts that, to the fullest extent practicable, include entire metropolitan areas, and that cover the entire area in a region;

(e) each commission provide financial support for these districts;

(f) substate districts have governing boards that have a majority of elected public officials, and the representation on them should be generally proportional to the population in the district;

(g) provision be made for agreements among regional commissions for joint activities, including the transfer of funds, to address situations of mutual interest and concern;

(h) each regional commission have a staff directly responsible to it that is supported by an administrative budget funded half by the states and half by the federal government;

(i) affirmative decisions by commissions require assent by the federal member and a majority of states;

(j) all federal members be required to report directly to an official in the Executive Office of the President, such as OMB, and not to any line agency;

(k) provision be made in the law for the funding of an orderly transition from the existing system of regional commissions and for the completion of those projects and programs which have been the focus of their activities; and

(l) provisional designation be given to those regional commissions which have been proposed to the Secretary of Commerce so that they may participate in the transition period and in the determination of regional boundaries.

This structure is designed to provide for groupings of states with a commonality of concerns, for means to obtain a broad perspective on regional issues, for means to assure consideration of national and regional interests, and for a staff capability to help articulate regional concerns and help assure conformity to regional priorities and standards.

Scope

Within the broad mandate to encourage the regional development of its area, each commission should determine those particular program aspects on which it will focus. The selection should be made among programs affecting the economic, human resource, natural resource, community, and institutional aspects of development. In making its selection, the commission should seek to concentrate its functional and geographic efforts to achieve the greatest possible effect from the public investment.

Selection of priorities should be based upon assessments and evaluations that are made on the substate, state, and regional level. At each level, there should be statements of goals plus an identification of problems that are inhibiting development and of the opportunities that can be created or encouraged. After delineation of this range of possible focuses for action, there should be a selection of priority actions addressed to the most important specific problems and opportunities. In association with this, there should be estimates of the share of the regional population affected by each. State development plans should contain assessments of the problems and opportunities identified in the submissions of substate districts and should explain the basis for the goals and priority choices selected at the state level. At the regional level, there should be identification of goals and priorities and statements of the principles to be used to guide program activities. Periodic reviews and revisions should be required at all levels.
The purpose of these provisions is to help assure that all manner of urban and rural development opportunities and problems in a region are brought to the attention of the Commission, that an explicit rationale is provided for the priorities selected, and that there be a quantified assessment of the share of the regional population which is affected by the opportunities and problems selected for attention.

The financial support of the regional commissions should be extended to:

(a) institutional development, principally financial support for enhancement of planning and programming competency at the regional, state, and substate level;

(b) supplementation of existing federally-supported programs; and

(c) demonstration projects to explore innovations in program focus, design or implementation.

In addition, the commissions should be expected to engage in research into matters of regional concern, to assess the regional implications of national, state, and local government policies, to coordinate programs with other agencies, and to urge the adoption of policies and programs of particular importance to the region.

Taken together, these uses of funds are designed to increase the capability of government to discharge its responsibilities, to permit special regional emphases in national programs, and to explore new avenues and improvements in the provision of services to the public. Supplementation and demonstration should be two key elements in the programs of regional commissions. Not only does financial supplementation permit increased levels of activity in pertinent programs but, along with demonstrations, it provides the experience and support to help shift agency policies in helpful directions. Supplementation and demonstration can lead to an augmented flow of federal funds that are invested in priority programs and to improvements in the policies that guide the programs so that they can be responsive to national goals and regional differences.

An important activity for each commission should be the establishment of principles and guidelines for the implementation of programs selected for priority attention. These should be designed to help assure that:

(a) projects and programs to be operative in any state are submitted only by the governor of that state;

(b) projects and programs are focused on the particular problems and opportunities selected in the state development plans from the range of alternatives examined; and

(c) common standards or guidelines are applied in the selection, design, and implementation of projects and programs so that the goals of the commission can be attained.

It is the development of these agreed goals and guidelines along with the consistent policies regarding the allocation of resources that should constitute the essence of the regional process. That process requires the bringing together of the various national, regional, state, and substate perspectives and forging from them a sense of priority, leading to agreements on the most desirable ways of advancing the region.

The individual projects and programs selected should be chosen because they meet the dual standard of addressing a problem or opportunity and also give promise of advancing the region toward one of its selected development goals. These goals, and the guidelines designed to serve them, should be the expression of a joint determination of the most important ways to serve both regional and national interests.

Projects and programs become regional in character because they conform to priorities and guidelines established by the multi-state federal partnership. Projects may be very local in immediate impact and some programs may be implemented in only one state. These are regional projects and programs nonetheless, since their selection and design was guided by the goals and standards established by a regional intergovernmental process which reflects unique regionwide concerns.

Funding

Currently, Title V commissions spend approximately one dollar per capita while the ARC spends approximately eight dollars per capita, exclusive of the highway program.

The original aspirations for Title V commissions, consistent with meagre funding, emphasized quality planning and impact on existing programs. We retain such aspirations for our proposed regional commissions. But experience suggests that such aspirations cannot be fulfilled by low budget, low profile regional commissions.

ARC funding norms would seem more commensurate with a genuine commitment to a system of regional commissions. This suggests an initial funding level of $1.5 to $2.0 billion per year.