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APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1971

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

OF THE

COMMITTEE ON PUBLIC WORKS

UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

S. 575

A BILL TO AUTHORIZE FUNDS TO CARRY OUT THE PURPOSES OF THE APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965, AS AMENDED

FEBRUARY 8, 9, AND 10, 1971

SERIAL NO. 92-H2

Printed for the use of the Committee on Public Works



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APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1971

MONDAY, FEBRUARY 8, 1971

UNITED STATES SENATE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 4200, New Senate Office Building, Senator Joseph M. Montoya (chairman of the subcommittee) presiding.

Present: Senators Randolph, Montoya, Cooper, and Baker.

Also present: J. B. Huyett, assistant chief clerk and assistant staff director; Barry Meyer, counsel; and John Yago, professional staff member.

Senator MONTOYA. The committee will come to order.

This morning the Subcommittee on Economic Development begins hearings on S. 575, which authorizes extension of the Appalachian Regional Development Act of 1965.

This bill was introduced last week by Senators Randolph and Cooper with the co-sponsorship of 52 other members of the Senate. It provides for a 5-year extension of the Appalachian highway program and would continue other Appalachian programs for 4 years. I am pleased with the broad base of support this measure has received in the Senate for it indicates that members realize the significance of the Appalachian program, one of the most unique and innovative efforts in the history of American government.

(The bill S. 575 follows:)

92D CONGRESS
1ST SESSION

S. 575

IN THE SENATE OF THE UNITED STATES

FEBRUARY 3 (legislative day, JANUARY 26), 1971

Mr. RANDOLPH (for himself, Mr. COOPER, Mr. AIKEN, Mr. ALLEN, Mr. BAKER, Mr. BAYH, Mr. BEALL, Mr. BIBLE, Mr. BOGGS, Mr. BURDICK, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CHURCH, Mr. CRANSTON, Mr. EAGLETON, Mr. EASTLAND, Mr. ERVIN, Mr. FULBRIGHT, Mr. GRAVEL, Mr. HARRIS, Mr. HART, Mr. HARTKE, Mr. HATFIELD, Mr. HOLLINGS, Mr. HUGHES, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVITS, Mr. JORDAN of North Carolina, Mr. JORDAN of Idaho, Mr. KENNEDY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MAGNUSON, Mr. MATHIAS, Mr. METCALF, Mr. MONTOYA, Mr. MUSKIE, Mr. NELSON, Mr. PELL, Mr. PERCY, Mr. SAXBE, Mr. SCHWEIKER, Mr. SCOTT, Mr. SPARKMAN, Mr. SPONG, Mr. STENNIS, Mr. STEVENS, Mr. TALMADGE, Mr. TUNNEY, Mr. WEICKER, and Mr. WILLIAMS) introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To authorize funds to carry out the purposes of the Appalachian Regional Development Act of 1965, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Appalachian Regional Development Act Amendments of 1971".

SEC. 102. Subsection (b) of section 105 of the Appa-

lachian Regional Development Act of 1965 (40 App. U.S.C. 105) is amended to read as follows:

"(b) To carry out this section, there is hereby authorized to be appropriated to the Commission, to be available until expended, such sums as may be necessary."

SEC. 103. Section 106(7) of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 106(7)) is amended by striking out "June 30, 1971" and inserting in lieu thereof "June 30, 1975".

SEC. 104. Section (g) of section 201 of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 201) is amended to read as follows:

"(g) To carry out this section, there is hereby authorized to be appropriated to the President, to be available until expended, $175,000,000 for the fiscal year ending June 30, 1971; $175,000,000 for the fiscal year ending June 30, 1972; $180,000,000 for the fiscal year ending June 30, 1973; $180,000,000 for the fiscal year ending June 30, 1974; $185,000,000 for the fiscal year ending June 30, 1975; $185,000,000 for the fiscal year ending June 30, 1976; $185,000,000 for the fiscal year ending June 30, 1977; and $180,000,000 for the fiscal year ending June 30, 1978."

SEC. 105. (a) Section 214(a) of the Appalachian

Regional Development Act of 1965 (40 App. U.S.C. 214) is amended to read as follows:

"SEC. 214. (a) In order to enable the people, States, and local communities of the region, including local development districts, to take maximum advantage of Federal grant-in-aid programs (as hereinafter defined) for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share, or for which there are insufficient funds available under the Federal grant-in-aid Act authorizing such programs to meet pressing needs of the region, the President is authorized to provide funds to the Federal Cochairman to be used for all or any portion of the basic Federal contribution to projects under such Federal grant-in-aid programs authorized by Federal grant-in-aid Acts, and for the purpose of increasing the Federal contribution to projects under such programs, as hereafter defined, above the fixed maximum portion of the cost of such projects otherwise authorized by the applicable law. In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant-in-aid program is proposed to be made under this subsection, no such Federal contribution shall be made until the responsible Federal official administering the Federal grant-in-aid Act authorizing such contribution certifies that such program or project

meets the applicable requirements of such Federal grant-in-aid Act and could be approved for Federal contribution under such Act if funds were available under such Act for such program or project. Funds may be provided for programs and projects in a State under this subsection only if the Commission determines that the level of Federal and State financial assistance under Acts other than this Act, for the same type of programs or projects in that portion of the State within the region, will not be diminished in order to substitute funds authorized by this subsection. Funds provided pursuant to this Act shall be available without regard to any limitations on areas eligible for assistance or authorizations for appropriation in any other Act. Any findings, report, certification, or documentation required to be submitted to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of any Federal grant-in-aid program shall be accepted by the Federal Cochairman with respect to a supplemental grant for any project under such program."

(b) The first sentence of subsection (c) of such section is amended by striking out "December 31, 1970" and inserting in lieu thereof "December 31, 1974".

SEC. 106. Section 401 of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 401) is amended to read as follows:

"SEC. 401. In addition to the appropriations authorized in section 105 for administrative expenses and in section 201 for the Appalachian Development Highway System and Local Access Roads, there is hereby authorized to be appropriated to the President, to be available until expended, to carry out this Act, $268,500,000 for the two-fiscal-year period ending June 30, 1971; $277,000,000 for the two-fiscal-year period ending June 30, 1973; and $294,000,000 for the two-fiscal-year period ending June 30, 1975, of which amounts so authorized for such periods ending June 30, 1973, and June 30, 1975, not to exceed $155,000,000 is authorized for the two-fiscal-year period ending June 30, 1973, and not to exceed $170,000,000 is authorized for the two-fiscal-year period ending June 30, 1975, to carry out sections 202 and 211; not to exceed $15,000,000 is authorized for the two-fiscal-year period ending June 30, 1973, and not to exceed $15,000,000 is authorized for the two-fiscal-year period ending June 30, 1975, to carry out sections 203, 204, 205, 206, and 212; not to exceed $4,000,000 is authorized for the two-fiscal-year period ending June 30, 1973, and not to exceed $6,000,000 is authorized for the two-fiscal-year period ending June 30, 1975, to carry out section 207; not to exceed $90,000,000 is authorized for the two-fiscal-year period ending June 30, 1973, and not to exceed $90,000,000 is authorized for the two-fiscal-year

period ending June 30, 1975, to carry out section 214; and not to exceed $13,000,000 is authorized for the two-fiscal-year period ending June 30, 1973, and not to exceed $13,000,000 is authorized for the two-fiscal-year period ending June 30, 1975, to carry out section 302."

SEC. 107. Section 405 of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 405) is amended by striking "1971" and inserting in lieu thereof "1975".

Senator MONTOYA. During the hearings the subcommittee intends to examine carefully all facets of the Appalachian program since its beginning in 1965. There have been many activities, including highway construction, the health program, vocational education, housing, manpower training, and mine area reclamation.

We intend to review these programs to determine how they have worked and how they might be improved. We also will keep in mind how they might serve as models for other government programs elsewhere in the country.

We are pleased to have with us today scheduled for giving testimony the Honorable Arch A. Moore, Jr., Governor of West Virginia, with whom I served in the House, incidentally. West Virginia is the only State totally within the Appalachian region.

Governor Moore is no stranger to Capitol Hill, having served for 12 years as a Member of the House of Representatives before being elected Governor of his State in 1968. He is with us today as State Cochairman of the Appalachian Regional Commission.

Representing the Federal Government is the Honorable John B. Waters, Jr., the Commission's Federal Cochairman.

I consider it appropriate that these two gentlemen are with us as we open these hearings, for I anticipate the Appalachian legislation we have before us will lead to extensive discussions of broader issues of national significance. Governor Moore and Mr. Waters, by virtue of their experience with the Appalachian program, are indeed suited to begin these discussions.

Before I call on my chairman to introduce his Governor, I would like to say, Governor Moore, that I personally want to extend to you a welcome as a former colleague of ours when you served in the House of Representatives, and you are certainly welcome before the committee.

Governor MOORE. Mr. Chairman, I remember quite well the days on the Judiciary Committee in the House and the tremendous contribution you made then as a Representative from your State and it is a privilege to appear before your subcommittee this morning.

Senator MONTOYA. Thank you. I defer to my distinguished chairman of the full committee, Senator Randolph.

Senator RANDOLPH. Mr. Chairman, Governor Moore, Cochairman Waters:

With your permission, Mr. Chairman, I believe I shall break my comments into two parts with reference to those who are testifying this morning. You have said that Senator Cooper and I have presented this legislation with 52 cosponsors, and we have now the additional cosponsorship of the junior Senator from Kentucky, Mr. Cook, so there are 55 Senators in all that are supporting the measure, not necessarily the line-for-line presentation of the bills, because that would not be a correct appraisal, but the purpose of the legislation has been endorsed by this number of Senators.

There are others in the Senate, both Republicans and Democrats, who have indicated along with Senator Cooper and myself, that they will support the legislation when it comes to the Senate itself for debate.

It is my feeling that support for the Appalachian program has not diminished in the Senate, and we can expect the number of Senators supporting the measure to be approximately the number of Senators who have supported it in the past.

I think it is helpful, Mr. Chairman, for the presentation to be made as outlined with Chairman Waters and then Governor Moore following. We have the opportunity to counsel with Mr. Waters and his associates, Mr. Waters having served for 2 years as Federal cochairman of the Commission. I am sure that he will wish to share with the members of this subcommittee the experiences which he has had in the administration of this program.

He has been a resident of the Appalachian area his entire life and he has knowledge of the States involved in the Appalachian program.

Senator Cooper and I have had an intense interest in the development of this program, beginning in 1965 when the legislation creating the act was enacted.

As I said in the Senate at the time of the introduction of S. 575, the program has been unique, in a sense a pilot project. It has been a form of experimentation, the action of governmental bodies and the action of people working in a Federal-State partnership arrangement.

The organizational mechanism, as you well know, Chairman Waters, has facilitated the channeling of funds that were needed in the Appalachian development program, and so the program in Appalachia has in a sense triggered the five regional programs that are not beginning in other areas of the country under the same arrangement.

I recall for the record my promise that the Appalachian program was not to be an effort that would last forever. We did not intend it to be and we so reiterated in Senate debate.

I also said, partially in response to other Senators and on my own thinking, that there were other areas of the country that could well profit by such a type of developmental program and that I would not delay in the Public Works Committee the bringing of those commissions into being so that they might meet the needs of their areas.

Now, those five areas have been created. The commissions are operating. The programs are, in a sense, in the beginning states. But in the Appalachian Region, after 5 years, we have made the type of progress on many fronts which will be discussed before this subcommittee. I think these hearings, therefore, embody a significance beyond the Appalachian program because of the other programs that are coming into being.

We are, of course, today aware of the recommendation that we expect will come from the administration, although I would like to see the same recommendation come from the Governors of the areas involved.

I want the record also to reflect that I do feel that there is some indication within the administration that the general revenue-sharing approach, which has appeal to many members of this subcommittee and the committee, is no valid reason for abandoning the Appalachian program, a program which is not yet completed, partially because of inflationary factors with which we are all familiar. So, in S. 575, we ask for a 4-year extension of the Appalachian effort.

We believe the structure and the philosophy of this measure will be more desirable now perhaps than when it was first presented to the Congress.

I think I should want to add personally that the basic concept of revenue sharing is not objectionable to me. I know that we are aware of the financial problems that are faced in all levels of government.

Governor Moore in West Virginia, now with a legislative session, has tremendous requests and also tremendous needs in our State for financing.

We have to think in terms of the Federal Government working with the State and local bodies on a system of flexibility and determination back home. I think that was part of the success of the Appalachian program. It has had the flexibility. I would not, as I indicated before, want to approve revenue sharing, if by doing so there were implications that such an action would mean the phasing out of abandonment of a development program within Appalachia.

I appreciate this opportunity to speak these words, Mr. Chairman, and I am grateful for this opportunity to present the Governor of West Virginia.

Senator MONTOYA. Senator Cooper, do you have anything to say?

Senator COOPER. I think Senator Randolph has expressed very well the position we take in the introduction of this bill which extends the life of the Appalachian Commission for 4 years. I do not need to say this has been a unique program. It has represented, as Senator Randolph has said, the best example we know of Federal-State cooperation and the sharing of—not only responsibilities, but also effort to make this a successful program.

We now have to face a problem of differing precedents in revenue sharing if reorganization of the agencies should be accepted. I hope very much it will, because I intend to support it, but what will happen to the Appalachian development program. It is true that the President has said that the Governors themselves should adopt this program and carry it on in the same manner.

The problem would be, I say with all deference to Governor Moore, or whoever may be the Governors of the various States at the time, as to whether or not they would do so under the pressures in other areas of their State. As the act stands, it directs these funds to be used in these States for purposes of roads, bringing accessibility to isolated regions, better educational systems, health centers, and so on, all of which are sorely needed in this area and in these States which have these certain problems.

I think the Appalachian area is most identifiable because of its topography. I live on the edges of the area and have been there all of my life with my family and served as an official there. I have been in this area, so I think I know something about it.

Several years ago I suggested, I think about 1956, that a bill for underdeveloped regions of the United States, at about the time we were considering a foreign aid bill. Senator Randolph and I once introduced an amendment—I don't know if you remember—to a road bill, hoping we would get extra money—I think $10 million—for the Appalachia region. We passed it in the Senate but it went to the House and they said, "No, you can't have this money for a few States," and they probably were correct.

Senator RANDOLPH. John, may I interrupt to say I just asked what year it was. It was 1958.

Senator COOPER. 1958.

Senator RANDOLPH. Or 1959, somewhere in that period.

Senator COOPER. But I stated we couldn't get any place unless we had a special program, and it was started in the States. Now we are trying to carry it on. I think we are going to carry it on in one way or another.

I am glad to welcome Governor Moore, a Governor of the neighboring State, and we are very proud of the work you have done. Also, I want to congratulate the representatives here of the commission.

Senator MONTOYA. Thank you, Senator Cooper.

I want to say, as chairman of the subcommittee, we have tried at all times to follow the lead exemplified by our esteemed chairman of the full committee and yourself in this particular field, since you two are from within Appalachia and have been the prime sponsors of this legislation.

Now, in view of the chairman's interest in getting Mr. Waters in first as a witness, I would, unless the Governor's time will not permit this.

Senator RANDOLPH. I understood it was desired by Governor Moore, and if not, certainly we would do as the Governor would wish.

Senator COOPER. May I interrupt to say, Mr. Chairman, I may have to leave in about 10 minutes to go down the hall for some other matter and I might be gone then.

Senator MONTOYA. Well, in view of that situation, I will call on Mr. Waters, who is the Federal cochairman, to present his testimony at this time.

STATEMENT OF JOHN B. WATERS, JR., FEDERAL COCHAIRMAN, APPALACHIAN COMMISSION, ACCOMPANIED BY RALPH WIDNER, EXECUTIVE DIRECTOR, HOWARD BRAY, DEPUTY DIRECTOR, BRINLEY LEWIS, BUDGET OFFICER, AND DONALD WHITEHEAD, GENERAL COUNSEL

Mr. WATERS. Thank you, Mr. Chairman.

By way of identification and introduction, I want to introduce Ralph Widner, Executive Director of the Commission, who has been so since the Commission started; and Mr. Howard Bray, Deputy Director; the Budget Officer Mr. Brinley Lewis; and the Commission's general counsel, Mr. Donald Whitehead.

Mr. Chairman, it is a pleasure for me to appear before this committee this morning to report on progress made under the Appalachian Regional Development Act of 1965. It has been almost 6 years since the Appalachian Regional Development Act was enacted in 1965. It has been my pleasure to serve as Federal Cochairman of the Appalachian Regional Commission during the last 2 of these years and to try to carry forward the distinguished record of my predecessors. Over the past 2 years, it has been a distinct privilege to work closely with you and other members of this committee to try to accomplish the goals and objectives which you had the wisdom to establish 6 years ago.

To facilitate the committee's consideration of further legislation, we have prepared an extensive report on the administration of the Appalachian regional development program. I believe the record is a worthy one and will be useful to you. I would like to submit this report

for the record and to take only a few minutes to summarize principal accomplishments of the Commission and the tasks which remain. (The report appears on p. 138.)

When I was appointed, I received a directive from the President to undertake an evaluation of the Appalachian program both in concept and in administration. With the complete cooperation and, indeed, initiative of the Governors of the Appalachian States, such an evaluation was undertaken.

From an extensive examination and 2 years' experience, I have concluded that the judgments of this committee and the Congress 6 years ago and in subsequent amendments to the act are basically sound. By that I mean that the programs authorized by the Appalachian Regional Development Act—coupled with other State and Federal efforts—are addressed to the most immediate and profound obstacles to diversified economic growth in the region.

A statistical review of accomplishments through the Appalachian program is impressive. As of December 31, 1970:

Nearly 500 miles of Appalachian development highways were completed and another 367 miles were under construction. Of the 2,571 miles of the system requiring construction, 2,507 miles are in some stage of route location, preliminary design, right-of-way acquisition, or construction.

Well over 260 vocational and technical training centers have been approved by the Commission and, as of last June 155 of them were in operation. The impact on the region has been profound. In 1965, only 20 percent of our regional manpower needs were being met by our vocational and technical schools. Today over 40 percent of our needs are being served by the newly augmented vocational and technical system.

Throughout the region improvements are being made to health services. In selected sections of the region comprehensive networks of health services are being developed. Fifty-one new health services were inaugurated in fiscal 1970 alone. We have good reason to believe that some of our health programs are among the best in the country.

The Appalachian housing fund, approved by Congress in 1967, has helped to initiate $98 million in construction of low- and moderate-income housing. This represents over 7,000 new units of housing.

Work has been completed on 28 mine area reclamation projects, including 16 mine fire extinguishment projects, six mine subsidence projects, and six surface reclamation projects. Another 16 are underway, and there are 13 additional projects awaiting contract.

Communities with potential for growth are improving their public facilities. Under the section 214 supplemental grant programs and other sections of the program, the Commission has approved:

233 health facilities;
260 vocational and technical schools;
157 higher education facilities;
185 water pollution control facilities;
85 libraries;
49 airports;
37 grants for school equipment;
71 other public improvements.

These accomplishments represent an awesome response by the participating State and local jurisdictions to the opportunities afforded by the Appalachian Act. This list of accomplishments represents an enormous commitment of time, energy and very scarce money on the part of the State and local governments.

But, this numercial review of the program does not indicate the primary impact of the Appalachian program. It does not on its face record the new sense of hope and optimism which these investments have brought to many areas of the region.

It does not record the enormously improved capacity of the State and local governments—particularly through the development district programs—to respond to the needs and concerns of people, and it does not record the economic impact of these investments. The Appalachian program was conceived not as a reclamation program, a roadbuilding program or as a school-building program, but as a concerted and coordinated effort to meet these and other basic needs of the region to build a self-sustaining economy.

The concluding sentence of the preamble to the Appalachian Act states:

"As the region obtains the needed physical and transportation facilities and develops its human resources, the Congress expects that the region will generate a diversified industry, and that the region will then be able to support itself, through the workings of a strengthened free enterprise economy."

What was written as a goal in 1965 is a growing reality in 1971.

All along the Appalachian Development Highway System and the Interstate System new development projects are in being or underway. New industrial parks, educational complexes, housing, health services and manufacturing plants are being developed. Over 1,000 new manufacturing facilities have been located along these new arteries of transportation—direct confirmation of the judgment that an adequate transportation network was essential to development of the region.

The unemployment gap between Appalachia and the United States has steadily closed since 1962. By 1969 the gap was only 0.4 percent greater than the Nation. Our most recent surveys of major Appalachian labor markets indicate that Appalachia is holding its own reasonably well and our rates of unemployment have increased less than some other areas of the country. This is substantial progress for a region that has traditionally seen its unemployment rates rise faster and sooner than in the rest of the United States.

This does not account for the estimated 500,000 persons who could work, but are not looking for work because they believe jobs are unavailable, nor does the overall figure indicate the still serious problems in many parts of the region. As you know, these persons are not counted in the official unemployment statistics.

In the past, the region's economy has responded rather severely to downturns in national economic activity. If our current sample of labor market areas in Appalachia is accurate, however, the region is holding its own fairly well in the present economy—unemployment rates have not increased as rapidly as elsewhere in the Nation. This reflects the economic balance and diversity which is beginning to develop.

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I do not wish to mislead the committee. Some of the lowered unemployment rate can be attributed to outmigration of unemployed labor from Appalachia. But that is not the sole explanation. An improved rate of employment growth in the region has become evident. Since 1965 well over 500,000 new jobs have been added to the Appalachian economy. During the last fiscal year Appalachia's rate of employment growth slightly exceeded that of the Nation.

Of course, the picture varies considerably from one part of the region to another. The unemployment rate in eastern Kentucky is still twice that of the Nation—it was three times the U.S. rate in 1962. And, average per-capita income in the region is less than half that of the United States. But, even in the Appalachian heartland of eastern Kentucky and West Virginia and Virginia and Tennessee there is now cause for hope.

There has been an increase of 115,000 jobs in this area. Employment has increased by 20.7 percent since 1965, compared to 18 percent in the United States. New manufacturing employment, particularly in sectors of industry which had never located in this area before, accounts for much of this increase.

The region can support its present population, but income levels must rise and new opportunities be created if we are to hold succeeding generations at home. A substantial measure of the economic improvement in the region can be related to the efforts made under this program and to the new confidence in the future which has become a major force in the region.

I believe it is essential to the future of the region that the basic commitments manifested in the Appalachian Act be honored—that the tasks be completed. Particularly, it is critical that the Development Highway Network be completed and that the truly remarkable efforts which have been started to improve the basic levels of health and education in the region be carried forward.

As you know, the Appalachian program has been identified as one of the existing programs which will be included under the rural community development special revenue-sharing program. The President announced last week that specific proposals for special revenue-sharing programs will be transmitted to the Congress in the near future. That legislation will more clearly define the relationship between special revenue-sharing and the Appalachian program. Meanwhile, the administration has proposed legislation to extend the program's authority through fiscal 1972. This will assure its continued operation until such time as the Congress has had an opportunity to act on the special revenue-sharing proposals.

The work which has been done to date is a credit to you, Mr. Chairman, and to the other members of this committee who have nurtured this program. It has also laid the organizational groundwork through the commission, the State governments, local development districts, health councils and other groups to support the development and progress of the Appalachian region for many years to come.

Because my home is in east Tennessee, I can both see and feel what this program means to the people of the Appalachian region. We owe to you and other Members of Congress who have supported this effort a great debt of gratitude.

Thank you, Mr. Chairman. That concludes my statement.

Senator MONTOYA. Thank you, Mr. Waters. I think you have made a very fine statement, but I want to go into the last part of your statement where you referred to the President's intention to try to merge Appalachia with the special revenue-sharing program, which he has recommended to Congress.

First of all, I want to ask you what indication do you have from the President or from administration officials that Appalachia will be taken care of under the revenue-sharing program and in what respect?

Mr. WATERS. Mr. Chairman, just last Friday, and I think Governor Moore will explain it in far more detail, Governor Moore invited the Appalachian Governors to attend in West Virginia—and I think nine attended and a representative from the White House came to this meeting—to explain the revenue-sharing proposal. Of course, the legislation is not yet here; it is difficult for me to analyze what is intended, and I must admit, Mr. Chairman, that any answer I would give would be somewhat speculative.

Senator MONTOYA. You made a statement and I quote: "That legislation will"—and this is referring to revenue sharing—"that legislation will more clearly define the relationship between special revenue sharing and the Appalachia program."

What do you mean?

Mr. WATERS. Well, when the legislation is sent to Congress, I would expect it would be more detailed than the information we have now. All we actually have now, as far as I know, is that in the reorganization and in the President's revenue-sharing proposals, Appalachia is one of the programs which can be funded or could be merged into the special revenue-sharing proposal.

Senator MONTOYA. Does that mean that the entity of Appalachia would be diluted and absorbed by the overall revenue-sharing structure?

Mr. WATERS. This question has not been thoroughly answered as far as I am concerned, and I understand it is the position of the White House that Appalachia, to continue to exist, will have to be on that basis with the States and Governors. Quite frankly, I don't think these details are clear and are still being worked on at this moment at the White House.

Senator MONTOYA. These are details which we must have answers to in considering this particular legislation before us.

Mr. WATERS. Well, I think, Mr. Chairman, that is why the admintration does recommend a continuation of the Appalachian program until the legislation which will set out that revenue-sharing proposal is prepared and sent to the Congress, and you gentlemen consider that.

Senator MONTOYA. I am very, very dismayed by the attempts being made to hurt, so to speak, the regional programs and bring them under the so-called umbrella of revenue sharing. Last year Senator Randolph made this observation. This is page 904 of the hearings. He said:

> The reason I make that announcement and coupled with the 1 year is to indicate that I am sure the administration of President Nixon believes in the program and in recommending the 1 year rather than 2 years, why there, of course, are reasons for there recommendations.

Now, we were led to believe last year there would be a review of the program with the idea in mind of coming forth in this session of Congress for a more aggressive and definitive program within the concepts developed by the original Appalachian legislation.

Do I understand you to say now that this concept is to be abandoned and the Appalachian program will be at the mercy of the overall revenue-sharing concept the President is trying to develop?

Mr. WATERS. Mr. Chairman, I just can't answer that question because I have not seen enough of the details of what the administration's full proposal is.

Senator MONTOYA. Now, another matter, turning to the good side of this picture, I really am very well pleased with the report you have given us. I think this report clearly indicates the wisdom of Appalachia and how the concept has worked.

I notice that you have, through this Appalachian structure, been instrumental in building many vocational schools and that because these vocational schools have been built, you have been able to improve upon the skills and human resources of the region, and because of that you have attracted industry.

Now, there is a school of thought pervading this country to the effect that you should not train human beings through vocational training or technical training unless you have an assurance that they will receive a job in the particular locality where they are being trained.

That is the old concept that was thrown to many of us by the educators and by others who pretended to use this sincerely, but actually were just passing the buck and using this as an excuse for not doing anything.

How has the concept of training these people and improving upon the human resources before the jobs are available brought about new industry? What has been your experience in Appalachia in that respect?

Mr. WATERS. Mr. Chairman, it very definitely has brought about new industry into the region. I am personally convinced that vocational and technical training is absolutely essential to the attraction of industry in any region. Industry is very sophisticated this day and time. Yes, you can attract low-wage industry, nonskilled industries without vocational training. But you can certainly attract better industry, better paying industry when you do have vocational training.

I know of a problem in my own State where a tool and die plant was interested in coming in to operate, to open up, and they made a survey and found one tool and diemaker in the entire area, and he was retired. How can we ever hope to attract industries, especially such as that kind, which is almost essentially support industry for other industries, unless we have vocational training?

I go a step further, Mr. Chairman. I am pleased with the Appalachian region. Yes, I would like to see Appalachian vocational money to train young Appalachian people and older people, for that matter and have jobs for them in the region. But if they do outmigrate, if they come to your State, to the west coast, to the east coast, if they come trained, then they become good citizens wherever they go, and what ever Appalachian money that has been spent that has

resulted in that, I am not ashamed of it and I am glad we played a part in increasing human capabilities of these people that have, for whatever reason, left the region.

Yes, we want to keep them there because we need them when they are trained, but if they leave, that is the right of every American citizen.

Senator MONTOYA. Isn't that then the direct answer to these critics, that supposing they do not find jobs in the region, at least we have improved their skills and enabled them to attain a higher dignity whether they stay in the region or move out?

Mr. WATERS. I think so and I think the main answer to part of the ghetto problem in the large urban areas outside of Appalachia.

Senator MONTOYA. I am interested in the health centers which you mentioned. How have you developed these health centers and health services?

Mr. WATERS. We have a demonstration health program, Mr. Chairman, as you know, under section 202 of our act and 12 demonstration areas in the region have been funded under this program.

The first step was to bring in local people, local experts, lay people, good citizens, to design the program from the bottom up, which incidentally I think is one of the real significant features of this act. There has been no attempt on the Federal side of this partnership to go into any area and tell the people what they need, and the health program is the best example of this. We have funded councils for these people to meet. They know what their problems are and they also know best how to solve those problems, so we do have some rather innovative programs.

Now, it is difficult to describe a typical program because they are different in almost every demonstration area. Some are involved in home health care; some are involved in transportation; some are involved in child development, health care involving child development and many preventative measures. We have taken the opportunity to give you statistics on innoculations and dental care, and all of which has been provided in the appendix to my statement but the point is they are different in almost every area and the thrust is different in every demonstration area.

Senator MONTOYA. Thank you, Mr. Waters.

Mr. WATERS. Not at all.

(An appendix to Mr. Waters' statement follows:)

APPENDIX TO STATEMENT OF JOHN B. WATERS, JR., FEDERAL COCHAIRMAN APPALACHIAN REGIONAL COMMISSION

EVALUATION OF THE APPALACHIAN PROGRAM

When the President first appointed me to be his representative on the Commission, I also received orders -- along with every other Presidential appointee -- to undertake an in-depth evaluation.

Fortunately, the Governors of the Appalachian Regional Commission and my predecessor as Federal Cochairman, had already laid the foundations for a detailed program evaluation.

The Appalachian experiment has been a complex undertaking. It consists not of one narrow set of programs, but a comprehensive range of programs designed to systematically solve many of the problems of our region. Therefore, the Commission not only faced the necessity of evaluating each individual program; it also had to evaluate the overall program in order to determine whether our priorities were right and our goals were being met.

After our technical evaluations were started, I also suggested to the Commission that members of the Commission and staff make an evaluation trip through the heart of the region

itself in order to gain an overall impression as to whether we were making headway.

As a result of these efforts, I can honestly report to you today that the public dollars appropriated to the Appalachian Regional Development Program have been well spent. For the most part, the investments have been wise ones and the region is beginning to feel the results in terms of economic improvement and better levels of service in education, health, and other essential public activities.

The unemployment rate in Appalachia in fiscal 1962 was 8.7 percent, compared to 5.5 percent for the Nation. During fiscal 1970 (the last half of 1969), Appalachia's unemployment rate had dropped to 3.9 percent, compared to 3.5 percent for the Nation -- the gap with the Nation was narrowed to .4 percent.

IMPACT OF PROGRAM

The Commission cannot take sole, or even major credit for these improvements now becoming evident in the Appalachian economy. But there is little doubt that the regional development program has had a significant effect on what is occurring.

LOCAL DEVELOPMENT

First of all, it has exerted strong leadership through the states using funds authorized under Section 302 of the Act

to encourage formation of local multicounty development organizations.

Recognizing that the tax resources of most jurisdictions of local government in Appalachia are inadequate to provide a full range of quality services, the Commission has urged counties and municipalities to "pool" their resources for certain purposes and by working together develop on a local-area basis the new services and employment required by the people at the least cost per taxpayer.

Today, Appalachia is the only major section of the United States with almost a full network of such local organizations. When all are in existence, there will be 60; today there are 57.

Overall, I am deeply impressed by the dedication of the local boards of these districts and the competence of their staffs.

Appalachia used to be the butt of national jokes about the Hatfields and McCoys; our towns and counties were so busy cutting each other up that nobody gained. Today, very little of this community feuding remains. This region is rapidly being tied together in a network of cooperation and I think the rest of the country has something to learn from us.

Whatever reforms we adopt at the Federal level, we cannot allow this upsurge of local cooperation to die. These new

multicounty efforts must be preserved at all costs.

It is these organizations which must receive much of the credit for what is happening in Appalachia.

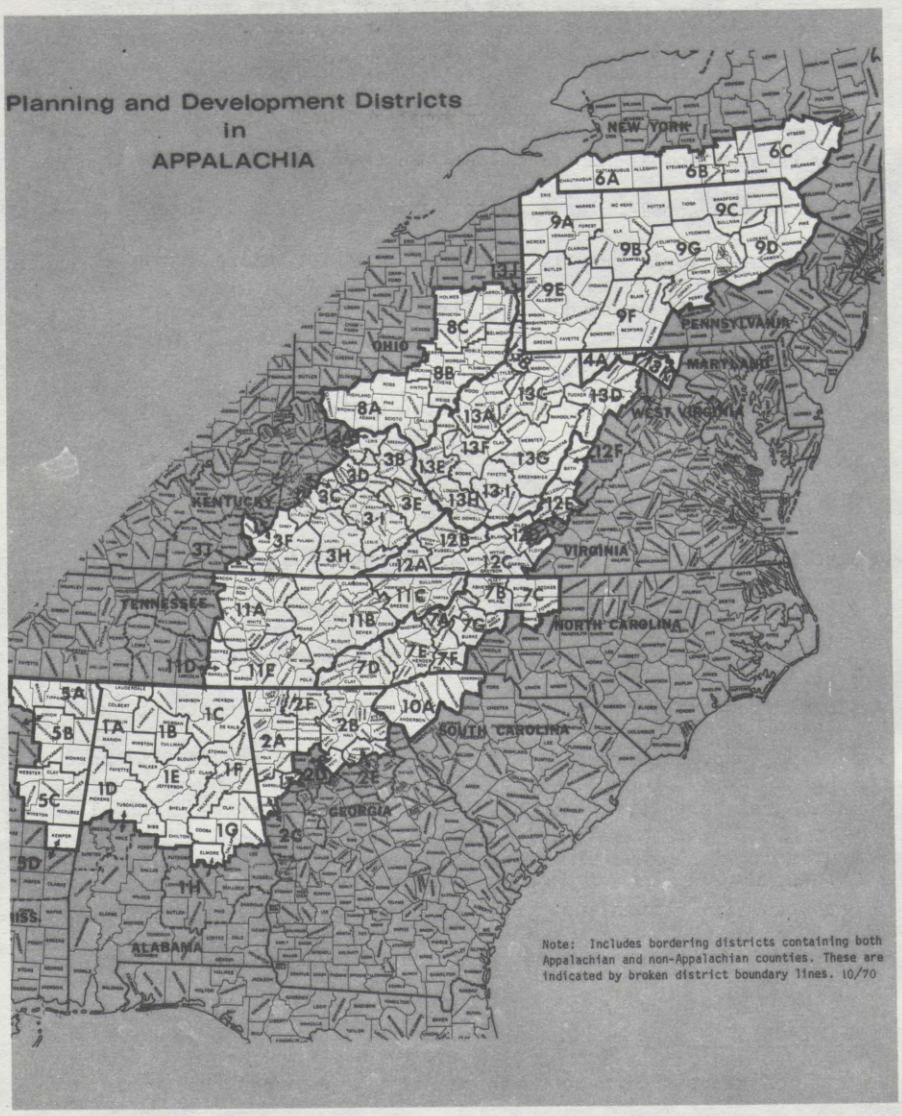
For instance, three Virginia counties and an independent city have raised local taxes to acquire an industrial site located on the Appalachian highway. They all recognized that their people would benefit no matter in which taxing jurisdiction the site is located. The first new plant for the site has just been announced.

The people of three small cities and a group of counties in the Big Sandy area of Kentucky chipped in their savings to buy a site on the Appalachian highway. Today, one of the most important manufacturing employers in Central Appalachia is located on that site.

Within many of these local multicounty areas new educational cooperatives are being formed to share the costs of expensive school services; new networks of health services planned on an area basis are being developed; new solid waste disposal and sanitation plans are being prepared; regional law enforcement has been implemented; new programs have been launched to encourage youth not to outmigrate, but stay and help build a new Appalachia.

APPALACHIAN HIGHWAYS

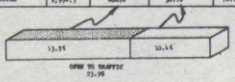
The kingpin of many of these efforts has been the Appalachian Development Highway System. The System is designed to do more


Planning and Development Districts
in
APPALACHIA
NEW YORK
6A
6B
6C
9A
9B
9C
9D
9E
9F
9G
PENNSYLVANIA
OHIO
8C
8B
8A
4A
4B
MARYLAND
13C
13D
13A
WEST VIRGINIA
13F
13G
12F
3B
13E
3D
3C
13H
13I
12G
KENTUCKY
3E
3I
3F
3J
3H
12B
12A
12C
VIRGINIA
TENNESSEE
11A
11C
7B
7C
11B
7A
7G
NORTH CAROLINA
11D
11F
7E
7F
7D
5A
1C
2F
10A
5B
1A
1B
2B
SOUTH CAROLINA
2A
1F
2D
2E
1E
1D
5C
GEORGIA
1I
2C
5D
1H
ALABAMA
Note: Includes bordering districts containing both Appalachian and non-Appalachian counties. These are indicated by broken district boundary lines. 10/70

APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM

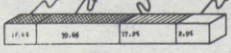
STATUS OF IMPROVEMENT AS OF SEPTEMBER 30, 1970

STATE	TOTAL DESIGNATED SYSTEM MILEAGE	OPEN TO TRAFFIC		
		ADEQUATE SEGMENTS-NO APPALACHIA FUNDS EXPENDED	IMPROVED SEGMENTS-IMPROVED WITH APPALACHIA FUNDS	TOTAL
GEORGIA KENTUCKY	80.0 550.6	8.6 163.7	- 73.0	8.6 236.7
MARYLAND NEW YORK	82.2 240.0	4.1 89.5	10.0 35.6	14.1 99.1
NORTH CAROLINA OHIO	198.6 295.0	1.3 91.0	81.4 26.9	28.7 121.9
PENNSYLVANIA TENNESSEE	489.8 339.9	58.1 18.8	35.9 81.1	94.0 33.9
VIRGINIA WEST VIRGINIA	204.1 430.1	25.0 9.9	78.6 18.5	103.6 28.4
TOTAL	2,954.3	400.0	397.0	797.0



OPEN TO TRAFFIC 23.96

STATE	WORK IN PROGRESS				NO LOCATION WORK UNDERTAKEN
	UNDER CONST.	R/W'S AND P.S.&E.	LOCATION STUDIES UNDERWAY OR COMPLETED	TOTAL UNDERWAY	
GEORGIA KENTUCKY	19.2 73.1	72.2 190.1	- 33.1	86.4 293.3	- -
MARYLAND NEW YORK	7.7 96.8	32.2 31.6	- 16.1	40.6 100.5	27.3 12.4
NORTH CAROLINA OHIO	48.6 40.7	90.0 108.0	26.1 22.1	164.8 170.8	11.0 2.1
PENNSYLVANIA TENNESSEE	14.1 56.2	177.4 140.7	114.1 71.5	305.6 268.4	- 30.6
VIRGINIA WEST VIRGINIA	10.3 111.5	81.6 201.1	68.6 84.9	160.5 397.7	- -
TOTAL	489.0	1,148.4	908.9	2,163.3	83.8



WORK IN PROGRESS 73.96

ABOVE TABLES EXCLUDE LOCAL ACCESS ROADS

than link Appalachia to national markets; it also will promote commutation to the new jobs and services that are being developed. It is serving as a giant framework around which the development districts, states, and Commission can cluster new towns, industrial parks, schools, health services, and housing.

FUTURE COST OF HIGHWAYS

Unfortunately, as I have informed this Committee on previous occasions, the Federal funds authorized for the Appalachian Regional Development Highway Program are sufficient to complete only about half the development highway system.

To a large extent, the increase in costs has been beyond the control of the Commission. Only about 11 percent of the total presently estimated cost can be attributed to revised engineering estimates. Forty percent of the presently estimated cost is attributable to an annual inflation in construction costs of about 7 percent per year, new Federal highway safety standards, and new Federal relocation requirements, all factors over which the Commission had no control.

It is now estimated that approximately $900,000,000 in additional Federal funds are required to complete the System, the total Federal cost of which is now estimated at $1,970,000,000.

Some evaluations of the development highway program have suggested that, under the circumstances, the Commission might

have been wiser to have established priorities by highway corridor and to have restricted the limited construction funds to the highest priority corridors.

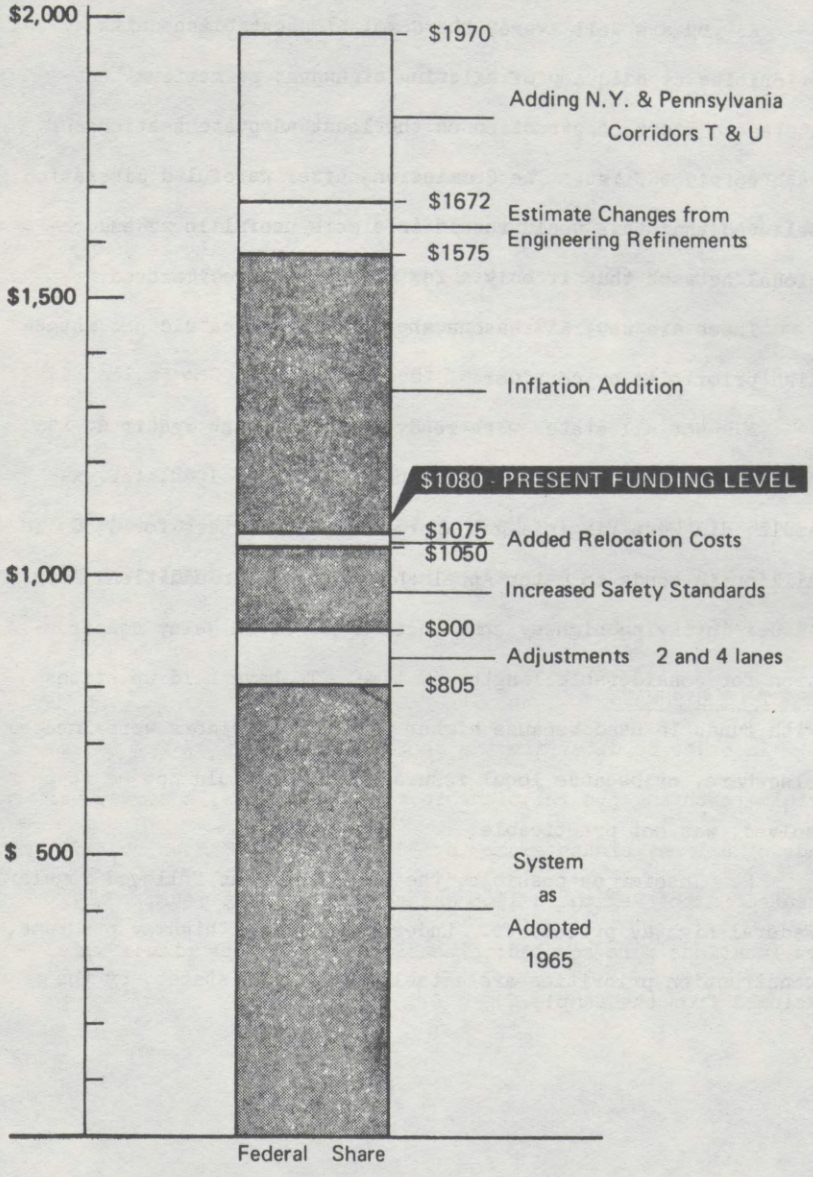
As you are well aware, the Commission established its priorities by adequacy of existing highways, permitting the states to start construction on the least adequate sections of each corridor first. The Commission, after careful deliberation, believed that this would result in a more useful local and regional network than if only a few corridors were improved.

There are several reasons why the Commission did not establish priorities by corridor:

1. Not all states were ready to provide the required matching funds immediately. Not until November 1968, for example, did West Virginia get approval by the voters for $350 million in bonds to match Appalachian funds. In addition, local issues involving highway construction can often delay construction for considerable lengths of time. To have held up states with funds in hand because higher priority corridors were located elsewhere, or because local issues elsewhere could not be resolved, was not practicable.

2. Insofar as possible, the Commission has followed regular Federal highway procedures. Under the National highway programs, construction priorities are established within states, by the

Graphic Display of
Cost Increase Summary
Appalachian Development Highway System
(Cost in millions of dollars)



states themselves. Criticism of the Commission's chosen procedure is, therefore, criticism of highway procedures for construction of the Interstate and National Highway Systems.

3. There are many objectives for the Development Highway System, some local (improving commutation), some regional (attracting national flows of commerce through Appalachia). For this reason, the System is greater than the sum of its parts. Various approaches to setting priorities by corridor would conflict with each other. Local benefits are as important as regional, for example, and it appeared unwise to restrict local benefits to only a few areas of the region. The Commission has been compelled to adopt construction of the entire System as its principal priority. Completion of the System is crucial to the success of its efforts. Many of the investments being made under the Act depend, for their ultimate success, upon completion of the highways.

IMPACT OF HIGHWAYS

In order to determine the scope and location of new industrial growth and its relationship to the highways, a survey was made of all new plants employing 50 or more persons which had located in the Region in 1965 and each subsequent year. Only new locations were counted; expansions of existing plants were excluded from the sample.

A total of 1,149 plants, representing 200,335 new jobs in the Region, were reported.

The survey indicated that of the new industrial locations analyzed, more than three-fifths were within 20 minutes of the new highway, and nearly half were within 10 minutes' travel time.

Not all of the economic effects of the new highway systems are in manufacturing. In order to determine effects other than manufacturing, a series of interviews was conducted by Commission staff members with key leaders in 13 cities to determine the major commuting benefits resulting from being located near completed segments of the Interstate or Appalachian Highway System.

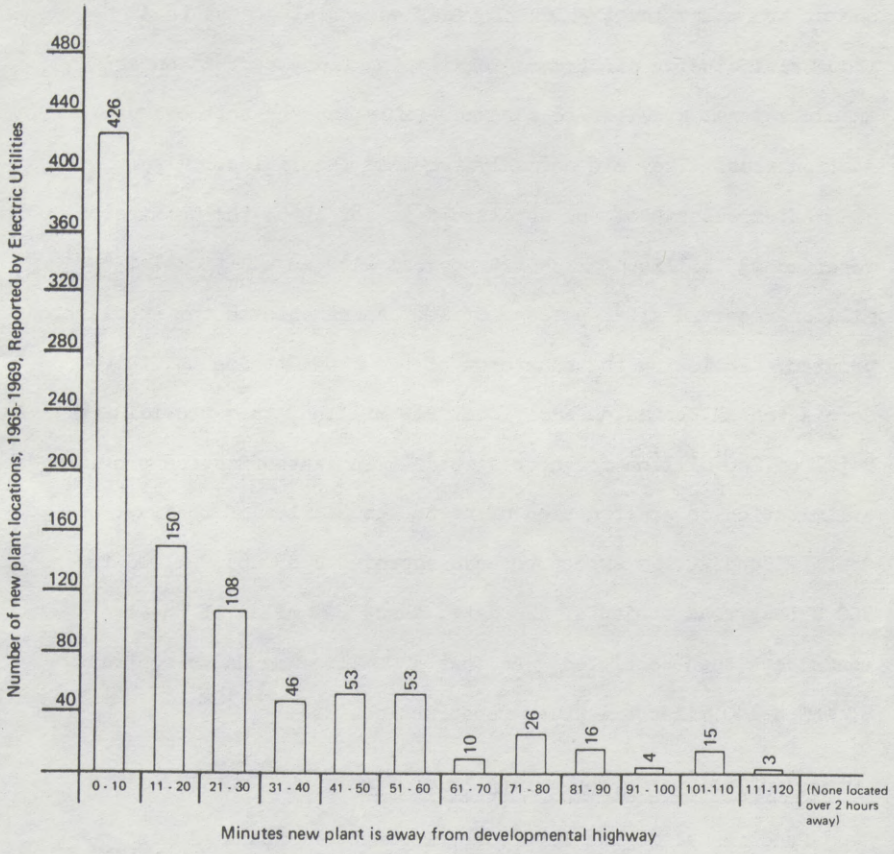
Practically all of the communities were enjoying more economic growth in the late 1960's than they had in the 1950's, and many had major problems in finding more workers and in meeting the demand for housing; two problems the Commission is now trying to help them solve. Almost all of the communities had responded positively to their new locational advantages by creating industrial development agencies, accelerating their public improvement programs, and cooperating with their communities along the route in planning future development.

LOCAL ACCESS ROAD PROGRAM

While the development highways are a system planned in advance, the local access road program consists of separately

Graphic relationship between new industry location in Appalachia, 1965-1969, and proximity to developed interstate standard highway

(Plant locations employing 50 or more)



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approved projects. It is like other Commission grant-in-aid programs. Access roads are projects that must have an economic relevance which can be demonstrated much as a sewer, hospital, or airport project.

An access road is normally a short road, often less than one or two miles long, which provides essential access to an industrial site or park; a regionally important recreation area, an educational area, or to a commercially important timber production area. They are normally two-lane facilities.

After passage of the Appalachia Act of 1965, the Commission reserved $35 million for this type road with an additional $35 million reserved after passage of 1967 Amendments to the Appalachian program. Following the enactment of the 1969 Amendments, the Commission allocated an additional $10 million, thus providing a total of $80 million for access roads. The authorization provides a limitation on construction of up to 1,600 miles of roadway.

By June 30, we expect to have approved over $65,000,000 for 200 access road projects. To date, about 200 miles of these roads have been completed. Another 370 miles are under contract of which 180 miles are under construction.

IMPROVING THE HEALTH AND SKILLS OF PEOPLE

Fundamental to the future development of Appalachia is improvement of the health and skills of the people themselves.

Through better health and education, all the citizens of the region will be able to compete for opportunity on an equal footing. And improvements in the quality of the Appalachian labor force will provide one of the basic prerequisites for regional growth.

Many problems stand in the way of such improvements. Neither finances nor manpower are sufficient to accomplish all at once. Instead, the Commission has been compelled to approach the multitude of difficulties systematically much as if we were building a house -- first the foundation, then the floor, then the walls and roof, and finally the interior.

AN APPALACHIAN LIFETIME

In approaching the problems of education and health, the Commission came to think in terms of an Appalachian lifetime.

Through his lifetime an Appalachian citizen requires certain services and certain opportunities which -- because of this region's unique history -- he may be denied through no fault of his own. It is the Commission's task to help make certain that in the future he has access to those services and those opportunities in order that he may fully participate in the life of his country and of his region and realize the full limits of his own potential.

VOCATIONAL EDUCATION

The Commission had first to anticipate that great flood of young people about to graduate or drop out of high school

who might be lost to the regional and national economies unless immediate steps were taken to improve the kind of education they were getting for the world of work. Improvements to their skills would have the most immediate impact on the economic development of the region itself. The first priority: to improve vocational and technical education.

Under Section 211 of the Act, you gave us authority to finance half the costs of vocational education facilities. Combined with Section 214 supplemental grant funds, Appalachian assistance could be used to defray up to 80 percent of the costs of constructing such facilities. The Commission's goal, on advice of its Education Advisory Committee, was to provide vocational and technical education for half the 11th and 12th grade high school students in Appalachia. The goal was to increase the relevance of education to jobs available, reduce excessively high dropout rates, and better meet Appalachia's manpower needs.

So far, the Commission has approved 260 vocational and technical centers. It is within two to three years of having achieved its goals.

Under the impetus of this effort, vocational and technical enrollments at the high school level have increased by 34 percent in Appalachia.

Post-high school enrollment has doubled and adult enrollments have increased by 67 percent; rates of increase two to three times

those in the rest of the country.

More important than the new school buildings and equipment is the courses of instruction for which those facilities are used.

In fiscal 1966, about 62 percent of Appalachia's vocational students were training for occupations making up only 5 percent of the job market. The Commission required that curricula in the schools to be assisted with Appalachian funds be tailored to future national, regional, and subregional employment projections. Eighty percent of all students in Appalachian-assisted schools are training for these job opportunities of the future. The students in these schools account for 58 percent of the Region's increased enrollment in health occupations; 52 percent in technical education; and 52 percent in trades and industry.

Most impressive of all, however, is the leverage which this effort has exerted at the state and local levels. Under the impact of Appalachian assistance, the states and localities generally are expending about twice as much for vocational education as they were when the Commission started in 1965.

After visiting many of these schools personally, Mr. Chairman, I can candidly state that this has been one of the finest achievements in American education in recent years.

Another three years or so of such an effort and the Commission will have accomplished a job well done.

OTHER EDUCATIONAL NEEDS

Appalachia has many educational needs in addition to vocational and technical education, all of which must be met if the people and the Region are to realize their full potential.

These needs spring in part from the declining tax base in many jurisdictions where there has been substantial outmigration and economic decline. They also result from the rugged topography and dispersed population, which make small schools unavoidable in many areas.

One solution to such problems is for a number of school districts to join together in area cooperatives to share the costs of certain school services, improve the quality of teaching, and provide adequate occupational information and guidance to students.

The objective of the educational cooperatives will be to deal with such problems in a systematic way. During 1970, the Commission provided $900,000 in planning grants to 13 local areas to develop such cooperatives.

New early childhood education programs, dropout prevention, and teacher in-service training are receiving primary emphasis in the new cooperative planning.

HIGHER EDUCATION

Through fiscal 1970, the Commission had assisted in the construction of 135 higher education facilities with a total

of $38.4 million in Appalachian funds.

Much of this assistance has been used to establish a network of community colleges in several parts of the Region. In key growth areas of the Region, substantial investments have been made to strengthen their roles as centers of advanced education.

Clemson University in South Carolina has received assistance for classroom and research facilities. A training facility for paramedical personnel was assisted at the University of Alabama.

Fifteen colleges and universities are providing assistance to the educational cooperatives and local development districts.

The Commission sponsors special seminars for higher education institutions in the Region to assist them in taking better advantage of other Federal assistance.

HEALTH

Recognizing that a healthy population is essential for success in regional development, Congress authorized a demonstration health program under Section 202 of the Appalachian Regional Development Act of 1965.

Under this Act and its 1969 Amendments, the Secretary of Health, Education and Welfare is authorized to make three types of grants after approval by the Appalachian Regional Commission:

planning grants of up to 75 percent of total cost; construction and equipment grants of up to 80 percent and grants for up to 100 percent of initial operation and operating deficits for the first two years of a project, and up to 75 percent of such costs for the following three years.

Since funds for the program were limited, the Commission decided to concentrate support in a limited number of areas. Twelve demonstration health areas, varying in size from three to 16 counties and located in ten Appalachian States, have been designated.

HEALTH PLAN

Prior to designation by the Commission, each proposed demonstration area was required to submit a comprehensive plan covering all aspects of health care in the multicounty area. These health development plans, which have been updated annually, represent the best judgment of local public and private leaders as to the needs of the area for health facilities and services in order to develop the capacity to provide care of a quality and quantity essential to good health. Since each demonstration area faced different problems and had different resources, each represents a variation in the way those problems are being relieved.

Too often in the past there has been insufficient coordination between the public and private organizations furnishing

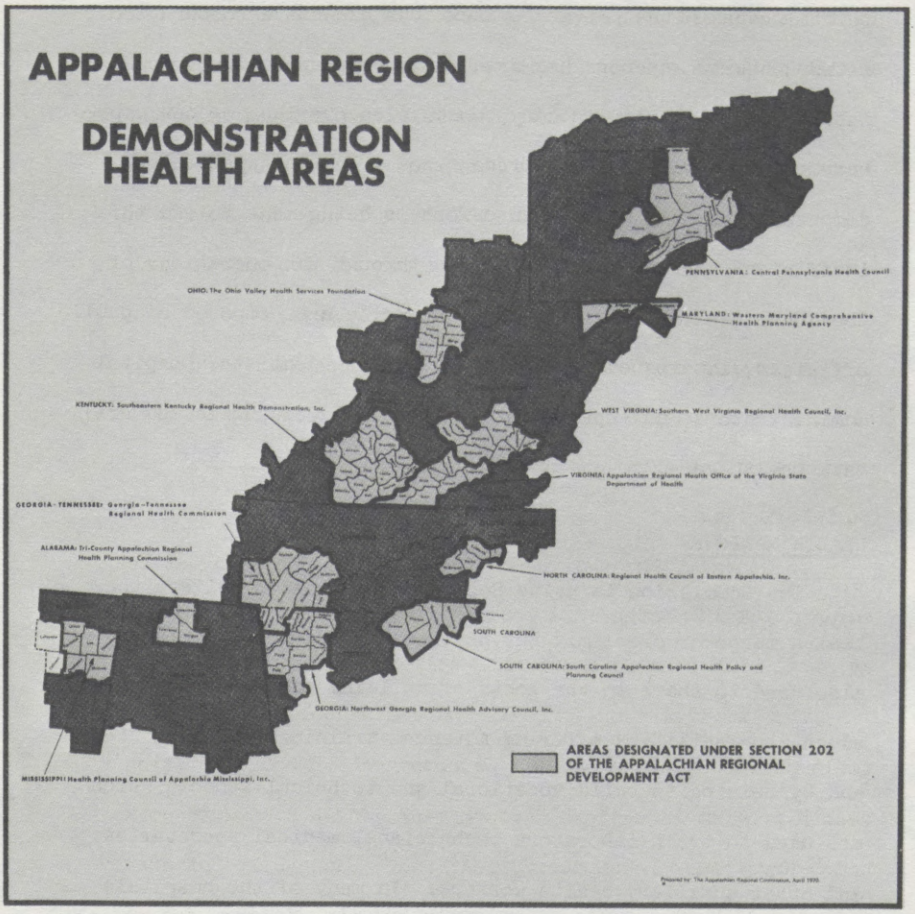
health services.

Public medical services have traditionally been organized to fill gaps in the private system, but effective cooperation between the two sectors has frequently been sporadic or nonexistent. As a result, in many communities overlaps or new gaps have appeared without being recognized. In the Appalachian demonstration health areas an effort is being made to end this inefficient use of scarce resources through the operations of the local health councils. These councils are composed of public officials, interested citizens, physicians, dentists, hospital administrators, and specialists in the field of public and private health care.

HEALTH MANPOWER

The Commission is using Section 202 funds to relieve the health manpower problem. But Section 211 and Section 214 are also used to share in the costs of building and equipping higher education facilities offering advanced training in health fields and by helping to build vocational and technical schools which are used to train laboratory technicians, medical secretaries, and other auxiliary health workers. In many of the hospitals constructed with Appalachian assistance, physicians, nurses, and other health workers will not only practice medicine, but will also receive training.

Typical of special training projects underway in the Region are South Carolina's paramedical programs at Greenville and


APPALACHIAN REGION
DEMONSTRATION HEALTH AREAS
PENNSYLVANIA: Central Pennsylvania Health Council
OHIO: The Ohio Valley Health Services Foundation
MARYLAND: Western Maryland Comprehensive Health Planning Agency
KENTUCKY: Southeastern Kentucky Regional Health Demonstration, Inc.
WEST VIRGINIA: Southern West Virginia Regional Health Council, Inc.
VIRGINIA: Appalachian Regional Health Office of the Virginia State Department of Health
GEORGIA - TENNESSEE: Georgia-Tennessee Regional Health Commission
ALABAMA: Tri-County Appalachian Regional Health Planning Commission
NORTH CAROLINA: Regional Health Council of Eastern Appalachia, Inc.
SOUTH CAROLINA
SOUTH CAROLINA: South Carolina Appalachian Regional Health Policy and Planning Council
GEORGIA: Northwest Georgia Regional Health Advisory Council, Inc.
MISSISSIPPI: Health Planning Council of Appalachia Mississippi, Inc.
AREAS DESIGNATED UNDER SECTION 202 OF THE APPALACHIAN REGIONAL DEVELOPMENT ACT

Spartanburg, where 233 students are studying to be X-ray technicians, physical therapy assistants, medical records and mental health technicians and medical laboratory assistants. A total of 122 students will be graduated this summer. Expansion of the medical laboratory assistant program and additional programs for dental assistants and medical secretaries have been proposed.

In Ohio, 48 licensed practical nurses are enrolled in a training program which has already graduated 16, all of whom are now employed in the Ohio demonstration area.

A paramedical training program at Clinch Valley College in Virginia's demonstration health area has enrolled 26 scholarship students in the nursing, medical technology, and medical secretarial fields.

In Georgia, the twelve-county demonstration area has been engaged for 18 months in a medical recruitment project aimed at local high schools and junior college students.

The University of Kentucky Medical School is operating a field professorship program as a component of the Commission's health program in eastern Kentucky, sending students to work under physicians in community medicine. Vanderbilt University has joined the Commission in a field training program for medical students in Appalachia.

In another effort, the Commission provided $274,000 to the Student American Medical Association for 97 medical students, six dentists, and 20 nursing students to work with physician "preceptors" and health agencies in Appalachia during the last summer.

PUBLIC HEALTH SERVICES

In many demonstration areas, Section 202 funds have been used to expand the programs of public health agencies. New clinics have been added, and existing ones expanded. Screening programs have been undertaken to detect disease and refer those detected as ill for treatment. Staffs are recruited, hired, and trained for health education. Programs in maternal and child care, family planning and nutrition are being offered.

In West Virginia's nine-county area, where infant mortality is high, prenatal, family planning and health-screening clinics funded by the Commission are now in operation. A Tuberculosis control program is underway as is a program to detect and treat heart disease, primarily in children. An immunization program has screened and when necessary vaccinated 110,868 children against such diseases as smallpox, mumps, rubella, tetanus, and diphtheria; 50,000 doses of rubella vaccine will soon be administered to children aged one to twelve in an attempt to guard against the rubella epidemic medical authorities predict for some time between 1970 and 1973.

In Virginia, 35 clinics, five of them for family planning, are being established in the seven demonstration counties. Local physicians are serving in the clinics.

North Carolina includes pediatric, planned parenthood, mental health and nutritional clinics in its program.

HOME HEALTH SERVICES

In a time of rapidly rising hospital costs, it is essential to find sound alternatives to putting patients in expensive acute care beds if the alternatives are medically advisable. One such alternative is care by competent nurses and other health personnel delivered to the patient in his home. This may be offered to the convalescent, who then does not need to remain in the hospital once he is past the necessity for intensive care. Home services can also be provided to the chroncially-ill and to pediatric patients.

Kentucky has established a 16-county home health services network; a model for the rest of the Nation.

DENTAL HEALTH

In some areas of Appalachia, dentists are in shorter supply than physicians, and dental care is virtually unknown. Severe dental disorders are the rule among children; they often become manifest in later life as the cause for rejection for military service. Commission grants for traditional dental services tend to focus on school-age children. Fluoridation has also been undertaken with Appalachian grants. Training of dental technicians is another type of program.

Under West Virginia's dental program, 2,300 children of school age have now seen a dentist; over 600 of them for the first time. (More than 300 had never owned a toothbrush.)

Fluoridation treatment is also underway.

SPEECH AND HEARING

Impediments to speech and hearing are a barrier to learning and are, therefore, especially important to school-age children. If untreated because undetected, these handicaps may persist into adult life and permanently reduce the productivity of the sufferer.

Georgia's demonstration area has recruited staff, equipment, and facilities for a comprehensive speech and learning diagnostic and treatment program, the first in the area. Some 20,000 children in the first and fourth grades will be tested for speech and learning defects, and high school students needing speech therapy will also be examined. The speech and hearing center in Rome, Georgia diagnoses and treats patients of all ages residing in the rural sparsely populated area. Treatment includes teaching stroke victims how to speak again, fitting hearing aids and overcoming speech impediments and other related disorders.

Alabama tested some 6,000 school children in Limestone County for eye, ear, and speech problems and referred those in need of care to public health agencies or private physicians.

MENTAL HEALTH

Appalachia has lacked facilities to care for emotionally ill children and adults and mentally retarded children. Early diagnosis

and treatment of mental illness is important if permanent or disabling illness is to be prevented. In the Alabama demonstration area a complete network of services for treating the mentally ill has been funded.

ENVIRONMENTAL HEALTH

Demonstration health areas have undertaken environmental health programs as part of the development of comprehensive health services. There have been inspections and analyses to determine the most effective way to provide sanitary water supplies and sewage treatment in relatively rural areas with large, but dispersed, populations. Solid waste disposal projects have been undertaken in connection with the adoption of local ordinances to control waste collection and sanitary land fills. Land fills are a major means of eliminating breeding grounds for rats, flies, and other disease carriers, as well as of ending a physical blemish that impedes regional development.

Georgia has a solid waste land fill program on 17 sites, serving a population of some 325,000. In its initial year of operation, it was estimated that over two million cubic yards of waste was removed under the program.

EMERGENCY CARE

Rugged terrain, isolated hamlets separated from medical facilities by poor roads and long distances, few physicians --

all make an emergency health services network essential in Appalachia. A full emergency communications and transportation network has been established in Kentucky and major parts of such a network are approaching completion in most of the other areas.

EVALUATION

By September 1970, almost $74.2 million under Section 202 had been committed to demonstration health projects with a total cost of $127.5 million, the balance coming from other Federal, state, local, and private funds. Of the Section 202 funds, $42.8 million had been obligated for construction of hospitals, extended care units and public health facilities; $25.3 million for services; $3.6 million for planning and administration, primarily in the demonstration areas; and $2.5 million for other activities, including a region-wide German measles vaccination effort ($1 million) and programs to attract professional health personnel to the Region ($639,000).

The Commission sent teams of evaluators into the field to assess the results so far.

They have found outstanding successes. They also found that the Commission with its very small staff must do a better job of administering and leading the program in cooperation with the Department of Health, Education and Welfare.

The evaluators singled out for commendation a number of service projects which are working well and represent models for installation in other rural areas. These include some in the fields of home health care, public health, dental services, and mental health.

They called for still greater attention to the health manpower problem and, as I indicated earlier, the Commission has been tackling that massive problem which is national in scope.

During 1970, the Commission sponsored two separate programs designed to attract medical and nursing students into family rural practice.

All we can say at this point is that a good start has been made in solving some of Appalachia's health problems, but we still have a long way to go. The Section 202 program is reaching only one-fourth of our counties in which one-fifth of Appalachians life.

CHILD DEVELOPMENT

In the 1969 Amendments to the Appalachian Act, Congress specifically directed the Commission to develop and implement the concept of a coordinated program for child development. This Committee, in particular, reiterated its belief that the Appalachian Region is uniquely suited to serve as a "national laboratory" for early childhood development programs. The first

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years of a child's life are the most critical in his physical, intellectual and emotional development. Thus, child development encompasses far more than health, nutrition, educational, and social services.

Because the major sources of services for children are state agencies, and because the bulk of Federal funds flow through state agencies, and since comprehensive services require state action -- and may require adjustment of state regulations -- the Commission is requiring state inter-agency planning.

This is because services to children are channeled through over 200 programs, through a multitude of agencies and through a system of Federal-state counterpart agencies, and are fragmented, discoordinated, and incomplete.

Most Appalachian States have been unable to fully participate in existing Federal programs for children, often because the base of trained personnel, facilities, and services do not exist.

During fiscal 1970, planning grants with Section 202 funds have been awarded to inter-agency committees in Georgia, Tennessee, Kentucky, Pennsylvania, Ohio, New York, and West Virginia. We expect to be able to make similar grants to Alabama, North Carolina, and South Carolina.

The Commission's unique experience in working with states has led to a request from the Office of Child Development of the Department

of Health, Education and Welfare that the Appalachian Regional Commission help establish O.C.D.'s technical assistance to all 50 states and appropriate arrangements have been made to accomplish this.

The Commission expects to obligate some $10 million of Section 202 funds this year and will be requesting $18 million in appropriations for the next fiscal year to carry this urgently important undertaking forward.

YOUTH

In addition to concentrating upon regular educational and manpower training programs for the youth of Appalachia, the Commission has embarked upon a Youth Leadership Development Program designed to involve the young people of the Region in the effort to improve life in Appalachia.

The Commission expects to help encourage some of the Region's young talent not to outmigrate; to stay in Appalachia and help plan and build a better future.

During 1970, grants under Section 302 totaling $301,558 were made by the Commission for youth projects in Alabama, Kentucky, North Carolina, Tennessee, West Virginia, Pennsylvania, and Virginia.

Hitherto, little emphasis was placed on the involvement of native Appalachian youth in making a contribution to the development of their own Region. Together with a lack of emphasis on youth

involvement, a significant portion of the outmigration consisted of the more talented and energetic young people. Studies show that 52 percent of the persons who leave the Appalachian Region are between 18 and 34 years of age.

The Youth Leadership Program was established by the Commission:

-- To help the states and development districts create public awareness of the need for more young people to become educated and trained as future leaders of the Region.

-- To enlist the public and private institutions of the Region, particularly the schools, to more effectively meet their responsibilities in the development of new leadership.

-- To work with various service and voluntary associations to promote more active participation by talented citizens in developing the Region. Also, to work with businesses and other groups to stimulate youth employment.

-- To create among the young people in the Region a pride in its past, an awareness of Appalachia's considerable future potential, an understanding of its problems, and a commitment to stay in the Region and help build a better future.

The goal of the project is to assist the student in realizing that he can cause things to happen rather than have them happen to

him. The project also gives the student an opportunity to see how today's leaders fulfill their leadership roles.

Several thousand Appalachian young people have been involved in youth council activities, youth involvement seminars, day-care programs, youth opportunity camps, and many other development projects initiated with Appalachian Commission support.

Some results:

-- A study by youth of the problems and resources available in pre-and post-natal care; helping a mental health association set up a volunteer service program; development of a plan for improved health services in one county.

-- A survey of present and future housing needs in a six-county area; a study of rural housing needs in a five-county planning and development district; and setting up a recreational program for an Asheville, North Carolina public housing project.

-- A study on the possibility of outdoor courses in geology, biology, ecology, and archealogy at one of the colleges in Appalachia.

-- A study of mountain tomato fungus and its effect on the tomato crop.

-- Development of communications workshops for Asheville, North Carolina police and young people.

HOUSING AND COMMUNITY DEVELOPMENT

Substandard housing is one of the major problems of Appalachia. More than one out of every four families live in homes that need replacement or repairs. In some counties of southern West Virginia and eastern Kentucky, nine out of ten houses are substandard. Despite these conditions, Appalachia has not received a proportionate share of Federal housing assistance for low and moderate income families that has been available.

The purpose of the Appalachian Housing Fund (Section 207) approved by Congress in the 1967 Amendments to the Act was to stimulate the construction and rehabilitation of Appalachian housing through a greater use of Federal housing assistance. It accomplishes this through loans to housing sponsors for 80 percent of the costs of planning and obtaining the financing for housing projects. Normally, such loans are recoverable from the proceeds of permanent mortgages on projects. Secondly, as authorized by the 1969 Amendments to Section 207 of the Appalachia Act, grants are made to organizations such as newly formed state housing agencies to provide technical assistance to nonprofit housing sponsors to promote and assist in the planning and operation of low and moderate income housing.

Through December 31, 1970, the Commission had approved 54 loan and grant applications for projects containing 7,097 housing units covering the planning cost of $98 million in eventual new construction.

In addition to the planning loans, the Commission has approved technical assistance grants to five state agencies totalling $335,000. The purposes of these grants are to support state housing agencies and to generate more and better-conceived housing projects. These states are: Maryland, Ohio, Pennsylvania, South Carolina, and West Virginia.

SUPPLEMENTAL GRANTS FOR COMMUNITY FACILITIES

The supplemental grant program under Section 214 of the Act has also been a primary means for states to exercise judgment and control over the placement and mix of many Federally-aided public facilities. The House Public Works Committee has noted that through this program, states have for the first time been able to set priorities among Federal grant-in-aid programs so that areas with potential for growth have received those Federal funds which are most needed and most suitable to their plans of development. In a sense, it has been an experience in administering restricted block grants.

Grants under Section 214 may increase the authorized Federal percentage under existing grant-in-aid programs (ranging from 30 percent to 66 percent) to a maximum of 80 percent.

The degree of supplementation is determined by the applicant's ability to match the Federal share on a dollar basis and experience has shown that about one-third of projects actually use the maximum supplemental grant funds available. Over the years, the Section 214 program has actually encouraged greater state and local commitments as indicated in the following table:

FUNDS DISTRIBUTION BY PERCENT

	Basic	Section 211	Section 212	Section 214	Non-Federal	Total
1965-66	34.76	2.03	2.07	19.09	42.05	100
1967	32.13	4.18	.48	20.70	42.51	100
1968	30.78	2.50	1.01	16.74	48.97	100
1969	27.56	5.66	.10	17.50	49.18	100
1970	25.08	8.08	--	16.06	50.78	100
Accumulative	29.68	4.61	.61	17.91	47.19	100

As indicated in the following table, the utilization of supplemental grant funds has been concentrated in the areas of health and education, where 76 percent of the supplemental grants have gone.

(Thousands of dollars)

Category	Cumulative to Date No. of Proj.	$Amount	%	1970 Program No. of Proj.	$Amount	%
Vocational Education	236	$ 43,131*	25	52	$ 737	28
Higher Education	157	34,909	20	12	278	11
Libraries	83	6,492	4	11	492	2
Nat'l. Defense Educ. Act	17	4,881	3	8	667	2
Educational Television	13	2,259	1	2	246	1
Health Facilities	231	46,806	27	29	9,233	30
Sewage Treatment Facilities	121	18,380	11	16	2,904	9
Water & Sewer Systems	52	6,931	4	28	3,589	12
Airports	48	4,837	3	5	634	2
Other	37	2,748	2	13	982	3
Totals	995	$171,374**	100	168	$30,762	100

*Includes $4.3 million in assistance for post-high school vocational-technical centers supplementing basic assistance under the Higher Education Facilities Act. In this table such centers are counted as vocational education centers.

**Unadjusted for underruns; adjusted figure is $170,173.

In a sense, this has been an experiment in revenue-sharing. The flexibility of these funds has enabled many states to focus Federal grant funds on high priority problems such as vocational education, health, or water pollution control.

In those categorical programs for which Appalachian supplemental grants can be approved, the level of Federal grants in Appalachia has risen from 7.2 percent of the U.S. in 1965 to almost 10 percent today. However, overall Appalachia only receives 6 percent of all domestic Federal assistance although it contains 8.8 percent of the U.S. population.

Thus, the importance of this special block grant approach for Appalachia cannot be over-stressed. It has enabled states and localities to establish their own priorities while also helping to close the Federal fiscal gap in Appalachia somewhat.

Of particular interest is the manner in which these funds can be transferred between states to meet critical problems and assure most effective use of the funds. If a local bond issue fails in one state, for example, these funds can be shifted by the Regional Commission to another state where a project is in jeopardy for lack of funds. The cooperation among the states in this respect has been exemplary.

ENVIRONMENT AND RESOURCES

Appalachia's economy is more resource-oriented than most other regional economies in the United States. As the major coal-producing area in the country, it is also an important source of electric power generation for much of the eastern United States. The Appalachian Divide serves as the headwater region for much of the eastern United States and Appalachia is the major remaining reservoir of hardwood timber in the United States, a resource which is currently seriously underutilized.

Because of the importance of the resources in the Appalachian economy, the Commission has had to face two kinds of problems with respect to the Appalachian environment and development of the Region's resources.

First, the Commission must overcome the serious environmental problems engendered by past resource exploitation in Appalachia. Then it had to develop plans to help the region utilize its resource endownment more effectively.

Investments in resource and environmental improvement have been made under:

(1) Section 202. The Commission has funded solid waste disposal systems and other environmental health improvements.

(2) Section 203. The Secretary of Agriculture can make funds available to help farmers and other land occupiers stabilize their lands and thereby reduce erosion and sedimentation; this program is not funded in the present fiscal year.

(3) Section 204. Varieties of technical assistance and research can be provided in the field of timber development, but upon recommendation of the Commission, Congress did not fund this program beyond the first year because, as presently drawn, it would not appear adequate to meet timber development needs.

(4) Section 205. The Secretary of Interior, upon recommendation of the Commission, has provided grants for mine area reclamation, mine subsidence control, and mine fire extinguishment.

(5) Section 214. Supplemental grants for water pollution control facilities, small watershed projects, and land and water conservation funded projects have been granted by the Commission.

LAND STABILIZATION (SECTION 203)

The land stabilization program has been administered by the Department of Agriculture's Agricultural Stabilization and Conservation Service, and provides contracts of up to 10 years for assistance to landowners, operators, or occupiers of land in the Appalachian Region for land stabilization, erosion and sediment control, reclamation through changes in land use, and the establishment of measures for the conservation and development of the Region's soil, water, woodland, wildlife, and recreation resources.

These projects are concentrated in 69 areas of the Region. To date, 14,585 contracts have been signed with individual farmers. Because of the tight fiscal situation, this section is not funded under fiscal 1971 appropriations. The low level of appropriations to this section in the past had limited the program's regional impact. Until that impact can be increased through greater appropriations, the program has a relatively low priority.

MINE AREA RECLAMATION

Section 205 of the Act authorizes a program for: (1) the sealing and filling of voids in abandoned coal mines; (2) the planning and execution of projects for the extinguishment and control of underground and outcrop mine fires; (3) the sealing of abandoned oil and gas wells; and (4) the reclamation of surface mine areas and mining waste banks on public lands.

The principal focus of this program during the past few years was to reclaim land for industrial and commercial development, parks, housing, and schools. There is a great need throughout the Appalachian Region for the creation of hazard-free land suitable for development.

PROBLEMS ASSOCIATED WITH COAL MINING

At the direction of Congress, the Commission in 1970 began to deal with the many problems associated with coal mining. Congress has instructed the Commission to be concerned with improving the safety of coal miners, of assisting in assuring a comprehensive approach to the problems of miners' black lung disease, of assessing

the extent of acid mine drainage pollution, and determining how it can best be abated in reclamation areas that have been destroyed by mine subsidence, mine fires, or strip mining, and of expanding the use of coal-derived materials in such public projects as road construction.

During 1970, the Commission embarked upon a number of investigations, some of them addressed to the problem of occupational hazards associated with coal mining and to the effects of alternative public policies including new forms of taxation upon the future competitiveness of Appalachian fuels.

The Commission approved a broad environmental investigation of strip mining in eastern Kentucky designed, ultimately, to produce recommendations for more effective legislation of this form of mining and, perhaps, new technology for the extraction of coal which will have minimal harmful environmental effects.

Substantial information has been developed and presented to the President and Congress concerning the deleterious impacts that coal mining has had on the Region's environment, including, in fiscal 1970, a Commission survey of mine drainage pollution in Appalachia carried out at the direction of Congress.

Air pollution resulting from burning mining waste piles and underground mine fires posed a serious threat to urbanized areas in the coal regions. Smoke and fumes from these firest are highly toxic. In addition, subsidence usually accompanied underground mine

fires as the supporting coal was combusted. In 1965, over 27 major underground mine fires had been identified as burning uncontrolled in and around urbanized areas in Pennsylvania. Also, over 290 burning waste piles from underground mining have been identified; however, many of these are located in sparsely populated portions of the coal areas.

Nearly 10,500 miles of streams in the Appalachian Region have been polluted by mining wastes.

Acid mine drainage also pollutes ground water by seeping into underground water supplies.

Uncontrolled subsidence, resulting from the collapse of abandoned underground mines, is a significant problem in much of the anthracite and some bituminous coal areas. Subsidence causes buildings to collapse; foundation failures; breaking up of roads, water and gas mains; and landslides. Churches and schools have been seriously damaged. During the period 1953-1964, over 46 surface subsidence accidents occurred in the anthracite area. Since then, subsidence has continued in urbanized areas at a frequency of about two or three instances per year.

Strip mining has disturbed an estimated 900,000 acres of land in Appalachia. Approximately 57 percent of this total (515,000 acres) requires reclamation work. Nearly all of this land requiring reclamation (82 percent of 445,000 acres) is located in the States of Kentucky,

Ohio, Pennsylvania, and West Virginia.

While much of this land is in rural and forested areas, it is estimated that four percent or roughly 36,000 acres is located in or around urbanized areas and corridors of transportation. Some of these lands might well be used for economic development or other public purposes, if reclaimed within the context of a site development plan and managed by an appropriate sponsor. Of course, we do have in the Act the requirement that the areas to be reclaimed be in public ownership. This provision is in the public interest, but much of the land area in need of reclamation is in private hands.

As of June 30, 1970, 26 mine area reclamation projects had been completed with Appalachian assistance, including 16 mine fires extinguishment projects, five mine subsidence projects, and five surface reclamation projects. Another 14 were underway and there were 12 additional projects awaiting Commission approval. However, a massive job of environmental reclamation still awaits us in Appalachia. This can only be accomplished if a careful, systematic environmental plan for the Region is worked out and flexible financial assistance provided to carry it out.

WATER

During fiscal 1970, technical work was concluded on the Appalachian Water Resources Survey conducted under Section 206 of the Act. The report was submitted to the Secretary of the Army by the Office of Appalachian Studies of the U.S. Army Corps of Engineers. The Secretary must submit the report to the Commission which, in turn, will submit its recommendations to the President. The President will then forward his recommendations to Congress.

RESEARCH AND PLANNING

Under Section 302 of the Act, Congress provides to the Comission funds for carrying out one of its primary responsibilities, the "preparation of comprehensive plans and programs" for the development of Appalachia.

These funds are used in part by the Commission for planning at the interstate regional level such as:

-- A Recreational Development Plan for the 10-State Appalachian Highlands
-- A Strategy for Development of Central Appalachia
-- Analysis of Transportation in Appalachia
-- Spatial Distribution of Industry in Appalachia
-- Teacher Manpower in Appalachia
-- Review of Programs Concerned With Occupational Hazards Associated With Coal Mining

At the state level, funds are used to plan improvements in government operations, health, education, community development, and transportation.

In FY 1970, these included such projects as:

-- A new community plan near Lucasville, Ohio

-- Housing studies in West Virginia, North Carolina, and Ohio

-- Dropout study in Georgia

-- Airport studies in Maryland and Mississippi

-- Information management systems for Alabama, West Virginia, and North Carolina

-- Plan for teacher training in New York

-- Strip mine control program in Kentucky

At the district level, funds were used for:

-- Planning educational cooperatives

-- Implementing youth programs

-- Preparing environmental improvement plans

-- Community development plans

-- Tax studies

Section 302 funds are also used to supply expert technical assistance to the Commission, states, and districts in such fields as education, health, and child development, and for evaluation of the effectiveness of Appalachian programs.

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These funds have been invaluable in providing the Commission, states, and localities with the plans for programs that will solve the Region's problems.

CONCLUSION

In summary, the Appalachian Regional Development Program has been an excellent example of the approach to urban and rural development which President Nixon has recommended. The funding has given the states and localities the same kind of flexibility which could be provided under revenue-sharing. The Commission represents the best experiment in what the President has termed the "New Federalism" that I know.

Perhaps best of all, the program has been effective.

(Mr. Waters also submitted the following:)

FEBRUARY 5, 1971.

Hon. SPIRO T. AGNEW,
President of the Senate,
U.S. Senate, Washington, D.C.

DEAR MR. PRESIDENT: There are enclosed four copies of a draft bill, "To extend, and to authorize funds to carry out the purposes of, the Appalachian Regional Development Act of 1965, as amended."

The Appalachian Regional Development Act of 1965 authorizes a program to assist the Appalachian Region to meet its special problems, promote its economic development, and to establish a framework of joint Federal and State efforts to provide the basic facilities essential to economic growth in Appalachia.

The proposed amendments will permit the program to continue until such time as the Congress has had an opportunity to act on the Administration's forthcoming proposals for special revenue sharing.

Except for the development highway system, the appropriations authorizations for this program and for the Appalachian Regional Commission's administrative expenses expire June 30, 1971. Sections 102 and 105 of the proposed legislation would extend the authorizations of funds for the Commission expenses and the development program respectively, through June 30, 1972, consistent with the amounts contained in the budget for fiscal year 1970.

The Office of Management and Budget advises that enactment of this proposed legislation would be consistent with the Administration's objectives.

Sincerely,

JOHN B. WATERS, Jr.,
Federal Cochairman.

A Bill to extend, and to authorize funds to carry out the purposes of, the Appalachian Regional Development Act of 1965, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Appalachian Regional Development Act Amendments of 1971".

SEC. 102. Subsection (b) of Section 105 of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 105) is amended to read as follows:

"(b) There is hereby authorized to be appropriated to the Commission, to be available until expended, such sums as may be necessary for the fiscal year ending June 30, 1972, to carry out this section."

SEC. 103. Section 106(7) of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 106) is amended by striking out "June 30, 1971" and inserting in lieu thereof "June 30, 1972".

SEC. 104. Subsection (b) of Section 205 of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 205(b)) is amended by striking "For the fiscal years 1966, 1967, 1968, 1969, 1970, and 1971", and inserting in lieu thereof "For the fiscal years 1966 through 1972".

SEC. 105. Section 401 of the Appalachian Regional Development Act of 1965 is amended to read as follows:

"SEC. 401. In addition so the appropriations authorized in section 105 for administrative expenses and in section 201 for the Appalachian development highway system and local access roads, there is hereby authorized to be appropriated to the President, to be available until expended, not to exceed $107,000,000 for the fiscal year ending June 30, 1972, to carry out this Act, of which amount so authorized, not to exceed $41,000,000 is authorized for Section 202, $2,000,000 for Section 205, $24,000,000 for Section 211, $35,000,000 for Section 214, and $5,000,000 for Section 302."

SEC. 106. Section 405 of the Appalachian Regional Development Act of 1965 (40 App. U.S.C. 405) is amended by striking "July 1, 1971" and inserting in lieu thereof "July 1, 1972".

Senator MONTOYA. I will call on Senator Randolph of West Virginia at this point.

Senator RANDOLPH. Mr. Chairman, I think it is appropriate that Governor Moore and Co-Chairman Waters present their statements and then we have an opportunity to question both of the witnesses this morning. That might make for better coordination and verification of some points at issue.

I am personally gratified for the opportunity of presenting the Governor of West Virginia, who comes to give testimony before us. We have had in West Virginia, since the Appalachian program began, two governors who have served as State co-chairman, Hulett C. Smith served and now Governor Moore is serving. We are fortunate in the leadership which has been given to our State, but Governor Moore is not only the Governor of our State of West Virginia, he is Chairman of the Governors of the Appalachian Region Development Commission.

I could speak more fully, but I express myself adequately when I say that Governor Moore has the knowledge of the problems of Appalachia. Governor Moore has the interest in solving the problems of Appalachia, and Governor Moore has the concern for the solving problems in the region. So, personally, and as Chairman of this committee and also sponsor of the legislation, with Senator Cooper, I am very delighted that he has come today at the opening of our 3 days of hearings to give use the benefit of his thinking.

I had thought that perhaps I might begin by asking him to report on the conference at White Sulphur Springs, but perhaps it is better that you make your statement in the way you would want to, Governor Moore, and then we can have colloquy and questions. Mr. Chairman, I reiterate my feeling of pleasure, and also my feeling that I want the record to reflect for the leadership of Governor Moore in the Appalachian Program.

Thank you.

Senator MONTOYA. Thank you, Mr. Chairman, and I certainly welcome, as I have said, Governor Moore, and you may proceed with your statement, Governor Moore.

STATEMENT OF HON. ARCH A. MOORE, JR., GOVERNOR OF THE STATE OF WEST VIRGINIA

Governor MOORE. Mr. Chairman, Senator Randolph, Senator Cooper, I am deeply appreciative, Senator Randolph, of your very kind presentation to the committee and I believe the record would be very, very void if I did not indicate that we West Virginians take a tremendous amount of pride in the service that you have performed for us as our Senator through the years and as a Representative in the Congress.

I said that, Senator, at a testimonial dinner for you some weeks ago and it gives me pleasure to restate it here in an area in which you are so widely respected and so very knowledgeable in the affairs of this Government of ours.

Mr. Chairman, I appear today on behalf of the Governors of the Appalachian States. I am here to urge a 4-year extension of the Appalachian Regional Development Act, which act, as you are well aware, expires on June 30, 1971. The Governors of the Appalachian States met last Friday in West Virginia. We were there to discuss the Appalachian regional development program and I submit now a statement which we unanimously agreed to, a statement which has affixed to it the signatures of the representatives of all of the 13 participating States.

(The statement follows:)

STATEMENT OF THE COUNCIL OF APPALACHIAN GOVERNORS,
WHITE SULPHUR SPRINGS, W. VA.

In his budget recommendations for Fiscal 1972, the President has proposed the consolidation of a number of programs, including those authorized under the Appalachian Regional Development Act, to form the basis for sharing Federal revenues with the State governments to support rural development revenue-sharing.

We all fully support the basic concept of Federal revenue-sharing, and we believe the Appalachian program has been one of the finest demonstrations of how States and communities can make effective use of shared Federal revenues. In addition, we believe that the Appalachian local-state federal partnership structure allows a "decision sharing" mechanism which provides benefits in the shared managment of many programs in a way not provided by revenue sharing alone. Based on the successful Appalachian experience, we will be pleased to work with the Administration in developing specific recommendations for submission to Congress.

The President's budget contemplates an extension of the Applachian Regional Development Act to permit the continuation of the vital programs authorized under this legislation. We unanimously concur that the Appalachian Act must be extended in order to continue work on the tasks for which the Act was initially passed. We believe that many of these tasks can be finished within four years, and therefore unanimously recommend to the President and Congress that the four-year extension of the Act be approved.

GOVERNORS OF APPALACHIAN STATES

Hon. George C., Wallace, Governor of Alabama, State Capitol, Montgomery, Ala. 36104.
Hon. Jimmy Carter, Governor of Georgia, State Capitol, Altnata, Ga. 30303.
Hon. Louie B. Nunn, Governor of Kentucky, State Capitol, Frankfort, Ky. 40601.
Hon. Marvin Mandel, Governor of Maryland, State Capitol, Annapolis, Md. 21401.
Hon. John Bell Williams, Governor of Mississippi, State Capitol, Jackson, Miss. 39201.
Hon. Nelson A. Rockefeller, Governor of New York, State Capitol, Albany, N.Y. 12207.
Hon. Robert W. Scott, Governor of North Carolina, State Capitol, Raleigh, N.C. 27602.
Hon. John J. Gilligan, Governor of Ohio, State Capitol, Columbus, Ohio 43215.
Hon. Milton J. Shapp, Governor of Pennsylvania, State Capitol, Harrisburg, Pa. 17120.
Hon. John C. West, Governor of South Carolina, State Capitol, Columbia, S.C. 29201.
Hon. Winfield Dunn, Governor of Tennessee, State Capitol, Nashville, Tenn. 37219.
Hon. Linwood Holton, Governor of Virginia, State Capitol, Richmond, Va. 23219.
Hon. Arch A. Moore, Governor of West Virginia, State Capitol, Charleston, W. Va. 25305.

Governor MOORE. Mr. Chairman, that resolution was approved previous to our being notified that the administration would advance a 1-year authorization or support a 1-year extension of the act as far as its authorization is concerned.

As Governors, we recommend quite forcefully a 4-year extension of the Appalachian Regional Commission, because essentially the job of the Commission and the job that it set out to accomplish has not yet been finished. Commitments were made to the people of this great region of the United States 6 years ago and essentially these commitments gave us the means to begin to solve the many problems which have afflicted Appalachia for many generations.

We have made a good start and signs of progress are heartening and increasingly evident throughout the Appalachian area. The Governors of these Appalachian States frankly are heartened that the President has seen fit to include in his budget for fiscal 1972 the sum of $288 million in funds for continuation of the Appalachian regional development program. Public dollars under the Appalachian Act are being wisely spent, and this has been one of the most effective programs since its inception in 1965.

Mr. Chairman, the Governors have always been strong in support of Federal revenue sharing and for streamlining the grant-in-aid programs of the Federal Government. Indeed, many of us feel that revenue sharing and simpler forms of Federal aid provide one of the few solutions to the fiscal crisis pending in every statehouse and city hall in our Nation.

And basically, Mr. Chairman, the Appalachian regional development program is indeed a bloc grant program. The National Governors Conference on many occasions has pointed to the Federal-State partnership in administration of this program as a model for administering of bloc grant supports to the States and localities.

I believe that Government is responsible, first and foremost, for making good on promises and following through on its commitments. The Governors of Appalachia want to make good on commitments made to the people of this area 6 years ago.

I will digress simply to say here, as firmly as I can, that the Appalachian Governors first and foremost consider the renewal of this program as one of the highest of priority as it might relate to any other programs which would affect the flow of Federal dollars into their States, whatever form that program might take.

We believe that we can deliver on this program. In fact, we have begun to deliver. And, we are making steady progress toward the objectives originally adopted by Congress and the Governors of the States of the Appalachian region.

In the process of carrying out the Appalachian experiment, many Governors believe that what we have learned here can be applied to other areas of the Nation. There have been times, in fact, at the invitation of the President, when we have offered a variety of suggestions for applying those lessons to the rest of the Nation.

Today I strongly recommend to this committee that it give us, the Governors of the Appalachian region, the authority to finish the task in Appalachia which we set out to accomplish.

Mr. Chairman, I would like to point out that when the Congress adopted this program, in essence it said to the States: "We recognize the deficiency in economy of the area or development of the Appalachian area. We want to participate with the States in this region in moving this area of the Nation forward so that it might participate in the general prosperity of the country."

The States, upon themselves, in order to fulfill the commitment made by the Congress moved out and obtained additional financing obligations, extending ourselves to the extent of bonding authorties, so that they might adequately participate in this program. Under provisions provided in the Appalachian Act, the States were only required to provide 30 percent of the highway funding to complete the

Developmental Highway System, but the record shows, and it is current in this regard, that contributions of the States in this developmental highway program is at a better than 50 percent level.

This means that the response of the States, in the manner in which they have moved to fulfill their commitments given by the Congress, has immeasureably increased the States' willingness and the people of the region's capacity in terms of financing, to support the States' share in moving to implement the programs which are characteristic of the Appalachian region.

There is and has been quick recognition on the part of the States that Federal dollars as they affect the programs of Appalachia are vital to its rebirth and renaissance. And the people of the region and States comprising Appalachia have extended themselves financially to carry out these programs. Essentially the commitment made to us 6 years ago by the Congress was an incentive. The leaders of the Appalachian States have given this incentive to the people directly, to encourage them to incur debt, to increase their taxes so that their contributions would allow them to participate to the fullest extent in this program.

Now, in the nonhighway program categories, I have indicated the record is just as impressive. The Appalachian Act actually provides in most instances that 20 percent should come from local participation. However, if you were to average this participation across the full range of Appalachian programs and take all of the States together throughout the full 6 years this program has been in existence, the non-Federal participation is almost at the 50-percent level. Thus, we have exceeded the challenge given us by the Congress.

The Appalachian program has called for the best in local and State participation and in developing the program. Two significant needs became immediately apparent. First was the importance to observe the nature of each individual program so as to maximize efforts of all levels of State endeavor.

Senator RANDOLPH. May I interrupt because I think you mentioned that the program has been in being for 6 years. The legislation, of course, passed in 1965, but the program has been in being really only 5 years.

Governor MOORE. In terms of its funding, that is correct.

Senator RANDOLPH. And I think that strengthens the argument you are making concerning the amount of work that has been done, as far as the achievements, has been done in 5 years.

Governor MOORE. That is correct Senator, and I would like to indicate by way of personal emphasis of that point, the efforts of the States in the region to move to fortify themselves to participate in this program?

In November 1968 our State of West Virginia passed a constitutional amendment providing $350 million of bonding authority to participate in the Appalachian highway developmental program. Previous to that time, the State of West Virginia, as one example, was not fully prepared to undertake and participate in the program because of the fact that there was not sufficient State funds available to match the Federal dollars.

You might be interested in knowing that since the bonding amendment was approved, the State of West Virginia has moved from 13th

in participating in the developmental highway program to first position where it is today.

May I say in regard to the highway program itself that we are in a situation today where we have a capacity as States to complete our obligations to the Congress under the Appalachian program. The only thing that presently retards our immediate completion of this commitment is the fact that there has not been a sufficient amount of funding coming forth from the Federal side of the ledger. This is unique in that I believe this is the first time in the life of the program that the States themselves now have the capacity to perform and performance is only limited by the amount of funds which are allocated to the program by the Congress.

In reporting to you on our program relating to highway construction is this: 6 years ago—and from the standpoint of funding 5 years ago—the Appalachian States, with the authority from Congress and working with the Federal Government through the unique Appalachian Regional Commission, planned an Appalachian developmental highway system. It was designed, Mr. Chairman, to break down the isolation of the mountain areas, to allow these States to breathe economically and to open up Appalachia to the flow of national commerce, to link it as a region to the national market so that these Appalachian States could begin to grow and economically join their sister States of the Nation in general prosperity.

Now, the Appalachian roads were designed to make it possible for the people in Appalachia to travel to new services and jobs which would be planned and established in the region.

Congress, for any one of a number of reasons, as I previously indicated, has not thus far been able to annually provide all the necessary money to build all these development highways, but we are, as a group of States, are fortified with the financial capacity to undertake our responsibilities in this regard.

Today the authorized Federal funds are sufficient only to complete about half of the development program. We require approximately $900 million in Federal funds if we are going to complete the system. I reiterate that the States involved are totally prepared to meet their commitments.

We have been faced with an inflationary spiraling of construction costs at the rate of 7 percent a year. The longer it takes to build these highways, the more costly they will become, Mr. Chairman. In addition to the new safety standards, and the relocation requirements of the National Highway Act, for example, there have been imposed additional costs, and along with that there have been some revisions in our engineering efforts and the design criteria which altogether account for a little over 10 percent of the presently estimated Federal costs.

We believe that the national objective should be to complete the Appalachian developmental highway system simultaneously with the Interstate Highway System. The Appalachian highways are designed to complement the Interstate System and, since Congress has revised the completion date for the Interstate System to 1978, the Governors recommend that a similar termination date be assigned to the Appalachian developmental highways system and that Congress be authorized to assign to the Appalachian development highway system a completion date in 1977 or 1978.

As the basic investments of our comprehensive program begin to produce foundations for development, we will be utilizing the highway system more and more as a fundamental generator and locator of developmental progression of all kinds. These highway completion problems can more effectively be dealt with by several states working together with several Federal agencies through the Appalachian Commission. Cooperative programming has heretofore existed that would never have been possible, Mr. Chairman, if our states, independent of one another, had undertaken to answer these problems on a individual basis.

For instance, in the State of West Virginia we are presently studying the relocation of a major corridor area in order to serve a massive private development activity which was not even in prospect when we originally located the corridor. Because of the corridor location requirements in the developmental area, we have had to confer with the Commonwealth of Virginia in terms of the impact of a corridor relocation and the consequences of this relocation on the State of Virginia.

The development activity that would be made possible by this corridor relocation involves private production and major power facilities constructed by private capital, State-owned recreational facilities and so on, all of which may turn out to be and provide a whole new town in this area of Appalachia.

In Pikesville, Ky., the careful redesign of a highway corridor with a requirement for virtually cutting a mountain in two is in process. This is going to bring about a dramatic revitalization of a central Appalachian community, and Governor Nunn, I am sure, will be describing this project to you at a later time.

This highway system is a key to many of the things we are trying to accomplish in Appalachia. It is the framework upon which we have been building new educational facilities, new health facilities, new industrial parks, new housing and new communities which are a part of the overall Appalachian regional development program.

Of our projects 80 percent are along this Appalachian Development Highway System and it is indeed satisfying that people are able to travel some of these new highway corridors and see the new developments and facilities and activities occurring along each of them.

In the field of vocational education, the Governors of this region set out six years ago to build a network of vocational and technical education facilities that would serve half of all of the 11th and 12th grade students in Appalachia. At the same time this program would substantially upgrade the post-high school technical training for adults.

We are close, Mr. Chairman, to obtaining and achieving that objective. With the 260 schools funded tlus far, we will have vocational education opportunities for 210,000 students in Appalachia and this is just 50,000 students short of the 260,000 students in the 11th grade category that we plan to reach. So we are within 2 or 3 years of accomplishing our high school vocational and technical education objectives.

In the field of educational cooperation, in trying to assist the region in solving primary and secondary education problems, the Commission is encouraging school districts to join together in education problems.

May I digress, Mr. Chairman, to say this is not an easy undertaking for the people of the area of Appalachia to agree to. Basically, as a

people, they are surrounded with some sense of provincialism that tends to have them believe that what is best for themselves is that which occurs in their own community.

For example, in the State of West Virginia we now have multicounty vocational and technical education programs underway, in which we have begun to meld together, in a cooperative effort, the feelings and the population of three-county units in support of a single vocational and technical educational facility, thereby eliminating the necessity of building a large facility in every one of the counties which would require so many, many more dollars on a State level.

Senator MONTOYA. How far do the children have to go to attend the school?

Governor MOORE. Actually in terms of miles the furthest distance is about 35 miles, Mr. Chairman, which may seem at first blush to be a considerable distance, but the programing has been constructed in such a way that this is not a difficult distance to overcome, nor does the travel, or type of travel that is necessary makes it so difficult.

We find out also that we have not only, in the area of educational cooperatives, accomplished this within an intrastate sense, but have accomplished it among States. For example, the State of New York put together and designed and now has a vocational educational technical program which essentially affronts the border of the State of Pennsylvania. And, rather than have the State of Pennsylvania constructing like facilities in the State of Pennsylvania, there is now a working agreement between the two States that the Pennsylvania students can move across and participate in the vocational and technical education program afforded by this Federal enactment now fully on-stream. But the program was developed by the State of New York.

Senator RANDOLPH. Mr. Chairman, Governor Moore has a telephone call and we will recess for a moment so you can make your call.

(A brief recess was taken.)

Senator MONTOYA. The committee will come to order.

You may proceed with your testimony, Governor Moore.

Governor MOORE. Mr. Chairman, I have this statement to make.

Senator MONTOYA. May I interrupt one moment. We are trying to develop State funding for the building of vocational schools. What has West Virginia done in this respect and can you tell us what the other States have done?

Governor MOORE. West Virginia, in this regard, has spent the past two years, as our State share in the field of construction of vocational technical facilities, approximately $5½ million, which is a considerable increase over what our efforts have been in the past.

Senator MONTOYA. Is this a direct State appropriation?

Governor MOORE. Yes.

Senator MONTOYA. For specifically earmarked matching?

Governor MOORE. Yes. It is a specific appropriation for that purpose, Mr. Chairman. Under our system in West Virginia, most of the capacities to build vocational educational facilities is around the capacity of local school districts to bond themselves. And this is a necessary statement that must be made because, again, it gives emphasis to the effort of the region and in this instance the local school district,

moving to incur bonded indebtedness for the specific purpose of participating in this aspect of the Appalachian regional development program.

We have moved six tri-county vocational technical school facilities on-stream. We have four more in the planning stage which should become a reality within this funding year. This would give us a broad-based geographical spread so that it would be easy to say that every student or every child in the State of West Virginia would find themselves in the posture of having the opportunity to move to a vocational technical facility that would give him broad-based skilled opportunities.

The State itself, as far as West Virginia is concerned, has exceeded anything that it has ever done in the past in terms of individual effort.

Now, in the Appalachian region, the individual priorities were established by the States themselves. It just so happens that West Virginia lent its greatest effort to highway construction. South Carolina, New York, and Pennsylvania used the greater portion of funds that have come to them under the Appalachian program for the vocational technical education field and for construction of facilities to meet this necessary deficiency in the educational fabric of their States.

Now, it can very well be that these States will again adjust their priorities, once they have fulfilled what they consider to be their major commitment. In some instances some of the States moved in the field of vocational technical training and made a tremendous effort in that area and are now practically at the end of the line in that particular category. They can now well move to their secondary priorities.

Senator MONTOYA. Thank you.

Governor MOORE. As for the educational cooperatives, Mr. Chairman, in trying to assist in solving the primary and secondarye ducation problems in the region, the Commission is tending to encourage school districts to join their resources in educational cooperatives and to pool their funds in financing school services or for teaching and occupational programs.

The Commission provided $900,000 in planning and demonstration funds for educational cooperatives to organize such functions this year and although it must be recognized as a minor plan in this field, its dividends though can be massive in comparison to the investment, and the resulting plans which are now being completed must be nurtured to reality in assuring continuing support for them long enough so they can become a permanent part of the educational fabric of the area called Appalachia.

At a minimum, it is going to take 3 years for us to acquire sufficient maturity so we can endure after the Commission's technical assistance and support is withdrawn.

May I give emphasis here to the observation made by Senator Randolph. We fully appreciate that this was not a program that should be in existence for the lifetime of this Nation. We felt that Congress presented us with a challenge and we, upon acceptance of the same, can reasonably be expected to fulfill our commitment to build this region anew essentially over a 10-year period.

We have moved very aggressively into the field of child development. In 1969, the Congress directed the Appalachian Regional Commission to serve as a national laboratory in developing pilot programs to meet the needs of preschool children.

The Commission has made planning grants to most of the States to develop comprehensive State child development plans and it expects this year to provide approximately $10 million to begin to implement these plans. It would be very disastrous to terminate that effort at this time just when we are getting underway.

We should, at a minimum, attempt to insure that child development efforts are brought to a sufficient level of maturity so they can be continued beyond the withdrawal of Commission support and that will take, Mr. Chairman, an average of 3 to 4 years.

I cannot overstress the critical importance of the Appalachian Commission in its effort of this kind. The Commission, for example, has on a regional basis obtained for States the finest technical personnel in the Nation in the field of child development. This technical personnel could not be afforded by an individual State acting alone. But by sharing these technical experts we obtain a maximum yield from the public dollars involved, and the quality of the program resulting can be substantially better than if we had to tackle this problem.

Each State is learning from other States and at the same time the States are designing their own programs within the broad policy agreements fixed by the Commission, rather than to respond entirely to narrow, complicated, detailed guidelines established entirely by a Federal agency.

The Commission, in initiating innovative child development demonstrations, expects the States to make maximum use of available Federal assistance programs in addition to the Appalachian Act. Our endeavors in this direction have been hampered by the requirement of some of those Federal programs that services provided in one area must be offered on a statewide basis. It would help considerably if demonstration projects in the region to test new programs of child development services could be exempted from this statewide requirement.

I think it is noteworthy to point out that the Office of Child Development of the Department of Health, Education, and Welfare has recognized the Commission's unusual capabilities in this respect and has contracted with the Commission to assist in training coordinators for a national technical assistance program for child development serving all 50 States. Thus, one of the lessons learned in the "national laboratory" is already being applied throughout the land.

In the field of health, there is not any task that we have undertaken that is of more importance or has been more difficult to develop in the areas of Appalachia than the demonstration program of comprehensive network of health services offered under section 202 of the act.

The Commission has sponsored 12 such demonstration centers and the 13th is being contemplated. We approached this health program with a great deal of care. The Commission was faced with a necessity of developing necessary criteria and encouraging formation of local health councils to prepare the local health plans. All of this took time and not until August 1968, as a matter of fact, was the first major grant made under section 202.

This gives emphasis to the fact that general funds in this area did not begin to move until August 1968. We hope that we will have the opportunity of moving this program for the additional 4 years of time which will be required to carry out the health services demonstration through the funding cycle.

On the question of multicounty districts, of course, health councils are only a part of the complex of local organizations which had to formed to promote Appalachian development. The Commission represents a genuine partnership between the Federal Government and States, but we also had to create local partners, and, this we did.

The States and the Commission set about encouraging formation of local multicounty development agencies through which local people can provide views and plans to the States and to the Commission and thereby have a major voice in achieving Appalachia's future development.

The objective is to have 60 such multicounty organizations established in Appalachia by the end of this year. Already, 57 of these are in existence. Yet some of them are quite new I should say that the Board of Directors have only begun to tackle their problems and their staffs are new and small. The Commission, together with the States, play a vital role in assisting the new organizations to develop professional capacity and implement their plans.

One of the problems that is constantly thrust at us in Appalachia is the question of environment. One of the major concerns in Congress in connection with passage of the Appalachia Act was environmental improvements, particularly in coal mining areas.

In 1965 when the Appalachia Act was passed, only a very few Appalachian States had statutes on the books which enabled them to participate effectively in large scale environmental reclamation. I am pleased to report since 1965 every major strip mining State in Appalachia has enacted strict strip mining control laws and statutes.

However, present provisions in section 205 have presented us with some limited effectiveness in the area of mining, particularly in the area of reclamation programs.

We are restricted, for example, by the nature of the statutory provisions of the program as now exist to bring about surface reclamation on publicly owned sites only. A site owned by a local nonprofit industrial organization does not now qualify under the program.

I believe that with some modification, the existing statutes and some increased flexibility in environmental programs under the act, we can, over a 4-year period, additionally design a major development environmental effort in Appalachia.

The Commission in some cases has been at work in certain States developing foundations for such reclamation programs. Since, Mr. Chairman, many of the rivers of the region of Appalachia cross State boundaries, the technical assistance and coordination of the regional commission are certainly vital to us in this field.

From the point of interstate cooperation, and this brings me to a major point, we actually hear the question asked: "Why do we need the combination of States?"

As a matter of fact, I think I read some lengthy release that just came to public attention over the weekend that asked this very question. There is along with it another question which is: "Why cannot each of the States individually do this thing on its own?"

Obviously, Mr. Chairman, there are many things which the States can do on their own, provided they are given financial resources necessary to do the job.

But in our enthusiasm, we shall never lose sight of the great advantages which can also be conferred on a State by being able to work with its adjoining States in development solutions to problems which ignore State boundaries.

I have given you previously the example of New York and Pennsylvania working together, and I will not restate it at this time, but there is this spirit of cooperation between Pennsylvania and New York where the students from Pennsylvania may attend Appalachian-assisted schools of the State of New York.

Along the Ohio River, for example, between West Virginia and Ohio, people cross back and forth to work and to shop. No instance brought this more directly home than the collapse several years ago of of the Silver Bridge, at Point Pleasant, W. Va. Senator Randolph will recall vividly the role the Appalachian Commission played in bringing together the States of Ohio and West Virginia and the Federal agencies involved in expediting the construction of the new bridge across the Ohio River in what is presently considered to be record time.

As a matter of fact, 2 years to the day of the collapse of that major highway transportation facility across the Ohio River, Senator Randolph and I joined Governor Rhodes of Ohio in opening up the bridge which replaced the one that was part of that national tragedy. It was built, incidentally, in half of the time it ordinarily would take.

Another point I would like to make as to terms of the cooperation among areas in the Huntington and other areas of W. Va. We have many facilities in Huntington that serve parts of Senator Cooper's State of Kentucky and certain parts of Ohio and West Virginia, especially in the field of air transportation.

Parts of eastern Kentucky tragically depend upon facilities as far as Knoxville to provide many of their necessary air services. Just a few months ago, the health planning council in southeastern Kentucky joined in a proposal that assistance be provided to Children's Hospital in Knoxville so that children in eastern Kentucky can benefit from that program.

Another development district, for example, embraces counties which exist in the State of Virginia and State of Tennessee. We have crossed State borders often in our Appalachian development in an effort to implement myriad programs. The Tennessee counties involved in the district I just mentioned have contributed to the cost of developing industrial parks and assisted with Appalachia funds across the State lines of Virginia, recognizing that people travel back and forth to work with little regard to State boundaries.

Major issues often develop when highways cross State boundaries. One of the most difficult areas has been at the juncture of the boundaries of Virginia, Tennessee, and Kentucky in the historic Cumberland Gap area. An Appalachian highway must be constructed there and the Commission is working with the States in attempting to find a solution which will minimize any defacing of that unique historical opening in the mountain.

Senator MONTOYA. Senator Cooper.

Senator COOPER. I believe you mentioned a very important problem for Kentucky, Virginia, and Tennessee. I agree that the the development highway ought to be constructed, but I am firm in my position that the gap shall not be defaced, shall not be changed from its natural state, and they must find some way to avoid it.

Senator Baker and I know there were over 300,000 people passing through that gap before 1800 and they went to Tennessee, Kentucky, and the West. It was really, with the Ohio River, one of the two great avenues moving to the West.

You know it well, it is a beautiful place, and I want a road to be built, but not to change that gap. It has to be built some other way.

Governor MOORE. You may be interested to know that I have given emphasis to the fact that the whole program approach there is to preserve exactly what you want preserved.

The Commission is working with the National Park Service at the present time and it is my understanding they want to accomplish the abridgment of this area here by the construction of a tunnel which would preserve completely the area and the history that you are interested in.

Senator BAKER. Will the Senator yield? I would like to say I thoroughly agree with Senator Cooper. I have discussed this with officials of the Commission and Senator Cooper. It is a historical problem. I commend the Commission and the three States involved for their effort to find a way to handle the flow of traffic which, as Senator Cooper pointed out, was vital in the 18th century and is still vital today. The natural flow of people through that area must be accommodated while at the same time preserving the historical resources of the area. It is important we alleviate the isolation without destroying that historic site. I am sure you have that in mind.

Senator RANDOLPH. At that point I think we might go a step beyond the Appalachian region to say this committee has recognized the environmental factors inherent in highway construction and my colleagues will recall that in our acts, not only of 1970 and 1968, we realized that this was very necessary. Before a route can be laid for an Appalachian road or an interstate highway, there has to be environmental clearance for that road. So for the record I indicate that not only in the Appalachian region but throughout the country we felt this need and have so nailed it down in reference to the whole program of highway construction in the United States.

I appreciate the opportunity just to broaden that at this point to recognize your needs.

Senator COOPER. Thank you, Senator.

Governor MOORE. I believe, Senator, that is in section F of the Highway Act and there must be clearance given before any movement is undertaken in this area which, as I say, would touch very, very much the historic significance of the area combined by these three States.

One of the Appalachian health demonstration areas embraces parts of Georgia and Tennessee. An Appalachian-funded local health council has been established to plan health services in that bistate area.

Just the week before last, North Carolina and South Carolina requested the Commission to provide some assistance in developing recommendations for cost sharing on a reservoir that would be located in North Carolina, but which will primarily benefit South Carolina.

I could go on and on, Mr. Chairman, and recite how the States have been able to help each other through this unusual mechanism.

By Executive order the vocational schools in Kentucky are open to Appalachian students across the State line in West Virginia and Virginia, and a similar Executive order in North Carolina opens similar schools to Appalachian students from other States.

Frequently, one State will provide technical assistance to another in developing its program as, for instance, one case in which New York and West Virginia exchanged technical assistance in connection with teacher certification and educational cooperatives.

With the financial flexibility under the Appalachian Act, as never before, we have been able to promote interstate cooperation in better utilizing Federal funds. The States are able, through the Commission, to lend Appalachian funds to each other when an emergency develops in one State and a need must be met. Many, many instances exist of such exchanges assuring the most effective use of public dollars without the rigidities usually imposed in a Federal categorical program.

Presently, we are discussing the feasibility of undertaking a six-State approach to some of the problems associated with coal mining. We have also explored the feasibility of a multistate endeavor to provide housing for persons displaced by highway construction.

We have been gratified by the success of the Appalachian program, but there are some modest revisions and technical changes which would improve its operation.

In order to appraise carefully the realistic priorities for limited expansions of our capabilities in this program, and in anticipation of these hearings, our Governors have agreed on the following suggestions for amendments to existing programs.

Several of the States are extremely interested in attacking the problem of mine drainage pollution. The Bureau of Mines, however, has not considered the present statutory language in section 205 as authorizing projects solely for control or abatement of mine drainage pollution. We would like to see section 205 expanded to include this authority.

In another problem area also affecting our ability to improve the environment in the region, the States have not been able to make as full use of the section 205 program to reclaim areas scarred by strip mining as they would like. There are two reasons for this. The present law requires that the strip mined area must be owned by Federal, State, or local government bodies before Appalachian assistance can be used for its reclamation. Also, under the present law, land acquisition costs are only eligible for the purpose of the State matching share; no Federal funds can be used for land acquisition costs. It would aid our ability to deal with this problem if reclamation were permitted on land owned by nonprofit, conservation, development, or housing agencies, and the costs of land acquisition could be included among the costs in which the Federal Government can participate. We believe this can be done while still avoiding the sort of windfalls that Senator Lausche intended to preclude with his original amendment.

Our ability to improve the environment in Appalachia and to increase the supply of land suitable for development sites would be considerably enhanced if there were some authority to undertake small water resource projects not exceeding a million dollars in cost. Some

of our more innovative projects have required this type of improvement. Under present programs, it will be many years before some of these smaller water resource projects will be reached for funding, yet their implementation in some cases is critical to the successful accomplishment of innovative development projects.

Finally, since not all areas suffer from precisely the same types of environmental scars, funds for remedying these problems should be provided on a broader basis. All projects to improve the environment could be required to conform to comprehensive area resource and environment improvement plans thus assuring a concerted attack on environmental ills.

While we have had great success in a relatively short time and with a small outlay of Federal funds in stimulating housing projects under the section 207(e) program, we have found that some desirable housing projects have not been started because they have been unable to meet the economic feasibility requirements. Many communities cannot produce housing for low- and moderate-income families for three reasons: the relatively low level of family incomes, the high cost of land development because of the rough Appalachian topography and the fact that available building sites are frequently not directly accessible to sewer and water facilities. This puts housing sponsors in the middle. They must keep rents and sale prices low enough so that those who need housing can afford them, while, on the other hand, rents and sale prices must be high enough to cover the full cost of development. The margin between these two; that is, the difference between a feasible project and one that cannot carry full costs, is usually relatively small as compared with the total cost of a housing project. Assistance in meeting basic development costs—such as the cost of sewer and waterline extensions, draining facilities and site grading and stabilization—would permit many Appalachian communities to move forward with housing projects which would otherwise not be undertaken.

Since there are few opportunities for builders to participate in large housing developments, most residential building in Appalachia is initiated on a lot-by-lot basis by small builders. As a result, the cost economies of large-scale housing are not often realized. Moreover, it is frequently impossible to combine residential construction with other types of development because of the difficulties in obtaining financing.

Congress has created two programs to assist developers in obtaining financing for large-scale development: The mortgage insurance program for land development under title X of the National Housing Act and the New Communities Act of 1968. To date, neither program has been used in Appalachia. We think the section 207 approach should be tried in this area also to stimulate building activity on this scale.

In 1969, section 207(e) was added to provide for technical assistance planning grants. We believe that the program would be enhanced if section 207 were further amended to provide that the Commission may provide such grants for technical assistance to stimulate housing under that section.

The States have made great use of section 211 which authorizes the construction of vocational education schools. We find, however, that in some cases the problem is not simply a lack of bricks and mortar,

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but, rather, that steps should be taken to improve the quality of technical education provided in those facilities. Therefore, we should like to see the authority under this section expanded to include operating programs.

The Commission has under its general research and demonstration authority conducted several demonstrations to develop and test new ways of providing the comprehensive educational services so badly needed by the widely dispersed population in the region. The importance and the scale of this problem requires a special effort on its own. Consideration should be given to providing flexible authority for comprehensive educational demonstrations similar to those under section 202 in the health field, so that the Commission may further develop and test ways to improve the delivery of educational services at all age levels and in all corners of the region.

I think essentially what I have said points up the need, Mr. Chairman, for a careful analysis of continuing the Appalachian experience. Surely, some of the lessons that we have learned can be applied nationally. All of the Governors enthusiastically support a continuation of the Appalachian program.

I would say very strongly as to our resolution which was adopted last Friday in White Sulphur Springs, the Governors do enthusiastically support revenue sharing and a modernization of Federal grants.

However, we want this point to be particularly clear that fiscal reform itself is not that which is going to completely do the job. We need organizational arrangements by means of which the States can work in partnership directly with the Federal Government and with each other in order to carry out carefully considered strategies for national and regional growth.

We do not want to continue at the State or local level to be on a "hand me down" end of Federal decisions without the opportunity to participate in the formulation of those decisions. We have come to call the Appalachian experience a venture in partnership administration. We are able, Mr. Chairman, to sit down at a table in the Commission each month and debate with the President's representative the best policy or the best approach for any given problem in Appalachia, and, through our State office we are able to regularize our interstate cooperation and multi-State or regional policy arrangements.

We have developed an atmosphere of inter-governmental cooperation which you will find nowhere else in the United States. When we think the Federal Government is all wet, we say so and when the Federal co-chairman believes myself, as Governor or chairman for the Governors or any one of my predecessors is all wet, well, John, is frank to suggest very forcefully he believes we are off base.

So it is an experience in which we gain from each other and out of our debates develop a mutual agreement for action on any problem area.

Now, this is the real precious part of the Appalachian experience. It is the part that we want to seriously consider trying to sustain and it would be tragic if we allowed this structural improvement to the Federal system to die. There is no basic conflict between the concept of revenue sharing and the regional approach to the problems such as those of Appalachia.

The two, Mr. Chairman, are complementary of one another. One is fiscal reform, the other is organizational reform. No matter how far ranging revenue sharing and other fiscal reforms might be, there will be still many direct Federal activities in our State. We need a mechanism by means of which the Federal Government and the States and local governmental units, can work together assuring that our efforts mutually reinforce the attainment of both national and State objectives in each local area and region.

Mr. Chairman, we need a full partnership, the kind of partnership which the Appalachian Development Commission represents. We recommend a 4-year extension of the Appalachian Commission for two reasons. One, we have a job to be done which is not yet finished; and, two, it is too important an innovation in the Federal System to be dropped so very easily.

After a careful study of what we have done during the last 5 to 6 years, we hope you will share our views. I will be happy to respond to any questions.

Senator MONTOYA. I will defer to Senator Randolph at this point and have him open up the questioning.

Senator RANDOLPH. Mr. Chairman, I desire to cooperate with my colleagues, the Senators from Kentucky and Tennessee, and not preempt the questioning beyond a certain point. We, as members of this subcommittee, perhaps have a double role in that we know the program in our States and also we are thinking in terms of the programs as they affect the Appalachian regions and other commissions.

Governor, you made an effective and well-rounded statement. Its force, I think, is felt by the members of the subcommittee. I have not had the opportunity to read the Presidential Panel's recommendations. That Presidential Panel, as I understand, is Chaired by Roy L. Ash, the head of Litton Industries, Inc. [Off the record.]

[Discussion off the record.]

Senator RANDOLPH. On the record.

I am reading from the coverage of the Associated Press in reference to that Commission finding. One of the quotes in the stories: "The regional concept is an unnecessary administrative layer in the Federal grant process and to be cut out."

What comment would you want to make on that statement? Governor, you have already done it. Do you wish to add anything?

Governor MOORE. I would like, if I might, Senator, to respond. When we talk about a layer in the Federal grant process, if we relate it to what I presently understand to be the concept of the revenue sharing proposal advanced by the President, we find that there is an inconsistency in the Task Force findings as opposed to that which is advanced in the revenue sharing concept.

The revenue sharing concept contemplates not only the legislative action by the National Congress, but it contemplates legislative action by a State legislature or legislatures and by counties and cities and towns. We have three layers replacing two layers and I didn't understand that to be progress.

Senator RANDOLPH. I will continue to quote from the coverage of the Associated Press. There is a direct reference made by Presidential Assistant John Erlichman. He said in essence what is quoted here as saying when I had the opportunity to visit the White House some

10 days ago. I believe Senator Cooper might have heard the same, perhaps not from Mr. Erlichman, and Senator Baker from other Presidential aides who spoke for the Administration. Here he says, quoting Erlichman:

> The net result of revenue sharing will be better than the device of distributing Federal money to the Appalachian Regional Commission for a couple of reasons. One is for freedom of the governors to do what they wish with the money. Two is for the reduction in Federal overhead with fewer strings attached.

Now, would you want to comment on that quotation?

Governor MOORE. May I say, Senator, since the inception of the Appalachian Regional Development Act, there have been 34 Governors involved. These Governors have been, of course, Democrats and Republicans and they have, in their own particular political posture, found themselves being either the most liberal or the most conservative. There is not a one of them that, over the life of this program, has not supported it in totality. And one of the reasons constantly cited by these Governors has been both the economy and the efficiency of the Administration in this program.

Senator RANDOLPH. Mr. Chairman, I think that is very important.

Senator MONTOYA. Yes, it is.

Senator RANDOLPH. I think that 34 Governors have realized the strength of this program, regardless of their partisan issues, and my remarks, of course, on this would be void of partisanship when I bring these matters to your attention. These are quotations of persons who are not just phasing out the Appalachian program within a year, but they want it to stop. I mean that is the language.

Senator COOPER. Mr. Chairman, may I make a statement there? I have talked to them and they don't want to program to stop because they think the program is a good one, but they say that the States should make the decision again.

I just wanted to say the ones I talked to think the program is a good one, but they are mixed up on their organization.

Senator RANDOLPH. Certainly, Senator Cooper, but I am saying, and I still say what I said before, that here is a program that has not yet been completed.

Senator BAKER. Will the Senator yield so I can make a remark in that connection? I agree entirely with the distinguished chairman that the program ought to be continued. I cosponsored the bill to extend the Appalachian program for 4 years, and, as he probably also knows, I am one of the most vocal supporters of the concept of revenue sharing. I find that to be no paradox, nor do I find it to be conconsistent.

I feel that the concept of revenue sharing and the concept of regionalism are complementary. I feel that the utilization of the regional approach, as distinguished from the county, city, or State approach, as an implementing arm of special revenue sharing, could well be more efficient than it would be otherwise.

I have found from observation of this program as a member of this subcommittee that the cost of the administration of the Appalachian Regional Commission is probably one of the lowest, if not the lowest, of any agency of the Federal Government.

If I might impose for one moment more, I would ask if the Governor or the Federal Cochairman can tell me approximately how much money they disbursed last year, with how many employees, and at what cost?

Mr. WATERS. Yes, Senator. In fiscal year 1970 we obligated about $270 million in program funds. Our overall administration costs, including nearly $2.7 million paid to the Federal agencies that also have responsibilities for detailed implementation of the various programs, totaled $3.6 million in Federal costs. This included the Federal one-half share for the 105 Commission employees and the total support to the Federal cochairman's staff of 10.

Senator BAKER. That is almost a ratio of 100 to 1, $100 of program benefits to $1 of administration.

Senator MONTOYA. One percent.

Senator BAKER. I doubt there are many Federal agencies that can approach that and not many other agencies that can either.

Mr. WATERS. I think we are fortunate in that we can utilize these Federal agencies and their employees with what is undoubtedly a low incremental cost.

Governor MOORE. Then, of course, there is the added advantage that the States also contributed over $700,000 toward the expenses of the Commission staff.

Senator BAKER. It is also likely—well, your employees handling the Commission, 105, that is about only a tenth of the number of employees in EDA in our area.

Mr. WATERS. In fairness, I should point out that these administrative costs support about 120 positions in five Federal agencies besides the Commission's staff. In total we supported 235 positions for a Federal cost of $3.6 million with total obligations of about $270 million.

Senator MONTOYA. That is a little over 1 percent for administration.

Mr. WATERS. Yes, Mr. Chairman.

Senator BAKER. I thank the chairman and subcommittee chairman for letting me make those observations and giving me the opportunity to reiterate my continuing support for revenue sharing and for the continuation of the regional concept, which I do not find to be in conflict in the slightest. I often find my logic is more appealing to me than to the administration.

Senator RANDOLPH. Likewise for me also.

I do think that what has been said by both Senators Cooper and Baker is true; and I took particular gratification in pointing out in my opening statement that fact today, that it is not one program thrown against another, but that they are complementary, as you mentioned. I do not find revenue sharing objectionable.

I want to go into it as it bears upon this program.

Senator BAKER. May I give the chairman one illustration of how this might be appropriate and desirable? Under the special revenue sharing section of the revenue sharing proposal, if the Commission is permitted to participate as State, counties, and cities are, it might in certain instances completely eliminate the local matching share requirement, so we would have far greater and more effective utilization of the local contribution of tax revenues than we presently have. If we continue the Commission concept, it is entirely possible we will get a more efficient administration of all the tax dollars from every level than we would otherwise.

Senator RANDOLPH. I think that is true, Senator, and I feel we ought to point out where you have spoken about other agencies of Government, we allow 3½ percent as the overhead in the development of our highway program in the United States, not 1 percent or one-half percent, but 3½ percent.

Senator BAKER. Generally conceded to be an efficient program.

Senator RANDOLPH. It has been through the years in a cooperative effort with the States and Federal Government.

I now want to try to move as quickly as I can. I am quoting the story now again which is indicated by the reporter here stating, "There was sharp criticism of the Regional Commission," and these words were used by the panel, "few distinctly regional programs have been undertaken."

"Undertaken"—now, that is not true, whether it is Litton Industries or whoever makes the statement.

Would you want to comment on that, Governor?

Governor MOORE. I think my statement would stand on that, Senator. My statement expresses itself. There has been cooperation among every one of the States making up the Regional Commission.

There is an aspect, if I may volunteer, an important aspect of this program which probably need not be alluded to, or perhaps the statement need not be made. But when you get a program of this type and of this magnitude moving out into the States, it is a unique experience. In fact, there is a lot of reliance upon governors and State governments to move the program to accomplishment. There has not been one single incident that I can think of or point to in which the Appalachian Regional Program has been accused of misfeasance, malfeasance or nonfeasance in terms of the application of any of these dollars to the program area involved.

This program comes out high in terms of the marks that it makes in any of its program areas. We find that there has been no suggestions of misuse of Commission funds or Federal funds, or the misapplication of them in some instances. The testing of judgments have been made. In this program during the lifetime, and I hope and pray it shall always be so, it has never had that point directed to it in its administration or in the end result of its programming. I think this speaks well for the partnership arrangement that is in existence.

Senator MONTOYA. Any further questions, Senator Randolph?

Senator RANDOLPH. Senator, I want to be permitted for a moment to come back to West Virginia. You spoke of new industries, and your leadership has been helpful in that program. Because of the broad concept in implementation of the Appalachian effort. We have been developing in the State of West Virginia what we have needed for very, very long, and that is diversification of industry. We now have the leather goods industries which we never had before, and we have some 1600 or 1700 persons gainfully employed in that industry in five or six plants, entirely because of what has been done in the training program for the people. These people are ready to make shoes through these efforts and they quickly have been made adept in this activity.

Now, you may want to comment further.

Governor MOORE. We have moved into the aircraft industry, for example—and this is something that has been totally missing from our economic fabric as it relates to industries doing business in our State—and the leather goods industry that you have spoken of make just two examples of the best force I can advance in the very, very narrow scope as it referred to West Virginia. Very few people realize that today our unemployment rate is somewhat less than the national unemployment rate, which fact people never related to the State of West Virginia before.

As a matter of fact, we are 2 percent below what we call the insured unemployment rate of the country. In the past year in this particular area and in economic development, Senator, as you know $1,700,000,000 worth of investment has gone into the State of West Virginia and we are building access roads to the industries with the Appalachian program.

We are moving so that we can develop this mountainous region with the instruments available to us in this program. It is beginning to bear fruit. The growth, for example, in our economy in the State of West Virginia—again not wanting to localize this—but there has been a 17 percent growth in the economy of West Virginia. People never thought this was possible, but this is now a reality. We are moving now with much greater confidence, which was really our problem.

Senator RANDOLPH. At that point, Governor, we have had the statement of Cochairman Waters, in his testimony, and perhaps you would care to comment. He speaks about the 500,000 persons.

Now, what outreach programs have been developed within the Appalachian effort to bring these one-half million workers into the active labor force?

Governor MOORE. I would defer to the Cochairman since his statement addresses itself to that point.

Mr. WATERS. I would like Mr. Widner to make that answer.

Mr. WIDNER. Several years ago we realized the regular Federal Manpower programs were not reaching rural, able-bodied men and women who wanted to work, but who were not seeking it because it was not available.

The reason most of the programs were not being well utilized was that it is much more difficult to reach people who live in widely scattered dispersed homesteads than it is to go into 10 city blocks and organize such a program.

The Commission decided to use funds under Section 302 to encourage experimentation with regular manpower programs and see if we can develop outreach into the rural areas. The largest experiment we have tried so far has been a joint venture with the Atomic Energy Commission and Department of Labor at the Oak Ridge facilities of "AEC", where, in this year, some 450 people will be in training. Forty percent of them are from cities, primarily Appalachian cities, and the remainder from isolated rural hollows in Tennessee and Kentucky, West Virginia and Virginia. At the moment ARC is funding 80 of the training slots per year, 40 in each 6-month training session, for persons from the isolated rural areas. That is but one experiment.

We have another going on in Ohio. We are working with three or four other States on planned alternative approaches. The basic problem is transportation of people into the training centers and transportation of the people to the new jobs that you know cannot be located in their hometown but 30 or 40 miles away.

We may have to experiment with providing small vans to transport them. We are developing demonstrations in rural transportation to get at that problem. At the moment, we are at the demonstration level of approaching the problem and we have not a large scale program underway at this point.

Senator RANDOLPH. So, I follow that with another question which perhaps you cannot answer at the moment, but I think it is important that we follow what we have heard with a set of statistics on unemployment.

I understand the Commission has prepared a regional economic report on the progress that has been made to this date. We would want that report to be part of the hearings here because it is a very important matter, to tie it into actual statistics.

Mr. WATERS. This is the economic report.

Senator MONTOYA. Is there any highlight of it you would like to bring out?

Mr. WATERS. We think we commented on it with the results of the information here. It is complete, I think, as far as the statistical analysis that you requested.

Senator RANDOLPH. Mr. Chairman, I defer to you or Senator Cooper at this point.

Senator MONTOYA. Senator Cooper.

Senator COOPER. Yes, and so there is no misunderstanding between my good friend the chairman and myself, in 1965 we were introducing the original bill and there were many, many sponsors that joined in introducing the bill for extension.

I must say that Senator Randolph called me one day and said he had been to the White House with others, the chairman and other ranking members, for an explanation of the President's revenue sharing and reorganization plan and he said he feared it as he reviewed the Appalachian development program. I think the next day I went down and heard a similar explanation.

While I did not talk to Mr. Erlichman, I talked to one other member of his staff who had charge of the explanation that day and I have talked to him since and I think that Senator Randolph did a great service in bringing to the attention of the people in the White House the fact that this can end in abolition of the program if we did not take into account its values and other ways in which it is maintained.

I was surprised when I was told that some who had been working on the revenue sharing and reorganization plan, did not feel that the Appalachian program had many regional aspects and values, but today I think the statement of Governor Moore rebuts that, because he has given us many examples and I am sure just a few of the examples where you have regional planning and regional action.

In talking about the program with the staff in the White House and, as I understand it, there will be some $16 billion shared with the States and $10 billion would come from funds which were already allocated to some $38 billion worth of programs in the States, so that $6 billion would then be new money. I think it is correct.

They said the governors can meet together in these States and enter a compact and agreement and they can continue this program. But I think the difference between that approach and the Appalachian approach is that the funds that are made available to the Appalachian program now are dedicated and set aside, in the sense of a law, not simply in devotion, and the Governor, I think, has made one of the most impressive statements I have ever heard on the Appalachian program, not only on the goals, but actually what has been accomplished under it.

I think that it will be some time before this revenue sharing program comes before the Congress, but not too long, and I think Senator Baker is about to introduce a bill in the Senate, but I say, as I look at this point, I am for that program.

We have so much waste and duplication, which I see also in my own State, and this shocks me, not only a waste of money but an awful failure of meeting the people's demands. I see in just one or two counties just millions wasted, but yet not much advantage.

I think at some point the administration should take into account and perhaps we can help them, that in addition to the revenue sharing with the States and communities, that we can point out there are regional bodies such as the Appalachian Commission which works effectively and which actually saves money when working effectively; where it has the point of responsibility in a Governor rather than some man down in the office at OEO or some other place, and we have placed this fine responsibility for these programs in the Governors and I think it is a fine thing that the Governors during the period this act has been in operation have been able to proceed at a little over 1 percent cost of administration where there has never been claimed to be any wrongdoing in the program, and that is worth an awful lot and that gives confidence to the people and government and we need that very much today.

I agree, and I don't think the revenue sharing program is incompatible with this, but I do believe, to be sure that this act is retained we have to see to it that these funds continue to be dedicated to an organization like this. I think we will be able to do that.

In the past, I know the President has said, and I think he has told me he considered this program a good one. I think in fact it is about the best in the country in many, many ways. So I think Senator Randolph has raised a good question.

We have to find out how this valuable program can be maintained and fit into this revenue sharing reorganization approach. I think we can and I believe we will.

I want to congratulate you on your great statement, Governor. I would hope on these categories you have addressed yourself to, and Mr. Waters, as Senator Randolph has said, that you can support them by statistical information and also point out in addition to that ways, if you can, why these statistics in your general statements, show why it has worked more effectively than the other programs that are similar in the States.

Governor MOORE. I think, Senator, in support of your request in that regard, that we will necessarily call attention to one of the real working facets of this particular program. Where there is a facility program, where this has been developed and produced results or let's say filled the deficiencies and voids that have existed, it has gone on-stream and attacked the problem faster than any program conceived by the Federal Congress in my lifetime, in history and experience.

If one would want to see the transition of an area, I think the statistics that have been asked for in terms of employment and the unemployment in the area are compelling. For example, we started out in 1962 where Appalachia had an unemployment rate of practically 9 percent, as compared to, at that time, an overall unemployment rate of about 5 percent or somewhat less, in the Nation—and we have

lowered this to the point where there is less than one-half percent difference and in the face of problems with the national economy we have decreased this gap.

Ordinarily, what has happened, Senator, in Appalachia in the past has been this: We have been in an area in which we have not shared, for example, too much in the defense spending dollars; we are in an area wherein there has been harsh experience with the downturns of the national economy; that is, we have always been the first to feel the downturn in the national economy and the last to feel any upturn in the national economy. Thereby, in the past, the gap has been tremendous for the area where the economics have been rather difficult, such as in this region.

But the uniqueness of our experience, and I believe this program necessarily has contributed to it, in the present economic problems that we have nationwide—the area of Appalachia was the last to feel the national economic turn down and we have been the first to feel the national economic upturn, however slight it may be. Thereby, just for oversimplification, we have a very narrow gap that we are experiencing in terms of economic turndown and economic upswing as opposed to the past where we have trailed States as much as 18 months and two years in experiencing any upturn in the national economy.

I believe this program has given us a vital tool to overcome that when the States have not been sharing as a region so much in the general defense dollar or in other dollars that flow from the Federal Government.

Senator COOPER. Senator Baker asked that I submit these written questions for Mr. Waters and, Mr. Chairman, I would like permission to submit the various questions to him, not today.

Senator MONTOYA. Without objection, it is so ordered. (The questions and answers appear on p. 135.)

Any more questions?

Senator RANDOLPH. Yes, Senator, and I shall try to get through with these rather quickly.

Senator MONTOYA. Yes.

Senator RANDOLPH. There may be some of the questions I will just present and they can be answered later for the record.

Governor Moore, you touched on some of these points in a very knowledgeable way. But when you talked about the manpower problems, Governor, of our State of West Virginia and other areas, you were thinking of the mandate really in the 1969 amendments. Can you particularize on that point to the retraining of our coal miners, which is a difficult problem and has been continuously up to today?

Governor MOORE. We are implementing with, and we presently have a program pending before the Commission for its consideration, which, incidentally, goes into the reverse of the question as it is posed. At the present time we and those that are identified with the coal mining industry who presently have, pursuant to the act passed this last year, entered into a program which we have presented for the Commission's consideration, where there is a cooperative training program in this regard to fill the void that presently exists.

We have, in concert with this program and other Federal programs, moved in joint effort to undertake retraining of those who for some reason or another, or by reason of no longer being desirous of being identified with the mining industry or who perhaps feel they are no longer are physically up to taking the requirements of mining coal, removing these people in concert with this program, perhaps under the Department of Labor, and trying to provide them with the additional skills that are needed and in which they would find themselves comfortable.

The Commission has not yet approved our request for one aspect of the training program, which would be unique as it relates to the mining industry. We are still pursuing it in answering some of the Commission's questions with regard to it.

Senator RANDOLPH. I think you covered the question in your response, because even the retraining program is needed now for the miners who desire to continue in the mining industry.

Governor MOORE. This is the thrust of the program as it continues.

Senator RANDOLPH. Yes. I have miners tell me, "Really, I can't do this type of mining today because I don't have the training to do it because it is more mechanized and computerized."

Governor MOORE. That is correct.

Senator RANDOLPH. Now, Governor, there is another question I think you can help with, and the other gentlemen who are here, can respond.

We have in Kentucky or other areas of Appalachia a problem of strengthening our housing efforts, and some people don't quite realize we have a basic problem that does not always exist with everyone else, and that is a site problem for development of housing. This is a very, very important consideration.

I am wondering if you can help us as we think of a feasible solution to this site problem. What are we trying to do with reference to this type of situation?

Governor MOORE. We, in the State of West Virginia, moved quite forcefully, and did move several years ago in development of what has now become a model for the nation, the West Virginia Housing Development Authority.

We used initially some of the funding of the Appalachian Regional Commission to study this program and to generally give us the basis for an implementing State statute.

Our problem in terms of land area for housing purposes is tremendously acute. This is particularly true of Eastern Kentucky. It is particularly true of, I would say, about 60 percent or perhaps even more of our State of West Virginia. We are moving rapidly to reclaim as much land area as we possibly can, devoting it to the housing needs, development purposes of housing needs in this area.

This has been some of the States undertaking this within the framework of the Commission. We have had an experience of putting forth a small outlay of Federal funds and stimulating housing projects under section 207(e) of our program.

Senator RANDOLPH. Yes.

Governor MOORE. And we have been able to meet some of the community's problems wherein they cannot produce, for example, housing for the low income, for the moderate income families. I think

there were essentially three reasons that they cannot do this and one was the relatively low level of family income which was something we fought from the very beginning of this program, and the cost of land development which was extremely high because of the Appalachian topography and the fact that building sites were not frequently directly accessible to water and sewer facilities. This put the implementation of a number of Federal programs in the field of housing in the middle, so to say, because they couldn't keep the rents and sales price low enough to have a market.

While we have moved, stimulated by technical assistance grants under section 207(e) of the program here to move this closer to reality, we still have a problem in this area. If we could provide assistance in meeting these basic development costs, many Appalachian communities could move forward with projects now stymied by this high cost-low sales and rents squeeze. My prepared statement elaborates on this.

Senator RANDOLPH. Thank you very much.

That, I think, is helpful for our record because it shows the type of program that you don't hear discussed so often in reference to Appalachian development.

I would wish you to direct your attention also to another facet of the effort which I think is very important. These programs have been developing, you have had, although differences during their discussion, a complete commitment of the 34 Governors during the life of the act, because they were familiar with the problems, and they realized they can cooperate through a State cochairman.

Do you think, by and large, that has been the result of these 5 years?

Governor MOORE. I think, Senator, it has. I think I would expand upon my answer by saying this, that really in a way what you have done, you have really essentially said to a Governor: "You have to perform. You have to establish some priorities. You have to lead. You have to take this program and you have to see to it that it meets the deficiencies that exist in the life of your State in many areas, in the health facilities, in the lack thereof also, and in the problems of highways, and in all of these various areas."

Senator RANDOLPH. We haven't just channeled money into the region; have we?

Governor MOORE. No, indeed; you have not, sir.

Senator RANDOLPH. We haven't just given it to them?

Governor MOORE. As I have indicated when departing from my statement, for every dollar you have given us, we have more than matched that by local effort, which never was done before. Essentially, in terms of administration of the program, you have taken the heat out of Washington and put it on the desk of a Governor—in terms of establishing priorities, again providing the leadership and seeing to it that these many areas of deficiency in this region have been met.

I think that, speaking for every one of those 33 previous Governors, I think they have undertaken and have acquitted themselves marvelously in terms of the effort which they accepted in being the basic State administrator of the program.

We get many demands exactly like you do in Washington, we get 100 different suggested areas where the funds shall go, which we must divide, and then come to the commission with a program for our State, and we must lay it out where it must go and, necessarily, by reason of the higher priorities prevailing, there are some things you would like to do that you can't do, even though they may have merit.

But essentially that whole program is the program of the chief administrative officer of that State.

Senator RANDOLPH. Governor, I think it is important in a State like West Virginia, as in other areas of Appalachia, to realize what a stimulation we gave to cause people in the local community levels to commit themselves to rather sizable amounts of money for construction of hospital facilities.

I can think of a dozen hospitals that today have either been constructed or are in the process of construction into which Appalachian money has gone. They are not Hill-Burton funds, but the stimulus, the amount of money and percentage that has gone in that helped to just put that hospital project over the top.

Governor MOORE. It has been the difference.

Senator RANDOLPH. Indeed it has in many, many of the localities in the State of West Virginia and I am sure it is true in, how many, 200 hospital projects; is that right?

Governor MOORE. Yes; 233 health projects.

Senator RANDOLPH. We will have witnesses tomorrow talking about some of these hospital programs.

Mr. Chairman, I have just one final point. I have taken a personal interest, perhaps beyond some other members of the committee, in our situation in West Virginia in cleaning the streams which run yellow today with the drainage from abandoned coal mines.

We, in West Virginia, are not a State that has been blessed with lakes, and we are muddied in our rivers and too often they are rainbowed from mine acids. I suspect we have over 5,000 miles of streams in the Appalachian region polluted at the present time from their very beginning I am thinking in terms of a special effort being made in research projects and in more than demonstrations, but of actually doing a job of cleaning these streams.

Could you comment on this, not just from industry standpoint or recreation standpoint, or environment standpoint, but the regions being strengthened in these projects.

Governor MOORE. Senator, the particular program area that your question directed itself to is our section 205 within the Appalachia Regional Development Act. We have suggested in my presentation to you that there be an amendment to that section, because we have not been able to move as freely to meet this problem which, as you have suggested, is so pronounced and which I confirm as being exactly in the context of its severity, just as you suggest.

But the Bureau of Mines, for example, presently has not considered the present statutory language of section 205 as authorizing projects solely for the control of, it would be either control or abatement of mine drainage pollution and we would like to see that section expanded to include this authority. We are prepared to move in this particular

area and to fully implement, once that disability, language disability will be removed or expanded upon, so that we might take advantage fully as you intended us and as the Congress, Mr. Chairman, intended us to do, to move into this particular area.

Now, we are moving individually as States in this area and with the effort tlat can come to us again by pooling all of our resources and know-how in this Commission approach, we feel we can immediately begin to attack the problem more aggressively than it has been in the past.

Senator RANDOLPH. That is what I find, that we have not had any regional program in this effort and no stream stops at community or county or State lines.

Governor MOORE. I want to cite that I was suggesting in terms of our environmental problems in the country, that a group of us Southern Governors might come to the Congress and ask for compact authority to regulate the environmental problems or difficulties that occur across State lines.

When I had announced this particular approach, which I was going to submit to the southern Governors, I happened to be in the State of Arkansas at the time, to which a newsman said, "What does the State of Arkansas and West Virginia have in common in terms of environment." It so happens it was when the Mississippi was without its banks at the time and I pointed to the fact that the water he had outside of his door would flow past my State first and it was very much an interstate problem and, in terms as you have drawn attention to the situation, and in terms of streams and waters which have their birth in the Appalachian region.

You know, Senator, if I might, and again I hate to volunteer because I would take you off in a direction which you might not want to go, and maybe I have developed an over-sensitiveness about success of the Appalachian program. I have seen it both as a Congressman and now as Governor, but you know, really, the national Congress has moved in areas like this in the past.

We found a very severe deficiency in the early thirties in the agricultural regions of our nation and you came forth and responded with a tremendous program to encourage agriculture and the regeneration of it. There are some that say that program is still with us, I mean the subsidy portion of it, but the fact remains that occasionally the Congress has recognized the deficiency of a region by reason of its either being closely identified in the early thirties with agriculture, tobacco, whatever the case might be, there being the farsightedness of Congress to move to lend a hand, so to say, and essentially that is what you recognize by looking at the Appalachian region.

You said it was economically deficient, educationally deficient, as far as transportation, it was deficient, and by bringing this program on stream you said you wanted this experience to see if you can regenerate a region that had these disabilities.

Gentlemen, you have done it. You are not quite finished yet, but you have come a long way in performing it.

Senator RANDOLPH. That leads me to a final question and observation. It is my understanding, as recently as Saturday of last week, that the Governors, I believe actually nine of the 13 Governors were present, endorsed the program, not for 1 year or 2 years or 3 years, but endorsed

the program for 4 years, as is contained in S. 575, introduced by Senator Cooper and myself with 53 other Senators at the present time.

It is our belief that this time bracket is necessary. That does not mean that the request you have made for consideration of amendments is not a matter of high priority with us. Most of these Senators, frankly, know the purpose of the continuance of the program, but do not say it cannot be refined and strengthened in its extension this year.

Then, as you have stated, as I understand it and members of our committee feel, you are not arguing against continuance of the Appalachian program in any way to retard the possible progress of revenue sharing which the Congress may act upon, but the continuance of this effort, because what has been done has been done not to the finalization. Within a reasonable time we can complete the effort which I indicated in 1965 we wanted to complete and, as you have said, not by an on-going program year after year.

Is that a correct appraisal of what you have said to us?

Governor MOORE. Senator, that is a correct appraisal. I think, if any other governor were in this seat this morning, he would say to you that the one thing which we really feel is that if there should be a suggestion of termination or not seeing this program to finality, that there would be roads to nowhere, bridges that cannot be traveled, hospitals that would not fulfill their commitment in terms of the health section, vocational education programs which, just in terms of the overall plan for a State or region or area of a State, would not be fulfilled. There are those who patiently waited to move in to participate in terms of priorities that have been established and we would fear, sir, that would be, probably rather than an outstanding example of a partnership between the Federal Government and State Government, that it would be pointed to as a tragic example of a foolish waste of both Federal and State dollars.

Senator RANDOLPH. Governor, I just want to say, that there are persons who want to see the Appalachian program fall flat on its face. It has not done that and I have had plenty of letters toward that end through the years.

I want to express my appreciation again to the Governor and to the Cochairman, and, Mr. Widener, to you, although you have not spoken, but we know of the efforts you make in the background in development of these programs.

Mr. Chairman, there will be questions we will offer in writing rather than asking them now.

Mr. MONTOYA. I just want to make one observation, if my memory serves me right, when this program or this legislation had been before the Senate heretofore, originally and in the extension act, the Senate has unanimously approved the legislation.

I am very disturbed with the implications that are arising because of the revenue sharing concept that is unfolding.

Now, Mr. Erlichman made a statement as follows and I will quote it for the record: "The net result of revenue sharing will be better than the device of distributing Federal money through the Appalachian Regional Commission for a couple of reasons. One is freedom for the governors to do what they wish with the money. Two is a reduction in overhead, Federal overhead with fewer strings attached."

He also said: "We would not oppose the commission's continuing in existence to cope with regional problems with a pooling of resources by the States, but once you get revenue sharing in place, that pretty well obviates the necessity of passing money through some sort of regional device to get it to the States for the same purpose."

Now, I don't know what the implications of this statement might be, but do you conceive the State initiating an effort here on an individual basis, the success of which is attributed to regional planning and a concerted cooperative effort by the States?

Governor MOORE. I do not, Senator. Originally the States did play a role in initiating the regional program and we now know how correct that move was; we have learned how important it is to deal with regional problems with a cooperative regional program. We have launched a program with Federal and multi-State cooperation. If it is stopped mid stream, it will be a long time before we ever get back to where we are now.

Senator MONTOYA. Now, the regional concept, which is exemplified by Appalachia, has brought into being, not only the resources of a particular area, but also the exemplary competition of the State to try to do what their neighboring States have been doing.

Do you think that abolition of this regional concept, as envisioned by those who would try to establish a monolithic Federal-State sharing program, do you conceive that we could accomplish the same objectives that have been accomplished by the Appalachian concept?

Governor MOORE. Senator, in my judgment, you cannot do it either as to time or accomplishment.

Senator MONTOYA. Now, I am very concerned, but at the same time complimentary with respect to strides made in vocational education in the Appalachian region and with the thrust that has been put forth by this regional concept as well as by the unfolding interests exemplified by the Appalachian Regional Commission and participating Governors and States.

Do you feel that Federal sharing along categorical bases would stimulate the kind of vocational training programs and schools and the construction thereof that you have accomplished under the Appalachian concept?

Governor MOORE. Senator, I do not. May I simply say this, that that there is one necessary consideration in the revenue sharing concept that has been completely overlooked. First of all, if these funds are to come to a State and then be, one, redistributed by State legislative enactments, you are going to find that the question of priorities, the question of deficiencies as they exist, as you look at a region or State, or as the State relates to another State in the region, are going to become totally secondary.

Senator MONTOYA. It is not true when you go to the State legislature to establish priorities, that usually a fight emerges and no action will result?

Governor MOORE. Yes, and history will show it is more the rule than the exception. As a direct result, you are going to be restricted in moving your programs—well, in getting your program areas established or approving a program area and then moving it down or on stream.

There are two things in this regard that have not apparently been taken into consideration because some State legislatures apparently only meet once every 2 years and as a matter of fact, most meet in a rather narrow time frame, perhaps 60 or 70 days. It would be inconceivable in consideration of the magnitude of all other problems facing the State legislatures within this narrow time frame they work, that they would ever get around to the distribution of, or establishment of, or allocation or suggestion of any set of priorities.

You have one other problem which is not taken into consideration in looking at this overall thing called "revenue-sharing." In my State of West Virginia, I have a constitutional prohibition against State legislatures giving funds to cities, towns or local communities.

So, in its present posture, if you were to give me the money today, constitutionally I can't distribute it.

Now, that is, of course, leaving me at the point where, one, the whole concept of revenue sharing, the pass-through theory, getting it down to local or smaller units of government, in a State like mine it cannot occur at the present time.

Now, you could conceive of all sorts of trust arrangements to circumvent it. But when you do that you come back to the log rolling that occurs so often in a session of the legislature in terms of each individual, and naturally so, advocating his area.

Senator MONTOYA. Would siphoning the Federal funds through the State in a situation such as you have been funded in Appalachia, would that entail more expense and overhead by the States as well as by the Federal Government?

Governor MOORE. It would. It would. We would be forced to begin to build all of the technicians, which we now have on a consulting basis or under a contract arrangement or within the breast of the Commission. We would have one other factor that has to be taken into consideration.

Senator MONTOYA. Well, you couldn't use the pool of talent you have now?

Governor MOORE. That is correct, and each of us would have to multiply that in our individual States.

There is another factor that has to come into consideration in terms of redistribution of funds by State legislatures. I heard some of the governors, and this came up in the meeting on Friday, in which some of the governors expressed concern that some communities, large metropolitan communities of their State actually controlled the State legislatures and that these funds would be more or less distributed in a manner in which they would prefer to see them distributed and probably then some of the more meritorious programs as the Appalachia programs increase would never ever survive.

Senator MONTOYA. What about the idea exemplified by Appalachia, do you think we ought to preserve this concept with respect to the other regional commissions in view of the experience you have had in Appalachia?

Governor MOORE. Mr. Chairman, until there is some refinement and some specifics given with respect to the revenue-sharing concept, which we basically agree on, all of us, either on your side of the desk or our side of the desk, I believe we should preserve these region

identities. I believe that the Appalachian regional program is at this time the best Federal revenue sharing concept conceivable.

Senator MONTOYA. I want to compliment you, Governor, for your fine statement and for the answers you have given to us and the benefit of your experience. I think it has been most worthwhile for this committee to hear it today.

Governor MOORE. Thank you, Senator.

Senator MONTOYA. We stand adjourned until tomorrow at 10:00.

(Whereupon, at 12:50 p.m. the subcommittee recessed, to reconvene at 10 a.m., Tuesday, February 9, 1971.)

(The following are individual statements from the Appalachian Governors:)

STATEMENT OF HON. JIMMY CARTER, GOVERNOR OF THE STATE OF GEORGIA

Congress declared, in 1965, that the Appalachian Region of the United States, while being abundant in natural resources, lagged behind the rest of the country in its economic growth, and its people had not shared in the Nation's prosperity. The area had developed unevenly and as a result the economic base for vigorous self-sustaining growth had not materialized.

The intent of Congress in creating the Appalachian Regional Commission was to alleviate these conditions and work purposefully towards their solution.

Since the formation of the Commission, much has been done to address the problems of: inaccessibility, poor standards of health, soil erosion, mine drainage and fires, housing, vocational education, and construction projects. Solving these specific problems do have a direct bearing on the economic development potential.

The Appalachian Regional Commission has been a pioneering approach using Federal, state and local cooperation. This partnership has been very successful and has demonstrated the expertise of solving the unique problems of this region. Sound planning strategy, based on an annual State Investment Plan, has been the formula for success in this program.

I would like to point out some of the key problems that would result in Georgia if the Appalachian program were to be discontinued at this time:

The Appalachian Highway Program is to be one of the key methods of opening the region in Georgia for commerce, health, tourism and internal development. This highway is incomplete and based on present funds allocated, it cannot be completed.

Georgia has aggressively pursued the problems of health as a result of assistance made available by the Appalachian program. We have developed a comprehensive program for constructing regional health facilities which tie in with sub-regional hospitals and local health clinics, but the job has not been completed. We now have in operation speech and hearing centers, alcoholic rehabilitation centers, mental retardation centers, health clinics, nursing homes, nursing and paraprofessional training programs related to health and regional hopsitals. At the present time, many of these facilities and programs are entirely dependent on continued Appalachian support. Local support for these activities is increasing and it is apparent that the local capability will be a reality in the very near future.

One of the most successful and impressive achievements of the program has been in the area of vocational education. However, in Georgia the program has not been completed. An additional five or six vocational technical schools need to be constructed in order to complete our comprehensive vocational education program in Georgia Appalachia.

The heart of the Appalachian program has been supplemental assistance to communities which do not possess the necessary resources to match Federal grant-in-aid offers. The types of projects funded in this category are municipal facilities, airport expansions, libraries, hospitals, nursing homes and other development projects. If this program were to be discontinued at this time, many communities with potential for self-sustaining growth and development will not have the opportunity to realize their growth potential. The Appalachian program has demonstrated the capability of doing a job. Now we must allot this program sufficient time to accomplish its mission.

It would be an injustice to Congress, the Appalachian Regional Commission and more importantly, the citizens of Appalachia, to discontinue the program at this time.

The Appalachian regional concept has demonstrated in action, not in theory, a workable mechanism for the coordination of the three levels of government—their resources and activities—to deliver the maximum strengths and the best combination of programs directly on target to the priority problems of people which differ in each local area. It has taken several years of direct experience to "fine tune" this workable demonstration to its present level of success.

I urge the Congress to continue their support of this critical program.

STATEMENT OF HON. WINFIELD DUNN, GOVERNOR OF TENNESSEE

I appreciate the opportunity to include this statement in the records of the hearings of this Subcommittee and to make known my strong view in support of the proposed four-year extension of the Appalachian Regional Commission.

I have read with care President Nixon's State of the Union address and his budget message to the Congress in relation to the effect of his proposals on the Appalachian Regional Commission and its operation. I have also discussed this matter with Senators Howard Baker and Bill Brock, with other Governors in the Appalachian Region, and with the Federal Cochairman of the Commission, Mr. John B. Waters, Jr., who is a fellow Tennessean and a close friend. It is as a result of this inquiry that I make these observations.

First, I am in strong agreement with the course of action outlined by President Nixon for the establishment of a more efficient delivery system for future federal assistance to state and local governments. It is my view that the federal government must move away from complete reliance on federal grant-in-aid instruments and must adopt approaches which seek to strengthen the political structure and enhance the responsiveness of American federalism. This can best be achieved as the President has proposed by the establishment of a combination of federal revenue sharing and general functional block grants along with categorical grants in aid.

While I will thus support with great enthusiasm the general proposal outlined by the President, I am most concerned as to how this would affect the Appalachian Regional Program. As we all know, the Appalachian Regional Commission was established to fulfill a particular purpose—to provide special catch-up assistance to the region in order that this area might compete effectively with the rest of the nation. Therefore, this program is unique among our federal programs. For this reason, and because this program has functioned effectively, I believe that abandonment of the Commission before its task is done would result in the loss of maximum impact of the substantial investment already made and would be a cruel disappointment to the people of our Region.

Since its inception, the Appalachian Regional Development Program has provided nearly $32 million to the State of Tennessee to assist in the construction of approximately 200 public facilities ranging from hospitals and vocational schools to airports and strip mining reclamation. An additional $45 million has been made available for the Appalachian Development Highway System and $4.6 million for local access roads. At this time, approximately 90 miles of the system are either open to traffic or under construction.

STATEMENT OF HON. JOHN J. GILLIGAN, GOVERNOR OF THE STATE OF OHIO

In 1965, when the Appalachian Program was introduced in Congress, I was very interested in the concept of a partnership between the Federal and state governments in developing a program of economic assistance to the depressed Appalachian region of the country. In Ohio, we have long experienced out-migration from our twenty-eight Appalachian counties to our major cities. This has been due primarily to the lack of employment opportunity within the Appalachian region. The Appalachia portion of Ohio represents 11 percent of Ohio's total population and one-third of the State's total land area. It was a bleak picture—an area of the State that has been economieally played out, a victim of economic and social forces beyond its control. Its physical environment was ravaged. Its industry was declining and the only real resource of the region was the spirit of the people.

I voted for the program at that time because I felt it represented a new approach, a new way of looking at the problems of a specific region of the country and then taking action to solve its problems.

It has been six years since that vote and over $100 million has been invested by the Federal Government in Ohio to develop the region. These funds stimulated additional State and local expenditures to the extent that over one quarter billion dollars has been invested by the public sector as a direct result of the Appalachian Program.

The effect of this tremendous Federal-State and local investment program in Ohio has resulted in the construction of 19 hospitals and health centers, six vocational schools, 70 miles of developmental highway have been completed or are under construction, numerous water and sewerage facilities, land convervation projects, and the further development of the region's human resources. These are projects which have helped to reverse the downward trend of the region's economy. Without Appalachian funds, it is doubtful that these projects would have been undertaken. The economic impact of the Appalachian Program is readily apparent. Twenty-three of Ohio's 28 Appalachian counties reduced their rate of unemployment between 1965 and 1970 and seven of these counties had reduced their unemployment rate to less than the national average. In fact, 19 of the 28 Ohio Appalachian counties had a growth in their effective buying income higher than the national average.

I truly feel that the programs of the Appalachian Regional Commission are responsible for a major portion of this change.

Now, a new concept of "revenue sharing" is being discussed. As the plan has been conceived, $16 billion will be earmarked by the Federal Government for distribution to state and local governments. Eleven billion dollars of this total will come from the elimination of existing categorical aid programs. Only five billion dollars will be "new" money. One of the programs that the Administration has indicated will be eliminated under this plan is the Appalachian Regional Development Program. This is just one of the economic development type programs which is being jeopardized in the name of revenue sharing. I do not believe that we at the state and local levels should be asked to eliminate proven programs. I do believe that if programs must be eliminated, they should be those which have been less successful.

In response to suggested elimination of the Appalachian Program, I held a public hearing for local officials in one of Ohio's principal Appalachian communities. The attendance and participation by local officials at this hearing reinforced my belief that this program is having a good effect on Appalachia Ohio. The impact of this program on the lives of these public officials and their constitutents is quite apparent. They expressed the spirit of cooperation and their belief in what can be done that is not common among state and local governments. Over and over again, from officials throughout Appalachia Ohio, I was told that the program was offering to the Appalachian resident hope, opportunity, and a chance to cooperate on a regional basis to re-build the economy.

Later in the same day, I attended an Appalachian Governors' Conference in West Virginia. I was pleased to hear the same feelings expressed by the Governors at this meeting. It was readily apparent that the program is having the same degree of success in their states.

That the program has achieved this level of success after such a short period of time is truly remarkable, for its direction has been towards building the public facilities base that is needed to increase development within the region. In the end, it is the people that benefit from the additional educational opportunities, the better levels of health and health services, and decreasing unemployment.Indications are that economic conditions in Appalachia Ohio are improving.

However, the job is not done. Even with positive signs of an economic recovery, the region still lags behind the nation in growth. Additional public investments must still be made and the Federal and state governments utilizing the Appalachian Regional Commission have a sucessful mechanism through which to make the investments. Therefore, I strongly support the Randolph-Cooper Appalachian Bill which will assure the continuance of this vital program.

STATEMENT OF THE HONORABLE LINWOOD B. HOLTON, GOVERNOR OF THE STATE OF VIRGINIA

Mr. Chairman, I wish to join my fellow Appalachian Governors in urging the extension of the Appalachian Regional Development Program. In the period that I have been Governor, I have found no other public program that has more benefited the people of the mountains of Virginia than the Appalachian effort. And I know of no other program that holds the potential for accomplishing still more in their behalf.

I am aware that the question is before us as to whether the Appalachian Program funds should be included in proposals for various forms of revenue sharing. The issue is somewhat misunderstood—and it should not be. Revenue sharing is, just as its name implies, the sharing of dollars. Certainly the adjustment of the proportion of public revenue to allow more equitable funds to the state and local levels is critically needed. However, in addition, the Appalachian concept of local-state-federal partnership organization allows the further sharing of authority, technical knowledge, and decision making. It is a way for the three levels of government to "broker" their best efforts together in dealing with a total range of programs, many of which are not even proposed for inclusion in revenue sharing. Therefore, we need the benefits of both—revenue sharing and the regional mechanism for working together.

Certainly I believe that at a minimum the Appalachian Regional Commission and its program must be extended for the four years authorized by the Randolph-Cooper Bill. In this period we can make the judgments as to how best to combine both these concepts into truly creative federalism.

One of the main objectives of the Commission's program was to provide the Region with the public facilities and services essential to the well being of the people of Appalachia and to the development of a Region which had lagged behind national growth. In Virginia we are making real progress on that objective. Moreover, the State and local communities are assuming the burden of operating those facilities and maintaining those public services after the Appalachian Program has helped us establish them. We take pride in that record.

Virginia has had a goal for Virginia's Appalachian Program and a strategy for reaching the goal: ". . . to assist the people of the Region in acquiring the training, skills, and health which are needed to participate in and contribute to the Nation's economy . . . ."

The capstone of our strategy is "to make massive improvements in our State and local educational programs, thereby enabling every individual to participate productively in our society . . . ."

Also vital to this strategy is the completion of a modern system of highways in Appalachian Virginia to end the isolation which has been so large a cause of economic and social distress.

We regard the programs and support of the Appalachian Regional Commission as the tools with which we can quicken the pace of achievement of our goal for the people in our mountains. I know they have waited and worked long toward that goal. I grew up in those mountains.

I stated the high emphasis we have placed on education and health. Let me put that into perspective.

Almost two-thirds of the over $68.1 million of direct expenditures in Appalachian Virginia under the Appalachian Development Act since its enactment have gone for highways. These funds have made it possible to create developmental roads which are extremely expensive to build through rugged country, but whose payoff in opening that country to commerce is immeasurable.

Of the remaining expenditures, education, particularly vocational and technical education have been the major areas of investment. Of the non-developmental highway funds over 80 percent have gone for education and health needs. Vocational-technical schools have been constructed or are planning to serve most of the young people and adults who desire training in the Appalachian counties. 16 vocational and technical schools have been built and equipped with Appalachian Act assistance. Before long, this aspect of our program will be completed. But it is not finished yet. Without the Appalachian Program, tens of thousands of our youth would have no opportunity to prepare for the jobs that will bring them a decent living. And many older men and women would not have the chance to make up for their earlier lack of skill training.

Appalachian funds have been the key to another educational accomplishment: We have—or soon will have when the last projects are completed—a community college within commuting distance of all the residents of Appalachian Virginia. Those 6 colleges will prepare our youth for further advanced education or for tasks vital to the development and well-being of the area.

A similar theme is evident in health. We have nearly completed the funding of a network of hospitals throughout Appalachia. I am convinced that without the funds provided to Virginia under Section 214 and Section 202 of the Appalachian Act, construction of these facilities would have been either all but impossible or they would have been delayed for years. I understand as well as anyone the needs of our expanding metropolitan areas for modern health facilities. They have an urgent need for modernization of inadequate hospitals. We are meeting that need

as we have the resources to do so. But without the help of the Appalachian Act, another area of great need would remain unserved. That is intolerable.

We are doing more than building hospitals. Since 1968, seven counties—Buchanan, Dickenson, Lee, Russell, Scott, Tazewell and Wise—have operated as an area to demonstrate effective ways to provide a largely rural population with comprehensive health services. The demonstration is an arm of the State Department of Health. But it was stimulated and largely supported by the provisions of Section 202 of the Appalachian Act.

There are counties where poverty and remoteness have contributed heavily to the health problems. The acute shortage of physicians, dentists and other health personnel has impeded relief of these problems. Through the demonstration program, modern hospitals and clinics in outlying areas have been built or are assured of completion. Dental services have been inaugurated to begin saving youngsters from loss of teeth in their teens. Children have been vaccinated against disease, including German measles. Clinics are being conducted for family planning and to provide basic health services to infants and their mothers.

We told the Commission that we needed funds for buildings and to start or expand certain essential health services.

If this help could be provided, we committed the State to picking up the responsibility for the continuation of these basic services and facilities. We are keeping that commitment. But if the overall health program in those counties is to be truly effective, a continuation of the Appalachian Regional Commission support is required not only for some funds for further development, but also for its work in technical assistance and coordination in the complex field of health program development. The benefits of what we are doing in the demonstration health program accrue not only to the people directly served. There are lessons to be learned for the other rural areas of the nation which face problems similar to those we are confronted by in reaching those who need health services.

Just as highways, schools, hospitals and other public facilities and services are vital to our development strategy, local organizations and leadership are also essential. Without this capacity, the eminently sound concepts of revenue-sharing and the delegation of more responsibility and authority to local communities will be hollow ideals.

In Virginia, we have divided the State into planning districts. This has been achieved under state legislation which has been cited as a model for all states and in a manner consistent with the Appalachian development concept. Six of these 22 districts cover our Appalachian counties. They are governed by locally selected commissions and have their own professional staffs.

The boundaries of these planning districts have been accepted by the Appalachian Regional Commission as Local Development Districts under Section 302 of the Appalachian Act. The Commission and other Federal, State and local funds are used to support the district organizations. The planning district commissions are charged with the responsibility of carrying out comprehensive physical, economic, and social planning for their districts and encompass the developmental plans and programs pursued under the Appalachian Development Act.

The planning district commissions will form the primary administrative units through which Appalachian Development Act funds are channeled into the Region and should take the leading role in formulating proposals for Appalachian funded programs and projects within their respective districts. Care is being taken to assure that the expenditure plans and projects proposed by the individual planning districts are in accordance with the overall developmental concepts of the Appalachian Region.

I want to relate to you how one of these district organizations is demonstrating the true potential of the district concept.

Local initiative and leadership, supported by public funds from three levels of government are bringing economic progress to a rural area of Southwestern Virginia.

In order to make possible this improvement in the economy, three local jurisdictions have provided tax revenues to a fourth jurisdiction to help develop a project of benefit to the people of the entire area.

Three Federal agencies worked together and with the State agencies and community in a unique demonstration of teamwork on behalf of the people in a corner of Appalachian Virginia.

And the people of the area demonstrated their determination throughout, even to the extent of acquiring a surplus bulldozer and beginning land improvements on their own.

The focus of this effort is the Duffield Industrial Center which is being constructed on a tract of 2,000 acres of farm land located along Appalachian Development Highway Corridor B (or U.S. Highway 23). Stretches of Corridor B, a four-lane highway, are completed and work is underway on other portions. The center is 20 miles from Interstate 81.

The industrial community is also located in the heart of the LENOWISCO local development district (comprised of Lee, Scott and Wise counties and the Independent City of Norton) which contains 95,000 people who live in a dozen incorporated towns and cities and a multitude of small coal camps.

The site was selected as the location for the development because it is one of the few areas within the LENOWISCO district which has a sufficiently large area of flat land. It is accessible to the area's labor force, has highway and rail access and has lower development costs than other sites studied. Relatively flat land is a rather scarce commodity in the Appalachian Region, particularly in the coal-mining central portions which include Lee, Scott and Wise counties.

The Duffield effort began in March, 1967, when the LENOWISCO Development District designated Duffield as a major industrial growth center as part of a long-range economic development strategy. The project received the support of local leaders as evidenced by the provision of local tax money to help develop the joint project. To date, this support from local tax sources has consisted of $350,750 in capital improvements, and $20,000 to cover operating deficits.

The Appalachian Regional Commission and the Economic Development Administration have provided local development district, LENOWISCO, with administrative funds. Funds for special studies, administrative funds, plus water and sewer grants, have been provided by the Economic Development Administration. The Virginia State Division of Planning has provided technical assistance in formulating detailed plans.

The North Fork of the Clinch River has posed a flood threat to the Duffield site. Negotiations had been completed with the Tennessee Valley Authority for a $500,000 rechanneling project to make the site flood free. However, TVA did not receive the necessary appropriations in time, and with the approval of Congressional committees, the Appalachian Regional Commission provided $150,000 in order to expedite the rechanneling work by TVA. This represented a dovetailing of effort and effective regionalism.

The first manufacturing plant has now located in the industrial center, employing 65 persons.

Without the Appalachian Program, I suspect that Duffield would still be a dream.

Let me add a final emphasis on the urgent need for rapid completion of the Appalachian Development Highway System. Further projects like Duffield, as well as the overall development of Appalachian Virginia, depend upon the creation of this transportation and communication foundation for development. I might point out that Virginia has completed a larger proportion of the mileage made possible by limited federal dollars for these highways than any other state. However, all of the states have accelerated their matching funds beyond that which is required and have demonstrated that they can utilize funds far beyond those now available. The pace of future development in this region will be set by the speed at which we complete the fundamental highway system.

One point which should be made clear is that the so-called Appalachian Program is far more than the Appalachian Commission. The Commission is simply one keystone element in a system of program management units in the executive branch of the three levels of government. The Commission forms a partnership unit between the President's program management offices and those of the Governors. The Development District provides the partnership link between the state agencies and local governments and private groups. It is the entire system which makes complete the Appalachian concept for cooperation and special action. This system is in place. It is working. In a nation which needs examples that work successfully, we cannot afford to suspend or diminish this one.

Let's get on with the work.

Mr. Chairman, I think it is clear why I so strongly advocate the extension of the Appalachian Program.

STATEMENT OF HON. MARVIN MANDEL, GOVERNOR OF THE STATE OF MARYLAND

I regret that I am unable to appear before your Committee because of commitment here in the State capitol. I consider support of the Randolph-Cooper Appalachian Bill of prime importance to the future of Appalachia's economic well-being and to the nation as a whole, since the Appalachian Regional Development Program represents an excellent pilot program for regional development.

You may be assured that I consider its provision well-conceived and its authorization for funding adequate. However, the current level of funding has not been sufficient to complete the task in Appalachia, so an extension of the Act is essential.

Furthermore, it is my opinion that the Bill should be amended to include provision for the establishment of a States' regional office and representative. While the Appalachian States have acted to remedy this administratively, now is the appropriate time to make it statutory.

In conclusion, I would like to reaffirm my support for the unique Federal-State partnership which is so successfully pursuing the goal of lifting the level of economic opportunity for people in Appalachia to that enjoyed by other Americans.

TESTIMONY OF HON. ARCH A. MOORE, GOVERNOR OF THE STATE OF WEST VIRGINIA

Mr. Chairman, in an earlier statement, today, I testified on behalf of the 13 Governors of the Appalachian Region as the States' Cochairman of the Appalachian Regional Commission, in recommending favorable consideration of your Committee's legislation which would provide for a four-year extension of the Appalachian Regional Development Program.

I would like the privilege of providing you with the following brief outline of some of the factors of current progress in utilizing the Appalachian Program in my own state of West Virginia.

Program	ARC funds (thousands of dollars)	Percent
Development highways	92,181	73.6
Local access roads	648	.5
Health demonstration	5,968	4.8
Land conservation	1,610	1.3
Housing	453	.4
Vocational education	5,613	4.5
Supplemental grants	17,466	13.9
Sewage treatment (section 212)	116	.1
Local development districts	753	.6
Research	368	.3
Total	125,176	100.0

Early emphasis under the supplemental grant program has been in the fields of higher education, health facilities, airports, libraries, and vocational education. Over the last two years, increasing emphasis has been placed upon investments in vocational education, particularly at the high school level, and it is anticipated that this trend will continue in the future. In addition, the State is working on plans to provide more technical education opportunities at the post-high school level, especially for the first two years.

Under Section 202 of the Act, the Southern West Virginia Regional Health Council was organized in January 1967. It is composed of civic-minded physicians, medical administrators, nurses, and other interested citizens and operates in nine Southern West Virginia counties, including Fayette, Logan, McDowell, Mercer, Mingo, Monroe, Raleigh, Summers, and Wyoming. A number of programs had been funded including public health, tuberculosis clinics, a vaccination program, dental health, and 24-hour referral service. This demonstration health project is having a tremendous impact on the citizens of the nine-county area and would not have been possible without complete cooperation by the State Department of Commerce, the State Department of Health, and many other State and Federal agencies.

In the field of housing, an important event was the enactment by the West Virginia Legislature of a law creating the West Virginia Housing Development Fund. The Fund was created as a direct result of the Appalachian Regional Commission grant to Urban America, Inc., which worked 1½ years developing a series of reports and a draft of recommended legislation. Through concentrated efforts on the part of many Federal and State employees, legislators, and private citizens, the Fund was established as a nonprofit instrument of the State. It is empowered to sell up to $30 million in tax-exempt bonds and will provide pre-

construction funds, technical assistance, and temporary financing to potential sponsors of housing for low- and middle-income individuals and families. It is anticipated that when the Fund is fully operational, it will assist in producing 5,000 to 8,000 new and rehabilitative housing units annually for the next ten years.

Another first for West Virginia and a project made possible only through action by the Appalachian Regional Commission was its State Educational Television Plan through which the State seeks to balance part of its educational deficit. In 1967 the State's first educational TV network (W.V.U.) was approved. It was financed by a combination of Health, Education, and Welfare, Appalachian, and West Virginia Educational Broadcasting Authority funds. The system will eventually be broadened to include all the State with the inclusion of Marshall University and Beckley's Channel 9 thereby helping to raise the educational and cultural levels of the State's population.

Of particular note is the approval by the voters of West Virginia in November 1968 of a Constitutional amendment authorizing $350 million in bonds for roads. As a result of a concentrated and intensive educational campaign, the citizens of the State acknowledged by their affirmative vote that better roads are a necessity for economic and human development and that continued participation with the Federal government through the Appalachian Regional Commission was both urgent and desirable in a State whose rugged topography inhibits the flow of commerce and people. Approval by the voters was a vote of confidence in the Appalachian Development Highway System and the promise it offers to the people of West Virginia.

West Virginia has adopted a hub-satellite concept of investment. Under this concept, the hub or hubs of a primary development region would be the principle investment centers and the satellite communities that are located outside of the primary development region but directly linked to it in terms of service, trade, etc., would be classified as secondary investment centers. It is anticipated that by adopting the hub satellite strategy of systematic investment, the counties and cities comprising a primary development region and the associated satellite communities would be able to gain maximum benefits from an equal amount of investment. For example, if ten contiguous counties formed a primary development region and each county had an average of $100,000 available for health facilities, it would permit each county to build a moderate health facility though they certainly would not have adequate equipment such as X-ray machinery or modern surgical equipment. However, if each county were to pool half of its available monies or a total of $500,000 for the construction of a regional hospital, each county would be left with $50,000 that could go toward county out-patient facilities, thus corporately the counties would be able to provide more extensive hospital facilities and care than each could realize by itself while at the same time serving more people through out-patient services. The same approach would apply to investments in other areas such as vocational education, or perhaps even a regional waste water or water system.

WEST VIRGINIA INVESTMENTS UNDER THE APPALACHIAN DEVELOPMENT PROGRAM

Through FY 1970 West Virginia has invested $125.1 million of Appalachian funds in the following program areas:

STATUS OF LEGISLATION AFFECTING A.R.C. AS OF FEB. 16, 1971

S. 575—Sponsors—Randolph (W. Va.), Cooper (Ky.), and 57 others. Provides for four year extension plus extension of the highway program to June 30, 1978. Ref. to Public Works Subcommittee on Economic Development. Hearings February 8, 9, and 10.

S. 744—Sponsor—Byrd (W. Va.). Eliminates 80% Federal fund limitation on Section 214 supplemental grants for airport "safety" projects in Appalachia.

H.R. 319—Sponsor—Perkins (Ky.). Provides two year extension. Ref. to Public Works.

H.R. 3280—Sponsor—Evins (Tenn.). Similar to Randolph-Cooper bill. Ref. to Public Works.

H.R. 4092—Sponsor—Carter (Ky.). Identical to Randolph-Cooper b
to Public Works.

STATEMENT OF THE HON. LOUIE B. NUNN, GOVERNOR OF THE STATE OF KENTUCKY

Mr. Chairman, I am the Governor of Kentucky. The eastern section of Kentucky is part of a region which for decades has been regarded as a symbol of backwardness—Appalachia. I represent this region and its sincere desire for development as one of thirteen members of the Appalachian Regional Commission.

The region represented by this Commission, although it still lags behind, has actually shown more rapid improvement in average income and rate of unemployment during the last few years than the rest of the nation. It is my opinion that the Appalachian program, for the most part, is responsible for the tremendous improvements. The Appalachian program is an original. Never before has a regional program incorporating such a large number of states been undertaken. Never before has a government program so successfully exemplified the working partnerships of local, state and federal government. The cause is a good one—the need for development is genuine.

The Appalachian program is not a poverty program. It is a program for economic growth. In Appalachia Kentucky, as is true generally throughout the region, we have established a broad and dual strategy of development. Our twin priority involves, first, providing services to help people develop themselves for opportunity wherever it exists. Secondly, it involves providing facilities and services to develop opportunities within each significantly sized area. While providing opportunities will take longer than developing the people to meet opportunity, it is the one in which major investments must be made. Basic facilities such as highways, water resource development, etc., must be developed.

Guided by our belief in the twin objectives, Kentucky's earliest priorities paralleled investments in the highway system, with a complete system of vocational education facilities to provide training opportunity to every single citizen of the region. The total Appalachian Highway System for Kentucky is presently about 585 miles, of which construction is required on approximately 420 miles. As of December 31, 1970, 103 miles of the system requiring construction has been completed and is open to traffic.

Work on the remaining miles is at various levels of completion, with 44 miles under construction.

The developmental highway system is the very foundation upon which all of our other developmental efforts must be planned. We have experienced delay in our highway construction schedule due to the reduced federal funding level, new safety standards which have required design changes, and changes in basic design standards.

Kentucky's projected share of the total allocated funds for the Appalachian system is $213,672,000. To finish the system, Kentucky will need an additional $104 million.

While it may be necessary to extend the time required for adequate appropriation to complete this regional highway system, it is most essential that we do not lose sight of the fact that the full effectiveness of this system cannot be realized until it is completed as a system. Much has already been accomplished. For example, it is now possible to commute from Hazard, Kentucky, a mountain community with an excess labor supply, to Lexington, where jobs are available. Before 1968, the trip took three and a half hours. Now it takes an hour and a half.

Construction of the schools utilized major state investments, plus available federal aid and the supplementary funds available under the Appalachian program in a joint effort. Through this combination we in Kentucky have funded 38 new vocational education facilities in the Appalachian region in the past five years. As of today, 23 of these facilities are open. More than 7 thousand persons, both young and old, in need of training are enrolled in these facilities.

Funds have been sufficient through this year to maintain the two-shift high school program during the day; however, it has not been possible to use the facilities throughout the Appalachian area during the evening hours. Funds are not sufficient to operate all schools on a two-shift basis and to provide additional training to out-of-school youth and adults. The problem will become more severe during fiscal year 1972. New facilities will be open this fall in Kentucky, both in and outside the Appalachian region.

If any programs are to be offered for out-of-school youth and adults, there will need to be a substantial increase in funds. Congress has not increased vocational funds to the level of authorization and the Kentucky Legislature will not meet until next January. It seems realistic that some of the funds available through the Appalachian program should be used to supplement funds to operate the facilities in the Appalachian region.

Also, in pursuit of our goal to create opportunity for people and develop people for opportunity, we have placed a major strategy priority on investments and programs which will strengthen the urban services of our mountain communities. A major problem in Appalachia is the lack of urban centers large enough to provide a service base for industry already there. Urban service industries help re-circulate payrolls and multiply the economic benefits. We also want to make it easier for people to live in the country and work in the city. We are accomplishing this in two ways: creating new towns and renovating and expanding existing urban communities.

Midland, Kentucky, on Interstate 64 near Morehead, is a new town project made possible because of the prior construction of a Corps of Engineers reservoir and the creation of flood-free land. Actually, it will depend upon the urban services of existing communities, such as Morehead. A second such example is in our plan to create a new residential, commercial and industrial community at Salyersville in the Licking River Valley. Here the process will involve the creation of a water resource project, along with a total complex of development activities, in such a way that the water resource project itself becomes the power trigger and foundation for the entire development.

A somewhat less dramatic, but perhaps more effective way of developing urban services in Appalachia Kentucky involves our plans for clusters of communities such as Prestonsburg, Pikeville and Paintsville in the Big Sandy Valley, or the Middlesboro to London complex of communities in the Cumberland Valley and the Hazard, Whitesburg, Jackson group of communities in the Kentucky River Valley. Each such action is programed to develop adequate urban services for these communities on a joint basis.

Let's take for example the three communities of Pikeville, Prestonsburg and Paintsville, which together can provide the Big Sandy Valley area with virtually one single town of considerable size with maximum use of the scarce developable land along the valley between the three communities for industrial, commercial and residential use. Briefly, in the Big Sandy, with a combination of local initiative in the Development District and technical assistance of state government, an overall program of urbanization, housing facilities and institutional construction and job creation is underway. A regional health program and a regional educational program have been organized; hospitals, health centers, vocational schools, junior colleges, primary and secondary facilities, and new service programs are either now established or are being established. An airport has been constructed in mid-valley and another is being planned in the lower valley. The construction of Pound and Fish Trap Reservoirs has freed much of the valley from floods and made possible much of the development I have indicated.

Basic to the entire program is the Appalachian development highway corridor of U.S. 23 on which construction is proceeding. A major industrial park has been established in mid-valley on one of the new flood-free sites. Pikeville, the nation's smallest "Model City," is carrying out a dramatic urban renewal program geared closely to the overall scheme of area development. Finally, new industry service establishments and other activities of private enterprise is beginning to occur in increasing degrees—in an area where no expansion was occuring prior to recent years. Even the coal industry is enjoying a resurgence and a major new private power facility established in the valley indicates private enterprise opinions on the value of investment here.

As is obvious from the nature of these activities, they are only in small part funded through the Appalachian program. Federal, state, local and private funds and resources have been utilized. More specifically, in the past five years, $95 million has been spent on vocational education facilities and equipment, educational television, land stabilization, libraries, college science buildings, housing, and hospital and medical facilities. Included in that figure is $61 million in federal funds. I think the point here is that the effectiveness of all of them together has been geared to accelerated action by the workable process of the Appalachian Regional program and our own Kentucky program.

I would like to give just one more example of the potential power in the boost the Appalachian program gives. In the past three years $36 million has been spent in Kentucky's 16-county Health Demonstration Project. That is perhaps not an alarming figure to you. The significance is that a little over one-third of the amount has been non-federal monies (local and state). Once given the initiative and a boost, the local areas made providing basic health services in a hard-core problem area of Appalachia a top priority. The cooperation factor is not to be overlooked. It constitutes a potent factor of long-range effect in advancing the overall development and progress of the area.

Cooperation and federal and local monies have brought a regional solid waste system to the Kentucky River Area Development District (8 counties). A similar system is planned for the 5-county Big Sandy Area Development District. It has brought a regional communication system for crime to three area development districts (Kentucky River, Big Sandy, and Fivco). Others are in the planning process.

Because of a regional emergency ambulance and medical care communications system in the Kentucky River and Cumberland Valley Area Development District, 15 ambulances were at the site of the recent mine explosions in Hyden within two hours of the explosion.

As can be seen by the broad range of interests in just the Kentucky Appalachian program, the Regional Appalachian Program is not a special federal program. It offers a way for the several levels of government, for the many agencies of government, and for the private sector to work together and to cooperate in a comprehensive approach. Within the Appalachian approach special action is possible, but each special action is taken in the framework of an overall strategy and there is a practical means by which various interests involved in the action may work together effectively.

The Appalachian program depends primarily upon supplementation of regular programs to do the special kind of job it is best able to do.

The Appalachian approach works not only because it is comprehensive in scope and effective in meeting special objectives, but because it allows responsible action to be taken by those with the greatest capability, and finally, it provides for a natural operation of cooperative management at the most appropriate level for management in our governmental processes.

In the Appalachian program I find the greatest opportunity for state government to take on its full level of responsibility. I find the opportunity to apply the Appalachian idea to the management and mobilization of programs throughout my state and to the fundamental philosophy by which I have organized my administration of state government.

The Appalachian program particularly enables me to do certain things in state government:

1. It allows me to provide overall management for all of the agencies of state government for many—although not all—of the federal programs which operate in our state.

2. It allows me to establish special goals and an overall strategy against which the effectiveness of our state programs can be measured and for which action can be taken.

3. It allows me to differentiate this strategy to meet the developing problems of Kentucky's major areas from the mountainous east to the level delta of the western part of the state.

4. It allows state government to work more effectively not only to assist but to induce the maximum responsible action of the local governments in our state.

5. It has allowed government on the local level to work together in multi-county areas in which they are able to enter into effective partnerships, not only with state and federal governments, but with private interests and city organizations of these areas, in a total attack upon the problems of each specific area.

6. It has allowed special action in which our regular program agencies are enlisted and inspired. The special action taken to meet special problems can be tested against regular procedures in such a way that unworkable innovation can be tried and discarded and workable innovations can be tested and built into the regular on-going program.

I emphasize that the Appalachian program is workable. In the past three years major efforts have been concentrated on developing state management capabilities. The Appalachian Regional Commission approach has now reached a level of refining the Federal delivery system, having suited the states to accept it. For instance, one of my first actions as Governor was to issue an Executive Order which established the Kentucky Program Development Office, pulling together all of the planning and program development activities of our state government into one unit attached directly to my office. In this unit, we have been able to provide a practical, working approach to informational planning, program development, coordination, and technical assistance functions which are so important to all agencies of state government and to local governments. These efforts had previously been scattered throughout government.

As a further step toward making this program effective in Kentucky, I also took action which confirmed the establishment of fifteen multi-county development districts in our state. While the idea of these districts was originally established in

the Appalachian program, the philosophy of this program was that such districts should be established by the state and we have moved in Kentucky in this direction. We are moving ahead to make these districts an effective adjunct to local government throughout our entire state. While I may speak well of the progress that has been made in the Appalachian program, let me constantly stress that we need to take further action to expand and improve this program. In my opinion, it is such a major concept in government that its real significance and effectiveness is just beginning to mature. We are just beginning to know how to use it properly.

In both his inaugural and State of the Union message, President Nixon said, "The time has come to reverse the flow of power to Washington, and start power and resources flowing back to the states." As Governor of Kentucky, I say the best way to do this is through the cooperation of the states.

The Appalachian program is demonstrating an effective way to initiate revenue sharing. Through this program the federal government shares revenue with states and communities based upon effective plans developed jointly by state and local levels of government.

The Appalachian Regional Commission provides a block grant for the state to use in health and education. The basic intent of the Appalachian program is to create a balanced growth for local, regional and national development. This is to be accomplished at three levels: (1) The idea of ARC improves the Federal delivery system, (2) it improves state government's role in decision making, management and planning functions, and (3) improves local government's planning through regional cooperation, sharing of facilities, regional programs, etc.

The Appalachian Regional Commission does not directly implement programs which can be implemented by existing agencies, but provides supplemental authority, funds, and technical assistance to such agencies—(state, federal or local)—for programs which they implement.

The Commission decisions require a negotiated agreement of the Federal Co-chairman, a majority of the states, and the governor of any state thereby affected. The success of the Commission's program has been obtained through this decision process.

Through the commingling of authority and funds of the Commission with the funds and policies of the operating agencies, a great deal of flexibility is obtained. In effect, this Commission procedural requirement has brought about one of the most important benefits of the Appalachian program approach in that the Commission has become a "broker" in coordinating and combining elements of various individual fundamental programs to meet problems of broader scope or unique situation.

My belief in this program is so strong that I feel that it should be expanded to include environmental programs, health planning and human resources. The area should be expanded in its coverage either to cover entire Development Districts or an alternate method would be to expand coverage for the three regions of New York, Philadelphia and Atlanta.

Finally, let me suggest that the value of the Appalachian program lies fully as much in its concept as in the success of its processes applied against any problem. The Appalachian process is the best I have experienced to enable us to work together effectively in our complex public and private relationship. It provides the best way I know of to define real goals, set priorities, and to mobilize for action.

I respectfully urge the continuation and expansion of the Appalachian program. We are having success in our efforts. We want to get on with the job.

STATEMENT OF HON. NELSON A. ROCKEFELLER, GOVERNOR OF THE STATE OF NEW YORK

Since 1965 through the Appalachian program, a regional planning and development process has been carried out by a federal-state-local partnership confronting some of the most urgent problems of economic and social development. Although the program has obviously not yet been completed, it has been a highly significant and positive force during the relatively short period of its existence in assisting the regions to develop as a whole, and in aiding the development of New York's Appalachian counties.

The Appalachian Regional Commission has facilitated development of action programs throughout the Region, and has proved a valuable forum for the working out of new approaches to region-wide planning and development.

Recognition that the people of the Region are by far its most important resource has been reflected in the Commission's investment programs for education, training and health projects to aid the 17 million people of Appalachia. The Appalachian program seeks broadened opportunities for people and an increased ability in terms of health, education, and relevant job training to capitalize on those opportunities.

The economic and social problems of Appalachia have been many long years in the making. The Appalachian Regional Commission has had just six short years, and limited resources, to develop and initiate the actions necessary to solve them.

Although it is still too early to assess fully the total impact of the Appalachian program on New York State's 14 participating counties, some of the available statistics are encouraging; others indicate that a continuing effort must be made.

Complete data from our State Department of Commerce concerning major plant expansion and contraction in the New York Appalachian Region are available for the years 1963 through 1970. During 1963 there were 20 major plant expansions and nine major contractions. During 1967, 52 major expansions occurred in the Region—with only four contractions. In 1970, despite the national economic slowdown, there were 25 major expansions in the Region as against six major shutdowns. In 1963 the plant expansions represented 3.37 percent of the State total; in 1970 they represented 4.1 percent of the State total, a small but nonethe less significant gain. The major plant expansions reported have been in areas identified in the State's Appalachian Development Plan as having a significant potential for future growth.

Since New York State's entrance into the Program in August of 1965, over 100 projects contributing to the improvement of social and economic conditions in New York's Appalachian counties have been funded under the Act. The total value of these projects is approximately $325 million, including $117 million in Federal funds through the Appalachian Regional Commission.

New York has let contracts on 183 miles of the 234 miles of the Appalachian Development Corridor T—the Southern Tier Expressway—to be constructed with Appalachian assistance. 55 of these miles are now open to public traffic with an additional 35.7 miles to be open prior to the end of this year. Final design is nearing completion on the final 51.5 miles. Total estimated cost of Corridor T is now 595 million dollars. An additional 173 million dollars in Federal dollars will be required to complete the highway on a 50/50 matching basis.

Our Land Stabilization and Conservation Program is concentrated in three watersheds in Chautauqua and Cattaraugus Counties. Despite the limited Federal funds available for this program, its completion, in cooperation with other programs available under the Agricultural Stabilization and Conservation Service and the Corps of Engineers, is expected to contribute appreciably to reducing siltation, increasing available downstream water supplies and combating erosion.

The Commission has approved a New York State project for the plugging of abandoned oil and gas wells in Allegany State Park. With completion of the Corps of Engineers' Kinzua Dam and associated reservoir, recreational demand in the area will increase substantially, and this project will enhance the future use of this State Park.

Supplemental funds for categorical Federal-aid programs have been allocated to a variety of much needed public works facilities and human resource development projects. These include 16 secondary area occupational centers, 11 sewage treatment facilities, three airport expansions, three library service facilities, eight medical facility expansion projects, two health centers, two mental retardation centers, 10 post-secondary and 15 secondary level occupational education equipment projects, three higher educational facility expansion projects, and one large park and cultural project expected to attract 200,000 people annually.

The network of secondary area occupational centers which the Appalachia program has helped make possible is of particular interest. This vocational education program is designed to provide all secondary school students in the region with curricula based upon local employment needs. The 14-country region will be served by a network of 16 schools operated under multi-school district organizations known as the Boards of Cooperative Educational Services. These faciiities are also open on a tuition-contract basis to students in adjacent areas of Pennsylvania.

All sixteen centers have been approved for funding by the Appalachian Regional Commission, with seven in operation, five under construction, and four in process of letting contracts. In addition, growing demand has resulted in projects to expand five of these centers, and all of these are in process of letting contracts.

When these schools are in full operation, 100 percent of the secondary school students in the Region will be within commuting distance of a centrally located, fully equipped training facility whose program is attuned to local employment opportunity. The benefits of this program are not restricted to secondary students only. For example, some 400 secondary students are in training at the Belmont Center in Allegany County, while the center is at the same time serving about 600 adults.

The Appalachian Program has also aided New York's portion of the Region develop viable planning mechanisms. Adequate planning is, of course, essential to enable the State and its communities to make the wisest possible investment of limited funds in order to enhance the private capital-attracting potential of the region.

The planning mechanisms developed in connection with the Appalachians Program—and with its aid—have complemented and been linked to New York's Statewide comprehensive planning effort, which emphasizes local participation in development of area-wide, regional and Statewide plans. Presently, Local Development Districts are being created and provided with professional staff to further the efforts to bring the full complement of local, regional and State perspectives to bear on questions of economic and social development.

One million people live in Appalachian New York. Their prospects, and those of their children, have been enhanced by the accelerated planning and development for economic and social growth which the Appalachian program has made possible. Our experience demonstrates the worth of combining Federal, State, and local resources to attack a wide range of social and economic problems.

Fourteen New York counties are now included in the Appalachian Region under the Act. Alternative A of the President's Upper New York Study Report (House Document No. 91–367) recommends inclusion of 34 additional New York counties in the Appalachian Region on the basis of socio-economic characteristics and orientation.

I urge that these 34 additional counties be included as part of the Appalachian Region in any future action taken by this Subcommittee.

It is vital that we maintain the economic and social momentum that has been developed in order to help the Region share fully in the promise of the future.

The maintenance of that momentum will require the continuation of the special Federal financial resources which have figured so importantly in the promising effort of the last six years. State and local governments face financial crisis; the necessary resources must come from the Federal Government for there is no alternative.

The Appalachian Region holds a special position in America and a special effort by the Nation—recognized by the basic 1965 Act—is required to bring this Region fully into the mainstream of productive national life.

Accordingly, it is my hope the Nation as a whole will continue its special effort on behalf of Appalachian development which is in the interests of the Nation as a whole.

Statement of the Honorable Robert W. Scott, Governor of the State of North Carolina

Continuation of the Appalachian Program should not be viewed as competition for revenue sharing. Actually the experience gained in this program should become a basis for revenue sharing.

A prerequisite for revenue sharing should be investment planning. Each state has some type of investment plan. These plans should be refined to reflect use of the shared federal revenue to meet defined needs on a priority basis. A workable plan for revenue sharing would be to require each state to submit an investment plan for approval. The federal funds would then be used to meet needs through priorities identified in the plan.

The Appalachian Program has proven that a local-state-federal partnership can be effective. This program has allowed states and communities to make effective use of shared federal revenues and has involved a workable decision-sharing mechanism.

While the Appalachian Program has been very successful, the job is not yet finished. The Appalachian Act must be extended in order to continue work on the tasks for which the Act was initially passed. It is believed that many of the tasks can be completed within four years. Therefore, I strongly endorse a four-year extension of the program.

STATEMENT OF MILTON J. SHAPP, GOVERNOR OF THE COMMONWEALTH OF PENNSYLVANIA

Gentlemen, as Governor of the Commonwealth of Pennsylvania, as a businessman, and as one who has a strong interest in the problem of economic development for many years, I am pleased to join the other twelve governors of Appalachia in strongly recommending a four-year extension of the Appalachian Regional Development Act.

For twenty years, I have been active in governmental research and development activities at the local, state and federal levels. As a member of the congressionally-established public advisory committee for the old area redevelopment administration (ADA), I participated directly in the preliminary work of the President's original Appalachian Regional Commission, which developed the first Appalachian legislation. In addition, we worked with task forces in state and federal government in developing the legislative and program definitions for the EDA, the OEO, and other programs.

It has been a privilege for me to continue to observe in action these programs whose internal structure and original concepts I knew in detail.

Among all of these programs, I think the Appalachian Regional Program has been by far the most successful in meeting the goals for which it was established, and yet it has only begun to be recognized and used for its true potential. The Appalachian approach is not and should never have been considered simply a temporary, isolated incident of special help to a particular area. Part of the original Appalachia concept clearly involved establishing a new structure for public decision making, which has been a fundamental and useful governmental reform.

For two basic reasons I recommend the extension of the Appalachian Regional Development Act.

First, the high degree of success of the Appalachian program itself these past six years. Second, as an example of successful intergovernmental cooperation at the local, state and federal levels it may well serve as a model for national legislation which would consolidate the present confusing array of programs into a more efficient program management structure.

The Appalachian program in Pennsylvania includes fifty-two or our sixty-seven counties.

Pennsylvania's basic goal since inception of the ARC program has been to enhance employment and income in its Appalachian region. The two approaches to achieving the basic development objective have been (1) to upgrade the quality of worker skills and (2) to improve the quality of employment and work opportunities. Thus, over the six years of the program, Pennsylvania has conscientiously sought to relate its investments to the needs of human resources, in the fields of vocational education, water supply, water pollution control, higher education and community colleges, local access roads, airport development with special emphasis on services to industry, and in the health field.

In the area of environmental protection, under section 205 of the act, Pennsylvania has done much to improve the legacy of scars, burning culm piles and subsidence left by decades of coal mining. In order to combat this ecological problem Pennsylvania has utilized ARC funds to successfully control 35 major mine fires costing $18,403,000 with ARC providing almost $8 million. Mine subsidence and strip mine reclamation has resulted in making available for industrial purposes hundreds of acres of formerly unusable land. Many of these sites are now in use as industrial parks providing employment opportunities to hundreds of Commonwealth residents.

In the field of education, since the inception of the program, Pennsylvania has placed special emphasis on multi-county area vocational-technical training centers, and as a matter of policy has now completed the funding of almost all of its vocational-technical education projects in the Commonwealth's major job market areas within Appalachia. There are now either completed or under construction thirty-two vocational technical schools which will provide technical education for at least 12,000 students during the day and train a minimum of 50,000 adults at night.

Pennsylvania has been very selective in the use of its available local access road funds throughout the life of the program. Almost all of the funded projects service-industrial parks or industrial sites. Of the total of $134,858,000 for the construction of 340 miles of developmental highways through 1978, approximately 100 miles of the system has already been approved with an authorization of $67,500.000.

In the field of health, Pennsylvania has limited its participation in health facilities to modernization of existing hospitals, community health centers, diagnostic and treatment facilities, and long term care facilities where special needs have warranted their consideration.

I would like to make one general point regarding the contribution of the Appalachian program to Pennsylvania. Appalachian "Seed Money" has generated private and public spending which may not have developed otherwise. The following figures which illustrate this were compiled from actual projects at the end of 1969:

Total cost	$298, 829, 000
ARC funds	58, 804, 000
Basic Federal grant	66, 625, 000
State funds	73, 385, 000
Private and local	100, 015, 000

Another of the basic fundamental accomplishments in Pennsylvania to date has been the successful efforts to establish multi-County local development districts for administrative purposes. Through these development districts it has been successfully demonstrated that, with cooperation and understanding, local officials, both public and private, have focused attention on regional problems instead of the fragmentation that usually results from individual efforts by local anc County communities. These cooperative efforts, on the part of the multi-County districts have resulted in major economic benefits which would not have been a reality as quickly without the kind of partnership that exists under the Appalachian program.

This intergovernmental cooperation has been evident also in the working relationship among the thirteen member States of Appalachia and their relationship to the Federal government.

It is clear that all of us in public life today need a systematic institutional arrangement which allows the multiple agencies of each level of government to work closely together which allows the three levels of government to mobilize their efforts more effectively, and which allows the entire framework of government to function in a more effective partnership with private institutions and enterprises. We need this in order to deliver the special package of resources which must be designed from the wealth of technical capabilities available to us to bear on a specific priority problem wherever and however that problem exists.

The arc has worked faithfully to bring about the creation of such a system in which the commission itself is but one component. I am aware that the work and ideas of those associated with the Appalachia program have had much to do with the existence today of five major institutional arrangements which tie our governmental agencies together to be able to deliver the whole force of government on a given problem.

These five institutions include (1) the combination domestic council and office of management and budget serving a program management unit in the executive office of the Federal Government; (2) the multi-state regional commission, such as Appalachia, which provides a working programs management link between the chief executive of state government and the federal chief executive; (3) the state program management unit, provided for in diverse forms by various governors around the country, by including the functions of state planning, budgeting coordination and local government liaison and tehnical assistance: (4) the multi-county development district (by whatever name it may be termed in differing states) which forms a program management unit to serve a group of local government and to link them with the state and federal governments; (5) the specific program and management development units established in larger local governments where the development district does not serve this purpose.

This system is in place: it is on schedule and on target in many of its activities: and it is proving its success.

No one has spoken more strongly for the concept of revenue sharing then have I—repeatedly through the years and strongly in recent days. My own state faces a fiscal crisis of immediate and massive nature. I have described this situation in previous testimony to the Congress and other public statements and I will not repeat it here—but I do reaffirm, here, both the need for more effective revenue sharing and the urgency to provide a better proportion of public revenue to state and local government in terms of the current crisis.

But it would be a serious mistake to allow our great concerns for revenue sharing to cloud the question of whether other important governmental improvements are

just as critically needed. Success in obtaining revenue sharing would be only a critical first step in the direction in which we must go. Revenue sharing is simply one step toward readjusting the proportion of public tax dollars which should be spent at each level of government. It can have a good effect upon revitalizing state and local government, but it will leave many steps yet to be taken.

Revenue sharing, alone, does not address itself to the serious question of the need for stronger organization for central program management as a tool for better executive direction of legislated government programs, at local, state, and federal levels and for new and effective cooperative management link among the three levels of government.

Appalachia has pioneered in both the fiscal reforms of revenue sharing and the organizational reforms in establishing a system of program management units within and between the various levels of government. The work of Appalachia has provided a successful demonstration of concepts that go far beyond the present proposals for revenue sharing and reorganization of government.

The Nation needs a model of successful program action to observe and to build upon. Whether the Appalachia program is ultimately copied completely or whether we simply apply its most effective principles throughout the Nation, it would be foolhardy to set aside this key progressive program in action at this time.

I want to urge, most strongly, not only the favorable action of the Congress on the four year extension of authorization for this program, but the careful study of this program for its potential application as a model for a national program and development approach. I am convinced that this approach can give us an effective way to deal with revenue sharing, govermental reorganization, and the establistment of programs based upon a national growth and development policy. Unless we can establish such a coherent and rational basis for the management of the great wealth of our technical resources, we will not be able to solve the critical problems facing our society.

STATEMENT OF HON. GEORGE C. WALLACE, GOVERNOR OF THE STATE OF ALABAMA

The following statement represents my views on the Appalachian Program and may be presented for the record of any pertinent Congressional committee hearings or included in any joint statement of Appalachian Governors.

Since the inception of the Appalachian Regional Development Program and the establishment of the Commission, Alabama has developed a mechanism, in concert with her sister Appalachian states, which has provided for identification of regional goals, state and regional research valuable in project and program election, helpful joint state and Federal review of worthwhile projects, and the establishment of multi-jurisdictional planning and development organizations within each state are proving their worth in initiating cooperation among local governments. We believe that continuation of this type of partnerships between governments is imperative for proper management of public investments.

Under the Commission approach, the chief executive of each state is charged with overall responsibility for distribution of funds, guided by a development plan which establishes priorities of need and growth potential in various fields of endeavor and localities. This is as it should be and can continue to be through extension of the Appalachian Development Act now under consideration. This experience has proved that the delivery of health services, vocational training improvement of higher education facilities, and the ultimate closing of the economic gap between the Appalachian Area and the nation as a whole can be accomplished through the partnership process and extension of the Appalachain Program. The continuation of the Appalachian Program (Section 201), the Vocational Education Program (Section 1–1) and the Supplemental Investment Program (Section 214) are especially critical to Alabama at this time.

The investment of $26 million Appalachian funds, aside from research, highway, and health demonstration investments has resulted in a total facilities investment of $90 million. Many communities and local school districts simply could not have accomplished nearly as much for their citizenry under existing categorized grant programs. The investment of Appalachian funds has resulted in the investment of $35 million funds from other Federal programs, much of which could not have been so utilized because of the fiscal limitations of local governments and educational institutions.

Because of the planning efforts which must go into the road construction process, much of the money thus invested under the Section 201 Program will prove valueless unless the program is continued. The same is true of the Section 202 Health Program and the allied childhood development effort.

During the period of our participation in the Appalachian Program, Alabama and its community governments have maintained and improved their own level of tax efforts. The program has not been used in Alabama as an exercise to supplant the need for local resources and initiative. To the contrary, local governments have been obliged to measure up to the responsibilities because, with Appalachian assistance, they recognized better opportunities of success. Appalachian now has six multi-county councils of government and planning commissions operating. The continuance of some of these are dependent upon the Appalachian Program at the present time. Given more time and some additional assistance, they will all reach a stage of maturity and usefulness which will make them more effective in the program development process.

We respectfully urge a four-year extension of the Appalachian Development Program and pledge our continued support and participation in it. The job which I and other Appalachian Governors set out to do, in full partnership with each other and with the Federal side of the Commission Apparatus, has not been fully accomplished. We believe that the record thus far indicates that the goals can be accomplished through the continuation of the program as contemplated.

STATEMENT OF THE HON. JOHN C. WEST, GOVERNOR OF THE STATE OF SOUTH CAROLINA

I am the newest of the 13 Appalachian Governors, having been in office for less than 30 days.

At the time the national Administration announced its proposal to phase all present grant Programs, including Appalachia, into its revenue sharing plan, I declined public comment as I wanted all of the facts, specifically the Administration's alternatives to Appalachian.

At the meeting of Appalachian Governors last week, representatives of the President and Vice President presented the details of the President's Program including the elimination of the Appalachian and Coastal Plains Programs.

I am convinced now that the Appalachian and Coastal Plains Programs must be continued. To substitute the revenue sharing proposals as presented by the Administration as alternatives would be impractical and illusory. To adopt these proposals as substitutes for the successfully working regional concept would constitute a most serious mistake.

First, I wish to reiterate my support of the Resolution adopted by the Appalachian State Governors on 5 February 1971 urging extension of the Commission with particular emphasis on that portion of the Resolution which states:

"We all fully support the basic concept of Federal revenue-sharing, and we believe the Appalachian program has been one of the finest demonstrations of how States and communities can make effective use of shared Federal revenues. In addition, we believe that the Appalachian local-state federal partnership structure allows a 'decision sharing' mechanism which provides benefits in the shared management of many programs in a way not provided by revenue sharing alone."

Second, as a minimum, I wish to endorse the idea that the Appalachian Program, which has proven so eminently successful during the first six years of its existence, be expanded for the four years requested to allow for the effective, efficient and economical completion of the absolutely essential tasks under way and planned under the minimal ten-year Appalachian Program envisaged at the time of its establishment.

Third, it is my view that revenue sharing and the Appalachian management and control concepts are complementary one of the other. These two concepts used in concert will prove highly successful in meeting state and local community needs, but more importantly, in meeting special needs beyond the central community interest and across state lines. The joint concepts could have such a tremendous impact upon the well being and happiness of the underprivileged, that the regional total concept of revenue sharing and Appalachia might well serve as a model Regional approach worthy of adoption on a National scale. A system of Geographical areas, each with similar goals, problems and interests could be set to cover all parts of the nation. The actual drqwing of lines should be left to be worked out in the development of the national program, but all communities and all states would be included.

Fourth, I am convinced that the establishment of National goals and priorities in such areas as Health, Education, Transportation, Rural Development, Urban Renewal and Protection of the Environment, is imperative. Quite naturally these national objectives must be further defined in the differing regional alignments,

with appropriate Federal, regional and state authorities and responsibility, if the available resources are to be marshalled and judiciously applied to meet the critical problems and needs of a rapidly expanding population, technology and economy.

Fifth, I have been tremendously impressed by the innovative and highly successful programs that have already been employed in the Appalachian Regional Program in alleviating and minimizing the Economic, Health, Education and Social needs of the people of this region, who have not been blessed with the advantages, opportunities and amenities of other areas of this great land.

Sixth, it is abundantly clear that the President's proposal on revenue sharing is a great principle for dealing with the vital needs of local communities and states by providing for funding strength in an equitable manner to all local communities and states, drawing from all revenue sources derived from the people of the entire country. Even so, the great management and innovative strength of the regional programs concept of the Appalachian Regional Commission must not be allowed to disappear. Instead, it must be strengthened and even used as a pattern for the future if the best interests of all Americans are to be served.

Upon my election as Governor last November, I began immediately to formulate certain goals for our administration. I also began an immediate inventory of the resources available to help us attain those goals.

Among the goals set, which we have since articulated formally, were elimination of hunger and malnutrition, providing adequate housing, better health care and a better educational opportunity for all citizens.

In evaluating the resources available to our state in reaching for these goals, I spent first hours—and then days—reviewing the Appalachian Program, first with my predecessor, Governor McNair and his staff, and then with the local and regional staffs. I then assessed the demonstrated results of the program with knowledgeable and concerned local citizens.

It is my considered judgment that the Appalachian concept is the best and most workable approach to solving the problems of people—and their governments—that we have considered since the advent of our federal system. Certainly it is the most feasible that I have seen or considered in my 16 years as a state legislator or my prior experience as a university teacher of Political Science.

Such a statement would be extravagant without substantiation or documentation. Here are the reasons:

(1) Problems of people—and their prospective solutions—are today more regional than state. Hunger, inadequate housing, illiteracy, failure of delivery of health care, are present today in every state. These ancient plagues of people are no respecters of State lines. Alone, neither state nor national government has, in the past, nor can in the future, solve these problems.

(2) The Appalachian concept creates a federal-state-local partnership with a now demonstrated capacity to find and initiate innovative solutions to these problems. Each of the participating partners' input is essential. Through this process:

The Federal Government can participate through:

(*a*) The recognition of a regional approach to problems through adequate staff and planning capacity;

(*b*) Basic responsibility for funding;

(*c*) Communication, dissemination and evaluation of program progress throughout the 13-state region.

The State Government can provide:

(*a*) A continuing input of 13 Governors delineating and assigning priority to the problem areas of their respective states. In the normal political process there is a continuous change in chief executives and their staffs (6 are new in 1971 alone). Fresh from the elective process, this input provides an up-dated concern for needs, hopes and aspirations of citizens of a region.

(*b*) Leadership in planning and executing innovative solutions to basic problems of state government—and governors—are unusually handicapped in initiating new programs or changing old ones by such things as lack of funds. The Appalachian concept gives state governments—and governors—reason to show initiative because it gives them the immediate capacity to implement solutions otherwise not practical or feasible.

Local governments and people

Perhaps the single most important virtue of the Appalachian concept is its massive and effective involvement of local government units and the private sector in solving the problems of people on a local level.

Operation of Appalachia in South Carolina has, for the first time in the 300-year history of our state, formed an effective coalition of all units of local government working with mutual trust and respect and joining with private citizens, groups and organizations to begin a new era of progress for our state.

Appalachia not only has provided a new basis for cooperation between county and city governments, but has sparked the formation of new multi-county regional planning districts which carries down to the individual citizen the opportunity to deal in concert with others on problems of human needs—and solutions—which cross governmental boundaries in most instances.

The Appalachian Program has not only brought together governments, but has been a unifying force by crossing political, social and economic divisions in the private sector with a subsequent benefit not only to the program but to all citizens.

For the first time, private colleges and state universities consider and agree upon priorities and allocation of limited funds for capital construction.

For the first time, medical associations and health planners agree on a massive plan of delivery of health care to all citizens of a given area.

For the first time, industrial and commercial development leaders are working together—on an area-wide basis—to pull together public and private resources to deal together in concert on area development sites, on the community facilities, transportation systems and other services and facilities required to serve such sites, and on training and employment programs required to deal with manpower utilization and job opportunities in such private enterprise development.

We have taken some important steps in South Carolina to modernize State and local government and to utilize the input of Federal program resources in the process. I must point out that, while many of the Federal program inputs are extremely useful in dealing with particular problems, it is true that much of the confusion in government today results from the too restrictive inputs of some of the Federal programs which are either conflicting or inconsistent in basic policy and purpose. However, let me make clear that those of us who have worked at the State and local level of government are greatly aware of the inadequacies and conflicts in our governmental processes at those levels as well.

What we need is a systematic approach which allows us to work together in the three levels of government, to form a unified delivery system to the end that we can bring all of the force and capability of government to bear upon those particular problems and opportunities which hold priority for the people of each different local area.

In South Carolina, we have found it possible to take a number of basic steps in establishing such a system. I count as fundamental to this system the establishment of a Program Management Unit attached to the Office of the Governor and working on the State-wide coordination of all Federal and State programs. The second fundamental step, in establishing this system, has been the creation of a uniform set of multi-county development districts covering the entire State and working directly with the Governor's Office Program Management Unit. This has allowed us a beginning in the business of relating the coordination of State and Federal programs to their needed impact on the local priorities which can be formulated in the plans of each of our local development areas.

As a result of this system—completely modeled upon the Appalachian regional concept and formulated with the assistance of the Appalachian Commission—we have been able to develop a more rational and coherent approach than would otherwise have been possible.

I intend to continue to complete the job in making this system work for maximum benefit in South Carolina. We need more experience in the operation of our State-wide program management and coordination activity and I intend to give this function the full support of the Governor's Office. Each of the local organizations working in the development areas has progressed to a differing degree in their capability to deal with this new approach; to make effective plans and to put them into action in worthwhile programs. I intend to give greater recognition and the full support of state government to their work.

In the progress that has been made in utilizing the multi-State regional approach, as part of this system, South Carolina is one of only three states in the country to have joined two multi-State regions. In addition to Appalachia, we are participating with Georgia and North Carolina in the Coastal Plains Regional Development Program.

Simply because a national regional program has not been available to us as an alternative, we have not been able to incorporate the remainder of our State—the Central Piedmont Region—into a multi-State regional effort. However, we are

incorporating our central counties into our consistent State-wide local development organizations. We will not only be giving those counties every support possible in this fashion, but it is our desire to incorporate these counties into the multi-State regional approach, as well. Whether all of South Carolina should be in one single region, or should be cooperating in perhaps two regions at the multi-State level, is a matter which will require study as the national regional approach is given full consideration. With that option open, however, our desire and our commitment is firm to see all of the counties and communities of South Carolina benefit from inclusion in the excellent system of the regional development concept—based upon the reality of its application in the Appalachian Region.

I have concentrated my comments largely upon the basic policy and organization questions involved here. I am asking Colonel James Whitmire, whom I have appointed to head our State program management and coordination activity, to provide a separate statement outlining in brief detail the nature of some of our actual programs in operation.

CONCLUSION

The regional approach, as exemplified by the Appalachian Program, is not inconsistent with the Administration's revenue sharing program. In fact, in my judgment, it is the only feasible plan to implement it and to achieve its laudable goals on which we all agree.

This concept answers what is to me a valid criticism of the proposed revenue sharing program, namely, that it gives the Federal Government the responsibility of imposing taxes for revenue over which no control in spending is exercised.

The operating Appalachian record eliminates that basic and valid objection. The federal funds expended are for programs agreed upon and approved by federal, state and local officials, meeting fully the test of responsibility for expenditures.

The federal system will be strengthened by a continuation and expansion of the Appalachian Program. To eliminate this program would be disastrous.

STATEMENT OF COLONEL JAMES M. WHITMIRE, JR., EXECUTIVE ASSISTANT TO GOVERNOR WEST OF SOUTH CAROLINA

Governor John West has today provided testimony to your Committee, outlining his strong interest in the four-year extension of the Appalachian Regional Development Program as provided for in legislation under consideration by your Committee. In addition, the Governor's testimony expresses his view that the Appalachian concepts of intergovernmental cooperation, program management and problem solving are in keeping with the progressive program he intends to carry forward in South Carolina. The Governor has outlined the major goals which he has enunciated for his administration and describes the manner in which we will be coordinating all programs together in attempting to reach these goals for the benefit of our people.

I have been assigned by the Governor to represent him on the Appalachian Regional Commission and, simultaneously, to serve as the coordinator of multiple program management in our State. In keeping with these responsibilities, the Governor has asked me to add to his statement a brief outline of the effects of the South Carolina investment policy under the Appalachian Program and to indicate the general thrust of the strategies and goals of our Appalachian South Carolina Development Plan. The following outline statement will serve this purpose.

In addition, the Governor was much impressed with the clarity of thought and exposition of an article by Douglass Cater, published in the February 6th edition of the Washington Post, entitled, "A Kind Word for Categorical Aid Programs." The Governor has asked that I provide this article to you for inclusion on the record as a most thoughtful and enlightening discussion of the proposition of revenue sharing, enriched with categorical aid programs, as being relevant to our consideration of the Appalachian Regional Program concept.

EXCERPTS FROM THE SOUTH CAROLINA STATE APPALACHIAN DEVELOPMENT PLAN FOR 1970

The Appalachian Regional Development Act of 1965, as amended, is aimed at accelerating the economic and social development of the thirteen-state Appalachian Region. The region, which extends from the Mohawk Valley in New York to northeast Mississippi, has higher rates of out-migration, lower incomes and

minimal education and health levels in comparison to most of the nation. Thus, the program was designed to help the region reach an economic and social level compatible with the rest of the nation.

Only a small portion (six counties) of South Carolina is included in the thirteen-state region. It is too early to thoroughly judge the impact of the Appalachian Program within South Carolina's six-county region. However, there are indications that trends of out-migration and other factors detrimental to regional development are reversing. Some indicators show that the six-county region is now growing at a faster rate than the nation as a whole. Much of this advancement has been stimulated by Appalachian Program investments.

The Appalachian Program requires that investments be limited to areas and projects that will provide a maximum return for the dollars invested. To accomplish this, investment plans are prepared and updated on an annual basis by each state. This makes the resulting plans and investment programs more responsive to changing needs and opportunities. This report represents the fourth annual updating of South Carolina's Appalachian Investment Plan. It provides the basis and guidance for 1970 program activities for the six-county Appalachian Region of South Carolina.

Areas of primary growth potential

The need for delineating and refining areas of primary growth potential within the Appalachian Region has been set forth in the legislative mandate to the Appalachian Regional Commission which specifies, ". . . The public investments made in the region under this Act shall be concentrated in areas where there is a significant potential for future growth, and where the expected return on public dollars invested will be the greatest."

The delineation and refinement of primary growth areas is important for two reasons. First, certain types of projects assisted financially by Appalachian Program funds must be located in or near growth areas. Second, in keeping with the legislative mandate, delineation of growth areas helps to assure that Appalachian Program investments are being concentrated in areas that have a significant potential for growth.

Investment priorities

Appalachian Program investments are made in accordance with investment priorities, which are selected to help accelerate the region's economic and social development. The investment priorities for 1970, based on evaluation of regional problems and needs as reported in Chapters I and II and past South Carolina Appalachian Investment Plans, are (1) Education, (2) Health, (3) Transportation, (4) Housing, (5) Pollution Control, (6) Amenities, and (7) Land Stabilization.

The seven investment priorities will help guide Appalachian Program investments throughout the 1970 year. The investment priorities were selected to help accomplish the region and state's Appalachian goals for economic and social development:

1. To develop priorities for investments so that the limited dollars available will be allocated to those areas, programs, and projects that will assure the greatest return on the Appalachian dollars invested.
2. To strengthen the region's economic resources so that the region and its citizens can more fully participate in the nation's economic progress.
3. To provide citizens with opportunities for adequate housing and essential health services necessary for maximum employability, productivity and rewarding lives.
4. To improve the average educational achievements of all citizens. To strengthen the labor force by encouraging investments in projects that will help retain and upgrade the labor force.
5. To increase the capability of state, regional, and local levels of government for planning, program coordination and project implementation to assure that all available development resources will be effectively utilized.
6. To reduce unemployment throughout the region and to substantially increase per capita and family income.

Finally, Governor West now has task forces of State agency personnel and local leaders at work to implement action in key new areas of priority. Thise will include provision for such things as special action to assist the textile industry, and its people, to meet the problems now facing that industry. The market dislocations for textiles require immediate steps to provide for diversification of textile industry capacity to allow under-utilized plants to shift to other forms of production; to allow for worker retraining and employment counseling and

assistance; and to deal with the problems which may hit entire communities where reduction of important textile plant capacity may create crises not only in employment and dollar commerce, but in basic questions of maintaining local revenues and essential community services.

The Governor has also placed great priority on problems of nutrition and child development; and comprehensive health and education programs, all geared with the basic priorities, previously listed, to mobilize our programs in South Carolina to produce a level of public services best calculated to allow each citizen to develop the opportunity to enjoy a reasonable quality of life in a growing economy and an improving quality of environment.

SOUTH CAROLINA INVESTMENT PROJECTS UNDER THE APPALACHIAN PROGRAM

To date, South Carolina has utilized $29.6 million of Appalachian financial assistance for investments in education, health, transportation, water pollution control, and amenities (libraries and recreation facilities). The total has been divided as follows:

Program	Millions of dollars	Percentage of total
Education	9.1	31
Health	11.1	37
Transportation	6.4	22
Water pollution control	2.5	8
Amenities (libraries and recreation facilities)	.5	2
Total	29.6	100

Education

Nine area vocational education centers which, when completed, will be able to offer job related training to over 5,000 high school students per day have been funded to date. Two additional facilities are needed to complete the overall basic system. Six structures on the campuses of three technical education centers serving the six-county Appalachian area have been built with Appalachian financial assistance. The three centers have a full-time daily student population of over 10,000. Nine higher education construction and equipment purchase projects have also been assisted under the Appalachian program.

Health

The six Appalachian South Carolina counties have also been designated as a demonstruction health area eligible to participate in the Section 202 program of the Appalachian Regional Development Act. As a result of this designation, considerable effort has been devoted to the development of needed health care facilities and services and the elimination of health manpower shortages. Of the $11.1 million spent for health, $1.2 million were used to establish and operate health manpower training programs in technical education and higher education facilities.

Transportation

The $6.4 million spent for transportation will provide 67 miles of road running from a point near Cleveland on State Route 11 to West Union and providing access to the Keowee-Toxaway Lake project. Future plans call for an extension of this road from West Union to an intersection with Interstate 85 at the Hartwell Reservoir. The complete route will provide access for travelers utilizing Interstate 85 from both the northeast to southwest to traverse the foothills of the Blue Ridge and to take advantage of the water-oriented recreation opportunities associated with the two large bodies of water.

Water pollution control

South Carolina has undertaken a comprehensive water quality and quantity study to determine actual needs for water pollution control. As the study is only now being completed, the State purposely refrained from making massive investments in this area. Investments to date have been limited to twelve water pollution control systems.

Amenities

Investments have been made in four library facilities, seven State parks and one county recreation development project.

Investment priorities in the order established by South Carolina for fiscal year 1971 are as follows:

1. Education.
2. Health.
3. Transportation.
4. Housing.
5. Pollution Control.
6. Water Systems.
7. Amenities.
8. Land Stabilization.

It will be noted that major emphasis will continue in the fields of education, health and transportation, but that new investments will be made in the areas of housing and water systems. The latter is an outgrowth of the guidelines that have been established as a result of the comprehensive water quality and quantity study. Higher priority will be given to projects within a given category which concentrate upon problems identified in the sections of South Carolina's 1971 supplement to its 1970 South Carolina State Appalachian Development Plan relating to human resources, transportation and housing.

STATEMENT OF JOHN BELL WILLIAMS, GOVERNOR OF THE STATE OF MISSISSIPPI

Mr. Chairman and Distinguished Members of the Subcommittee: I am pleased to submit this statement in behalf of a four-year extension of the Appalachian Regional Development Program.

I was a Member of the United States House of Representatives at the time the Appalachian Program was initially written into law. I opposed the Program when when it was initially considered and passed. Without delineating all of my reasons for my opposition, I can tell you now that my position was based on a misconception, or lack of full understanding, of the Program's philosophy. At the outset, I had regarded this Program as merely another "run of the mill" grant-in-aid scheme aimed at garnering political support from a particular geographical section of the country.

After three years of service as Governor of the State of Mississippi, and having had an opportunity to witness this Program in operation first-hand, I readily confess that the premise of my initial opposition to the Program was wholly in error. In fact, it is now my firm belief that the basic concept of the Appalachian Program is by far the most successful means of bringing about a productive and universally acceptable state-federal partnership in our developmental efforts.

Mississippi was the last of the states to be brought into the Program. We had the opportunity—which the other states did not have—to evaluate the effectiveness of this Program in other states over a two-year period and to determine for ourselves whether we desired participation. Having determined, on the basis of this observation, that the Appalachian Program is the most successful of all federal-state development efforts during the past decade, we sought voluntarily to join the Appalachian Commission. We recognize this Program as the only one which, in truth as well as theory, takes its direction from the local level; whereas in contrast, other programs of grant-in-aid to states and municipalities start at the Washington level and filter down to the people.

While we enjoyed the privilege of observing the Program's operations prior to seeking participation, we paid a corresponding penalty of having lost two years' time which could have been used to our advantage in building the foundation for development that the Program seeks to achieve.

This is the type of program in which each year's investment and each project's action is so planned that it builds a basis for successful action in the following years. Even in those states which have participated in the Program from its beginning, only now are they beginning to perfect the working mechanisms and to establish systems of development facilities and services to the point where they can foresee the creation of a successful basis for development action within the the region itself.

Since the time Mississippi was included in the Appalachian Regional Commission, we have made major investments in the following categories:

68 miles of *Access Roads* that have provided our working people access to their places of employment. These investments total $6,259,437.

Airports $466,377. This included our Golden Triangle Jet Airport, a multi-county undertaking.

Education $5,853,236. This figure includes investments in two of our major colleges and universities, vocational-technical schools which serve three of our junior colleges and seven high schools. This program was designed primarily to intercept our young people prior to their dropping out of school and already, the trend is starting to reverse itself.

Health Facilities $641,608. Invested in the construction of three hospitals and mental health-retardation facilities.

Water Sewer Systems. Eight water and sewer systems have been funded under this program, totaling $1,308,024.

Land Stabilization and Erosion Control $632,920. Invested to help our farm people to control the wearing away of their land and to put it into productive shape.

Housing $318,000 for low and middle income families.

Administration and Research $273,858.

Multi-Purpose Recreational Facilities $219,534.

The total of these investments is $16,000,000 for the twenty-county Appalachian Mississippi Area.

One of the studies which has just been completed and which will be up for consideration by the Congress in relation to the authorization for extension of the Appalachian Program, is the extension of the Appalachian Development Highway System with a corridor to serve the people of northern Alabama and northern Mississippi. This is a tremendous geographical and heavily populated area in which no interstate or up-to-date modern highways are available for the transportation services demanded by an emerging commercial development. Our study has shown that the kinds of development potential that exist in the areas of the northeastern part of our State, will provide tremendous traffic on a highway corridor and will, in turn, be dependent upon and greatly stimulated by provisions of a major highway facility. It is most important that the program be continued to encompass this development and to tie the people of this part of the region into the transportation system which is producing such basic and accelerated development in many other parts of the Appalachian Region.

Based on my experience of twenty-one years as a member of the United States House of Representatives and three years of service as Governor of the State of Mississippi, I regard the basic reforms in our governmental processes to be a most urgent need. In spite of the constantly growing demands for new and expanding federal services and programs. I am of the opinion that central government has grown so disproprotionately great as to become unwieldly, unmanageable and clumsy. Too many decisions affecting the lives and economic well-being of our citizens are being made entirely too far away from the seat of the problems. In too many instances, local interests and public officials are given little or no voice in the decision making process.

I do not consider the federal government to be the repository of all wisdom, nor am I convinced that it should have the exclusive prerogative to make all decisions affecting all geographical areas of the country. While it is true that the federal government has emerged as the major revenue collector and chief disbursement agency in our scheme of government, this does not obviate the necessity for state and local governments to participate in making decisions where local interests are concerned. While so-called revenue sharing proposals have been put forward as a means of providing more local self-determination in the disbursement of these monies, I find much disagreement, and a plethora of suggestions, as to how and in what manner this should be accomplished. I have supported the principle of revenue sharing on the premise that the federal government has preempted so many sources of revenue formerly available to the states and local governments, that they find themselves hard put to finance the necessary functions of their respective governments.

While a desirable and workable revenue sharing program would be helpful to the states and localities in meeting their responsibilities, such a program could not deal with all the factors which are provided in the Appalachian Program concept for inter-governmental cooperation, of for the first assessment of priorities and program actions which would reap the most benefit for people from the investment of the public dollar. I fail to see any real conflict between revenue sharing and the regional development concept. In my opinion, the two can live side by side, with one complementing the other.

These are some of the specific accomplishments underway or on the ground and beginning to serve our people. Just this year, we have succeeded in establishing some of the fundamental organizational arrangements for which the pay-off is to come in the future. For instance, we have just completed planning for a comprehensive area demonstration health program in which the objective will be to

create an adequate system of delivery of health services reaching our people and bridging across the difficulties of access to such services, whether these difficulties result from physical, geographical or economic problems. We are aware that the demonstration health programs in some of the other states, developed prior to our entry into the Appalachian Program, have produced some of the most effective rural health delivery systems in the country.

Probably the most significant single forward step we are now taking, as a result of our participation in the Appalachian Program, is the establishment of a system of multi-county development districts. This will mean that our State government will be able to cooperate more directly and effectively on the grass root level with local government and with local private interests on every aspect of the program which affects growth and development in local areas. We will be able to channel and coordinate the technical assistance available from state as well as federal governments, and which cannot be economically sustained by the small local government typical of our State. We will be able to coordinate the planning of our State services—and with the kind of cooperation we are able to work out through the Appalachian Commission, we will see the coordination of federal program services—to meet more specifically the unique different needs of each of the larger areas of our State.

I wish to express the strong conviction that the Appalachian Program, under its current concept, be allowed to complete the work that has been planned previously, and to allow us to demonstrate further the effectiveness of this program and its partnership process.

(The following was supplied for inclusion in the record:)

STATEMENT OF JOHN D. WHISMAN, STATES' REGIONAL REPRESENTATIVE, APPALACHIAN REGIONAL COMMISSION

Mr. Chairman, as you know my role is to represent the thirteen Governors on the Appalachian Regional Commission, in a role equivalent to that of the Federal Cochairman, in conducting the responsibility of the several States for the Commission on a continuing basis and with the policy direction of the thirteen Governors.

All thirteen of our Appalachian Governors have testified on behalf of S–575, the pending legislation providing for a four-year extension of the Appalachian Regional Program.

Governor Arch A. Moore, States Cochairman of the Commission and Chairman of the Council of Appalachian Governors, presented his statement in person and answered questions of the Committee. His statement included a number of suggestions representing agreement by all the Governors on areas in which the program could most effectively be expanded or improved by amendment to the Act.

The statements of the other twelve Governors are hereby provided to the Committee.

At the request of Cochairman Governor Moore, I am providing detailed data in support of the general statements made by Governor Moore, and some of the other Governors, reporting the uniquely high proportion of nonfederal participation which this program has induced.

I am providing a chart for each of the thirteen States, setting forth the dollar volume of the participation of Appalachian Commission funds; and the proportion of other federal funds, States, and localities. Also listed is the total cost of project activities.

The significant thing about these figures is that they indicate that both the States and the localities have provided a nonfederal participation in all program areas at a much higher level than that required by limits of the Federal Act. Before commenting on the figures themselves, I should point out that you will find a few inconsistencies in the figures on the charts and that these inconsistencies reflect an understatement of the State and local participation. The charts are complete and accurate on all figures reported. However, there are considerable costs in most projects which are ineligible for federal funding. In some of the earlier statements of our activity, these project costs were not included in the records from which we have taken these six figures. All federal costs are shown and, obviously, the ineligible costs would all be nonfederal. Therefore, the inadequacy of these figures lies in their under-reporting of the State and local participation.

I will abstract from these tables two sets of figures which most effectively demonstrate the willingness of the States and localities to exceed the normal participation level to a degree that, I am absolutely sure, is not even closely matched in any other program performance.

For instance, in the programs for the vocational schools, sewage disposal systems, and supplementation of local capacity in other federal grant-in-aid programs (Sec's. 211, 212, 214), the Appalachian Act would allow a federal participation of up to 80%, with nonfederal matching of only 20%. One might well expect to find the figure in practice to show nonfederal participation of slightly over 20%, but I ask you to consider the actual participation levels demonstrated in these figures. The lowest nonfederal participation is at 49.6%; the average is close to 60%, with one State providing 72.1% nonfederal funds. These figures summarize the total participation over the five years of the program and the percentage is higher in the last years.

Summary figures for the total use of federal funds by each State in the program under Section 211, 212, and 214, are shown below, followed by the total project cost and the percentage of nonfederal funds. Figures in 1,000's.

State	Federal funds	Total project cost	Percent of non-Federal funds	State	Federal funds	Total project cost	Percent of non-Federal funds
Alabama	$49,833	$101,421	50.8	Pennsylvania	$120,396	$377,833	68.2
Georgia	36,825	77,492	52.5	South Carolina	29,022	63,732	54.5
Kentucky	36,727	90,253	59.3	Tennessee	62,170	156,481	60.3
Maryland	15,742	54,556	71.2	Virginia	28,098	61,376	54.2
Mississippi	17,008	34,241	50.3	West Virginia	60,498	119,929	49.6
New York	33,481	119,851	72.1				
North Carolina	35,219	85,152	58.7	Total	560,679	1,425,067	60.7
Ohio	35,661	82,750	57.0				

In reviewing the funds expended under the Appalachian Highway Program through FY1970, the following total federal cost, total project cost and percentage of State funds utilized, is shown.

The original Federal Act provided an allowance for the States to utilize 70% of federal funds in the Highway Program. This percentage factor was established on the basis of understanding that the States' participation in this highway development would require a major additional commitment at a time when the ability of States to maintain their position in regular highway programs was severely strained. The determination was that it would be an extremely unusual effort for the States to provide even 30% of funds in this unusual and sizable undertaking. Nevertheless, the record now shows that the States' participation in this effort has been at a rate of 46%—for all States through the five years of the program.

Again this figure understates the State participation, since it does not include a reporting of the fact that several States have advanced 100% State funds in the costs of preliminary engineering and right-of-way acquisition on sections of the highway system for which no construction funds are available within the present federal level of authorization.

State	ARC Development Highway Funds Fiscal Year 1965 through Dec. 31, 1970 (In thousands)	Total cost of development highways in each State through Dec. 31, 1970 (In thousands)	Percent of State funds
Georgia	$10,884	$19,776	45
Kentucky	116,377	183,987	37
Maryland	23,566	44,214	47
New York	83,730	192,716	57
North Carolina	36,128	65,870	46
Ohio	44,171	81,115	46
Pennsylvania	60,197	122,455	51
Tennessee	44,645	71,842	38
Virginia	42,178	72,386	42
West Virginia	152,126	264,859	46
Total	614,003	1,119,222	[1] 46

[1] Cumulative.

Attached is a summary table for each State showing Appalachian assisted projects in each State and the amount contributed toward the total cost of those projects by State and local government.

ALABAMA PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

Fiscal year	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
	ARC	Total	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	296, 330	792, 660	286, 020	953, 400	1, 256, 507	6, 564, 353
1967	0	0	639, 530	1, 502, 000	0	0	5, 889, 869	23, 096, 294
1968	0	0	608, 323	1, 658, 573	404, 884	2, 372, 400	4, 149, 855	20, 540, 119
1969	0	0	1, 467, 316	4, 567, 616	0	0	2, 844, 587	11, 260, 364
1970	28, 389	35, 487	2, 473, 536	5, 620, 000	0	0	3, 448, 212	13, 913, 760
Total	28, 389	35, 487	5, 585, 035	14, 140, 849	690, 904	3, 325, 800	17, 589, 030	75, 374, 890

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	13, 416, 128		6, 814, 985		20, 231, 113
201B	6, 765, 842		1, 691, 500	8, 457, 342	8, 457, 342
202	2, 447, 977				
203	0				
205	28, 389		7, 098	35, 487	35, 487
207	5, 585, 035	1, 264, 427	3, 898, 148	14, 140, 849	14, 933, 509
211	690, 904	306, 836	1, 453, 880	3, 325, 800	3, 710, 800
212	17, 589, 030	24, 396, 351	27, 537, 974	75, 374, 890	82, 777, 000
214	882, 572				
302A					

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A	19, 530, 000	
Access roads sec. 201B (cumulative)	3, 069, 200	NA
Health sec. 202	2, 373, 445	NA
Vocational education sec. 211	3, 485, 287	NA
Supplemental grants sec. 214	200, 000	NA
Local development district and research sec. 302(a)		

GEORGIA PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

Fiscal year	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
	ARC	Total cost	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	396, 330	792, 660	165, 393	806, 646	2, 003, 871	41, 620, 860
1967	0	0	639, 530	1, 502, 000	143, 160	477, 200	2, 917, 092	11, 494, 212
1968	0	0	608, 323	1, 658, 573	187, 233	927, 687	2, 357, 811	10, 399, 117
1969	114, 216	142, 770	1, 467, 316	4, 567, 616	0	0	1, 727, 122	7, 245, 358
1970	69, 480	86, 850	2, 473, 536	5, 620, 000	0	0	1, 675, 347	10, 234, 396
Total	183, 696	229, 620	5, 585, 035	14, 140, 849	495, 786	2, 211, 533	10, 681, 243	53, 993, 943

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	10, 884, 491		8, 891, 839	19, 776, 330	19, 776, 330
201B	2, 489, 026		1, 709, 583	4, 198, 609	4, 198, 609
202	8, 382, 902		1, 216, 271	9, 599, 173	9, 599, 173
203	873, 110				
205	0				
207	183, 696		45, 924	229, 620	229, 620
211	5, 585, 035	1, 264, 427	3, 898, 148	14, 140, 849	14, 628, 674
212	495, 786	167, 670	1, 123, 077	2, 211, 533	2, 791, 533
214	10, 681, 243	18, 630, 427	20, 951, 899	53, 993, 943	60, 072, 110
302A	545, 127				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (cumulative)	14,405,000	18,327,000
Access roads sec. 201B (cumulative)	3,017,000	
Health sec. 202	2,507,200	NA
Vocational education sec. 211	1,746,615	NA
Supplemental grants sec. 214	3,438,619	NA
Local development district and research sec. 302(a)	0	NA

KENTUCKY PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
Fiscal year	ARC	Total	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	695,520	1,500,000	0	0	1,515,000	5,230,000
1967	0	0	1,438,813	3,475,000	0	0	3,317,899	10,175,246
1968	0	0	1,539,800	3,396,321	0	0	2,772,597	16,368,505
1969	99,945	124,932	934,600	1,949,768	0	0	2,250,022	11,626,600
1970	0	0	2,100,321	9,962,704	0	0	2,284,266	15,990,000
Total	99,945	124,932	6,709,054	20,283,793	0	0	12,139,784	59,390,351

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	116,376,788		67,610,470	183,987,258	183,987,258
201B	2,084,547		1,363,851	3,448,398	3,448,398
202	14,559,017		21,838,983	36,398,000	36,398,000
203	2,005,085				
205	0				
207	0				
211	6,709,054	515,755	8,724,096	20,283,793	20,495,054
212	0				
214	12,139,784	17,362,578	23,268,450	59,390,351	69,758,000
302A	1,061,608				

ARC FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (cumulative)	143,982,000	179,330,000
Access roads sec. 201B (cumulative)	3,793,000	
Health sec. 202	4,180,200	NA
Vocational education sec. 211	1,615,668	NA
Supplemental grants sec. 214	3,888,488	NA
Local development district and research sec. 302(a)	130,000	NA

MARYLAND PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grant sec. 214	
Fiscal year	ARC	Total	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	300,000	1,800,000	0	0	222,810	603,380
1967	0	0	300,000	1,750,000	104,702	746,592	1,602,397	11,554,976
1968	0	0	331,820	865,428	3,911	28,000	3,167,955	10,243,849
1969	0	0	575,600	1,343,034	0	0	1,197,869	3,703,841
1970	93,040	116,300	1,223,104	3,965,000	0	0	1,197,869	3,703,841
Total	93,040	116,300	2,730,524	9,723,462	108,613	774,592	8,058,660	31,620,138

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	23,566,426		20,648,032	44,214,458	44,214,458
201B	758,567		650,719	1,409,286	1,409,286
202	100,000			100,000	100,000
203	248,357				
205	65,400			65,400	65,400
207	93,040		21,800	87,200	87,200
211	2,730,524	300,000	5,441,586	9,723,462	14,272,646
212	108,613	122,366	477,447	1,571,000	1,571,000
214	8,058,660	4,421,989	17,646,872	31,620,138	38,712,800
302A	106,350				

ARC FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (cumulative)	36,786,000	45,536,000
Access roads sec. 201B (cumulative)	1,707,000	
Health sec. 202		
Vocational education sec. 211	835,855	NA
Supplemental grants sec. 214	1,996,114	NA
Local development district and research sec. 302(a)	65,000	NA

MISSISSIPPI PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
Fiscal year	ARC	Total	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	0	0	0	0	0	0
1967	0	0	0	0	0	0	0	0
1968	0	0	475,000	1,080,000	0	0	1,629,556	8,421,547
1969	0	0	545,461	1,613,072	0	0	2,627,104	10,194,477
1970	318,800	398,500	876,700	1,605,963	0	0	2,316,575	6,413,212
Total	318,800	398,500	1,897,161	4,299,035	0	0	6,573,235	25,029,236

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A					
201B	5,749,522		3,194,112	8,943,634	8,943,634
202	26,402			26,402	26,402
203	709,199				
205	0				
207	318,800		79,700	398,500	398,500
211	1,897,161	342,152	1,119,860	4,199,035	5,129,035
212	0				
214	6,573,235	8,195,216	8,903,624	25,029,236	29,111,741
302A	509,214				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (Cumulative)	9,058,000	
Acess roads sec. 201B (Cumulative)	9,058,000	
Health sec. 202		
Vocational education sec. 211	1,200,688	NA
Supplemental grants sec. 214	2,643,603	NA
Local development district and research		
Sec. 302(a)	60,000	NA

NEW YORK PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

Fiscal year	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
	ARC	Total cost	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	448,420	1,666,665	144,410	489,068	2,043,254	7,583,874
1967	0	0	448,420	2,000,500	0	0	2,804,719	13,384,909
1968	0	0	1,138,439	7,684,320	334,976	3,319,000	2,077,630	16,331,862
1969	131,360	164,200	1,271,469	13,604,966	0	0	1,873,037	22,673,087
1970	0	0	1,271,469	5,203,875	0	0	801,634	8,221,672
Total	131,360	164,200	4,467,557	30,160,326	479,386	3,808,068	9,600,274	68,465,404

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	83,730,000		108,346,124		192,716,124
201B	247,819		261,113	508,932	508,932
202	80,000			80,000	80,000
203	1,611,202				
205	124,875		41,625	166,500	166,500
207	131,360		32,840	164,200	164,200
211	4,467,557	3,400,275	19,411,526	30,160,326	32,160,326
212	479,386	748,066	2,107,901	3,808,068	3,808,068
214	9,600,274	14,785,672	39,923,534	68,465,404	83,883,000
302A	322,546				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (cumulative)	83,730,000	104,158,000
Access roads sec. 201B (cumulative)	3,011,000	
Health sec. 202	1,646,048	NA
Vocational education sec. 211	3,675,790	NA
Supplemental grants sec. 214	3,675,790	NA
Local development districts and research sec. 302A	130,000	NA

NORTH CAROLINA PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

Fiscal year	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
	ARC	Total Cost	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	566,660	1,200,248	48,000	160,000	457,970	3,803,000
1967	0	0	437,500	1,062,724	210,210	700,000	1,375,383	7,115,474
1968	0	0	921,331	2,828,056	586,405	2,817,700	5,327,109	22,277,124
1969	0	0	965,019	1,930,037	39,630	202,400	2,563,117	10,338,488
1970	0	0	1,664,832	4,088,080	0	0	2,173,275	9,524,254
Total	0	0	4,555,342	11,109,145	884,245	3,880,800	11,896,854	53,058,340

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	36,128,225		29,741,897		65,870,122
201B	2,115,300		1,333,431	3,448,731	3,448,731
202	5,791,714				
203	1,310,162				5,791,714
205	0				
207	0				
211	4,555,342	379,208	4,188,275	11,109,145	12,422,393
212	892,935	8,690	1,346,370	3,880,800	4,058,400
214	11,896,854	17,485,747	19,725,058	53,058,340	68,671,000
302A	493,996				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development Highways (cumulative) sec. 201A	38,630,000	48,530,000
Access Roads (cumulative) sec. 201B	3,496,000	NA
Health sec. 202	2,104,800	NA
Vocational education sec. 211	1,597,465	NA
Supplemental grants sec. 214	2,911,259	NA
Local development district and research sec. 302 (a)	288,000	NA

OHIO PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

Fiscal year	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
	ARC	Total Cost	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	541,780	2,641,000	0	0	484,558	1,494,609
1967	0	0	541,760	3,652,760	409,504	1,984,000	5,169,902	18,853,038
1968	0	0	790,400	2,536,926	89,277	662,000	2,315,813	7,730,920
1969	48,800	61,000	878,800	3,990,000	0	0	2,351,358	9,059,534
1970	64,560	80,700	1,602,432	5,410,520	0	0	2,386,621	10,407,610
Total	113,360	141,700	4,355,172	18,231,206	498,781	2,646,000	12,708,252	47,545,711

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	44,171,000		36,943,573		81,114,573
201B	2,875,641		4,455,234	7,330,875	7,330,875
202	8,462,456	3,028,261	10,521,467	22,012,184	22,012,184
203	1,332,169				
205	1,510,140		503,379	2,013,519	2,013,519
207	113,360		28,340	141,700	141,700
211	4,355,172	3,315,570	7,178,865	18,258,206	19,608,206
212	498,781	295,019	1,027,000	2,646,000	3,342,000
214	12,708,252	14,488,143	17,923,684	47,545,711	59,799,452
302A	411,255				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (Cumulative)	44,171,000	55,030,000
Access roads sec. 201B (Cumulative)	3,706,000	
Health sec. 202	2,237,300	
Vocational education sec. 211	1,537,590	
Supplemental grants sec. 214	2,917,833	
Local development district and research sec. 302(a)	130,000	

PENNSYLVANIA PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

Fiscal year	Mining sec. 205		Housing assistance sec. 207		Vocational education sec. 211	
	ARC	Total cost	ARC	Total	ARC	Total eligible cost
1966	13,230,000	21,450,428	0	0	0	0
1967	2,589,410	3,465,759	0	0	2,789,507	19,522,546
1968	2,973,750	3,854,000	25,926	32,408	2,064,500	34,572,696
1969	511,803	682,404	242,143	302,679	2,266,416	27,170,771
1970	815,270	1,087,031	480,394	589,662	4,452,857	19,838,393
Total	20,120,233	30,539,622	748,463	924,749	11,573,280	101,104,406

PENNSYLVANIA PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION—Continued

Fiscal year	Sewage treatment sec. 212		Supplemental grants sec. 214	
	ARC	Total eligible cost	ARC	Total eligible cost
1966	762,152	2,621,700	3,591,095	19,624,603
1967	477,600	1,592,000	7,833,510	55,999,695
1968	1,094,291	4,054,500	5,956,000	51,868,077
1969	0	0	5,791,354	43,816,125
1970	0	0	5,503,303	63,959,922
Total	2,334,043	8,268,200	28,675,262	235,268,422

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	60,197,441		62,257,762		122,455,203
201B	8,097,432		12,546,576	20,644,008	20,644,008
202	363,692			363,692	363,692
203	1,744,223				
205	20,120,233		10,419,389	30,539,622	30,539,622
207	748,463		187,116	935,579	935,579
211	11,573,280	12,404,096	76,608,987	101,104,406	104,196,814
212	2,334,043	24,358	5,259,221	8,268,200	9,983,962
214	28,675,262	65,384,955	138,517,410	235,268,422	263,652,000
302A	1,212,849				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (Cumulative)	87,804,000	111,666,000
Access roads sec. 201B (Cumulative)	10,479,000	
Health sec. 202		
Vocational education sec. 211	4,640,963	NA
Supplemental grants sec. 214	6,498,661	NA
Local development district and research sec. 302(a)	400,000	NA

SOUTH CAROLINA PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

Fiscal year	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
	ARC	Total cost	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	0	0	0	0	282,498	1,789,997
1967	0	0	923,700	3,110,000	156,300	835,000	4,170,618	17,329,880
1968	0	0	387,500	1,550,000	212,930	658,900	1,992,991	9,098,680
1969	0	0	757,400	1,600,000	0	0	1,722,028	8,325,466
1970	0	0	550,000	1,255,000	0	0	1,503,223	6,649,757
Total			2,618,600	7,515,000	1,369,230	1,493,900	9,671,358	43,191,780

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A					
201B	6,438,530		5,470,304	11,908,834	11,908,834
202	10,098,571		4,750,095	14,848,666	14,848,666
203	505,724				
205	0				
207	0				
211	2,618,600	1,018,800	1,830,600	7,515,000	7,970,000
212	369,230	1,493,900	675,350	1,493,900	1,651,200
214	9,671,358	13,850,324	16,877,018	43,191,780	54,110,491
302A	345,335				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A		
Access roads sec. 201B (cumulative)	9,431,000	
Health sec. 202	3,103,000	NA
Vocational education sec. 211	2,096,031	NA
Supplemental grants sec. 214	3,008,591	NA
Local Development district and research sec. 302(a)	80,000	NA

TENNESSEE PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

	Housing sec. 207		Vocational education sec. 211		Sewage sec. 212		Supplemental grants sec. 214	
Fiscal year	ARC	Total	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	675,000	2,000,000	76,770	255,900	2,327,512	13,602,053
1967	0	0	383,000	766,000	45,600	152,000	2,464,302	16,632,161
1968	0	0	527,500	1,055,000	641,918	2,454,329	5,200,529	45,870,602
1969	0	0	1,472,155	2,944,311	4,500	35,100	2,821,543	24,283,874
1970	72,914	91,142	3,040,798	6,101,597	0	0	3,040,798	19,438,200
Total	72,914	91,142	6,098,453	12,866,908	768,788	2,897,329	15,854,684	120,826,890

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	44,645,113		27,197,178		71,842,291
201B	4,690,000		4,498,775		9,188,775
202	20,450			20,450	
203	2,209,382				
205	300,000		100,000	400,000	400,000
207	72,914		18,228	91,142	91,142
211	6,098,453	325,000	4,459,386	12,866,908	14,428,219
212	768,788	100,410	1,514,950	2,897,329	2,897,329
214	15,527,869	39,349,025	59,862,308	120,826,890	139,155,000
302A	599,167				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways (cumulative) sec. 201A	45,681,000	56,697,000
Access roads (cumulative) sec. 201B	4,690,000	
Health sec. 202	2,296,900	NA
Vocational education sec. 211	1,659,538	NA
Supplemental grants sec. 214	3,917,409	NA
Local development district and research sec. 302(a)	245,000	NA

VIRGINIA PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
Fiscal year	ARC	Total	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	0	0	92,400	313,000	810,758	4,184,242
1967	0	0	2,422,016	5,505,098	62,690	536,200	2,320,560	7,674,224
1968	0	0	1,093,671	3,030,741	155,970	519,900	2,024,880	7,191,375
1969	0	0	797,500	2,550,000	0	0	1,979,799	8,634,513
1970	0	0	1,477,723	4,852,680	0	0	1,967,464	11,337,154
Total	0	0	5,790,910	15,938,519	311,060	1,369,100	9,103,461	39,021,508

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	42,177,930		30,208,490		72,386,420
201B	926,175		440,013	1,366,188	1,366,188
202	6,359,982		1,555,285	7,915,267	7,915,267
203	988,808				
205	164,325		54,775	219,100	219,100
207	0				
211	5,790,910	1,925,131	4,218,802	15,938,519	15,938,519
212	311,060	98,160	468,830	1,369,100	1,369,100
214	9,103,461	10,869,404	12,946,673	39,021,508	44,068,304
302A	544,228				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (cumulative)	42,182,000	46,330,000
Access roads sec. 201B (cumulative)	2,710,000	NA
Health sec. 202	1,930,000	NA
Vocational education sec. 211	1,426,578	NA
Supplemental grants sec. 214	2,518,617	NA
Local development district and research sec. 302(a)	150,000	NA

WEST VIRGINIA PROJECTS FUNDED VIA APPALACHIAN REGIONAL COMMISSION

	Housing assistance sec. 207		Vocational education sec. 211		Sewage treatment sec. 212		Supplemental grants sec. 214	
Fiscal year	ARC	Total	ARC	Total eligible cost	ARC	Total eligible cost	ARC	Total eligible cost
1966	0	0	0	0	0	0	2,684,105	14,408,343
1967	0	0	930,500	1,998,412	54,000	180,000	5,657,870	28,664,376
1968	0	0	1,234,800	2,467,600	62,330	207,020	3,064,618	23,912,246
1969	181,500	226,875	1,400,600	3,900,000	0	0	3,143,082	18,788,469
1970	185,240	231,400	2,007,683	4,715,386	0	0	2,901,009	13,228,790
Total	366,740	458,275	5,573,593	13,081,398	116,330	387,020	17,450,684	99,202,224

FUNDS EXPENDED 1965–70 UNDER APPALACHIAN REGIONAL COMMISSION

	ARC	Basic	State and local	Total eligible cost	Total cost
201A	152,125,654		112,733,152		264,858,806
201B	2,572,359		1,292,800	3,865,159	3,865,159
202	9,581,772		958,177	10,539,949	10,539,949
203	1,610,886				
205	150,000		50,000	200,000	200,000
207	366,740		91,535	458,275	458,275
211	5,573,593	928,106	4,678,083	13,081,398	18,258,998
212	116,330		82,790	387,020	398,240
214	17,450,684	36,429,245	42,594,002	99,202,224	101,272,000
302A	477,653				

APPALACHIAN REGIONAL COMMISSION FUNDS CURRENTLY AVAILABLE

	1971	1972
Development highways sec. 201A (cumulative)	198,929,000	244,996,000
Access roads sec. 201B (cumulative)	5,372,000	
Health sec. 202	5,081,000	NA
Vocational education sec. 211	3,025,146	NA
Supplemental grants sec. 214	3,896,493	NA
Local development district and research sec. 302(a)	130,000	NA

(The following questions were posed by Senator Randolph:)

Construction Necessary for Demonstrations

Question. Has the Commission been able to do all it felt appropriate under the research and demonstration program in the way of physical construction necessary in carrying out particular research projects? What construction would be necessary in such work?

Answer (by Governor Moore). It is our view, on the whole, that Section 302 funds should not be used on any large scale for construction, but occasionally some physical construction is involved in a particularly useful demonstration. While it is not clear that the language in Section 302 referring to construction was intended to prohibit all construction, even that involved in the demostrations themselves, the present language has cast a question on our authority to use Section 302 funds for construction in connection with demostrations.

In one instance the prohibition prevented the Commission from providing Section 302 support for demonstrating an approach to developing an industrial site along an Appalachian development highway primarily because the demonstration involved some realignment of a stream channel. In several education demostrations, funds were required to establish a learning materials resource center or a small physical facility. We think construction for the demonstration would be appropriate in such cases.

Manpower Development Experience Under 1969 ARDA Amendments

Question. What has been your experience with the mandate given by the 1969 Amendments for manpower development, particularity the retraining of coal miners?

Answer (by Ralph Widner). The Commission is attempting to stimulate a number of demonstrations designed to provide effective manpower training for persons desiring such training who live in rural areas. Most of the Federal manpower programs have surpassed the rural people in favor of those living in urban areas because urban residents are more easily reached and organized.

The largest demonstration undertaken so far, using Sec. 302 funds, has been a joint project between the Commission, the Atomic Energy Commission and the Department of Labor, using AEC facilities at Oak Ridge, Tennessee. Here we are training 80 young men per year, from rural Appalachian areas of Kentucky, West Virginia, Tennessee and Virginia, for occupations in expanding industries in Appalachia. The Department of Labor is funding a companion effort for urban areas in such cities as Chattanooga and Knoxville under the same program.

The Commission's project, which began in October 1969, was designed to find out whether the disadvantaged residents of the 60 Central Appalachian counties, which hold the record for the lowest educational levels, lowest per capita income, and the highest unemployment in the region, can have their lives significantly improved through a comprehensive six-month manpower training program. It also was to demonstrate whether multistate manpower programs using existing agencies and established governmental procedures can be a practical and effective way to develop manpower on a regional basis. A third objective was to give recruitment emphasis to displaced coal miners.

Preliminary information indicates that the first two objectives have been successfully met. Placement of ARC-sponsored trainees from the first phase was basically completed in November 1970. Ninety-seven percent were placed in entry-level jobs averaging $3.00 per hour. The project served as a trailblazer in Kentucky, Virginia, and West Virginia for the processing of interstate recruitment and payment of training allowances. Agreement was reached in December for regular West Virginia individual referrals to the Oak Ridge facility beginning in January 1970. However, special efforts to recruit ex-miners for this training program were largely unsuccessful. Fourteen of the first 80 trainees were ex-coal miners. Several others interviewed chose not to relocate to Oak Ridge.

The Commission sponsored a study to design a demonstration program to train 250 persons from Ohio and West Virginia for entry-level jobs in the coal industry utilizing new techniques and resources in recruitment, motivational training, job counseling and skill training necessary for the available jobs as well as providing the basis for rapid advancement to more skilled jobs.

Six States have asked the Commission to sponsor a study to design a comprehensive coal manpower training complex. However, the Commission felt that it

was necessary to understand fully the extent and the nature of the manpower problem in the industry before embarking upon an expensive design of a coal manpower training complex. Therefore, the Commission is going to attempt to develop a detailed analysis of the causes of the manpower problem in the industry and also project manpower needs by category into the future. Only after these elements are understood can effective action by either public or private sectors be taken to remedy whatever problems are identified; otherwise, there is the risk of committing resources to relieving symptoms without ever getting to the cause of the problem. For example, the Commission's study may determine that training is not the key solution, but that some basic factors in the industry management might have to be adjusted prior to realizing the effectiveness of a training program.

LIMITATIONS ON ABILITY TO UNDERTAKE COMPREHENSIVE ENVIRONMENTAL IMPROVEMENT

Question. The Applachian Regional Commission has over the years increasingly focused investment on the improvement of the physical environment as vital to the economic strength and habitability of many areas. Have you found the present environmental enhancement programs of cropland improvement, timber development, mine area restoration, and water resources planning to be limiting in the undertaking of comprehensive environmental improvement?

Answer (by Governor Moore). The topography of the region poses a number of resource management problems which are less acute in less rugged areas of the U.S. For instance, soil erosion, land stabilization and sedimentation problems on the steep slopes of Appalachia pose problems not only for Appalachia but for downstream areas as well. Atmospheric conditions above the major mountain valleys of the region are such that, aside from the Los Angeles Basin and several high valleys in the western mountains, Appalachia potentially has the conditions for one of the most serious air pollution problems in the U.S. This has once been experienced in the Pittsburgh area, during the 1940's, and several other urban centers are now being seriously affected.

Because of the importance of the natural resources in the Appalachian economy, the Commission must face two kinds of problems with respect to the Appalachian environment and development of the region's resources.

First, the Commission must overcome the serious environmental problems engendered by past resource exploitation in Appalachia. While the best known problems of this kind are related to the impact of mining on the Appalachian environment, Appalachia has other environmental problems as well which affect the quality of water, land and air in the region. For example, even if mine drainage pollution were cleaned up in several of the major river basins in northern Appalachia, substantial industrial and municipal pollution would remain in these streams in sufficient quantities to negate the benefits and purposes of cleaning up the mine drainage. It makes little sense for the Commission to encourage a mine drainage pollution clean-up in these river basins unless such undertakings are part of comprehensive efforts to rehabilitate the environment in all respects, including the firm regulation of *all* activities which pollute the land, air and water resources.

Unfortunately, however, under existing Federal law, the Commission finds it extremely difficult to encourage comprehensive environmental reclamation and resource development responsibilities among other Federal and State agencies. Most programs must operate within relatively narrow constraints of a specific statute addressed to a rather narrow range of problems in the environment. Our review of existing Federal environmental and resource programs also indicates:

(1) There are significant environmental and resource problems in the region for which there are no basic ongoing Federal programs and, thus, no means for consistently approaching them on a programmatic basis (e.g., cleaning up the accumulation of past solid wastes usually dumped in mine-scarred areas);

(2) Even within the framework of each State Appalachian Development Plan, it is difficult to coordinate and sequence environmental and resource investments because of the many funding agencies with varying requirements and attitudes which are involved; and

(3) Some of the basic environmental and resource problems of Appalachia, unless corrected, frustrate or, for all practical purposes, nullify the related environmental improvement which can be undertaken under existing laws.

Under the Appalachian program, investments in resource and environmental

improvement can be made for selected items under several sections. For example—

Section 202—solid waste disposal systems and other environmental health improvements;

Section 203—grants to help farmers and other land occupiers stabilize their lands and thereby reduce erosion and sedimentation;

Section 204—technical assistance and research in the field of timber development;

Section 205—grants for mine area reclamation, mine subsidence control, and mine fire extinguishment;

Section 214—supplemental grants for waste treatment facilities, small watershed projects, and land and water conservation projects; and

Section 302—technical assistance for planning and demonstration grants relating to environmental and resource problems.

The inadequacies of the present approach can best be shown by specific examples which have occurred in the past few years.

One State found itself unable to direct Federal program funds in a way that would enable it to systematically solve the solid waste disposal problem in a large rural area because its towns were large enough to be excluded from the use of funds from agricultural programs, but too small and widely dispersed to warrant high priority for funds under the HEW solid waste program. Another State found funds available for one set of mining problems (land reclamation, etc.), but not for an other set such as control of underground water levels in abandoned mines, whose fluctuation undermines developed areas by causing subsidence. Similarly, a State that desired to improve and protect an area for purposes requiring a high standard of environmental quality found it nearly impossible to gather funds from a dozen different Federal sources within a time-frame appropriate to the project.

Existing resource investments, such as reservoirs, have their uses substantially constrained by poor water quality. Similarly, water quality investments in one type of facility and for one set of problems too often are not matched by similar upstream facilities or concurrent improvements in other aspects of water quality.

To deal adequately with the region's serious environmental needs and to provide both the States and the Federal Government with a flexible tool for approaching resource and environmental problems of the areas, the Governors have proposed a new approach that would provide flexibility for solving natural resource and environmental problems similar to that now possible for health problems under Section 202.

The first step under this approach would be development of natural resource and environmental improvement plans for areas where such problems are the major impediment to future social or economic improvement (e.g., watershed, small river basin, or metropolitan area). Such plans would: (1) identify the critical natural resource and environmental problems which are constraining the area's growth and well-being; (2) identify the natural resource and environmental objectives which need to be met; (3) establish priorities on both project and activity bases in order to overcome the resource and environmental problems; (4) identify those associated and ongoing activities which must be concurrently or sequentially carried out in order to assure that the objectives of the natural resource and environmental projects are met and maintained; and (5) estimate costs for each project component.

Most of these environmental plans will touch upon questions such as location of future mines, repair of past mining damages, location of sewage and water treatment plants and their distribution and collection systems, water quality, roads, and other resource-related public facilities all of which ultimately devolve into the issues of land-use patterns and the interaction between public and private decisions which determine them. These plans could be a useful contribution to a total land-use system which would: (a) provide decision-making criteria for coordinating all the investments made or contemplated in a particular area in order to maximize social benefit, and (b) provide at the local level guidelines for determining, governing and projecting preferred multiple and sequential land-use patterns.

The environmental plan would then be submitted to the Commission for approval. The Commission review would include obtaining comments from those Federal agencies concerned with specific components of the plan. At this point, the technical and financial participation of each Federal and State agency would be identified, as well as timing and sequence of these investments. For instance, FWQA would agree to fund a municipal waste treatment plan concurrent with private investment for abating industrial or other wastes, in order to protect both public and private investments for the recreational, or other high water quality, use of the stream. Appalachian funds would be used as "glue money"

or leverage to make it possible for all agencies to cooperate in comprehensive environmental and resource development programs in priority areas of the region. Because there is much still unknown concerning the ecological relationships between various components of the emvironment, this demonstration effort in Appalachia could serve as a national laboratory for testing alternative approaches to emvironmental problems on a Federal-State basis.

Upon Commission approval of an environmental improvement or resource development plan, projects identified might be funded on two bases: (1) those specific projects for which there is an ongoing Federal grant program and which Commission funds can supplement or augment; and (2) those projects requiring innovative approaches, for which there is no Federal program and for which the need is clearly demonstrated in the plan, which could be funded by the Commission but implemented by the appropriate Federal agency.

Vocation, Education and Educational Demonstrations

Question. The Commission has done some interesting work in the area of education, both under the vocational education and the supplemental grant programs and with innovation under the research and demonstration grants. Is this an area where you might follow the lead of innovative health services and move from a construction oriented education program to one involving the operation of new educational service demonstration?

Answer (by Governor Moore). Yes, Senator. This matter is discussed to some extent, in my prepared statement. This is an area which, indeed, lends itself to an innovative comprehensive demonstration approach.

First of all, the states have made excellent use of Section 211 which authorizes the construction of vocational education schools but within the next two years, the vocational education network, insofar as bricks and mortar construction is concerned, will, in many of the states, be substantially completed. However, some of these states will need to improve the quality of technical education provided in their facilities. This would require broadening the authority under Section 211 to include operating programs. The 1968 vocational education legislation requires that at least 40 percent of the basic Federal funds in state grants be reserved by the states for special programs in post-secondary education and for the physically and economically handicapped. Thus, only 60 percent of the basic allocation will be available for operating regular programs and for construction. Several of the Appalachian states have indicated that they will spend very little, if any, of their Federal-state vocational education funds for construction due to the shortage of operating funds.

The Commission has considered, from time to time, the advisability of recommending that the authority under Section 211 be broadened in order to enable states, once they have achieved their vocational and technical education objectives, to shift to their next priority, which would be educational demonstrations and particularly multi-school district educational cooperatives. If this were done it would be possible for the Commission to respond to local and state plans with sufficient funds not only to improve the quality of vocational programs, but also to assist in the improvement of related educational development.

Secondly, the school systems of rural Appalachia share the problems of rural areas across the Nation; although they suffer then, perhaps, to an even greater degree. Some of these deficiencies are:

A per pupil expenditure at least one hundred dollars below the national average;

A dropout rate that is from 10 percent to 20 percent above the national average;

A significantly greater percent of uncertified teachers, 13 percent in the Region and about 6 percent in the rest of the Country;

A paucity of inservice courses designed to upgrade the teaching staff;

Few services for pupils outside of the classroom;

Few kindergartens or other early childhood education programs;

Small school size which limits the academic program.

These deficiencies and others that accompany small school size and low financing have been documented by the Commission. The Commisison has sponsored some demonstration programs to show how local, state and federal effort can be harnessed to improve education in Appalachia.

The strategy has been to pool resources across school jurisdictional lines by means of School Cooperatives or Regional Education Service Agencies. These

multi-school system agencies are designed to coincide with the Local Development Districts of the Commission so that education planning and economic development planning can be coordinated.

So far, the Commission has provided approximately $900 thousand in Section 302 funds to various areas for the planning of these educational demonstrations. If we were to fund all of the projects currently being planned, the funds under Section 302 would not be adequate.

We have been making some progress. For example, in the past it has been difficult for the schools of Appalachia to take advantage of many federal programs because the small schools do not have the personnel or the expertise required to write competitive proposals. The staff of the Commission has worked with the schools of the Region and the Office of Education, HEW, to channel more education funds into the Region. From 1965 through 1968, Appalachian school districts and Universities participated at a rate of less than 6 percent of the total Federal funds available. Since that time the increase in Federal funds indicates an Appalachian participation of about 8.8 percent. The following programs are those showing the greatest growth:

1. Education Profession Development Act Urban-Rural Program
2. Career Opportunities Program
3. Differentiated Staffing
4. Developing institutions

Commitments have recently been received from Title III, ESEA to coordinate an Appalachian portion of these funds with the ARC School Cooperative demonstrations.

The 260 vocational schools funded through fiscal 1970 with the help of Section 211 and Section 214 funds have significantly changed the nature and thrust of the vocational programs in the Region. Data from the Region indicated that in 1966, 65 percent of the secondary vocational education students were enrolled in programs preparing graduates for 5 percent of the available jobs. On the other hand, over 80 percent of the secondary vocational education enrollment in Commission-assisted facilities is in job-relevant curricula.

In short, Senator, we have made some great strides, but much still remains to be done. The Commission has attempted to attack some of the problem areas with demonstration programs under Section 302. We have learned some valuable lessons; we see progress; —but these just aren't enough funds available under the general Section 302 research and demonstration program to fund what needs to be done. A demonstration program for comprehensive educational programs embracing construction, equipment and operating components would vastly increase our flexibility and capability to deal with these problems.

Question. What have been the Commission's experience with the authority to give technical assistance in the housing field; granted by the 1969 Amendments?

Answer (by Governor Moore). In 1969, Section 207(e) was added to provide for technical assistance to nonprofit housing organizations. To date, the Commission has approved grants to six states including West Virginia, totaling $393,000. Unfortunately, however, all applicants have experienced considerable delays in negotiating and executing contracts for these grant funds. In fact, some applications approved by the Commission in May last year have not resulted in grant contracts.

Under the present authorization, the Secretary of Housing and Urban Development may contract to provide the technical assistance. The administrative delays which we have encountered in contracting for the technical assistance could be considerably reduced if the Commission also were permitted to contract directly for the aid.

Housing Questions

Question. To what extent have the efforts of the Commission to obtain a supply of decent housing for the region been held back by the unusually high costs of basic site development found throughout Appalachia? Is there a mechanism which might alleviate that limitation on otherwise feasible projects?

Answer (by Governor Moore). While we have had great success in a relatively short time and with a small outlay of Federal funds in stimulating housing projects under the Section 207 program, we have found that some desirable housing projects have not been started because they have been unable to meet the economic feasibility Requirements of the FHA. Many communities cannot produce housing for low- and moderate-income families for three reasons: the relatively low

level of family incomes, the high cost of land development caused by the rough Appalachian topography and the fact that available building sites are frequently not directly accessible to sewer and water facilities. This puts housing sponsors in the middle. They must keep rents and sale prices low enough so that those who need housing can afford them, while, on the other hand, rents and sale prices must be high enough to cover the full cost of development. The margin between these two, i.e., the difference between a feasible project and one that cannot carry full costs, is usually relatively small as compared with the total cost of a housing project. Assistance in meeting basic development costs (such as the cost of sewer and water line extensions, drainage facilities and site grading and stabilization) would permit many Appalachian communities to move forward with housing projects which would otherwise not be undertaken.

This need is demonstrated in my own state where we have a state agency devoting itself to the promotion and financing of low- and moderate-income housing. We are discovering that community organizations will undertake the planning of housing projects, only to discover that the project is not feasible unless some means can be found to supplement mortgage funds.

In order for a project to be feasible, it must be demonstrated that monthly rents, for example, must be sufficient to cover mortgage payments and operating costs, including local taxes and maintenance. The amount of the mortgage depends on the cost of developing a project.

When an organization applies for FHA mortgage insurance, it will indicate the following categories of expected costs.

—Land improvements, including utilities and landscape work
—Construction
—Fees, including those of the architect and builder
—Financing charges
—Legal costs
—Land acquisition
—Off-site construction cost

In West Virginia (and this is true of other Appalachian states) the numbers simply don't always work out. Invariably, the housing sponsor is faced with the need for funds to cover costs involved in running utilities to the site, or providing special drainage facilities, or grading and stabilizing a rough site.

Our state housing agency reports that a typical project in West Virginia can expect off-site costs of $18,000–$20,000. If the organization cannot meet the extra cost, the project cannot be built. In some instances, projects initiated three years ago have not been able to proceed to construction.

Section 214 "First Dollar Money"

Question. Would so-called "first dollar money" make this program even more useful?

Answer (by Governor Moore). "First dollar money" would be of great importance to the Appalachian States in carrying out their program objectives as set forth in their Development Plans.

The supplemental grant provisions of the Appalachian Regional Development Act have added a new dimension of flexibility in overall planning to the Federal grant-in-aid system. The Appalachian Governors have been able to set priorities among the available Federal programs to achieve greater economic and social impact by concentrating public investments in areas determined to be most suitable for providing areawide services.

That flexibility depends, however, upon there being sufficient basic Federal grant-in-aid resources under the various Federal programs to satisfy the economic and human resource needs identified in the States' Appalachian Development Plans. The supplemental grant program by its nature depends on there being sufficient funding of those basic Federal grant programs; in short, there must be some basic grant to supplement. When funds under the available basic Federal grant-in-aid programs are inadequate to meet the region's identified needs, "first dollar money" would insure that the flexibility now provided by the Appalachian program could be maintained and even strengthened.

For example, under the Hill-Burton Program, it might be determined that outpatient facilities are more critically needed *nationally* than new hospital construction. But an Appalachian State may have an uncompleted hospital system having high priority in meeting basic health needs. If basic Federal grant-in-aid funds were severely restricted for *new* hospital construction, first dollar money would enable that State to complete its hospital system and fully meet its planned objectives.

(The following questions were posed by Senator Baker:)

SECTION 202—CHILD CARE

Question. In 1969 Congress added a provision to section 202 of the Act to enable the Commission to undertake a limited number of intensive demonstration projects in the field of child care, consistent with the President's commitment to "the first five years of life". Can you give us some idea of how this authority has been used and whether there are any changes in the statutory language that would assist the Commission in carrying out its mandate in this area?

Answer (Mr. Waters, and Governor Moore). In responding to the new authority in child care, the Commission quickly learned two facts of life.

First, child development is not the "sole province" of any one State agency—young children are served by State departments of health, mental health, welfare, education, and others. An effective coordinated program requires that all work together. Thus, the Commission is requiring that planning be the administrative responsibility of an interdepartmental body which includes the relevant agencies. To establish a new or separate child care agency would have simply further fragmented an already uncoordinated situation.

Secondly, because the major sources of services for children are State agencies, and because the bulk of Federal funds flow through State agencies, it would be unrealistic to plan for either part of a State, or to have primary planning done by agencies other than the ones directly responsible for providing service. Therefore, Appalachian planning grants assist statewide planning by the responsible State agencies. They will, of course, invite participation of local and area organizations and citizens, and such local participation will be necessary in order to turn plans into action. We are requiring that States make sensible provision for appropriate local participation.

Where the State has already established an appropriate interagency body, such as a State 4C (Community Coordinated Child Care) Committee, we have not required that a new body be created.

Planning grants to 11 of the States have already produced not only a diversity of patterns for service to children, but, in many States, important movement toward the coordination of all human services programs.

Initial planning has already produced project designs for which 49.3 million dollars will be requested during this fiscal year. Of this total, 9.6 million would be ARC funds—the rest coming from State, local, and other Federal sources. There is no question but that the availability of funds from the Commission provided the impetus to both organize services and to obtain additional funds from other sources.

A quick analysis of these first project requests indicates that a primary concern among Appalachian communities and agencies is the health and nutrition of mothers-to-be and infants, with day care and pre-school services the next concern. Because of the difference in cost of various services, these preferences are not reflected in the dollar amounts of funds requested this spring. In brief, the first round of operational project requests are distributed as follows:

Program category	Total cost	ARC share
Maternal, infant and preschool health services	$12,425,000	$2,585,000
Delivery, information, and parent education programs	2,137,100	893,000
Early education (infant and preschool)	17,792,000	2,264,800
Nutrition	1,811,900	479,400
Day care	13,568,100	3,121,400
Transportation	298,200	141,000
Planning and research	1,341,900	141,000
Totals	49,374,200	9,625,600

Some of the individual projects show exciting possibilities for new service systems that could be readily replicated in other parts of the country. These examples are drawn from comprehensive plans.

—Tennessee is mounting an infant rescue service in its eastern counties. Premature newborns and other newborns in trouble in a 200-mile radius are to be picked up by a specially equipped station wagon and rushed to the University Hospital for care in a specially designed infant intensive care unit. The service would be supplemented by special training seminars for

rural physicans and nurses, and will be supplemented with parent education, social and nutritional services and a pre-natal service. University students and staff would play major roles in bringing services to rural towns.

—Kentucky would provide family planning and information services to newlyweds at the time they apply for their wedding licenses.

—New York would organize child development cooperatives as a way of consolidating public and private resources at the local level.

—Pennsylvania plans to use a local development district as a laboratory for administrative experimentation, seeking and trying new ways of coordinating state regulations and services with local programs.

—Alabama would weld a unique cooperative between university and state departments—in both training and services—to maximize its resources.

—In addition to state programs, the Commission has undertaken a variety of projects designed to assist states in selecting delivery systems and to convert new knowledge about children into practical procedures useable in a rural community. These applications of research findings will significantly shorten the time it usually takes for new knowledge to improve practice. Among these activities, the following have been underway since last spring.

Dr. Kuno Beller of Temple University, is adapting earlier basic research to improvement of the psychological status of malnourished children. His work focuses on the effects of malnutrition on the attentiveness of children and of the learning environment on the psychological development of children. Along with the research his team is providing treatment to anemic children in Appalachian Pennsylvania. Dr. Beller and the Susquehanna Valley Rural Health Institute in Lewisburg, Pennsylvania, are studying ways to identify children that need medical and psychological treatment. The special effects of anemia on these children will be investigated, while treatment for the condition is provided.

Methods to measure and improve rural children's cognitive and social functioning abilities are being developed by a research team headed by Dr. Irving Sigel of the State University of New York in Buffalo. Their work is being conducted in Appalachian communities in New York, and is devising means to focus on critical attitudinal factors in children's learning.

The Demonstration and Research Center for Early Education at George Peabody College in Nashville, Tennessee, is developing a training plan for family day care paraprofessionals. In addition, techniques are being produced for modifying maternal teaching behaviors to maximize child learning during parent-child interaction.

A system for training paraprofessionals in work with very young children in a home day care situation is being devised at the Child and Family Institute in Greensboro, North Carolina. Interpretative materials which will facilitate the replication of the system are also being produced. Dr. Keister's group is also producing materials for parent education, particularly aimed at improving home health practices.

More instructional materials are being produced by Dr. Ira Gordon at the University of Florida. These will be used for training paraprofessionals and parents to maximize the intellectual and personal development of children aged two through five who attend a group day-care center. Dr. Gordon is adapting his very successful methods for individual intellectual stimulation of infants and preschool children for use in group care programs.

Five Manuals and program atlases written by Commission Staff to assist communities in knowing about the whole range of program alternatives in services to children are not only being used in the Region, but have been purchased by State and local agencies in every part of the United States. These practical illustrations of replicable programs are unique in the field, and several more are being readied for publication this spring.

As was mentioned elsewhere, the Commission's experience in developing State and local child development planning and coordinating bodies is being drawn upon by HEW by means of an interagency agreement in which ARC Staff are training and evaluating personnel assigned to HEW Regional Offices to assist State and communities in the development of State and local coordinating systems.

(This paragraph is Governor Moore's answer.)

As is mentioned earlier in my prepared statement, a major barrier in mounting the demonstration programs has been the requirement for "statewideness" in various Federal programs, including particularly, Title IVA–B of the Social Security Act. The Commission has tried to lead the States to take maximum advantage of available Federal assistance programs in addition to funds under the Appalachian Act. Our endeavors, however, have been hampered by this require-

ment in those other programs that services must be offered on a "statewide" basis. It would help considerably if demonstration projects in the region to test new programs of child development services could be exempted from this statewide requirement.

Strip Mining Regulations and Reclamation

Question. The Administration is reportedly preparing for submission to the Congress a proposal for strip mine regulation and reclamation. Has the Commission staff had experience with surface mining problems that indicates the need for Federal regulation of these organizations?

Answer (by Mr. Waters and Governor Moore). The Commission's technical staff made a number of recommendations over the past three years in which both my predecessor and I concurred and forwarded to the staff of BOB, now OMB, relating to legislation concerning surface mine regulation and reclamation.

Federal legislation in this area is necessary. Such legislation should not only cover surface mining, but also the surface effects of underground mining. In many instances both types of mining create the same environmental problems. In many places surface and underground mining operations are interspersed with each other. The Commission has found that it has to be able to cope with the problems from both types of mining, and Congress, at our request, enacted amendments to our Act in 1967 and 1969 providing such authority. Such legislation should provide a minimum foundation upon which the states could base their individual action for the enactment and enforcement of adequate mining control laws. It is widely apparent, and has been well documented in a number of studies in the past few years, that mining can have devastating and irreversible effects on the environment. In addition, even among the states which have enacted laws, there are wide discrepancies in coverage, requirements, and enforcement.

The recommendation has been that Federal legislation should provide that the states be responsible for establishing adequate laws and enforcement practices concerning mining and controlling its impact upon the environment and that Federal actions concerning mining control should be limited to those instances where such action on the part of any state is not taken, or where enforcement is inadequate.

For instance, an adequate state law would cover the usual environmental damages such as land slides, water pollution by acid drainage or siltation, revegetation, and other factors as well as including liability for offsite damages to personal property attributable to mining operations. To assure that operators will live up to the requirements established under such a law, it should set adequate levels for bonds and include suitable revocation provisions. In addition, experience has shown that it is necessary that a state have the capability of prohibiting mining in certain areas for specific reasons such as unique value, ecological or otherwise, which would be irretrievably lost if the mining took place, or if it were not possible to provide adequate reclamation on the mined site.

We also believe that Federal legislation should provide financial assistance to states for the administration and enforcement of mining control laws in order to strengthen existing and future state actions. It has been noted in several instances that the lack of availability of funds at the state level to administer and enforce adequate mining control laws has resulted in the continuance of unwarranted damages to the environment. We don't believe that this assistance necessarily should be on a permanent basis, and consideration might well be given to permanent basis, and consideration might well be given to providing it on a matching basis, for, say, a three year period at a diminishing rate. For example, 40 percent for the state and 60 percent Federal in the first year, 30 Federal—70 State for the second year, and so on.

All of these concepts are included in an Administration bill for a Mined Area Protection Act of 1971, which is proposed in the President's environmental message. We believe that this legislation could be very useful in reinforcing the states in carrying out their own strip mine regulation and reclamation activities.

Added by Governor Moore: The States also think that consideration should be given to including in a Federal program modest amounts of funds for reclamation of previously mined and abandoned lands, and that these funds be made available only to those states which enact and enforce adequate mining control laws.

(The economic report referred to earlier in Mr. Waters' testimony follows:)

ECONOMIC REPORT—1970

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SECTION I

Introduction

The Appalachian Regional Commission was organized with the specific goal of stimulating the development of a diversified economic structure capable of a self-sustaining pattern of growth in Appalachia. Efforts to achieve this goal have centered on the development of the region's human and natural resources, the provision of improved transportation systems and, where necessary, the organization of new institutional structures to carry out economic and social development programs. The purpose of this report is to provide an indication of Appalachia's progress in accelerating its development and in improving its economic conditions.

In general, conditions within the Appalachian region are improving although the degree of improvement varies throughout the region. In 1969, the rate of unemployment in Appalachia exceeded that in the nation by only .4 percent. In obvious relation to this, total personal income grew at a strong rate throughout the period 1965–68. However, Appalachia continued to experience an outmigration of population between 1960 and 1970, resulting in an increase of total population of only .8 percent as compared with an increase of 11.7 percent for the U.S.

The region, of course is not homogenous throughout and consequently trends in different portions of the region have varied, often widely. The southern and central areas [1] of the Appalachian region produced the most impressive pattern of growth. These areas experienced significant increases in employment from 1965–69 accompanied by increases in per capita income and population. The northern areas, on the other hand, experienced growth in employment much below that occurring in the central and southern areas or in the U.S. in general. Accompanying this relatively low growth in employment, per capita income grew somewhat less than in the other portions of Appalachia, and population remained relatively constant.

The remainder of this report provides a detailed examination of recent tr nds in employment, population and income and attempts to provide an explanation for the changes which occurred.

SECTION II

Background

In the Appalachian Regional Development Act of 1965, Congress recognized the Appalachian Region as an area which, although rich in natural resources and economic potential, had seriously lagged behind the rest of the nation in its economic development and improvements in its average standard of living. The Act further states that the region, historically dependent on a few basic industries and a marginal agricultural sector, did not have the economic base required for a strong self-sustaining pattern of growth. Therefore, Congress created the Appalachian Regional Commission as a Federal-State partnership for the purpose of inducing orderly, accelerated economic development in the region.

At the time of the Commission's organization, the problems of the region were stated as follows:

1. *Low Income.*—One Appalachian family in three had an annual income of less than $3,000 compared to a national figure of one family in five. Less than 9

[1] References to southern, central or northern Appalachia refer to general area designations as opposed to one of the "four Appalachias" unless otherwise indicated.

percent of Appalachia's families had an income of more than $10,000 per year compared to nearly 16 percent in the rest of the nation. Appalachian per capita income was $1,450 while the nation's per capita income was $1,850.

2. *High Unemployment.*—While unemployment in the U.S. measured 5.5 percent, over 8.7 percent of the Appalachian labor force was unemployed in 1960. Estimates indicate that in some portions of West Virginia, unemployment may have been as high as 30–40 percent.

3. *Lack of Urbanization.*—While 70 percent of the nation's population was located in urban areas, only 47 percent of Appalachia's population was urbanized. Appalachia has one of the highest concentrations of rural nonfarm population in in the United States, reflecting the dispersed settlement patterns accompanying a resource-dependent economy. It is more difficult and more costly to provide dispersed populations with adequate public services.

4. *Deficiencies in Education.*—In 1960, 41 out of 100 people in the U.S. over age 25 had completed high school. In Appalachia, the figure was only 33 out of 100. Similar patterns are exhibited for dropout rates, number of college graduates and literacy levels. The Appalachian high school graduate generally finds himself less employable than the graduate from non-Appalachian areas.

5. *Deficits in Standards of Living.*—The 1960 census indicated that the average Appalachian bought fewer services, fewer automobiles, and fewer retail goods than was true for the rest of the nation. His housing was of significantly lower quality and value than the national average.

6. *Changing Population.*—The 1960 census showed that the region had experienced considerable outmigration, losing 12.7 percent of its total population between 1950 and 1960. Those most able to leave the region in search of new economic opportunity were the young, working-age adults having the most education. Not only did this represent a drain on the region's manpower resources, but the resulting population was heavily distributed toward the very old with obsolete skills and the very young who were still in school. This type of population requires a higher level of public services and is less able to provide the taxes to support them than is the case with a more normally distributed population.

Appalachia's problems in the early sixties were the result of a blend of forces. The national economy was sluggish and demand in general was insufficient to stimulate vigorous economic growth. The impact of this generally sluggish economy was much harsher in Appalachia than in the nation as a whole. This was the result of structural problems in the Appalachian economy which combined with a lack of adequate public services and associated social problems to make the region unable to compete economically with other areas of the nation.

Historically, there have been four main sectors of the Appalachian economy—agriculture, the railroads, mining and primary manufacturing. Thus, Appalachia's economic base was heavily concentrated in the very sectors of economic activity which for several decades have experienced declining employment due to technological changes or shifting markets. A second, related problem is the lack of diversity in Appalachia's economic base. Many areas ranging from small towns to metropolitan complexes rely on one or two predominant industries for their economic livelihood. This makes the area highly sensitive to technological change, shifts in markets or changes in the national business cycle.

For example, 25 years ago 10 percent of Appalachia's labor force (approximately 476,895 men) worked in the mines. New technologies have greatly increased labor productivity in the mines and have also allowed other power sources to capture many of the markets once served by coal. As a result, by 1960 the mines only accounted for 3.5 percent of Appalachian employment or 198,488 jobs.

Technological change and market shifts are not peculiar to Appalachia but are occurring all over the United States, although the degree of their occurrence is perhaps greater in Appalachia. However, other parts of the nation have shown themselves to be capable of responding to these changes. They have reached a stage in their development which enables them to attract and develop new types of economic activity to replace the old. But regions such as Appalachia have not had the opportunity to develop the social and economic infrastructure necessary for this kind of flexibility.

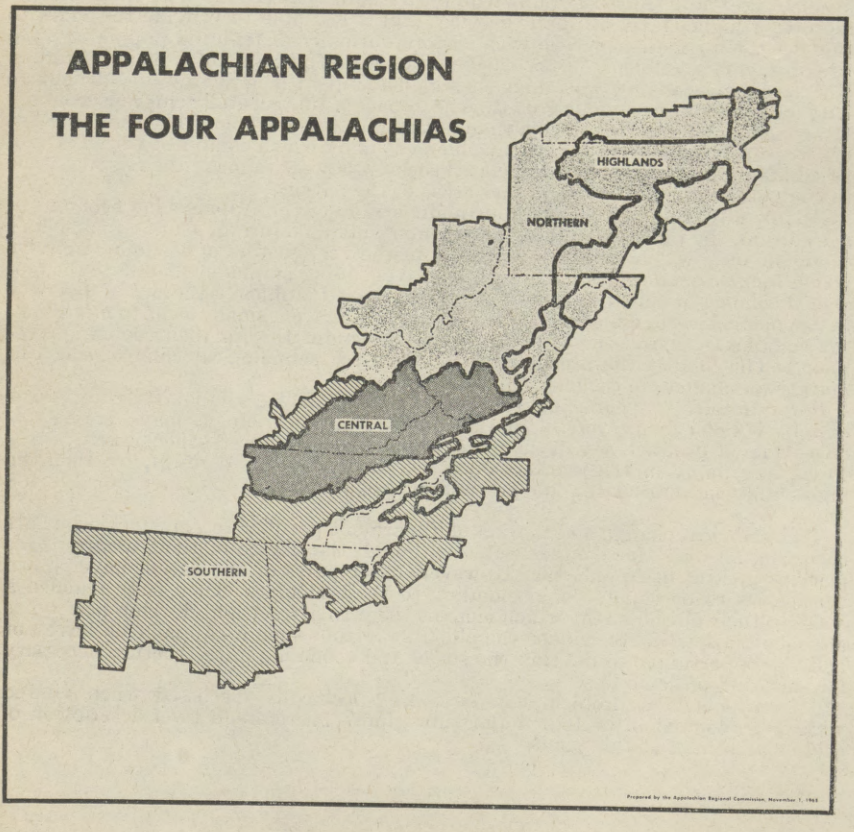
The Appalachian problem can be more specifically discussed when viewed within the context of its four major subregions. Therefore, a brief description of each is presented at this point.

Southern Appalachia, covers Mississippi, Alabama, South Carolina, and parts of Tennessee, North Carolina, and Virginia. Historically this subregion has had an agricultural base. Changing technology has brought declining markets for cotton and steadily declining employment for all kinds of farming. But in the past 10 to 15 years, Southern Appalachia has been enjoying rapid industrial expansion. Its problem is to manage the decline in agricultural employment and to meet the needs of its new economic base.

Northern Appalachia, which includes Appalachian New York, Pennsylvania, Maryland, Ohio, and West Virginia was the industrial heart land of the nation. It was the heavy industry center of the economy with coal, steel, and railroads as dominant employers. Changes in location economies, which favor locations nearer markets in the West and South, plus obsolete plants have spelled continuing economic problems for this region. Its problem is to replace its obsolete manufacturing economy (having many one-industry towns), with a modern, diversified economic base.

Appalachian Highlands embraces the ridges and valleys running from Georgia through Pennsylvania and New York. This area was never very heavily populated. It has great natural beauty and rich potential as a recreation area for nearby metropolitan areas. Its development problem is to manage the utilization of this resource so as to raise the low income of mountain residents.

Central Appalachia, covers the 60 counties of Kentucky, West Virginia, south-west Virginia, and northern Tennessee that collectively have the most severe social and economic problems. This is the soft coal area. It has the highest rates of unemployment, dropouts, and outmigration. It has lower incomes, fewer physicians, and fewer opportunities than the rest of the region. This subregion needs to develop urban centers to provide a focus for economic development and health and education services.



SECTION III

Employment and Unemployment

The rate of unemployment in the Appalachian region has consistently exceeded the rate of unemployment in the nation as a whole. An important part of the mission assigned to the Appalachian Regional Commission has been to help decrease unemployment by increasing local economic activity and employment. The region has exhibited a somewhat uneven performance over the past five years for reasons which will be discussed at a later point, but on the whole there are definite signs of improvement. In 1969, the rate of unemployment in Appalachia exceeded that in the rest of the nation by only .4%, the lowest since the Commission came into operation. At the same time, the rate of growth in employment (1968–69) exceeded that in the nation by .2% and, although it did not exceed the U.S. average, the rate of growth of the labor force picked up significantly after a two year lag. (See Table 1, Appendix).

As the region is not homogeneous throughout, an initial examination of trends in specific portions of the region will allow a more sophisticated and satisfactory discussion of trends in the region as a whole. This detailed examination will be the purpose of the next three sections and will be followed by a fourth section summarizing the conclusions reached concerning the region as a whole.

Due to the form in which the sectoral employment statistics are presently available, this discussion will focus on the following geographic areas: Northern Appalachia (New York, Pennsylvania, Maryland, West Virginia, Ohio), Central Appalachia (Kentucky, Tennessee, Virginia) and Southern Appalachia (North Carolina, South Carolina, Georgia, Alabama, Mississippi). Note that these areas do not directly correspond to the "four Appalachias" discussed in the sections on population and income.

CENTRAL APPALACHIAN STATES

Total covered employment in this portion of the region increased by 20.7% or 114,846 jobs during the period 1965–69. Compared with an increase of 15.6% in all Appalachia and 18% in the United States, the central states performed exceptionally well. Growth in the manufacturing sector accounts for approximately 57% of the increase in employment in the central states (in Appalachia it accounts for 40%, U.S.: 30%). The major portion of this increase occurred in Tennessee. This state has by far the largest of the three manufacturing sectors and has experienced significant growth in chemicals and related products, fabricated metal products, small machinery and electrical equipment. Kentucky and Tennessee both exhibited strong growth patterns in manufacturing employment when compared with the U.S. and Appalachia, growing most rapidly between 1965–68 and finally tapering off to an annual rate of growth approximately equal to that prevailing in the U.S. in 1969. This slowing was most likely a result of national economic conditions rather than a reflection of conditions peculiar to this area. Virginia produced a very erratic but always positive growth pattern over this period. The erratic pattern is probably a result of the relatively small size of Appalachian Virginia's manufacturing sector as well as its concentration in a few nondurable goods industries.

Accompanying and most likely stimulated by the large increase in manufacturing, retail trade, wholesale trade, financial institutions, real estate and the service industries grew significantly between 1965 and 1968. Again, the major portion of the growth occurred through 1968, tapering of with manufacturing in 1969. Employment in financial institutions, real estate and services grew by approximately 33% from 1965–69 with most of the increase coming from Tennessee, although this sector grew significantly in Kentucky and Virginia as well. This performance is far better than that of the U.S. or Appalachia as a whole, both of which grew by 25.7% over the period. Wholesale trade grew a respectable 20% from 1965–69, bettering the U.S. and Appalachian growth by about 6%. Retail trade employment, however, did not grow as well as the U.S., increasing by a total of only 17% as compared with 19.4% for the U.S. (Appalachia: 16%). This trend is not surprising as you would expect retail trade development to lag behind manufacturing and other sectors of the economy. As growth occurs, population tends to relocate toward the growing areas in denser groupings. The market size for retail business other then single proprietorships (which are not included in the sectoral data) then reaches an efficient size and the retail trade sector should expand. Therefore, at this point the slight lag in retail trade in the central states should not be too disturbing.

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The construction industry in this area proved to be very volatile, exhibiting very high growth in one year and actually declining the next. Although this sector did not grow as rapidly in 1966–67 as in 1965–66, it did not actually decline until 1967–68. It may be that the large expansion in manufacturing was sufficient to carry construction along during the initial decline in construction throughout Appalachia, delaying the impact of high interest rates to the 1967–68 period. Construction recovered somewhat in 1969 and, though it did not produce the same high growth in employment as it had previously, its annual rate of growth was approximately the same as that for the U.S.

Employment in the transportation and public utilities sector has not increased significantly during this period either in absolute growth or as a percent of total employment. If improvement does not occur in the near future, investigation into factors inhibiting development in this area may be needed.

Mining, significant as an employment sector only in Kentucky and Virginia, has been dropping. This decline is largely due to changes in mining technology which caused labor productivity to rise so greatly that, although output has increased, employment in the mines has declined.

SOUTHERN APPALACHIAN STATES

Total covered employment in this portion of the region rose by 19.5% (210,291 jobs) over the period 1965–69. Again, this is a creditable performance when compared with an Appalachian figure of 15.6% and 18% for the United States. In a pattern somewhat similar to that which occurred in the central states, approximately 51% of the total increase in employment resulted from increases in the manufacturing sector. All of the states in this area contributed significantly to the increase and produced relatively good patterns of annual growth, the strongest occurring in North Carolina, Georgia and Mississippi. Manufacturing employment as a share of total employment is exceptionally high here throughout the period, ranging between 56% and 62% for most of the states. Alabama is the exception with a manufacturing share averaging around 44%. Alabama also experienced a relatively low rate of growth in manufacturing in 1967 and 1968, not recovering until 1969. This was largely due to a slow down in the aerospace and defense industries concentrated around the Huntsville area. Manufacturing and growth in the area as a whole is centered in textiles and apparel, fabricated metal products and primary metals, transportation equipment and other durable and nondurable items. The general decline in manufacturing which occurred in 1967–68 most likely reflects trends in the national economy. Over the entire period, manufacturing employment in the southern states increased by a satisfactory 15.9%, a rate of increase of 1% higher than the U.S. and 2% higher than Appalachia.

Employment in financial institutions, real estate and services grew by 30% between 1965 and 1969. This is a highly significant increase and, as in the central states, was most likely stimulated by the strong growth in manufacturing and other sectors of the area's economy. This growth may also reflect the fact that in 1965, every southern state with the exception of Alabama had a relatively small percent of total employment in service occupations, implying the existence of a relatively underdeveloped sector. Thus, some portion of the growth may have been the result of an accumulation of past demand pressures as well as increased pressure over the period.

In comparison with the other sectors of employment and with the U.S. and Appalachia the southern states turned in a somewhat disappointing performance in retail and wholesale trade expansion. Retail trade increased by a total of about 16% between 1965–1969, a rate of increase similar to Appalachia but 3% below that for the U.S. Wholesale trade grew by 12% as compared with 14% in Appalachia and the U.S. With the exception of Alabama, which has retail and wholesale trade sectors of average size, the southern states have relatively small percentages of their total employment in these two sectors. Again, this implies an underdeveloped sector of the economy. However, as mentioned in the discussion concerning the central states, it is often the case that the development of the trade sectors of the economy lag behind development in other areas due to a lag in population and market adjustments. Movement toward larger population centers has recently been occurring in southern Appalachia and thus it can be expected that this sector of the economy will expand in the future. If this does not occur further investigation of the structure of the southern trade sectors will be warranted.

Employment in the transportation and public utilities sector increased greatly during 1965–69, growing by approximately 23%. Compared with increases in Appalachia of approximately 13% and in the U.S. of 15%, the performance of

the southern states appears even more significant. This is a favorable sign since an adequate transportation system performs an obviously important function in economic development by enlarging the efficient market areas.

Construction has also performed well over the period, growing by almost 14% (Appalachian employment here grew by 13%, the U.S. by 14% also). However, the annual growth rates exhibited by the separate states are for the most part highly volatile and have not followed the U.S. and Appalachian trends in this sector. The strongest and most volatile trends appear in Georgia and South Carolina. Here, huge increases in 1965–66 of around 33–38% were followed by actual declines in employment during 1966–67. A possible explanation is that during the construction boom of the mid-sixties, a number of small, marginal construction firms were organized which collapsed when the impact of high interest rates in 1967 hit the housing industry (construction in the nation also fell during this period). This was followed by a significant upswing in 1967–68 and then a tapering off in 1968–69 in Georgia with an actual decline in South Carolina. Similar volatile patterns are in evidence in the other states in this area also indicating the probable development of a strong core of construction firms accompanied by the rise and fall of more marginal, small firms as the construction market, building costs and interest rates shifted.

Mining as a sector of employment is of very small importance here. It has exhibited wide fluctuation in its pattern of growth in the various states, but this may be the result of statistical errors caused by changes in the disclosure problem from year to year.

NORTHERN APPALACHIAN STATES

The northern portion of the region including Appalachian New York, Pennsylvania, Ohio, Maryland and West Virginia, experienced the least significant growth in total employment from 1965 to 1969. Here employment increased by 11.1% (287,881 jobs)—a rate of increase much below that experienced by the U.S. or the other portions of Appalachia. Manufacturing employment rose by only 7.4% during the entire period, accounting for approximately 30.6% of the total increase in employment. In general, annual growth patterns in manufacturing throughout the northern region reflected trends found in the patterns of U.S. and Appalachian growth. Medium growth occurred until the slow-down in manufacturing and investment which began in 1967 and extended into the early portions of 1968. The sluggishness in the national economy was particulary harsh in its impact in New York where employment in manufacturing fell by 8.9%.

Toward the end of 1968 and into 1969, manufacturing employment generally recovered and began once again to grow. With the exception of West Virginia, manufacturing employment represents a relatively large percent of total employment here. Much of the manufacturing industry in Pennsylvania and New York, the two largest labor markets, is in areas which are relatively responsive to changes in national economic trends (various types of investment goods, electrical equipment, consumer durables, etc.). A second factor of importance is that many northern industries have been in the region for a relatively long time and are using technologies which are now relatively inefficient. Such industries are often the slowest to grow during an economic upswing and the first to fall during a decline. Without a detailed examination of the structure of the northern manufacturing sector, it is difficult to determine the extent or the impact of this phenomena. The aggregate statistics indicate that it may be significant.

Growth in the other sectors of employment with the exception of contract construction, was generally not as good as that experienced in the U.S. or in the other portions of Appalachia: from 1965–69 covered employment in retail trade increased by 16.2%, in financial institutions, real estate and services by 22.3%, transportation and other public utilities by 9.4%, wholesale trade by 31.8%, and mining declined by 9.3%. There is no readily apparent trend in the annual growth rate patterns of these sectors on a state by state basis though, on the whole the trade sectors are more volatile than is true for the U.S. It is not surprising that the overall pattern of growth demonstrated by the trade and service industries was below that experienced by other sectors. Employment in manufacturing did not grow substantially implying no large increase in demand for services, etc., from individuals employed in this area. Finally, the pattern of urbanization has been established for a longer period of time than in the south or central portions of the region. It is likely that service and trade sectors have already developed to serve many of the existing markets. Therefore, a rate of growth as rapid as that occurring in the south and central regions, areas with shifting population and growing manufacturing, cannot be expected.

Employment in the contract construction industry increased significantly over the period by almost 34%. On an annual basis, this proved to be a highly volatile sector of employment and seemed to ignore if not actually moved in an opposite opposite direction from the national trend.

Mining employment fell in the northern region by over 9% from 1965 to 1969. The losses were centered in Pennsylvania and West Virginia, the two states having the major portion of employment in mining, and were most likely the result of changing technology and increased labor productivity. Strip mining for coal is relatively new in Ohio and has been increasing in recent years. As a result, employment in mining has increased in Ohio, though not substantially.

SUMMARY AND CONCLUSIONS

The previous discussion demonstrates the diversity of the region in terms of trends in employment and unemployment. The central and southern states (as previously defined) appear to be growing significantly with major increases in employment occurring in manufacturing and the service industries. Historically, the economies of these states have been based on agricultural production and the extractive industries. Therefore, much of the growth in manufacturing has been the result of new industries expanding into the area (e.g., textiles, aerospace industries, consumer durables, small investment goods, chemicals and related products). The relatively rapid increase in employment undoubtedly stimulated the development of the service sector by increasing effective demand for services of various types. Previously this sector of the economy had been relatively underdeveloped. Thus, a portion of the expansion in services may also be attributed to the accumulation of past demand pressure.

On the whole, the trade sectors in the southern and central states lagged behind other sectors of employment, growning less rapidly over the period 1965–69 than either Appalachia or the U.S. (the exception is wholesale trade in the central states which expanded by a very satisfactory 20% over the period). As noted in the text, this trend is not surprising since the trade sectors are expected to lag behind manufacturing and other sectors of the economy in their development. As growth in economic activity and employment occurs, population will locate toward the growing areas (employment opportunities), forming denser population groupings. The market size for trade businesses (other than those of a relatively small, single proprietor type) grows as a result and will eventually support larger operations. At this point the trade sector should expand more significantly. Population in the southern and central states is now in the process of adjusting to the increase in manufacturing, etc., and has adopted an urbanizing trend. As this adjustment continues, the trade sectors should experience an expansion. If this does not occur a further detailed examination of this sector will be warranted.

Employment in transportation and other public utilities remains relatively low in large portions of the south and central states although, in the south at least, it does seem to be growing significantly. The construction industry, though generally strong has shown itself to be very volatile relative to trends in the U.S. This may be the result of the existence of relatively small, marginally profitable construction firms surrounding a strong corps of larger, more efficient operations. While the larger firms can withstand fluctuations in the marker, costs and in interest rates, small marginal firms are not capable of doing so and tend to drop in and out of the market as conditions change.

Mining employment has generally declined throughout this portion of the region due to technological changes which increased labor productivity and thus decreased the need for labor even though total output rose. The impact of this decline was heaviest in Kentucky and Virginia, the two states havingthe largest proportion of employment here.

The northern portions of Appalachia followed a significantly different trend. Here, growth in total employment, especially in the manufacturing sector, grew significantly slower than in other portions of Appalachia or in the U. S. Manufacturing employment was also relatively more responsive to changes in the national economic picture. Reasons for this may be found in the structure and "age" of much of the industry in the northern states, particularly New York and Pennsylvania. Much of the manufacturing industry here is concentrated in areas which are relatively responsive to the national economy (investment goods, primary metals, heavy manufacturing, consumer durables). Secondly, many of the industries and firms in the area have been established for a long period of time and are using technologies which are less efficient than those used by newer, more modern firms. A firm of this type is often the slowest to grow during an upswing.

and the first to decline when demand slackens or falls. Although a detailed examination of the structure of manufacturing is necessary to determine the degree of this phenomena, the gross data indicate it may be significant.

Mining employment, relatively significant in this part of the region, fell for the same reasons that it fell in other areas. Growth in other sectors of the economy, excluding construction, was also relatively sluggish though growth did occur. This is most likely tied to trends in the manufacturing sector. A further reason for the slightly below average performance in the service and trade sectors is that the pattern of urbanization in the north has not altered as greatly as in other portions of the nation in recent years. Therefore, it is likely that service and trade industries adequate to serve much of the existing population's needs have already developed.

The region is indeed diverse in terms of both patterns of development and problems which must be met if continued development is to occur. The south and central states must continue their transition from a declining agricultural and resource-based economy to one with more stable and expanding manufacturing, service and trade industries. At the same time, diversity within the manufacturing sector itself must be encouraged in order to avoid becoming dependent on a single industry. This problem is evident with the general decline accompanying the downturn in the aerospace industries around Huntsville. The north must exert greater effort in transforming the technology of its established industrial structure and continue to diversify within manufacturing in the localities.

Much attention in the past has been paid to the overall structure of employment in Appalachia. It has been said that Appalachia has an exceptionally high percentage of total employment in manufacturing when compared with the U.S. pattern and that, therefore, it must diversify into other sectors. A brief examination of Table 2 (Appendix) demonstrated that, although employment has grown significantly, the structure of employment has not altered to any great degree.

While some degree of diversification may eventually be desirable, the present trend should be neither surprising nor discouraging. There is no reason to expect or to desire that the structure of employment in Appalachia will eventually approximate the average for the U.S. The northern portion of the region has traditionally functioned as a prominent manufacturing center for the U.S. due to its nearness to heavily populated areas and to the raw materials required for industrial activity. The southern regions are entering a new stage in their development and are also beginning to participate in concentrated industrial activity. This is a desirable trend. As noted in the text, this trend is accompanied by an expansion of service industries and should be followed by trade growth as population adjusts from its previously rural, dispersed pattern to a more concentrated urbanized pattern consistent with industrialization. Again, it must be emphasized that within certain very broad limits, the aggregate structure of employment is not as significant as for example, the internal structure of manufacturing. The region remains somewhat more responsive to changes in overall economic conditions than the national average but again, this is not necessarily surprising in any area having heavy concentration in manufacturing.

A FOOTNOTE: CURRENT EMPLOYMENT TRENDS IN MAJOR LABOR MARKET AREAS

The Manpower Administration of the Department of Labor, in cooperation with the State Employment Security Agencies, publishes monthly estimates of work force, employment and unemployment for 150 of the major labor market areas throughout the nation. These major labor market areas are composed of cities with a population of 50,000 or more, including the surrounding territory within commuting distance. They generally coincide with the boundaries of the Standard Metropolitan Statistical Areas as designated by the Bureau of the Budget.

Presently, there are 16 major labor market areas whose boundaries lie entirely within those of Appalachia—11 in the Northern States, and five in the Southern States. They include the following metropolitan areas: Birmingham, Alabama; Binghamton, New York; Asheville, North Carolina; Steubenville-Weirton, Ohio-West Virginia; Altoona, Erie, Johnstown, Pittsburgh, Scranton, and Wilkes-Barre-Hazleton, Pennsylvania; Greenville, South Carolina; Chattanooga and Knoxville, Tennessee; and Charleston, Huntington-Ashland, and Wheeling, West Virginia.

The ten month average for total work force in all U.S. labor market areas in 1970 represents an increase of only 0.19 percent over the average work force level for the corresponding period in 1969. For the same period, unemployment rose from 1,785,300 to 2,447,600 (or 37 percent) and the unemployment rate increased from 3.2 to 4.41 percent of the urban work force.

Appalachian urban areas tended to fare much better than those in the rest of the nation with the average work force increasing by .75 percent—better than the national increase, but only 50 percent of the previous year's rate. Total unemployment rose from 86,570 to 111,560 or only 29 percent. The unemployment rate of 4.03 percent, while being higher than the 1969 rate of 3.15, is *lower* than the rate for all 150 urban areas (4.41%).

Reviewing the labor market areas individually, only six, all in the Northern States, exceeded the 4.41 percent average rate for all areas, with Huntington-Ashland experiencing unemployment greater than 6 percent. Moreover, eight of these areas had unemployment rates below the full employment rate of 4 percent. Of these, three are in the north (Steuben-Weirton, Erie, and Pittsburgh), and five are in the south (Birmingham, Asheville, Greenville, Chattanooga and Knoxville).

The employment outlook for Appalachia based upon available 1970 information can at best be termed as one of guarded optimism. While no clear upward trend in unemployment rates has yet asserted itself as it definitely has in the national rates, unemployment rates have crept upward over the period, and can be expected to continue to do so as long as the national employment situation continues to deteriorate. However, Appalachia's urban areas have tended to enter the downward portion of the business cycle later than other urban areas. This suggest that the region may continue to fare relatively better than the nation as a whole.

SECTION IV

Income

Appalachian income continued to gain in relation to National income. Between 1962 and 1968, Appalachian per capita income rose from a low of 75.7 percent of the national average to 79.1 percent in 1968.

TOTAL PERSONAL INCOME

[Dollars in millions]

	United States	Appalachia	Appalachian per capita income percent of United States [1]
1959	$382,840	$29,169	77.0
1962	440,190	32,148	75.7
1965	534,816	38,969	77.9
1966	580,483	42,200	78.6
1967	625,068	45,086	78.7
1968	683,702	49,049	79.1

[1] Per capita as percent of United States computed from interpolated population estimates for years 1962, 1965-68, based upon preliminary census data for 1970.

Source: Office of Business Economics, Department of Commerce.

While some of this improvement undoubtedly comes from continued outmigration and slow population growth,[1] personal income did increase at only slightly below the national rate throughout the period.

ANNUAL RATE OF INCREASE OF TOTAL PERSONAL INCOME

[In percent]

	1965-66	1966-67	1967-68
United States	9	8	9
Appalachia	8	7	9
Central	7	8	9
Highlands	9	8	9
Southern	10	6	10
Northern	7	7	8

Source: Office of Business Economics, Department of Commerce.

[1] Per capita income for the U.S. and for Appalachia is computed by dividing the total personal income estimates of Office of Business Economics by total population estimates provided by the Bureau of the Census. With relatively fewer people sharing the income generated in the Region, the per capita share of each will increase.

PER CAPITA PERSONAL INCOME[1]

	1959	1962	1965	1966	1967	1968
United States	$2,161	$2,368	$2,760	$2,963	$3,159	$3,421
Appalachia	1,663	1,803	2,130	2,304	2,454	2,653
Northern	1,919	2,066	2,434	2,617	2,792	2,997
Central	1,048	1,140	1,358	1,463	1,576	1,728
Southern	1,491	1,649	1,968	2,145	2,266	2,475
Highlands	1,463	1,574	1,841	2,017	2,175	2,356

[1] Population unadjusted by 1970 census data.

Source: Office of Business Economics, Department of Commerce, 1968 estimates.

FOUR APPALACHIA'S PER CAPITA PERSONAL INCOME PERCENT OF U.S.[1]

	1965	1966	1967	1968
Northern	88	88	88	88
Central	49	49	50	51
Highlands	67	68	69	69
Southern	71	72	72	72

[1] Population unadjusted by 1970 census data.

Source: Office of Business Economics, Department of Commerce.

On a subregional basis, there has been marked improvement in the performance of income growth in all the four Appalachia's with Central Appalachia and the Highlands showing the most consistent progress.

The Highlands rate of growth of income matched that of the U.S. with annual rate of growth of personal income averaging between 8–9 percent. On per capita basis, the Highlands' income rose from 67 percent of the U.S. in 1962 to 69 percent in 1969.

Looking at individual sectors, total earnings grew fastest in the contract construction, and services, finances, insurance, and real estate sectors. Earnings in manufacturing also exhibited strong growth potential with the annual increases ranging slightly above that of the U.S. rate of growth of manufacturing.

In Central Appalachia, much of the gain in per capita income can be attributed to a declining population rather than increases in personal income. However, the strong increases in the rate of growth of income throughout the entire period indicate that much healthier conditions now exist in this area than in the 1950's. During the entire 1950 decade, total earnings from all sectors increased by only 11 percent; however, by the late 1960's the annual rate of increase was averaging between 7–9 percent.

Central Appalachia derived much of this growth from strong increases in earnings from the manufacturing and services sectors, and continued better than average growth in construction. A good indication of the increased economic strength of this area is demonstrated by the fact that Central Appalachia showed strong growth in earnings between 1966–67 in face of a decline in the national rate of growth of total earnings.

Southern Appalachia manifested extremely strong growth tendencies with growth in personal income averaging between 6–10 percent, slightly above the national average, and growth in total earnings averaging between 6–11 percent, considerably better than the national rate of increase in earnings of 7–9 percent. However, Southern Appalachia showed itself to be very sensitive to changes in the national rate of growth, particularly in the manufacturing and construction sectors where growth rates ranged from 5–12 percent and 0–17 percent respectively. On the other hand, both sectors showed good strength in their ability to recover rapidly from the 1967 slump.

Services, finance, insurance, and real estate, and transportation sectors also demonstrated good potential with growth rates in 1967–68 equal to or slightly better than the national rates of growth for these sectors.

Northern Appalachia showed the poorest rate of growth of all four subregions with income growth averaging between 7–8 percent, slightly below the national average. Moreover, Northern Appalachia proved to be very sensitive to variations in the national rate of growth, particularly in manufacturing due to the

heavy concentration within the area of primary metals, and other heavy manufacturing industries which are particularly sensitive to changes in general business activity.

However, strong growth in the construction and services sectors indicate that the region is beginning to diversify its income base relying less upon earnings from manufacturing and more upon the service sectors which are less subject to large annual variations in earnings.

SECTION V

Appalachia's Population: 1960 to 1970

An analysis based on preliminary census reports

Preliminary reports of the 1970 Census indicate a slight population increase of 0.8 percent for the Appalachian Region in the 1960's. The decline in growth rate, from 2.0 percent in the previous decade, can be attributed largely to a significant decline in birthrate and a continuing, if somewhat reduced level of out-migration. Total net out-migration between 1960 and 1970 was over 1.4 million, compared with a flow of over 2.2 million in the previous decade.

Table A indicates that although the Region as a whole gained only 140,000 since 1960, component state portions show significant variation in their population change. Georgia, for example, with a growth of 17.9 percent, exceeds the national rate, while Virginia and West Virginia each experienced a decline of 8.5 percent.

Table A also shows intra-regional variations in net migration. Georgia was the only state that had a net inflow of population in the 1960's while most other Appalachian states continued to contribute to the regional outflow, but at a rate significantly lower than in the previous decade. New York and Ohio were the only states that experienced a higher rate of out-migration than they did in the 1950's.

Aggregating all Appalachian counties by the Four Appalachias reveals interesting variations in population growth during the 1960's. Table B shows that Northern Appalachia was practically static in population growth, increasing by 0.5 percent and maintaining its share of almost 50 percent of the Region's total population. In sharp contrast, Southern Appalachia gained substantially in population (13.7 percent) and increased its share of the total from 31.1 percent in 1960 to 35.1 percent in 1970. Both the Highlands and Central Appalachia had relatively high rates of population losses (24.7 and 13.2 percent, respectively), which largely contributed to the Region's slow population growth in the 1960's.

Aggregating all Appalachian counties by growth rate classification also shows an interesting distribution of population growth, stagnation and decline. Of the total 397 counties, 51 increased at a rate higher than the U.S., 109 increased between 1.0 percent and the national rate, 36 had less than a 1.0 percent change and the remainder (201, or more than half of the Appalachian counties) underwent a population loss during the decade of 1.0 percent or more. Tables C & D show the distribution of Appalachian counties by growth rate classification and by each of the 13 Appalachian states. Map 1 illustrates the geographic distribution of Appalachian counties where there was a gain, loss or no significant change in population. Map 2 shows the county distribution by the seven classifications of growth rates.

By classifying Appalachian counties by total urban size in 1960,* an interesting pattern of growth emerges. Map 3, showing the regional distribution of counties classified by urban size, indicates relative concentrations of larger urbanized counties in Northern and Southern Appalachia, and the less urbanized counties in the Highlands and Central Appalachia. Table E shows change in the 1960–70 decade by urban-size classification.

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*Urban-size classification of counties based on 1960 population:
Class 5—SMSA's.
Class 4—50,000 and over urban population.
Class 3—25,000 to 49,999 urban population.
Class 2—10,000 to 24,999 urban population.
Class 1—2,500 to 10,000 urban population.
Class 0—No urban population—entirely rural.

It is interesting to note that only 24 of Appalachia's 45 SMSA counties experienced a significant increase in population. Of the 13 non-SMSA counties with more than 50,000 urban population, seven gained in population. The moderately urbanized counties (10,000 to 50,000 urban population) had the greatest number of gains, in contrast with the less urbanized and rural counties (Class 1 and 0) which experienced significant declines in population. Of a total of 256 less urbanized and rural counties, 153 lost population and 19 had no significant changes.

Of the eight SMSA counties that grew at a higher rate than the U.S., six are in Southern Appalachia and two in Appalachian Ohio and New York. It should also be noted that 15 non-SMSA counties, ranging from rural to Class 4 (over 50,000 urban) that gained population at a rate above the national average are contiguous to SMSA counties and are, no doubt, subject to their influence.

In terms of growth, the most dynamic class of counties are those with an urban population between 10,000 and 25,000. Usually, these counties contain small, growing cities that have experienced an influx of new industries in recent years. Of a total of 60 counties in this group, 43 either gained population or underwent no significant change between 1960 and 1970 while only 17 lost population.

TABLE A.—POPULATION AND NET MIGRATION TRENDS 1950, 1960, AND 1970, U.S. APPALACHIAN REGION AND THE APPALACHIAN PORTION OF EACH STATE

	Census of population 1950	Census of population 1960	Preliminary census count 1970 [1]	Percent change 1950–60	Percent change 1960–70	Net migration [2]		Net migration rate	
						1950–60	1960–70	1950–60	1960–70
United States	150,697,361	179,323,175	200,294,850	+19.0	+11.7	+2,973,000	([3])	+2.0	([3])
Appalachian region	17,378,110	17,726,197	17,866,035	+2.0	+0.8	−2,201,899	−1,441,515	−12.7	−8.1
Appalachian portion of:									
Alabama	1,860,829	1,982,286	2,095,619	+6.5	+5.7	−205,723	−117,493	−11.1	−5.9
Georgia	619,766	675,024	796,126	+8.9	+17.9	−65,722	+32,990	−10.6	+4.9
Kentucky	1,072,750	922,152	857,344	−14.0	−7.0	−340,759	−171,208	−31.8	−18.6
Maryland	189,701	195,808	203,934	+3.2	+4.1	−14,751	−7,502	−7.8	−3.8
Mississippi	426,076	406,187	408,080	−4.7	+0.5	−90,324	−45,823	−21.2	−11.3
New York	917,490	1,000,064	1,040,354	+9.0	+4.0	−35,050	−48,587	−3.8	−4.9
North Carolina	881,560	939,740	1,002,259	+6.6	+6.7	−84,691	−48,275	−9.6	−5.1
Ohio	1,035,058	1,119,555	1,116,793	+8.2	−0.3	−46,387	−87,865	−4.5	−7.8
Pennsylvania	5,784,652	5,930,784	5,859,302	+2.5	−1.2	−538,715	−438,299	−9.3	−7.4
South Carolina	523,265	585,523	643,457	+11.9	+9.9	−40,593	−17,248	−7.8	−2.9
Tennessee	1,529,762	1,607,689	1,682,496	+5.1	+4.7	−174,658	−99,020	−11.4	−6.2
Virginia	531,649	500,924	458,358	+5.8	−8.5	−117,815	−86,498	−22.2	−17.3
West Virginia	2,005,552	1,860,421	1,701,913	−7.2	−8.5	−446,711	−306,687	−22.3	−16.5

[1] The 1970 preliminary counts will be superceded by final counts.
[2] Net migration for 1960–70 based on actual birth and death figures for 1960–68 and projected data for 1969 and the first quarter of 1970.
[3] Not available.

TABLE B.—POPULATION CHANGE IN THE 4 APPALACHIAS: 1960–70

	Population		Percentage change, 1960–70	Percent of total	
	1960	1970		1960	1970
Northern Appalachia	8,792,797	8,837,258	+0.5	49.6	49.5
New York		941,615			
Pennsylvania		5,093,807			
Maryland		183,441			
Ohio		1,116,793			
West Virginia		1,270,997			
Kentucky		210,605			
The Highlands	1,883,100	1,418,055	−24.7	10.6	7.9
Georgia		95,934			
Maryland		20,493			
New York		98,986			
North Carolina		212,626			
Pennsylvania		762,809			
Tennessee		79,795			
Virginia		91,169			
West Virginia		56,238			
Central Appalachia	1,539,578	1,335,857	−13.2	8.7	7.5
Kentucky		493,945			
Tennessee		295,824			
Virginia		191,410			
West Virginia		354,678			
Southern Appalachia	5,511,092	6,264,712	+13.7	31.1	35.1
Alabama		2,095,619			
Mississippi		408,080			
South Carolina		643,467			
Georgia		700,192			
Tennessee		1,306,877			
Virginia		175,779			
North Carolina		781,919			
Kentucky		152,789			

TABLE C.—CHANGE IN POPULATION OF THE APPALACHIAN COUNTIES, 1960–70

Rate of change	Number of counties	Percentage of total
Number of counties whose population increased above the national average (national average 11.7 percent)	51	12.8
Counties whose population increased between 1 and 11.7 percent	109	27.4
Counties whose population did not change from 1960 to 1970 (plus or minus 0.9 percent or less)	36	9.1
Counties whose population declined from 1 to 5 percent	75	18.9
Counties whose population declined from 5 to 10 percent	63	15.9
Counties whose population declined from 10 to 20 percent	51	12.9
Counties whose population declined from over 20 percent	12	3.0
Total	397	100.0

TABLE D.—POPULATION CHANGE BY COUNTY FOR STATE APPALACHIAN PORTIONS, 1960–70

	Increase above national average, +11.7 percent	Increase from 1 percent to +11.7 percent	No change + or − 0.9 or less	Decline (percent)				Total
				−1 to −5	−5 to −10	−10 to −20	Over −20	
Alabama	4	14	3	9	5			35
Georgia	17	11	2	5				35
Kentucky	6	2	3	7	11	17	3	49
Maryland		1	1	1				3
Mississippi		8	1	6	3	2		20
New York	2	8	4					14
North Carolina	7	11	2	2	3	4		29
Ohio	2	4	6	10	6			28
Pennsylvania	3	18	6	10	14	1		52
South Carolina	2	3	1					6
Tennessee	6	18	6	8	6	6		50
Virginia		3	1	6	2	6	3	21
West Virginia	2	8		11	13	15	6	55
Total	51	109	36	75	63	51	12	397

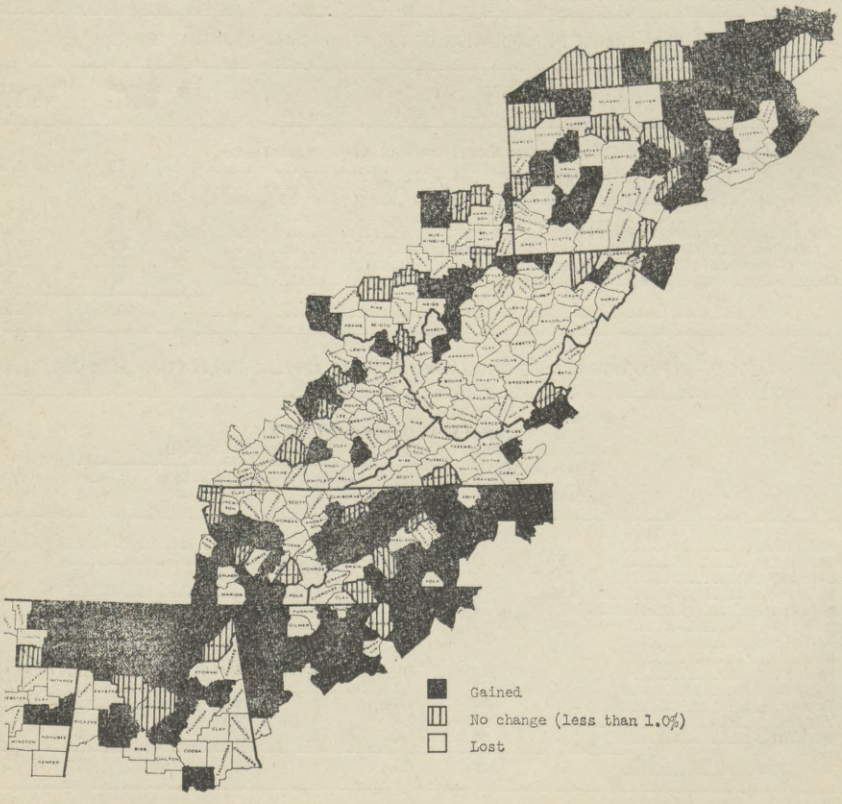
TABLE E.—POPULATION CHANGES IN APPALACHIAN COUNTIES BY URBAN CLASSIFICATION, 1960–70

Urban size classification [1]	Population increased over 11.7 percent	Population increased from 1 percent to 11.7 percent	Population did not change ± or 0.9 percent or less	Population declined (percent)				Total
				−1 to −5	−5 to −10	−10 to −20	Over −20	
Class 5	8	16	4	13	3	1		45
Class 4		7	1	1	4			13
Class 3	4	6	4	3	6			23
Class 2	13	22	8	6	6	4	1	60
Class 1	18	35	8	22	16	11	6	116
Class 0	8	23	11	30	28	35	5	140
Total	51	109	36	75	63	51	12	397

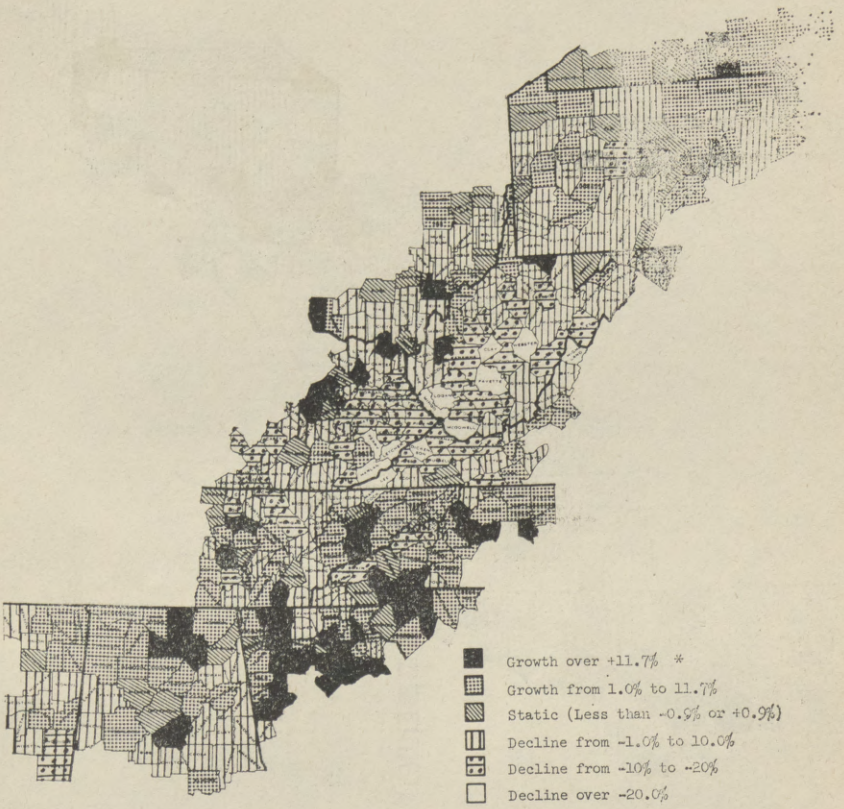
[1] Urban size classification of counties based on 1960 population:

Class 5	SMSA's.
Class 4	50,000 and over urban population.
Class 3	25,000 to 49,999 urban population.
Class 2	10,000 to 24,999 urban population.
Class 1	2,500+0 under 10,000 urban population.
Class 0	No urban population—entirely rural.

MAP 1.. POPULATION CHANGE 1960-1970

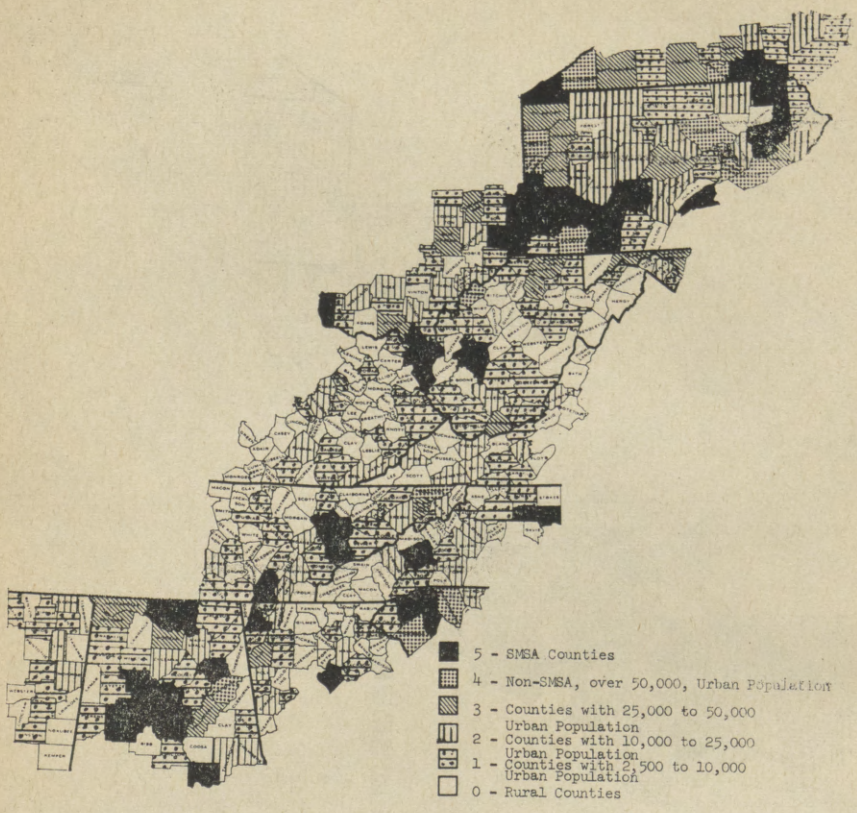


MAP 2 POPULATION CHANGE BY COUNTY : 1960-1970



* +11.7% is the national average growth rate 1960 to 1970

MAP 3 APPALACHIA Classification of Countries by Size of Urban Population



APPENDIX

TABLE I.—TRENDS IN APPALACHIAN UNEMPLOYMENT RATES AND ANNUAL RATES OF CHANGE IN TOTAL WORK FORCE AND EMPLOYMENT, 1965–1969

	Unemployment rate					Work force, annual rate of change				Employment, annual rate of change			
	1965	1966	1967	1968	1969	1965–66	1966–67	1967–68	1968–69	1965–66	1966–67	1967–68	1968–69
United States	4.5	3.8	3.8	3.6	3.5	1.8	2.1	1.8	2.5	2.5	2.0	2.1	2.6
Appalachia Region	5.1	4.3	4.6	4.2	3.9	2.8	1.3	0.7	2.3	3.6	1.0	0.9	2.8
Appalachian portion of:													
Alabama	4.5	4.2	4.5	4.4	3.8	4.3	−1.7	−0.4	1.9	4.6	1.6	−0.5	2.5
Georgia	5.0	4.2	4.8	4.2	3.8	5.6	3.2	2.5	3.0	16.9	2.5	3.2	3.5
Kentucky	10.5	9.6	9.1	8.7	7.5	0.5	1.3	−1.8	6.4	1.5	1.9	−1.1	7.7
Maryland	5.7	4.6	5.2	5.8	5.3	4.6	5.3	−1.4	0.4	5.7	4.6	−2.0	0.9
Mississippi	5.8	4.5	4.8	5.2	3.4	3.0	1.0	1.1	3.3	4.4	0.7	0.7	5.3
New York	4.3	3.5	3.7	3.7	4.0	3.5	1.5	−1.0	0.9	2.9	1.3	−1.0	0.6
North Carolina	4.4	3.6	3.9	3.3	3.0	3.0	1.7	2.1	2.8	3.8	1.9	2.8	3.1
Ohio	5.6	4.9	5.2	4.6	4.5	2.4	0.5	0.4	1.5	3.4	0.1	1.1	1.7
Pennsylvania	4.4	3.6	4.0	3.4	3.0	2.2	1.2	1.0	1.9	3.1	0.8	1.2	2.5
South Carolina	3.9	2.9	3.7	3.4	3.0	5.4	−0.3	2.3	3.8	6.5	1.1	2.6	4.3
Tennessee	4.2	3.7	4.4	4.0	3.7	4.2	2.6	1.1	3.8	4.8	1.8	1.5	4.1
Virginia	5.4	4.4	4.9	4.9	4.8	0.0	2.0	0.2	1.7	1.0	1.5	0.2	1.8
West Virginia	7.9	6.6	6.3	6.2	5.5	1.3	−0.1	0.5	1.7	1.9	0.2	0.5	2.5

Sources: State Bureaus of Employment Security for State and regional estimates; Bureau of Labor Statistics for national estimates.

Revised January 1971

TABLE 2.—EMPLOYMENT BY SECTOR, 1965–68[1]

	1965		1966			1967			1968			1969		
	Employment	Percent of total employment	Employment	Percent of total employment	Percent change, 1965–66	Employment	Percent of total employment	Percent change, 1966–67	Employment	Percent of total employment	Percent change, 1967–68	Employment	Percent of total employment	Percent change, 1968–69
Appalachia:[2]														
Manufacturing	1,830,485	46.5	1,950,599	46.5	6.6	2,014,127	46.5	3.3	2,005,789	45.8	−0.4	2,080,630	45.7	3.7
Retail trade	654,788	16.6	695,080	16.6	6.2	711,690	16.4	2.4	730,416	16.7	2.6	761,808	16.7	4.3
Financial institutions, real estate, services	651,369	16.5	696,494	16.6	6.9	743,745	17.2	6.8	793,355	17.9	6.7	818,900	18.0	3.2
Transportation and other public utilities	213,748	5.4	220,663	5.3	3.2	230,070	5.3	4.3	234,123	5.3	1.8	241,365	5.3	3.1
Contract construction	192,081	4.9	221,562	5.3	15.3	220,198	5.1	−.6	231,862	5.3	5.3	241,760	5.3	4.3
Wholesale trade	198,806	5.0	211,658	5.0	6.5	214,135	4.9	1.2	217,489	5.0	1.6	227,124	5.0	4.4
Mining	137,034	3.5	137,704	3.3	.5	133,434	3.1	−3.1	124,474	2.8	−6.7	123,205	2.7	−1.0
Total employment	3,937,531		4,193,370		6.5	4,326,813		3.2	4,382,896		1.3	4,550,549		3.8
United States:[2]														
Manufacturing	17,595,093	36.9	18,772,021	37.0	6.7	19,436,806	36.9	3.5	19,719,112	36.2	1.5	20,193,979	35.9	2.4
Retail trade	8,963,742	18.8	9,448,976	18.6	5.4	9,835,812	18.7	4.1	10,250,035	18.8	4.2	10,706,530	19.0	4.5
Financial institutions, real estate, services	10,723,397	22.5	11,429,810	22.5	6.6	12,139,730	23.0	6.2	12,870,881	23.6	6.0	13,484,503	23.9	4.8
Transportation and other public utilities	3,218,709	6.7	3,364,539	6.6	4.5	3,525,467	6.7	4.8	3,605,304	6.6	2.3	3,703,344	6.6	2.7
Contract construction	2,823,961	5.9	3,054,375	6.0	8.2	2,962,733	5.6	−3.0	3,115,958	5.7	5.2	3,189,325	5.7	2.4
Wholesale trade	3,434,925	7.2	3,593,445	7.1	4.6	3,699,556	7.0	3.0	3,813,670	7.0	3.1	3,920,611	7.0	2.8
Mining	599,328	1.3	602,522	1.2	.5	594,926	1.1	−1.3	582,864	1.1	−2.0	598,290	1.1	2.6
Total employment	47,743,277		50,733,866		6.3	52,706,934		3.9	54,446,130		3.3	56,348,479		3.5

[1] Source: "County Business Patterns, 1965–68," U.S. Bureau of the Census figures exclude all employees not covered by the social security program and are subject to all other restrictions indicated in the County Business Pattern publications.

[2] Employment in agricultural services, forestry, and fisheries is excluded from the detailed listing as being relatively insignificant in quantity, but is included in the total employment figures.

TABLE 3.—EMPLOYMENT BY SECTOR, 1965–69, LISTED BY STATE [1]

	1965		1966			1967			1968			1969		
	Employment	Percent of total employment	Employment	Percent of total employment	Percent change, 1965–66	Employment	Percent of total employment	Percent change, 1966–67	Employment	Percent of total employment	Percent change, 1967–68	Employment	Percent of total employment	Percent change, 1968–69
Appalachian Alabama:														
Manufacturing	186,991	43.4	202,152	44.2	8.1	204,388	43.6	1.1	208,115	43.3	1.8	216,223	43.5	3.9
Retail trade	74,809	17.4	78,205	17.1	4.5	80,358	17.2	2.8	82,137	17.1	2.2	84,509	17.0	2.9
Financial institutions, real estate, services	76,068	17.7	82,769	18.1	8.8	87,369	18.6	5.6	93,664	19.5	7.2	97,116	19.5	3.7
Transportation and other public utilities	23,132	5.4	24,098	5.3	4.2	26,169	5.6	8.6	27,175	5.7	3.8	27,532	5.5	1.3
Contract construction	30,546	7.1	28,712	6.3	−6.0	29,153	6.3	1.5	28,672	6.0	−1.6	30,781	6.2	7.4
Wholesale trade	27,279	6.3	30,138	6.6	10.5	28,825	6.2	−4.4	29,460	6.1	2.2	29,922	6.0	1.6
Mining	7,229	1.7	6,824	1.5	−5.6	6,645	1.4	−2.6	6,751	1.4	1.6	6,461	1.3	−4.3
Total	430,690		457,348		6.2	468,546		2.4	480,392		2.5	497,462		3.6
Appalachian Georgia:														
Manufacturing	91,238	62.1	99,033	62.1	8.5	102,142	62.0	3.1	105,803	61.1	3.6	114,418	61.6	8.1
Retail trade	19,519	13.3	21,152	13.3	8.4	21,592	13.1	2.1	22,433	12.9	3.9	24,188	13.0	7.8
Financial institutions, real estate, services	13,684	9.3	14,666	9.2	7.2	15,510	9.4	5.8	16,506	9.5	6.4	18,194	9.8	10.2
Transportation and other public utilities	4,939	3.4	5,084	3.2	2.9	5,622	3.4	10.6	5,718	3.3	1.7	6,148	3.3	7.5
Contract construction	7,056	4.8	9,333	5.9	33.1	8,439	5.1	−10.2	9,926	5.7	17.6	10,421	5.6	5.0
Wholesale trade	5,303	3.6	5,262	3.3	−.8	5,683	3.4	8.0	5,750	3.3	1.2	6,353	3.4	10.5
Mining	266	.2	233	.1	−18.4	236	.1	1.3	1,088	.6	361.0	209	.1	−80.8
Total	146,999		159,594		8.6	164,781		3.3	173,246		5.1	185,830		7.3
Appalachian Kentucky:														
Manufacturing	22,686	24.0	25,599	24.9	12.8	27,473	25.2	7.3	29,960	26.1	9.1	30,620	25.8	2.2
Retail trade	19,922	21.1	20,781	20.2	4.3	21,434	19.7	3.1	23,268	20.3	8.6	24,029	20.3	3.3
Financial institutions, real estate, services	15,960	16.9	17,947	17.4	12.4	18,768	17.2	4.6	21,099	18.5	12.4	22,786	19.2	8.0
Transportation and other public utilities	5,183	5.5	5,421	5.3	4.6	5,924	5.4	9.3	5,846	5.1	−1.3	6,105	5.1	4.4
Contract construction	5,622	5.9	6,426	6.2	14.3	7,468	6.9	16.2	7,150	6.2	−4.3	7,642	6.4	6.9
Wholesale trade	4,712	5.0	4,867	4.7	3.3	5,197	4.8	6.8	5,719	5.0	10.0	5,646	4.8	−1.3
Mining	15,861	16.8	16,967	16.5	7.0	17,037	15.6	.4	15,736	13.7	−7.6	14,401	12.1	−8.5
Total	94,535		102,856		8.8	108,925		5.9	114,698		5.3	118,551		3.4

See footnotes at end of table, p. 160.

TABLE 3.—EMPLOYMENT BY SECTOR, 1965–69, LISTED BY STATE[1]—Continued

	1965		1966			1967			1968			1969		
	Employment	Percent of total employment	Employment	Percent of total employment	Percent change, 1965–66	Employment	Percent of total employment	Percent change, 1966–67	Employment	Percent of total employment	Percent change, 1967–68	Employment	Percent of total employment	Percent change, 1968–69
Appalachian Maryland:														
Manufacturing	23,686	48.0	25,065	48.0	5.8	27,484	50.0	9.7	27,005	48.4	−1.7	26,596	47.4	−1.5
Retail trade	9,467	19.2	9,916	19.0	4.7	10,376	18.9	4.6	10,414	18.7	.4	10,721	19.1	2.9
Financial institutions, real estate, services	7,680	15.6	8,290	15.9	7.9	8,526	15.5	2.8	9,398	16.8	10.2	9,899	17.6	5.3
Transportation and other public utilities	3,067	6.2	3,061	5.9	−.2	3,087	5.6	.8	3,258	5.8	5.5	3,384	6.0	3.9
Contract construction	2,549	+5.2	2,976	5.7	16.8	2,644	4.8	−11.2	2,832	5.1	7.1	2,571	4.6	−9.2
Wholesale trade	2,248	4.6	2,255	4.3	.3	2,250	4.1	−.2	2,295	4.1	2.0	2,437	4.3	6.2
Mining	440	.9	558	1.1	26.8	481	.9	−13.8	426	.8	−11.4	365	.6	−14.3
Total	49,368		52,256		5.8	54,970		5.2	55,793		1.5	56,154		.6
Appalachian Mississippi:														
Manufacturing	38,124	57.4	42,676	58.4	11.9	44,397	57.1	4.0	46,982	57.7	5.8	50,153	57.8	6.7
Retail trade	10,437	15.7	11,554	15.8	10.7	11,710	15.1	1.4	11,992	14.7	2.4	13,072	15.1	9.0
Financial institutions, real estate, services	7,712	11.6	8,271	11.3	7.2	10,407	13.4	25.8	10,687	13.1	2.7	11,626	13 4	8.8
Transportation and other public utilities	2,724	4.1	2,684	3.7	−1.5	2,852	3.7	6.3	2,789	3.4	−2.2	2,990	3.4	7.2
Contract construction	3,494	5.3	3,237	4.4	−7.4	3,505	4.5	8.3	3,848	4.7	9.8	4,025	4.6	4.6
Wholesale trade	3,014	4.5	3,489	4.8	15.8	3,599	4.6	3.2	3,714	4.6	3.2	3,779	4.4	1.8
Mining	125	.2	123	.2	−1.6	121	.2	−1.6	121	.1	0	122	.1	.8
Total	66,376		73,076		10.1	77,805		6.5	81,398		4.6	86,835		6.7
Appalachian New York:														
Manufacturing	124,953	51.0	139,779	52.2	11.9	146,818	52.5	5.0	133,688	48.7	−8.9	135,838	48.9	1.6
Retail trade	42,573	17.4	45,846	17.1	7.7	46,464	16.6	1.3	46,074	16.8	−.8	50,695	18.2	10.0
Financial institutions, real estate, services	43,582	17.8	46,421	17.4	6.5	49,927	17.8	7.6	52,222	19.0	4.6	52,782	19.0	1.1
Transportation and other public utilities	11,538	4.7	12,122	4.5	5.1	12,169	4.4	.4	13,130	4.8	7.9	12,818	4.6	−2.4
Contract construction	8,978	3.7	9,559	3.6	6.5	9,956	3.6	4.2	10,258	3.7	3.0	10,884	3.9	6.1
Wholesale trade	11,886	4.8	12,184	4.6	2.5	12,807	4.6	5.1	13,004	4.7	1.5	12,938	4.7	−.5
Mining	548	.2	527	.2	−3.8	469	.2	−10.0	364	.1	−22.4	381	.1	4.7
Total	245,095		267,552		9.2	279,744		4.6	274,386		−1.9	278,057		1.3
Appalachian North Carolina:														
Manufacturing	139,962	56.7	150,024	57.0	7.2	160,476	57.7	7.0	162,558	56.8	1.3	168,653	56.6	3.7
Retail trade	34,118	13.8	35,587	13.5	4.3	36,675	13.2	3.1	37,529	13.1	2.3	39,158	13.1	4.3
Financial institutions, real estate, services	33,493	13.6	37,684	14.3	12.5	39,261	14.1	4.2	42,625	14.9	8.6	44,417	14.9	4.2
Transportation and other public utilities	12,248	5.0	12,505	4.8	2.1	13,592	4.9	8.7	14,265	5.0	5.0	15,308	5.1	7.3
Contract construction	14,153	5.7	13,857	5.3	−2.1	14,310	5.1	3.3	15,427	5.4	7.8	16,121	5.4	4.5
Wholesale trade	9,764	4.0	10,092	3.8	3.4	10,073	3.6	−.2	10,195	3.6	1.2	10,379	3.5	1.8
Mining	468	.2	400	.2	−14.5	393	.1	−.7	582	.2	48.1	515	.2	−11.5
Total	246,811		263,019		6.6	278,005		5.7	286,163		2.9	298,056		4.2

Appalachian Ohio:													
Manufacturing	76,695	42.0	80,704	42.3	5.2	81,364	41.8	.8	80,930	39.8	−.5	84,664	40.5	4.6
Retail trade	36,456	20.0	39,284	20.6	7.8	39,911	20.5	1.6	41,710	20.5	4.5	43,012	20.6	3.1
Financial institutions, real estate, services	26,937	14.8	29,045	15.2	7.8	30,952	15.9	6.6	33,774	16.6	9.1	35,804	17.1	6.0
Transportation and other public utilities	11,460	6.3	11,721	6.1	2.3	11,811	6.1	.8	12,734	6.3	7.8	12,695	6.1	−.3
Contract construction	8,744	4.8	9,411	4.9	7.3	10,000	5.1	6.3	11,542	5.7	15.4	10,197	4.9	−11.6
Wholesale trade	7,434	4.1	7,620	4.0	2.5	7,512	3.9	−1.4	8,286	4.1	10.3	8,436	4.0	1.8
Mining	8,601	4.7	8,742	4.6	1.6	9,038	4.6	3.4	9,139	4.5	1.1	9,207	4.4	.7
Total	182,525		190,797		4.5	194,565		2.0	203,562		4.6	209,222		2.8
Appalachian Pennsylvania:														
Manufacturing	689,839	47.1	711,306	46.2	3.1	729,373	46.2	2.5	724,394	45.1	−.7	740,841	44.7	2.3
Retail trade	242,350	16.5	259,051	16.8	6.9	265,045	16.8	2.3	273,506	17.0	3.2	284,170	17.1	3.9
Financial institutions, real estate, services	267,018	18.2	281,483	18.3	5.4	299,691	19.0	6.5	312,389	19.4	4.2	324,179	19.6	3.8
Transportation and other public utilities	87,358	6.0	91,398	5.9	4.6	93,688	5.9	2.5	95,259	5.9	1.7	96,840	5.8	1.7
Contract construction	58,547	4.0	70,495	4.6	20.4	69,116	4.4	−1.9	78,410	4.9	13.4	83,114	5.0	6.0
Wholesale trade	75,933	5.2	80,217	5.2	5.6	81,056	5.1	1.0	82,817	5.2	2.2	86,804	5.2	4.8
Mining	39,709	2.7	40,549	2.6	2.1	36,783	2.3	−9.3	33,963	2.1	−7.7	33,616	2.0	−1.0
Total	1,465,167		1,540,034		5.1	1,580,085		2.6	1,604,937		1.6	1,657,425		3.3
Appalachian South Carolina:														
Manufacturing	110,643	59.0	119,780	58.4	8.3	122,089	57.7	1.9	121,922	57.1	−.1	124,828	56.6	2.4
Retail trade	25,146	13.4	26,150	12.7	4.0	27,480	13.0	5.1	27,926	13.1	1.6	29,841	13.5	6.9
Financial institutions, real estate, services	23,724	12.6	26,205	12.8	10.5	28,657	13.5	9.4	28,244	13.2	−1.4	30,244	13.7	7.1
Transportation and other public utilities	6,686	3.6	6,631	3.2	−.8	7,282	3.4	9.8	7,799	3.6	7.1	9,297	4.2	19.2
Contract construction	11,887	6.3	16,377	8.0	37.8	15,584	7.4	−4.8	17,027	8.0	9.3	15,138	6.9	−11.1
Wholesale trade	8,398	4.5	8,942	4.4	6.5	9,357	4.4	4.6	9,421	4.4	.7	9,897	4.5	5.1
Mining	284	.2	60	0	−78.9	63	0	5.0	203	.1	222.2	0	0	(2)
Total	187,603		205,263		9.4	211,660		3.1	213,693		1.0	220,587		3.2
Appalachian Tennessee:														
Manufacturing	173,375	45.7	194,228	46.9	12.0	206,610	47.9	6.4	220,020	49.2	6.5	225,182	49.2	2.3
Retail trade	64,220	16.9	68,480	16.5	6.6	69,900	16.2	2.1	72,154	16.1	3.2	74,596	16.3	3.4
Financial institutions, real estate, services	63,434	16.7	67,485	16.3	6.4	72,927	16.9	8.1	81,546	18.2	11.8	83,025	18.1	1.8
Transportation and other public utilities	14,727	3.9	14,702	3.5	−.2	15,885	3.7	8.0	16,170	3.6	1.8	16,503	3.6	2.1
Contract construction	20,372	5.4	26,905	6.5	32.1	25,399	5.9	5.6	25,272	5.6	−.5	25,646	5.6	1.5
Wholesale trade	19,536	5.2	21,885	5.3	12.0	22,232	5.2	1.6	22,956	5.1	3.3	23,851	5.2	3.9
Mining	3,881	1.0	4,164	1.0	7.3	3,592	.8	−13.7	3,648	.8	1.6	3,729	.8	2.2
Total	379,102		414,523		9.3	431,189		4.0	447,526		3.8	457,826		2.3

See footnotes at end of table, p. 160.

TABLE 3.—EMPLOYMENT[1] BY SECTOR, 1965–69, LISTED BY STATE[1]—Continued

	1965		1966			1967			1968			1969		
	Employment	Percent of total employment	Employment	Percent of total employment	Percent change, 1965–66	Employment	Percent of total employment	Percent change, 1966–67	Employment	Percent of total employment	Percent change, 1967–68	Employment	Percent of total employment	Percent change, 1968–69
Appalachian Virginia:														
Manufacturing	29,303	36.1	32,176	37.1	9.8	32,814	37.1	2.0	34,407	38.0	4.9	35,449	38.0	3.0
Retail trade	13,459	16.6	13,763	15.9	2.3	14,545	16.4	5.7	18,837	20.8	29.5	15,587	16.7	−17.3
Financial institutions, real estate, services	9,514	11.7	9,779	11.3	2.8	11,720	13.2	19.8	15,142	16.7	29.2	12,904	13.8	−14.8
Transportation and other public utilities	3,549	4.4	3,523	4.1	−.7	3,602	4.1	2.2	3,675	4.1	2.0	3,693	4.0	.5
Contract construction	2,846	3.5	2,815	3.2	−1.1	3,165	3.6	12.4	3,378	3.7	6.7	3,445	3.7	2.0
Wholesale trade	2,996	3.7	3,478	4.0	16.1	3,310	3.7	−4.8	3,206	3.5	−3.1	3,251	3.5	1.4
Mining	12,848	15.8	11,834	13.6	−7.9	11,371	12.9	−3.9	10,503	11.6	−7.6	10,644	11.4	1.3
Total	81,209	.....	86,824	.....	6.9	88,458	.....	1.9	90,502	.....	2.3	93,315	.....	3.1
Appalachian West Virginia:														
Manufacturing	122,990	34.0	128,077	33.7	4.1	128,699	33.2	.5	121,305	31.8	−5.7	127,165	32.5	4.8
Retail trade	62,312	17.2	65,311	17.2	4.8	66,200	17.1	1.4	67,247	17.6	1.6	68,230	17.4	1.5
Financial institutions, real estate, services	62,563	17.3	66,449	17.5	6.2	70,300	18.0	5.8	71,276	18.7	1.4	75,924	19.4	6.5
Transportation and other public utilities	27,137	7.5	27,713	7.3	2.1	28,387	7.3	2.4	27,573	7.2	−2.9	28,052	7.2	1.7
Contract construction	17,257	4.8	21,399	5.6	24.0	21,459	5.5	.3	19,586	5.1	−8.7	21,775	5.6	11.2
Wholesale trade	20,303	5.6	21,229	5.6	4.6	22,234	5.7	4.7	21,496	5.6	3.3	23,431	6.0	9.0
Mining	46,774	12.9	46,723	12.3	−.1	47,205	12.2	1.0	42,376	11.1	−10.2	43,555	11.1	2.8
Total	362,051	.....	380,248	.....	5.0	388,080	.....	2.1	381,430	.....	−1.7	391,229	.....	2.6

[1] Notes:

1. Source of data: "County Business Patterns," U.S. Department of Commerce, Bureau of the Census—U.S. Government Printing Office, Washington, D.C.

2. The data used in these tables represent only employment covered by the Federal Insurance Contributions Act. This includes all covered wage and salary employment of private nonfarm employers and of nonprofit membership organizations as well as all covered employment of religious, charitable, educational, and other nonprofit organizations. It does not include Government employees, self-employed individuals, farmworkers, or domestic service workers.

3. The data is further limited by Federal law which prohibits the publication of data disclosing the operations of an individual employer. This leads to some difficulty in analyzing small sectors of employment. Here, a change in the number of firms with a disclosure problem (e.g., due to a merger) can show up as a change in employment of a much different size than actually occurred.

4. The data for Virginia include the independent cities of Bristol, Clifton Forge, Covington, Galax, and Norton.

[2] Disclosure problem.

TABLE 4.—TOTAL EARNINGS BY BROAD INDUSTRIAL SECTOR[1]

[Dollars in thousands]

Industrial sector	1965	1965 percent of total earnings	1966	1966 percent of total earnings	Percent change, 1965–66	1967	1967 percent of total earnings	Percent change, 1966–67	1968	1968 percent of total earnings	Percent change, 1967–68
Total United States	$431,395,000		$471,135,000		9.27	$503,564,000		6.82	$548,643,000		8.95
Manufacturing	127,696,000	29.60	141,479,000	30.03	10.7	148,910,000	29.57	5.3	161,184,000	29.38	8.2
Wholesale and retail trade	73,500,000	17.04	78,962,000	16.76	7.4	83,950,000	16.67	6.3	90,198,000	16.64	7.4
Government	67,490,000	15.64	75,679,000	16.06	12.1	83,961,000	16.67	10.9	93,299,000	17.01	11.2
Services	59,874,000	13.88	64,622,000	13.72	7.9	71,644,000	14.23	10.9	80,014,000	14.58	11.7
Transportation, communication, and public utilities	30,797,000	7.14	33,080,000	7.02	7.4	35,418,000	7.03	7.1	37,863,000	6.90	6.9
Contract construction	26,453,000	6.13	28,684,000	6.09	8.4	30,155,000	5.99	5.1	32,812,000	5.98	8.8
Finance, insurance, and real estate	21,858,000	5.07	23,305,000	4.95	6.7	25,710,000	5.11	10.3	28,734,000	5.24	11.2
Agriculture	17,507,000	4.06	18,812,000	3.99	7.5	17,166,000	3.41	−8.8	17,525,000	3.19	2.09
Mining	4,894,000	1.13	5,097,000	1.08	4.14	5,180,000	1.03	1.62	5,464,000	1.00	5.5
Other	1,326,000	.31	1,415,000	.30	6.7	1,470,000	.29	3.9	1,550,000	.28	5.4
Appalachia	31,232,000		34,047,000		9.01	36,031,000		5.82	39,009,000		8.26
Manufacturing	11,841,000	37.91	12,986,000	38.14	9.7	13,456,000	37.35	3.6	14,522,000	37.23	7.9
Wholesale and retail trade	4,677,000	14.91	5,043,000	14.81	7.8	5,312,000	14.74	5.3	5,641,000	14.46	6.2
Government	4,075,000	13.05	4,568,000	13.42	12.1	5,073,000	14.08	11.1	5,568,000	14.27	9.8
Services	3,646,000	11.67	3,913,000	11.49	7.3	4,381,000	12.16	12.0	4,861,000	12.46	10.9
Transportation, communication, and public utilities	2,190,000	7.01	2,305,000	6.77	5.3	2,429,000	6.74	5.4	2,604,000	6.67	7.2
Contract construction	1,682,000	5.38	1,939,000	5.69	15.3	2,060,000	5.72	6.3	2,300,000	5.90	11.6
Mining	1,059,000	3.39	1,099,000	3.23	3.8	1,134,000	3.15	3.2	1,138,000	2.92	.4
Agriculture	1,005,000	3.22	1,072,000	3.15	6.7	962,000	2.67	−10.3	1,030,000	2.64	7.1
Finance, insurance, and real estate	991,000	3.17	1,051,000	3.09	6.0	1,150,000	3.19	9.4	1,263,000	3.24	9.9
Other	66,000	.21	70,240	.21	5.7	74,000	.21	5.7	80,000	.21	8.1
Appalachian Highlands	2,904,000		3,189,000		10	3,419,000		7	3,731,000		9
Manufacturing	1,138,000	39.20	1,282,000	40.21	13	1,355,000	39.64	6	1,474,000	39.51	9
Government	480,000	16.52	538,000	16.88	12	592,000	17.32	10	655,000	17.56	11
Wholesale and retail trade	405,000	13.96	436,000	13.67	8	459,000	13.42	5	487,000	13.06	6
Services	325,000	11.19	345,000	10.83	6	392,000	11.46	14	439,000	11.75	12
Transportation, communication, and public utilities	162,000	5.59	172,000	5.38	6	182,000	5.32	6	193,000	5.18	6
Agriculture	151,000	5.20	162,000	5.07	7	156,000	4.56	−3	157,000	4.21	1
Contract construction	125,000	4.29	130,000	4.08	4	151,000	4.41	16	189,000	5.05	25
Finance, insurance, and real estate	62,000	2.15	67,000	2.10	7	73,000	2.14	9	81,000	2.16	10
Mining	44,000	1.50	45,000	1.40	2	47,000	1.37	5	43,000	1.16	−7
Other	11,000	.39	12,000	.38	6	12,000	.36	1	13,000	.35	7

See footnotes at end of table, p. 162.

TABLE 4.—TOTAL EARNINGS BY BROAD INDUSTRIAL SECTOR[1]—Continued

[Dollars in thousands]

Industrial sector	1965	1965 percent of total earnings	1966	1966 percent of total earnings	Percent change, 1965–66	1967	1967 percent of total earnings	Percent change, 1966–67	1968	1968 percent of total earnings	Percent change, 1967–68
Southern Appalachia	$9,615,000		$10,657,000		11	$11,278,000		6	$12,402,000		10
Manufacturing	3,592,000	37.36	4,026,000	37.77	12	4,232,000	37.52	5	4,679,000	37.73	11
Wholesale and retail trade	1,460,000	15.19	1,598,000	14.99	9	1,691,000	15.00	6	1,819,000	14.66	8
Government	1,344,000	13.98	1,496,000	14.04	11	1,681,000	14.91	12	1,850,000	14.92	10
Services	1,181,000	12.29	1,293,000	12.13	9	1,425,000	12.64	10	1,563,000	12.60	10
Transportation, communication, and public utilities	546,000	5.67	592,000	5.55	9	642,000	5.69	8	698,000	5.63	9
Contract construction	544,000	5.66	635,000	5.96	17	636,000	5.64	0	681,000	5.49	7
Agriculture	503,000	5.23	547,000	5.14	9	456,000	4.04	−17	542,000	4.37	19
Finance, insurance, and real estate	342,000	3.55	365,000	3.43	7	404,000	3.58	11	451,000	3.64	12
Mining	84,000	.88	84,000	.79	−1	88,000	.78	5	96,000	.77	9
Other	20,000	.21	21,000	.20	8	23,000	.20	7	24,000	.20	7
Northern Appalachia	17,137,000		18,519,000		8	19,538,000		6	20,925,000		7
Manufacturing	6,823,000	39.81	7,382,000	39.86	8	7,541,000	38.59	2	8,002,000	38.24	6
Wholesale and retail trade	2,589,000	15.11	2,772,000	14.97	7	2,913,000	14.91	5	3,073,000	14.69	5
Services	1,993,000	11.63	2,122,000	11.46	6	2,384,000	12.20	12	2,657,000	12.70	11
Government	1,982,000	11.57	2,236,000	12.08	13	2,479,000	12.69	11	2,704,000	12.92	9
Transportation, communication, and public utilities	1,378,000	8.04	1,431,000	7.73	4	1,488,000	7.62	4	1,588,000	7.59	7
Contract construction	952,000	5.55	1,100,000	5.94	16	1,192,000	6.10	8	1,335,000	6.38	12
Mining	554,000	3.23	568,000	3.07	3	580,000	2.97	2	568,000	2.71	−2
Finance, insurance, and real estate	553,000	3.23	581,000	3.14	5	634,000	3.25	9	689,000	3.29	9
Agriculture	280,000	1.64	294,000	1.59	5	291,000	1.49	−1	270,000	1.29	−7
Other	32,000	.19	34,000	.18	4	36,000	.18	6	39,000	.19	9
Central Appalachia	1,576,000		1,682,000		7	1,795,000		7	1,950,000		9
Mining	377,000	23.91	403,000	23.98	7	420,000	23.38	4	432,000	22.14	3
Manufacturing	287,000	18.21	297,000	17.65	3	328,000	18.28	11	368,000	18.85	12
Government	270,000	17.10	297,000	17.66	10	320,000	17.82	8	359,000	18.39	12
Wholesale and retail trade	222,000	14.08	237,000	14.11	7	249,000	13.87	5	263,000	13.46	5
Services	147,000	9.34	154,000	9.14	4	179,000	9.99	17	203,000	10.40	13
Transportation, communication, and public utilities	104,000	6.59	111,000	6.58	7	117,000	6.51	5	124,000	6.35	6
Agriculture	71,000	4.49	69,000	4.12	−2	59,000	3.30	−14	62,000	3.17	4
Contract construction	62,000	3.92	73,000	4.37	19	82,000	4.54	11	95,000	4.88	17
Finance, insurance, and real estate	35,000	2.19	37,000	2.21	8	38,000	2.13	3	42,000	2.16	10
Other	3,000	.18	3,000	.17	5	3,000	.18	11	4,000	.18	8

[1] Source: U.S. Department of Commerce, Office of Economics.

APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1971

TUESDAY, FEBRUARY 9, 1971

U.S. SENATE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 4200, New Senate Office Building, Senator Mike Gravel, presiding.

Present: Senators Gravel, Randolph, Cooper, Beall and Tunney.

Also present: J. B. Huyett, Assistant Chief Clerk and Assistant Staff Director; Barry Meyer, Counsel; and John Yago, Professional Staff Member.

Senator GRAVEL. The hearing will come to order.

This is a continuation of our hearings on S. 575 and to introduce the distinguished person who will be testifying for us, I would like to call upon our distinguished Senator from Kentucky.

Senator COOPER. Thank you. I appreciate this opportunity, Senator Gravel, and Senator Beall.

As you know, we are continuing hearings on S. 575, a bill to authorize a four year extension of the Appalachian Regional Development Act of 1965. Today we have witnesses from Kentucky, my home State who have been working with the Appalachian program since its inception. First, Mr. William Hambley, mayor of the city of Pikeville. Pikeville is, I think, the largest city in the State of Kentucky and is located in the largest coal-producing county in the Nation, Pike County.

The people and officials there, particularly Mayor Hambley, have been very much interested in the Appalachian program.

We are very happy to have you here.

Senator GRAVEL. Mr. Mayor, the floor is yours.

STATEMENT OF DR. WILLIAM C. HAMBLEY, MAYOR, PIKEVILLE, KY.

Dr. HAMBLEY. Distinguished Senators of Subcommittee on Economic Development; Mr. Chairman:

I am Dr. William C. Hambley, mayor of Pikeville, Ky., vice chairman, board of directors, Big Sandy Development District; member, board of directors; Big Sandy community action program; member, Big Sandy Health Planning Council; member, board of directors and executive committee concentrated employment program, 7th Kentucky Congressional District (22 counties), member, Appalachia Educational Advisory Committee for Kentucky, mayor of the only model city in central Appalachia.

From the various vantage points of participation, I wish to present some observations and comments for your consideration in your deliberations relative to extending the Appalachian development program by the Appalachian Regional Development Act Amendments of 1971. I shall not recite statistics relating to the components of development since the technical staff shall cover these adequately.

How is the program performing as an effective mechanism for regional planning and coordination of efforts by all governmental and private interests for development?

Prior to 1960, there was a gross absence of credibility in our community that the Federal establishment was sensitive to our needs and would commit Federal resources to solutions. There was about 40 years between authorization of Fishtrap Dam and appropriations by the Congress to construct, and then only after disastrous flooding of the valley. Two generations is a long attention span for local citizens with a problem.

The people of the area under the Appalachian program and through the expressions of the Big Sandy Development District determined that an adequate developmental highway system was the first priority in meeting the needs of our area to participate fully in the national growth. In 4 short years everyone in the Big Sandy Valley accepts the highway system to be a reality even though only half constructed. From 40 years to 4 years for credibility to develop is within the attention span of local people. Now that credibility is established by the visible accomplishment of the first priority human resource development components shall be the next areas of concern and priority.

I believe the experience in Pikeville where a comprehensive development plan under Model Cities demonstrates how effectively this urban planning is supported, extended, and enhanced by coordination with the development district and State plans embodied in the Appalachian regional development program. Through the coordinating efforts of the Appalachian Regional Commission, program development office of Kentucky and the Big Sandy Development District, participation of nine agencies* of government and private enterprise were brought together to effect a solution for the development highways to traverse our community with mutual savings to all participants, if acting singly in their segment of interest.

For 15 years we had been planning the total development of our city as a service center in central Appalachia for 200,000 people in the Big Sandy service area. Since all of our major thoroughfare plan was under the ownership of the State of Kentucky, Department of Highways, we could not effect any other major development until the major thoroughfare plan was implemented. We resisted the expedient and projected oriented funding so that all our resources could be directed to the priorities set forth in the comprehensive community plan. The participation of the model cities program for city functions with those of the Appalachian Regional Commission for district and regional oriented facilities and programs have forged a mechanism for community development which is closing the credibility gap, generating expectations for the future of our area and for the first

* The participating agencies are: (1) Appalachian Regional Commission; (2) Commission U.S. Public Roads; (3) Housing and Urban Development Renewal Assistance; (4) Model Cities Agency; (5) Economic Development Administration; (6) U.S. Army Corps of Engineers; (7) Kentucky Department of Highways; (8) Chesapeake and Ohio Railroad; and (9) City of Pikeville, Ky., Urban Renewal, Model Cities Agency.

time giving hope to those profiting from the coal industry to entertain investing in nonmining enterprise in eastern Kentucky.

The outstanding contribution of the development highway program is that it not only gives access, but spoil materials of construction are making hundreds of acres of level land available for community development. One hundred and twenty acres in 8 miles north of the city and almost 300 acres for housing, public facilities, industry and commerce within the city. This program has the respect and support of the people because all can see the development process in action.

Human resource development is conceived as emerging from an institutional base of capability, but cannot take place without first developing the communication system. In spite of lower priority and limited funding, the demonstration programs in health and education are changing the attitudes of the people to both disciplines. Due to the efforts of the Big Sandy Development District, we have now under construction sufficient acute care, extended care, and mental health beds to bring our district facilities to State standards for Kentucky. We consider this the first step to developing educational programs for health to meet the manpower needs of expanding health services. We shall become an export area for adequately developed health personnel which is the reversal of the existing conditions.

Vocational educational process needs more focus on the total process as opposed to the adult program directed to job placement. The greatest benefit to the people as a whole will be found in the elementary and secondary levels where a proper orientation can assure success in the adult job-oriented curriculum. Economic development is best served by an adaptable work force produced by broader curriculum offerings.

In 4 years, the Appalachian Commission with the State Development Offices, development districts and local governments have devised a most effective capability for planning, coordinating, and funding the essential development components for community growth. Local people have responded with enthusiasm and have been willing to plan on a broader base, transcending political boundaries. The multicounty district function, contrary to some beliefs, enhances local planning by expanding the basis for local development and relates it to the larger or area needs. The review and coordination function of the district and program development offices are essential to sensible use of limited funds and make possible systems development rather than the fragmental unrelated project approach to growth. As the result of the Appalachian Commission and the Model Cities concept, we are dedicated to total community development with those elements representing the growth process given the highest priority. These are the elements around which local programs can develop even if Federal funding should cease.

The consensus of the people whom I represent is that no program yet devised has accomplished so much in 4 years to develop an effective means for coordinating local, State, and Federal efforts toward better community development. Therefore, we strongly recommend the enactment of the Appalachian Regional Development Act Amendments of 1971, as embodied in Senate Bill S. 575.

Now, if there are any other questions, I will be happy to respond to questions.

Senator GRAVEL. Thank you very much, Mayor Hambley.

Senator COOPER?

Senator COOPER. Mayor Hambley, how long have you been Mayor of Pikeville?

Dr. HAMBLEY. 10 years.

Senator COOPER. How large a city is Pikeville?

Dr. HAMBLEY. Sir, around 5,500.

Senator COOPER. What is the population of the county?

Dr. HAMBLEY. Sixty-one thousand.

Senator COOPER. I think it is the largest county in area in Kentucky.

Dr. HAMBLEY. It is the largest, yes.

Senator COOPER. Sixty-one thousand?

Dr. HAMBLEY. Sixty-one thousand population.

Senator COOPER. How many counties are in the multicounty district you have been speaking of, the Big Sandy Development District?

Dr. HAMBLEY. There are five counties.

Senator COOPER. What are they?

Dr. HAMBLEY. Pike, Floyd, Magoffin, Johnson and Martin Counties.

Senator COOPER. What is the population of the Big Sandy multicounty district?

Dr. HAMBLEY. I think 130,000, in that neighborhood, I wouldn't want to give it as an accurate population.

Senator COOPER. Just for the benefit of the other members of the committee, I want to ask you about the topography there. Does West Virginia bound Pike County?

Dr. HAMBLEY. Yes.

Senator COOPER. Is there any access or gaps through the mountains to the east of Pikeville into West Virginia?

Dr. HAMBLEY. Well, I wouldn't call them gaps but there are certainly areas in which the communications system is entirely inadequate.

Senator COOPER. In the eastern counties it is all mountains and that has always been a barrier between Kentucky and West Virginia and Virginia?

Dr. HAMBLEY. Yes, it has. I think to traverse it, to give you an idea, if you are going to come to Washington, yesterday morning I spent one hour getting the first 30 miles. In the next two hours and a-half I traversed 120 miles and in the next 55 minutes I came to Washington from Cincinnati.

Senator COOPER. I am familiar with that problem. There are only a few gaps in the mountains between West Virginia and Virginia and Kentucky. I mention that to raise this question: There have been some statements that the Appalachia program is not really a regional program, but it is still just a county-by-county system. Now, we were speaking of the highway program under the Appalachian Development Act. What is that in your section of the State?

Dr. HAMBLEY. As it is represented in our county, it happens to be the convergence point for four development highways—U.S. 23 and U.S. 119, which are north-south oriented, and 460 and Kentucky Highway 80, which are east-west oriented and they converge in a 6-mile section around Pikeville.

Senator COOPER. I know that U.S. 23 is one of the roads which is being approved under the Appalachian Development Act. Will that go into West Virginia from Virginia?

Dr. HAMBLEY. It will go into Virginia.

Senator COOPER. And also into Tennessee?

Dr. HAMBLEY. Yes. Its orientation is from Mackinaw, Mich., all the way into Florida.

Senator COOPER. But U.S. 23 is approved under the Appalachia highway program and it will link Ohio, Kentucky, West Virginia, and Virginia and Tennessee. All of these States are in the Appalachian program are they not?

Dr. HAMBLEY. Yes, sir.

Senator COOPER. Now, you have spoken here of the health advances that have been made under this program. Would you describe what has been done under the Appalachian program which has resulted in improved health facilities or standards in Pikeville and in this multicounty district?

Dr. HAMBLEY. I think the limited funds, for example, under the Appalachian Act in themselves are not as significant, because even though authorization for 80 percent, up to 80 percent funding on the project, in fact it figures out at about 16 percent in the different elements, so that this in itself was not extensive; but the role they played in putting together projects with the multiagency funding was extremely important. I think when one recognizes the position of a local community trying to develop credibility among its people and to be really effective, really to effect leadership that is at the local level, is a problem in itself, but to have to search through this Federal establishment for the ways in which it might be of help to the local community is something that is overwhelming. From my position, trying to deal with the 400 different categorical programs to work out something that is comprehensive and meets the needs, then the older method, let's say the one that we have given up for Appalachian Commission functions, was one in which you almost had to have a grantsman in Washington paid fulltime to search these things out.

Under the Appalachian Commission functions, they are our grantsmen at this level and they are very knowledgeable of the workings and interactions of the agency participation in the working affairs and this, consequently, gives us a way to get to the things that have been beneficial in the Federal establishment.

Now, in the hospitals they were of tremendous aid to us in putting together the various elements of the program, forgetting the funding, and even with this, I think they were instrumental in encouraging the local community to the point that the local community involvement in this is 44 percent of a $7 million project. I think that is a substantial involvement of local people. I don't think this could have been done without the Commission and their services in bringing these ideas together.

Senator COOPER. Senator Randolph, the chairman of our committee, is here. He introduced the original Appalachian bill and we have been trying, so far in the hearing, to show that there is a real need for the continuation of this Commission.

Now, are you saying that by reason of the Commission's Federal activities, and its representation in the State capitol, that it has been much easier to find out the programs, to apply for them, and to get greater local participation?

Dr. HAMBLEY. I am saying that, sir, because if anybody is trying to put together anything that would be a semblance to comprehensive programing at the local level, there has to be some mechanism that transcends the political change that takes place from administration to administration at the State level which may not be at the same time as at the Federal level so, consequently, there must be in this process some way of transcending this so that the rapport that is developed and understanding developed at various levels will not be lost in these various changes. I think this is essential.

Senator COOPER. And you have continuity through the work of the commission?

Dr. HAMBLEY. Yes.

Senator COOPER. Will you enumerate the programs which have actually been put to work in Pike County since the Appalachian Commission was established? You have already spoken of your road development programs. What else in the way of education, vocational training, and other programs have you actually begun in Pike County and those that were not available before?

Dr. HAMBLEY. Well, I think what we would speak to here is not the fact that they may have been started, because the Federal programs have been developed and are categorical and the need has been to get a better direction to these aid programs and this has occurred since the Appalachian Development Act. I think that in the Big Sandy area, and I think this is true throughout Appalachia, the political units that are there operate with their own restricted orientations and what has happened in the Big Sandy development district is that the county leaders have been willing to think in terms of the district rather than in terms of just their needs, and we find if we can meet the area needs, which is obviously greater, that we can do more to develop our own county programs.

To say that you are giving, or, rather, working along the same lines, yes, because I think the facts of life are you are not going to change what the legislatures have done because the cities and counties are creatures of the legislature and, consequently, have to have some way of acting and interacting and this mechanism is cognizant of this situation and is giving us a basis to expand our efforts and to do the development.

In one project alone in Pikeville, we have nine agencies cooperating, and they are all categorically oriented and if they operated alone we would have a monster and I think operating together they are taking part in an effective development process in the community.

I know that there are some people who think "My God, why spend so much money in a little town like Pikeville".

But when you consider that to do the things which they would do which are not oriented just to our community but the highways to traverse it, the overall picture of health repair, the things that have to do with health education, all of these things have to do with broader aspects than just the city, and I think everybody would agree with the restraints on funding and I might say that we qualify under three programs that can fund up to 80 percent of project costs. Rarely do we find one of these programs that can fund up to 80 percent, so 10 to 20 percent is more like the level of funding in reference to these. So, consequently, we find we are in a position that this funding must

be brought together and put to elements, and put the elements in their proper place and relationships to get more out of our Federal dollars, otherwise we are going to continue to fragment as we have.

Senator RANDOLPH. Senator Cooper, can I interrupt for a moment?

Senator COOPER. Yes.

Senator RANDOLPH. As Chairman of the Public Works Committee, I try to recognize those who come to visit hearings. When high school students are with us and have a schedule which calls for them to come and go from one committee to another, I like to have the record reflect that they are here. Today we have young men and young women from Fairfax, Virginia, who are studying government and who are with us today. I wish that the room itself would accommodate the young people so that they might sit down and actually have a closer rapport with what takes place. It is a little difficult for them to stand and get a continuity of what a witness is saying, such as Dr. Hambley. But I want the record to indicate that I think it is wholesome for these young adults to come here to the Hill and to hear a discussion of the problems that affect them. Certainly when we talk about the educational programs in the Appalachian Region, I would like to remind these young people that the problems for them and for their families are so very different from the problems of the families and the young people in those families in the more remote mountainous areas of the Commonwealth of Virginia.

So I think it is good for them to find there are two sides of the street, as it were, and the efforts that we have been making in West Virginia and the other States to cope with these problems.

I appreciate the time you are giving me, Mr. Chairman, Senator Cooper, and Mayor Hambley, just to welcome these young people who are here.

Senator GRAVEL. Thank you, Mr. Chairman.

Senator COOPER. I have one more question I would like to ask. Mr. Chairman, before you came in, Mayor Hambley stated that Pikeville, the city of which he is mayor, is a city of 5,500, and Pike County itself has 61,000 people. I may also say it is the largest coal-producing county in the Nation. It is a rich county in that way—rich in resources.

You mentioned a moment ago the Fishtrap Dam, and how long it took to build it. I must say, after Pike County and the Big Sandy residents decided that they were going to give up on the canalization of the Big Sandy River we had no trouble. It was built in 7 years. The trouble was in Pike County and the Big Sandy, area and I wanted to correct you on that.

Now, the county of Pike is rich in resources. What about the other counties in the development district? They are poor in resources, not necessarily in all resources, some of them have coal, oil, and gas, but they do not have the funds like your county. I want to ask how does this multicounty program help these poor counties? What is the Big Sandy Development District doing, under this program, to help the really poor counties in the district?

Dr. HAMBLEY. Well, I think we are taking the same approach to those as we are to Pike County. I might remark here that being poor is a relative determination. If you talk about area without people, then you are talking about probably the richest area of the United States,

but when you talk about the people you are talking about them being poor and I would say that this being poor is one of underdevelopment, they are disadvantaged, they have not had the advantages of the educational process, and if I were to say why they are disadvantaged, it is that we have an area that is rich in resources but has a very poor tax base.

The emphasis on the tax base, for example, has been directed to the land surface and not to the mineral resources. So we come to the point now where to change this tax base there is a need for, for example, as I would say, a national policy referrable to the extraction of our resources and to the development of the resources for energy purposes, so that this is the area that you think that holds the most promise if it is done on the Federal level.

Now, what we are doing now for the other counties is developing a comprehensive plan for economic development. This means that to start with economic development, if you are going to go outside for capital, you are going to have to attract the management element of that capital investment, so to attract management you have to have the things that will make it possible for management to live in the area and that means better schools, better recreation, better cultural opportunities.

Now, as far as the business themselves and the physical plants, to make a choice of industrial sites that hold the possibilities for development, such as giving them proper services, water, sewer, gas, electricity, and all of these things and areas which can be controlled from a pollution point of view, so that each of our counties then, which has its own small metropolitan area, let us say urban area, even at a different scale, at least these are the areas that have the best potential for development of the services. So we try to choose the priority sites and to develop these first off.

I think the thing that happened at Paintsville, for example, in Johnson County, the idea was to use the resources of timber to develop some type of industry out of this resource and we set about on a plan to have private involvement and we raised a substantial amount of money. Most of the money, as far as county input was concerned, came from Pike County, even though the site was chosen in Johnson County. This site was developed. It was given all of the appurtenances for a proper site, with access to the site; and what happened? This mechanism fell through. We have no timber industry, but those industries that were shopping around for new locations—American Standard, then by virtue of the fact of the site being already developed and something that they could see. They would not fold in the future and was not dependent on governmental action, the site was ready, so they have now established a plant that I think will make a tremendous impact on the people in Johnson County.

Now, this is the way we feel that instead of sticking with the ideas of qualifications that have been done for highways—they ask you what the traffic count is, so you have no count and you have no justification, and the same is true of industrial sites. Instead of saying what industry is committing itself, I think, with the credibility gap for development that has been there, then they will say: Well, we will have a site prepared.

Then they say: How are you going to do it?

Well, if we say, "We are going to try to get Federal and State money," they say: "My god, that might be the next generation."

So we have a problem of investment now. So we think that to choose the priority sites, bring them to the scale that is possible in the community to bring these sites to proper development and then to look for an industry, and I think this is the approach we are trying to use throughout the district area.

Senator COOPER. Mayor Hambley, you have provided great leadership in your area. Thank you for being here today.

Senator GRAVEL. Thank you, Mayor.

Mr. Beall?

Senator BEALL. I have just a brief comment. I assume like most people who serve in local governments you do so at some personal expense and I have a great deal of sympathy and admiration for those like yourself who devote so much time to the community in which you live.

As a mayor, do you think one of the main attributes of the Appalachian program is that it perhaps allows you to put first things first in your own community? In other words, do you have a feeling you are participating more in the solution of our own problems and actually studying priorities of the solutions to these problems rather than the Federal Government thrusting it upon you?

Dr. HAMBLEY. There is no question of this. Our local districts are made up of 51 percent of elected officials who have responsibility for implementing and carrying on continuity of development of the area. The other 49 percent is business people and representatives of the poor, and I might say here we try to have those people in the area to be served, the poor people have good representation on our functional bodies.

The process we have is to develop ideas from the people and this is one that was engendered in the Big Sandy community action, even though it may go astray, nevertheless there has been a generation of ideas. We try to bring it together into a comprehensive plan that embodies these suggestions from the people and then start the process upward, because the Federal establishment really is going to have to, in these areas of true development, especially in underdeveloped areas, they will have to bear really the larger segment of the cost.

So, consequently, it is one that needs a mechanism for bringing these things to bear.

In my own functions here, in the last 2 years I have traveled over 40,000 miles within my district. Now, you can imagine if I had to come to Washington to do all of the things it would be 400,000 miles. Now, to a private citizen, this is not possible. And I consider myself as being one that has maximum involvement for a person and I feel that I am almost helpless without this mechanism to bring about some coordination at the State level because people in the State will have different ideas and I might say here, for example, when you go to the legislature, if there is not some way of coordinating legislative action at the State level to implement, then the Federal Government is left no recourse except to go directly to the community itself. I wrote a very strong letter to Secretary Romney relative to the Connecticut proposal which had to do with Model Cities, which would have turned the Model Cities process over to the States and to the Governors. I

opposed this strongly for the simple reason that we need the balance. Everybody is concerned about the force of coercion and whatnot, but there has to be something which brings about a mutual concern and something that has a matter of force to bring you together and this is done by having some programs coming directly to communities, some that are administered through the States, and I think this brings about a certain balance, because then it is mandatory that you go to the State for those that are distributed by the State.

The State, by the same token, cannot give lipservice to the development program at the local level and not have their proper inputs, you see. I think this is a balance that is needed.

The Appalachian Regional Commission is the one that best enhances this balance by bringing together a review process at the district and State level, which I think brings together the resources of the three elements and brings it into a more concerted program for development. This is my view.

Mr. BEALL. Thank you.

Senator GRAVEL. The Chairman has returned.

Senator Randolph, do you have any questions?

Senator RANDOLPH. I have an observation. I am familiar, Mayor, with your community. I have visited there and spoken at the college. It is interesting, Senator Cooper, to know that Pikeville College is a better college because of the West Virginians who cross that river you talked about. I think you have 60 or 70 students from West Virginia enrolled.

Is that right?

Dr. HAMBLEY. Correct.

Senator RANDOLPH. So we have an interest in the Big Sandy country, not only from the standpoint of the water resources, and channeling floodwaters away from Williamson, but because of the many challenges we have in the area. The mountains rise precipitously, and the valleys are narrow, and we have people living up in the hollows who are attempting constructively to build better lives for themselves and their families. It is a matter of a poor person against the rich person, as you said, and correctly so. Some of these people are very rich and it is characteristic. I think the Appalachian program is worthwhile because they have understood it is their effort. They are creative and innovative and resourceful in doing the job just as we have here heard from certain health people who have done a tremendous job in West Virginia.

So, to boil it down, I ask a question that Senator Cooper asked. Do you feel this program is not window dressing for the mountain country?

Dr. HAMBLEY. No.

Senator RANDOLPH. You believe it opens the windows, or it opens the doors?

Dr. HAMBLEY. It opens the doors.

Senator RANDOLPH. We walk out and others come in. There is an expression of understanding and that the projects are grounded in valid effort, is this right?

Dr. HAMBLEY. Yes, and the point you brought up about West Virginia being so near to Pikeville, for example, is something I think needs some action addressed to it. It is so difficult when you are near a State line for your own State to sort of think that you are a part of

another State as by their actions, and I think that we need some mechanism where the interests of West Virginia and Virginia and Kentucky, for example, at this point—well, we are only 30 miles from Virginia and, for example, Pikeville College, as you mentioned, has an extension in Grundy, Va., so that development is just not on county lines but it happens to be on lines that are natural development lines.

The Big Sandy, for example, extends 50 miles into Virginia.

So I think that this is a mechanism that is best served because we can have a way of bringing together the needs of three States, for example, into one development process for service.

Senator RANDOLPH. Doctor, we had a short colloquy on this subject yesterday, as I read the quoted statements of Dr. Ash of Litton Industries, who headed a panel concluding a study for the administration. He indicated that programs had not been developed realistically with the region. This is absolutely wrong and anybody who goes into Appalachia and studies the projects knows it is wrong. I don't know who went into Appalachia from that study group, but we will try to find out.

We certainly have an obligation to do that, Senator Cooper.

Senator COOPER. Yes, and he should be called as a witness.

Senator RANDOLPH. Yes.

But, don't misunderstand me. It is so easy to be on the fringe of something and not really understand what is happening in the Appalachia program. There are members on this committee who know the Appalachian area and we are conscious of its faults and of its shortcomings and of our need to do better than we have.

Here is a program, Doctor, doing just that. You don't believe it should be cut summarily because of some idea of revenue-sharing, is that correct?

Dr. HAMBLEY. That is correct. If I looked at it purely as a physician's point of view as a process for development, I would think of the state of pregnancy, in the human 9 months and in the political elephant 9 years, and if we want to use that for government as being that of the elephant and say that this process has a gestation period for something viable to be born, then we are in the 4th year of this gestation period, and I think to stop now would be tantamount to an abortion, so I think if you want the establishment to be abortionists, then I think there are other considerations, you know, that would have to be considered, the morality of it.

Senator RANDOLPH. I don't want to go back to the administration proposal for revenue-sharing, except to say in the presence of my esteemed colleagues, that we do not want the Appalachian program to be a victim of a revenue-sharing proposal.

That is because the Appalachian program is proving itself. And the membership of the Congress knows that and how wonderful it is, and I use the word advisedly, how wonderful it is. I anticipate that within a few days we will have at least 65 or 70 Senators who are cosponsors of this legislation with Senator Cooper and myself. We have had two additional members this morning, one from Minnesota and one from Iowa, and you see when you study what this program is doing, it is not a provincial program; it is a part of the strengthening of America.

How fortunate we are to have men who can see that and sense that, regardless of the States that they represent.

So you come before us talking about Kentucky because you understand its problems, and you are the right person to sit at that witness chair. Yet I imagine, Doctor, there have been other proposals that you have opposed, is this right, when you felt they should be opposed?

Dr. HAMBLEY. Yes; we have opposed all that we thought were not going to serve the total development process and at this juncture I am not opposed to revenue-sharing as a concept.

Senator RANDOLPH. No, I am not, either.

Dr. HAMBLEY. But I think if we are going to have revenue-sharing, I think it will have to be on the basis of where we are now and what we are going to develop in that mechanism and certainly I am waiting to see what this really means.

In the meantime, I have invested, for example, 15 years in this planning and development process and we have been trying desperately to develop a mechanism of rapport and to bring reason to the development.

I believe we are now at this point. I think we are at the point now where action must take place. So out of what we have, I think, may grow something that would embody sharing and all of the other things we are talking about.

Senator RANDOLPH. Thank you, Mr. Chairman.

Senator GRAVEL. Thank you, Mr. Chairman.

Let me underscore one thing with reference to your approach to the problem and your familiarity with West Virginia. I think your record speaks quite plainly of the national approach you take. I can appreciate it because the poverty problems we have in the country at large are not unlike what you find in West Virginia. I think the chairman's leadership goes without saying in this whole area, and when he talks of having 70 cosponsors, this is not an idle boast, but very much of an actuality. It is testimony to his leadership.

Thank you very much. I think you have made very strongly the point I was going to ask you about, and that is the conflict between revenue-sharing and the concept advanced here. Of course we hope these hearings to be a prelude to establishing a case not only for reaffirming what has been existent, but also for an expansion of that to meet the expansion of the national needs.

Thank you very much.

STATEMENT OF DR. DANIEL HALE, SOUTHERN WEST VIRGINIA REGIONAL COUNCIL, PRINCETON, W. VA.

Senator GRAVEL. Our next witness is Dr. Daniel Hale, and if I may impose upon the chairman a moment I shall go out to introduce someone in another committee meeting, and shall return shortly.

Senator RANDOLPH. Thank you, Senator Gravel, for presiding for the subcommittee in the absence of Senator Montoya.

I am pleased this morning for the opportunity to welcome Dr. Daniel Hale to testify before the subcommittee.

Dr. Hale is chairman of the Southern West Virginia Regional Health Council which is based at Princeton, W. Va.

Even if Dr. Hale were not a West Virginian, I would look forward to hearing what he has to say, for he is involved in one of the more imaginative and innovative programs being conducted in the Appalachian region. The Southern West Virginia Regional Health Council

is attempting to provide the framework for doing what—for a variety of reasons—has never been possible before, namely providing high quality medical care for the people in the isolated mountain areas of southern West Virginia.

Dr. Hale has given this subcommittee the benefit of his experience on other occasions. Two years ago he counseled with us, and I know that his work and that of the council since then have provided a basis for new observations and perhaps recommendations.

Dr. Hale is a man of varied interests who has the welfare of his community at heart. Only a few months ago he was featured on a national television program for his conservation work in the Princeton area.

So it is with great pleasure that I welcome Dr. Daniel Hale and his associates.

Dr. HALE. Senator Randolph and honorable members of the subcommittee I have with me Dr. Allen Dyer, who is executive director of the Southern West Virginia Regional Health Project and Paul Hutchinson, counsel for our project.

With your permission, because of the length of the statement as presented to the committee, I shall give a synopsis of that statement. (The prepared statement appears on p. 188.)

It is a pleasure and an honor for me, as chairman of the Southern West Virginia Regional Health Council, to appear before this subcommittee in order to support a 4-year extension of the Appalachian Regional Development Act. I am particularly grateful for this opportunity to discuss section 202 of the Appalachian Act which provides for comprehensive health demonstrations in selected areas of Appalachia.

The development of our own comprehensive health program in southern West Virginia has been such an exciting, promising, and rewarding experience that I am pleased to be able to tell you its story, to relate some of the circumstances surrounding it, and to make you aware of some of the background which lead up to its development.

The southern West Virginia regional demonstration health program serves the nine southermost counties in West Virginia. It is under the guidance and control of the Southern West Virginia Regional Health Council. The council is a nonprofit organization chartered under the laws of West Virginia in March, 1967. However, prior to the time of its formation, concerned citizens of the nine-county region representing both providers and consumers of medical care, for more than a period of 4 years, had been working on the development of a comprehensive health care plan for the area. Basically, the plan which was finally approved calls for filling in the gaps present in health services and facilities in the areas existing health care system.

The council is composed of approximately 300 persons, representing all segments of society, both providers and consumers, each county has its own health council, with three members of each county council making up the board of directors of the regional council. The regional council is an overall policymaking organization. It has an executive committee made up of one member from each county and is responsible to the board of directors for day-to-day operation of the project.

The various projects within the overall council program are channeled through county health councils to the board of directors of the Southern West Virginia Regional Health Council and its executive

committee. All projects are studied by technical committees—on first county and then regional levels—to determine their value and feasibility as a part of the regional program.

The activities of the council do not duplicate services already in existence, and they do not infringe on the private practice of medicine. However, they do supplement and complement the activities of both the public and private sectors of medicine throughout the entire field of health.

We are proud to state that this program, as sophisticated as it is, with the aid of professional consultants has been designed completely by the residents of the nine-county area—all persons familiar with the needs and problems of the region, and all contributing their bit working through county health councils.

It might be well to note at this time that much effort has gone into health planning in this nine county area even before the Appalachian Regional Development Act was passed in 1965. Hence, when funds for a planning and administrative grant were made available under Section 202 of the act, the people of the area were ready to move ahead. However, even with passage of this act and the funding of the P & A grant, it still was not until August 1968, that 202 funds became available to implement projects under the program.

A point which needs to be emphasized is that up to the present time, the council has been operational only for 2½ years. And, although the council believes that it has scored dramatic achievements in meeting the goals of the program in compliance with the criteria and guidelines of the Appalachian Regional Commission, the council is convinced that a mere period of 2½ years is not nearly sufficient to prove the program's worth or to prove the demonstrations which, after all, were the original purpose for which the council was formed.

The Council strongly feels that an extension of the Appalachian Regional Development Act, for 4 more years, will give the program a real opportunity to demonstrate its value, and, we are encouraged by the fact that this proposed extension has been introduced into the U.S. Senate and that your subcommittee is now holding hearings on this measure.

Before telling you of our program, I would like to remind you of some of the reasons why the nine southern counties of West Virginia were designated as a demonstration health area under Section 202 of the Appalachian Act. This nine county area which is in the geographical heart of Appalachia is below the national average as shown by almost every criteria and health standard in use today. There are 1700 persons for every doctor—a figure which is more than twice the national average. One of the nine counties, for as long as 10 years, has endured without a single dentist, a situation since rectified by the council's program. There are similar shortages of nurses, technicians, and all other types of trained health personnel. Physicians are overworked and many are required to use limited and outdated facilities. Besides being overworked, the great majority of the physicians in the area are approaching 60 years of age or over, and are actually incapable of carrying the heavy load which they were able to carry in former years.

The incidence of almost every type of illness in the nine counties is greater than the average for the Nation, greater than in other parts of the State, and greater than in nearly all of the rest of Appalachia.

This fact is true about venereal diseases, tuberculosis, congenital heart disease, hepatitis, hypertension, occupational pneumoconiosis, and other infectious and degenerative diseases. Infant mortality rates which are a generally accepted indicator of the quality of health care are higher in southern West Virginia then elsewhere in the State and elsewhere in the Nation. In fact, one county among the nine southern counties has the highest infant mortality rate in the entire country.

These deficiencies in medical services are matched only by deficiencies in health facilities with the possible exception of acute hospital beds.

Senator RANDOLPH. What counties do you refer to?

Dr. HALE. Summers County.

Senator RANDOLPH. Would you attempt to be more definitive about the problems that make the rates so high? Summers County has some wonderful rural country. Summers County has a good climate and a rather large acreage of not just mountain land but also very broad and beautiful valley county. The type of employment there would, as I think of it quickly, would not be the type that would bring certain illness and disease. I would like for you to spell out what is happening in Summers County.

Dr. HALE. Of course, we have the problem you have spoken of—the barriers to transportation. Even in Summers County, it is difficult to get from one place to another even though it is not as mountainous as other counties. Also, there is a shortage of doctors and there is little industry there to attract new people. One of Summers County's doctors is a member of our council—one of the most active of the grand old men in medicine in West Virginia. He is Dr. Stokes, who appeared before this committee 2 years ago and even though he is approaching 80 years of age, he is still doing home deliveries. I cannot tell you what the percentage of home deliveries in Summers County is, but it is quite large. Up until recently, Summers County had no hospital but due to the Appalachian Act, it now has a hospital and hopefully the infant mortality rate will be cut as a result. Those are some of the reasons and there are others. Dr. Dyer might like to add other reasons which he thinks might be responsible for the high infant mortality rate.

Dr. DYER. I think basic to this is the general language of motivation on the part of people to seek health services in a disease. They tend to wait until the disease becomes rather severe.

Senator RANDOLPH. I thank you, Doctor.

Senator COOPER. May I ask a question. Does the county have a county health officer or county health doctor?

Dr. HALE. Part-time county health doctor.

Senator COOPER. Does Summers County have a county health officer?

Dr. HALE. A part-time county health officer, but the public health program, up until the council's program was initiated, had been poorly funded and people had been working with meager funds and meager facilities.

Senator COOPER. Do you have a county nurse to assist?

Dr. HALE. There is one nurse in the health department.

Senator COOPER. Most county health programs have had a nurse for 50 years.

Dr. HALE. These people have done a remarkable job with what facilities and resources they have. But there has been almost a complete lack of resources available.

Senator COOPER. I used to be a county judge and, as I remember the program, the Federal Government and the State paid practically all of the cost. I recall when I was county judge that we employed a county health doctor and a county health nurse. I believe it cost about $2400 a year, but it would be much more now. Does your county not have resources then to take that elementary step? We have the same problem in our State.

Dr. HALE. Summers County does not have resources to come up with an adequate health department without assistance.

Senator RANDOLPH. Senator Cooper, as background, the reason I pursued this is that Hinton was a railroad town for a long period of years and there was a change on the Chesapeake and Ohio, and through that division of essential routings and for other reasons, very few people now are headquartered in the Hinton area; is that correct.

Dr. HALE. Yes.

Senator RANDOLPH. So that may have accentuated to some degree the problem over the last 10 years.

Dr. HALE. It meant no doctors have come in to replace the doctors who have died or moved out or have been practicing medicine. So it means the health services have spread thinner and thinner.

Senator RANDOLPH. What is the population of Summers County?

Dr. HALE. 11,000.

Senator RANDOLPH. How many doctors are there at the present time?

Dr. HALE. Five, I think. Some of these are elderly people. I am talking about men up to close to 80 years of age. And doing home deliveries is a hard job, I will tell you, I know.

Senator RANDOLPH. You know, do you?

Dr. HALE. Yes.

Senator RANDOLPH. I remember Dr. Stokes, of course, and his testimony.

Dr. HALE. Some of these counties, for instance there are no public health centers. Summers County is one that has inadequate facilities. But they are still doing a wonderful job with what they have had.

Senator RANDOLPH. Do you know, I just want to make a philosophical observation. In this county we developed one of the most beautiful recreation areas, Pipestem State Park, and people go there to play golf, to fish and swim. You have truly magnificent acreage there and yet alongside Pipestem Park, into which money has been put. there is a stumbling block. You are saying we can't get money to have an adequate health center or program. I realize Summers County did not build the park. That is a project under State and Federal forms of funding. But I think we have to reorder our priorities as to whether we want just another park in the county or in the State or whether we want a good solid program that will keep the people, as far as possible, strong physically, mentally, and with a proper outlook. Perhaps I have simplified it, but I think, Doctor, you realize what I am saying. It has some truth in it, doesn't it?

Dr. HALE. I couldn't agree more. We must give priority to health problems. The trouble lies with agencies like the county courts which are responsible for coming up with the funds to support health departments yet the counties have such a poor tax base that in many cases the courts are unable to provide adequate funds to provide public health services. There is sufficient interest in Summers County as was evidenced by the attendance to a screening clinic. More than 400 women appeared on a single afternoon. This clinic is proof that these people have the desire and they have the need, but what they have not had has been the personnel and the facilities.

Senator RANDOLPH. I will be interested in the development of the park program, and I want people to come and use these facilities as they are now coming from all over the country. But I also want to see if the park produces some revenues, doctor, that can be applied to the very problem in the county where the park is.

Dr. HALE. I think it has happened, but I want to point out the park has been in operation only about a year so the economic impact of the park has not been felt, but as it is felt and as the economic impact of other features of the program is felt, I think it will definitely result in improved health to the community because there is definitely a relationship between the affluence of a community and the degree of health that the community enjoys. The people in Summers County are on the poorer side, to put it mildly.

Senator RANDOLPH. Does anyone from your group know the per capita income there?

Dr. HALE. I don't have that figure and I don't believe Dr. Dyer does, but I know it is quite low.

Senator RANDOLPH. What is the per capita income in your county?

Dr. HALE. I can't even tell you that, I am sorry.

Senator RANDOLPH. What is the per capita in Raleigh County?

Mr. HUTCHINSON. I think it is around $4,500 to $5,000.

Dr. HALE. I would say the per capita income in Summers is considerably lower.

Senator RANDOLPH. I think we want some of these figures pulled together for us because we see the seriousness of the problem you face.

Senator COOPER. I know the State of Kentucky has a problem in attracting young doctors into that area. I believe it is because they would like to be associated with a hospital.

May I ask Mayor Hambley a question?

Is it correct that Magoffin County has one doctor?

Dr. HALE. Yes, sir. Martin County was in the same condition until recently.

Senator COOPER. Thank you. We have opened up a field of inquiry, which I think is good, so that we may find out the situation in Appalachia as to doctors. It seems to me that the State could make greater effort to see that doctors do go into these areas.

Dr. HALE. This situation has existed in poor rural areas. But following the passage of the Appalachian Act, we can see that Summers County is making an effort to improve its health situation through an effort to provide local matching money for a satellite health center. One of the advantages of the act is that seed money stimulates interest, breeds success, and finally projects start snowballing and rolling. That is one of the advantages of the Appalachian Act.

Senator RANDOLPH. Yes. And in your council, of course, you have been able to go in and supplement that shortage of doctors who are living in a community and they have spread out and there is then a mobility to the program here.

Dr. HALE. I have the figure on the median family income, which is $2,698. There are 2,000 families who have an income of less than $3,000.

Senator RANDOLPH. That is 11,000 plus population, so you can see the problem. Thank you.

Dr. HALE. In some counties there are no public health centers, while in most of the others they are woefully inadequate. Nursing home beds and extended care beds are almost nil. Even those of us familiar with the situation were shocked to learn that an astonishing large number of elementary school children—one third—had hever owned a toothbrush, and 45 percent had never visited a dentist. Also, most of the rural residents had never had any type of physical examination, and where not vaguely familiar with basic nutrition and hygiene practices.

Unfortunately, environment in the area is conducive to the development and spread of disease. Slightly more than one fourth of the families—more than 100,000 people have unsafe water supplies, and approximately 80 percent of the people have unsafe sewage disposal systems. Up to the time of the council's formation, there was not a single properly operated sanitary landfill in the nine-county region.

The causes of these deplorable conditions are varied and many, but most can be classified as either environmental or socio-economic.

Senator RANDOLPH. Doctor, are you mentioning housing?

Dr. HALE. I did not—but I should—for housing is one of the primary environmental factors causing the poor health in the nine-county region.

Senator RANDOLPH. I think you might want to supplement that and place it in the record.

Dr. HALE. Certainly. Most of the housing in the region, it is to be emphasized, is of poor quality—a prime factor in the poor health of the areas.

The area is one of the most rugged in the Eastern part of the United States with mountains often ranging to more than 4,000 feet above sea level. This mountainous terrain has traditionally meant inaccessibility and has posed a natural barrier to economic growth, as well as to the delivery of health services in the region. Prior to the Appalachian Act only one modern highway ran through the area.

Transportation deficiencies have been further compounded by a unique population distribution. Most of the residents live in ribbon cities which wind their way through long narrow valleys making it extremely difficult to provide health services, police protection, water supplies, sewage disposal, and any other community service. Only two towns in the nine-county area have a population of more than 10,000; yet, more than 375,000 people live in the region as determined by the 1970 census.

With these problems in mind, at this time, I would like for you to see a few slides which Dr. Allen Dyer, the executive director of the

Southern West Virginia Regional Health Council will show to you, depicting the projects which make up the Southern West Virginia demonstration health program.

Senator RANDOLPH. Before you leave this point, you mentioned a population of 375,000. As I recall, when you were here on the last occasion you were referring to a population figure for the nine counties and I think it was 440,000?

Dr. HALE. It was 450,000 and that figure dropped in the last 10 years.

Senator RANDOLPH. From 450,000 to 375,000?

Dr. HALE. That's right?

Senator RANDOLPH. That would be 75,000 less population in a 10-year period, is that correct?

Dr. HALE. Absolutely.

Senator RANDOLPH. Do you want to put your finger on any of the reasons why this took place or would you rather do that later?

Dr. HALE. A lack of job opportunities has caused an outmigration of the talented, the ambitious, and the trained people leaving a population with a high proportion of the aged and very young. Many of the well-trained people have had to migrate in order to obtain jobs.

Senator RANDOLPH. That has been the cause, at least in part, of your problem of health services, with this high age bracket and the conditions under which people lived, is that correct?

Dr. HALE. That is correct.

Senator RANDOLPH. Proceed, Dr. Dyer.

Dr. DYER. Thank you, Dr. Hale. Mr. Chairman and other distinguished members of the subcommittee I would like to use a few slides to help you visualize this great health problem of Southern West Virginia and to identify the more immediate impact of section 202 health demonstration projects in Southern West Virginia.

(Slides shown.)

Senator RANDOLPH. You mentioned alcoholism, what have we had in the way of the so-called drug problem in that area? I have been told that the drug problem in West Virginia is not as great as in other States. Do you have any comment or any figures?

Dr. DYER. I don't have figures but it seems that the general consensus throughout our area, perhaps the problem is less but it is rapidly increasing in Southern West Virginia and as a result of this we are enlarging our program in alcoholism to also include drug treatment.

Senator RANDOLPH. Thank you.

Senator COOPER. Thank you. I note that Senator Tunney from California is here today as a member of the committee. Would you like to ask any questions?

Senator TUNNEY. Thank you, Senator. I have one question that occurred to me as I was watching the presentation. Is there anything about the program that you would like to see changed when there is new authorization? I was quite impressed by what you had to say and the pictures you have shown and I am wondering if you are completely satisfied with the program? Maybe it was something

you had addressed yourself to before I came here, but I am interested in knowing if you are interested in changes in the present program.

Dr. HALE. I plan to deal with it as I go along in my statement.

Senator TUNNEY. All right, thank you.

Dr. HALE. From Dr. Dyer's presentation, it can be seen that more than 400,000 services have been given by the council to the residents of Southern West Virginia during the last 2½ years. These 400,000 services include the following:

Information and referral	5, 180
Nutrition	52, 289
Dental health services	21, 603
"Brush-Ins"	29, 320
Tuberculosis screening	31, 325
Home health service visits	17, 878
Laboratory (public health staffing)	58, 383
Maternal and Child Health:	
Adult screening including: 3053 Pap smears; 24 Carcinomas of cervix detected and treated	3, 648
Child heart screening: 41 Cases of organic heart disease detected and treated	37, 655
Immunizations—routine	51, 914
Rubella vaccination	50, 000
Mumps vaccination	10, 777
Mental Health:	
Many thousands of services rendered but not enumerated.	
Other Accomplishments:	
Established two Regional Sanitary Landfills—in process of establishing another.	
Construction:	
Two regional health centers nearing completion.	
Two satellite health centers under construction.	
A third satellite health center to be let to contract soon.	
One extended care facility to be let to contract soon.	
Distributed more than 250,000 pieces of health educational literature.	
Establishment of a school of nursing for associate degree nursing.	
Recruitment of six (6) physicians now engaged in private practice in the area—seven (7) dentists recruited and working in the council's programs—and several hundred other skilled health personnel.	

The Southern West Virginia Regional Health Project has enjoyed a remarkable level of support from the local people and from local, State, and Federal agencies. The support of organized medicine has been little short of fantastic. Articles by the Associated Press have been extremely favorable; a public health school official from the University of North Carolina has stated that the program should have the highest priority of any program offered to his school for its participation, because of the programs unique and innovative nature; and the late Walter Reuther, head of the United Auto Workers said, shortly before his death, "curing the ills in the delivery of medical services will not be complete until every county in the United States is covered like the nine counties in Southern West Virginia."

Many other favorable comments and reactions could be quoted, however, it will suffice to say that what little criticism has been directed toward the program has not centered around the delivery of health services. Instead, the complaints which we have heard has stemmed from the disappointment of an occasional dissident employee, from the location of sanitary landfills in the vicinity of property owned by persons who do not understand the nature of a properly operated landfill, from persons who are disappointed with, and frus-

trated by, the red tape and delays in making programs operational, and from a small minority of persons who are naturally suspicious of any Federal program. However, these dissident notes have been completely overshadowed by the enthusiastic approval of thousands of citizens who have seen the program in operation and who have been served by, and participated in, the projects. And, these dissident notes, too, have been overwhelmed by the complete cooperation of local, State, and Federal agencies.

Now, we do not claim for a moment that the council has no problems, for we do and we, most of all, are aware of them. In the first place, we have had difficulty in raising local funds to meet our local obligation—that is, the 20 percent required for construction of facilities and the purchase of equipment and the 25 percent required for program continuation after the first 2 years of operations. The local people have few resources to draw upon, and our smaller communities are poor and have little means of increasing their revenues. In many towns, even raising a few thousand dollars turns out to be a back breaking task. Nevertheless, up to the present, we have been able to meet our local obligations and over the life of the project have come up with more than $1 million in local matching funds.

However, the main problem with which the council has been faced centers around the legal and technical review which is in the hands of the Department of Health, Education, and Welfare. To date, this review has been handled by the Health Services, Mental Health Administration in HEW. And, it has proved to be an unbelievably slow, laborious, and frustrating affair. For instance, representatives of the council appeared before this subcommittee 2 years ago, at which time we described an emergency health care program which was in the process of preparation. We were confronted at that time, and still are, by a complete loss of all ambulance services in the nine counties, services which had been provided by funeral homes for several generations.

In response to this challenge, the council designed a complete emergency health care program which provided for the operation of ambulance services in three counties, the establishment and management of emergency care centers within certain hospitals, and a communications system to tie it all together. In short, it is an excellent, comprehensive emergency health care program.

On July 6, 1970, Senator Randolph announced that the Appalachian Regional Commission had given preliminary approval to this project and allocated $550,000 to get it underway. Yet, today we are still waiting for those funds. We have received firm prices for the communications systems and for the ambulances, but we are unable to bring the program into operations, because funding of the project has been held up by the regional office of HEW in Philadelphia.

Senator RANDOLPH. Why do they hold up the program? Why do they tell you they hold the project up in the amount of $550,000?

Dr. HALE. That is the review we have had, Senator. It has been a nit-picking review and the same questions are raised over and over again and we feel it just gives them a proper level for a comprehensive health program. Maybe Dr. Dyer could explain it more. I am afraid I get vituperative on this subject.

Senator RANDOLPH. When Secretary Richardson was in Charleston a few weeks ago I believe you had an opportunity to meet him briefly. You didn't have the opportunity to discuss this situation with him, did you?

Dr. HALE. No, we did not.

Senator RANDOLPH. I have arranged for an appointment for you, Dr. Hale, and others, with Secretary Richardson. I try to keep as close to a project as I can, and you know there are dozens of them that are in varying states of development, but I want you to know that we will attempt in every way we can to eliminate the delay which apparently continues month after month.

I didn't want to go into this situation, but I wanted to say you will have this opportunity this afternoon.

Senator COOPER. May I ask this question? I was interested in listening to the testimony and this is a very worthwhile program. Can you tell us what is the relationship of this program to the Appalachian Development Act? Senator Randolph and I and other members of this committee want the program extended, but we need reasons for it. Is this a program which might have been established as a result of the Appalachian Act?

Dr. HALE. This program is as a result of the Appalachian Act. This is all done under Section 202.

Senator RANDOLPH. But what has made this program feasible? What other factors are there other than just money?

Dr. HALE. Of course, this is a new approach to a health program—a comprehensive health program to allow for demonstrations and unique types of approaches. This program calls for new types of construction in which, for instance, a modular component type of construction will be used in order to achieve a maximum degree of flexibility and function.

Senator RANDOLPH. I just want to know, if we are able to put all of these different programs together and organize this as a health care region, is that the purpose?

Dr. HALE. Yes, that is absolutely correct and it would not be possible without the Appalachian Act. This could not have even been dreamed of.

Senator RANDOLPH. I think, Senator Cooper, I rather pressed the Summers County problems earlier, and I have asked the staff to secure for me the figures of what the average income was in Summers County. It was only $1,280 a year. In 1970, it is $2,558.

Of course, this is not a good figure for 1970, but we see it has increased almost $1,300 in a period of 10 years and it is my feeling that the work of your council has been important in this development. I am wondering whether the economic base of the nine-county area, has improved over the past 5 years to the degree that you believe there is a reasonable prospect for such improvement to continue after the Appalachian program, as it is now carried forward, comes to a close in maybe another 4 or 5 years.

Dr. HALE. Senator, I think it is appropriate to point out we are not thinking of extension of the Appalachian Act for more than 4 years and are not asking for indefinite extension at all. The council believes that an indefinite extension would not be necessary and not even desirable.

We are happy to report that certain projects in our program are already becoming self sustaining. And, in due time, we believe that others can do the same. For example, in the solid waste disposal program fees for services are being collected, which fees will pay for continued operation of the landfill. The home health program is already partially self-sustaining through the use of third party payments. A fee system also will be initiated in the use of the day care centers with the fees thus collected, plus aid which has been promised from boards of education, to place this project on a pay-as-you-go basis. It also now appears that the mental health program can and will be financed through other programs already established as well as supplemented by assistance from local agencies and by fees collected from local users of services provided. Shortly, such a fee system will be introduced into the mental health program.

However, the council is taking great care to insure that those who are medically indigent and those who cannot pay will never be denied services under the policy established by the council.

Senator RANDOLPH. Would you say the withholding of the $550,000 is a problem of opposition to the program?

Dr. HALE. Senator, we had approval of the program from the Health Services Mental Health Administration many months ago. The Commission approved the program back in June 1970 and yet it has been tied up by governmental red tape. I cannot tell you why it is tied up except to say that this is the type of thing that has happened over and over again. For this reason, we feel that the legal and technical review should be at a sufficiently high level so as to preclude this type of delay. We have a comprehensive health program and we are involving many agencies; crossing many agency lines. Such a procedure requires many people with expertise to be brought in for the review. Therefore, we feel that such a review must occur at a sufficiently high enough level so that it can be done efficiently, quickly, and with as little expense to the taxpayer as possible.

It is on a level now where I just don't think the competence exists for that type of review and I think we are running into difficulty as a result of it.

Senator RANDOLPH. Thank you.

Dr. HALE. Another point which I would like to stress is that in asking for an extension of the Appalachian Regional Developmental Act the council is simply asking for additional time to prove or disprove the value of demonstrations which it has undertaken. As you know, the Appalachian program has been in operation only for a 5-year period. Because of delays in starting a 202 program and because of delays in the review of procedures involving specific projects under the program, some of the projects are just now getting started. And, at least one, the emergency health care program, as has been mentioned before, has not even been funded, much less begun operations. Hence, there does exist a definite commitment on the part of the council to the people and on the part of the Appalachian Regional Commission to the people—a commitment which has not been yet fulfilled. To cut off the program at this point, in time, in the council's opinion, will constitute a breach of faith with the people who themselves have a great investment in time, energy, and money in this 202 program.

Also needing to be emphasized is that in addition to the impressive health benefits which have accrued to the area as a result of this program there also has been a substantial beneficial impact on the economy of the region. The council employs approximately 350 persons with at least half of these people coming from the professions and from the ranks of highly skilled workers. Thus, the program is providing employment for a considerable number of persons over a wide area and is making it possible for many West Virginians who have been forced to seek employment in other parts of the world to return to their homes and families in their native State.

Before closing, I would like to speak of our future plans. These plans, of course, are contingent upon extension of the act. Among the future activities planned for the council and projects on regional rehabilitation services and facilities and projects dealing with respiratory diseases other than tuberculosis, with the emphasis on occupational diseases such as black lung. Also, the council is at the present actively seeking funds, from other sources than section 202, for such projects as individual package sewage treatment plants for individual homes, small clusters of homes, etc. Funds for this project are being sought under the environmental protection agency. Another project for which the council presently is seeking funds from the environmental protection agency is a research project testing the feasibility of mixing solid wastes with acid mine drainage in an effort to purify the acid mine drainage and at the same time dispose of solid waste. This project is based upon the principle of biological degradation.

Undoubtedly the council will be involved in many other activities outside 202 as the program progresses and gathers momentum.

And, now on behalf of the council I want to express my appreciation in being allowed to appear before this subcommittee. I repeat, it has been an honor and a pleasure. And, now my associates and I will be glad to answer any questions that you have in mind. But first let me say that the 202 program is one of the really great health program sof our time. It offers the greatest opportunity which we, in Appalachia, have had in a whole generation to upgrade the health services and facilities available to our people. But the success of the council's program depends upon its continuation and, we therefore, pray that this continuation be forthcoming. The 202 program has made it possible for us engaged in the delivery of health services in southern West Virginia to postpone an impending and threatening crisis in health care. If the Appalachian Regional Development Act is continued and funding is on an adequate basis, it is the council's confident belief that this crisis may be entirely averted. However, without a continuation of the act, a catastrophic breakdown in the health care system in southern West Virginia will surely be our fate.

Senator RANDOLPH. Dr. Hale, we talked about the redtape, and difficulty in releasing funds, and the nitpicking which you have indicated. It has been with us a long time as a government of course. Back in the days of the Roman Empire there was a legislator at that time who said:

> If all of the seas were ink, if all of the reeds were pens, if all of the sky was parchment, and all men could write, they could not match the red tape of this government.

That is a long time ago, you see.

And it is still here in degree. But we have to unlock this money for you because it has already been approved and my legislative assistant who is current with this problem has been asked to come in so we might be certain of the status of the project. I don't want to be, you know, too provincial here, but here is a sum of money that is needed for the health program in your county and you have outlined what you hope to do with that money. I am told that perhaps later this week, Thursday, they promise to break this impasse with a release.

Thank you very much.

Have you introduced all of your associates today, Doctor? I have been in and out.

Mr. HUTCHINSON. I would like to introduce Walter James, who is president of the Raleigh County Court, Raleigh County.

Senator RANDOLPH. Thank you, sir, for coming.

Mr. HUTCHINSON. Also Mr. Charles S. Lewis, Jr., president of the Raleigh County Airport Authority in Raleigh County, and Mrs. Eve Breck at the reporters table is also with us today. And also Mrs. Jerome McDevitt, counsel, and Mr. Bill Crockett who is counsel.

Senator RANDOLPH. Thank you, gentlemen.

Mr. HUTCHINSON. I would like to say, Senator, Mr. James, president of the court, and Mr. Lewis, president of the airport authorities, their respective agencies are recipients of the two Appalachian development acts, supplemental grant-in-aid program for our airport and health regions, and that is the reason they are here and I think we will have written testimony to submit sometime today.

Senator RANDOLPH. I am glad, Eve, that you are here today. It is not a pleasure that we often have, our reporters covering a session of this committee. But in this instance, I have known Mrs. Breck for many years. She is a reporter and doubles as a photographer in her work on "The Raleigh Register," a daily newspaper in Beckley, W. Va.

So thank you, Eve, for coming to this meeting. I know the more information we can have given to the people in the area from someone who is actually here during the hearings is helpful.

Anyone else, Doctor, you would like to present who has not had an opportunity to be announced?

Dr. HALE. We have members of the Appalachian commission, Mr. Sassman and Mr. Naplitano, who has been most helpful in every way in helping with our projects. I want to say that our trouble has not existed with the commission, but the trouble has existed in review of the situation, the legal and technical review which is not the function of the commission.

Senator RANDOLPH. You mean with Health, Education, and Welfare?

Dr. HALE. Yes. We have also John Souder and I believe that is all that are here.

Senator GRAVEL. Thank you.

Senator Cooper, any questions?

Senator COOPER. No.

Senator GRAVEL. Senator Tunney.

Senator TUNNEY. No.

Senator GRAVEL. Thank you.

(The prepared statement of Dr. Hale together with additional material follows:)

STATEMENT OF DANIEL HALE, M.D., CHAIRMAN, SOUTHERN WEST VIRGINIA REGIONAL HEALTH COUNCIL, INC.

Thank you very much, Mr. Chairman. May I first say that it is a definite pleasure for me as chairman of the Southern West Virginia Regional Health Council to be invited to appear before such an august body. I may have to pinch myself to really believe that I, a country doctor from Appalachia, am here speaking to such an important group. However, I am very grateful for the opportunity to do so because our Section 202 financed comprehensive demonstration health care program is so exciting, so promising, and so rewarding that I feel its tremendous importance to the approximate 377,000 persons in nine counties of West Virginia now served by the Council should be known by you.

For those of you who might not be too familiar with the Southern West Virginia Regional Health Council, I would like to briefly discuss a little of its history.

The Council is a non-profit organization, chartered under the laws of West Virginia in March, 1967. However, prior to the time of its incorporation, concerned citizens of the nine-county area, representing both providers and consumers, had over a period of four years been working on a comprehensive health care plan for the area. Basically the first phase of plan called for filling the gaps in the delivery of existing medical services and implementing new programs where there were no services in specific medical care areas.

The Council is composed of about 300 persons, representing all segments of society, in the nine-county area. Each county has its own health council with three members of these councils making up the board of directors of the regional council. An executive committee is named by the board.

The various projects within the overall program are channeled through the county health councils to the regional council board of directors and executive committee. All projects are studied by technical committees to judge their value and feasibility in determining if they can fit into a regional program. When they are approved as such, then they are incorporated into the program.

The activities of the Council do not duplicate services already in existence, nor do they infringe on the private practice of medicine.

We would rather proudly say that this program was completely designed by residents of the area entirely familiar with its needs and problems.

It might be well to note at this time that this plan was conceived even before the Appalachian Redevelopment Act was passed in 1965. The program was, as you can see, designed even before funds were available to operate it.

Then when funds did become available under Section 202 of the act in 1965 the Council was ready to submit its plan. At that time, the area served by the Council was designated as a health demonstration area by the ARC. However, even with the passage of the act, it still took until August 1968 before funds from 202 became available to implement the program.

One of the reasons for the delay is that shortly after the Appalachian Redevelopment Act was passed, the ARC named a health advisory committee to develop guidelines for programs funded under Section 202. The guidelines called for regionalization of services; taking advantage of local resources including government agencies, educational institutions and hospitals, and that programs be designed by a local broad-based group. This, of course, took time and contributed to the delays in having the program funded. We would rather proudly say that this program was designed completely by residents of the area.

This means that at this point we have been an operational program for a little over two years. Although the Council believes its statistics prove it has scored dramatic advances in meeting the goals of the program and the Appalachian Regional Commission, the organization also believes that just two and one half years is not nearly long enough to prove the program's exact worth and value to the population of Mercer, McDowell, Wyoming, Summers, Monroe, Raleigh, Fayette, Mingo and Logan counties in southern West Virginia.

Incidentally, although it is not incidental by any means, the ARC staff has been very sympathetic to our program, and has aided and assisted immeasurably in overcoming our problems in getting the program on a solid basis. This aid and assistance is deeply appreciated by the Council.

Council feels that an extension of the Appalachian Redevelopment Act for four more years will give the program a very real opportunity to accurately demonstrate its values. We are encouraged by the fact that this proposed extension has already

been introduced in the U.S. Senate, and that your committee is now having its hearings on the measure. I, and the Council, firmly believe that as I get deeper into my statement you will be able to determine its value, and hopefully will recommend its continuence.

The need for this program in southern West Virginia is very apparent even to the untrained eye.

The entire region is below the national average in almost every facet of health standards. In this region, which is located in the heart of Appalachia, there are 1,700 people per doctor, which is more than twice the national average. One of the nine counties had gone 10 years without one dentist; a situation uncured until the program came into being. There are similar shortages of nurses, technicians and aides. Over-worked physicians, using limited and outdated community facilities, did the best they could, but it was a losing struggle and they knew it. The incidence of every type of illness was greater than the average of the nation or in any other section of Appalachia.

The same situation existed in facilities. In some counties there were no public health centers while in others they were just make-do quarters that had been converted from old offices or storerooms. Hundreds of patients could not be cared for effectively because there were no extended care hospital units.

An astonishing large number of elementary school children—one third—had never owned a toothbrush, and as our figures show, 45 percent had never visited a dentist. Most of the rural residents had never had any type of a physical examination, nor were even vaguely familiar with basic nutrition or hygiene practices.

The environment in this area is conducive to the breeding of disease. A fourth of the families—well over 100,000 people—have no public water supplies or sewage systems. In hollow after hollow, raw sewage empties into streams and rivers. Solid waste was indiscriminately thrown, and left exposed in areas within close proximity of residents.

The cause of these conditions are partially environmental and partially socio-economic. The area is one of the most mountainous in the country, often ranging to more than 4,000 feet above sea level. This has traditionally spelled inaccessibility, a natural barrier to economic growth. Only one modern highway winds through this region.

Transportation problems are further compounded by population distribution. Southern West Virginia is coal country, and coal camps blossomed wherever coal seams were discovered. When the mines played out, some people moved on to the next site, others stayed. Consequently, most of the one-half million residents live in scattered, inaccessible communities of a few hundred people or less.

You may notice that there is a difference in the figures that I will give you in this statement and those contained in the annual report; copies of which you have. This is because the report only comes to July 31, 1970, while I am including some figures that carry us through January of this year.

This program has now been in operation for about two and one half years. Today I would like to discuss the progress of the various projects involved. In some cases this will be only for the period of one year, the second year of operation, and in other cases, for a period of 15 to 18 months. Due to the shortness of time, it was not possible to obtain some figures.

The 24-Hour Health Information and Referral Project is one that at any time of the day or night, a client can call the project toll-free and be made aware of assistance that is available to him. This does not necessarily mean that it concerns a primary medical question. The service has a complete file on every medical and non-medical resource in the area and the project guides the questioner to the proper agency for direct assistance. During the 18 month period from August 1, 1969, to January 31, 1971, a total of 5,180 cases were handled by the project. This number shows a steady increase in cases as during the first 12 months of this period there was a total of 2,480 cases handled. We believe this is an indication of how badly this service was needed. The most frequent requests were for transportation, academic psychological evaluations, X-rays, and physical examinations, dental services and financial assistance.

Our Nutrition Program, in its attempt to improve the nutritional levels of all age groups in the demonstration area, during the past 18 months delivered 52,289 units of service to 17,854 individuals. This included 172 through individual diet counseling, 388 through community nutrition meetings, 1,464 through clinic counseling, 378 at puppet shows, 53 through family counseling in homes, 380 through food demonstration programs, 12,902 through teaching in elementary schools, 648 through public talks, 106 through weight control clubs, 407 in in-

service training and 46 through various other projects such as diabetic counseling. I would like to say that in discussing this program a tremendous impact is being made on the school education program. Teaching results indicate principals appreciate the service; teachers are learning how to integrate nutrition into the total curriculum; and most important, the children are learning and actually eating better nutritive foods and meals.

In Construction, we are actually seeing progress being made. At the present time the expansion of two regional health centers are almost completed. When the one in Raleigh County is complete, within the next week, it will actually be the first medical facility funded under 202 to be completed in any of the demonstration areas. Two satellite health centers are under construction. These are in counties where no health centers existed prior to the initiation of the program here.

A third satellite center is expected to be placed under contract for construction in the near future, and an extended care facility should also be let to contract soon. We plan construction of other centers, extended care units and a rehabilitation center in the future.

The Council's Solid Waste Disposal Program now has two countywide sanitary landfills in operation. One in Raleigh County and the other in Wyoming County. A third, in Mercer County, is now scheduled to be placed in operation about April 1. This means that all of the open dumps in these counties are being closed thus, eliminating pollution of air and streams, and also eliminating the disease carrying rodent, flies and mosquitoes. Two more demonstration landfills are planned for the area.

Health Education is being vigorously pushed in the area for all residents. At the present time, a great deal of emphasis is being placed on drug abuse programs with the schools and churches. Over a period of two years, this project has prepared, produced and distributed almost a quarter of a million pieces of educational material. At the same time it has engaged in a strong mass media program of health education with complete cooperation from the various news media. It has designed and produced slide presentations and scripts for other component projects, in addition to producing a major slide presentation on the Council and the program that has been viewed by as many as 500 persons in three months. The project is now engaged in community development, an action designed to bring the communities completely into the health education program.

Our Manpower and Training Program has initiated an associate degree nursing program at West Virginia Tech, a college in the demonstration area. The first class of 40 young women is now underway. At least 16 of these girls would not have been able to enter a nursing school if this class had not been started. Proposals for a technician level health related training project to be operated by the Mercer County Vocational-Technical Center and Princeton Community Hospital have been completed and the project is now under study by the ARC.

The Environmental Health Project has been mainly one of an advisory nature because it has not been funded as yet as an individual project. Steps have been taken by Council to have this done due to its importance in contributing to the good health of the demonstration area population. However, the project personnel did deliver services in such area as 508 food sanitation inspections; 375 milk inspections; 1,213 contacts on water sanitation; development of county rabies and rodent control programs; development of housing programs in two counties; conducted on-the-job training for sanitarians, and training sanitarian aides for assistance in understaffed counties. All of these actions were taken at the request of state, county and community health officers.

Our Dental Project is one that has shown unusual progress during the past year. The project actually got underway January 1, 1970, and at the end of that year had 3,891 children from low-income families under treatment. During this time there was a total of 21,603 dental procedures completed. The last figure represents a tooth filled, or one removed, or another treatment. At the same time, about 29,328 elementary school children were taught how to correctly use a tooth brush, and while doing this, did a self application of stannousfluoride paste, a procedure used to slow down or halt cavitation by 30 percent. Perhaps the greatest accomplishment of the project, was in the recruitment of seven young dentists to perform the work on these children. One was recruited for Monroe County, a county of 12,000 persons, which had not had a dentist in the county for more than 10 years. Four of these dentists are working in rural areas in mobile clinics. One of the shocking statistics uncovered in this project is the fact that 35 percent of the youngsters had never owned a toothbrush, and 45 percent had never seen a dentist. In addition, four community public water supply systems are in the process of being flouridated through the dental project efforts.

For the first time in the history of the state, the residents of the demonstration area have every mental health service available except direct hospitalization. There are no mental hospitals within the region. One of the outstanding steps made by the project last year was the establishment of eight day care centers for mentally retarded children. There are now more than 125 children enrolled in the centers. A ninth center is planned. The alcoholism program has a case load of 5,000 persons, while there are 2,797 persons receiving general psychiatric services. Until the innovation of the Council program, many of these services, including the day care centers, were not available in the area.

In Tuberculosis Control the screening program continued with 31,325 persons being reached. There were 1,203 positive reactors discovered. Many of this number are now under prophylactic care to prevent their breaking down from the disease. Since many of these cases are now in the process of being followed up by public health nurses, the number of actual cases of TB is unavailable at this time. However, one case discovered the patient had 22 close contacts and these people are now under prophylactic treatment. Also, work is proceeding on developing a complete TB control program for the entire area with the cooperation of voluntary health agencies and the private sector of medicine. Three new diagnostic centers have been opened with the employment of additional clinicians to aid in the detection of the disease.

Home Health services that existed only in a token manner before the Council program came into being had a 12-month total of home visits that reached 17,878. The average monthly case load was 168 with 454 cases admitted and 375 cases discharged during that period. There were five cases of patients less than one year old, one was only 10 days old, a child born with an imperforated anus. This case was handled for five months before the child was returned to the hospital for corrective surgery. There were eight cases of persons over 96 years of age with one, 106 years. The largest single group of patients, 179, were between the ages of 75 and 85. Strokes were the leading cause for services with 77 patients. This is a project that is accepting increased demands each day, and one badly needed in the area. Our Public Health Staffing project includes the Laboratory and Public Health Nursing Services. The laboratory services provided now in the demonstration area were, for the most part, unavailable before the Council program was initiated. In the last 18 months, the laboratory has provided services to 21,923 patients, while the number of procedures totaled 58,383. This includes milk and water testing, clinical and screening support and control of communicable disease. It offers comprehensive laboratory services in the areas of clinical hematology, clinical chemistry, clinical urinalysis, and clinical serology.

The greatest progress made by the Nursing Project has been the effective efforts to coordinate program activities with ongoing programs in the county health departments. Through their efforts in this direction in just two counties, the figures display an effective program. During the last six months with the period ending January 31, there were 1,291 home visits made, 941 office visits, and 227 clinics that attracted 11,763 persons. In addition, there were 395 school visits made. The services provided by the Council staff include program planning, direction and day to day supervision of local county staff activities.

Our Maternal and Child Health Project is one that covers such things as adult health screening clinics, pediatrics clinics, school psychological services, family planning, child heart screening and vaccination. In a 12 month period, the project had 3,648 persons attend adult female screening clinics. Of this number, 3,053 pap smears were made resulting in the discovery of 24 cases of cervical cancer. This included, in one case, in the discovery of cancer in a young woman and her mother. All of these cases have been operated successfully, with one or two under radium or cobalt treatment.

We have recently opened an adult male screening that has attracted as high as 93 persons in one day. Our pediatric clinics were opened late in the year, but still attracted 677 children of pre-school age for full examinations. School psychological programs had contact with slightly more than 1,200 youngsters during this period. There are a total of 20 clinics in operation in the area with more planned for this year.

In the Child Heart Screening Project, through the use of a portable computer, 37,655 children between the age of six and 14 were screened with 1,919 children discovered to have abnormal sounding hearts and needing further diagnosis. These children are now being moved through special cardiac clinics, and so far, 41 of these children have been discovered needing heart catherization or open heart surgery. These 41 have been operated. A total of 26 of these cases were referred

to the Crippled Children's Service of the Department of Welfare for treatment. The others were referred to private physicians. One of the problems in this program has been the lack of qualified cardiologists to do the final diagnosis. This has now been overcome and the backlog of cases is being cut.

The Vaccination program, in a 12-month period, assisted in doing 51,914 immunizations. The project is now in the middle of immunizing another 50,000 persons against rubella in a mass immunization program. In another area of the project, 10,777 children were immunized against mumps when the vaccine was unavailable from any other source. The project also obtained more than 1,000 doses of a refined measles vaccine for local health units for distribution. The vaccine was obtained at the requests of pediatricians in the area.

I would like to point out that the program has received very favorable comments from various sources across the nation. The Associated Press terms it as one of the ARC program making real progress; a Public Health School official from the University of North Carolina says this program should have the highest priority of any program offered to the school for its participation due to the program's uniqueness and innovativeness and the late Walter Reuther, head of the UAW, said shortly before his death, "Curing the ills in the delivery of medical services will not be complete until every county in the United States is covered like this nine-county in southern West Virginia." There are other experts and specialists who term this program's efforts as unduplicated in the nation in promising results.

We have encountered problems including one or two that you, as individual U.S. Senators, and as a committee can certainly help us in meeting our goal.

The main problem is in the project review by the HEW which now lies in the hand of the regional office. This brings up constant delays in getting the project operational.

As an example, when we appeared before the Subcommittee on Public Works two years ago, we told those members about an emergency care program we wanted to initiate. We were faced at that time, and still are, by the complete loss of all ambulance services in the nine counties which had been provided by funeral homes in former years.

We designed a complete program including the operation of an ambulance service in three demonstration counties, the establishment and manning of emergency care centers within some of the hospitals, and a communication system.

On July 6, 1970, Senator Randolph announced that the ARC had given preliminary approval for this program and had allocated $550,000 to get it underway. Today we are still waiting for the funding. We have received firm prices for the communications system and the ambulances, but can move no further.

During this period the project has been tied up in the regional offices of the HEW in Philadelphia.

We would like to recommend that the public health service review be removed from the regional office and be placed in the office of the Secretary of Health, Education and Welfare. We have reason to believe that the ARC would also like to have this done, and the majority of the directors of the other demonstration areas are also in agreement on this proposal.

I cannot truthfully say that we blame the regional office of HEW for all our problems. The program of the Council, and the programs of the demonstration areas are very complex, and they do cross many agency lines in implementing them. This is another reason why we believe they need, and demand, the attention of an office at the cabinet level, rather than at a lower level. In this program the regional offices are placed in positions they never have faced before, and this, of course, has slowed positive action.

Of course, funding on a program of this magnitude is also a problem when it reaches the lower political levels of the counties and cities. Over the first two years of this program more than $1 million has been provided in matching monies by the county governing agencies such as county courts and county boards of education in addition to personal contributions. Because of the poverty of some of these counties even raising 20 percent of the matching money for an installation of a facility, or equipment, is indeed a strain.

In one county when matching money was needed for ambulances in the planned emergency care project a highly successful fund raising campaign was conducted among the residents of the county that provided these funds. The County Court in that county just didn't have available funds for the project.

Certainly, we are not against, and actively seek local support for these projects, but we wonder if at times we could not use "in-kind" support in some areas such as construction and equipment.

Certainly, we will be just as grateful to you if you can help in either of these problems which are of vital concern to the Council and residents, the recipients of the services in all of the demonstration areas.

The Council cannot forget, and will be eternally grateful for the work of the Subcommittee on Public Works in reducing the needed matching funds from 50 percent to 25 percent to continue the program through its third, fourth and fifth year of operation. This, we believe, can be lived with during that period and we will be able to move the program to a highly successful conclusion under this rule.

I would like to point out that in following the precepts of the Appalachian Act, where the funded monies would only be used to help the Appalachian area regain its feet and not be a continuing crutch, the Council now has several projects that are either becoming self sustaining, or promise to be, in the near future. These include the Solid Waste Disposal Program where fees are being collected for services in Raleigh County. We are now billing in the Home Health Service Project and find that most of the payments are third party payments. A fee system will be initiated in the day care centers and Mental Health Program, and eventually a fee system will be introduced into the Dental Program in addition to other projects. However, those who cannot pay will never be denied services under the policy of the program.

I would also like to point out that we are not asking for an indefinite extension of the ARC program, but only for an extension that will allow the program to prove or disprove itself. The original act was for five years duration, but due to delays, many of the programs are just now getting started, and in some cases ARC commitments have been made, but the projects have not been started. Because of the promises, and commitments, and the short time of some project existence, we feel that an extension is needed. The four year extension being sought in the new bill would appear to be sufficient as it would give those new projects just getting underway the time to prove their value.

I would also like to state that in addition to the health benefits in the area, the Council has had a sizable economic benefit to the area. There are now about 350 persons employed in the program with half of these being very highly skilled in their fields. The program is now attracting these persons from a wide area, and in addition, is bringing many native West Virginians back to the state.

Our plans for the future call for us to be involved in other projects contributing to the good health of our people. These include both services to individuals, and environmental services.

Among the projects for which we have been funded to plan programs are regional rehabilitation facilities and treatment, and respiratory disease programs excluding tuberculosis. This project's prime emphasis will be on occupational diseases including black lung.

I would also like to point out that we are actively seeking funds other than 202 for some other planned projects, and one that we now have in operation. Our family planning project will be funded directly by HEW through the State Health Department.

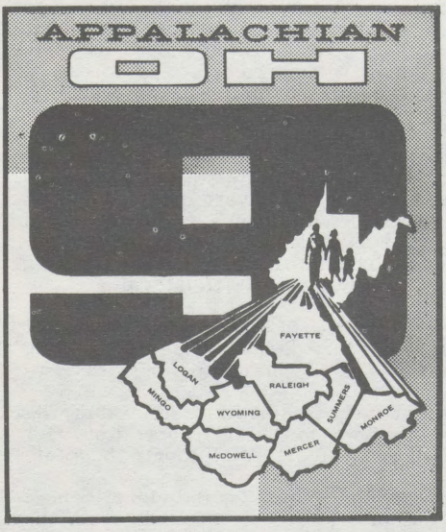
Other projects include package sewage treatment plants for individual homes, and small clusters of homes. Funds for this project are being sought from the Environmental Protection Agency.

Another project seeking funds from the same agency is a research project to test the feasibility of mixing solid wastes with acid mine drainage which would purify the acid mine drainage and at the same time dispose of the solid wastes.

On behalf of the Council, I want to thank you and express my appreciation for being invited to appear before you. It has been a real pleasure for me. We will be happy to answer any specific questions you may have on the program at this time.

With your permission, I would like to have Dr. Allen Dyer, the Executive Director of the program show you a few slides on what we are doing. I feel that the slides are dramatic and interesting and think that you will feel the same.

A COMPREHENSIVE HEALTH PROGRAM in WEST VIRGINIA



Southern West Virginia Regional Health Council, Inc.
ROUTE 2, BOX 382
BLUEFIELD, W. VA. 24701

FOR INFORMATION CALL:

Bluefield	325-3621
Beckley	252-8531
Logan	752-8277

APPALACHIAN-OH-NINE

The Southern West Virginia Regional Health Council, Inc., is in its third year of developing one of the nation's most comprehensive demonstration health care programs. The Council's 15 separate programs have successfully initiated health services in a nine-county area in southern West Virginia that previously presented some of the most appalling health conditions in the nation.

THE CHALLENGE

The entire Appalachian region is below the national average in almost every facet of health standards. In this region, which is located in the heart of Appalachia, there are 1,700 people per doctor, which is more than twice the national average. One of the nine counties had gone several years without one dentist. There are similar shortages of nurses, technicians and aides. Over-worked physicians, using limited and outdated community facilities, did the best they could, but it was a losing struggle and they knew it. The incidence of every type of illness was greater than the average of the nation or in any other section of Appalachia.

The same situation existed in facilities. In some counties there were no public health centers while in others they were just make-do quarters that had been converted from old offices or storerooms. Hundreds of patients could not be cared for effectively because there were no extended care hospital units.

An astonishing large number of elementary school children— one third — had never owned a toothbrush, much less ever visited a dentist. Most of the rural residents had never had any type of a physical examination, nor were even vaguely familiar with basic nutrition or hygiene practices.

The environment in this area is conducive to the breeding of disease. A fourth of the families — well over 100,000 people — have no public water supplies or sewage systems. In hollow after hollow raw sewage empties into streams and rivers. Solid waste is indiscriminately thrown, and left exposed in areas within close proximity of residents.

The causes of these conditions are partially environmental and partially socio-economic. The area is one of the most mountainous in the country, often ranging to more than 4,000 feet above sea level. This has traditionally spelled inaccessibility, a natural barrier to economic growth. Only one modern highway winds through this region.

Transportation problems are further compounded by population distribution. Southern West Virginia is coal country, and coal camps blossomed wherever coal seams were discovered. When the mines played out, some people moved on to the next site, others stayed. Consequently, most of the one half million residents live in scattered, inaccessible communities of a few hundred people or less.

THE RESPONSE

The Council's Appalachian Operation Health Program, now known as Appalachian-OH-Nine, was developed to combat the complicated health problems in the area. Dedicated representatives from Mercer, Raleigh, Fayette, McDowell, Mingo, Logan, Wyoming, Summers and Monroe counties formed the council after three years of study and planning. Then, the Appalachian Redevelopment Act of 1965 provided funds for the program which was drawn up with the cooperation of the West Virginia State Department of Health, Department of Mental Health, and the U. S. Public Health Service.

To help alleviate the critical shortage of facilities and bed space in the area and to recruit more doctors and other professionals into the area, the council is aiding in several construction programs, including extended care facilities in Mercer, McDowell, Raleigh, Wyoming, Fayette and Logan counties, adding to the existing health center facilities in Mercer and Raleigh counties and construction of satellite health centers in Fayette, Monroe, Wyoming and Summers.

The maternal and child health program conducts clinics which provide prenatal, maternity and premature care; family planning; tuberculosis and cervical cancer screening; and pediatric services. Health education in the schools, psychological services for emotionally disturbed children, and vaccination and immunization in conjunction with private physicians and existing programs is also provided.

Home health services for home-bound residents who are too ill to visit a clinic or physician but do not require hospitalization are provided in the three medical trade areas in the region.

A broad-based, modern health education program, using all media and other effective methods, is conducted in improving the personal and public health standards of the residents of the area.

With tuberculosis remaining a serious problem, the Council is conducting an active program of control in case-finding, medical treatment for unhospitalized cases, and the provision of drugs for home patients.

The manpower and training project assists established schools and colleges in the development of training programs for badly needed health personnel at the associate and baccalaureate degree levels.

So that health services and facilities in each of the nine counties may be raised to an equally high level, a public health staffing and consultation project is being implemented to augment local health services by expanding existing facilities, creating new facilities and services, coordinating these services and complementing available resources.

The condition of dental health in the Council's area was found to be appalling, especially in elementary children. The Council responded with an ambitious dental health program that includes complete dental work for the most needy children, "brush-ins" in the schools whereby children receive instruction in dental care and the instruction of elementary teachers in how to teach good dental practices, and mobile clinics in areas not now served by dentists.

The problem of solid waste disposal is being met by giving engineering consultation and providing initial funding for the construction and operation of sanitary landfills.

The environmental health project assists individuals, communities, and counties in improving water and sewage systems, controlling air pollution, instituting pest and vector controls, and other environmental health problems.

New programs planned include: a medical communications, transportation and emergency care system; a regional comprehensive rehabilitation program; supplementary grants for public service districts; an occupational respiratory disease control program; and a training program for related health personnel.

Three members of each county health council are elected to serve on the board of directors of the Council. The executive committee, the governing body of the Council, is elected by the board of directors. The health care projects are channeled from the county health councils to the regional council and executive committee who determines their feasibility and inclusion in the Council's program. The activities of the Council do not duplicate services already in existence, nor do they infringe on the private practice of medicine.

Because the entire program is a demonstration, the Council has worked at times, without completely detailed guidelines, which has, occasionally created minor problems. This lack of rigid guidelines, has, however, never been detrimental to the Council's operation. It has permitted the quick and efficient channeling of services and funds to the areas where they were most needed. Also, a bold new adventure such as this can be expected to entice highly qualified personnel to its ranks. Such has been the case in Appalachian Operation Health as evidenced by the many advances already made. Over 100,000 individual services have been provided for the area's residents during the program's first two years.

The excitement generated by the program was expressed by one of the Council's newly-acquired clinical psychologists when he commented " . . . the vast opportunities offered by the Council for meeting human needs are both gratifying and stimulating." The Council realizes that, while much has been accomplished, much more remains to be done. It is in this spirit that Council is entering its third year of development.

THE PROGRAM

The program has been designed by persons long familiar with the region and its people and who are concerned with the health and welfare of its citizens. Many of the initial projects are being continued, some in more advanced stages, and several new programs are being planned and initiated.

In many areas Council had developed, and is now operating, health service programs where no appropriate agency was providing these services. Council is operating these services on a temporary basis, and will operate them only until such time as an appropriate local agency is identified and is able to assume the operation of the program.

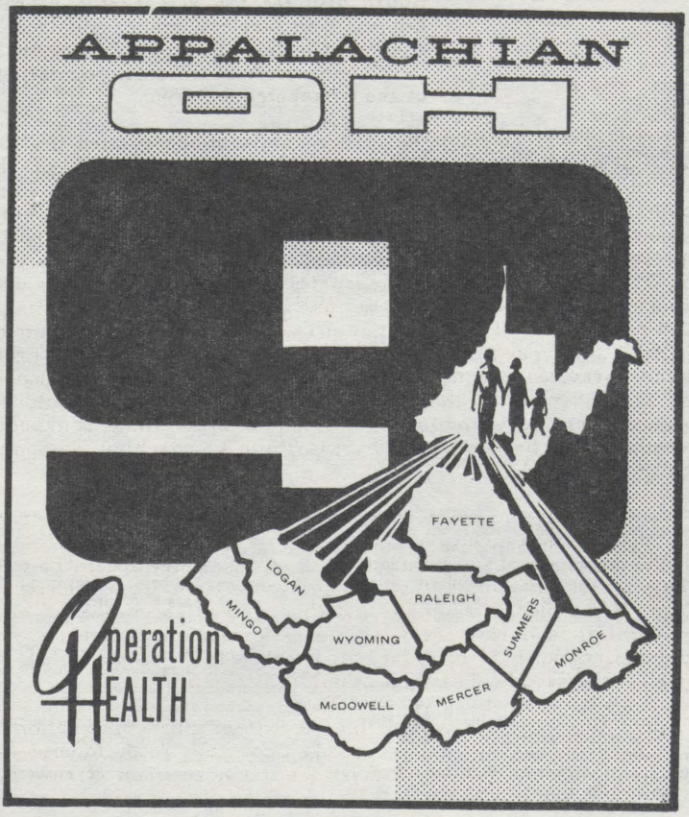
In response to poor communications and lack of knowledge of existing resources, the 24-hour referral service will allow anyone living in the Council's area to get immediate medical information around the clock. Poison control information is currently being added to the project.

A three-pronged, comprehensive approach to raising the nutritional level of the area's residents consists of creating an emotional awareness of the dangers of malnutrition, providing the knowledge necessary to improve nutrition and expediting the distribution of food to the needy.

While comprehensive mental health centers are being planned, funded and established, catchment area programs provide diagnosis and treatment for mental illness by establishing area-wide psychiatric and psychological services. These services include mental health teams providing psychiatric screening, diagnosis, treatment and follow-up services. Consultation services are offered to schools and other organizations which deal with the target population.

"THE SECOND YEAR"

August 1, 1969 – July 31, 1970



An Annual Report
of the

Southern West Virginia Regional Health Council, Inc.

ROUTE 2, BOX 382
BLUEFIELD, W. VA. 24701

"During the second year of operation, the Southern West Virginia Regional Health Council was concerned primarily with the implementation of a planned program resulting in the delivery of health services. As a result, the total number of individual services provided passed the 100,000 mark. We feel this figure displays the remarkable progress the Council program has made, and is of special significance since it represents a figure greater than one-quarter of the total population figure of the demonstration area.

"It is also well to note that progress was made toward the Council's ultimate goal of having the program become self-sustaining and absorbed into existing agencies, capable of carrying on the activities now underway. The Council was originally formed to act as a planning agency and not as the primary operator of the program. However, because of the complexity of the projects, at the time the program was initiated, there was a need to coordinate the activities of several agencies until existing agencies were prepared to assume control. Council assumed this role as a very vital step in the planning process. This operational system is now undergoing changes as during the past year fee collections have been started in such projects as home health services, mental health services and solid waste disposal. In addition, such agencies as the state and local health departments are now contributing to, and participating in, the Council program. It is expected that this procedure will be completed by the time Appalachian Regional Commission funding is ended.

"We would like to make special note this year of the encouragement, cooperation and assistance given us by the residents of the area, who are after all the designers of the program in the nine-county area. This is a program that invites involvement of the private citizen from all segments of society, and it is a pleasure to note that this is being accomplished to a much greater degree than during the first year of operation. In this regard, too, geographical and political boundary lines are being erased, which, we feel, speaks well for the medical care program of the Council.

"Again this year we would like to express our appreciation for the assistance provided us by West Virginia Governor Arch Moore, Senators Jennings Randolph and Robert C. Byrd, and Congressmen Harley Staggers, Ken Hechler and James Kee.

"We would also like to express our appreciation to all of the members of the Council, who so unselfishly gave of their time, talents and efforts to make the program a success; the State Department of Health, State Department of Mental Health, the Office of Federal-State Relations, the U. S. Public Health Service, the Appalachian Regional Commission, the various county courts, county health departments, and county boards of education within our area, and all of those individuals who have given us aid and encouragement. Without them our job would be doubly difficult."

Daniel Hale, M.D.

Daniel Hale, M. D.
Chairman
Southern West Virginia
Regional Health Council, Inc.

FOREWARD

The Southern West Virginia Regional Health Council, Inc., is a non-profit organization incorporated under the laws of the State of West Virginia on March 29, 1967.

The Council is comprised of approximately 300 persons from the counties of Mercer, McDowell, Mingo, Monroe, Raleigh, Summers, Fayette, Logan and Wyoming in southern West Virginia. Serving on the Council are representatives of all segments of society including consumers and providers of medical care services.

The members of the Council are also members of the individual county health councils in the demonstration area. Three members of each county council make up the board of directors of the regional council.

The Council was originally funded by the Appalachian Regional Commission with a planning and administration grant in February, 1968. The Council-designed demonstration health care program then became operational in August, 1968, when additional funding was provided by the ARC along with local and state government agencies.

The paramount goal and purpose of the Council program is to halt the human erosion resulting from inadequate health services, and to demonstrate the values of adequate health services, programs, facilities and personnel in furthering the economic growth in southern West Virginia by improving the health-status of the general population in the region.

Council is now engaged in providing a variety of health services to the residents of the nine-county demonstration area with 71.8 percent of all funding being used to provide these direct services. The progress in the delivery of these various services is described on the following pages of this report.

PLANNING AND ADMINISTRATION

This project, keystone in the total picture of the Council's comprehensive health care program, has worked actively with the regional and county health councils during the second year of operation in defining health needs, placing these needs in order of priority, and planning workable proposals to meet these needs on a regional basis.

The planning and administration staff, although comparatively small has submitted the 1970 Health Development Plan to the Appalachian Regional Commission and has prepared the current P & A project and the 1971 Health Development Plan for submission at the proper time.

The Council, through a base laid by the planning and administration staff, has reviewed and established priority projects which were submitted in April. They include emergency care services, transportation and communications, occupational respiratory disease control, manpower and training, and construction.

Along with new construction projects, a health facility plan has also been submitted and the Council has applied to the State Comprehensive Health Planning Agency to be designated the areawide health planning agency for this region.

The fiscal section of the planning and administration project provides all accounting, bookkeeping, paying of invoices for all projects, and handling of payroll for all Council employees.



The planning and administration project has made much progress toward its objectives as the total structure of the Council, with its communities under an umbrella type of organization, is providing for a common data base

and will facilitate cooperative planning in areas which are intrinsically related.

This project also coordinates the planning and submission of other health projects and activities such as environmental health, a rehabilitation center (developmental grant in final stages), mental health centers and mental retardation. Working with the total council, involvement is now underway in interstate health planning between Kentucky and West Virginia which includes the Kentucky counties that border on West Virginia's "202" area.

The staff has assisted regional technical committees in the planning, development, and finalizing of applications for several projects including emergency care, mobile health service clinics, public service districts, manpower and training and others. They have assisted in the organization of a regional technical committee on child development and are also assisting in recruiting and orienting personnel for newly-funded projects.

This project has also worked diligently with state and local governments, foundations, and other agencies to acquire funds other than "202" for future operations.

# # #

MENTAL HEALTH

With a new patient case load of 2,203, the mental health project is the largest in the Council's health care program. The new case load is divided into general psychiatric services, mental retardation and alcoholism. New cases opened in general psychiatric services totals 1,389 cases. As the year ended, current cases in this category reached 2,797. During the same year psychiatrists, psychologists and social workers conducted 9,711 interviews with mental health victims.

One of the outstanding steps made by the project during the year was the development of six more day care centers for mentally retarded children. This brought to eight the number of centers now operating in the nine county demonstration area with a total of 106 children enrolled. Another 86 are on the waiting list and are expected to be enrolled soon. Plans for opening the ninth are underway, and should be accomplished in the near future.



The alcoholism unit moved ahead adding 724 new cases to its rolls during the past year. This division had 4,320 cases carried over from the first year of operation. During the past year a total of 5,010 counseling sessions were conducted. These included group therapy, patient and family sessions.

The tremendous need for the mental health program in the demonstration area has produced an involvement of residents that indicates the interest in the project activities.

A very close working relationship has been established with school systems, county mental health associations, retarded children associations, the departments of mental health, public health, welfare, vocational rehabilitation, and hundreds of individuals. In many cases interested individuals, and lay groups have assisted in developing the mental health programs now in operation under the administration of the State Department of Mental Health.

It is well to note that at the present time all mental health services, with the exception of direct hospitalization, is available to all residents of the demonstration area. Until the organization of the Council, many of the services, including such things as the day care centers, were unavailable. With the demonstrated interest and vigor of the residents of the area in improving mental health services, it is expected this project will continue to expand its services in all fields in the future.

# # #

HOME HEALTH SERVICES

In providing nursing care for patients in their homes, one of the most beneficial of the Council programs has been initiated. This project, too, is one that has shown substantial progress during the past year.

The project had an average monthly case load of 168 during the year with 454 cases admitted to the project and 375 cases discharged. A total of 17,878 home visits were made during the period. This more than doubles the visits during the preceding year.



Statistics gathered by the project reveal that, of those receiving services, 162 had incomes of zero to $1,000 per year, far below the poverty standards; 155 had incomes of $1,001 to $2,000; 59 had incomes of $2,001 to $3,000 while 48 had incomes of $3,001 to $4,000. Only 16 had incomes of $4,001 to $5,000. Six persons had incomes over $5,000 and eight had incomes over $6,001.

There were five cases involving patients less than one-year old, and

eight cases involving patients over 96 years old. The largest single group of patients, 179, were between the ages of 75 to 85.

These figures are reflected in those making payments for the services. Medicare paid for 346 of the cases while the State Department of Welfare paid for 36 cases. Other payments were received from workman's compensation, veterans administration for service connected disabilities, United Mine Workers welfare fund, self payments and others.

The home health service project is one of the projects now billing for services, but no patient is refused service because of inability to pay.

Strokes were the leading cause for services with 77 patients. There were 64 cases of heart disease, 60 with vascular disease, and 45 diabetes. Others included cancer, arthritis, orthopedic, neurology, gastro-intestinal, and respiratory to make up the greater percentage of cases treated. There were 50 reasons for visits ranging from ambulations to soaks, and including such items as catherizations, decubitus ulcer care and dressings, colostomy and ileostomy irrigations and dressings, pacemaker services, tracheotomy care, trimming of fingernails and toenails, and shampoos.

One of the most interesting and rewarding cases in home health involved a man suffering severe arteriosclerosis, an amputation of the right leg, and decubiti. His wife appeared to be mentally incompetent to care for him. They lived alone in a second floor apartment. Their only outside assistance came from the home health project. However, assistance in caring for this case came from the mental health and 24-hour referral components.

The home health service staff assisted the patient in gaining optimal activity, mobility and rest, and maintaining good body mechanics, body positioning and prevention of further decubiti.

Home health personnel also assisted patient in accepting his

limitations, both physically and emotionally, and promoted optimal help and guidance for the patient and his wife, and prevented regression of conditions.

In addition to skilled nursing and medical care offered to this patient, the project contacted persons to visit these people at various times to assist in overcoming their loneliness, and make their lives a little fuller.

The continued progress of this project proves the need for such services is even greater than thought before the project became operational, and as the project is expanded into additional counties and areas, the need will be further justified. Plans call for this expansion of service in all three medical trade areas, and it is thought the project will receive greater acceptance at that time. Certainly, this project has contributed greatly to the comprehensive health care program of the demonstration area, and one that promises even greater contributions in the future.

# # #

TUBERCULOSIS CONTROL

The tuberculosis project continued its screening program throughout the year reaching a total of 31,325 persons. There were 1,203 positive reactors discovered during the screening. These persons are now being followed to determine if they are active tuberculosis victims.



In one case of active tuberculosis, it was revealed that 22 other persons had been in close contact with him while he was active. Public health nurses are now following up on the 22 contacts.

Other activities performed during the year included skin testing of 77 percent of all children in school, grades one through nine, in McDowell County, and 81 percent of the children in the Head Start program.

In Logan County, 72 percent of the children in grades one through 12 were tested, and in Raleigh County in grades one through 12, 75 percent were tested.

Testing was also done in the maternal and child health clinics in Mercer, Wyoming, Summers and Raleigh counties, while project personnel assisted county health departments in testing in eight of the nine counties in the demonstration area. An x-ray technician provided services throughout the area.

Also during the past year, work proceeded on developing a complete tuberculosis control program for the entire demonstration area with the cooperation of the voluntary health agencies, and the private sectors of health.

This includes the periodic screening of all citizens of the area with the emphasis on younger age groups; the establishment of a total tuberculosis therapy program including treatment of active cases, periodic follow-up for inactive cases, and the treatment of new positive reactors. This also includes a program of control coordinated with environmental control and sanitation.

During this period additional clinicians were employed and three new diagnostic clinics were established in Monroe, Summers and Raleigh counties.

The importance of a complete tuberculosis control program cannot be over emphasized. Tuberculosis has been a continuing problem in the demonstration area, and the seriousness of the problem demands extreme measures in its control. Under these circumstances a vigorous attempt to bring the disease under control for the health benefit of the entire area will be continued.

# # #

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MATERNAL AND CHILD HEALTH

An increase in the total number of clinics now being conducted by this project has brought about a corresponding increase in the number of those attending, which is an indication that the maternal and child health project is meeting its objectives. The total number of clinics now in operation is 20. This number is expected to be increased this year.

The MCH project is assuming a new responsibility as it will administer a family planning project under contract with the State Health Department that will include the nine counties of the demonstration area, and the additional county of Boone. This project, which is expected to be extensive due to its need in this particular area, got started in the last month of the fiscal year. Council feels that the request to the MCH project to implement this program speaks well for the organization and competence of the staff.



The MCH project now administers the programs of child heart screening, pediatric screening, adult female health screening, vaccination and school psychological testing, and now the enlarged family planning program.

During the past year a total of 3,648 persons attended the female adult screening and family planning clinics. In the preceding year 1,198 persons were in attendance. A total of 3,053 Pap smears were done resulting in the discovery of 24 cases of cervical cancer. Almost all of these cases have undergone surgery with some receiving additional radium or cobalt treatment.

A rather dramatic case in the Pap smear findings concerned a mother, age 49, and a daughter, age 23. Cancer was discovered on the daughter when she attended an adult female screening clinic. She entered a hospital for immediate surgery and this was done successfully. About two months later the daughter brought the mother to the same clinic for screening and the mother was found to be suffering from a cervical cancer. She also underwent surgery with excellent results. Both are now assured of longer, more pleasant lives.

In comparison with the first year of operation when no pediatric clinics were conducted, a total of 677 pre-school age were seen this year. This does not include a full year of operation since some of these clinics were not started until later in the year.

It is also well to note that psychological services were provided to 1,200 persons this year while only 106 persons had received them in the preceding year.

It is felt that although the findings of the previously undiagnosed cancer cases is a dramatic story of the clinics, the unpublicized findings discovered in the screening is of equal importance. In one laboratory test as many as 12 diseases, or symptoms of diseases, may be discovered. The patient is notified of these findings and corrective steps can be taken to improve their health.

A lack of qualified personnel and facilities remains a problem with this project. Many of the clinic sites are totally unfit for clinics, and the number of patients seen in the clinics is a tribute to the staff personnel conducting them.

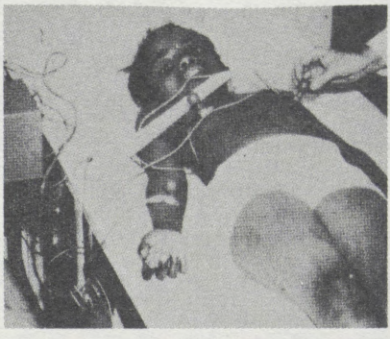
Both of these problems are expected to be overcome as the quality of new applicants for positions has definitely improved in number and capabilities. The construction of the satellite health centers will improve the facility

situation. Results show the MCH project is one of the most important of the entire comprehensive health program, and it is expected this will be demonstrated by the activity of the project over future years.

CHILD HEART SCREENING -- Child heart screening is another of the Council projects that has demonstrated the need and importance of such a project with the comprehensive medical care program. Screening these children for hidden heart defects, and correcting them when found through referral to to private physicians and such agencies as the Crippled Children's Service of the State Department of Welfare. This has proved to be one of the most dramatic, and at the same time, beneficial projects included in the program.

As the third year of the project begins, a total of 37,655 elementary school children have been screened. After a second screening, 1,919 positive cases were found to need further diagnosis. With 238 of these children passing through cardiac clinics, a total of 41 have been found to need either surgery or extensive treatment in order to assure them of a healthy life. Some of these cases have already received surgery, whild others are being scheduled for catherization to determine if surgery will be required.

Three counties in the demonstration area remain to receive initial one through six grade screening this year. At the same time the screening of those entering school for the first time in the other counties will be done as well as the transfer students from outside the area.



Of the 41 cases discovered, 13 were referred to family physicians with the remainder referred to the Crippled Children's Service for cardiac catherization and heart surgery.

Two of the most recent cases

in the child heart screening program demanding surgery involve young males, one seven, and the other, 13-years of age; both from low income families.

The seven-year-old suffered from patent ductus arteriosus. He has undergone surgery at the National Institutes of Health. The second youngster suffered from an atrial septal defect and has received surgery through the Crippled Children's Division of the Department of Welfare. Both operations were successful.

One of the problems encountered in the project is the lack of qualified cardiologists in the area which prevents the rapid diagnosis evaluation of these children. In order to overcome this, Council has entered a contract with the Charleston Memorial Hospital to provide needed evaluation services. Additional cardiac clinics are being scheduled this year in order to clear the backlog of cases.

Council feels that it is interesting to note the age of the cases, either operated or waiting for catherization or surgery, range between six and 14 years. The cases include such diagnosis as pulmonic stenosis, atrial septal defects, and ventricular hypertrophy with an incomplete right bundle-branch block.

The remarkable record of this project was made with the inovative use of the PhonoCardioScan, a portable computer that will screen the child in two to three minutes. Although its use is limited to those under 14 years of age, it does give the project the opportunity to discover hidden heart defects early enough in life so that they may be corrected, and the child given a chance for a better life. This fulfills the project objectives in improving the general health of the residents of the demonstration area.

The residents of the area, especially those with school age children, recognize the importance of this project and are supporting it strongly. The

program will be pushed in the future with vigor in order to ensure that no child in the area need face life handicapped by a defective heart.

VACCINATION -- In order to obtain maximum protection for all susceptibles against communicable diseases, and maintain a high immunity for all age groups, the vaccination project was incorporated into the comprehensive health care plan of the Council. In the first two years of operation, Council feels that this aim is being met by the project.



Since the project became operational, assistance has been given to local health units in all nine counties in the demonstration area. During the past year this aid has been substantially increased through the employment of three registered nurses who are assisting the local units in immunization clinics. Attendance at these clinics has been increased through efforts of project personnel in the areas of identification of those needing the service, and motivating and educating those persons to avail themselves of the service.

One of the accomplishments of the project during the past year was the immunizing of 10,777 children with mumps vaccine when it was not available from any other source. This vaccine was given through the local health units in the demonstration area.

At the same time a refined measles vaccine, upon special request of pediatricians due to reactions in regular vaccine, was also supplied to local health units. More than 1,000 doses of this special vaccine has been distributed for use by the local units.

Faced with a possible rubella epidemic in the area, the vaccination project started a mass immunization program this year that will see more than 50,000 children immunized. In one county where the program has been completed, 83.8 percent of eligible school age children through 12 years of age were immunized. It is expected that when the program is completed this year more than 80 percent of the eligible children in ages 1-12, will have been immunized against this disease which threatens the pregnant mother and the unborn child.

Many OEO Head Start children have also been immunized against various illnesses during the past year.

It is well to note that a total of 51,911 immunizations were made during the past year through the local health units with the assistance of project personnel. The response of the local health departments to this project is especially pleasing. All of the local health departments in the demonstration area have requested immunization program assistance in their local activities.

The response and acceptance of this project by the local health units is an indication of how well the project has advanced since it became operational. There had been times during the first year when problems between the local departments and the project developed, but these have been overcome for the most part through cooperation, and as new problems arise they are being resolved before they do become a serious obstacle to making the program a complete success.

# # #

SOLID WASTE DISPOSAL

In order to cure one of the most pressing environmental health ills of the area, the solid waste management disposal project opened the first of its demonstration sanitary landfills for the disposal of solid wastes this year. In addition, the project is expected to open two more within the next few months.



The Raleigh County landfill was opened June 1, and is serving approximately 70,000 persons within the county boundaries. The various open burning dumps within the county are being phased out and covered to prevent air pollution, water pollution, and the ever present threat of disease from rats, flies and mosquitoes.

The proposed Mercer County landfill is undergoing site development, and here too, one of the largest open dumps in the area is being covered in preparing for the opening of the sanitary landfill.

The same situation exists in Wyoming County, and in Mingo County the Council and the county court are approaching final formal agreements to initiate the project and site acquisition.

The fifth demonstration landfill, planned for Logan County, has been deferred until next year.

During the past year a very important step was made in breaking down the county political boundaries to develop a truly regional approach to solid waste management. The project has prepared, and is ready to implement, an inter-county rural depository container collection system in Raleigh, Mercer, McDowell, Wyoming, Fayette, Monroe and Summers counties. Funds have been requested to establish this system in the counties of Raleigh, Mercer, Wyoming,

Fayette and McDowell, with expansion of the system to the other counties in the future.

Although there have been many problems to overcome in initiating a major program of this type in the demonstration area, it is the belief that most of the problems have been resolved at this time, and that future progress will proceed more quickly and easily. It has become very evident that the communities have recognized that a solid waste problem does exist and are now pressing for its correction as quickly as possible. Under these circumstances the project will continue its vigorous program in providing all residents of the area with an adequate solid waste disposal system.

# # #

PUBLIC HEALTH EDUCATION

During the first 18 months of operation this project was primarily concerned with a broad informational type program through the use of the mass media. In addition, staff personnel gave lectures and talks on the program to various interested school, church, and service groups throughout the demonstration area as they endeavored to reach the greatest number of persons possible to let them know of the Council services available, and to have these persons use them. At the same time, the project produced and helped distribute thousands of pieces of educational material to these persons.



The extreme cooperation of the mass media helped immeasureably to give the project the success it enjoyed. Certainly this cooperation, which continues, is deeply appreciated.

During the past year an innovative approach to health education has been initiated by the project, which is expected to have a dramatic effect on the population of the demonstration area. This approach calls for a deepening involvement of the communities in the area through the use of both their known and unknown leadership in developing a comprehensive health education program.

Project personnel designed a slide presentation orientation program which has been shown to all employees, in addition to more than 500 interested persons in a three month period outside the Council. The staff also participated in special church and school sponsored drug abuse programs during the year. Staff members also conducted health education seminars, and taught health education classes for two summer camps for juveniles.

Scripts and slide presentations were prepared for two other component projects, and project workers met with an average of approximately 175 persons per week during this period.

At the same time the community organization program is in effect the project will continue a vigorous education campaign through the mass media and other accepted health education processes.

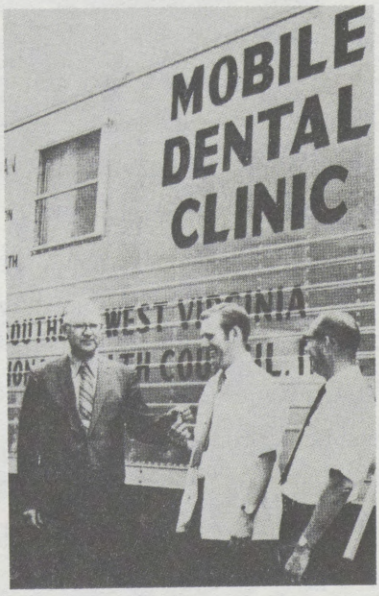
Council has made public health education a prime part of its comprehensive health care program, and the experience gained over two operational years has proved its need. Now, with a complete staff of highly qualified personnel, it is expected that documented progress in this program will be noted during the coming months. This should result in improving the general health of the population in having them increase their utilization of the Council facilities and services, as well as making them aware of the importance of good health care for their families.

# # #

DENTAL HEALTH

Following a long delay in becoming really operational, Council feels that the dental health project has demonstrated dramatic progress during the past year.

With the beginning of the new year a higher degree of cooperation between the Council and the State Department of Health was noted as the department placed on loan to the Council an employee to serve as acting director of the project.



Immediately following the administrative change, approval was given to the project to enter a contract with the West Virginia Dental Service Corporation to provide dental care services on a fee-for-service basis, for a selected group of qualifying children from low income families. These children were certified by county boards of education and the Office of Economic Opportunity (OEO) and were the first to be treated in the area.

During the five months this contract was in effect more than 300 children were referred to the private dentists. These patients could be described as "those most needing dental care in Appalachia". Treatment was completed on all these patients.

Although this method did have some administrative problems, and despite the fact that all monies budgeted for the project were not spent, the

success that it did enjoy has warranted serious consideration of a second contract in the opinion of Council. Steps to accomplish this are underway.

Although this method of providing service was important, Council believes one of the greatest accomplishments of the project was the recruitment of sufficient professional staff to actually implement a regional dental care program.

By June, 1970, seven dentists had been recruited and placed under contract to provide services in the demonstration area. One of these men has been placed in Monroe County, a county of almost 12,000 persons, which had been without a dentist for more than 10 years.

It is perhaps well to note that four of these dentists came originally from the demonstration area, and in all probability will remain in the area following their service with the Council.

At the same time the recruitment process was in progress, the project helped design and purchased three completely modern two-chair mobile dental units. These units, and one older model provided by the State Department of Health, are in operation in remote areas providing badly needed dental services.

Also in use by the project are two fixed clinics. The mobile clinics and fixed offices are now operating at peak efficiency with an average of 700 corrections being done each month by the individual dentists.

At this time the primary emphasis of the project has been on children, however, treatment is available to other age groups when other means of care are determined to be either inadequate or unavailable.

The area of education and prevention has not been neglected by the project. In November, 1969, a program known as the "Brush-In" was started in the elementary school system. This involved the self-application of a stannous

fluoride paste on the part of the student along with a dental health education presentation.

Manpower recruited for this project included 12 dental health aides and two degree dental hygienists, recently graduated from West Virginia University. The two dental hygienists are developing an in-depth clinical and education program for the elementary schools in the demonstration area.

In the first six months of operation this project has reached more than 25,000 children in five counties. It will be expanded to two more counties this year. The results of the project are expected to reach the national average of reducing dental caries in these children by more than 30 percent.

One of the shocking statistics discovered in this project is that 35 percent of those participating had never owned a toothbrush, and 45 percent had never visited a dentist.

Also in the area of prevention, the project has started the development of a fluoridation program in both the public water systems, and individual school water supplies in the region.

Response to the project can easily be seen in the example of the little girl who had participated in a brush-in, and about two months later on a busy street saw one of the aides who had helped conduct the session in her school. Smiling broadly to show her teeth she ran up to the aide and said, "Ma'am, you don't remember me, but you was in my school one day, and you gave me a toothbrush. I want you to know that I use it every day".

The dental project has displayed unusual progress during its second year of operation, a fact recognized by the area residents, who feel the project should continue to develop meaningful expansion of its prevention-education, and care program to the fullest capability in the future.

# # #

24-HOUR REFERRAL
MOBILE HEALTH SERVICES

With all nine counties now being served 24 hours per day by the referral service, the case load in this project is increasing each day as the residents of the area become more familiar with it. Due to the wide informational program carried on in the Medical Trade Area I region, the major part of the services has been noted there. In the other two medical trade areas the service is being initiated in a step by step procedure.



It is noted that the service is being used with a steadily increasing number of telephone calls for information and requests for services. It is expected that when the planned emergency care program is initiated, and the public fully aware of the services the case load will increase sharply. In the last three months of the fiscal year the case load has been equal to the total preceeding nine months.

During the second year of operation many of the technical problems that plagued the project were corrected and removed. The project has now reached a point in its progress that several outside agencies, both in and out of state, are requesting aid in setting up such a program.

During the operational year from August 1, 1969 to July 31, 1970, a total of 2,480 cases were handled by the project. The most frequent requests for services concerned transportation, academic psychological evaluations, x-rays and physical examinations, dental services, and financial assistance.

During this period the other component projects of the Council program have been referring cases to the project for action. These cases, for the most part, have been discovered by client contact personnel in the other

projects. This action displays a growing cooperation between all projects for providing services to the nine-county residents.

Typical of the cases now being handled by the project is one requesting a medical evaluation and aid in acquiring glasses. The case was first referred to the cardiovascular and nutrition components in making the medical evaluation as it was suspected that the client was a diabetic. This was confirmed.

Further discussions with the client disclosed that the client was eligible for Department of Welfare assistance and food stamps. This the client had not known previously. Through project efforts the client gained access to food stamps and a medical card. This enabled the client to obtain insulin for her diabetes and glasses that were badly needed at no charge.

In every instance where transportation was needed, it was provided by the project.

Although no offical notice that the project's emergency care program would be approved had been received at the end of the current year, meetings with ARC officials indicate that it will be. When this occurs, plans to implement the program quickly will be followed in order to make it operational as soon as possible. This will alleviate a rapidly developing serious problem in the transportation of patients since funeral home directors in the area are phasing out their ambulance services.

When this program is put into effect the 24-hour referral project will be called upon to handle the emergency calls which means an increased load on the project personnel. It now appears that the project will be able to accomplish the task, and will help make the project meet its announced objectives of making available to the people of the demonstration area a method of entry into the comprehensive health care systems.

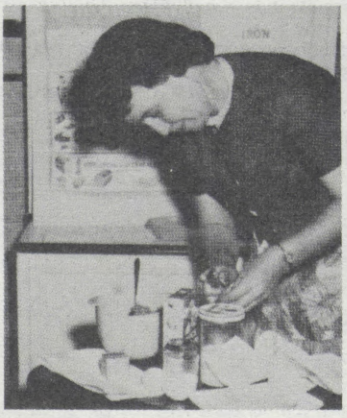
# # #

NUTRITION

With the start of the past year the nutrition project became an individual project under separate funding. During the first year of operation the project was operated under the public health staffing component.

During the first year of operation an intensive nutrition education program was conducted by the project personnel. This was done in successful attempts to improve the level of nutrition among those persons living in the demonstration area. Project expansion during the second year served to provide a greater variety of nutrition services.

During the second year the project delivered 19,927 units of service to 6,227 individuals. This included 121 contacts through diet counseling, 338 through community nutrition meetings, 651 through counseling at clinics, 179 through puppet shows, 36 through family counseling in homes, 380 through food demonstrations by aides, 3,739 through teaching in elementary schools, 582 through talks, 58 through weight control clubs, 117 through in-service training programs, and 26 through various other activities. The project also established working relationships with the Agricultural Extension Service, OEO, welfare department, public school systems, day care centers, head start programs and other council components.



One of the most meaningful activities of the project has been the elementary school teaching program. During the year, one teacher provided

monthly nutrition lessons to first and second graders in each of 96 classrooms in one county. She also evaluated eating habits and growth before and after the ten month program. Teaching results indicate principals appreciate our service to their schools; teachers are learning to integrate nutrition into the total curriculum; and most important, many children are actually eating better. This is evident from reports by school cooks, teachers, parents, and children themselves. The evaluation also indicated positive changes in children's eating habits.

Also during the year, the project's "Destitute Family Program" brought many needy families into a health care system, set up channels for obtaining donated goods from private industry for these families and introduced methods for reaching hard-to-reach destitute families.

It is believed the substantial progress made by the project indicates that it is moving rapidly toward its stated goals of improving the nutrition level of area residents. The wide acceptance of this project at all age levels demonstrates the need for such a program. Acceptance and need also demand that a strong effort be made to continue this forward progress. Scheduled expansion of the program to reach a greater number of those needing the service has already been planned, and this is expected to be accomplished during the next year of operation.

# # #

MANPOWER AND TRAINING

A major accomplishment of this project during the past year was the enrollment of 40 young women in a two-year associate degree nursing program at West Virginia Tech, a college located within the demonstration area. This came into being after two years of study and effort, and is the first training

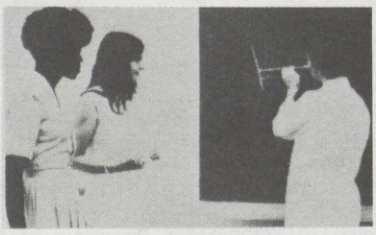
program of its type, sponsored by the Council, to become operational.

Council believes this step is important to the health of the residents of the area since most of the students are from the region, and have indicated a desire to remain here after completing their professional training. This will help alleviate a serious shortage of qualified health care personnel.

It may be also well to note that it has been determined that at least 15 of these students would not have been able to receive the nurse training if the nurse training program had not been initiated at this college. In other action the project has worked with Concord College, another school in the demonstration area, in an attempt to implement a baccalaurate degree nursing program. A lack of clinical facilities, the major obstacle to such a program, is expected to be overcome when the new Princeton Community Hospital is opened.

Proposals for a technician level health related training project to be operated by the Mercer County Vocational-Technical Center and Princeton Memorial Hospital has been completed and is currently being reviewed by the Appalachian Regional Commission. Hopefully this project will be approved in the near future. The ultimate result of this effort will be providing additional trained health care workers to assist the professional health provider in supplying needed services.

At the same time work is being done with other area schools and colleges in attempting to initiate health care personnel training courses.



The acute shortage of health manpower at all levels in the demonstration area demands that training programs be implemented in the region. Plans are

made to continue an aggresive program in this regard in order to fill the tremendous gaps in services that now exist. Now that a start has been made, speedier progress will result during the next year in health personnel training at the local level.

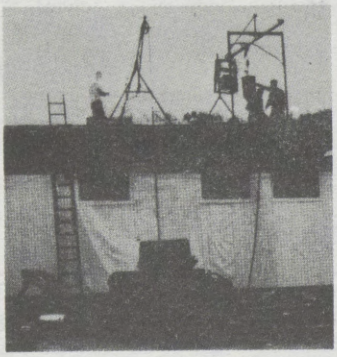
# # #

PUBLIC HEALTH STAFFING

This is one of the programs that serves as an umbrella for several individual projects including construction, environmental health, regional laboratories, and evaluation and improved coordination of medical care services in the demonstration area.

CONSTRUCTION - During the past year some definite progress was made in facility construction. However, it did not move as quickly as expected. Contracts for the expansion of the Mercer and Raleigh health centers were let November 25, 1969, with completion scheduled in 210 calendar days, or June 23, 1970.

A strike in Raleigh County delayed construction on that facility for seven weeks, while in Mercer County, construction was slowed during the entire period through continuing contractural problems.



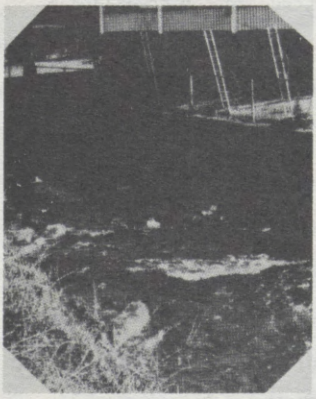
Because Council believed the additions would be completed by the specified date, no funds for the rental of temporary offices were budgeted for the period ending June 23, 1970. As a result, Council was forced into the occupancy of the buildings although construction was not completed.

Council feels it had no responsibility in either situation, and regrets that the buildings were not completed on schedule.

Also, during the year, contracts were let for the Fayette County and Monroe County satellite centers, and this will provide an additional 3,000 square feet of floor space in each of the two outlying areas, and also providing better delivery of services within the area. These two facilities should be ready for occupancy early in 1971.

Although the prime intent of Council, in following the criteria of the Appalachian Regional Commission, has been the delivery of services, the need for construction of some facilities in the area has definitely been demonstrated over the years. Because of this need, the push for construction in the demonstration area will continue.

ENVIRONMENTAL HEALTH - Steps were taken during the year to have the environmental health project funded as an individual project due to its importance in contributing to the good health of the demonstration area population. Hopefully this will be accomplished in the near future.



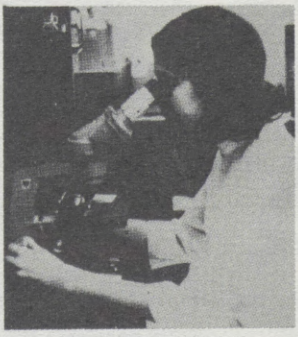
Because adequate manpower was not available, due to the project not being funded, much of the work done by personnel during the year was advisory in the fields of water pollution, water supplies, housing, rodent control and solid wastes. However, environmental health project personnel did actively deliver services in such areas as: 386 food sanitation inspections; development of county rabies control programs; development of housing improvement programs for two counties; 71 milk sanitation contacts;

on-the-job training for sanitarians in three counties; comprehensive rodent control programs in one city and two county open dumps; submission of Federal Water Quality Administration demonstration grant proposals to evaluate improved means of sewage disposal; 14 talks to schools, social and civic groups attended by 1,591 persons; training and providing two full-time sanitarian aides for assistance to understaff counties; 435 personal contacts on water sanitation; 450 personal contacts on sewage systems and disposal.

All of the above services were rendered at the request of state, county and community health officers.

The project also prepared environmental health evaluations for six of the nine counties in the demonstration area, with the resulting county establishment of environmental improvement priorities in each of these counties.

This project, although limited in manpower, has contributed to the success of the program, and much greater progress should be demonstrated following approval of the project request for funding.



LABORATORY - Council also notes that progress was made in the development of regional laboratory services, which is a staff service without really having programs of its own. It carries on activities designed in support of the programs of the field divisions.

During the year, plans and procedures were worked out with the state hygenic laboratory in Charleston that will give the project the opportunity to upgrade laboratory reporting services, and make the regional laboratory more readily available and effective. A communications system will be designed for use between the regional and state laboratories for computer return of blood types or other reports as they are analyzed in Charleston.

The laboratory, during the year, provided services in the testing of milk and water, clinical and screening support and, control of communicable disease.

Actually the project now offers comprehensive laboratory services in the areas of clinical hematology, clinical chemistry, clinical urinalysis, and clinical serology; services not available in the demonstration area before the Council became operational.

Laboratory reports show that services to patients increased by almost 500 percent between the fiscal years of 1967-1968 and 1969-1970. During the first year 3,000 persons were served, while during the second, this total reached 14,000.

In addition, the project has identified and referred professional laboratory personnel to three area hospitals, thus upgrading the entire medical laboratory effort within the demonstration area.

The importance of adequate laboratory services cannot be overlooked, and this project is scheduled to play a key role in improving the health services in the area.



NURSING - The greatest progress made by the nursing project this year has been the effective efforts to coordinate program activities with ongoing programs in each county health department, which has resulted in the various boards of health in Medical Trade Areas II and III giving an intent to initiate a contract with the Council to provide regional public health services in the area. The services to be provided by the Council through this contract include program planning, direction and day to day supervision of staff activities. This will provide for an effective program with competent, qualified

staff available through the area and not restricted to activities of one county.

Under this plan the individual boards of health will retain complete autonomy and will continue to be responsible for program delivery, and the enforcement of the public health laws and regulations.

At the same time this plan will upgrade health services in the area by developing more efficient and effective local health department nursing services. Much work has been done on this plan and Council expects that its implementation will produce great benefits in the medical care services.

Comparison figures of five month periods before and after Council nursing intervention in one county accurately displays improvement in the delivery of services. Average monthly home visits during this period jumped from 119 to 211, monthly clinic attendance increased from 454 to 1,370, and school visits from 11 to 15. Certainly these figures are significant in indicating progress.

# # #

FINANCIAL

During the first two years of operation, the combined expenditures for that period amounted to $9,017,024. In addition, $3,886,308 was budgeted for construction of needed medical facilities during this period, bringing the total to $12,903,332. These amounts include both Appalachian Regional Commission 202 funds and local matching monies.

The Council, in following ARC criteria, expends 71.9 percent of all funded monies on the delivery of services, with the remainder expended in construction and administration costs.

The following pages detail the funding of the program, including the sources of funding for both fiscal years of the program operation.

SOUTHERN WEST VIRGINIA REGIONAL HEALTH COUNCIL, INC.

EXPENDITURE REPORT RECAPITUALATION

	202 Funds	Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	In Kind	Local Hosp.	Total Other
Operational 68-69	2,192,544	26,730	1,348	33,559	1,415	44,749			107,801
Operational 69-70	2,297,865	10,897	2,555	7,584	75	6,853			27,964
Planning 68-70	403,206						101,336		101,336
Construction 68-70									
Expended	1,181,140					295,286			295,286
Obligated	1,927,905					33,284		448,693	481,977
TOTAL	8,002,660	37,627	3,903	41,143	1,490	380,172	101,336	448,693	1,014,364

OPERATIONAL

EXPENDITURE REPORT
August 1, 1968 - July 31, 1969

Project	Categories	202 Funds	OTHER					
			Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	Total
Home Health	Personnel Supplies Travel Equipment Other Sub-total	50,416 16,805 7,357 13,657 4,226 (92,461)		993	2,421			3,414
Heart Screening	Personnel Supplies Travel Equipment Other Sub-total	35,825 3,569 1,434 56,981 1,564 (99,373)	19,349 Charleston Memorial Hospital			858		20,207
Public Health Staffing	Personnel Supplies Travel Equipment Other Sub-total	182,496 40,065 12,775 62,271 20,065 (317,672)		335	14,656	557		15,568

* Project extended to January 31, 1970

EXPENDITURE REPORT (cont)
August 1, 1968-July 31, 1969

Project	Categories	202 Funds	Other					
			Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	Total
Tuberculosis Control* 8/1/68 to 1/31/70	Personnel Supplies Travel Equipment Other Sub-total	29,003 9,334 8,409 5,382 -0- (52,128)			1,345			1,345
Public Health Education	Personnel Supplies Travel Equipment Other Sub-total	13,567 2,245 3,923 5,460 528 (25,723)	828 Soil Conser-vation		537			1,365
24-Hour Information & Referral	Personnel Supplies Travel Equipment Other Sub-total	47,061 3,131 6,884 4,896 7,995 (69,967)			1,224			1,224

* Project extended to January 31, 1970

EXPENDITURE REPORT (cont)
August 1, 1968 - July 31, 1969

Project	Categories	202 Funds	Other					
			Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	Total
Maternal and Child Health	Personnel Supplies Travel Equipment Other Sub-total	49,622 6,252 3,489 3,754 18,800 (81,917)	206 Personal Donation		732			938
Vaccination	Personnel Supplies Travel Equipment Vaccine Other Sub-total	94,341 2,645 33,999 7,011 28,951 5,520 (172,467)			1,753			1,753
Dental * 8/1/68 to 1/31/70	Personnel Supplies Travel Equipment Other Sub-total	94,008 35,932 11,984 63,905 42,283 (248,112)	5,085 OEO		10,891			15,976

* Project extended to January 31, 1970
** Project extended to July 31, 1970

EXPENDITURE REPORT (cont)
August 1, 1968 - July 31, 1969

Project	Categories	202 Funds	Other					
			Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	Total
Mental Health * 8/1/68 to 1/31/70	Personnel Supplies Travel Equipment Other Sub-total	527,674 15,643 42,230 51,933 49,240 (686,720)	1,103 Local Mental Health Commission				12,118	
Solid Waste **	Personnel Supplies Travel Equipment Other Sub-total	61,479 16,009 7,318 130,524 90,573 (305,903)					32,631	32,631
Manpower & Training 10/14/68 to 6/30/70	Personnel Supplies Travel Equipment Other Sub-total	30,737 424 3,192 636 5,112 (40,101)	159 W.Va. Institute of Technology					159
TOTAL		2,192,544	26,730	1,348	33,559	1,415	44,749	107,801

OPERATIONAL

EXPENDITURE REPORT
August 1, 1969 - July 31, 1970

Project	Categories	202 Funds	Other					
			Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	Total
Home Health	Personnel	183,876						
	Supplies	42,298						
	Travel	19,798						
	Equipment	-0-						
	Other	24,145						
	Sub-total	(270,217)						
Child Heart Screening	Personnel	48,826	195 Personal Donation 1,045 Civic Org.	2,008		75		3,323
	Supplies	2,083						
	Travel	3,026						
	Equipment	13,292						
	Other	43,091						
	Sub-total	(110,318)						
Public Health Staffing	Personnel	313,762		270	590			860
	Supplies	63,496						
	Travel	21,865						
	Equipment	3,442						
	Other	34,895						
	Sub-total	(437,460)						

EXPENDITURE REPORT (cont)
August 1, 1969 - July 31, 1970

Project	Categories	202 Funds	Other					
			Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	Total
Public Health Education	Personnel Supplies Travel Equipment Other Sub-total	68,262 14,061 5,854 2,912 7,483 (98,572)	66 Personal Donation 385 Soil Conserva- tion	277				728
24-Hour Information & Referral	Personnel Supplies Travel Equipment Other Sub-total	136,240 5,863 10,307 -0- 33,238 (185,648)						
Maternal & Child Health	Personnal Supplies Travel Equipment Other Sub-total	201,860 40,517 15,919 33,973 47,988 (340,257)	14 Personal Donation 1,485 OEO		6,994			8,493

* February 1, 1970 - July 31, 1970

EXPENDITURE REPORT (cont)
August 1, 1969 - July 31, 1970

Project	Categories	202 Funds	Other					
			Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	Total
Vaccination	Personnel	102,282						
	Supplies	4,391						
	Travel	13,475						
	Equipment	-0-						
	Vaccine	84,593						
	Other	7,782						
	Sub-total	(212,523)						
Nutrition	Personnel	78,752	54					54
	Supplies	3,722	Personal					
	Travel	8,260	Donation					
	Equipment	216						
	Other	3,747						
	Sub-total	(94,697)						
Mental Health * 2/1/70 to 7/31/70	Personnel	305,119	7,653				6,853	
	Supplies	19,949	Local					
	Travel	20,624	Mental					
	Equipment	44,499	Health					
	Other	42,014	Commission					
	Sub-total	(432,205)						

* February 1, 1970 to July 31, 1970

EXPENDITURE REPORT (cont)
August 1, 1969 - July 31, 1970

Project	Categories	202 Funds	Other					
			Misc.	Local Boards of Health	State Health Department	Boards of Education	County Court	Total
Dental Health * 2/1/70 to 7/31/70	Personnel	83,299						
	Supplies	1,522						
	Travel	6,748						
	Equipment	-0-						
	Other	3,369						
	Sub-total	(94,938)						
Tuberculosis Control * 2/1/70 to 7/31/70	Personnel	16,314						
	Supplies	2,465						
	Travel	2,251						
	Equipment	-0-						
	Other	-0-						
	Sub-total	(21,030)						
TOTAL		2,297,865	10,897	2,555	7,584	75	6,853	27,964

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PLANNING AND ADMINISTRATION
Expenditures Report

Period	Category	202	Other (In-Kind)	Total
2/1/68 - 4/30/69	Personnel	124,833	60,000	
	Supplies	8,228		
	Travel	10,800	2,504	
	Equipment	10,331		
	Other	95,822		
	Sub-total	(250,014)	(62,504)	312,518
5/1/69 - 12/31/69	Personnel	63,149	20,000	
	Supplies	3.810		
	Travel	2,772	1,832	
	Equipment	3,325		
	Other	14,271		
	Sub-total	(87,327)	(21,832)	109,159
1/1/70 - 12/31/70	Personnel	56,551	14,500	
	Supplies	1,239		
	Travel	3,124	2,500	
	Equipment	-0-		
	Other	4,951		
	Sub-total	(65,865) *	(17,000)	82,865
TOTAL		403,206	101,336	504,542

* Six months expenditures

CONSTRUCTION PROJECTS

Extended Care	TOTAL	"202"	LOCAL
Wyoming Extended Care	341,284	273,027	68,257
McDowell Extended Care	482,590	386,072	96,518
Mercer Extended Care	467,590	374,072	93,518
Fayette Extended Care *	951,998	761,598	190,400
Health Center Expansions			**COUNTY COURTS**
Raleigh County Health Center	555,104	444,083	111,021
Mercer County Health Center	470,173	376,138	94,035
Satellite Health Centers			
Fayetteville Satellite	231,915	185,532	46,383
Monroe Satellite	219,234	175,387	43,847
Summers Satellite *	166,420	133,136	33,284
TOTALS	3,886,308	3,109,045	777,263

* Funded 1970
Others 1968

SOUTHERN WEST VIRGINIA REGIONAL HEALTH COUNCIL, INC.

CHAIRMAN
Daniel Hale, M. D.

VICE CHAIRMAN
Ross Newman, M. D.

SECRETARY-TREASURER
Rondey Webb

EXECUTIVE SECRETARY
William Crockett

EXECUTIVE DIRECTOR
N. Allen Dyer, M.D., M.P.H.

PROJECT DIRECTORS

Planning-Administration (Assistant)	W. M. Crockett, B.A.
Mental Health	M. Mitchell Bateman, M.D.
Home Health	John Matthews, R.N., B.S.
Tuberculosis Control	N. Allen Dyer, M.D., M.P.H.
Maternal and Child Health	T. E. Richardson, M.D.
Solid Waste Disposal	Robert Silvagni, M.S.C.E., B.S.C.E.
Public Health Education	Jerome P. McDevitt
Dental Health	Nathan N. Mendelzon, D.D.S.
24-Hour Referral and Information	Fred Parker, B.A.
Nutrition	Margery Mallory, B.S., M.S.
Manpower and Training	Ralph Oleson, B.S., M.S.
Public Health Staffing	N. Allen Dyer, M.D., M.P.H.
Environmental Health	R. E. Cartier, P.E., B.S.C.E., M.S.-Engr.
Nursing	Sister Rita Finnen, D.W., R.N., M.S.N.
Laboratory Services	Barry Lloyd, B. S., M.P.H.

Senator GRAVEL. Our next witness is Daniel Tuttle.

Mr. Tuttle is executive director of the Southeastern Kentucky Regional Health Demonstration, Lexington, Ky.

You may proceed, Mr. Tuttle.

STATEMENT OF DANIEL S. TUTTLE, EXECUTIVE DIRECTOR, SOUTHEASTERN KENTUCKY REGIONAL HEALTH DEMONSTRATION, INC.

Mr. TUTTLE. Thank you, Mr. Chairman and Senators.

I am executive director of the health demonstration program in a 16-county area of the 49 counties in Appalachia, Ky. I would like to talk to you about the health demonstration programs of the Appalachia regional commission.

Health Demonstrations (section 202) and related sections of the Appalachian Regional Development Act have afforded both the potential and capability for deprived areas to plan and progress toward the attainment of a health care system to meet the needs of people.

The vision incorporated into the act is now moving toward reality. The regional development approach aspect carries through each element of this approach, health being only one. Local involvement, planning without regard to boundary lines, the melding of goals for the consumer and the provider into common objectives, and the possibility for people to meet their health needs are the strengths of this program.

Health care systems planned on a long-range basis using innovative approaches without the usual constraints will not only lead to accomplishment but provide a pattern to be used by others in the future. Never has there been such an opportunity to attack a region's combined needs in concert. In health alone the stage is being set for meaningful comprehensive planning.

The price of accomplishment is reasonable, and the total results may not be entirely measurable but will be forthcoming. To date, only a portion of the long-range plans have been implemented. The results have been most noticeable. Some are:

Primary health care delivered in deprived areas where it was previously nonexistent.

Mental health services, and manpower to provide the services, are now part of the community structure.

Inadequate or nonconforming facilities are being brought up to date.

Coordinated efforts between existing and newly developed services are being effected.

Planned programs without regard to boundary lines are being implemented.

A balanced system of care is being developed in phases.

Traditional and alternate types of manpower are being recruited and/or trained.

Financing is now being shifted as a responsibility of operating agencies to secure funds from payment for services rendered rather than grants.

Health jobs and training programs have made a significant impact on economic development.

Approaches to environmental programs have had an effect on organizational and financial patterns.

Stimulation of the "movers and shakers" has brought about community and individual change. Responsibility and rapport in all areas is most noticeable, and the magnitude of involvement is amazing.

As a result of the total Appalachian Commission effort, combined with State government, local development districts, and health planning councils working in partnership, Kentucky has been able to move into the fourth year of its 9-year planned demonstration in the development and operation of:

A coordinated system of emergency services;

A coordinated system of supportive services for the chronically ill and disabled not in institutions, primarily home health services and home care;

A coordinated system of levels of care (acute, extended, long-term and ambulatory) with balance among facilities for the various levels and functional relationships for continuity of care to achieve appropriate utilization in all sections of the region;

A coordinated system of community services for promotion and improvement of health;

A coordinated system for improving environmental conditions which jeopardize health; and

Health manpower programs to back up these systems and services.

In order to complete these objectives, it will be necessary to continue both planning and funding of component projects for at least four more years. Likewise, this is true for the nine States involved in health demonstration programs as well as the other four States participating in health programs and planning.

Funding required is not for continued Federal support for the same component projects but for starting new components which are necessary to complete the planned programs required for the total demonstration. It is true that not all projects will become self-supporting within the grant period; but amazingly, the total grant requirement on our projects has not been what was originally projected. This is partially due to coordinated development and a balancing of the system. Mental health mental retardation projects, even though they have made great strides in developing income sources, will need continual governmental support the same as public health agencies. Some public health functions can be almost self-supporting where fees are changed. Home health services is an example.

The child development mandate given by Congress to the Appalachian Commission is proceeding toward implementation. The base and framework that has been developed will assist in rapid implementation of programs for children. Even though health is just one element of the program, the strengths created within the health care system should assist in implementation. Time and funds will be required if new and meaningful programs are to be developed for children.

Statistics, evaluations, and research are available on what has been accomplished in the nine health demonstration programs. Examples:

Regional network of home-care agencies covering a demonstration area.

Solid waste programs encompassing a region.

Health manpower development and stipend programs.

Emergency ambulance transportation and communication implementation.

Medical microwave—two-way "teleconsultants."

Rehabilitation services.

Primary health service provision through public health programs where private sector providers are not available.

Development of financing potential from other than state and federal resources.

Demonstration programs, as a whole, are working well and may help provide some of the answers to the health crisis being discussed at the national level. They are developing the mechanisms for handling the problems on a regional basis, especially when these mechanisms are able to make decisions that are applicable to the particular situation and are given some control over the resources.

Just as we in Kentucky determined that it was impossible to make meaningful health care systems projections for less than a 9-year period at the onset—other 202 demonstration programs have found it necessary to project forward for another 10 years. Some have determined their initially drawn regional boundaries to be too limiting to have sufficient impact within their respective States. The millions funded for 202 health programs to date have just begun to demonstrate in the truest sense.

They are demonstrating mistakes as well as successes. Since this is the only comprehensive regional health program in the country with a funding mechanism flexible enough to affect a region's entire health care system, it would be a disaster if the demonstration cannot be allowed to continue and if the needed services provided through its various programs must be discontinued before they have really begun to have any impact.

On behalf of the people of Appalachia, the demonstration health programs, and others that may receive long-term benefit from these programs, I urge passage of this legislation to continue the Appalachian Regional Commission.

Mr. Chairman, I would be glad to attempt to answer any questions that you might have.

Senator GRAVEL. Thank you very much, Mr. Tuttle. Senator Randolph.

Senator RANDOLPH. I would like to defer to Senator Cooper on this matter since Mr. Tuttle is from Kentucky.

Senator COOPER. Are you a doctor?

Mr. TUTTLE. No, sir.

Senator COOPER. Is this demonstration project operating in any other States?

Mr. TUTTLE. Yes, sir; there are 13 States involved in the Appalachian programs and the original concept was to try this in a number of states in designated areas for health demonstration purposes.

This started out with five States being involved.

Senator COOPER. I don't want to interrupt, but I asked if your operation was operating in any other States?

Mr. TUTTLE. Yes; I misunderstood the question, I am sorry; yes, we border Virginia, West Virginia, and Tennessee, and we have no regard to the boundary line there, we are working jointly with the

other areas and in some parts of our area 30 percent of the care in one hospital is rendered to patients of adjoining States and we are working with multiple programs that involve other States such as Tennessee, Virginia, and West Virginia. Home health programs in the region serve people in adjoining States.

Senator COOPER. Have you had any problem in funding?

Mr. TUTTLE. No, sir.

Senator COOPER. How much money are you requesting?

Mr. TUTTLE. Well, we had received approximately $15 million in our section 202 funds for programs amounting to over $27 million.

Senator COOPER. Does the State of Kentucky make any contribution to the program?

Mr. TUTTLE. Yes, sir, You mean financial contribution?

Senator COOPER. Yes.

Mr. TUTTLE. Yes, sir, the State of Kentucky makes a contribution primarily through their mental health and mental retardation programs funded through State agencies and I believe that is the major contribution for matching funds.

Senator COOPER. You say $28 million for demonstration?

Mr. TUTTLE. Yes.

Senator COOPER. And $15 million is provided under section 202?

Mr. TUTTLE. Right.

Senator COOPER. The remaining will be paid wholly by the State of Kentucky, or does the county also contribute?

Mr. TUTTLE. Yes, sir, the counties can contribute, but do not have resources to contribute, but they are making as meaningful a contribution as possible. This is very small.

Senator COOPER. Those that are able are making some contributions, is that correct?

Mr. TUTTLE. Yes, sir.

Senator COOPER. You don't know what the State is providing?

Mr. TUTTLE. No, sir; most of the balance between the section 202 and the total has come from the local operating agencies matching funds, borrowing funds, and the "214" funds and the Hill-Burton funds and the National Institute of Mental Health funds.

Senator COOPER. Now, you stated a number of programs are being carried on under this demonstration project. Has any part of the program gone beyond planning?

Mr. TUTTLE. Yes, sir. Many of the programs have gone beyond planning. Our emergency care objective is about 80 percent complete. We have completed the replacement of nonconforming beds. There are three construction projects that have been completed and there are three more that will be completed this next year and the initiation of operating programs are in the third year, some of them rather are in the third year of operation and are at a declining matching ratio at this point.

Senator COOPER. How many counties are there altogether in this program?

Mr. TUTTLE. Sixteen. There were originally 11 counties in the demonstration area designated as section 202 demonstration and it expanded to 16 to conform to the redistricting of the state of Kentucky into 15 regions for all types of development.

Senator COOPER. Yesterday, Governor Moore of West Virginia described some programs under the development act and mentioned a

program that evidently is being carried on under you. It had some connection with a hospital in Knoxville.

Are you familiar with this program?

Mr. TUTTLE. Yes, sir; that is a program to provide children's services and this is a way to utilize the resources in adjoining States for backup services in what we would call major medical centers for children's services.

There are people in southeastern Kentucky that would be referred to Knoxville for these services.

Senator COOPER. Are you familiar with the Appalachian Regional Hospitals?

Mr. TUTTLE. Yes.

Senator COOPER. Are there any of those hospitals in your region?

Mr. TUTTLE. There are four of them in the demonstration area operated by the Appalachian region hospital chain.

Senator COOPER. What kind of cooperation do you receive from the Appalachian hospitals?

Mr. TUTTLE. We receive excellent cooperation from them. I think they are probably setting the base for health care development in the areas in Kentucky.

I think they are looking far beyond admitting people for in-patient care. They are involved in home care, ambulatory care, extended care and supporting services to others.

Senator COOPER. Where are these hospitals located?

Mr. TUTTLE. They are located in Hazard, Ky, Whitesburg, Harlan and Middlesboro. Middleboro ARH is the one adjacent to the States ot the south.

Senator COOPER. Can you tell the committee whether this program you are carrying out, could it have been possible except for the Appalachian Development Act? In what way does the Appalachian Commission help to make this program available?

Mr. TUTTLE. Senator, I do not think that we could have done what we have done if it had not been for the Appalachian commission. I think what they do is afford a mechanism to approach this collectively on a regional basis and it gives us an opportunity for the decisions and the planning to be done locally. I don't think that this could be done in the normal structure of the way things have been handled in the past.

I think that the relationship to the other development that is handled in the same way by the Appalachian commission leads to the strength of the health care system. Roads being one example, and studies, in mines, in the environmental projects, in funding vocational schools that train people for the health care system, generally improve the economic development.

I think if the Appalachian commission structure had not been there Kentucky would not be as far advanced as they are with area development districts and approaches to this on a regional basis.

Senator COOPER. Does the State of Kentucky have an officer who has to help implement the decisions of the commission?

Mr. TUTTLE. Yes, sir; this is done at the State level through the program development office, and Frank J. Groshell is administrator of this office which ties in the total development for the State of Kentucky and the programs from the Appalachian commission go through that office like other programs that relate to total development.

Senator COOPER. I have two other questions. One, there is a Mary Breckinridge Memorial Hospital in Hyden. Is it associated with the program?

Mr. TUTTLE. Yes, sir.

Senator COOPER. Can you describe the kinds of support you receive from counties, cities or private agencies?

Mr. TUTTLE. All right. In the area of city-county support, most of this has been in the area of emergency ambulance transportation, matching money for solid waste programs, which has been difficult for them to get, but they made extreme sacrifices to do this. There are one or two counties that have financed a portion of facility programs in that particular county. Private agencies and the Frontier Nursing Service as an example, through their contributions and effort, make a significant contribution in matching funds for programs in building their family-nurse training facility and hospital ambulance care programs and also funding matching money for home care and midwifery programs to serve the people of rural Appalachia. The changing focus of their hospital operation is an example.

Senator COOPER. You spoke of that as stimulated response in agencies both private and public?

Mr. TUTTLE. Yes, sir. I think that this is one of the most significant results of regional development. Both public and private agencies are working toward the same goals, and they are maximizing the use of their resources and they are working toward common objectives They are not functioning in isolation.

Senator COOPER. Thank you.

Senator GRAVEL. Senator Randolph, any further questions?

Senator RANDOLPH. You have heard Dr. Hale, you were in the room today when he testified?

Mr. TUTTLE. Yes.

Senator RANDOLPH. The conditions he indicated existing in West Virginia in certain sections—are they similar to the conditions you have in Kentucky in certain areas?

Mr. TUTTLE. Yes, sir. I believe that probably West Virginia comes as closely as any State in the Appalachian program relating to the conditions in Kentucky, the mountainous areas, poverty, income level, dearth of services available to the people, housing, transportation, and so forth being almost identical.

Senator RANDOLPH. Have you had red tape problems such as Dr. Hale indicated with the government agencies?

Mr. TUTTLE. We have not had as much no, sir, we have, I think, been very fortunate in this. I think there have been strides made in cutting red tape through the Appalachian Commission and I think this is a strength, because we have seen some progress in this through the Appalachian Commission.

There is still some red tape and delay that of course we would like to see eliminated.

I doubt if we will ever eliminate all of it. But I think we are making strides toward it.

Senator RANDOLPH. Mr. Tuttle, Senator Cooper has, in a sense, asked you the question that I asked Dr. Hale. Do you believe the Appalachian program is doing a job which is not yet completed, a job which is not fully the job we want to do, but a job that is contributing to the strengthening of the area—is that correct?

Mr. TUTTLE. That is correct. I think it has made the most significant contribution to strengthening the area and getting people to work together in concert and to use the resources that are available to improve the conditions for the people in the area.

Senator RANDOLPH. Thank you, Mr. Tuttle, for your contribution to our testimony as we consider this extension of the program.

Senator GRAVEL. Thank you, Mr. Chairman.

Thank you, Mr. Tuttle also.

Senator COOPER. May I say this, there is always a great deal of publicity and frightfully so about food in these areas, such as eastern Kentucky. I know we have good school lunch programs in eastern Kentucky. I think it is more comprehensive than most States. Also now we have a food stamp program. But the food, I hope it is adequate, but the problem of nutrition, though, still is rising and are you doing anything at all about that? Are you doing anything about education and in demonstration in the field of nutrition?

Mr. TUTTLE. Yes, sir. We are working on that. It is a larger problem than people would realize at times. We are doing it through our network of home health agencies and through the health department in education and we are doing it in conjunction with other types of health care clinics such as family planning and it will be built into the child development program, where we will have nutritional aids and so forth to assist people in the best utilization of the food supplies that they do have available.

But the food supplies or use of food supplies, housing, transportation, and lack of dental care are still major problems in our area.

Senator GRAVEL. Thank you again, Mr. Tuttle. We will now recess the hearings until tomorrow afternoon at 2:30.

(Whereupon, at 12:45 p.m., the committee was adjourned, to reconvene at 2:30 p.m., Wednesday, February 10, 1971.)

(Mr. Tuttle supplied the following additional information:)

SOUTHEASTERN KENTUCKY REGIONAL HEALTH DEMONSTRATION

BIRTH AND DEATH RATES, BY COUNTY, 1964–68[1]

Counties	Birth rates					Death rates				
	1964	1965	1966	1967	1968	1964	1965	1966	1967	1968
Region 12:										
Breathitt	22.1	21.4	20.3	18.5	17.5	9.4	9.4	7.6	8.4	7.7
Knott	23.5	18.5	17.9	17.4	14.4	5.7	6.8	5.1	7.2	7.1
Lee	24.5	20.2	17.3	17.0	17.8	10.7	11.9	13.1	11.0	12.1
Leslie	41.2	38.2	32.2	32.4	22.1	4.6	7.3	6.9	6.5	8.9
Letcher	23.7	20.8	20.2	20.7	16.0	8.6	9.2	10.1	9.5	8.5
Owsley	21.4	22.1	25.3	21.0	15.4	10.0	9.0	10.8	12.3	9.4
Perry	26.1	24.0	23.1	23.2	17.8	8.0	8.3	7.6	8.1	6.4
Wolfe	28.2	22.7	16.2	15.7	17.0	12.5	13.8	9.8	11.6	8.3
Region 12[2]				21.2	17.0				8.7	7.9
Region 13:										
Bell	22.1	21.4	18.7	20.5	15.8	10.4	10.8	10.4	9.4	10.9
Clay	28.4	25.7	24.7	22.2	20.3	7.4	6.6	6.9	9.1	6.6
Harlan	20.8	19.0	18.8	16.4	15.8	9.4	9.4	10.0	9.8	10.3
Jackson	22.9	22.1	19.8	16.1	17.1	8.3	8.0	8.5	7.9	8.5
Knox	21.8	21.3	18.6	18.6	15.2	10.8	10.7	9.7	10.2	9.4
Laurel	24.1	21.9	19.2	17.9	18.2	9.5	10.4	9.3	9.5	8.8
Rockcastle	23.4	26.9	21.6	19.8	19.2	9.9	8.7	10.3	9.4	8.2
Whitley	22.1	18.4	16.4	15.9	15.4	11.1	12.0	10.2	11.5	11.2
Region 13[2]				18.3	16.7				9.8	9.6
Kentucky	22.3	20.0	18.4	17.7	16.5	10.1	10.1	10.0	10.0	9.6

[1] Source: Kentucky Vital Statistics, 1964–68, Kentucky Department of Health.
[2] Regional rates reported for 1967 and 1968 only.

MEDIAN SCHOOL YEARS COMPLETED, 1960, IN AREA COUNTIES BY PERSONS 25 YEARS OLD AND OVER [1]

Counties	Median school years completed (years)	Completed less than five years of school (percent)	Completed high school or more (percent)
Region 12:			
Breathitt	7.3	30.1	12.3
Knott	7.6	27.7	10.6
Lee	8.1	27.2	13.1
Leslie	6.9	28.7	9.1
Letcher	8.0	23.1	13.4
Owsley	7.4	28.0	11.3
Perry	8.0	24.7	16.2
Wolfe	7.9	24.6	9.2
Regional average	7.6	26.7	11.8
Region 13:			
Bell	7.6	28.5	17.7
Clay	7.0	33.7	10.3
Harlan	8.0	24.4	18.3
Jackson	7.1	28.5	8.5
Knox	8.0	27.2	16.1
Laurel	8.3	18.4	18.0
Rockcastle	8.0	24.1	13.3
Whitley	8.3	15.8	17.5
Regional average	7.7	25.0	14.9
Kentucky	8.7	13.8	27.6
Other Appalachian States:			
Alabama	9.1	16.3	30.3
Georgia	9.0	17.6	32.0
Maryland	10.4	7.7	40.0
Mississippi	8.9	18.8	29.8
North Carolina	9.6	13.7	35.3
Ohio	10.9	5.4	41.9
Pennsylvania	10.2	6.9	38.1
South Carolina	8.7	20.3	30.4
Tennessee	8.8	14.8	30.4
Virginia	9.9	13.1	37.9
West Virginia	8.8	11.0	30.6
Average of other States	9.4	13.2	34.2
Typical U.S. county	[2] 9.5		

[1] County and City Data Book, U.S. Department of Commerce, 1967.
[2] Office of Economic Opportunity, Information Center, Community Profile.

COUNTY POPULATION MEDICALLY INDIGENT, REGIONS 12 AND 13, 1968[1] MEDICAL CARE AND OTHER PUBLIC ASSISTANCE

[Average monthly number of eligible recipients, 1968]

Counties	Total medical care only	Percent	On public assistance	Percent	W. E. & T. program (title V)	Percent	Total medical indigence	Percent
Region 12:								
Breathitt	2,323	17	2,924	21	781	6	6,028	44
Knott	2,918	16	2,733	15	695	4	6,346	35
Lee	459	7	1,134	17	(2)	----	1,593	24
Leslie	2,005	20	2,220	22	586	6	4,811	48
Letcher	3,019	11	3,390	13	335	1	6,744	25
Owsley	945	19	635	13	259	5	1,839	37
Perry	4,470	14	3,497	11	886	3	8,853	28
Wolfe	863	14	1,011	17	476	8	2,350	39
Total	17,002	14	17,544	15	4,018	3	38,564	32
Region 13:								
Bell	3,873	11	4,457	13	649	2	8,979	26
Clay	2,969	14	3,672	18	402	2	7,043	34
Harlan	4,687	11	5,145	12	615	1	10,447	24
Jackson	583	6	1,366	14	256	3	2,225	23
Knox	2,764	11	3,565	14	863	3	7,192	28
Laurel	1,136	4	2,209	8	(2)	----	3,345	12
Rockcastle	214	2	1,307	11	(2)	----	1,521	13
Whitley	1,197	5	3,032	12	(2)	----	4,229	17
Total	17,423	9	24,773	13	2,785	1	44,981	23
State of Kentucky	87,215	3	189,262	6	9,804	3	199,066	6

[1] Source: Public assistance in Kentucky (PA–264 report series), calendar year 1968; Department of Economic Security, Research, and Statistics.

[2] This is a work experience and training program applicable to 19 eastern Kentucky counties only; 12 of the 19 counties are in the demonstration area.

COUNTY POPULATION MEDICALLY INDIGENT, REGIONS 12 AND 13, 1968[1] MEDICAL CARE ONLY, BY CATEGORY

[Average monthly number of eligible recipients, 1968]

Counties	Medical care only, by category				Total medical care only
	Aged	Blind	Disabled	Dependent child[2]	
Region 12:					
Breathitt	220	6	15	2,082	2,323
Knott	242	1	22	2,653	2,918
Lee	141	2	12	304	459
Leslie	179	1	12	1,814	2,005
Letcher	428	5	61	2,528	3,019
Owsley	124	1	9	811	945
Perry	471	[3] 1	49	3,949	4,470
Wolfe	89	([3])	5	769	863
Total	1,891	17	185	14,909	17,002
Region 13:					
Bell	494	3	54	3,322	3,873
Clay	206	([3])	24	2,739	2,969
Harlan	588	7	106	3,986	4,687
Jackson	154	([3])	6	423	583
Knox	355	4	24	2,381	2,764
Laurel	424	3	26	683	1,136
Rockcastle	135	([3])	8	71	214
Whitley	361	5	7	804	1,197
Total	2,717	22	275	14,409	17,423
Area total					34,425
State of Kentucky	24,750	129	2,182	60,154	87,215
Demonstration area as percent of State total					40

[1] Source: Public assistance in Kentucky (PA–264 report series), calendar year 1968; Department of Economic Security, Research, and Statistics.

[2] Includes adults and children.

[3] Less than 1.

SOUTHEASTERN KENTUCKY REGIONAL HEALTH DEMONSTRATION

[Per capita income, by counties [1]]

County	1959	1962	1965	1968	Percent increase 1959–68
Region 12:					
Breathitt	$597	$717	$705	$961	61.0
Knott	429	580	647	772	80.0
Lee	660	893	921	1,330	101.5
Leslie	555	767	716	901	62.3
Letcher	946	1,008	1,229	1,600	69.1
Owsley	526	689	824	992	88.6
Perry	1,089	1,036	1,121	1,498	37.7
Wolfe	599	774	806	1,002	67.3
Regional average	808	890	991	1,244	54.0
Region 13:					
Bell	848	968	1,057	1,428	68.4
Clay	593	709	695	940	58.5
Harlan	1,000	1,135	1,197	1,689	68.9
Jackson	591	758	787	1,070	81.4
Knox	470	693	804	1,074	128.5
Laurel	848	1,018	1,139	1,559	83.8
Rockcastle	467	723	884	1,174	151.4
Whitley	914	1,061	1,273	1,662	81.8
Regional average	776	956	1,092	1,408	81.4
State average	1,552	1,751	2,058	2,614	68.4

[1] Source: University of Kentucky, Department of Business and Economics.

[Median family income, by county, 1966 [1]]

County	Median family income
Region 12:	
Breathitt	$2,472
Knott	2,690
Lee	2,907
Leslie	2,597
Letcher	3,641
Owsley	2,313
Perry	3,660
Wolfe	2,262
Regional average	2,817
Region 13:	
Bell	3,309
Clay	2,581
Harlan	3,888
Jackson	2,462
Knox	2,737
Laurel	3,161
Rockcastle	2,841
Whitley	3,182
Regional average	3,020
U.S. county standard	4,630

[1] Office of Economic Opportunity, Information Center, Community Profile.

[County ranking by per capita income,[1] regions 12 and 13]

County	1959	1968
Region 12:		
Breathitt	109	113
Knott	120	120
Lee	105	102
Leslie	113	117
Letcher	75	84
Owsley	116	112
Perry	65	89
Wolfe	108	111
Region rank[2]	14	15
Region 13:		
Bell[3]	91	91
Clay	110	115
Harlan	72	76
Jackson	110	110
Knox	117	109
Laurel[3]	91	86
Rockcastle	118	106
Whitley	83	80
Region rank[2]	15	13

[1] 120 counties in Kentucky.
[2] 15 State regions.
[3] Indicates identical per capita income.

Source: Kentucky Department of Economic Security, Per Capita Income in Kentucky Development Districts.

SOUTHEASTERN KENTUCKY REGIONAL HEALTH DEMONSTRATION

[Income in 1959 of families, 1960, in area counties[1]]

County	Median income (dollars)	Under $3,000 (percent)	$10,000 and over (percent)
Region 12:			
Breathitt	$1,432	76.0	2.0
Knott	1,876	70.6	2.0
Lee	1,847	65.9	3.2
Leslie	1,838	73.0	1.5
Letcher	2,615	55.2	4.3
Owsley	1,324	80.5	0.7
Perry	2,689	54.6	4.3
Wolfe	1,455	80.8	
Regional average	1,884	60.4	2.2
Region 13:			
Bell	2,443	59.0	3.3
Clay	1,833	73.0	2.4
Harlan	3,076	49.2	4.2
Jackson	1,651	75.7	2.8
Knox	1,722	70.5	1.7
Laurel	2,312	61.4	2.7
Rockcastle	1,898	66.7	1.2
Whitley	2,272	61.9	2.8
Regional average	2,150	64.6	2.6
Kentucky	4,051	38.0	8.0
Other Appalachian States:			
Alabama	3,937	39.1	8.0
Georgia	4,208	35.6	9.2
Maryland	6,309	15.2	19.8
Mississippi	2,884	51.6	5.2
North Carolina	3,956	37.2	6.9
Ohio	6,171	15.7	16.2
Pennslyvania	5,719	16.8	13.9
South Carolina	3,821	39.5	6.5
Tennessee	3,949	38.3	7.8
Virginia	4,964	27.9	13.2
West Virginia	4,572	32.6	8.4
Average of other States	4,590	31.7	10.4

[1] County and City Data Book, U.S. Department of Commerce, 1967.

SOUTHEASTERN KENTUCKY REGIONAL HEALTH DEMONSTRATION:

AN EVALUATION

Prepared for the Appalachian Regional Commission, as a part of a total evaluation of Health Demonstration Programs funded under Section 202 of the Appalachian Regional Development Act, September, 1970.

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SOUTHEASTERN KENTUCKY REGIONAL HEALTH DEMONSTRATION: AN EVALUATION

Introduction

In the spring of 1970, the Appalachian Regional Commission (ARC) undertook an evaluation of the health demonstration programs that had been funded under Section 202 of the 1967 Amendments to the Appalachian Regional Development Act (PL 90-103).

The ARC had funded demonstration programs in nine Appalachian states. Each program had a different structure; each employed different methods of implementation; each had established somewhat different priorities and goals.

The ARC contracted with private consultants to conduct the evaluation. Teams of two evalutors each were sent to each of the nine demonstration areas, with additional evaluators spending part-time in the states with larger programs.

Basically, the evaluation was carried out in two phases - the first, a project-by-project collection of such cost and effectiveness data as was available after a scant two years of operation; the second, a reportorial investigation of each state's over-all health demonstration program based on the data amassed during the first phase.

Reportorial evaluation is essentially political evaluation. It focuses on the program through the perceptions both of persons implementing the program and its various projects, and of persons affected by the program and projects. At its best, it places the results and problems of the program in the context of existing social processes and constraints - and in so doing - evaluates the impact of the program on the community it serves.

This is the second phase for the regional demonstration program in Southeastern Kentucky. The personal biases and opinions that we have allowed to creep into the report are ours alone and are not necessarily those of the ARC or any other organization or agency.

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We found, however, in comparing our overview of the Kentucky demonstration with the observations other teams of evaluators had made in other states, that our views seemed justified. Kentucky appears to be far ahead of the others in most phases - organization, structure, local participation, long-range comprehensive planning. One or two of the other states also appear to excel in some of these areas, but none quite to the extent we found in Kentucky.

We owe thanks to the council members, medical and health professionals, consumers and especially, the Corporation staff - all of whose time we encroached on and some of whose patiences, we are sure, we occasionally tested.

James Singer
Constance Holden

October 1970

Part One: The Organization

The Kentucky health demonstration program covers a 16-county area in the southeastern part of the state. The area is divided into two eight-county health services and planning regions:

Kentucky River Region - comprising Breathitt, Knott, Lee, Leslie, Letcher, Owsley, Perry and Wolfe counties.

Cumberland Valley Region - comprising Bell, Clay, Harlan, Jackson, Knox, Laurel, Rockcastle and Whitley counties.

Each planning region is headed by a 25-member council. The councils are the governing bodies for health affairs in their regions. Besides serving the health demonstration program, they are the designated Comprehensive Health Planning agencies (under Section 314(b) of PL 89-749) for their regions and they serve as health advisory committees to their regions' Area Development District organizations. (ADDs are the Kentucky version of the Local Development Districts.)

Each council's membership is composed of a majority of consumers and minority of health-care providers.

The key word here is "consumers." It does not mean "the poor" - in fact, there are probably no representatives of the poor on the councils other than those who may speak for them, such as social workers, public health nurses, school teachers, and so on.

"Council members were chosen after careful community exploration," says Dr. Howard Bost of the University of Kentucky Medical Center. Dr. Bost was one of the individuals instrumental in the organization of the planning areas, but is no longer involved except in an occasional advisory capacity.

"It is vital to involve the movers and the shakers and follow the lines of power. Goals were focused on reshaping the system to provide a basis for extending services. To improve and strengthen the health system in the Area you need a council that represents the power structure," Dr. Bost says.

Council members are elected by majority vote from names supplied by council members themselves and staff. If elected, members

serve a three-year term; they may serve no more than two consecutive three-year terms. The bylaws of the councils require that council chairmen and vice-chairmen be elected from the consumer representatives; the council secretary-treasurers may be either consumers or providers.

The structure of the councils has been criticized by both consumers and providers from varying points of view.

An official in the U. S. Public Health Service - who had been responsible for approving Kentucky's demonstration projects - believes the councils should have more members who are consumers and who represent the poor. He also criticized the councils, however, for not developing the political "clout" necessary to stand up to the state government and stop projects he considers unnecessary. These two criticisms seem inconsistent.

The director of an OEO Community Action Program in one of the demonstration counties echoed a similar sentiment. He saw it this way: "They just make deals with the power structure and everything's going going before you know anything about it. They want the money to go where it's always gone - to the system."

There does seem to be a tendency on the part of the councils, which Dr. Bost also points out, to use ARC money "to buy more of the same." But that may be because there was not enough of "the same" to begin with.

The second criticism of council structure is leveled by some of the providers. They felt in the beginning - and some still feel - that providers should be in the majority role when decisions are made about health matters. It's a familiar argument and not unique to Kentucky. One provider called the laymen members on the councils "nincompoops." He told us: "I'm not sure a consumer-dominated council can be effective. Our's appears to be on the black side of the ledger," he admitted, but added: "But, then, anything we did had to be an improvement."

Another provider, however, said: "We went through a shakedown period and did a lot of treading water in getting organized. Now the council members are interested, highly motivated. The council will probably come closer to doing the job than anything I've seen." He explained some of the early feelings of reservation about the councils this way: "We were afraid at the beginning that it would be a one-time or infrequent thing."

The degree to which council members are motivated can be measured in part at least, by their attendance records at the quarterly council meetings. We heard from several persons - including the

chairmen of the two councils - that attendance averaged about 90 percent of the members at each meeting.

When we checked the actual records, however, we found that for the four most recent meetings, the Kentucky River Council had an average attendance of 62 percent and the Cumberland Valley Council had an average attendance of 58 percent. But more importantly, perhaps, the records indicate that attendance has been better at recent meetings than at earlier meetings.

The bylaws of the councils provide a mechanism for removing members who miss three meetings in a row; it has been used on two occasions. Vernon Cooper, chairman of the Kentucky River Council, put it this way: "Those that don't participate are dropped by the wayside. My time is too valuable to waste on a meet-and-eat organization that doesn't work."

Together, the two councils make up the Southeastern Kentucky Regional Health Demonstration, Inc., a nonprofit corporation with offices in Lexington, London, and Hazard. Lexington, which lies outside the 16-county demonstration area, is corporation headquarters. All 50 council members are members of the corporation; 25 members - 12 from the less populated Kentucky River Region and 13 from the Cumberland Valley Region - form the corporation board of directors.

The staff of the corporation includes nine professional and five clerical positions. (There were three vacancies at the time of our evaluation.) All staff positions are financed under two grants from the ARC: an annual planning and administration grant, which includes salaries for the executive director Daniel S. Tuttle, and nine others, and the home health network grant, which includes four (three professional) positions.

All staff members - except two health planners and their secretaries - are located in Lexington. One health planner is located in London and the other is in Hazard, the cities that are also the headquarters of the regions' ADD offices. These planners work directly and closely with their respective council chairmen and members, the health providers in their region, and with the ADD personnel with whom they share office space.

Project Development

The councils provide the first step in the approval of a health demonstration project. Projects may originate with the councils and be suggested to providers, or they may be suggested by providers - including the state health department - and be submitted to the councils.

At the time the projects originate, the planner in the region begins working with the council. He notifies the corporation's Lexington office, which in turn invites the state 314(a) agency - the Kentucky Program Development Office - to participate in the planning. "Dan Tuttle brings me on board at the first draft of a project, so I can follow it and provide input. That way I know what's coming and it saves time and trouble during the final clearance process," says Anna Grace Day of KPDO. It also provides assurance that the project, when submitted to the council for approval, will conform not only with the demonstration plan, but with the state health plan.

If the project is approved by the council, it is passed to the corporation for review. Because the council also serves as the health advisory committee to the ADD, local A-95 clearance on the health aspects of the project is perfunctory and clearance with other local planners - such as highway and economic agencies - is greatly facilitated.

In the beginning, submitted projects did not always fit the demonstration plan - some still don't. It is significant to point out that before the corporation formulated one integrated health plan for the 16-county area, according to Joseph Gray, Assistant Administrator of KPDO, the state had 61 different health plans that applied to the area. Such a change is bound to cause confusion and a degree of unhappiness among providers and others seeking grants. "There were difficulties explaining to some folks," says Tuttle, "what was meant by coordinating the system. Some institutions, for example, saw roles for themselves as different from the role required by sound planning."

In another context, a physician-member of the Cumberland Valley Council explained one of the continuing problems faced by the corporation: "You can't do away with all duplication, of course. Everyone wants an empire."

But you can try. And the corporation's success in changing Homeplace Clinic, a 15-bed hospital near Hazard, to an outpatient and home health base is a good example of eliminating duplication of one kind of service while providing a new service.

Finance Task Force

Projects submitted to the corporation for approval are reviewed by the board of directors and by the corporation's newly formed Task Force on Finance. Chairman of the task force is corporation board member Dr. Mahlon Miller, a Ph.D. and president of Union College, Barbourville. The majority of task force members are not council or corporation members - a situation that the corporation sees as a method for recruiting future council members.

Dr. Miller has two main concerns for his task force:

*Establish a procedure for ongoing evaluation of the various health projects.

*Determine the ability of the projects, particularly when they apply for continuation grants, to become self-sustaining and eliminate those that cannot.

Dr. Miller is not the only one concerned with these problems. We heard from many - laymen and providers alike - that there was a pressing need for precisely these kinds of evaluation. Beyond expressing concern, however, few seemed quite sure what should be done. KPDO's Gray, for example, said: "We want to keep the onus of accountability on local people." And the State Commissioner of Mental Health, Dr. Dale Farabee, suggested that statistical evaluation be built into every project at its inception.

Statistical evaluations, however, while necessary, too often tend to be about as relevant to the problems a project may have as body counts are to ending the Vietnam War. Dr. Miller sees need for broader evaluation. "Do we have proper staff in the projects? In the regions?" he asks. "And how can we tie into an ongoing evaluation that ARC should be doing in Washington? We have been getting some data from component projects, but I'm not sure it's the right kind."

William Beacham of the U. S. Public Health Service says that part of the answer could be included in new ARC guidelines that would specify that auditing components be included in all project budgets. Apparently, the PHS has long advocated this procedure. But Dr. Miller is not yet convinced that this would be the best method; maybe, he suggests, auditing should be a function of the corporation - not the project - staff.

Determining which projects can become self-sustaining - and when - is as knotty an issue as solving the evaluation riddle. We must, Dr. Miller emphasizes, "make sure we don't start things we can't

finish." In another context, Tuttle said it more simply: "We don't want to start a loser."

How firm the task force can be in pressing project directors to develop resources to make their projects self-sustaining, only time will tell. It will not be easy - especially for projects like mental retardation, for which there are no alternative sources of funds at present. (The school districts are scheduled to take over the education and training of retarded children in 1974; even then, however, the problem of training and caring for retarded adults will remain in a financial no-man's land.)

It seems clear that part of the problem - a large part - is a dilemma created by the ARC itself. Many project directors we talked to felt that if their projects were funded initially on the premise that they *could* become self-sustaining, the ARC had made a commitment to continue funding *until* they became self-sustaining.

Dr. Miller believes one solution to this dilemma may be in finding new sources of funds for projects. He mentioned foundation support specifically. But this approach also has problems: "We shouldn't expect each program to seek and get its own additional funds. No agency in the demonstration area has the expertise to do this. Quite frankly, neither does the corporation staff," he says.

Perhaps, Dr. Miller suggested, "the corporation should add a staff man who can act like a broker and do nothing but seek outside money. Of course, you've got to watch the budget of the administrative unit and not let that get out of hand."

Another solution Dr. Miller sees, is for the corporation members to rely more heavily on their political connections and lobby the state for funds.

Relationships

When a project is approved by the corporation, it is then forwarded to the Kentucky Program Development Office, on to the ARC in Washington, and the U. S. Public Health Serv-ce.

The KPDO - the A-95 and 314(a) agency - has been in on the project since the planning stage. The KPDO clears the project through the Governor's Comprehensive Health Planning Council; most differences, however, have already been ironed out in the planning process.

If the Kentucky demonstration has problems with the Public Health Service, as other ARC health demonstrations are reported to, they

remain unknown. A PHS official from the Charlottesville (Va.) regional office says: "Kentucky has been our fair-haired child all along." He stressed that Kentucky did not receive preferential treatment during the review process, but he did say that review may sometimes be quicker because the PHS had good rapport with - and a high opinion of - the corporation's professional staff. "You attach fewer strings to approval and don't ask to many questions when you're dealing with a well-established entity," he says.

The problems with the ARC are another matter - and not easily solved. There seem to be two basic problems:

*Deadlines and lead time.

*Funding allotments.

"The corporation is up to its ears trying to keep ARC deadlines," says corporation member Dr. Elwood Woolsey. "The deadlines are next to impossible; not enough lead time. Worse, we keep playing catch-up - holding last minute (corporation) meetings before deadlines. Someone might question how well a project can be reviewed under those conditions."

Woodrow McIntosh, past chairman of the Cumberland Valley Council and vice chairman and chairman-elect of the corporation board, told us: "Problems in the review process appear to be the time involved. We need to get a timely review, and then get the project back (from the ARC) for revision within a reasonable length of time. Communications need to be improved."

Evan Ray, assistant director of the corporation staff, gave another perspective of the time question: "We spend," he said, "too much time with the mechanism of getting projects in so they meet ARC deadlines, as opposed to the time we spend with local people developing planning."

The relative time spent on paper work, as against meeting with the council members, seems to be the key to the complaint. Dr. Bost believes that the ARC has fallen down by not providing the corporation staff with assistance for meeting with and educating the councils; he believes counselling of this sort is absolutely necessary to keeping the demonstration moving in a regional direction. Another, a Kentucky River Council member, agreed and suggested that closer contact was needed between the councils and the ARC. A third posed that the councils could benefit from having their own man in Washington - someone who spent half his time in Kentucky and half in the ARC headquarters.

On the issue of funding, several persons connected with the demonstration felt that by knowing how much money was available to the project, political pressures developed unnecessarily. Often these pressures were counterproductive to sound planning. One said, "If you know you're going to get $5 million, you're under a lot of pressure to spend $5 million - some of it, of course, will be for low-priority or doubtful projects."

Another put it this way: "The 'need' for a specific program is sometimes dictated by the funds that are available. You can't develop a comprehensive plan for a project in 15 days - but the political repercussions are such that if you have the money, you have to try."

According to Evan Ray, having money earmarked for Kentucky - rather than having all ARC health funds competitive - has created a situation in which some people are beginning to see the ARC as just another source of federal money. "We're getting more projects submitted to us that don't fit into the health development plan," he said.

Cooperation

The relationships between the demonstration and the local dental and medical societies are mixed. On the surface, they appear good, but each has its special problems.

Dental care is one of the more crucial health needs in the demonstration area. The health surveys conducted in the regions show this, and council members and corporation staff agree. Yet there are no dental programs except a token fluoridation project. The reason for this lack of emphasis appears to be resistance from the dental society.

The fluoridation project, it should be pointed out, has strong support from the dental profession. It is a small project, however, which began before the demonstration area was created, and to date treats only about 18 percent of the population, or 54,000 persons, in the 16 counties. The reason the project is so limited is obvious - most of the water supply systems are very small and most of the people in the area still rely on private water sources, such as wells.

Dentists we interviewed made it very clear that - with the exception of fluoridation - they were suspicious of any program originating from, or financed by funds from, anywhere as far away as Frankfort, let alone Washington. Also, dentists in the demonstration area argue that demand for service is not high enough to warrant a dental program, to warrant spending the money. They

do not deny that there is a need, but they say that the people won't come out for dental care unless they can get dentures - and dentures are not covered by Medicaid, although limited restorative services are. They also argue that transportation is the biggest problem, rather than lack of facilities or service. One said: "The corporation should provide transportation for the folk and the financial means. We'll do the work if you bring them here."

This argument has some basis in fact. The University of Kentucky dental school has been sending dental students into one of the demonstration counties, Wolfe, for three summers. Their experience, according to Dr. Larman Sprouse of the State Health Department, shows that if you're going to get the children in, you have to go get them. They do not keep appointments, Dr. Sprouse believes, for two reasons: they don't have transportation and they don't appreciate the importance of restoration dental treatment.

It clearly remains, however, that the vast majority of area residents has dental problems. And that the number of dentists - 54 at last count - is neither sufficient nor well enough distributed to adequately serve even a reluctant population.

The situation with organized medical care is somewhat different. Leaders in the medical community - including a past president of the Kentucky Medical Association - have been involved in the demonstration since the beginning. A major problem faced by the corporation, however, is at least partly the responsibility of the medical societies. It is the problem of bringing the county public health departments into the program.

The county health departments are controlled by local county health boards, which in turn are controlled by the local medical societies. Local health board membership is composed of three physicians appointed by the state from a list submitted by the local society, a dentist, the county judge, and a nurse.

Most of the money - at least 55 percent - the local health departments receive from the state is based on a no-strings-attached formula for staffing; the formula was established in 1945 and requires one nurse for every 5,000 county residents. Total public health funds spent in the area will average about $3.13 per resident this year; this compares with a national average of $6.95 per person per year.

Traditionally, each county health department has gone its own way, concentrating on duties that are typically assigned to public health agencies. "Their main function," says one critic, "is to give chest x-rays for TB. Every year they park the van here in town and x-ray the druggist, the insurance man, the banker. They never get to those folks in the hollows."

Yet, the departments represent a major resource in the 16-county area, but a resource that is largely drained off in duplication of effort and relatively high administrative costs. Despite this, according to one county health officer, the individual agencies "are scared to death of consolidation." And according to another: "The medical societies are afraid if we do anything different, we'll take their patients away.

How ready some of the health departments are to do "anything different" - even with the blessings of the local societies - is a debatable point. A major effort by the corporation to bring them into the fold was initiated with the home health program. One county (*Bell*) dropped out of the program before it began and another (*Laurel*) dropped out after some few months of operation.

Setting home health services in the county departments, a corporation staff professional explains, was an attempt to "shift priorities from traditional duties to outreach and treatment." The administrator of a county health department told us, however, that the shift in priorities "made the staff dissatisfied. If they'd wanted to do this sort of thing, they'd be hospital nurses." (It should be emphasized that this feeling exists only in some of the health departments.)

Also, there appears to be some recognition on the part of the county health departments that there should be regionalization. We heard an administrator say that regionalization was necessary: "You can't get many federal dollars in a piecemeal approach."

Regionalization of the county health departments, and the subsequent involvement of them in the demonstrations, appears to depend, to a large extent, on relationships that can be developed among the county medical societies, county health departments, the state health department and the corporation. The state health department has a new commissioner, Dr. William McElwain, who seems to be regionally oriented. Under the aegis of a demonstration, the corporation soon may have the opportunity to bring change to the existing situation. A recent corporation proposal, for example, seeks to establish an organizational structure to provide public health services on a regional basis by working through the state health department. The project would be aimed at maximum utilization of existing personnel and existing financial resources.

Funding

At present, the corporation is funded by ARC money - a planning grant of between $198,000 and $200,000 per year.

Members of the councils and corporation serve without pay. They are entitled to expenses for attending meetings, but many contribute these monies as "in-kind" matching for the planning grant.

Future funding is another matter, and one that weighs heavily on the finance task force and its chairman, Dr. Mahlon Miller. At a June 9 meeting, the task force recommended to the corporation that an administrative or "overhead" component be built into all future projects to finance the corporation staff. Without a reservoir of funds, however, it is easy to see that this may prove more difficult and create greater political pressures for the staff than is wise.

An alternative, such as the foundation approach outlined by Dr. Miller as a source of funds for the health services projects, also appears to have limitations because it would divert money from the projects themselves. A third alternative, again proposed by Dr. Miller, seems the best - but, also, perhaps most idealistic - approach: force the state through conventional lobbying techniques, to furnish the money. There was an echo of this feeling in a statement by Joseph Gray of KPDO: "If the demonstration is successful, the state legislature will find the funds to support it. If you've got a winner, why kill it?"

Funding for the projects - that is, first-money funding to begin new projects - is a different problem. For a health program to become self-sustaining in southeastern Kentucky, it must - almost without exception - fit the criteria for payment under Medicare and Medicaid. The amount of monies poured into the demonstration area annually by these two third-party payment programs is estimated to be $18 million. According to the Appalachian Regional Hospital at Hazard, Medicare provides about 42 percent of their revenue and Medicaid provides about 25 percent.

Both Medicare and Medicaid payments are based on cost-of-care factors and, while they provide operating money, they allow no buildup of reserves to finance new projects or to experiment. In the demonstration area, the two programs are at best, financial bandaids that allow poor institutions to continue to operate, and pose severe hardships on viable institutions; this experience is also true in non-Appalachian communities but there it is usually ameliorated by the availability of other - usually philanthropic - funds. There is no large amount of philanthropy in Appalachia, and private pay patients for both physician and hospital usually means free patients.

So it appears that without a continuation of ARC funding, the demonstration would be hard pressed to maintain its present status. Also, new projects would depend on political considerations which lie largely outside the area - at least until such time as the area achieves economic development sufficient to generate local revenues that are not dependent on federal cost-only financing.

Operating Goals

The health development plan for Kentucky is a model plan. The first goal of planning, according to Tuttle and other corporation staff members, was to break down the isolation of the various health components of the area. The plan stresses regionalization; the councils are regional councils, each represents an eight-county area with common geographic and trade-center boundaries.

Tuttle likes to point to an incident in which one county's delegation proposed a lower priority on one of their projects because another county with a similar project had greater need. We found this sort of thinking - although, perhaps, not as dramatically illustrative - in all of the council members we interviewed.

There are constraints, however, on implementing the plan's goals. And the most serious constraint is that imposed by the entire federal structure of funding. Medicare and Medicaid certainly loom as the largest barrier to achieving the goals; the ARC prohibition of funding projects that cannot become self-sustaining is another. A constant theme we heard was: "If they (the ARC and PHS) came out here, they would see that what we need is different from what they think we need."

The answer to that argument, of course, is that within the bureaucratic structure of federal health care financing, there are only certain things possible, the options and alternatives are severely limited.

The choices, then, are two: To follow the needs of the area and build project applications that will satisfy those needs, or select projects on the basis of their acceptability for funding, sometimes called grantsmanship. Tuttle says wisely: "We picked projects (within the operating goals) that we thought there was a possibility of funding."

Part Two: The Projects

Lack of time and technical expertise on the part of the evaluators limited - and in some instances prohibited - an in-depth review of many health projects in the Kentucky demonstration program. Some of the information on specific projects - evaluators like to call it "hard data" - will be found in the appendix; some will not.

Of more interest to the evaluation team - and perhaps of more relevance to the future of ARC health demonstrations, both in Kentucky and other states - were observations we made of the milieu within which the program operates. We felt that examining and understanding these processes and constraints, certain obstacles could be overcome, remedies found, and future roadblocks avoided.

The Kentucky demonstration is built around six coordinated programs, which the corporation calls "thrusts." Five of the thrusts aim at developing coordinated systems of health care. They are:

*Emergency Services.

*Supportive Services for Non-Institutionalized Patients.

*Appropriate Levels of Care

*Community Services

*Environmental Improvement

The sixth thrust aims at developing health manpower.

Emergency Services

During the second program year the corporation assigned first priority to developing a coordinated system of emergency care. Four needs were spelled out in the demonstration plan:

*Establishing a communications network between various components of the medical-care delivery system.

*Upgrading existing emergency facilities.

*Assuring the availability of ambulance service.

*Providing necessary manpower.

As of September, seven percent (or $1,070,832) of all ARC health dollars allocated by the corporation had gone for emergency services. Of this $666,400 had been used for constructing emergency and supporting facilities at Marymount Hospital, London, and the Appalachian Regional Hospital, Middlesboro.

The major impact of the ARC funds in emergency services has been in the establishment of a communications network and two ambulance services. These represent expenditures of $249,480 and $154,952 respectively. In each case, projects have met with measured degrees of success.

The communications network, which will be discussed elsewhere in the report, has been in operation only four months. The ARC money purchased equipment and a service contract for the maintenance of the equipment.

The ambulance service projects, of which there are two, are located in Hazard and Harlan. In both cases, they are located at the Appalachian Regional Hospitals.

The Hazard operation -Buckhorn Lake Emergency Ambulance Service - received $76,746. It has four fully equipped ambulances, manned by trained technicians 24 hours per day. At the time of our visit, it had been in operation approximately seven months.

Jerry Feltner, director of the Buckhorn Lake service, believes that his operation is now very close to becoming self-sustaining. During the period of operation, he maintains, he has furnished service to 1,628 patients, involving about 76,000 miles of travel. He says: "We're very close to being self-sustaining." Feltner predicts his ambulance service will take in $65,000 in fiscal 1971 for services rendered.

There seems to be some disagreement, however, about how close a $65,000-per-year income is to becoming self-sustaining. A health planner from the Blue Grass Region suggests: "They'll never pay their own way - not in a million years. Their operating cost, including depreciation on the vehicles, is going to be close to $40,000 per year per vehicle."

Uncollectable charges offers another potential problem to the ambulance service. At present they run about $1,000 per month. As it is now, Feltner reports, he capitalizes on every possible means of collection - insurance companies, the welfare department (state Medicaid does not pay for ambulance services), the

U. S. Army for services to dependents, the United Mine Workers' Welfare and Retirement Fund, and Medicare.

Feltner's operation has had the cooperation of local undertakers who, before the establishment of his operation, were the major suppliers of ambulance service. Feltner, in fact, plans expanding the Buckhorn Lake Emergency Service to cover the entire eight-county region because the undertakers have agreed to drop their ambulance business; some have also agreed to donate their ambulances to Feltner's operation.

The Pine Mountain Emergency Ambulance Service in Harlan, however, has had problems with undertakers in its area. While we did not have the opportunity to discuss the problem with Pine Mountain director, H. C. Noe, the former corporation regional health planner for Cumberland Valley, John Cornett, told us that the undertakers in the area had, at first, expressed a desire to "get out of the ambulance business." But when one undertaker refused to do so, the others were afraid to.

A glance at the statistics for the Pine Mountain company's first six months of operation shows that it is considerably behind the Buckhorn Lake company in developing a sound financial base. And competition from funeral directors may account for some of this lag. In the period January through July, 1970, the company covered slightly more than 25,000 miles and served 704 patients. Their accounts receivable totaled $12,086.90 - of which about 63 percent were for service to non-insurance, private-pay patients. At the time these statistics were gathered, actual collections had amounted to only $2,504.00.

Since the evaluation, however, the funeral directors in Harlan County have pledged their assistance and support of the Pine Mountain company. In a jointly sponsored newspaper ad, they asked all persons in need of emergency transportation to call the ambulance service. With this development, the financial condition of the Pine Mountain company is likely to improve.

Supportive Services

Supportive services in the Kentucky demonstration are home health services. The home health network comprises 16 agencies and an administrative component in the corporation. Grant monies received were $1,257,474, or about eight percent of the corporation's allocations. All funds were expended for operations - for providing health care to patients - rather than for construction. Sixty percent of the money spent was funded in the Kentucky

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River Region, which hosts about 37 percent of the population of the demonstration area.

Agencies that are certified home health agencies in the demonstration fit no particular classification. Nine are county health departments, four are hospitals proper, one is a hospital nursing school, another is the Frontier Nursing Service, and the remaining one is a clinic.

It seemed to us that the home health agencies that were centered in hospitals, clinics, and the FNS were operating much more smoothly than most of those that were operating out of county health departments. There were some exceptions to this: Dr. Mildred Gabbard is county health officer for four counties - Clay, Jackson, Lee and Owsley - and Dr. Gabbard's operations seemed as well organized and received as those in the hospitals and clinics.

A detailed study of the home health network is now in progress. The corporation has contracted with *The Jewish Hospital of St. Louis* to conduct the study and final judgment of the operation should await that study.

There are, however, some rather salient points that our interviews turned up.

The major portion of the $829,469 in implementation and admistration grants for the home health network has gone into a pool to pay for health care for medically indigent persons not covered by Medicaid. Richard Newman, a corporation home health planner whose wages are paid from these grants also, told us that one object of the project was to prove to the state Medicaid agency that medically indigent persons could receive more health care at the same or reduced cost. At present, the medically indigent receive inpatient care under Medicaid; if funds are available to pay for home health care for them, many can leave high-cost inpatient facilities sooner.

The pool funds pay from 700 to 900 bills per month. During the second quarter (April-June) of this year, there were 296 patients in the demonstration area covered by the pool at a cost of $15,173, or $51.26 per patient. During the same period, there were 1,072 Medicaid patients in the home health network at a cost of $71,642, or $66.83 per patient. Medicaid averages about 6,000 bills per month in the area.

The difference in cost between a Medicaid patient and a demonstration patient may well relate to the degree of poverty suffered by the individual patients. Yet a difference of more than $15.50 is noteworthy.

It is also worth noting that half of the home health agencies that have been developed in the state, according to James Rogers of the state Medicaid agency, are in eastern Kentucky. The corporation, Rogers says, "prodded development."

A breakdown of patients by age also sheds some light on the home health program. The following, again for the second quarter of the year, indicates that most of the patients were the aged:

Age	Number	Percent
0-18	15	5.03
19-39	10	3.37
40-64	66	22.15
65-75	107	35.98
76-85	71	23.94
86+	29	9.81

The home health agencies have a Standing Committee composed of a member and alternate from each agency. They meet quarterly or more often when necessary. If an agency is a participating member of the network - and, hence, has entre to the pool fund - it must be a member of the Standing Committee. Tuttle points to this committee as an example of bringing the area health services into a network: "Regular meetings," he says, "coordinate and broaden the services of the agencies."

There are basically three groups of agencies in the home health network. One is the hospital and clinic group, which appears to be performing a creditable, efficient job. Number two is the county health departments that seem to be operating a creditable program. Not by coincidence, these are the health departments under the leadership of Dr. Gabbard. Three is the non-Gabbard health departments.

The third group presents most of the organizational problems. All three groups have operational problems.

A hospital administrator, commenting on the third group, told us: "Home health services based in (these) county health departments are largely concerned with giving care after childbirth. When it's based in the hospital, it becomes an extension of complete care."

Apparently, one difficulty that the county health departments had in the beginning was a lack of sophistication or technical competence in estimating their financial needs and potential case load. "Some had a rather naive approach to home health," says Kentucky Public Health Commissioner McElwain. "They saw it as another federal lunch basket, hired people, then found out they had misprojected their own financial base."

Gerald Swim, administrative officer for several county health departments, told us about the problem he had in Laurel County: "There was no way to get a handle on the actual financial picture - how much money we could expect, and so on. I projected a $5,000 deficit for the first year. We actually came up with a $4,000 surplus." In Whitley County, the health department went $9,000 into the red and had to be bailed out by a state contingency fund.

There are other problems, also, that Swim sees in his county health departments. Many of them result from the traditional role of such agencies. For example, he says, "Public health nurses tend to think of a nine to four-thirty day - and that doesn't make for quality of care. Home health (because it can also require evening and night work) becomes an imposition."

"Some of the home health agencies are in a real bind," says Newman of the corporation staff. "They have asked the physicians to refer patients to them, but find they must turn down some of the referrals because the patients don't qualify for third-party (Medicare and Medicaid) payments."

Dr. Gabbard faces this problem in her home health agencies. Medicare has rejected payments on a number of patients. "We know why," she says. "They're not restorative patients to begin with. But if you get the referrals, what are you going to do? The pool funds ought to help us pick up long-term nonrestorative patients. If someone doesn't, the patients will end up back in acute hospitals beds."

Dr. Gabbard also says that the rejections by Medicare are a cause for concern for the county health boards. "And that," she points out, "could destroy our home health program."

Levels of Care

The levels of care thrust in the Kentucky health demonstration is largely the construction end of the program. It has thus far consumed 60 percent, or $8,912,964, of the corporation's allocations. The money - 81 percent of which has been spent in the Cumberland Valley Region - has purchased a variety of care units: ambulant care centers, extended care beds, psychiatric beds. All appear to have been needed.

We sensed, however, that the councils and corporation are now at a turning point on construction, that future emphasis will be placed on services more than on new facilities.

Corporation chairman-elect Woodrow McIntosh says: "We're reaching the point where we have enough facilities. Funding will

move toward services." This feeling was echoed by Cumberland Valley Council member Maurice Henry: "We've got to get the bricks and mortar behind us fast." And by Hazard hospital administrator George Pogan: "Construction is set for the next few years. We haven't scratched the surface on service programs, however."

The true test of the corporation's effectiveness will be the extent to which it is able to shift to service programs. At the same time, it will have to maintain the development of functional relationships among the various institutions in the area. There will be a tendency, it seems safe to say, on the part of some institutions to convert extended care beds to acute beds, particularly because Medicare is currently questioning and rejecting relatively large numbers of extended care claims.

A hospital administrator in Cumberland Valley said: "If something can be worked out with the extended care beds and if Medicare relents a little on its policy - that is, if it eliminates the requirement that extended care patients must be acute patients first to qualify - we might not need any more acute beds for quite awhile."

The situation with Medicaid is not much different. State Medicaid director Anne Thompson says: "The amount of paper work required discourages hospitals from transferring patients from acute beds to extended care beds." A demonstration involving the state Medicaid program and the Pineville Hospital bears watching: it may provide one solution to the Medicaid-Medicare problem.

Pineville Hospital administrator Leon Hisle explained the demonstration to us: "Medicaid buys 21 days of acute care. Then you have to get pre-authorization to transfer the patients to extended care beds. Approval sometimes takes 30 days - so you never know if you're going to be paid."

Under the demonstration, Hisle says, Pineville can transfer patients from acute to extended care beds at any time so long as the combined stay does not exceed 21 days. "We'll still need authorization to keep them in extended care after the 21st day," he says, "but in the meantime, we think we'll save them money."

An acute, semi-private bed at Pineville costs $30 per day, Hisle points out; an extended care bed costs $18 per day.

Community Services

These programs have received 17 percent, or $2,436,112, of the corporation's allocations to date. As a combined expenditure, they are second only to the construction expenditures under levels of care projects.

Community services are a mixed bag; they include:

*Mental Health-Mental Retardation Programs
*Health Education
*Multiphasic Screening
*Rubella Immunization
*Outpatient Medical Care

Mental health-mental retardation projects, of which there are four, have commanded a whopping share - nearly 56 percent, or $1,354,605 - of the corporation's community services expenditures.

Three of the projects are regional MH-MR centers; the fourth is an MR day care center, which has had a relatively insignificant part of the MH-MR funds.

Of the three mental health-mental retardation regional projects - Southeastern Kentucky in Corbin, Upper Cumberland in Harlan, Upper Kentucky River in Hazard - only one (Southeastern Kentucky) has a psychiatrist. The other two have had extreme difficulties in recruiting, and without a staff psychiatrist, very limited programs - at seemingly great expense.

Also, there is general agreement that two of the three projects were given low priority by the corporation and councils, but the project proposals were so well written that they were granted early funding by the Federal Government.

Two of the projects appeared to us to be in trouble.

"We aren't getting as many referrals as we would if we had a full-time psychiatrist - physicians want to refer to a physician," says the executive director of one troubled project. He points out that in nine months of operation, his unit has done about $52,000 worth of mental health business - three-fourths of which was paid by Medicaid. His project's second year operating budget is $798,543. This discrepancy between intake and outgo points to a severe problem facing all mental health-mental retardation projects - that of finding sustaining funds should the corporation withdraw support.

There is also some evidence that not all of the money that has been spent thus far has been spent as wisely as it could have been, particularly in the Southeastern Kentucky project. Local physicians, for example, were critical of the office decor - one called it "lavish" - and the expenses that occurred for other items. The project, we found out, has a video tape recorder for "training, informing other MH-MR centers of techniques," and so on.

Perhaps more important, however, is a charge leveled by Dr. Mildred Gabbard, Clay County Health Officer: "We offered them free office space in the Clay County Health Department (for out-patient clinic services), but they turned it down and leased other offices."

This center was also heavily criticized for its lack of outreach. The CAP director in one county charged: "We've referred people to the MH-MR project, but with no results. They're supposed to provide these services, but we're not getting them."

Dr. Gabbard maintains that the center does not visit persons referred to it, but only writes or telephones them. "If you're afraid of mental health patients, you shouldn't be in mental health. And we tried referring patients to them, but they won't take them so we're (the Clay County Health Department) picking them up again. The mental health people don't see the patients, so I see them."

In defense of the project is the short time - six months - that it has been in operation, training its staff, and so on.

Dr. Howard Bost, University of Kentucky Medical Center, points out that some of these problems may be self-inflicted. He cites the fact that the mental health programs began by offering a full range of psychiatric and mental health services rather than by phasing the services in.

Dr. Dale Farabee, State Mental Health Commissioner, takes another view. Farabee told us: "We urged the MH programs to start whole gun because that would build a structure for future development. The inpatient services, for example, make for an instant relation-ship with local hospitals. And they bring the physicians into the program."

At issue, Dr. Farabee contends, is converting dollars now spent for hospitalizing mental patients into dollars spent for com-munity services. Presently, the state spends 92 percent of its mental health money on institutional care. They would like to lower that figure to 75 percent. "We're using the corporation's funds to prompt the transition," he says.

Two of the projects boast some success in this effort. Ted Vaughn of the Upper Cumberland project says, "I can think of at least 25 patients we were able to keep here in the community" rather than hospitalize. Roland Mullins, of the Southeastern Kentucky project, claims: "We've reduced the number of area patients going to Danville (state mental hospital) by 50 percent in our first six months of operation."

The mental retardation aspects of the program present another set of difficulties. The first is that there is no ready-made source of funding the program.

A recently passed act by the Kentucky State Legislature, a state version of the Developmental Disabilities bill now before the U. S. Congress, requires the schools to take over mental retardation programs by 1974. Dr. Farabee, who pushed the act through the Kentucky Legislature, said: "We don't care where they get the money to do it. They can buy services from the regional MR programs. But if we didn't set a deadline, it would go on (as it now is) until God knows when."

Others do not seem so optimistic that the schools will be able to take over the mental retardation program. One mental retardation worker called the plan to have the school districts take over the program a "cop out." Minimum financing, he says for a mental retardation program is $5 per child per day. Another critic, a project director, said: "We know they (the school districts) can't handle it. They can't handle the education of normal children."

Health education is a community service that the corporation has only begun to explore. Potentially, health education could provide many of the answers - such as those needed to build adequate dental services into the plan - that now elude the corporation. "Health education," says corporation chairman-elect Woodrow McIntosh, "is a big need - we've got to persuade, cajole, almost bribe people to get health care."

The problem we saw with the present health education program, which has thus far cost the corporation $145,742, is that it is little more than an extension of that middle-class phenomenon, the 4-H clubs. The thrust is to establish health clubs, rather than provide a sound basis for outreach and education.

Health clubs, it may be argued, can be a valuable part of the education process - but they are only an ancillary part, just as car clubs are only an ancillary part to selling new Fords.

The multiphasic screening project has cost the corporation $307,942 the first year and $386,761 the second year, or $694,703 thus far. In addition, $158,137 was contributed by state and local health departments. This project is region-wide with the exception of Whitley County where a conflict between the project director and the county health board has kept the project out of the county.

Multiphasic screening is the most controversial project in the area. According to some, it is also the project that most clearly approaches a demonstration in the classical sense.

A regional representative of the Public Health Service, for example, regards the project as a valuable prototype "and model for recruitment of people into the health care system." All of the ARC demonstration areas applied for multiphasic screening projects, the PHS representative says, but all except Kentucky's were rejected. Kentucky's was accepted because it was the "least unfeasible."

Screening clinics are held on an average of twice a month in each county, according to project director Dr. C. Hernandez, and some of the local health personnel we talked to. The project also appears to be quite popular; in some counties it is booked up six months ahead.

Two county health department administrators called the project "the best PR gimmick we've had." "Maybe it doesn't have much health value," one said, "but it gives a lot of people contact with the health department - especially the middle-class."

The other concurred: "It's popular with adults in the counties and provides service for a group otherwise left out of public health programs. It's sold the health departments to the middle-class better than anything."

There are two recurrent criticisms of the project - one, that it is free even to those who can afford to pay for it, and two, the number of patients screened seems out of line with the cost of the project.

One consumer-member of the corporation, for example, said that from his observations, most users were middle-class and could have afforded to pay for the tests.

Another who believes that the program should have a nominal charge for service is a provider-member of the corporation. "I don't believe in giving something to people if they can afford it," he said. "I'm not happy that it will take care of anybody. Seventy-five to eighty percent of the patients could probably pay for it."

He also said: "What they're spending for what we're getting is ridiculous."

There is some truth to the charge that too few patients are screened. A generous interpretation of the project's statistics shows that only 26 clinics are held in each demonstration area county each year - in the 15 counties there is a total of 390 clinics which see 50 persons per clinic, or 19,000 persons per year. There are in the neighborhood of 290,000 persons in the 15 counties; hence, it would take 14.8 years to screen all residents only once.

The project director counters this criticism by pointing out that he has made a pledge to the area's medical community to go slowly and not overload doctors' offices and other facilities with so many referrals that the quality of care would be lowered.

One thing that, apparently, was overlooked in planning the program is the availability of most of the screening services from other sources. Dr. Gabbard told us when she could not get the multiphasic screening project in one of her counties (Owsley) because of a shortage of funds, she started her own. "PAP smears," she says, "are paid for with regular cancer program funds. We use the TB x-ray program. The EKG's are read by post-doctoral students at the University of Kentucky. The state will do the blood tests. Altogether, it costs us $5 - so we charge $5."

The rubella project did not fare well its first year. Less than 52 percent of the target population was immunized and the project was faced with various constraints. The project proposed to reach children for immunization through the schools; when the project was ready to get under way, the schools were hit with a teachers' strike. In another instance, the type of serum used produced a toxic reaction and public reluctance, at least locally, to participate.

Outpatient medical care, at least in one significant instance, has proved an overwhelming success. The project is a primary care center established in a geographically isolated area called Clover Fork, near Harlan.

The project has two salaried physicians and back-up support of medical specialists from the Daniel Boone Clinic in Harlan and ongoing educational support from the University of Kentucky Medical Center.

During the period of our evaluation, the clinic had not yet opened and it was too early to judge its impact on the Clover

Fork community. At the time, however, we were impressed with the fact that the clinic had already recruited the two physicians from outside the demonstration area for the project and, in fact, had developed a list of other physicians outside the area who had expressed interest in practicing at Clover Fork. Elsewhere in the demonstration area, manpower recruitment is a crucial problem.

Since our evaluation visit, we have learned that the clinic, which opened its doors in mid-August, had enrolled 650 patients by early October. Also, we learned that originally the clinic had planned to add dental services during its second year, but progress and community acceptance thus far have encouraged project director Dr. David Steinman to add dental services this year, one year ahead of schedule.

Environmental Improvement

The demonstration area environmental health program is region-wide. It has commanded $806,209, or five percent, of the corporation's allocations. The program includes projects for improving water supplies, sewage disposal, solid waste disposal, general sanitation (food services, etc.), occupational health, and personnel training.

The program has been severely hampered, according to project director J. W. Carpenter, by the state personnel freezes. Two key engineering positions were unfilled.

The program, however, appears to have had great impact on the area, particularly the solid waste disposal project. Before the project began, Harlan County had more than 40 dumps; the city now plans a mandatory collection ordinance, which, if enforced, will aid in making the two new sanitary landfills in the area self-supporting.

The environmental program also had other political impact, particularly in the water and sewage area. Small water and sewage districts are all too frequently established by entrepreneurs for profit motives - profits to be reaped in planning and construction - rather than for motives of providing service to a community. Frequently the communities, particularly in Appalachia, are too poor to afford paid consultants who can provide an objective study of needs or are too small to interest reputable concerns in providing contingency surveys. The corporation has been able to purchase needed consultant services for Perry and Letcher counties.

Environmental health projects have also supported a variety of prototype individual sanitation and sewage systems. They have,

for example, developed model bathrooms that can be added to existing dwellings. And in an area where the substrate is rocky and too dense for septic tank disposal, one project is evaluating gas-fired and similar disposal units.

Health Manpower Development

From the provider side, the number one need in most of the demonstration area is manpower. It is a subject constantly discussed by members of the corporation, state agency officials, and others familiar with the Kentucky River and Cumberland Valley regions.

There are two solutions to the manpower shortage: developmental education and recruitment. The corporation's fiscal efforts - only three percent, or $348,143, of their allocations - have been directed at both solutions.

The developmental grants are all relatively new and the programs have yet to get their feet wet.

Recruitment provides the short-term solution to the area's manpower shortage. It, according to Dr. Howard Bost, "hinges back to programming a valid health-care delivery system. When the system is valid, it becomes attractive (to prospective health manpower)." This seems to explain the apparent success of the Clover Fork project in recruiting physicians.

Allocations by the corporation for two community medicine field professorships are aimed at solving both aspects of the manpower shortage. They provide continuing education in the area - hence, adding to the validity of the system and developing manpower at the same time.

Evaluator William Black, who joined us late in the evaluation process and specifically examined the manpower programs, summed up his observations this way:

> The manpower training efforts at Harlan Hospital, and the programs at the Pineville Hospital, the area vocational school, and the community college at Cumberland are very significant. But they need to be coordinated at a more strategic level, especially if recruitment of training faculty and students is to be adequate to fill the needs of the health system.

The area vocational school is directly across the street from the Harlan hospital; it has five empty rooms set aside for

paramedical training courses that have never started. The reasons the courses have not started are many, we were told, but lack of coordination appeared to be the main reason.

It seemed to us that one possible remedy for improving coordination would be closer ties between the vocational schools and the Area Development Districts. At present, the ADDs and the corporation have no formal arrangement for utilizing these resources - and they should have. One critic of the vocational schools put it like this:

"If health is going to be a big industry in the area, why are our vocational schools teaching all those bookkeeping and typing courses? They ought to be teaching basic lab techniques, x-ray film processing, and other paramedical skills."

Part Three: Impact

It is a bit difficult to assess the total impact that the demonstration has had on Southeastern Kentucky. The first goal of the planning effort clearly was to break down the isolation surrounding the various health components in the area. But the degree to which this has been accomplished can only be sensed subjectively. It is obvious that the barriers of isolation are eroding, but they are eroding in all aspects - social and economic as well as health. Television has had an enormous influence on the regions in the past few years, and so have the various other outreach programs, such as those of the OEO.

Even the many surveys that have been conducted in the area - the folks say they've been surveyed to death since 1965 - have reduced the isolation. Maurice Henry, a member of the Cumberland Valley Council and publisher of the Middlesboro Daily News, reports that two years ago, folks in the hollows would not talk to his subscription solicitors - now they not only talk, but subscribe to his paper.

It would appear that in this evolving situation, the demonstration has provided a vehicle for bringing the health components together. Many doubt that the providers would have gotten together on their own without the corporation mechanism. But if they had it would not have been as rapid nor, perhaps, with as firm a commitment to regionalization as now appears to be developing.

One example of movement toward regionalization is the establishment of the emergency communications network. The corporation gave emergency care services first priority in the 1969 health development plan; the communications network was a part of that thrust. The network has base radio stations in the three regional hospitals - Appalachian Regional Hospitals in Hazard and Harlan, and the Southeastern Kentucky Baptist Hospital in Corbin. Satellite units are placed in nine additional hospitals in the area. Mobile units are installed in ambulances. State police district headquarters have been equipped with monitoring units. Paging units are furnished to physicians on hospital and emergency room call.

As an expenditure for health care, the network was criticized by some of the people we interviewed, among them an area CAP

director: "Why they spent the money on that when so many services are needed, I don't know. Most of the ambulance cases are automobile wrecks - people from Ohio or Tennessee - anyway." The critic's statistics are in error, however. Most ambulance cases - nearly 42 percent, in fact - are aged patients with the diseases of the aged: heart failure, terminal cancer, and so on. But his point is well taken if the object of the network had been to provide services only.

The reasons for assigning the network a high priority were different, however. Among other things, the corporation said it believed the network would offer entre to the health care components and "strategic advantages for developing improved organization of the health services." It was, in other words, a lasso for the corporation to use in tying the hospitals of the regions together and bringing them into contact with one another.

It appears that the communications system has accomplished at least part of the corporation's objective thus far. All of the hospital administrators, physicians, and ambulance service managers we talked to praised the system and the corporation for making it available. They had two points: ambulance attendants and drivers could now forewarn emergency rooms of patients that are enroute to the hospital, and paging physicians on call has been greatly improved.

The corporation's hopes that the network would increase contact between the various hospitals, however, have yet to be realized. The network, said one hospital administrator, "has been a great help in emergency cases. But so far as the area-wide network is concerned, it hasn't been used at all."

Accomplishments

"The councils have stretched people's minds and made them think beyond county lines." This statement, voiced by Frontier Nursing Service director Helen Browne, is the essence of the accomplishments of the demonstration. It has provided the power structure and the medical community with financial incentives and - through the A-95 and 314 processes - sanctions necessary to develop regional planning. More importantly, the money that has been provided has made planning an action program rather than a hollow exercise.

An example of the change in thinking that has occurred can be found in the closing of the Mount Mary Hospital in Hazard. Mount Mary was a hospital of uneconomical size - 36 beds. Hazard Appalachian Regional Hospital, a modern facility with 117 beds

which operated at about 78 percent capacity, had been selected by the Kentucky River Council as the regional hospital for the area.

For a number of reasons, mostly financial, Mount Mary Hospital announced it would have to close unless it received help. Vernon Cooper, now chairman of the Kentucky River Council, was a member of the Mount Mary board. Cooper fought to keep the hospital open. Now, some time after the hospital has been closed, Cooper says wryly: "I always thought competition was good. But maybe we did the right thing. Maybe competition isn't good in health."

An even more marked example of intercounty cooperation can be found in the sanitary landfill project in Kentucky River Region. The project covers the eight-county region and has three landfill sites. The sites are in Perry County, near Hazard. At the outset, the project had the usual hangups. People in the other counties wanted their own project - because it meant jobs - and the people in Hazard complained that the project would make Hazard the garbage capital of Southeastern Kentucky.

Project director, J. W. Carpenter, says: "The ADD councils got the counties together. We really had to rely on the ADD councils." And when, even then, the project seemed doomed, Carpenter and regional health planner Bill Squires accepted an invitation from the Hazard television station - an NBC affiliate - to explain the project on the air. Now the project is accepted and there is talk of future support. Council chairman Cooper says that it is possible that they will be able to establish a multicounty solid waste disposal commission with taxing powers. The commission, he believes, will be able to levy lower rates for poorer counties and higher rates for wealthier counties - something that could not have happened two or three years ago.

Another view of the impact the demonstration has had on the regions was expressed by a self-professed conservative member of the Cumberland Valley Council. He said: "Anything that's been done could have been done cheaper with local money - but of course they wouldn't have done it."

Strong Points

The strongest points in the Kentucky demonstration project are the organization and composition of the councils. The councils are region-wide bodies, they represent an area which is incidentally comprised of many counties with no single county having sufficient membership to make its council its captive.

Insofar as the laymen are educated to health planning and the needs of their regions, they are not captives of the medical profession. To the extent that the councils exercise their political prowess, they are not captives of the state.

These strengths become more obvious when one analyzes the weak points of the councils, because the weak points stand out as minor irritations to those who would like to see the councils more aggressive and authoritative.

The regional nature of the councils has done a great deal to dissipate political heat and pressure for spending federal money. As one physician put it: "The council mechanism gives political insulation to the Governor and the State Health Department. It's harder for someone to ramrod a project through now if we don't think it's in the best interest of the region."

The councils have also had increasing success in shaping the health delivery system in the regions. The recently approved Hyden Hospital of the Frontier Nursing Service is a case in point. The hospital was originally planned as an inpatient facility and for two years the Kentucky River Council assigned it low priority. During this time, the size of the hospital was reduced and, more importantly, its primary mission was shifted from inpatient care to outpatient care and manpower development.

These strong points of the councils carry over to their role as the 314(b) agencies in their regions. A staff member of the Regional Medical Program told us that the demonstration was far ahead of other comprehensive health planning agencies in his Ohio Valley area. "One planning council in Ohio is 13 years old," he said, "but it functions at 30 percent of the maturity of the Kentucky demonstration area councils." "Money," he said, "ARC money, makes the difference." Anna Grace Day of the KPDO, Kentucky's 314(a) agency, says that the demonstration area is much ahead of the 314(b) agencies in the rest of the state. Only three others have a paid staff. And the corporation's health development plan has served as a model for the other areas.

Another who agrees that the demonstration has brought comprehensive health planning to Kentucky is Assistant KPDO Administrator

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Gray. "We'd like to see the demonstration go statewide," Gray says, "and bring comprehensive health planning into reality."

Weak Points

The weak points in the Kentucky demonstration program seemed to us to be little more than the extension of weak points found in health care systems everywhere in the United States. There are patients who desperately need health care, but there is no method for paying for the care they need; there are old people and mentally retarded people whose illness can be diagnosed only as age or retardation - and there is minimal public financial responsibility for those. There are few preventive care programs - and poor prospects for additional preventive care programs - because the health delivery system depends on the payment system and the major payment mechanisms, Medicare and Medicaid, are casualty and crisis-care mechanisms.

Solving these problems requires more than a health demonstration project that is limited to programs that must become self-sustaining. They require more than the relatively few dollars that the ARC has to spend.

But within these constraints, there are other weak points:

*Health education at all levels - councils, medical community, consumers - needs improving.

*Manpower development needs to be strengthened and cooperation between the councils and school districts needs improving.

*Transportation for patients needs to be developed.

Part Four: Appendix

A. Background

When the health demonstration area in Kentucky was originally selected, four criteria were used:

*Physical characteristics. The topography, industrial base, economic status, health status, all represented the essence of the depressed and distressed state of Appalachia as a whole.

*Population. The area had a large enough population to support a comprehensive range of health services and institutions.

*Sociological patterns. Highways, trade centers, population movement was such that the area was easily identified as a region.

*Local interest. There was sufficient interest, and local political muscle, available for regional planning.

The major geographic features of the 16-county health demonstration area in southeastern Kentucky are steep, rocky, forested mountains and narrow, deep valleys. The topography limits farming and, for the most part, limits industrialization. Most flat land - except on the western edge of the area - is found along the recurrently flooding rivers and streams.

Temperatures range from the mid-30s in winter to the mid-80s in summer. The average rainfall is 42 inches; the humidity is generally high and, during summer, fog frequently blankets the mountains. Snow and sleet average 22 inches per year.

Three major highways cut through the region. Interstate 75 runs north and south along the western edge; an extension of the Mountain Parkway runs from the north as far south as Hazard in the eastern part of the region; and recently completed U.S. 119 parallels Pine Mountain, running east and west between Pineville and Harlan at the south end of the region.

A planned west-to-east toll road will cross the region at approximately mid-point, from London to Hazard, in the future.

For the present, however, there are about 1,880 miles of paved, two-lane roadway in the area. As an indication of isolation, the demonstration area is approximately the size of Connecticut and Rhode Island combined; those states have more than 6,000 miles of paved road. The demonstration area also has more than 4,529 miles of unpaved roads.

Roads - paved and unpaved - are only one indication of the isolation of the area. Another indication may be the telephone service. In 1969 there were 106 telephones for every 1,000 people in the area. More importantly, perhaps, there were seven separate telephone companies - four of them in Harlan County alone.

The preliminary 1970 population count for the eight counties that make up the Kentucky River Region is 104,101, or 36.5 percent of the population of the demonstration area. The population of the eight counties in the Cumberland Valley Region is 180,522. In the decade between 1950 and 1960, the 16-county area lost more than 21 percent of its residents; between 1960 and 1970, it lost nearly 15 percent. During the same two decades, the State of Kentucky gained more than 7 percent population (see table).

The loss in population during the past two decades is attributed to a rate of outmigration greater than the combined inmigration and birth rates. The Kentucky Program Development Office, however, appears to believe that during the 1970s, the area's inmigration and birth rates will reach the outmigration rate and produce a relatively static population base.

The non-white population is small - about 2.5 percent - and appears to be comparatively well integrated into the community.

The population, which is nearly evenly divided between males and females, tends to be young. Based on 1968 estimates, 56 percent of the people in the Kentucky River Region are under 24 years of age; 8 percent are over 65. In the Cumberland Valley Region, 47 percent are under 24 and 10 percent are over 65. Nationally, 10 percent are over 65.

Despite their relatively few numbers, however, the aged pose a considerable economic force in health services. The Hazard Appalachian Regional Hospital, for example, derives about 42 percent of its revenue from Medicare recipients. And throughout the demonstration area, nearly 14 percent of the Medicaid caseload is persons 65 and older. Their health problems appear to be the problems of old age - disability, frailty, senility.

"I don't know how many beds you could fill," a demonstration area hospital administrator told us. "This is the real (health)

POPULATION OF KENTUCKY REGIONAL HEALTH DEMONSTRATION AREA

County	Preliminary 1970	1960	1950
Kentucky River Region			
Breathitt	13,863	15,490	19,964
Knott	15,306	17,362	20,320
Lee	6,400	7,420	8,739
Leslie	11,383	10,941	15,537
Letcher	22,590	30,102	39,522
Owsley	4,839	5,369	7,324
Perry	24,373	34,961	46,566
Wolfe	5,347	6,534	7,615
REGION TOTAL	104,101	128,179	165,587
Cumberland Valley Region			
Bell	31,604	35,336	47,602
Clay	17,601	20,748	23,116
Harlan	35,506	51,107	71,751
Jackson	9,796	10,677	13,101
Knox	23,547	25,258	30,409
Laurel	26,913	24,901	25,797
Rockcastle	12,054	12,334	13,925
Whitley	23,501	25,815	31,940
REGION TOTAL	180,522	206,176	257,641
DEMONSTRATION AREA TOTAL	284,623	334,355	423,228
TOTAL KENTUCKY	3,160,312	3,083,156	2,944,806

Source: U. S. Commerce Department

problem: senility - and there's no method of paying for those old folks."

Median family income in each of the 16 counties in 1959 (the 1960 Census) was well below that for the rest of Kentucky and other Appalachian states - with a larger percentage making under $3,000 per year and a smaller percentage making over $10,000 per year (see table).

Income, however, appears to be increasing in the demonstration area, but until the 1970 census figures are available it is difficult to know by how much and among which segments of the population. A study by the University of Kentucky's Business and Economics Department shows that per-capita income in the demonstration regions increased between 1959 and 1968. The rates of increase were 54 percent in the Kentucky River Region and 81.4 percent in the Cumberland Valley Region.

Three-fifths of the housing in the regions is classified as substandard. Again and again, this fact was stressed by those we talked to because it is an important barrier to recruiting manpower. "If you can recruit a doctor into the area," one health administrator told us, "you're then faced with the problem - and it's a very real problem - of finding a decent house that will make his wife happy." Another said: "If a company comes in here to look for a plant site, the first thing they look at is the housing and the second thing is the schools. Both are terrible."

The median number of years of school completed by people in the demonstration area does not differ significantly between the two regions. In Kentucky River, the median is 7.6 years, with 26.7 percent dropping out before completion of the fifth grade and only 11.8 percent finishing high school. In Cumberland Valley, the median is 7.7 years; 25 percent drop out before completing the fifth grade and 14.9 percent finish high school.

About 10 percent of the state's population is eligible for Medicaid in any one month. During a recent reporting period, 1968, the state made Medicaid payments totalling $10,543,386 to practitioners in the demonstration area. During calendar year 1969, Medicare payments in the area amounted to $5,727,377 for part A, or hospital insurance, and $1,724,982 for part B, or supplementary medical insurance (see table). Together, Medicaid and Medicare represent the financial base for most health care providers in the area.

Birth and death rates - the most frequently used indices of health - for the demonstration area appear to be in line with

MEDIAN 1959 FAMILY INCOME IN DEMONSTRATION AREA

County	Median Income	Percent Under $3,000	Percent Over $10,000
Kentucky River Region			
Breathitt	$1,432	76.0	2.0
Knott	1,876	70.6	2.0
Lee	1,847	65.9	3.2
Leslie	1,838	73.0	1.5
Letcher	2,615	55.2	4.3
Owsley	1,324	80.5	0.7
Perry	2,689	54.6	4.3
Wolfe	1,455	80.8	-
REGION AVERAGE	$1,884	60.4	2.2
Cumberland Valley Region			
Bell	$2,443	59.0	3.3
Clay	1,833	73.0	2.4
Harlan	3,076	49.2	4.2
Jackson	1,651	75.7	2.8
Knox	1,722	70.5	1.7
Laurel	2,312	61.4	2.7
Rockcastle	1,898	66.7	1.2
Whitley	2,272	61.9	2.8
REGION AVERAGE	$2,150	64.6	2.6
KENTUCKY	$4,051	38.0	8.0
OTHER APPALACHIAN STATES	$4,590	31.7	10.4

Source: U.S. Commerce Department

MEDICARE PAYMENTS IN DEMONSTRATION AREA, 1969

County	Part A	Part B
Kentucky River Region		
Breathitt	$ 251,285	$ 96,623
Knott	231,314	63,422
Lee	154,521	60,975
Leslie	125,370	34,618
Letcher	730,669	175,334
Owsley	113,371	42,442
Perry	639,884	137,469
Wolfe	129,569	39,577
REGION TOTAL	$2,375,983	$650,460
Cumberland Valley Region		
Bell	$ 787,387	$ 247,415
Clay	287,164	112,503
Harlan	860,828	228,381
Jackson	172,174	52,621
Knox	336,049	108,846
Laurel	266,955	101,920
Rockcastle	168,184	45,978
Whitley	472,653	176,858
REGION TOTAL	$3,351,394	$1,074,522
TOTAL DEMONSTRATION AREA	$5,727,377	$1,724,982
STATE OF KENTUCKY	$58,123,977	$19,133,977

Source: Social Security Administration

those for all of Kentucky. All have declined during the last five years.

	Birth Rate 1968	Death Rate 1968
Kentucky River Region	17.0	7.9
Cumberland Valley Region	16.7	9.6
State of Kentucky	16.5	9.6

Source: Kentucky Health Department

A relatively large proportion of births in the demonstration area occur outside hospitals. The number, however, has been declining. In 1964, for example, 16.1 percent of the babies born in the Kentucky River Region and 9.8 percent of the babies born in the Cumberland Valley Region were not born in hospitals. In 1967, the percentages had decreased to 6.2 and 3.5. During the same five-year period, however, infant mortality had increased in Kentucky River from 19.9 to 23.6 per 1,000 births and in Cumberland Valley from 25.3 to 30.0. The rate for the entire state decreased during this period from 25.3 to 20.5.

A large unknown in the health picture is the extent of chronic disease and disability. There is some evidence to indicate it is a rather large factor. An earlier study by the Kentucky welfare agency indicated that fully 10 percent of the medically indigent persons in the demonstration area were disabled. In the national welfare caseload, about 7 percent are disabled. There are two known contributors to disability in southeastern Kentucky: black lung and tuberculosis. Reliable statistics on black lung are virtually nonexistent. For TB, however, both Kentucky River and Cumberland Valley rank among the highest regions in the state with active TB cases.

The backbone of the health delivery system in the area is 16 general hospitals. Four hospitals, with 281 licensed beds, are located in the Kentucky River Region; 12 hospitals, with 663 licensed beds, are in the Cumberland Valley Region. In Kentucky River there are 49 practicing physicians, 30 of whom are general practitioners; the region has .41 physician per 1,000 inhabitants, somewhat below the national average of one per 1,000. Cumberland Valley has 129 physicians, of whom 54 are general practitioners. Cumberland Valley's physician-population ratio is .91 over-all; Harlan County, home of the Daniel Boone Clinic, has 1.17 physicians per 1,000 population.

The statistics for dentists are less encouraging than those for physicians. Dental disease is a severe health problem in the

demonstration area. Surveys have indicated that the average child has between four and five decayed teeth, and a full 80 percent of the population has some form of oral disease. More than half the population have false teeth by their mid-fifties. Yet, for the total area, there is only .17 dentist per 1,000 persons. Three counties - Knott, Jackson and Owsley - have no dentist whatsoever.

Public health departments operate in all 16 counties. Their specific health programs include environmental health, epidemiology, laboratory services, and maternal and child health services. All, however, are seriously limited - qualitatively and quantitatively - by small staffs, low salaries, and general lack of funds (see table).

B. Corporation Membership and Staff

Against this background, the Southeastern Kentucky Regional Health Demonstration, Inc., was established.

Shortly after passage of the Appalachian Regional Development Act in 1965, Kentucky's Area Development Office applied for funds through the Office of Economic Opportunity to provide technical assistance to the Appalachian area of eastern Kentucky. With the grant money, the Area Development Office contracted with the Department of Health, Department of Mental Health, and the University of Kentucky Medical Center to provide the technical assistance.

The three agencies agreed to use the multi-county designations of medical service areas previously established by the state health and mental health departments. In 1966, the agencies organized local laymen and providers into three area planning councils of 21 members each. The councils were:

*Wilderness Road - Laurel, Clay, Whitley, and Knox counties.

*Buckhorn Lake - Breathitt, Knott, Perry, Letcher, and part of Leslie counties.

*Pine Mountain - Bell, Harlan, and part of Leslie counties.

Organization meetings were held, officers elected, and planning begun. The result was submission of a demonstration plan and 33 component projects to the Appalachian Regional Commission for fiscal 1968 funding. The projects were developed from a set of program goals established by the three planning councils. Of the 33 component projects submitted, 30 were funded.

COUNTY HEALTH DEPARTMENT BUDGETS, KENTUCKY DEMONSTRATION AREA

County	Local Funds	State Funds	Total
Kentucky River Region			
Breathitt	$ 7,465.64	$46,429.22	$53,894.86
Knott	13,490.17	40,889.58	54,379.75
Lee	7,581.67	37,436.67	45,018.34
Leslie	8,583.32	35,964.40	44,547.72
Letcher	19,397.58	40,058.64	58,456.22
Owsley	4,615.33	27,411.12	32,026.45
Perry	21,238.12	67,016.05	88,254.17
Wolfe	4,312.73	19,942.70	24,255.43
TOTAL REGION	$86,684.56	$315,148.38	$401,832.94
Cumberland Valley Region			
Bell	$17,086.33	$66,520.23	$83,606.56
Clay	9,017.70	70,357.70	79,375.40
Harlan	29,849.56	53,943.09	83,792.65
Jackson	5,903.54	28,807.30	34,710.84
Knox	12,793.04	34,895.50	47,688.54
Laurel	23,009.57	26,022.16	49,031.73
Rockcastle	9,963.34	28,202.59	38,165.93
Whitley	15,336.39	58,193.71	73,530.10
TOTAL REGION	$122,959.47	$366,942.28	$489,901.75
TOTAL DEMONSTRATION AREA	$209,644.03	$682,090.66	$891,734.69

Source: Kentucky State Health Department

In 1967, Kentucky realigned planning regions and established its Area Development Districts. A year ago, five additional counties were added to the health demonstration. At the same time, the area was redivided into two health services regions - Kentucky River and Cumberland Valley - whose boundaries then conformed to the boundaries of Area Development Districts 12 and 13.

The three 21-member planning councils reorganized themselves into the present two 25-member councils. Present members of the councils are shown in the following tables, as are members of the corporation staff.

KENTUCKY RIVER COMPREHENSIVE HEALTH PLANNING COUNCIL

Name	Residence	Profession or Affiliation
C. Vernon Cooper	Hazard (Perry)	Banking Insurance Executive
Bill Adams	Jeremiah (Letcher)	Merchant and Contractor
Lundy Adams	Blackey (Letcher)	Physician
Arley Barber	Hazard (Perry)	District Manager - Public Utility
C. E. Bays	Jackson (Breathitt)	Dentist
Charles Beach, Jr.	Beattyville (Lee)	Banking Executive
Helen E. Browne	Wendover (Leslie)	Director, Frontier Nursing Service
Fred Callahan	Booneville (Owsley)	Banker
Keith W. Cameron	Ary (Perry)	Physician
William C. Dawahare	Hazard (Perry)	Merchant
Mrs. Jean Elam	Hyden (Leslie)	Merchant
Reverend Troy Eslinger	Jackson (Breathitt)	Junior College President
Mildred B. Gabbard	Booneville (Owsley)	Physician; County Health Department
Booge Jones	Beattyville (Lee)	Auto Dealer
Paul Maddox	Campton (Wolfe)	Physician
Lee Moore	Whitesburg (Letcher)	Dentist
John Robert Morgan	Hindman (Knott)	County Attorney
Evelyn M. Mottram	Hindman (Knott)	Nurse
E. E. Musgrave	Jenkins (Letcher)	Physician
George Pogan, III	Hazard (Perry)	Hospital Administrator
Mrs. Green Rose	Jackson (Breathitt)	Housewife
Vesper Singleton	Hindman (Knott)	High School Principal
Cordell H. Williams	Hazard (Perry)	Physician
Henry E. Wright	Jenkins (Letcher)	School Superintendent
J. Ed Yeager	Campton (Wolfe)	Pharmacist

CUMBERLAND VALLEY COMPREHENSIVE HEALTH PLANNING COUNCIL

Name	Residence	Profession or Affiliation
James S. Wilson	Pineville (Bell)	Attorney
Samuel D. Ballou	Corbin (Whitley)	Dentist
W. E. Becknell	Manchester (Clay)	Physician
Harold L. Bushey	Barbourville (Knox)	Physician
W. M. Cox, Jr.	Williamsburg (Whitley)	Attorney
Robert Daniel	Corbin (Whitley)	Merchant
Herbert W. Emrich	Harlan (Harlan)	Clinic Administrator
Edith Feltner	London (Laurel)	Business College Teacher
Maurice K. Henry	Middlesboro (Bell)	Newspaper Publisher
L. R. Hogue	Cumberland (Harlan)	Certified Public Accountant
Mrs. Robert Hoskins	Harlan (Harlan)	County Chamber of Commerce
Otis Johnson	McKee (Jackson)	School Superintendent
Fred L. Lewis	Harlan (Harlan)	Pharmacist
Clyde Linville	Mt. Vernon (Rockcastle)	ESEA Coordinator
Woodrow McIntosh	London (Laurel)	District Manager - Public Utility
Mahlon A. Miller	Barbourville (Knox)	College President
George E. Murphy	Middlesboro (Bell)	Hospital Administrator
Tommy H. Mink	Mt. Vernon (Rockcastle)	Rehabilitation Counselor
Robert Pennington	London (Laurel)	Physician
Margaret Samuelson	Barbourville (Knox)	County Health Department
Mrs. Edward Smith	Pineville (Bell)	County Health Department
Charles B. Stacy	Pineville (Bell)	Physician
Mrs. Alta Blair	Garrard (Clay)	Teacher
Judith VandeWege	McKee (Jackson)	County Health Department
Elwood L. Woolsey	Harlan (Harlan)	Physician

SOUTHEASTERN KENTUCKY REGIONAL HEALTH DEMONSTRATION, INC. STAFF

Planning Grant

Position	Name
Executive Director	Daniel S. Tuttle
Assistant Director	Evan J. Ray
Program Consultant	Jane Robertson
Research Associate	Marilynn Pasden
Regional Health Planner London (Cumberland Valley)	Curtis N. Rowe
Clerk-Stenographer London (Cumberland Valley)	Charlotte Bowling
Regional Health Planner Hazard (Kentucky River)	Billy L. Squires
Clerk-Stenographer Hazard (Kentucky River)	Margaret Knowles
Administrative Assistant	Mary Helen Casey
Stenographer-Receptionist	Linda Payne

Home Health Grant

Home Health Representative	Richard N. Newman
Nurse	(Vacant)
Medical Social Worker	Cynthia Eckroth
Secretary	Linda McDaniel

SOUTHEASTERN KENTUCKY REGIONAL HEALTH DEMONSTRATION

SUMMARY OF FUNDING
FIRST THREE PROGRAM YEARS

Projects, by Thrust	YEAR FUNDED (202 Money Only) First Program Year	Second Program Year	Third Program Year	Total
I. EMERGENCY SERVICES				
Communications Network	$	$ 249,480	$	$ 249,480
Marymount Hospital (Construction)		100,000		100,000
Middlesboro ARH (Construction)			566,400	566,400
Buckhorn Lake Ambulance*			76,746	76,746
Pine Mountain Ambulance*			78,206	78,206
TOTAL		$ 349,480	$ 721,352	$ 1,070,832
II. SUPPORTIVE SERVICES				
15 Home Health Agency Grants	$ 405,702	$	$	$ 405,702
Network Grant	329,465		500,004	829,469
Whitesburg (Construction)	12,800		9,503 OR	22,303
TOTAL	$ 747,967		$ 509,507	$ 1,257,474
III. LEVELS OF CARE				
Clay County Ambulant Care*	$	$	$ 80,815	$ 80,815
Clay County Ambulant Care			19,023 OR	19,023
Hazard ARH (Extended, Mental Health Beds)	-983,500		42,668 OR	1,026,168
Laurels (Extended Care)	125,000		144,000 OR	269,000
Lee County Personal Care Home (Equipment)			39,126	39,126
Manchester Memorial Hospital	1,292,564		501,850 OR	1,794,414
Middlesboro ARH (Extended Care)			1,098,020	1,098,020
Pineville Extended Care	368,404			368,404
Pineville Emergency Care*			751,322	751,322
SEK Baptist (Mental)	406,740			406,740
SEK Baptist (Emergency, Extended Care)*			1,359,972	1,359,972
Knott County Ambulant Care*			453,960	453,960
Frontier Nursing Service Hospital*			1,246,000	1,246,000
TOTAL	$3,176,208		$5,736,756	$ 8,912,964

SUMMARY OF FUNDING

Projects, by Thrust	YEAR FUNDED (202 Money Only) First Program Year	Second Program Year	Third Program Year	Total
IV. COMMUNITY SERVICES				
MH-MR - Southeastern Kentucky	$ 17,020**	$	$ 308,764	$ 325,784
MH-MR - Upper Cumberland	44,220**	251,143		295,363
MH-MR - Kentucky River	256,864	387,500		644,364
Corbin Day Care Center	39,640		49,454	89,094
Dental Health	8,960	7,200		16,160
Health Education	83,022		16,144	99,166
Health Education			46,576	46,576
Multiphasic Screening	307,942	386,761		694,703
(Rubella)			90,404	90,404
Clover Fork Center Operations			134,498	134,498
ALCOR			(52,428)***	(52,428)***
TOTAL	$ 757,668	$1,032,604	$ 645,840	$ 2,436,112
V. ENVIRONMENTAL HEALTH				
Regional Staff	$ 188,189	$	$ 284,794	$ 472,983
Regional Staff			70,000	70,000
Solid Waste - Kentucky River			142,711	142,711
Solid Waste - Harlan County			120,515	120,515
TOTAL	$ 188,189		$ 618,020	$ 806,209
VI. MANPOWER				
Field Professors	$ 96,222	$ 97,137	$	$ 193,359
Family Medicine Residency**		4,000		4,000
Frontier Nursing Service - Family Nurse* **			108,527	108,527
Community Colleges Regional Manpower* **			42,257	42,257
TOTAL	$ 96,222	$ 101,137	$ 150,784	$ 348,143
PROJECT TOTALS	$4,966,254	$1,483,221	$8,382,259	$14,831,734
PLANNING & ADMINISTRATIVE GRANT	$	$ 198,021	$ 198,488	$ 396,509
GRAND TOTAL	$4,966,254	$1,681,242	$8,580,747	$15,228,243

*These projects were submitted in the second program year, but funded the third program year.

**Planning grant only first year.

***This project was handled directly by contract between the applicant and ARC. Not included in totals.

OR = Overrun

57-030 O - 71 - 20

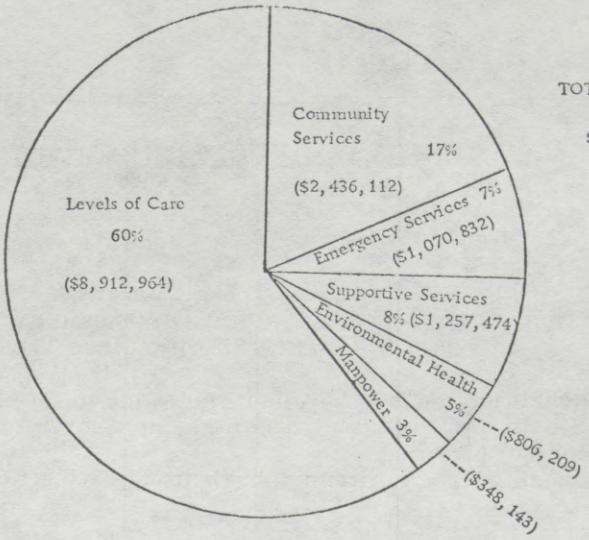


Chart 1.--Percentage Distribution of Funds Allocated to Date by Program Area, September, 1970.*

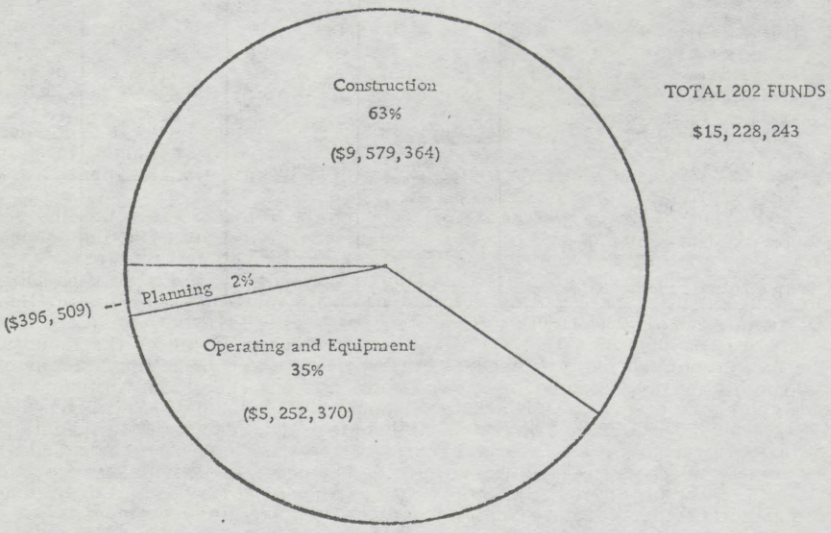


Chart 2.--Percentage Distribution of Funds Allocated to Date by Type of Grant, September, 1970.

*Excludes Planning and Administration

APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1971

WEDNESDAY, FEBRUARY 10, 1971

U.S. SENATE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 2:30 p.m., pursuant to recess, in room 4200, New Senate Office Building, Senator Mike Gravel (chairman of the subcommittee) presiding.

Present: Senators Gravel, Randolph, Bentsen, Cooper, Baker, and Buckley.

Also present: Barry Meyer, counsel; John Yago, and Philip C. Cummings, professional staff members.

Senator GRAVEL. The hearing will come to order.

Our first witness will be Oliver Terriberry, executive, director, Georgia Mountains Planning and Development Commission Gainesville, Ga.

Before your statement we will insert in the record a statement from Congressman Miller of Ohio.

(The statement follows:)

STATEMENT OF HON. CLARENCE E. MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. Chairman, I am extremely grateful for this opportunity to express my views to this Subcommittee on the Appalachian Regional Development Program, a program which has had a profound impact in the Tenth Congressional District of Ohio which I am privileged to represent.

I have noted that while many Senators on the committee are familiar first hand with the results of this program in their own states, neither of the Senators from Ohio are on the committee.

I want to take this opportunity to reinforce the evidence that the Appalachian program has been successful by describing for you some of the results in Ohio's Tenth Congressional District.

There is no disputing the fact that in all too many instances the mountain counties in many of our Appalachian States have been orphans. For too long our hill counties were ignored by the State Capitol and the Federal Government. The one great virtue of the Appalachian Regional Development Program has been that through the unique political partnership of the Federal Government, the states, and the localities, these grievances of the past have been remedied and we are now making good headway in meeting our needs and solving our problems.

Certainly in our district, we can point to a substantial turnaround in emphasis and attention from our State Capitol as well as the Federal Government.

But the great virtue of this program has been that it does not attempt to dictate to us from the top. Instead, we make our own plans and devise our own solutions at the local level and through the Appalachian Regional Commission, the State government and the Federal Government join forces to help us get the job done.

Equally important from the point of view of Congress, the dollars under this program are not wasted but are spent in a very orderly and systematic way.

Much of the Tenth District has been isolated from the economic activity occurring in other parts of Ohio and nearby areas. Appalachian Development Highway

Corridor "D" is being built through the heart of our district to eliminate that isolation. When the highway is finished, we will be on one of the main arteries linking the St. Louis and Cincinnati areas to Washington and Baltimore, and we expect to reap many economic benefits as a result.

We are getting ready for the expected impact which that highway will have by attempting to upgrade the abilities of our work force through improved health and education.

It would be impossible to adequately describe in the short time available the dramatic improvement in vocational education in our district which has been made possible under the Appalachian program.

Fortunately, since the Appalachian Act was passed in 1965, Ohio has adopted a new state vocational education program. So our progress in vocational education has accelerated even more and no small share of the credit goes to the Appalachian program.

We have built two major area vocational and technical centers in southeastern Ohio with Appalachian funds. The new Tri-County Joint Vocational High School and Technical Institute at Nelsonville, Ohio, has been in operation for two years. Student response has been so enthusiastic that we now find that the facility is not large enough. The school was planned for 300 11th and 12th grade students. The first year, 450 were enrolled and the second year, 600. Applicants have come from all parts of Appalachian Ohio and neighboring West Virginia.

The demand for entrance to the post-high school Technical Institute has been just as great. Instead of the expected 100 applicants in the first year, we had 265 full-time and 150 part-time students enrolled. And this year there are 541 full-time students.

Perhaps we can appreciate the enormous success of this new center when I point out that it was the first facility of its kind in the entire state.

Of the 225 students from outside the tri-county school district, we have students from 68 of Ohio's 88 counties and four West Virginia counties.

We have a big program for adults during the evenings. Over 950 adults have taken advantage of the courses during the 2 years the center has been open. Because of the demands of the students, the curriculum has been steadily expanded so that we now have courses in practical nursing, forestry, and business and management, in addition to all the other courses originally planned for the center.

At the Technical Institute, associate degrees are offered in electrical engineering, data processing and computer technology, secretarial occupations, industrial engineering, mechanical engineering, accounting, environmental health, and retail hotel-motel management. The forestry course is the first such 2-year course in the State of Ohio. Students in the school are prepared to build a motel-restaurant complex for training people in motel and hotel management. I might add that the school has just been named one of the nation's ten outstanding vocational and technical educational institutions by the U.S. Office of Education.

As I pointed out, the Nelsonville Vocational Education Center was the first to open in our area and has served as a model for others in the State. Since then, a second one has opened in our district, the Muskingum Vocational Technical School in Zanesville. That facility will train students from 11 school districts and technical training will be available for students from five counties.

These centers are playing a key role in our development plans for the area.

For example, the Appalachian Regional Commission has just funded at the Nelsonville School, a new Human Resources Development Center which will assist the area in designing a comprehensive program for correcting many of its manpower problems.

So far, we have identified 15 separate manpower needs in the area and soon we hope to be undertaking programs in those fields. These include programs to improve the educational skills of adults; upgrade job capabilities of many of our unemployed people; education and training programs for employed workers in order to enable them to advance in their jobs; a new approach to pre-professional education for high school youth; new services for pre-school children so that they can compete on an equal footing when they enter the school system; new health and nutrition services for students in our schools; new health manpower training programs; and a new program for the mentally handicapped.

Emphasis on improving health conditions has been just as great. There are many communities in our area where there are no doctors younger than 55. We are facing a very real and serious problem with the shortage of medical manpower. The only doctor in one of our counties has made plans to relocate. It has been difficult to recruit physicians into many of our communities because of the lack of adequate facilities.

However, in seven counties of Southeastern Ohio with a population of nearly 213,000 people, local leadership united in an Ohio Valley Health Foundation supported with Appalachian funds over the last three years has been demonstrating a new approach to making available adequate health services to the people of the area. With a large measure of help under the Appalachian Program, eight hospitals have been constructed or are nearing completion along with facilities for extended care and outreach. Thus, with Appalachian assistance, modern facilities are being provided not only to serve the people in our section of the State, but also to provide modern medical services to those across the river in West Virginia. These are truly region-serving facilities. With ARC assistance we are providing the type of facilities and service so necessary and vital to attract physicians.

Great strides have been made in providing speech, hearing, and visual screening programs for children. With help from the Appalachian Program, a mental retardation program is underway. Both the retardation and the screening programs are designed to detect incapacities among children before they reach the stage where costlier remedial treatment is necessary or, unfortunately, where even such protracted care comes too late.

Since 1968—less than three years ago—the Appalachian Program has provided approximately $8.6 million for improving health conditions in our area.

There are many other ways this program has brought new hope to Appalachia Ohio.

I understand Governor Moore of West Virginia has already described to you the outstanding leadership of the Appalachian Regional Commission in constructing a new bridge across the Ohio River after the tragic collapse of the Silver Bridge a few years ago; a terrible incident which caused tremendous loss of life and serious disruption of commerce.

The Commission actually advanced $2 million to get the bridge under construction as soon as possible. And today people in the Point Pleasant, West Virginia-Gallipolis, Ohio, area can once again move back and forth across the river between West Virginia and Ohio, thanks to that effort.

Appalachian investments have been used to promote industrial development in the area. We have also used Appalachian help to develop some of our superb recreational potential. A brand new park facility with modern accommodations and a lodge has opened in my district, and the Commission has provided assistance in constructing an access road to the lodge.

Under Section 205 of the Act, the Commission has helped us reclaim several abandoned strip mine areas so that they could be used for recreation.

These experiences in our district have persuaded me that, under the Appalachian Act, we have found a way to unite the different levels of government in a new kind of partnership under which we can develop coordinated approaches to local problems.

It would be tragic to stop these efforts just as they are getting started; if anything they should be encouraged and expanded.

I am in favor of increased flexibility to enable the Appalachian Regional Commission to do more in the field of educational improvement.

If the Commission can accomplish the same kind of results in improving primary and secondary education and higher education as it has vocational education, our Region and the Nation will greatly benefit. I earnestly recommend that this Committee consider giving the Commission some additional flexibility in coping with other educational problems in the Appalachian Region.

I would also urge this Committee to seriously consider improving the flexibility of the Commission to deal with the many environmental problems which plague our Region. We are an area which in the past has suffered great damage from coal mining and mine acid drainage, from logging, from industrial and municipal pollution of our waterways, and from air pollution.

I believe the Commission has demonstrated an unusual capability and commitment to work with the States and localities in developing comprehensive approaches to such problems without being confined by the narrow requirements of categorical grants-in-aid.

This Committee has frequently described the Appalachian Program as an experiment and the Appalachian Region as a national laboratory. I fully agree.

And it would seem to me to be in the best national interest to carry the experiment forward and to grant the Commission broader authority to deal with the problems of our Region and, thereby, develop improved techniques for dealing with these many complex social, economic, and physical problems—techniques which could well be applied to other sections of the country.

We would win a double bonus:

A more productive Region adding still greater contributions to the national economy.

Well-tested approaches that could be applied in other sections of the United States.

Senator GRAVEL. The floor is yours, sir.

STATEMENT OF OLIVER TERRIBERRY, EXECUTIVE DIRECTOR, GEORGIA MOUNTAINS PLANNING AND DEVELOPMENT COMMISSION, GAINESVILE, GA.

Mr. TERRIBERRY. Thank you, sir.

My name is Oliver Terriberry, and I am Executive Director of the Georgia Mountains Planning and Development Commission.

Gentlemen, I am truly honored to be invited to appear before this committee and discuss the Appalachia Regional Development Program from the point of view of the local development district.

The Georgia Mountains Planning and Development Commission is a public agency created pursuant to the 1957 General Planning and Zoning Enabling Act of the State of Georgia. It comprises 12 counties in the northeast quadrant of the State.

In 1964 Governor Sanders appointed me as an alternate representative from the State of Georgia to work with the other Appalachian States and Members of Congress in the development of this landmark legislation. Since that time, the Georgia Mountains Planning and Development Commission has been designated an Appalachian LDD and an Economic Development District under the Economic Development Administration Act. It is the only health district in the State of Georgia with coterminus boundaries. It is a regional planning district pursuant to the Housing and Urban Development Act and, more recently, is the administrative agency for our member counties of the Law Enforcement Assistance Administration Act and the A–95 project review agency pursuant to the 1968 Intergovernmental Relations Act.

The Georgia Mountains Area Planning and Development Commission was created in the belief that most of our local community problems must be resolved by cooperative joint action on the part of several communities concurrently. As with all programs, proper organization, efficient management and sound planning are the vehicles and financing is the fuel that in the long run determines the success or failure of any effort.

We have been in business since 1962 and although we are classified a public agency under Georgia laws, we are accountable to our member communities, because by local enactment they created us and a major part of our initial financing is derived from their local taxes. In the beginning we, like the regional commission, committed a great deal of time and effort toward understanding the multiplicity and complexities of the problems besetting our communities. We had to develop a consensus among our community leaders as to what the needs were and how, where and when we should attack them. This meant establishing priorities. This, in fact, meant telling some communities that a local pet project may have to be deferred in preference to a more regionally oriented need.

The Board of Directors of the Georgia Mountains Planning and Development Commission is made up of the chief elected officers of

each county and the mayor of the county seat city, or their duly appointed representative. One of the first and most significant things that occurred was a forum through which local government could meet with their counterparts and openly discuss common problems and methods for solving them.

A second, and I feel equally important attribute, was the development of an entirely new approach for utilizing Federal aid programs at the local level.

A third major point that has resulted in this structure is innovation. Many problems facing local government today can no longer be solved in historical manners. We are forced to find new answers to innovate, to experiment, to use in some instances trial and error, and the structure under which the Appalachian Regional Commission operates has provided local districts, such as mine, an excellent vehicle for this type of exploration.

With the aid and support of ARC we developed a means for packaging and timing local, State and Federal involvement in project development. In 1964 a concerted effort was mounted in my district for creating a multi-use recreational center on some 1,100 acres of islands in Lake Sidney Lanier, a major Corps of Engineers project. This program envisioned a year-round recreational center ranging from day use to terminal or destination-type recreational activities including educational and convention facilities. The total investment in this project when completed will be something in excess of $20 million. It will create new employment opportunities for nearly 1,000 people and generate a taxable base on nontaxable land for the host community of close to $2.5 million annually.

The project is of such magnitude that it has many of the complexities of a new town development. A complete utility system, water, sewer, electric power, and natural gas must be installed. Road networks must be completed. Docks, marinas, motels, hotels, campsites, day use beaches, picnic areas, fire protection, police protection, waterfront protection, refuse disposal, and health services must be provided in a manner that preserves the natural beauty and guarantees no pollution of the lake itself.

The feasibility of this project was the result of a study funded by the Economic Development Administration. The development of this project involves the input of some 16 separate agencies of the Federal Government and many of their counterparts at the State level: ARC, EDA, Health, Education, and Welfare, Office of Economic Opportunity, Farmers Home Administration, U.S. Department of Agriculture, Soil Conservation Service, Housing and Urban Development, Bureau of Outdoor Recreation, Law Enforcement Assistance Administration, Department of Trnasportation, U.S. and State Forestry Services, Highway Safety, Department of the Army Corps of Engineers, and Federal Water Quality Control Administration.

Each had to be coordinated with the others and their participation phased according to a timing schedule. The assemblage of this package, to say the least, was not easy. It took us nearly 4 years and we are still working on it. Although we have no other project of this magnitude at this time, the lessons learned and the techniques developed with the Islands Project have demonstrated that it is possible to improve the so-called Federal delivery system.

The fact that we and other local development districts have developed a capacity and are developing new skills for coordinating many agencies into a package approach for community development is, I believe, sound justification for continuing the Appalachian Regional Commission.

Community development is a series of actions and reactions. No program can be developed in a community without generating some disturbance on almost all parts of that community. It is extremely important that all pertinent agencies—local, State and Federal—become informed of program development so that they can coordinate their thinking and their activities. I do not wish to be misunderstood. I am not saying that this new packaging approach has necessarily reduced the unfortunate time delay that seems built into many Federal aid programs, but in my region it has prevented much of the surprise factor and, I am sure, reduced some of the delay factor.

Basically, Appalachia Georgia is no different than the rest of Appalachia. It is a region that, in essence, has been bypassed by the rest of the Nation and in order to become competitive it must, first, catch up to zero while the Nation at large is leaving zero farther and farther behind at an ever-increasing rate. Our difficulties are not unlike those of Alice in Wonderland when she had to run faster and faster just to stay in one place.

I can't honestly say that we have caught up to zero yet, but we certainly have closed the gap. To accomplish this we have approached our area's problems from five major categories: (1) Basic utilities; (2) transportation; (3) medical services; (4) education; (5) employment opportunities. It is our belief that these are the five basic components that must be brought to current standards before any community can mount a meaningful community development effort.

Under the Appalachian highway development program much of our transportation needs are in the process of being corrected. Under a grant provided by the Farmers Home Administration, Georgia Mountains Commission prepared a detailed water and sewer development plan describing the needs of the region on a short-term 5-to-10-year basis and on a 20-year basis. This study included preliminary engineering and cost estimates and has become a significant tool for developing water and sewer projects throughout the region. It created a potential for interlocking the systems between communities where feasible.

Eleven of our 12 counties now have modern health clinics. The 12th is in the application stage. Three new hospitals, of 40 beds each, have been constructed in the region. A major 100-bed addition to the region's central hospital has been added and a 60-bed mental health wing has just been opened. At this time no resident of the region is more than 35 minutes away from a hospital.

Two regional libraries have been completed and two new branch libraries. These four units offer a reasonable access to nearly 80 percent of our population.

Three vocational-technical wings have been added to local high schools in the region. This year two additional vo-tech wings go under construction and both of these are a consolidated effort between separate systems. Two new post-high-school vocational-technical schools and one State-operated junior college have been completed. The junior college and one of the vo-tech schools are sharing a common campus.

Three designated industrial parks have been created, two of which are airport industrial parks and all three have access to Federal aid primary roads and rail service. Over this last 5 years the region generated approximately 500 new employment slots annually. Since the development of the three new industrial parks the region has located four large plants of international companies that will employ, upon their completion, over 3,500 people.

In our last annual report to the board of directors we show that the local, State and Federal investment of $216,553 into the operation of Georgia Mountains Planning and Development Commission resulted in over $3,174,000 in project funding for the region for a return of $14.6 to $1. If we relate this to the gross tax receipts of the member communities, the investment in the region by the Federal Government for community development was slightly better than 60 cents for every dollar of local taxes collected.

The overall statistics for the region are showing healthy signs of a turn-around. No longer are we declining in population and no longer is the average age of our residents increasing at an accelerated rate. During the last census decade we had a population increase of 14.1 percent regionwide, and although the average age of our resident is considerably above that of the Nation, it stabilized during the same 10-year period and is showing signs of declining. Property values within the region are now increasing at a rate of 6 percent annually rather than 4 percent annually and entry level employment opportunities have multiplied better than fivefold.

I do not wish to leave the impression that we have solved our problems. The region is still fairly isolated. Although the average educational attainment has increased 1.5 years, it is still considerably below that of the national norm. We still have the problem of operating local government in an area where bettter than 40 percent of the gross real estate is in public ownership, returning in lieu of taxes less than 1/100th of equivalent taxable properties. This mass public ownership is both a plague and a blessing to the area. It is a financial strangle on much of our local government, but because of the region's location the public properties are generating annually over 19 million visitations.

The area still has an inequitable distribution of doctors. In fact, two counties have none at all. Nearly 4,000 people commute in excess of 120 miles daily to work and nearly two-thirds of these are from one county. Law enforcement personnel in the region averages one for every 2,176 residents.

Within the Georgia mountains region there are 39 units of government, of which only 15 operate a publicly supported garbage and refuse disposal program. Within the region 51.8 percent of all housing is classified as deteriorating and will require the construction of new units at the rate of 5,000 per year for the next 20 years to bring all housing up to standard.

To meet these challenges Georgia Mountains Planning and Development Commission is continuing to build on the five major factors we feel are essential for proper community development, but the emphasis is being altered slightly. Priorities are being given to smaller communities for utility system development. Access and connector roads are being emphasized along with airport development. A greater emphasis is being placed on out-patient clinics operated on a subregional basis by broad-based medical teams.

We are completing the planning phase of a post-high-school educational consortium utilizing the resources of our 12 private and public vo-tech, junior and senior colleges and some 52 industries. The purpose of this program is to more adequately prepare our youth to meet the mobility requirements, both personal and physical, of modern industry.

Senator RANDOLPH. May I interrupt, Mr. Chairman?

Senator GRAVEL. Certainly.

Senator RANDOLPH. Mr. Terriberry, you are mentioning now problems of education as they apply themselves to the total problem, opportunity and responsibility of the area which you represent as a spokesman here this afternoon.

I have made it a continuing practice, and it is a happy one for me, when young people are present to recognize them for the record.

We have today the members of the political science class of Gloucester High School, Gloucester City, N.J.

Those members of this subcommittee are the Senator from Alaska, Mr. Gravel, who chairs this hearing, the Senator from Kentucky, Mr. Cooper, the Senator from Texas, Mr. Bentsen, and the Senator from New York, Mr. Buckley. All of us are grateful for the young adults present not only at this hearing, but for those everywhere who come to Capitol Hill and listen to a discussion of the problems that either directly or indirectly affect them now and in the future.

I appreciate, Mr. Chairman, the opportunity to greet on behalf of the subcommittee and the full committee our guests from New Jersey. I hope the Georgian won't be upset that I interrupted him.

Mr. TERRIBERRY. Senator, I am exceedingly pleased that you chose this point in time in my statement to interrupt and recognize these young people who are here today.

Thank you.

Senator GRAVEL. Thank you, Senator Randolph.

Please continue, Mr. Terriberry.

Mr. TERRIBERRY. Thank you.

In order to meet the environmental and housing needs of the region, the Commission has structured a nonprofit agency to assist our local communities and residents in taking advantage of the recent low and moderate income housing programs. We are working toward a consolidated regional effort for managing our solid waste problem. Our first major effort is a program to dispose of some 7,000 known junk automobiles by collecting and preparing them for recycling. This, incidentally, we have under way and we are quite pleased with it.

One of the major employment problems of the region is the dominance of low-value added industries, primarily textile and poultry processing. Unfortunately, these industries are not very attractive to high school or post-high school trained graduates. The greatest single resource that any region has is its youth and our communities recognize this. A great deal of effort has been put forth to diversify the employment opportunities of the region. Probably the greatest potential the region has for diversification is in the area of recreation. Currently the region is limited basically to warm weather and day-use type activities. The accommodations and facilities are dominated by "ma" and "pa" type operations.

As indicated earlier, the region is making a concerted effort to develop destination or terminal-type facilities that will stretch this highly seasonal use into a more year-round operation. The Commission

has been working very closely with the U.S. Department of Agriculture National Forest Service to find ways of using selected locations within the National forest that would be suitable for private or authority-type development. If this can be accomplished, sone of our nontaxable land will become a taxable resource, and many of our residents who are beyond the reasonable commuting distance of employment centers can find jobs.

The most recent program being developed is a multi-community approach to crime abatement. As indicated earlier, we average one law officer to over 2,000 people. It is a mountainous area and averages only 33 people per square mile. Statistically we find there are more felonies committed per 100,000 population in the George Mountain region than in New York City. The preponderance of the felonies committed in my region are grand larceny auto, illicit liquor and theft.

The individual resources of my communities are totally inadequate to suppress this type of criminal act. The area is too large and too sparsely populated for 108 police officers to patrol and the economics required for sophisticated equipment and an adequate number of police officers is simply beyond our means.

The approach we are developing is three-phased: (1) The development of an interlocking communications system attached to a centralized data center; (2) the development of a mobile highly skilled investigative task force; and (3) the development of a special equipment center to be available to all the communities on a demand basis. We expect by the end of this fiscal year to accomplish the first step toward these objectives. Every police officer in the region will have completed the State's primary police training program and every police officer will be jointly deputized in all our communities. By the end of 1972 we expect to have most of this program completed.

Along with the regional enforcement program we have underway an educational program that currently is in nine of our 13 school systems. This program exposes the students to the premise under which law is developed, why it is essential, how it is enforced, and why citizen involvement in the protection of the law is so vital to society.

What I have outlined are major areas of activities. The staff of Georgia Mountains Planning and Development Commission renders a great deal of day-to-day service to the individual communities. We do land-use planning, we counsel on zoning, we assist with the development of health regulations, we work with our local governments to develop fiscal control techniques, we give assistance in designing business license ordinances, we prepare, submit, and monitor local applications for Federal assistance. We do in-depth studies of the structure and operation of local government. We do parking and circulation plans. We also design recreational parks, we keep a running inventory of all development in each community, we prepare regional and local maps, we have catalogued historical sites, inventoried recreational sites, we develop feasibility studies. In other words, we listen to their problems and try to help them find answers.

Gentlemen, this is what Georgia Mountains Planning and Development Commission considers its responsibilities must be if it is to render meaningful service as an LDD to its communities. We, like ARC, must be advocates to our members and render all assistance in marshaling resources to meet their problems.

Thank you.

Senator GRAVEL. Thank you very much.

Senator Randolph, do you have any questions?

Senator RANDOLPH. I would rather defer to other Senators who have been here for the complete statement. Thank you very much, Mr. Chairman.

Senator GRAVEL. Senator Cooper.

Senator COOPER. Thank you, Senator Randolph.

Mr. Terriberry, you have made an excellent statement. I think the statement shows the planning and work of your Georgia Mountains Planning and Development Commission. I would like to ask you what is the relation to the Appalachian Development Act and the Regional Commission to this program?

You said you organized this Commission under an act of 1957?

Mr. TERRIBERRY. That is correct.

Senator COOPER. That seems like a very progressive act. In 1964 you apparently went to work on this Commission. That was before the Appalachian Development Act was passed. What has been the association and work of the Appalachian Commission with respect to your Commission?

Mr. TERRIBERRY. I don't want to be sounding facetious, but we feel two very significant things.

Senator COOPER. What have you been able to do since the Appalachian Commission was established that you were not able to do before, if that is a fact?

Mr. TERRIBERRY. If I may, Senator, we believe that the Appalachian Regional Commission is a partnership between States and the Federal Government. At my level we have created a partnership between local and State government through which the State generates its knowledge of the needs of our Appalachian region and therefore can carry it forward to the Federal level.

Probably the most significant thing that the Appalachian Regional Commission has done, I think, for the State, for my State in particular, has been its ability to cross the discipline lines of various Federal departments to bring them together into a cohesive and concerted effort to meet local needs.

Before this it never happened. I think this is one of the most outstanding attributes of it.

Senator COOPER. Then the capacity to bring programs together, both in purpose and funding, has been a significant change?

Mr. TERRIBERRY. Yes, very definitely.

Senator COOPER. You are representing the third level of government in this program. I won't say yours is first or last, but you are very important on this operating level. We have had the testimony of the Federal cochairmen, we have had the testimony of the States cochairman, Governor Arch Moore, and now you are testifying about what is actually being done at the local level.

Does the local district recommend priorities to the State, does the State level fix priorities or is this done by joint consultation?

Mr. TERRIBERRY. Basically it is done by joint argument, I should say. We don't always agree, they don't always agree. I represent a district. We have five of them in the State, so we do have to coordinate our feelings through the State with the other four districts.

Senator COOPER. I notice from what you have said in your statement that you have done some research and very effective planning.

Were you able to get, through the Appalachian development program, assistance in planning?

Mr. TERRIBERRY. Yes, they contribute to my budget at the rate of $65,000 a year for staff personnel, in essence, without any strings attached to it. We can use it in this broad area of involvement because it is an Appalachian district.

We have got to have these other attributes developed, my staff does it and they help pay for it.

Senator COOPER. You have a very ambitious program, the islands development. How much have you been able to put in the program thus far?

Mr. TERRIBERRY. At this point Appalachia hasn't been asked to put in any money yet, but they will be asked to develop the access road to the islands from the Interstate 365 connection, which will be a distance of 7½ miles.

Senator COOPER. Are you going to get this through section 202 of the Appalachia Development Act?

Mr. TERRIBERRY. Yes, sir; I think this is where it will come out. I think it was 2 years ago we asked that it be added to the 202 section.

Senator COOPER. I may be wrong, but, I believe you have given much emphasis to education and health programs. You have emphasized them more than physical development programs. But do you feel you are doing as much as you should do in the area of education and health?

Mr. TERRIBERRY. As far as the health programs are concerned, as I pointed out,we now only have two counties who do not have a resident doctor in the community. The results of the new construction that has gone on, plus there is no county without a medical clinic in it, a public health-type clinic, we have developed a very broad spectrum of special medical programs, everything from TB clinics, heart clinics, mental health clinics, retarded children programs, which are being conducted now on a team basis, where the team is mobile rather than the recipient and they work these through the clinics.

Senator COOPER. I know this committee has been interested in environmental problems and one of these is solid waste. There have been many proposals about junked cars and we have not been able to agree upon any method to deal with this problem.

Can you tell us simply and briefly how you developed this program and what it is?

Mr. TERRIBERRY. First, we had to find the confounded things. We are a cosponsor for RC&D, a resource conservation and development district within our region. As an initial approach we did a survey of the entire area to pinpoint junk automobiles, this being the most visible of solid wastes that we had.

We numbered the cars. Anything over 25 cars in a given location was called a junkyard. In looking at the problem, we developed an application to the U.S. Public Health Service. We designed and were granted the moneys to create an automobile recovery truck. This thing is not much different from the old-fashioned loggers' dream that I am sure you are familiar with, Senator, only it operates with a hydraulic boom that can reach 40 feet to either side of the truck body and grab an automobile and drag it up a bank and pick it up and lay it on its carrying bed.

We use this to recover the vehicles. Then we found that there were several different companies that had automobile crushers, mobile crushers. Rather than deal these crushers individually, we put these junk cars out on bids and we asked that these crushers bid for these automobiles in lots of 100.

The highest bid we received was $2 a hull and we are selling them now to two different crushers. One hauls them to the Spartanburg area and they go through the steel plants up there, and the other one is taking them to the Atlanta area and they go through Atlanta Iron & Steel Works.

They take the engines out, the radiators and the gas tanks and that is it. The rest in crushed down and they can haul 25 cars to the flat trailer.

Senator COOPER. Thank you. We will consider your system.

Senator GRAVEL. Senator Bentsen.

Senator BENTSEN. I have no questions, Mr. Chairman.

Senator GRAVEL. Senator Buckley.

Senator BUCKLEY. Mr. Terriberry, I gather from the gist of your remarks, and correct me if I am wrong, that you have found that you have had the capacity within your region to do the planning that you need to effectively meet your problems, but what you do need is Federal money is that correct?

Mr. TERRIBERRY. That is correct.

Senator BUCKLEY. Thank you very much.

Senator GRAVEL. The fact that the State of Georgia is in actuality two regions, Appalachia and the coastal plains region, does this present any problems with overlapping, double bureaucracy, red tape?

Mr. TERRIBERRY. No, sir. The coastal plains area is south of the fall line, which is the demarcation line between the uplands and the old coastal areas of the State, and the Appalachian region involves 35 counties in north Georgia and there is a considerable distance that separates the two. Within the Appalachian region several of the Appalachian local districts are also economic development districts under EDA.

I will say this much, and I may get accused out on Wisconsin Avenue of knifing them a little bit, in working with the two agencies, Appalachian and EDA, we can do a great deal more with Appalachian than we can with EDA, a great deal more. They are a much more effective tool.

Senator GRAVEL. Is it the responsiveness of the agency itself or the fact that the other is more regional in nature?

Mr. TERRIBERRY. No, sir, I think for a variety of reasons: One, I think it is their adherence to this concept that it is a partnership and they are the advocates of our needs. We don't find this true in EDA.

Secondly, our time span for an EDA project to grind through averages now 36 months. The maximum time span with Appalachian is 6 months.

Senator GRAVEL. Is there a competition for State funds that are matching in nature between the two regions?

Mr. TERRIBERRY. If there is, we are not aware of it.

Senator GRAVEL. Does your organization provide an extra ability to generate local funds that doesn't presently exist in those areas because of your regional status?

Mr. TERRIBERRY. I am not quite sure I understand the question on that, Senator.

Senator GRAVEL. Is it easier because of your regional status to raise the local funds?

Mr. TERRIBERRY. Local funds for what purpose now?

Senator GRAVEL. For the various projects that you have undertaken?

Mr. TERRIBERRY. No, sir.

Senator GRAVEL. It doesn't make it easier?

Mr. TERRIBERRY. Once in a while we can show them how to do it. Because of experience we have learned with other communities, we carry this knowledge across community lines. But the individual communities ability to raise matching dollars for Federal programs, no, sir, it has not helped in this respect. They simply lock the resources.

Senator GRAVEL. Thank you very much.

Mr. TERRIBERRY. Thank you.

(Mr. Terriberry supplied the following information for the record:)

Project	Location	Total cost	ARC funds
Land stabilization plan	GMPDC area	325,000	325,000
Pickens County Trade School	Pickens County	204,000	68,000
Hall County Hospital	Gainesville	3,066,391	126,400
Gainesville Junior College	do	1,929,021	140,000
Access Road, Ducketts Mill	Hall County	200,000	140,773
Chestatee Library	Gainesville		200,000
Vogel State Park sewage	Vogel State Park	29,000	14,500
Gainesville Airport Extension	Gainesville	151,160	29,000
Clayton, water system	Clayton		114,000
North Georgia—Vo-Tech School	GMPDC area	92,000	46,100
Habersham County Airport	Cornelia	190,420	57,126
Do	do	68,580	20,574
Habersham County Nursing Home	Habersham County	1,118,340	335,500
Habersham County High School (Vocational Tech)	do	47,032	14,110
Toccoa Stephens County Library	Toccoa	200,600	60,180
Carnesville, water system	Carnesville	142,000	14,000
Consortium program	GMPDC Area		24,375
Gainesville sewage	Gainesville	350,000	150,000
Gainesville Vocational High School	do		258,026
Gainesville water system	do	1,121,400	175,000
Toccoa water system	Toccoa	1,105,000	175,000
Baldwin water system	Baldwin	1,050,800	266,800
Lula water system	Lula	496,500	137,167
GMPDC housing program	GMPDC Area	25,000	19,500
Ty Cobb nursing home	Royston	572,000	171,600
Towns County Hospital	Hiawassee	1,037,272	307,233
Pickens County Hospital	Jasper	995,000	132,667
Fannin County Health Center	Fannin County	137,000	109,300
Forsyth County Vocational Education	Forsyth County	300,000	240,000
Stephens County Area Vocational Education School	Toccoa, Stephens County	120,000	120,000
Fannin County Vocational Education School	Fannin County	400,000	320,000
Pickens County Vocational Technical School	Jasper	680,000	340,000
Gainesville Municipal Airport	Gainesville	151,160	29,000
Total		16,304,676	4,680,931

Annual Report

for the

Georgia Mountains Planning And Development Commission

1969-70

57-030 O - 71 - 21

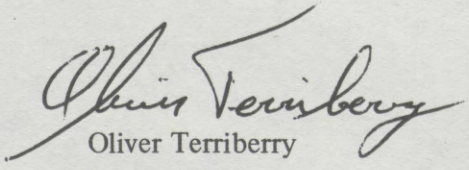
STATEMENT OF TRANSMITTAL

This report to the Board of Directors of the Georgia Mountains Planning and Development Commission and the people who reside in our member counties, is a summary of the activities pursued during the last twelve months.

In order for the commission to carry out the responsibilities assigned to it by the governing authority of the member counties, it must consistently appraise and reappraise the environmental, social, physical, and economic needs of the individual community and the region.

By projecting these needs into the future and providing the members with professional assistance and counseling, a coordinated approach to attain these goals – both short and long range – is developed consistent with the well being and economic needs of each member and the region as a whole.

To this end the Board of Directors and the staff of the Georgia Mountains Planning and Development Commission are dedicated. Through this brief report, we hope to inform you of our activities, the relationship to your community, the region and the state.



Oliver Terriberry
Executive Director

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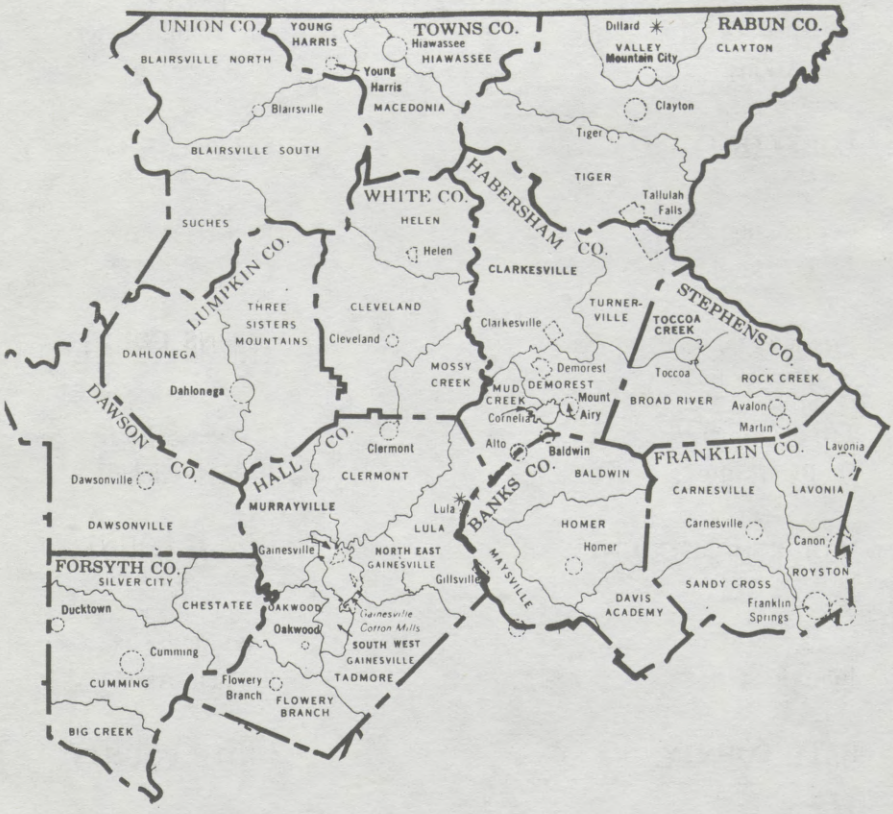
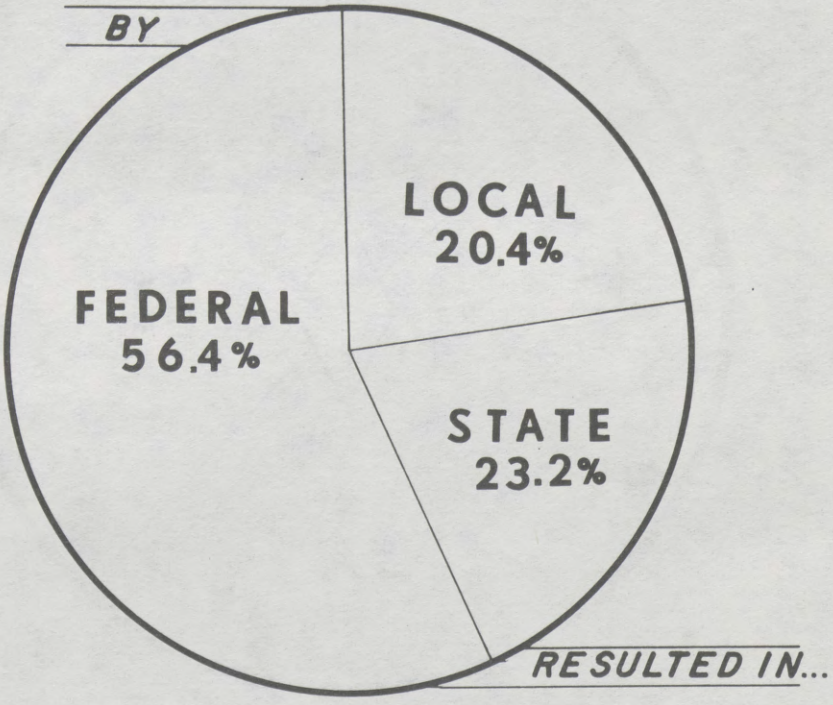
The Georgia Mountains Planning and Development Commission is supported financially by three separate sources. The communities and counties that are members contribute local dollars on a per capita basis; in FY 1970, the local share amounted to $44,245.

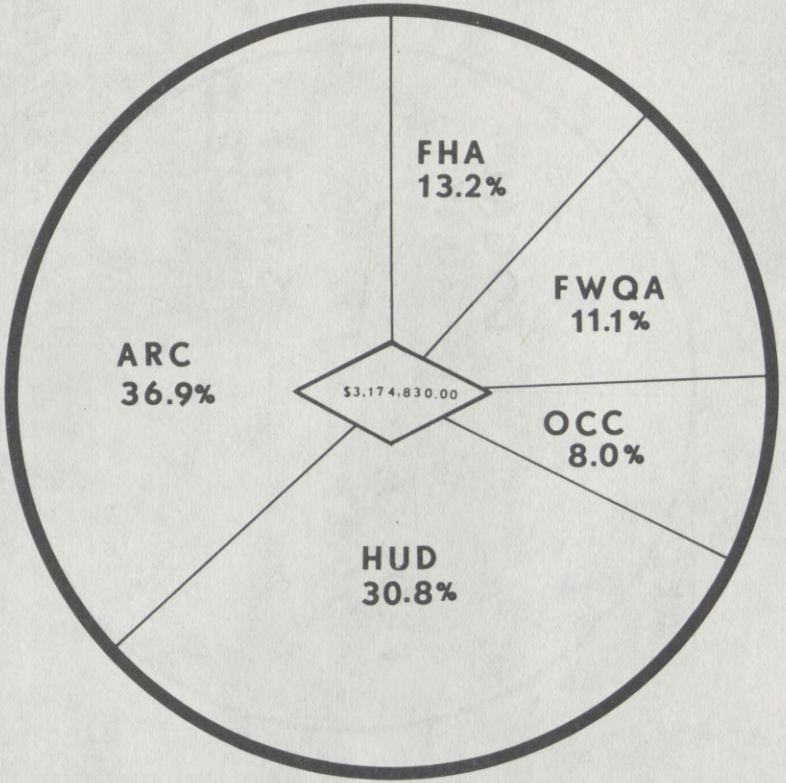
The State of Georgia through existing legislation provides an annual appropriation of $50,000.00. The Federal government provides administrative grants through its various developmental agencies such as the Economic Development Administration (EDA). Appalachian Regional Commission (ARC), Omnibus Crime Control Program (OCC), and Department of Housing and Urban Development (HUD). In FY 1970, these grants totaled $122,232.00.



IN 1969-70, A $216,553 INVESTMENT IN GMPDC



FEDERAL ASSISTANCE FOR COMMUNITY PROJECTS



GEORGIA MOUNTAINS PLANNING AND DEVELOPMENT COMMISSION ACTIVITIES

PLANNING

The basic function to the Georgia Mountains Planning and Development Commission is to plan for the orderly growth and development of the area. Local planning dominated the Commission planning activities this past year, and will in the future continue to be a vital segment of the planning program. The chart below summarizes the HUD "701" Planning Program.

701 COMPREHENSIVE PLANNING ASSISTANCE

Elements \ Location	Cornelia	Cumming	Forsyth Co.	Royston	Toccoa
Economic Base & Population Study	●		○	●	●
Existing Land Use Study	●	●	○	●	●
Future Land Use & Thoroughfare Plan	●	○	○	●	●
Neighborhood Analysis	●	●		●	●
Community Facilities Plan	○	○		●	●
Public Improvement Program	○	○		●	●
Zoning Ordinance	○	○	○	●	●
Subdivision Regulations	○	○	○	●	●
CBD Study	○				●
Initial Housing Element	●	●	●		
Continuing Planning Program					●

● Study Completed ○ Study In Progress

A regional study is underway to evaluate existing planning programs, activities, and studies in the area, and ultimately formulate a meaningful and effective regional planning program. The regional planning program will set the pace for studying transportation, land use, community facilities, housing, and other public improvements on a regional basis.

LOCAL ASSISTANCE

The Commission provided varied forms of technical assistance to member counties and municipalities this past year. Fiscal and financial assistance was provided, as was assistance in the development of zoning ordinances and subdivision regulations. Studies were done to determine the feasibility of emergency vehicle services. Numerous other types of assistance were provided to the communities who chose to avail themselves of the services of the Commission.

RECREATION AND TOURISM DEVELOPMENT

The Commission vigorously promoted and publicized the region for the purpose of encouraging visits to the area. The Commission also encouraged communities to participate more fully in tourism oriented programs and development and aided local governments in the planning and funding of public recreation projects.

RESEARCH

Through research, the Commission became more knowledgeable about the region, and the problems faced by member communities. Research efforts were concentrated on solid waste disposal problems, housing needs, and the water resources of the area.

PROJECT REVIEWS

Proposed projects were reviewed by the Commission as required by Federal Bureau of the Budget Circular A-95. This review process requires the Commission to comment on the consistency of proposed projects with the overall development plans for the region.

GMPDC – NASA SCHOOL CONSORTIUM PROGRAM

The purpose of this consortium is to combine the skills and training facilities of vo-technical education with the broadening capacities of area colleges in order to provide training for first line managers. During the past year a study was initiated to determine the needs of industries in the area for the next five years. The consortium curriculum will be tailored to meet these needs.

ECONOMIC DEVELOPMENT

The economic development activities of the Commission consisted primarily of assisting communities with the planning and funding of the facilities which are prerequisite to industrial growth and development. The lack of adequate water and sewer systems has been a severe constraint on the development of the area, and it was toward the alleviation of this problem that the Commission concentrated its activities in 1970.

The Commission also provided prospective industrial developers information about the labor market, industrial sites, local tax structures, and resources of the area.

1971 PROJECTION

The efforts of the Commission in 1971 will be directed toward planning for the orderly growth and development of the area, providing every possible assistance to member communities, and seeking solutions to the persistent problems which have in the past been a constraint on the progress of and a threat to the environmental quality of the area.

Local and regional planning will be an important component of the GMPDC program with increased emphasis being placed on regional planning.

The problem of collecting and disposing of the solid waste produced by both residents and visitors to the region is one which demands immediate attention. Approximately 200,000 tons of solid waste are produced each year in the area, and the present disposal methods are totally inadequate. The GMPDC will seek assistance from Federal agencies which have funds available for the implementation of solid waste disposal projects. Aid will also be sought from Westinghouse, the Southern Railway, and other private organizations which offer possible solutions to this most perplexing problem.

Inadequate housing continues to be a severe problem in the area. Further research will be done on the housing needs of the region. An action program will be undertaken to acquaint the residents of the Georgia Mountains with all available forms of housing assistance.

The Commission will continue to provide local assistance to the member communities. The resources of the GMPDC will, as in the past, be available to those who will make their needs known.

Senator GRAVEL. Because of the necessity to catch an airplane, we will take our next witness out of order. Our next witness will be Mr. Jack Strickland, executive director of the First Tennessee-Virginia Development District, Johnson City, Tenn.

Rather than reading through your statement, if you would like you can cover the general highlights.

STATEMENT OF JACK STRICKLAND, EXECUTIVE DIRECTOR, FIRST TENNESSEE-VIRGINIA DEVELOPMENT DISTRICT, JOHNSON CITY, TENN.

Mr. STRICKLAND. Thank you, Mr. Chairman.

The First Tennessee-Virginia Development District is made up of nine counties and 22 cities and towns. Eight of these counties are in upper east Tennessee and one is in southwest Virginia.

The chief elected official of these cities and counties make up the governing body of this organization. A representative from each of the industrial development organizations in the region also sits on the board of directors.

The First Tennessee-Virginia Development District was formed in December 1966. It is funded by each unit of local government, the State of Tennessee, and six Federal agencies: ARC, EDA, HUD, OEO, HEW, and the Department of Justice. In addition, some private money has been put in the district's operation.

I appreciate this opportunity to talk with you today on the local development district aspects of the Appalachian program.

In the beginning the individual cities and counties were attracted to the local development district concept by the possibility for additional Federal grants. When the idea of the regional organization was first discussed in Tennessee, I was an employee of local government. The first regional meeting to discuss formation of a development district brought representatives from all the adjacent cities and counties in upper east Tennessee. Although each of us lived in the same region, we were strangers. As we came to know each other, we found we shared the same regional assets and liabilities.

After the meeting, we discussed what supplementary grants, highways, and the like would mean to our particular city. For these things, we would be willing to work with other cities and counties.

When the district was created, I was employed as its first executive director.

The First Tennessee-Virginia Development District is now in its fifth year of operation. All of the participants have learned a great deal since its beginning. Those things they valued at the offset are still important, but many things overlooked then have also become important. For example, the Appalachian corridors now being built are some of the greatest improvements that came to the region. Praise can be given to the program that have and are funding vocational training, additional medical facilities, and all other programs heralded in the Appalachian region during the past several years.

The people of the First Tennessee-Virginia Development District have participated in ARC-funded projects and benefited by them. Yet, I would like to emphasize that some benefits are not measurable in miles of highways or dollars invested. The local development district concept, a vital part of the Appalachian program, has made a

significant contribution to better government. Until the recent past, local governments went their separate ways confining their thinking and actions to their own political boundaries. Each government attempted to solve its problems by itself. The Federal grants-in-aid program encouraged this unilateral approach. Each community was required to plan and set priorities just within its own political jurisdiction, but without any consideration for what adjacent communities were planning or doing.

The local development district brought these communities together. It gave them a chance to identify with each other. It gave them a chance to recognize common strength and weaknesses.

Besides encouraging local communities to work together, the Appalachian commission also brought about better working relationships between the State and its cities and counties. Because of State involvement in the development process, its services have improved to local communities.

In order to make this local-local, State-local relationship work, it was necessary to do investment planning. The local communities needed to decide in priorities. For many it was their first experience at planning or capital budgeting. Because of these increased relationships, or improved relationships, on the local and State level, or between State and local governments, Federal agencies began using local development districts as a vehicle through which to operate. A result has been improvement between agency-agency operations. What I am saying is that the local development concept has enabled the Federal, State, and local governments to work more effectively, and it has seen more coordination take place. As the district matured, participation, cooperation, and coordination for regional development, such as had never been seen before in our region, became a significant fact of life.

Earlier I stated that the chief officials of nine counties and 22 cities made up the board of directors for this organization. I also indicated that the major reason for each community becoming involved was the attractiveness of getting additional grants for their communities. This association, however, brought about other things, one being a cooperative effort among local governments to overcome some area limitations. An example: There are two regional industrial parks located in the development district. Until the formation of the district, each city and county had its own industrial park site, usually undeveloped. One of these regional industrial parks is owned jointly by a city and county. The other is owned by two cities and two counties. These parks are fully serviced by utilities.

Perhaps some of you might think anyone could have done these projects. I suspect, however, representatives of the cities and counties who work out all the details within the district framework might take exception. More importantly, cooperative industrial development efforts are taking place in the region. Industrial prospects are taken throughout the entire area in an honest and earnest effort to locate them anywhere within the region. It was just a short time ago that no community in the region thought beyond its political boundaries. Things are now changing.

Heavy emphasis has been placed on vocational education, particularly at the secondary level, during the past several years. If past trends have been followed, each county and city would attempt to have its own program. In our region, the program calls for one major

vocational technical school, complemented by local area comprehensive high schools.

Within the development district is a regional criminal justice planning committee. Because of this committee's efforts, we now have uniform training standards for all police officers in the region; adequate and sufficient equipment; interlocking communication networks; and uniform records systems, among other things improving the standards of law enforcement.

There are 51 utility districts within the development district boundaries. These utility districts, together with the appropriate Federal and State agencies, and with the development district, have prepared a nine-county water and sewer development plan. Each water and sewer improvement within the nine counties, no matter how small, conforms to this development scheme. Why? Because the plan was prepared and adopted by the local people.

These activities have promoted additional investigation on a joint basis. Local governments are recognizing possible economy through joint efforts and are attempting to solve long-range solid waste disposal problems facing practically every city, community, and county in the region.

Other joint investigations are being conducted in housing and health. The people of the region are trying to determine the most reasonable and economical way to solving housing problems. Because of high costs in health care, efforts are being made to centralize the most expensive and delicate form of health care and facilities, yet have in the outlying areas of the region clinics and diagnostic operations easily accessible to the people.

The Comprehensive area Manpower Planning Services, or CAMPS, is a very real effort by operating agencies of government to coordinate their activities. The CAMPS program is part of the development district.

To summarize, efforts to improve the region in areas of industrial development, education, law enforcement, health, housing and manpower development are all working within the same organization. Therefore, when considering the board of directors of the First Tennessee-Virginia Development District, we are considering the top of a pyramid. When you look closely at the district's activities, however, you will see that these elected officials are assisted by educators, operating agencies of State and Federal governments, the people of the criminal justice system, those involved with industrial development, people concerned with providing utilities, and many others. When counted, almost 2,000 people are directly involved and a part of the development district.

The local development district has created people involvement on a broad scale. It has permitted coordination of programs. It is a catalyst which brings together those special groups working toward a particular end and their individual interests. This union brings about a more coordinated effort in meeting the needs of the people in this region.

It has taken several years to develop this working partnership. The elected people and others, of the First Tennessee-Virginia Development District, have worked diligently and earnestly to make this organization work. These folks have used every available tool to improve the region. Hopefully, the Appalachian Regional Commission will be available to them during the next 4 years.

Thank you.

Senator GRAVEL. In your statement you observe because of State involvement in the development process State services to communities have improved. Could you give us a few specifics?

Mr. STRICKLAND. I can remember back in 1961 when I was with one unit of local government the relationship between communities and States really didn't count much because you looked at your projects, you looked at your grant-in-aid programs, you looked at your source of money and you went in that direction. There was never really any requirement that the State had to know or prove. The Appalachian Commission came along and it involved the States as part of this package of Federal, State, and local attempts to solve their problems. All of a sudden the States became aware they had an obligation to the communities as well as the communities realizing they had an obligation to the State.

When we started this planning and priority proposition, what goes first, what is second; the State had to stop and think in the same terms and they had to look across their board of services offered to local communities. As a result of that they became more aware. So it is a 2-way street, Senator. When the States had to be brought in they became much more aware of their obligation.

Senator GRAVEL. How many industries have located in the regional industrial parks?

Mr. STRICKLAND. This morning riding up with the President of the Chamber of Commerce of Bristol, Tennessee-Bristol, Virginia, we spoke of the $51 million worth of construction that was committed in the last 18 months, under way, located in these two industrial parks, some of our people going back and forth across the line. The projected employment is 4,600.

Senator GRAVEL. Are all of the programs in your District regional in nature, or is there a cleavage between, let's say, Tennessee and Virginia?

Mr. STRICKLAND. May I react to the question, sir? When you say regional in nature and then you start talking about Tennessee and Virginia, you threw something in we usually don't think in terms of. The State line is there, it is a reality, yes, sir, but the Tennessee-Virginia proposition is not necessarily a handicap. For example, there is a regional sewage treatment plant now being constructed. It serves Bristol, Tennessee-Bristol, Virginia, Sullivan County, Tennessee, and this tri-county industrial park. We have many things that are on a regional basis but there are many things that are individual problems, too, don't let me mislead you.

Senator GRAVEL. However, do you feel that the regional concept in this particular case is broader or more applicable because of the region?

I asked you earlier if most of the projects were regional in nature as opposed to individual communities.

Mr. STRICKLAND. Yes, sir, they are, I think. I participated in the area when the name of the game was to make sure you didn't let the other community know what you were doing. When you brought the elected people together from the communities 6 or 10 miles apart they didn't even know one another. That has been overcome so now they sit down together and try to figure out can one facility serve more than one community.

Senator GRAVEL. Senator?
Senator COOPER. I have no questions.
Senator GRAVEL. Senator Bentsen?
Senator BENTSEN. Thank you, Mr. Chairman.
Does the District have any authority?
Mr. STRICKLAND. No, sir.
Senator BENTSEN. So then it has no taxing authority?
Mr. STRICKLAND. No, sir.
Senator BENTSEN. The chairman asked you how many industries you have in the 18 communities. You gave the answer as to the number of people employed and the millions of dollars committed for construction.
Mr. STRICKLAND. I am going to say eight, and I stand to be corrected, in the 18 communities. In the 4 years we have 51 expansions and 36 plants, and I stand to be corrected on that, that is 66.
Senator BENTSEN. And you found a high degree of cooperation among the elected officials who participated in this?
Mr. STRICKLAND. Yes.
Senator GRAVEL. Our distinguished Senator from Tennessee Senator Baker.
Senator BAKER. Mr. Chairman, thank you very much.
Let me first apologize to Mr. Strickland for being a little late and missing the beginning of his statement, but the Commerce Committee was meeting at the same time and the Committee on Aviation is holding hearings on air service which is now a matter of some interest to the area Mr. Strickland serves.
I have known Mr. Strickland for some time, and I have known this area for some time. It is one of the fastest growing and rapidly changing areas in the United States. It is one of the most vigorous areas in our State of Tennessee and the State of Virginia.
I would like to make one facetious observation, recalling when I was campaigning for the U.S. Senate in 1966. As I traveled along the streets in the cities of Bristol and Kingsport, in some cases in Johnson City, and shook hands with the people, many would indicate they were sorry they couldn't vote for me or against me because they lived just across the State boundary in Virginia or Kentucky. My only defensive reply was the good Tennessee adage that it never hurts to sweeten around the edges a little. So the fact that there is an interaction of interest and economy between this area is demonstrable in many ways.
It seems to me that an anomaly of governmental organization has been that prior to the advent of regional planning there had been no coherent effort to solve problems common to communities across arbitrary political boundaries. I would like to observe that in the Tri-Cities area and in other areas of Tennessee where our major metropolitan areas, such as Memphis, Chattanooga, and to a lesser extent Nashville, are located in proximity to State borders, in the last 5 or 6 years I have noticed a distinct diminution of parochial viewpoints. People are less concerned with whether they live in Bristol or Kingsport than they are if they live in the Tri-Cities area. I charge a good deal of the credit for this change to your organization and to your efforts individually.
This is also a preamble for asking these particular questions, Mr. Strickland: Do you feel there is a continuing and ongoing require-

ment for regional planning and regional funding as well as local governmental participation regardless of State boundary lines for the foreseeable future in your area?

Mr. STRICKLAND. Yes, sir; I do.

Senator BAKER. Do you feel you are in a position at this particular point to tell us whether or not EDA or the Appalachian program, or any of the several agencies which now participate in your regional planning implementation has a superior program or a better track record, than any other from which we might take an example for future planning in the area of economic development?

Mr. STRICKLAND. Since I am here about the Appalachian program, may I speak to that one first?

The thing I have noticed most, and we have participated in almost all of the Federal programs, is that the Appalachian Commission did intentionally set out to be sure that all the levels of government, State, local and Federal, work together. They recognized that the local people had to first of all come to some kind of understanding among themselves. Because of this I think they rate No. 1 from my own personal point of view.

Senator BAKER. From my personal point of view, I agree. The contribution that the Appalachian Regional Commission has made in the direction of breaking down the isolation of one community from the other and promoting and fostering cooperation between communities, creating a feeling of cooperation between them, has probably been the greatest accomplishment of these programs. I hope it will continue.

Mr. Strickland, would you be in a position now to estimate for us how local government, meaning the city, county, and State governments, might improve their contribution to this partnership in regional effort that you describe in your statement?

Mr. STRICKLAND. Local and State governments still have the charge before them to become, I want to say better organized but I am not sure that is the correct term. They have got to decide among themselves what they must do to meet the need and demands of their people. They have got to see this on a priority scale and live with it and figure out some way when the current administration is in and decide that it still has some significance when the new administration comes in.

We still have a long way to go. I drop back to this, why I think it is so important that the Appalachian Commission continue to give that strong hand of support.

Senator BAKER. May I ask you to comment on an observation that I have made which I am tentatively convinced is correct: Since the advent of the Appalachian Regional Commission and the economic development districts, such as the one that you head, there is now a greater readiness to cooperate between units of local government in redevelopment areas than there is between States.

Mr. STRICKLAND. Yes, sir.

Senator BAKER. Would you venture to say that we need to improve the incentive for States to cooperate on the regional basis that has succeeded with local governments?

Mr. STRICKLAND. Yes, sir; and I think exposure will help do this.

Senator BAKER. And I think time will help.

I am not trying to divert you into a separate area, but it is one that is potentially related to your area of interest. Is it possible, in your

view, that a system of revenue sharing, whether general purpose revenue sharing, which I think you know I have discussed over a long period of time in Tennessee, or special revenue sharing, which is more often referred to as block grants, which eliminates the requirement for a local contribution of a matching share might heighten efficiency and improve the performance of regional cooperative districts?

Mr. STRICKLAND. The reduction of local participation?

Senator BAKER. The elimination of the requirement for a local contribution of money.

Mr. STRICKLAND. Would heighten and improve regional cooperation?

Senator BAKER. The point I am making, or trying to make, is that part of the reluctance to cooperate on the State level is based in particular on a shortage of money.

Mr. STRICKLAND. Yes, sir. I think in many instances.

Senator BAKER. Do you think if we had more money at the local level, whether by direct payment as with general revenue sharing or by the elimination of the requirement for local matching monies, that you might have a greater willingness to participate in your programs?

Mr. STRICKLAND. I am hesitating on that for this reason: I am applying it to myself now. You give me too much of anything and I usually get careless. It is when I have to think and apportion and plan and priority that I am a little sharper. So I am going to assume that you mean, you know, this would be put into these areas, the money would be available to do things. But if you have "X" number of dollars to solve a sewage disposal problem we are going to have to work it out locally on how we solve that problem, whether it be one community or five that would be in on it. I am not sure that I one hundred percent understand the question. But money solves many of these problems.

Senator BAKER. While I think we are on a collateral issue, I would like to make this final observation: I think a part of the problem we have with local cooperation in redevelopment programs is the reluctance of local officials to have to increase their property tax or their sales tax in order to raise matching shares, and that if you obviated that necessity in a particular field, such as cooperative effort for sewage disposal or for a water system or an industrial park or otherwise, that you might find an increased readiness to cooperate. After all, there is no escaping the proposition that one of the impediments to greater local cooperation is the necessity that local governments increase their taxes to fulfill their obligations under present programs.

Mr. Chairman, thank you for giving me the opportunity to question this witness and to venture some observations of my own. I think his district and his personal efforts have been singularly successful in demonstrating the feasibility of regional cooperation in economic development.

Senator BENTSEN (presiding). Thank you. I would have to concur with that. I think it is a most encouraging report.

The Senator from Kentucky.

Senator COOPER. I have no questions.

Senator BENTSEN. Thank you very much.

Our next witness is Mr. Ted Hipkens of Appalachian regional hospitals. We are pleased to have you, Mr. Hipkens.

Senator RANDOLPH. What are the States in your region?

Mr. HIPKENS. West Virginia, Kentucky, Virginia, and a touch of Tennessee.

STATEMENT OF TED P. HIPKENS, PRESIDENT, APPALACHIAN REGIONAL HOSPITALS, LEXINGTON, KY.

Mr. HIPKENS. My name is T. P. Hipkens. I come from Lexington, Ky., and my business is the providing of health care. Except for the Appalachian regional development program, I would not be here today. The explanation is different from what you might imagine, to wit:

Were it not for the program's contributions to health care, the nonprofit health care system which I represent would not be in existence today. I will explain later just how the Appalachian Regional Commission saved my organization and enabled it, in turn, to fulfill its humanitarian mission of improving the health of Appalachia residents afflicted by illness, disease, and injury.

I hope my message will show you why it is very important to these people that the Appalachian regional development program be extended for another 4 years.

I am the president and chief executive officer of Appalachian Regional Hospitals, Inc. ARH is a nonprofit health care system centered around nine community hospitals and related health services, with a total of 1,032 beds. The system serves a mountainous area of Kentucky, Virginia, West Virginia, and a tiny segment of Tennessee.

How Appalachian regional hospitals came into existence is such a remarkable story of generosity and compassion for mankind that I believe you will be interested in a brief telling.

The story begins in the mid-1950's when the United Mine Workers Welfare and Retirement Fund established 10 hospitals to serve a chain of mountainous coal-mining communities extending from Middlesboro, Ky., 250 miles northeast to Beckley, W. Va. In 1962, the UMW, harassed by various problems, announced that it had decided to sell or close several of the hospitals.

The closing of any of these institutions, in a region of such great need for medical and hospital services, would have been calamitous. The United Presbyterian Church, U.S.A., and the Commonwealth of Kentucky came forward with a program to rescue the 10 hospitals.

The result was the creation in 1963 of an independent, nonprofit private corporation, with a board of 30 trustees, to purchase and operate all 10 of the hospitals. (The hospital at Pikeville, Ky., later was merged with that city's Methodist Hospital.) The fledgling corporation acquired the hospitals with the help of a $3.9 million grant and a $4.1 million loan from the Federal Government.

The grant was made in the summer of 1963 by the U.S. Area Redevelopment Administration. The loan was provided in June 1964 by ARA's successor, the Economic Development Administration. A grant for the full amount was sought and was justified, but half of the money came in the form of a loan for the very simple reason that ARA grant funds were exhausted. We are still seeking relief from this obligation which is beyond our capacity to repay.

Their reasons for this help were twofold: (1) to bolster the economy of the Appalachian Region by sponsoring a nonprofit industry which

would provide much-needed jobs and payroll wealth; (2) to assure the continuance and further development of high quality medical and hospital services in areas where a desperate shortage of such services existed.

Now, 7 years since the inception of Appalachian Regional Hospitals, I think the record will show that the Federal Government made a wise investment which has produced handsome dividends.

Appalachian Regional Hospitals today is undoubtedly the largest private, nonprofit health care system in Appalachia. It employs 2,500 persons, has a medical staff of 360 physicians and dentists, and spends $29 million a year in delivering comprehensive health services.

Let's look at the dividends derived from the Federal Government's investment during the years of ARH's existence:

(1) ARH provides steady jobs for 2,500 Appalachia residents and has ploughed into the region's economic bloodstream more than $60 million in salaries and wages.

(2) ARH has raised the quality and quantity of medical and hospital services in Appalachia, and during its 7 years has served 230,172 inpatients with 1,738,154 days of hospital care.

(3) Most importantly, ARH, in cooperation with Federal and State agencies, is developing new patterns of health care delivery which can serve as models for other regions and States.

This, I believe, is the kind of success which the Congress is seeking to achieve through the Appalachian Regional Development Program.

I remarked earlier that the program administered by the Appalachian Regional Commission is responsible for the existence today of the health care system I represent. Let me explain.

ARH started in 1963 without a cent of operating capital of its own. True, the Federal Government let us have $8 million, but all of this money was spent in the purchase of the 10 hospitals from the United Mine Workers. We had no money for payrolls and other operating expenses.

We got along for a while by borrowing, but this source of revenue soon was exhausted. The new corporation's lack of operating capital became critical in the spring of 1965. A contributing factor was the burden of providing hospital care to a growing load of indigent patients.

Under UMW ownership, the hospitals operated primarily to serve UMW Union members and their families and pensioners. When ARH assumed ownership, the hospitals were converted into voluntary community hospitals, which meant that they were committed to accept any and everybody, regardless of their ability to pay. In the role of so-called "charity" hospitals, they naturally attracted an influx of indigents. Our board of trustees was on the verge of closing our hospitals when the Appalachian Regional Commission, recognizing that the collapse of ARH would be a calamity to the communities depending upon us for health care and jobs, answered our plea for help.

The Commission, in cooperation with the Office of Economic Opportunity and the States of Kentucky, Virginia, and West Virginia, arranged for ARH to obtain a grant of $1.2 million from the Office of Economic Opportunity. We received the check for $1.2 million on June 8, 1965, and with a sigh of relief, met our payroll and cancelled an emergency plan for phasing out the hospitals.

The Appalachian Regional Commission, while concerned for ARH's contributions to the economy and good health of an important segment of Appalachia citizens, had another reason for helping us. The Commission and the Office of Economic Opportunity had taken the first steps to develop a network of regional health programs throughout Appalachia to serve as demonstration models for other underdeveloped areas in America and other nations.

They needed viable health care institutions and agencies, particularly a system of ARH's size, to serve as the nucleus around which to develop the new health programs.

ARH agreed to cooperate wholeheartedly in the demonstration program. We, too, recognized the urgent need to provide better and perhaps different health services, because many people were receiving no medical or hospital care whatever, and many of the services being provided were not adequate to the needs of the recipients.

Furthermore, there was a great need for responsible and efficient planning which would help the Appalachian region make more effective use of existing health resources as well as the new resources to be created.

So, the Appalachian Regional Commission, with its access to financial resources, was warmly welcomed by those nonprofit hospitals eager to expand their services. The hospitals just did not have the money to do alone the job that needed to be done. With "seed money" distributed through Appalachian Regional Commission, and matched by the hospitals' own contributions, they could start getting something done.

This brings me to the encouraging developments which my health care system has been able to achieve, thanks to the Appalachian regional development program and its resources.

We are now expanding our facilities and services, introducing new and better methods of delivering health care, and are even using our centralized management resources and talents to help other communities establish and operate hospitals, health centers, and clinics.

The main thrust of these exciting new developments has been in Kentucky in cooperation with the Southeastern Kentucky Regional Health Demonstration Corporation and its planning councils in a 16-county area. We are also developing projects in Virginia and West Virginia in cooperation with planning agencies of those States.

ARH and the people of the communities it serves are indebted to the Appalachian Regional Commission for the following achievements in the last 2 years:

(1) The establishment of home health care programs in eight communities. Last year these agencies provided excellent medical and nursing care to more than 1,000 patients in their homes.

(2) Establishment of an emergency radio communications network linking four ARH hospitals with eight other hospitals in southeastern Kentucky. The system connects the hospitals via two-way radio with ambulances and law enforcements agencies, thereby making possible faster medical care for persons stricken by illness or injury at locations far removed from a hospital.

(3) Full-time physicians have been obtained to man the emergency rooms of 6 of our hospitals.

(4) We are building extended-care facilities in three Kentucky cities so that patients not ill enough to require a regular hospital bed can be

given excellent medical and nursing attention at less cost than in an acute-care hospital bed. These extended-care facilities will provide 55 additional beds at Middlesboro, 50 extra beds at Harlan, and 40 extra beds at Hazard. The Hazard addition will also include 20 mental health beds.

(5) We are planning for a 60-bed extended-care facility at Beckley, W. Va., and a 50-bed extended-care facility at Wise, Va.

(6) Ground will be broken this year for a one-story addition, which will include an intensive-care unit and a coronary-care unit, at our Middlesboro, Ky., hospital.

(7) We expect soon to begin a second addition at our Hazard, Ky., health center to include a coronary-intensive-care unit and other services.

(8) Coronary-care units have been established at our hospitals in Beckley, W. Va., and McDowell, Ky.

(9) On the grounds of our Beckley hospital, we have constructed a building for an HEW-financed neighborhood health center which last year treated 2,318 patients.

(10) An ARH office of education has been created to conduct a program in continuing education for upgrading the knowledge of physicians and paramedical personnel.

(11) Two training programs for chaplains have been established—at Beckley, W. Va., and Harlan, Ky.

(12) Modern ambulance services have been placed in operation serving ARH hospitals at Harlan, Hazard, and Whitesburg, Ky., in addition to other hospitals in the areas.

I mentioned earlier that ARH is extending its services to hospitals and health care centers outside the ARH system. We have agreed to operate a 50-bed hospital to be constructed by Morgan County at West Liberty, Ky., and a community health center to be erected at Hindman, Ky.

Just recently, we assumed the management of a clinic at Ary, Ky., and assisted in establishing a clinic at Evarts, Ky. In addition, we are providing special services, such as purchasing and accounting, to hospitals at Montgomery, W. Va., and Hinton, W. Va., as well as a children's home in Buckhorn, Ky.

I wish I could take the members of this committee to visit the people in mountain hollows whose health has been improved or life prolonged through our new health programs. The workers of our home health agencies constantly bring back stories of these patients' renewed hope and happiness.

One example is the mother of seven children whose ailment was diagnosed as terminal cancer. After an operation, the hospital arranged to keep her indefinitely. But she clamored to return to her family. Fortunately, the hospital has a home health service, which arranged for a nurse aide to care for her while a homemaker helped supervise the family chores.

The woman was so happy to be home with her husband and children that her condition seemed to stabilize. From her bed she was able to supervise the children in their house-cleaning and cooking and make sure they did their school homework. Three months after being pronounced a terminal cancer case, the lady was still going strong, but at home with and part of her family.

Then there is the case of the diabetic father who, thanks to home health care, can stay with his family and help with the household chores. Another patient, a paralyzed man, is able to walk again, as the result of home health care and treatment. I could recount many similar situations.

Cases such as these are not confined to the poor. The well-to-do also are benefiting from home care.

Home care is just one of the many valuable new health services which are being brought to the residents of Kentucky, Virginia, and West Virginia in projects fostered by the Appalachian regional development program.

I might point out that what we are doing is consistent with President Nixon's repeated admonitions to improve our health delivery system. In July of 1969, he stated:

> We face a massive crisis in (health care), and unless action is taken both administratively and legislatively to meet that crisis within the next 2 to 3 years, we will have a breakdown in the medical care system.

What the ARH system and other hospitals have accomplished is an example of voluntary agencies working hand in hand with Government to meet the urgent needs of Americans.

However, we, along with other segments of the health care industry, have so much catching-up to do to create the delivery system needed by the Nation, that our own resources are inadequate for the monumental task. ARH's revenues are barely sufficient to support current services. Unlike the profitmaking corporation, we are unable to generate surpluses for use in expansion.

Frankly, without the Appalachian regional commission and its grants, our hospital system could not have survived, much less developed the additional services and facilities which I have described.

To us, it is inconceivable that the Appalachian regional development program, and all it means in better health care to the 900,000 people in our service area, should be discarded.

In behalf of those people and their right to, and need for high quality health services, I respectfully urge you to recommend extension of the Appalachian regional development program for another 4 years.

Senator BENTSEN. Thank you, Mr. Hipkens, for your thoughtful statement.

The Senator from Kentucky.

Senator COOPER. Thank you, Mr. Bentsen.

I have been interested in your testimony, Mr. Hipkens, because throughout the years we have discussed some of the problems. I must say that Senator Randolph of West Virginia has been a great help to the members of this committee in working with you.

How many hospitals are there in the Appalachia Regional Hospital System?

Mr. HIPKENS. Sir, we have nine of our own. We are going to operate one for Morgan County, West Liberty, Ky.

Senator COOPER. How many UMW hospitals?

Mr. HIPKENS. We have nine at this time.

Senator COOPER. How many in Kentucky?

Mr. HIPKENS. Six, sir, one in Virginia and two in West Virginia.

Senator COOPER. I think I have visited all of those hospitals in Kentucky. I do recall at the time they were built that they were the

most modern hospitals in eastern Kentucky and as modern as any in Kentucky.

We have had a great deal of testimony about the shortage of doctors and nurses in eastern Kentucky, West Virginia, and other Appalachian States. Do you have any problem of staffing these hospitals with doctors, nurses, and technicians?

Mr. HIPKENS. I don't think we have had quite the problem some of our neighbors have, sir.

Senator COOPER. Have you been able to draw doctors and nurses and technicians from throughout the Nation to come there?

Mr. HIPKENS. Indeed, we have been able to bring them in. One of the things that has made it easier for us to bring them in is the fact we are involved in this exciting demonstration effort of ARC's.

Senator COOPER. I think the record shows this is a regional program, that it is supplying health service and aid to all of these States. Also these demonstration programs, as I understand them, will be valuable to other States in the Appalachian region and, in fact, valuable to any other State in the United States. Is that right?

Mr. HIPKENS. Precisely.

Senator COOPER. You mentioned an EDA loan. Is the loan for $4,100,000?

Mr. HIPKENS. It is in excess of $4.1 million, sir.

Senator COOPER. EDA has been able to extend the date of payment, haven't they?

Mr. HIPKENS. Yes; they have made some administrative moves that have been helpful to us to some extent, they have been very helpful to us in this respect.

Senator COOPER. Any debt is a burden, but, in a practical way, how does this debt interfere with your operations when you are not required to make payments on it at this time?

Mr. HIPKENS. One of the ways we would expect to grow to refurbish would be by borrowing if we were a normally constituted community hospital. With this mortgage held over our necks we are less than a desirable possible borrower from any lending agency, and this tends to get in the way as we try to develop clinics for physicians. Even though they might be self-liquidating, some banks are a little bit reluctant to look at us because 5 years from now in theory we have to meet a $4 million payment of funds we will never generate.

Senator COOPER. Do you owe any other money other than just for operating expenses?

Mr. HIPKENS. No, sir.

Senator COOPER. You do not owe any long-term or short-term debts?

Mr. HIPKENS. None other than the EDA loan.

Senator COOPER. Assuming this loan should be forgiven and looking at your operation from a fiscal standpoint, do you think you could operate these hospitals?

Mr. HIPKENS. There is no question about it, sir, no question about it.

Senator COOPER. On your revenues?

Mr. HIPKENS. Yes, sir.

Senator COOPER. At some point I assume, I don't know when, the Appalachian Development Act may be ended. I hope it won't be for 4 or 5 years, at least. That might cut off a source of help.

Do you think you will be able to operate from a fiscal standpoint with the Appalachian Regional Commission out of business?

Mr. HIPKENS. From ongoing operations, sir, we are almost current in terms of expense and revenue. It is when we have to meet the special things such as developing new programs or paying back loans or paying on a principal on a loan that we are in trouble. In the purchase of service from us 80 percent is from third party purchases, the welfare and retirement funds of the union, medicare and medicaid. They will pay us only costs. They will give us a tiny amount for depreciation and paying off bad debts, but it is not nearly enough to recover this loan for that money has to go to pay for free care. About 5 percent of our service is out-and-out free care.

Senator COOPER. I have read your statement and I noted a number of programs that you are undertaking. But considering the debt, do you think to expand your operations as much as you have is a prudent thing to do? In other words, for the purpose of the hospitals, and the purpose of your association it is a good thing to do but is it a prudent thing to do from the fiscal standpoint?

Mr. HIPKENS. When the Appalachian Commission and the Office of Economic Opportunity gave us the $2 million, one of the requirements was that we use our system as a laboratory to develop all sorts of innovative and unusual new ways to deliver health care. We feel we have a commitment to go at that.

Senator COOPER. I have a list of questions concerning this debt. I know the time is short so I will ask that these be placed in the record, and the Committee would be happy if you would respond to these questions so that we will know more about this fiscal situation. Also will you provide information on your auditing and accounting procedures.

Mr. HIPKENS. I will be glad to, sir.

(The questions and answers appear on p. 342.)

Senator COOPER. I said while you were out, Senator Randolph, that we have discussed these matters many times and I told him of your interest and your great help.

Senator BENTSEN. Thank you, Senator.

Senator RANDOLPH.

Senator RANDOLPH. I think it is important that we stress beyond the statement of Mr. Hipkens the subcommittee's realization of the value of this program. You have at present some 2500 workers in the organization, is that correct?

Mr. HIPKENS. That is right, sir.

Senator RANDOLPH. You contribute perhaps what?

Mr. HIPKENS. $29 million a year is our budget, sir.

Senator RANDOLPH. Then perhaps you have brought into the area $60 million?

Mr. HIPKENS. Yes, sir, $60 million plus.

Senator RANDOLPH. Along with the direct employment of the people in the hospitals at the different locations, plus the dollars, a very considerable sum, you have strengthened the area. I have always felt, and perhaps it is trite to say it, that so many times the health of the people is improved individually and let's say collectively when people have hope. You know I think hope is one of the ingredients that brings health. You can have an ailment, and if you have confidence that the medical people can help you, somttmes that hope is as much a factor as the skill of the physician or the compassion of a nurse; that hope, that belief, that faith.

I think, Senator Cooper and Senator Bentsen, that over a wide area of Appalachia the health of our people generally has been improved because they believed in this program and in the improvement of their individual health through the medical attention they can receive from these hospitals. So you have given them not only health, but you have given them great hope and increased faith.

With all of our problems throughout Appalachia, there is a crystalization that I sense, Senator Cooper must sense it, as we make these continuing visits into our own States, talking with people. They have a renewed faith in the ability of government with private assistance to bring about something that is productive. I think that is one of the selling points of this legislation, Senator Cooper, as it returns to the Congress for an extension. Senators from other areas, realize that here we are doing something within the body politic which moves out beyond these hills and these hollows, moves out to the broad plains and the great cities.

So I don't think of just cold statistics, you see. They are very important and you present many of them. But I think of the healing, you see, not just of a person who is ill, however important that is; the healing that goes beyond that. There is healing that comes to a whole area, this sense of being better and stronger and being a part of the life of this country. I am not trying to be philosophical now.

Senator COOPER. I think you have been very eloquent.

Mr. HIPKENS. You have expressed it beautifully, sir, and I wish you had written my speech.

Senator RANDOLPH. Thank you, Mr. Chairman.

Senator BENTSEN. Thank you, Senator Randolph.

Mr. Hipkens, you speak at one point about ARH's revenues are barely sufficient to support current services, and yet in answer to Senator Cooper I thought you said there was a disparity there.

Mr. HIPKENS. We break even, sir. We break even from a current operating basis. We generate no excess revenue for development or for no new program or payback of mortgages.

Senator BENTSEN. Here you are handling indigent patients and breaking even while previously the hospitals were obviously losing money.

Mr. HIPKENS. That is correct, sir.

Senator BENTSEN. Do you have any idea how much Federal funds have been used for these expansions, capital commitments, in effect?

Mr. HIPKENS. In excess of $3 million, sir.

Senator BENTSEN. Do you have any income from the traditional sources for hospitals, such as Hill-Burton or public fund drives?

Mr. HIPKENS. In these three expansions I described, part of the funding comes from Hill-Burton sources, along with the ARC, et cetera. We do have an "in-family" annual giving program. I spend part of my time in Senator Buckley's area talking with foundations and others trying to get additional money, matching funds, if you will. We have a capital fund campaign starting next April in Hazard, Kentucky, to help get matching funds for the extension that will be started there this fall.

Senator BENTSEN. Do you have any further questions, Senator Randolph?

Senator RANDOLPH. Only this, Mr. Chairman: I don't want to belabor this point too much, but I think how important it is that we

realize that no area of this country and no group of people can live unto themselves.

Here is the great State of California, the largest in the Union, and yet it has been stricken by disaster within the last 36 hours. The people of Texas and West Virginia and all the States mingled our money together to go in to help not only the people at the moment but to permit the agencies to move quickly in the rehabilitation of an area of our country. I repeat over and over again that a road built in one State has been constructed with the moneys of the people from all the States. The hospital program such as yours has an appeal for people far beyond the States in which you operate. I hope we will keep that thought in mind as we ask for the extension of the Appalachian program. It is an important part of a whole.

A demonstration area itself, but with a very real impact upon the Nation and its well-being.

Senator Bentsen, I want to thank you, as I thanked Senator Buckley, two of the members of the full committee and of this subcommittee, for moving so quickly in presiding over such sessions, with the colloquy with witnesses.

We have a very real need here to move in this matter as quickly as possible because the authorization for the Act expires on June 30 of this year. So we can't allow time, you know, just to pile one day on the other for too great a period. We must act within the subcommittee and the full committee and then in the Senate itself.

So what you have said here today helps to bring this record together rather quickly so that we can present it to the Congress. Thank you very much.

(The questions and answers referred to earlier follow:)

QUESTIONS SUBMITTED TO MR. T. P. HIPKENS BY SENATOR JOHN SHERMAN COOPER

Question. Mr. Hipkens, you mentioned in your statement your need for relief from an EDA loan. Could you elaborate on the justification for such relief?

Answer. The loan in question was made in 1964 in the amount of $4.1 million. Coupled with a grant in 1963 in the amount of $3.9 million, these funds enabled Appalachian Regional Hospitals, Inc., a newly formed non-profit corporation, to purchase ten hospitals from the Miners' Memorial Hospital Association when MMHA planned to close the hospitals. In 1965, the Economic Development Administration was created and succeeded to the interests of the Area Redevelopment Administration.

ARH, Inc. has sought relief from its obligations to the Economic Development Administration on the grounds that under current means of conditions it is impossible to repay the loan without very adverse effects on the quality and extent of service provided to the public by the ARH hospitals. By its charter and the policies of its board and management, ARH is committed to provide service to patients without regard to their ability to pay. Because of the generally low incomes and high rates of unemployment in the areas served by the ARH hospitals, this policy means that the hospital system provides a substantial amount of "free care". Approximately 5% of the patients served by the ARH hospitals fall into this category. Logically, this cost would be made up by increased charges for service to other patients. However, approximately 75% of ARH income is derived from Medicare, public assistance (Medicaid), and the United Mine Workers' Welfare and Retirement Fund. These programs will pay only what is determined to be the cost of treating the patient in question. While these programs *do* permit the inclusion of depreciation in the calculation of benefits, by law or administrative policy they do not allow "bad debt" or "charity" costs of a hospital to be included in calculating the cost of service rendered. Over the six-year life of ARH, Inc., there has been a clear choice between meeting our responsibilities to the public or retiring the EDA loan. ARH has been forced to

utilize depreciation allowances to cover the costs of providing service to medically indigent patients. The result has been that ARH has not made payments on the loan.

It should be noted that in 1964 when the loan in question was made, the full $8 million required to purchase teu hospitals from the Miners' Memorial Hospital Association and keep them operating was requested from the Area Redevelopment Administration in the form of a grant. $4.1 million was provided in the form of a loan for the very simple reason that ARA funds were exhausted. There was no other source of funds available, and ARH took the loan as the only means of saving the hospitals.

Thus, the loan was an expedient—a qurk of fate. Had sufficient grant funds been available at the time, undoubtedly the full $8 million would have been provided in that form.

Existence of this obligation, secured by a first mortgage on five of the hospitals (four, after the sale of the Pikeville, Kentucky hospital) has made it extremely difficult for ARH to borrow even small amounts of money or to attract donations. These circumstances are now coupled with the extraordinary opportunity for expansion and improvement of the ARH system offered by the Demonstration Health Program authorized by Section 202 of the Appalachian Act. Since the advent of the Demonstration Health Program, ARH has been in the position of being encouraged by one Federal program to expand and improve its facilities and services while being requested by another to reduce its capital through repayment of the EDA loan.

Question. You indicated you have reguested cancellation or forgiveness of this obligation from EDA. What has been the agency's position?

Answer. In January 1970, we raised these issues with EDA by preparing a report on the fiscal circumstances of the hospitals in documentation of the circumstances outlined above and requested cancellation of the debt or, as an alternative, its conversion to a grant.

EDA was sympathetic to our problem and, I believe, cognizant of the financial circumstances which prompted our request. However, the General Counsel of that agency took the position that the Public Works and Economic Development Act does not authorize the Secretary of Commerce to grant such relief. In an effort to be of assistance to us, EDA offered to make modifications in the loan agreement. After further discussions, a number of modifications in the loan agreement were made in August 1970 as follows:

1) A new payment schedule was adopted which provides for suspension of any obligation to make payments until July 1975. This schedule includes delinquent interest payments and payments required under the original loan agreement during the 1970–1975 period. Thus, interest continues to accrue during this period.

2) Restrictions in the loan agreement on the acquisition of fixed assets, salaries, and similar matters were eliminated to facilitate proper management.

3) Restrictions on the five hospitals acquired by ARH, Inc. with ARA grant funds were relaxed to permit their use as collateral on other loans.

All in all, Mr. Podesta and other officials of EDA have been most considerate and helpful. The modifications in the loan agreement which were made last year have been helpful in obtaining short-term financing, but the fact remains that it is very difficult to foresee substantial changes in our financial condition which would permit ARH to begin these payments in 1975 without serious impairment of the quality of service provided by the hospital system.

Question. Does the existence of this debt to EDA affect your current operations or the long range potential for the hospital system?

Answer. Relief from the obligation to make payments on the EDA loan through fiscal 1975 is certainly of great benefit to ARH, Inc. It has permitted us to obtain short-term loan commitments on two occasions since the modification of the loan agreement in August 1970. The fact remains, however, that if we seek long-term financing for expansion and improvement of the system, potential lenders are apprehensive about the effect on the hospital system should payments to EDA in the amount of $323,200 per year (as called for in the new payment schedule) be initiated in 1975.

Question. As you know, this Committee has jurisdiction over the Public Works and Economic Development Act. Could you provide for the record a written summation of the status of your obligation to that agency and any facts which you believe are pertinent to relief from it?

Answer: I have outlined above the effects of the EDA loan on our operations and in general terms the justification for relief from it. I would like to submit for the record a copy of the report which we submitted to EDA last year in justifica-

tion of our request for relief and copies of our correspondence with EDA on the matter which resulted in the agreement outlined in my response to Question 2. This report, prepared by our attorney, Mr. Joe W. Fleming, provides a more detailed review of the matter. It is my impression from our correspondence and discussions with EDA that the officials of that agency are generally sympathetic to our problem and aware of the fact that under present circumstances it is extremely unlikely that the loan can be repaid except at the expense of the hospitals' responsibilities to the people of Central Appalachia. Apparently, the primary obstacle to permanent relief is the view that the Secretary of Commerce does not have the authority to grant such relief. In view of the fact that the Public Works and Economic Development Act authorizes grants for the purposes in question, it would seem reasonable that the Secretary should have authority to cancel or forgive loan obligations when the purposes and objectives of the program would be well served by such action.

I hope this information is helpful and that the Committee can consider this issue at an appropriate time. Needless to say, I would be happy to provide any further material which would be helpful to you.

Senator BENTSEN. Off the record.

(Discussion off the record.)

Senator BENTSEN. On the record.

Thank you very much for your testimony.

May we now hear the testimony of Dr. Beryl R. Shoemaker.

STATEMENT OF DR. BERYL R. SHOEMAKER, DIRECTOR OF VOCATIONAL EDUCATION, STATE OF OHIO, COLUMBUS, OHIO

Dr. SHOEMAKER. I would like to have permission to have my statement placed in the record, and I will summarize and highlight parts of it, if I may.

Senator BENTSEN. Very well.

(Dr. Shoemaker's prepared statement appears on p. 348.)

Dr. SHOEMAKER. I have been involved with the State office related to the ARC since its inception, and have served as an Ohio representative on the education committee established to advise the Appalachian Regional Commission by reason of my appointment by the former Governor, James A. Rhodes.

I am beginning to hear, as I sit and listen today, a repeat of several concepts. I think it is important as we talk about this Act that some things are common. I find I am impressed, in this Act, with the emphasis on planning, total planning to the point of demanding that planning be done. I am impressed with the process for choice, for decision and for investment based upon such planning. Thirdly, I commend the procedures which start with local initiative but which involve the State and national review in terms of the goals of the Act.

The Act has been solution-oriented, not spreading the moneys that are available on an equal basis so that everybody gets a fair share of a little bit. It has been solution-oriented in that it pulls together broad areas of services and points these services toward continuing solutions to problems.

I would point out that this is significantly important in a period of time in which in our approach to social and economic issues, we tend to be concerned with short 4-year periods of time, attempting to provide solutions to massive problems on bases of short-range goals and planning.

It reminds me that we have at this present time observed the implementation of the moon program that was 10 years in the plan-

ning over the periods of office of three Presidents. Yet I see little in the way of long-range planning on social and economic issues pointing toward solutions to the grave problems we face on these issues.

My particular expertise is in the area of vocational education and I will direct my remarks largely to this area. At the outset of the planning for this Appalachian assistance program we pleaded with the State leadership and they heeded our requests, please don't spread this money into every little hamlet, into every little school district within the State we represent. Let's impact this program on a broader basis to bring together the student base and tax base necessary to provide the kind of services needed for youth and adults on a continuing basis.

Such action means you are 2 or 3 years from seeing any results and we were 2 or 3 years from seeing results in Ohio. It wasn't until 1967 that we could say here is something that resulted from the Appalachian Regional Development Act, which is now ready to serve people. But we could tell you now that there are now two broad vocational/technical education centers open, plus one concerned with vocational education only open and in operation, that next fall two more broad vocational/technical education centers will open and the following year one broad vocational/technical and one additional vocational center will be in operation.

In my report I provide a summary of two of these centers. I would just like to point up one of them to indicate what I mean by a broad program of operation.

In the tri-county vocational school district there are eight school districts and three counties involved. There are 680 high school students now enrolled, 665 full time 2-year post high school students involved, and 400 adults attending in the evening. They will serve over 800 adults during the year. They have 22 different vocational programs, and 12 to 14 post high school technical programs.

These are all indicated in my prepared statement. These centers will provide a continuing service long beyond the life of this Act. These centers, however, would not have been there without the assistance of the funds under the Appalachian Regional Development Act. Since 1965 we have invested in construction and equipment $18.7 million in vocational and technical education facilities in the Appalachian Regional area of Ohio.

Of that $18.7 million investment, 7.7 million has been money from the Appalachian Regional Development Act. For this fiscal year we have budgeted $8.8 million additional construction, depending upon some local voting, with $1.2 million of that amount proposed from Appalachian Regional Commission funds.

The total investment program to date will involve a total of 66 school districts in the present area of the Appalachian Region served. Sixty-six school districts will benefit from these programs. Vocational education in the Appalachian area has grown by 131 percent since 1965.

Earlier I spoke of planning. We have 138 school districts in the Appalachian Regional area and one of the problems of Appalachia, as you know, is the population problem, the sparse population. We have organized these 138 school districts into 21 planning districts for vocational education. In my testimony I identify the details of this. I won't bore you with reading all of that. Eight of those 21 are funded. Thirteen more need funding.

To provide for the construction and equipment for these 13 additional vocational education centers we need $38.1 million. We would need then 25 to 40 percent of this from the Appalachian Regional Commission funds, based upon past experiences in that area. In the area of vocational education I think the Appalachian Commission funds have actually served their intended purpose. The Appalachian areas do not have the tax base to vote a large amount of dollars. Appalachian Regional Development Act funds were used to extend local dollars in addition to those we could bring together from the vocational education amendments of 1968 and from State funds.

We are planning ahead to develop a concept of a human resources development, using one of these existing vocational education centers. We believe that can we, around the concept of an area vocational educational base, build a true human resources center in which a young person or an adult who has need of educational, vocational, health, employment, and many other services can go and find help to make them whole physically, mentally, educationally, vocationally, so they can become a participating part of society.

I join with those who believe that welfare has no answers, that jobs and job training has to be a part of the solution to any of our welfare problems.

We would encourage a change in the act to provide operational dollars. As we move with new concepts and programing such as the human resources development center, we will need the leadership of innovative funds under the Appalachian Regional Development Act. I support the continuation of this Act as a very viable and outstanding example of Federal, State, and local relationships in which the prerogative of each is recognized and the expertise of each is utilized and pointed towards solutions to problems.

Senator, I thank you for the opportunity to appear before you.

Senator BENTSEN. Thank you very much.

If I may, Mr. Shoemaker, I will ask just a couple of questions.

It seems to me one of the very serious problems we have in the country today is so many people not recognizing the dignity of human labor and the difficulty of getting people to go to vocationa schools and everybody wanting to get a Ph. D. It has been said that if everybody gets one that the last fellow who is a garbage collector will make a fortune.

You have had good fortune in attracting people to your vocational schools, I take it?

Dr. SHOEMAKER. Yes, sir; we have. We have built them on the basis of serving about 40 percent of the youth of 16 years of age and above. That is our goal. We are building them for around 25 to 30 percent at the present time. But we have a goal of trying to reach to 40 percent of the youth of 16 years of age and above by 1974 or 1975.

Senator BENTSEN. How about your adults, let's say your 30-year-old, the 40-year-old that technology has passed by?

Dr. SHOEMAKER. This is where the evening programs for the adults become a significant part and required part of this. As I indicted in Tri-County there are 400 adults presently in attendance. In the other example used in my prepared statement there are 1,600 adults attending in the evening voluntarily to gain skills and knowledge to either help them get a new job or upgrade themselves in a job.

In Tri-County there are 470 adults who could not even read who were brought into the center, and 70 percent of them are now out working who could not work before, who long ago gave up the hope of being employed.

Some of these were 40 and 45 years old. Now because they have been made able to participate in society by just functions of reading and writ ng and given some minimal skills. Now they are a part of the productive part of our society rather than receiving the welfare aid.

Senator BENTSEN. What percentage of these people have been receiving welfare and what do our records reflect as to the average salary they are receiving on graduation from your vocational schools?

Dr. SHOEMAKER. We have no direct records as far as those figures are concerned, Senator. It has been more a matter of taking unemployed people who were receiving welfare and moving them to employment areas. Often these people are still at the service occupational level when they first come off of welfare in which the salaries are largely in the $1.75 to $2 range as far as the service areas are concerned.

Senator BENTSEN. Do you have any difficulty with your post high school students in identifying them and attracting them from the small towns and getting them to come to the schools?

Dr. SHOEMAKER. Senator, I was told that this 2-year post high school technical center at Tri-County could not work. They told me you are builing something that the people will not attend. Yet as I reported to you, there are 665 full-time students out of the hills of southern Ohio enrolled full time in these 2-year post high school technical programs that will lead to jobs somewhere between $7,000 and $10,000.

Senator BENTSEN. Are you teaching specifically for jobs in the area?

Dr. SHOEMAKER. Both in and out of the area. We have a twofold goal. One is the matter of just jobs and skills to enhance the growth of the area itself; but also we know that many of the people from this area have been migrating to our cities of Ohio, landing in the inner city section of those cities and becoming a part of the problem rather than part of the answer.

Senator BENTSEN. Do you do any such thing such as teaching for jobs for an industry that might be moving in?

Dr. SHOEMAKER. Yes, sir. One industry in the Tri-County area, all of their whole skilled occupational work force have been trained by the vocational education center in that county. It moved in as a new industry and I just happened to be down there not too long ago. Their whole skilled work force in that community came out of the vocational center, the Tri-County vocational center.

Senator BENTSEN. Was this a contractual arrangement or was this and inducement to get them to come down?

Dr. SHOEMAKER. Yes, the people who are in industrial development in Ohio, I met with 37 of them, and they said:

> Don't bother to try to sell us vocational education, just tell us how to get it because the first, second, or third question the industry asks is wherew ill we get training for our workers.

The whole post high school and adult program is geared to the concept of what training is needed by the workers for self-improvement and expansion of industry. We know one large industry was retained in the Muskingum area because they put the center there.

They indicated that if the vocational/technical center was not established they would be leaving the area because they needed to have a higher skill level personnel.

Senator BENTSEN. You are talking to a fellow who is a strong proponent of vocational training.

Thank you very much for your testimony. We appreciate it.

Dr. SHOEMAKER. Thank you, sir.

(Dr. Shoemaker's prepared statement follows:)

STATEMENT OF DR. BYRL R. SHOEMAKER, DIRECTOR OF VOCATIONAL EDUCATION, STATE DEPARTMENT OF EDUCATION, OHIO

Senator Montoya and members of the subcommittee on Economic Development, Committee on Public Works, I am pleased to appear before the subcommittee in support of the Appalachian Regional Development Act amendments of 1971, as introduced by Senator Jennings Randolph and Senator John Sherman Cooper. It has been my pleasure to work with the state office related to the Appalachian Regional Commission from the inception of the activities under the Act in the application of the provisions of the Act to the expansion of vocational and technical education within the Appalachian counties in Ohio. Also, I was appointed by former Governor James A. Rhodes to serve as an Ohio representative on the education committee established to advise the Appalachian Regional Commission concerning educational programming under the Act.

From the beginning I have been impressed with the concepts underlying the Act and the implementation of these concepts at the federal, state and local levels. The regulations and practices established as a result of the Act have encouraged within the states:

(1) Total planning to bring about economic growth necessary to upgrade opportunities for people within the Appalachian region

(2) A process for choice and decision which placed the responsibility upon the individual state for making investment choices on the basis of those projects and plans which would make the greatest contribution to economic development

(3) Procedures for review of development plans at both the state and commission level to determine that the needs of the Appalachian area would be given careful consideration in keeping with the intent and purposes of the Act.

The Appalachian Regional Development Act has made an assumption that each state is greatly concerned with the welfare of the people in the Appalachian region. It has encouraged an investment concept pointed towards impact for change rather than an equal spreading of money over the total area in such a manner that it could be lost in the morass of needs without making any impact. Too often persons in position of leadership at the national level have placed emphasis upon temporary measures which leave the real problems untouched.

I have observed the success of efforts from the state level, when given an opportunity to impact upon problems with a multi-faceted approach. The scope of services possible under the Act has enabled the services to be problem oriented rather than individual project oriented. Schools, hospitals, sewers, roads and all functions related to the development of a backward area are items of consideration under the Act. The wisdom of planning for scientific achievements, such as the moon landing which spans the terms of three presidents is very obvious. The landing on the moon projected by President Kennedy became a reality early in the administration of President Nixon. If scientific achievements which are finite and measurable can only result from such planning, how much more important is it that longrange planning be applied to social and economic problems? The massive problems which we face in breaking our welfare cycle and overcoming poverty present social and economic issues which have not been solved in the history of man, yet we approach these problems on a short-term basis, geared largely to changing administration patterns and emphases.

The welfare and poverty problems and other social and economic issues must be solved if our nation is to continue, not only our affluent way of life, but our very way of government. Solutions will require: (1) planning over a long period of time, (2) reformation, revitalization and effective utilization of existing agencies at the federal, state and local levels. The Appalachian Regional Development

Act encourages the application of these two principles to the problems faced in the Appalachian region.

Since my experience in relationship to the Act has been in the development of vocational education facilities and programs to serve the people in the Appalachian region, I would like to review for you the great contributions that the Appalachian Regional Development Act has made to the expansion of vocational and technical educational opportunities to people in the Appalachian region and our plans for providing such services to all youth and adults who live in that Appalachian region. It has been my responsibility to bring together the services of the Vocational Education Act of 1963 and as amended in 1968, state legislation and funding for the development of vocational education, and the assistance available under the Appalachian Regional Development Act to bring about significant developments in vocational and technical education in the Appalachian region. Such developments have required organization, planning, and decisioning on the part of our State Department of Education and cooperation on the part of numerous small school districts in the Appalachian region. The sparse population in the Appalachian region has encouraged the organization of many small school districts which do not have the student base or tax base to provide the kind of resources and services essential for preparation of youth and adults for employment. The dropouts from the high schools, the untrained graduates and unemployed adults often migrate to the major cities within our state and other states and create within those cities massive pockets of poverty filled with unskilled and largely unemployable persons unadjusted to city life, unable to compete in the labor market, and building the burgeoning rolls of the welfare and ADC programs.

With the assistance of Appalachian Regional Development funds, Ohio now has two broad vocational-technical centers, offering high school and adult vocational education programs and two-year post-high school associate degree technical education programs. A third center in operation offers vocational education programs for youth and adults. Two additional vocational and technical education centers will open in the fall of 1971. One additional vocational and technical education center and one additional vocational education center are under construction, with one scheduled to open in the fall of 1972 and the other one in the fall of 1973. These are centers which can truly be described as service centers for youth and adults to help people meet their needs for jobs and to help industries and businesses now in the area and those which will consider locating in the area meet their needs for skilled people.

In order to provide the sub-committee with an understanding of the scope of programs and services available to such joint vocational school districts, I would provide the following information in outline form on the Tri-County Joint Vocational and Technical Education Center and the Muskingum Area Joint Vocational and Technical Education Center. Information concerning these centers is as follows:

TRI-COUNTY JOINT VOCATIONAL SCHOOL AND TECHNICAL INSTITUTE

a. Number of school districts served: 8 districts in 3 counties: Athens County, part of Perry and Hocking Counties.
b. Number of high school students enrolled: 680.
c. Number of full-time post-high school technical students enrolled: 665.
d. Number of adults presently enrolled: 400.
e. Number of adults served during the year: 800.
f. Vocational programs offered are:

Vocational programs

Agriculture business and services	Food preparation and food service
Horticulture forestry and conservation	Child care and nursing home aide
Agriculture equipment and service	Auto body and fender repair
High Skill stenography—entry secretary	Auto mechanics
Business data processing	Cosmetology
Account clerk	Drafting
Horizontal office education	Machine shop
Cooperative office education	Sheet metal and welding
Distributive education	Electronics and electricity

Technical programs

Ceramics engineering technology
Data processing & computer technology
Dietary technology
Electrical & electronics engineering technology
Executive secretary
Forestry technology
Industrial engineering technology
Junior accounting
Mechanical engineering technology
Petroleum service management
Recreation and wildlife technology
Retail midmanagement

h. Special features:

1. Program at the high school level includes programs planned to serve the disadvantaged and handicapped.

2. A remedial reading lab is included in the facility which is presently serving 200 of the 620 youth enrolled with some of the youth enrolling in reading at the second-grade level. This laboratory also serves the adults.

3. No boy or girl who wants to attend the center is restricted from enrolling.

4. The adult program includes a program for hard-core unemployed adults who have been unemployed over a long period of time. This program includes basic education and 70 percent of this group of unemployables who have participated in the program are now employed.

5. A practical nurse training program provided for adults. All of the graduates have been employed, with 60 percent of the graduates obtaining employment in the local area. The last graduating class from this program obtained the highest average class grade of any program in the state during the state licensing examinations.

6. The post-high school technical program includes such unusual programs as technician programs in environmental health and law enforcement training.

7. Funds have been allocated from Appalachian Regional Development to build a motel training center to serve the growing needs for hotels and motel personnel.

8. A pre-planning proposal has been completed and a planning grant is in the process of allocation from the Appalachian Regional Commission for the development of the Human Resource Center concept at the Tri-County Joint Vocational School site. Such a center will provide for an expanded health training program, rehabilitative and evaluative services in the areas of physical, mental and health, services for the handicapped, services for the unemployed, family development services, and a new concept of pre-professional education. The encouragement of coordinated planning under the Appalachian Regional Development can make possible the most innovative and far-reaching development effort as we work towards the Human Resource Development Center.

MUSKINGUM AREA JOINT VOCATIONAL SCHOOL AND TECHNICAL INSTITUTE

a. Number of school districts served: 14 school districts in three counties: Muskingum, Guernsey, and Noble Counties.
b. Number of high school students enrolled: 758.
c. Number of 2-year post-high school technical students enrolled: 660.
d. Number of adults enrolled: 1,671.
e. Number of adults served during the year: 2,200.
f. The vocational programs offered are as follows:

Auto mechanics
Machine shop trade
Electronics
Auto mechanics, T&I
Welding
Metal fusion & fab.
Building trades
Graphic arts
Drafting
Cosmetology
Practical nursing
Diversified cooperative training
Occupational work experience
Distribution education
Production Agriculture 11 & 12
Agri-business
Horticulture
Agri-mechanics
Child care
Food service
Clerk-steno
Entry data processing
Account clerk
Office machines
High Skill steno
Co-op Office Education

g. Two-year post-high school technical education programs offered are as follows:

Natural resources conservation
Water pollution
Data processing
Secretarial
Supervisory
Retailing
Child development
Electric
Mechanical
Mental health
Police

h. Special plans and programs:

1. Any high school student 16 years of age and above within the participating districts may enroll in the vocational programs. No young person who has a desire for vocational education is rejected.

2. A satellite center will be established for Guernsey and Noble County to reduce the travel distances. Appalachian Regional Commission funds are planned to assist with this expansion.

3. A special adult basic education program is offered in six satellite centers for 421 adults. Special programs for adults include law enforcement training, fire service training, rescue squad training, supervisory training within industries, income tax instruction for senior citizens, including a program to bus them to school and apprenticeship-related instruction programs.

4. A special project on motivation for the disadvantaged youth and adults, including a program to visit occupations in business and industry.

5. A project to serve the handicapped. This project includes occupational information, visit to and participation in vocational programs and continuing services of special equipment and individual assistance as they enter vocational programs.

6. Appalachian Regional Commission helped this center obtain a dormitory which has proven to be of significant value in the retention of youth in the post-high school techical program.

7. Sixty-two different adult programs are offered.

Funding for approved vocational and technical education projects since the initiation of the Appalachian Regional Development Act are indicated on Chart I.

Chart I illustrates that a total of $18,753,541 has been allocated for construction and equipping of facilities for vocational and technical education since 1965. Of this amount $7,712,371 were funds from Appalachian Regional Development Act. An additional expenditure of $8,804,152 is budgeted with $1,215,750 of the total projected for this fiscal year from Appalachian funds.

Chart II lists the counties and school districts included in the joint vocational school districts.

CHART I.—CONSTRUCTION AND EQUIPMENT ALLOCATIONS WITH APPALACHIAN ASSISTANCE

Project	Local	Federal	Appalachia [1]	State bond	Total
Tri-County JVS [2]	$1,153,613.00	248,787.00	1,345,000.00	----------	2,748,000.00
Muskingum Area JVS	1,187,271.89	932,900.11	1,875,588.00	143,000.00	4,138,760.00
Belmont County JVS	1,200,000.00	1,200,000.00	1,468,026.00	----------	3,723,926.00
Scioto County JVS	1,415,400.00	1,116,600.00	1,268,000.00	----------	3,302,855.00
Washington County JVS	1,520,000.00	1,049,203.00	1,168,557.00	302,240.00	4,040,000.00
Tri-County Motel	160,000.00	52,800.00	587,200.00	----------	800,000.00
Total allocated	6,636,284.89	4,600,290.11	7,71,2371.00	445,240.00	18,753,541.00
FUNDS BUDGETED [3]					
Hamilton County JVS for Clermont County	1,164,250.00	----------	585,750.00	1,750,000.00	3,500,000.00
Muskingum Area JVS for Guernsey and Noble Counties	569,157.00	563,596.00	380,000.00	380,000.00	1,892,753.00
Scioto County JVS	60,000.00	----------	100,000.00	120,000.00	280,000.00
Jefferson County JVS	1,415,700.00	----------	150,000.00	1,565,699.00	3,131,399.00
Buckeye Valley JVS (Tuscarawas, Hocking, Coshocton and part of Harrison Counties)	2,788,922.00	----------	----------	3,421,208.00	----------
Total budgeted	5,998,029.00	563,596.00	[4] 1,215,750.00	7,236,907.00	8,804,152.00

[1] Includes 211 and 214 funds.
[2] JVS=Joint Vocational School District.
[3] Hamilton County JVS and Muskingum JVS have the local funds necessary to progress with construction. Applications for Appalachian Regional Development Act Funds are pending. Scioto County JVS, Jefferson County JVS and Buckeye Valley JVS need to obtain local funds before applications can be made.
[4] An additional $344,642.00 of Appalachian Act Funds are needed if available from other states for Fiscal Year 1971

CHART II: DISTRICTS AND COUNTIES IN JOINT VOCATIONAL SCHOOL DISTRICTS

Tri County Joint Vocational School

Athens County	Hocking County	Perry County
Athens C.	Logan C.	New Lexington C.
Nelsonville-York C.	Starr Washington L.	Southern L.
Alexander L.		
Federal-Hocking L.		
Trimble L.		

Muskinm Area Joint Vocational Schooz

Muskingum County	Guernsey County	Noble County
Zanesville C.	Cambridge C.	Caldwell E.V.
East Muskingum L.	Madison L.	Noble L.
Franklin L.	Rolling Hills L.	
Maysville L.	Zane Trace L.	Perry County
Tri Valley L.		Crooksville E.V.
West Muskingum L.		Northern L.

Belmont County Joint Vocational School

Belmont County	Belmont County—Con.	Harrison County
Bellaire C.	St. Clairsville-Richland L.	Cadiz E.V.
Martins Ferry C.	Shadyside L.	Harrison L.
Barnesville E.V.	Union L.	
Bridgeport E.V.		

Scioto County Joint Vocational School

Scioto County	Scioto County—Con.	Scioto County—Con.
New Boston City	Green L.	Washington Twp. L.
Portsmouth C.	Minford L.	Wheelersburg L.
Bloom L.	Northwest L.	
Clay L.	Valley L.	

Washington County Joint Vocational School

Washington County	Washington Cty.—Con.	Washington Cty.—Con.
Belpre C.	Fort Frye L.	Warren L.
Marietta C.	Frontier L.	Wolf Creek L.

Hamilton County Joint Vocational School (Appalachia districts only)

Clermont County	Clermont County—Con.	Clermont County—Con.
Milford E.V.	Clermont-Northeastern L.	Goshen L.
Batavia L.		

Buckeye Joint Vocational School

Tuscarawas County	Coshocton County	Harrison County
Claymont C.	Coschocton C.	Conotton Valley-Union L.
Dover C.	Ridgewood L. (contracting)	
New Philadelphia C.	River View L. (contracting)	Holmes County
Newcomerstown E.V.		East Holmes L. (contracting)
Garaway L.		West Holmes L. (contracting)
Indian Valley L.		
Strasburg-Franklin L.		
Tuscarawas Valley L.		

The establishment of joint vocational school districts and the encouragement of vocational education programming under the Appalachian Regional Commission Act and the Vocational Education Act of 1963 as amended in 1968 have encouraged a growth of vocational education in the Appalachian region. The growth of vocational education services in the Appalachian counties to high school youth between 1965 and 1970 can be illustrated as follows:

Number of classroom units of vocational education, all Appalachian counties:

1965	263. 10
1971	606. 98
Percent growth	131

We can be proud indeed of the contributions the Appalachian Regional Commission Act has made to the development of vocational education services for youth and adults. It is important, however, to point out the present services will cover only a portion of the Appalachian Regional area, and that a continuation of the Act will be necessary if we are to reach the long-range plans established for that section of our state.

The school districts within the Appalachian region have cooperated to form 17 joint vocational school districts and four contract or individual planning districts in addition to those districts that have been funded. Every effort will be made to provide financial assistance from the state and Vocational Education Act funds. The Appalachian Regional area, however, needs the additional assistance of the Appalachian Regional Commission funds to supplement the local funds that can be made available to bring vocational and technical education services to youth and adults. (See Chart I.)

The 21 vocational planning districts listed in Chart III cover the entire 138 school districts in the Appalachian counties of Ohio. Eight of the planning districts have been funded. The construction and equipment funds needed for the remaining districts are listed by planning district. Appalachian Act funds are needed to cover 20 to 25% of the costs of construction and equipment needed for vocational education.

Chart IV shows the planning districts listed in Chart III.

We are deeply interested in the broadening of the Appalachian Regional Commission Services to assist with the operational costs of programs through operational funds. The assistance with operation costs as well as construction costs will assist with the development of the Human Resource Center in the planning stage at Tri-County Joint Vocational School, described earlier in this statement.

We must learn to focus services for youth and adults in a manner which will make them available to people on an area or regional basis. The concept of a person with a well body, a sound mind and job skills is essential, not only to the well-being of the individual, but the future of our nation.

The Appalachian Regional Development Act provides a state-federal-local system of services oriented to solutions of problems through a procedure which respects the expertise and interests within the state, but which requires sound planning and focusing of efforts and decisions for investments in keeping with the plan. On the basis with our experience with the Appalachian Regional Development Act, and on the basis of our long-range plans for continued assistance from that Act, I would urge favorable consideration of the proposed Amendments and continuation of that Act.

Senator BENTSEN. We will hear now from Mr. Stephen Mandes.

STATEMENT OF STEPHEN C. MANDES, EXECUTIVE DIRECTOR, TURNPIKE DISTRICT PLANNING AND DEVELOPMENT COMMISSION OF PENNSYLVANIA

Mr. MANDES. I am Stephen C. Mandes. I serve as executive director of the turnpike district planning and development commission, and I am responsible to the board of directors of that commission.

I appreciate the opportunity to share with you today the experiences of our organization as a local development district in the Appalachian regional development program.

Our organization, the turnpike district, was created in 1967 by joint resolutions of the commissioners of the Pennsylvania counties of Bedford, Blair, Cambria, Fulton, Huntingdon, and Somerset. These six counties, situated on the Allegheny front of the Appalachian highlands in south-central Pennsylvania, encompass 4,600 square miles, contains one-half million citizens and share a socioeconomic heritage

which has resulted from a resource-based economy structured three-score years ago upon a framework of steel manufacturing, coal mining, and railroad transportation. By charter, the turnpike district organization was commissioned to attempt to solve the many problems which have no boundaries.

The economic history of our turnpike district is not unlike that of our 54 sister development districts that have been designated throughout the 13 State Appalachian region.

During the early decades of this century, our district grew and prospered under the economic influences which made our State a leader in the industrial heartland of the United States. And, as our national economy underwent structural and technological changes, our people were faced with problems similar to those being experienced throughout the Appalachian region. Unemployment reached depression levels during the recession of years of the fifties; our young people began to leave us; and, as our tax base eroded, investments were not made in the kind of social overhead capital that is necessary to keep an area healthy and alive.

In response to this situation, our leaders began to organize local development organizations to attempt to overcome the immediate unemployment problems. These leaders mobilized the people to undertake industrial development campaigns and to capitalize upon State efforts through the Pennsyvlania Industrial Development Authority, and, later, upon Federal efforts embodied in such programs as the Area Redevelopment Act. Finally these efforts became crystallized through incentive provided by the Congress in 1965 with the passage of the Appalachian Regional Development Act and the Public Works and Economic Development Act, which provided for the establishment of multicounty development districts.

With the stimulus provided by the Federal and State governments, the leadership of the 6 counties began to lay aside traditional provincial jealousies in an effort to attack seemingly overwhelming common problems. What previously had been a fragmented developmental effort, with each community pulling in its own direction, slowly became a concerted effort to reach a common goal.

The mere creation of the multicounty organization was a landmark achievement if one looks back upon the historical developments which today cause the turnpike district to contain 233 political subdivisions, or separate units of government. Furthermore, I do not believe that our district, in overcoming this kind of provincialism, is unique; but, rather that this is the typical situation encountered throughout the Appalachian region.

Following its creation in 1967, the turnpike district set upon its task of marshalling Federal, State, and local resources with which it might attack its growth and impediments and recapture its potentials.

A six-county board of directors was established to chart the course of the district. Commission membership was made broad based to include the people at large and the many interests which previously had been endeavoring along singular avenues of socioeconomic improvement. The Turnpike District Commission today is governed by a board of directors which includes representation of county commissioners, industrial development organizations, county planning commissions, tourism-recreation agencies, and community action organizations.

The district has extended ex-officio membership to key State agencies and public service organizations. The district further broadened its base of regional community participation through the use of functional committees under its board of directors, drawing together in these committees persons of particular expertise and interests.

At a recent conference held by one of those functional committees, I closed my remarks by stating that "National problems are but a compendium of local problems and that we believe that the problems of this Nation can only be resolved by effective action at the local level." It is with this thought in mind that I commence my remarks to you today in attempting to describe the role which the local development district enjoys today as a partner in the effective Federal-State-local partnership program fostered by the Appalachian Regional Development Program.

In quite simplistic terms, the development district became the cornerstone of this partnership which we crudely refer to as a "delivery system." By delivery system, I am indicating the delivery of local priorities, based upon the strategy arrived at through our planning process, to the Federal and State governments and the attraction of a Federal and State response to these priorities. I would like to elaborate upon this concept for it is the very heart of the development district program.

From the outset, all of us became aware that there are not adequate resources available to meet the entire needs of any subregional area and that, if we are properly to bring to bear Federal-State-local resources upon these needs, hard decisions are to be made concerning the efficient use of resources.

It became the challenge of the development district, then, to plan and set its priorities within the broad framework of Federal and State goals and objectives. I am pleased to report that the development districts are meeting this challenge, and I am submitting the priorities of our board of directors as one demonstration of this multicounty cooperation.

One can well imagine that the multicounty decisionmaking process is no easy task. Our people, however, have taken it upon themselves to analyze their needs, and to rate their proposals in relationship to the relative potentials involved. Not only does this priority process establish the voice of local governments, but program implementation is insured through the early provision of local commitments. Throughout this process, all potential resources are considered; and no attempt is made to limit the priority package to projects which can be funded through the Appalachian Regional Commission. Rather, an attempt is being made in the development districts to call forth potential investments from all possible sources.

Once these priorities are determined, they are submitted to the State for evaluation by the State Planning Board and appropriate State agencies for incorporation into a statewide investment plan. In the case of the Appalachian program, the State investment plan is tailored within the goals and objectives set down by the Congress and the Appalachian Regional Commission, and is implemented as part of the 13-State regional effort.

I might add that this multicounty process has been strengthened through the Intergovernmental Cooperation Act of 1968 and Circular

A-95 which provided for the establishment of regional clearinghouses for Federal grant-in-aid programs. Many of the development districts, including ours, have been designated to undertake the regional clearinghouse function, thus insuring overall coordination.

This, then, the conveyance of the district's priorities, is the first half of the delivery system. The second is the attraction of a response. Suffice it to say that I, as one responsible to our board for the day-to-day activities of our development district, cannot think of one instance, when given appropriate local action, in which we have failed to attract a Federal response. Those who would criticize the Federal bureaucracy for failing to implement Federal programs should at some time attempt to build a regional treatment plant, to construct low and moderate income housing, or to hold a public hearing regarding an access road. They would soon discover that the implementation of Federal and State programs relies primarily upon decisions at the local level. The effective coordination of Federal programs by development districts in cooperation with the States and the Appalachian Regional Commission, is enabling us to overcome this impasse.

Up to this point I have elaborated upon the role of the development district in the Federal-State-local partnership. If the development district is the cornerstone of this relationship, then the State is the keystone. I believe that the secret to the efficient functioning of the program has been the role of the States. The States coordinate the strategies of the development districts in their own planning process. As the development district is the agent to overcome local provincialism, the State has the capacity of incorporating our aspirations into an investment plan which transcends district boundaries and of playing an advocacy role on behalf of its constituent districts.

The development process placed in motion by the Appalachian program in fostering the Federal-State-local partnership to undertake the efficient use of our resources has proven to be logical and effective.

I wish to demonstrate this effectiveness in regard to specific projects and programs. Through this orderly planning process we have been able to implement 30 nonhighway Appalachian projects, each aimed at overcoming district problems and directed at capitalizing upon district potentials. These projects have required an investment of $8 million in Appalachian program moneys, but through that $8 million investment we have attracted $33 million of local and State financing and have utilized $10 million of other Federal program resources. Therefore, we have been able to use the Appalachian Regional Commission program in a catalytic manner, implementing numerous Federal programs and calling forth heretofore unused local capital.

In the few short years of this partnership program, we have invested Appalachian dollars to establish four vocational technical schools, to expand nine hospitals, and to develop key industrial sites. During this period, we have constructed 42 miles of our developmental highway system within our district, which when completed will better link our district's growth centers with the major markets of this Nation.

We have had to make these kinds of investments because for two decades these investments were not made. If we are to keep our young people, if we are to develop our regional economy—in short, if we are to compete for a place in this Nation, we must continue to improve our physical plant.

The development of our physical plant, our transportation network, our industrial sites, our schools and hospitals—in fact, our entire infrastructure—has been called the heart of economic development. If that is true, Mr. Chairman, and I believe it to be so, then our human resources must surely be the very soul of our economic improvement endeavors. I assure you that it is in the field of human resource development where we shall either fail or succeed in completing our overall mission. I further assure you that we shall continue to emphasize our activity in this area.

In an effort to develop our human resources, the development district, in partnership with the State and Federal Governments, has formulated investments in key projects and programs. Permit me to describe several of these.

I stated earlier that we have established four vocational technical schools. Two are in operation, and by next year vocational technical training will be available to 90 percent of our high school students.

In manpower training, the district serves as an active partner with our State Department of Labor and Industry in implementing numerous training programs in both the public and private sectors. Through a Manpower Administration grant from the Economic Development Administration, for example, the district, in cooperation with our State Employment Security people has developed job opportunities for the unemployed in the public sector; and we are this day training formerly unemployed persons for careers in the public service.

Within several weeks, a plan will be drawn and implemented to enable our Vietnam veterans to better avail themselves of training opportunities under the GI bill. This will be accomplished by using the Turnpike District as a catalyst among the Veterans' Administration, the State Department of Labor and Industry, and, especially our private sector employers.

Three months ago, through impetus provided by the Appalachian Regional Commission and the State, the district commenced a program in the planning and delivery of early childhood care. By utilizing the concept of the development district, we intend to coordinate the many programs devoted to child care and to encourage new and efficient methods for the early development of our human resources.

Finally, permit me to describe the efforts of our youth leadership council. The Turnpike District organized its youth leadership council in March 1970 for the purpose of developing the latent leadership qualities of our young people and to create an awareness, in them, of our district's problems and its potentials. Through the cooperative efforts of the Appalachian Regional Commission, the State, and the development district, 42 talented young persons embarked upon summer internships wherein they were afforded meaningful employment in dealing with the problems and potentials of the district.

These interns, who represented 27 colleges throughout the United States, but who had a common bond as Turnpike District citizens, effectively worked with local governments in numerous fields—physical and financial planning, industrial development and human resource development. The youth leadership program is succeeding well beyond our expectations. The young persons far exceed the levels of achievement originally projected by their sponsors. For the first time, they began to realize the latent promise of their own area. Moreover,

they became aware of the developmental processes at work and obtained an understanding of the roles of local and State governments and of the interrelationships among Federal, State and local governments. Many of these young people—and perhaps this is the most important result—are now committed to their home area with a knowledge of a role which they can play in the area's future. We have every intention of expanding this kind of effort.

I wish respectfully now to furnish you with our recommendations regarding a continuance of the Appalachian regional development program.

We urge you to continue the program. I say this for two fundamental reasons.

First, our mission remains unfinished. I should like to tell you that we have succeeded in our efforts—that we have raised per capita incomes to the level of State and national averages—that we have stopped the flow of out migration—that we have succeeded in diversifying our resource based economy—that we have developed our human resource base. I should like to appear here and tell you that we have succeeded in enabling our citizens to enjoy a quality of life commensurate with that which we know to be possible. The answer, however, is that we have not reached the worthwhile goals set down in 1965. While we have begun to close the gap, our income levels have not reached national or State norms, our industrial base is not yet diversified from its traditional resource ties and our young people, both skilled and unskilled, continue to leave us and migrate to the urban areas, adding to the already pressing problems of our Nation's cities.

Consider, however, the potentials being developed through this effort.

I am convinced that this region of Appalachia, which once gave of its natural and human resources to the development of our Nation, has a central role to play as well in the future development of the United States. The region continues to possess untapped resources situated in a strategic geographic location in our country. It contains 18 million people who historically have proven their ability to contribute to the prosperity of the Nation as a whole.

Mr. Chairman, I think that this resource—nearly 10 percent of the Nation's population—has unlimited potential for aiding our country in achieving a resolution of its problems.

In essence, Mr. Chairman, it is in regard to this unfulfilled mission that we first request your consideration for a continuance of this program.

Secondly, I want to convey to you our thoughts of the partnership fostered by the Appalachian Regional Commission. I can say to you without reservation, that we at the turnpike district consider the Appalachian program as the finest effort undertaken in terms of an attempt to implement the goals of the Federal Government. Without equivocation, we have found this program to be the most workable, for it encourages efficient decisionmaking at all levels.

I think we would all be remiss if we fail to heed the experiences of this experiment in Federal-State-local relationships. In fact, the Appalachian "experiment," in our minds, has ended. We believe that it should be the Appalachian "model." It is imperative that the voices

of the Federal, State, and local governments have a proper place in the area wherein the growth of the Nation is to be decided. We consider the structure of the Appalachian Regional Commission as a model because it permits the proper voice of the Federal Government to be stated in broad goals and objectives; it permits the States to define these goals in accord with their respective needs; and, it permits local people to make decisions regarding local problems.

I stated earlier our belief that the problems of this Nation are but a collection of local problems. Through the effort initiated in the Appalachian Program we have been able to begin to resolve our local problems through local decision making. I urge that we may continue.

I thank you.

Senator BENTSEN. Apart from the national contribution of the Appalachian Regional Commission, how successful or useful has it been in helping you coordinate Federal programs for investment as you suggested in part of your testimony?

Mr. MANDES. I wish to elaborate upon that which is happening, not only in the Turnpike District, but in development districts throughout the region. The ARC has been quite effective through its ability to play a coordinating role as an independent agency. As an independent agency, the ARC transcends interagency jealousies and is capable of performing a brokerage function among Federal agencies for the development districts. In previous testimony Mr. Strickland referred to an industrial park program which required coordination among several agencies. In our own district, our strategy for the investment of Appalachian dollars is dependent upon the rational utilization of all applicable Federal programs. The Huntingdon air-industrial park, originally submitted as part of our Appalachian investment plan, has resulted from a feasibility study financed through the EDA and in finality will require coordinated investments from as high as nine Federal and State agencies. Therefore the very processes of the development district program have required this type of coordination.

Moreover, the ARC has caused us in Pennsylvania to bring together our State agencies, thereby not only requiring close coordination of our State agencies, but requiring a strengthening of our capacity to function at State and district levels.

The role of interagency coordination by the ARC is becoming increasingly important as we at local and State levels continue to improve our capability to formulate developmental programs which marshal all available resources.

Moreover, permit me to underscore the continued need for a multi-state commission, beyond this "brokerage" function, for you may presume this function to be made unnecessary should we utilize a block grant system. The multistate commission form permits States to trade off program resources within the realities of actual program implementation. For example, our Somerset Vocational Technical School project became a practical reality, appropriate for funding during Fiscal 1970. Pennsylvania's allocation for this type of project was nearly exhausted, and there were not quite sufficient funds remaining in that category. Through the commission device, we were able to trade off Appalachian dollars with other member States, thus enabling our Somerset people to continue the project.

The formulation of a vocational technical school in our State requires consolidation of school districts and a curriculum development process that involves literally hundreds of people. Who knows what local impasses might have resulted were we unable to move ahead at that time? The ARC's capacity for interstate financial coordination prevented a possible impasse. Finally, let us look ahead to the future need for multistate cooperation. As we truly develop regional programs, a formal organization will be required to enable us to overcome State boundaries. The establishment of a regional medical center, for example, will bring forth numerous interstate problems such as patient eligibility under various social welfare programs operated through States and State licensing practices, to mention only two categorical problem areas. A permanent regional commission, such as the ARC, will be necessary to aid us to resolve these potential problems and to enable us to properly use limited resources on a multistate basis. The staff of that commission can then aid in advice, coordination and even the design of appropriate State legislation. The forum offered by the commission will enable our States to discuss, debate, and resolve such problems.

Senator BENTSEN. They don't look on you as a competitor?

Mr. MANDES. No, sir. And, a further example of this coordinated effort is a forthcoming program planning conference which will be held in our own district concerning the Turnpike District's administrative program. This will require cooperation among EDA, ARC, HEW, and several key State agencies. This may be a simplistic case, but it exemplifies the type of coordination we are able to achieve.

Senator BENTSEN. Senator Randolph.

Senator RANDOLPH. Thank you, Mr. Chairman.

I have noted, Mr. Mandes, that you have discussed the priority process as it seems to encourage the early provision of what we call local commitment. Can you tell the subcommittee members if that is pooling of resources, the concentration allows the localities to more rationally commit their resources, human and natural, to the important tasks that you have mentioned today in your very excellent statement, and in so doing why there hasn't been just this proliferation or spreading of the funds but a zeroing in upon the real needs and the strengthening of the area. Is that correct?

Mr. MANDES. Yes, sir. Too often, as I am certain the Senators are well aware, the plans and programs end up on the shelf, many fine plans and specifications, not necessarily because of a lack of Federal commitment but because of a lack of local commitment. By coming to grips with the local decision making at an early time we are almost a hundred percent sure that we have got the local financing together before we ever come to the Federal Government. This local commitment is made possible because the partnership program permits local decisionmaking within a level of confidence or certainty which we did not have before. Furthermore, this confidence stimulates a rational planning strategy which is aimed at the resolution of local problems with the utilization of scarce local and Federal resources.

Senator RANDOLPH. I think this is a constructive part, Mr. Chairman, of the Appalachian program as it is developed because all of the the Federal funds are coordinated through the Appalachian Commission. We are able therefore, I think, to mobilize.

Mr. Mandes, there were funds that previously were unavailable, is that correct, and now through the Appalachian Regional Commission you have been able to bring these together?

Mr. MANDES. Now, you are talking about local funds?

Senator RANDOLPH. Yes.

Mr. MANDES. Yes. This is one of the most marvelous things that this process has accomplished. For example, we have local banking institutions within the Turnpike District investing in projects with local authorities for the first time. We are all too well aware of the problems of the flight of financial capital from the Appalachian region. With the stimulus of this type of program, we are now utilizing that local capital.

Senator RANDOLPH. We have had that in West Virginia in connection with some of our airport development projects. Banks participated that would not otherwise have done so. We doubt if they would have done so without stimulation from the Appalachian program.

Mr. Mandes, I am grateful for your contribution to the hearings which now have occupied a considerable portion of 3 days. I know that the Appalachian problems may stretch from New York to Mississippi. They are different in degree but there is a common denominator that runs through this area which crests the Alleghenies. We are so appreciative, those of us on the committee, that we can draw upon your knowledge at the basic level where the work is being done. Thank you very much.

Senator BENTSEN. Thank you, Senator Randolph.

Mr. Mandes, we appreciate very much your testimony.

The hearing is adjourned.

(Whereupon, at 4:50 p.m. the committee was recessed subject to the call of the chair.)

(Additional material supplied by Mr. Mandes follows:)

TURNPIKE DISTRICT PLANNING
AND DEVELOPMENT COMMISSION,
Altoona, Pa.

SUMMARY: THE OVERALL ECONOMIC DEVELOPMENT PROGRAM

The Commission's Program in order of priority:

A. Transportation:

1. Completion of the Appalachian Developmental Highway System within the District; i.e. the completion of U.S. 219 from Somerset to Maryland, and the completion of U.S. 22 and 220 throughout the District.

2. Designation of U.S. 219 (North from its present terminus at Ebensburg to the New York border) as part of the Appalachia Developmental Highway System or the Interstate System.

3. The reconstruction of U.S. 522.

4. Access Road projects:
   (1) Blue Knob
   (2) Barnesboro
   (3) Prince Gallitzin
   (4) Raystown
   (5) Warriors Ridge Recreation Area
   (6) Flintlock Recreation Area

5. Air-Industrial Projects:
   (1) Bedford
   (2) Huntingdon
   (3) Somerset

6. Mass Transit.

B. Industrial Development:
1. Request of the State Legislature for the annual funding of the Pennsylvania Industrial Development Authority at a level of $25 million.
2. Application to the Economic Development Administration for Technical Assistance funds to undertake an analysis of industrial sites within the District.
3. Request of the State Legislature for continued funding at the $2,000,000 level of the Site Development Act.
4. Compilation of a Labor Force Data Bank.
5. Publication of a District Industrial Site Brochure.

C. Human Resource Development:
1. Continued support of vocational-training including apprenticeship training.
2. Vocational-technical schools:
Huntingdon
Bedford
3. Youth Leadership Program.
4. Continued funding of WIN Programs, maximum expansion of employability development concept.
5. Rural Transportation.
6. The Public Service Careers Program.
7. Child Development Demonstration Program.
8. The National Alliance of Business's Job Opportunities on the Business Sector Program.

D. Direct Environmental Improvements:
1. Water Sewer Utilities: request continuation of the Community Facilities Act; continued assistance to local communities regarding state/federal aid.
2. Tyrone Treatment Plant.
3. Bedford Treatment Plant.
4. Berlin Treatment Plant.
5. Solid Waste Management Model.
6. Mine Restoration:
(1) Bellwood Watershed
(2) Revloc Industrial Park
7. Technical assistance to study the feasibility of a public-private cooperative effort to overcome liquid waste problems on a demonstration basis in Northern Cambria County.
8. Highland-Water System Improvement Program.

E. Social Overhead Capital; Indirect Environmental Improvements:
1. Housing:
Altoona
Johnstown
Mount Union
Barnesboro-Spangler
McConnellsburg
Marsteller
Huntingdon
Bedford-Everett
Saxton
Tyrone
2. Comprehensive Health Planning; i.e. technical assistance to health providers to stimulate and aid comprehensive health planning efforts.
(1) Expansion at Mercy Hospital, Johnstown.
(2) Retention of the Cambria County Mobile Health Effort; Investigation regarding expansion of the concept in accord with Comprehensive Health and Child Development efforts.
(3) Expansion at Mercy Hospital, Altoona.
(4) Renovation at Lee Hospital, Johnstown.
3. Law enforcement study, Main Line area.
4. Law enforcement study, Raystown region.

F. Tourism/Recreation:
1. Raystown—Juniata Complex.
2. Naturealm—Prince Gallitzin State Park.
3. Horseshoe Curve Development.

4. Technical Assistance to determine the feasibility of a "Free-Standing year-round" community utilizing the Callimont development (by the Flintlock Corporation) in Somerset County as a base.
5. Bedford Convention Center.
6. Johnstown Inclined Plane—Floodorama.

APPENDIX

Additional Material Supplied for the Record

ASSOCIATES IN PLANNING AND
DEVELOPMENT CONSULTING, INC.,
Gainesville, Ga., February 8, 1971.

Senator JENNINGS RANDOLPH,
Senate Office Building, Washington, D.C.

DEAR SENATOR RANDOLPH: As a professional planner who has worked with the Appalachian Development Program since its authorization by Congress, I would like to offer my comments to you now that you are conducting hearings which will determine the future of the Appalachian Regional Commission. I, like many others who were born and reared in Appalachia, educated outside the region, and finally returned to try to assist in solving some of the obvious problems of Appalachia, welcomed the passage of the legislation which authorized the Appalachian Regional Commission and the Programs of Assistance in physical and human improvement.

During the early days of operation, the Appalachia Program operated with a flexibility that made it of genuine value to the many diverse problems that are found in Appalachia which is truly a "region apart" from the rest of the United States but which also has a great diversity within. Since those early days, I have observed that the ARC and its programs have become more "institutionalized" and subject to guidelines which, to me as a student of the original research leading up to the legislation, seemed to diverge more and more from what I thought to be the intent of Congress. The tangible expressions of this were found in guidelines which, over time, tended to make it much more difficult and, in many cases, precluded Appalachian assistance to the small towns, especially the more isolated small towns of Appalachia.

Although I am not in complete disagreement with the concepts of "induced migration", "growth centers", and "growth corridors"; I feel that what we are getting is simply a statistical veneer which covers the fact that many of the problems which generated a need for the program are still quite widespread in the region. Much of the problem, as I see it, is also rooted in our bureaucratic system, the Washington Office of the ARC, and more specially the Section 214 Grants section of that office. It is, perhaps, the prime example of guideline-quoting, non-thinking civil servants who aren't capable of empathy for the people and problems of Appalachia. The legal section of the ARC Washington Office is perhaps the most inefficient of any federal agency or commission with which I am familiar. For example, on a recent application for technical assistance, one of the Planning Commissions in Appalachia had to wait seven months from the time of application approval until grant administration procedures had been finalized on the program.

On the state side, it has been my experience that the concept of a "partnership" disappeared very quickly and that state administrators quickly fell in step to cadence which was being called from Washington.

I would suggest that a much better and more efficient approach to the program would be to have grants funneled through basic grant agencies rather than maintaining a separate 214 Grant Office under the ARC. I would further suggest that applications be entertained from all the units of government in the Appalachian Region that desire to apply and that priority be determined primarily on the basis of the need for a given project and the financial support needed by the applicant. I would further suggest that Section 202 Programs be made generally available to all areas of Appalachia rather than by selecting demonstration areas.

The Programs of Technical Assistance to the governments and people of Appalachia have generally been of a very high quality and should be continued as the people and governments of the area have shown a general interest in and

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need for assistance in determining needs, program approaches, and potential financial assistance in problem solution.

In summary, the points I would like to re-emphasize relative to your hearings on the Appalachian Regional Commission and its program are these:

(1) The ARC should be continued.

(2) Many ARC guidelines are not consistent with the original intent of Congress and should be modified to bring about a true Appalachian Program rather than one which is highly selective in nature.

(3) The Supplemental Grants Program which is presently administered by the Washington Office of the ARC should be removed from the Commission, and basic grant agencies should be authorized to increase federal participation on projects in the Appalachian Region.

(4) The Section 202 Demonstration Health Grant Program should be changed to allow for more widespread use of 202 funds for a variety of health-related uses in *all* Appalachia.

(5) The administration and personnel of the Washington Office of the ARC should be the subjects of radical surgery in order to bring about greater efficiency and empathy for the people, governments, and resident agencies in Appalachia.

I would be pleased to discuss any of these points with you at greater length.

Sincerely,

SAM F. DAYTON, *President.*

THE APPALACHIAN REGIONAL DEVELOPMENT PROGRAM



Abstracted from *Listing of Operating Federal Assistance Programs Compiled During the Roth Study*, prepared by the Staff of Representative William V. Roth, Jr., 91st Congress, 1st Session, House of Representatives Document No. 91-177

The Appalachian Regional Commission
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235

14. APPALACHIAN REGIONAL COMMISSION

14.01 Appalachian Demonstration Health Projects.
14.02 Appalachian Development Highway System and Access Roads.
14.03 Appalachian Housing Fund.
14.04 Appalachian Land Stabilization, Conservation and Erosion Control.
14.05 Appalachian Local Development Districts and Research and Demonstration Projects.
14.06 Appalachian Mining Area Restoration.
14.07 Appalachian Sewage Treatment Works Program.
14.08 Appalachian Supplements to Federal Grants-In-Aid.
14.09 Appalachian Timber Development.
14.10 Appalachian Vocational Education Facilities.
14.11 Appalachian Water Resource Survey.

Appalachian Regional Commission

PREFACE

General Nature and Administration of Appalachian Regional Development Program

The Appalachian Regional Development Program is a joint Federal-State partnership for the development of the Appalachian region. Responsibility for the development of plans and programs authorized under the act is vested in the Appalachian Regional Commission, composed of the Governors of participating States (or their representatives) and a Federal Cochairman. General policies and procedures, and the allocation of Appalachian funds among the various programs and States, are established by the Commission itself. Day-to-day operations of the Commission's program are carried out by the Executive Committee, composed of the Federal Cochairman, John B. Waters, Jr.; the States' regional representative, John D. Whisman; and the Executive Director, Ralph R. Widner. Application for assistance may only be made through a State member of the Commission. Each State has been required by the Commission to file a State Appalachian development plan, appraising prospects for development in its Appalachian area and relating to them all projects for which Appalachian funding is requested in that year. Once a decision as to a project's merit for regional development is made by the Commission, the project is passed on to the basic Federal agency involved in that type of program, for evaluation and actual execution.

The counties in which investment under the Appalachian Act (40 App. A U.S.C.A. 403) can be made are:

In **Alabama,** the counties of Bibb, Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, De Kalb, Elmore, Etowah, Fayette, Franklin, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Limestone, Madison, Marion, Mashall, Morgan, Pickens, Randolph, Saint Clair, Shelby, Talladega, Tallapoosa, Tuscaloosa, Walker, and Winston;

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

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

In **Maryland,** the counties of Alleghany, Garret, and Washington;

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

In **New York,** the counties of Allegany, Broome, Cattaraugus, Chautauqua, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Schuyler, Steuben, Tioga, and Tompkins;

In **North Carolina,** the counties of Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Cherokee, Clay, Davie, Forsyth, Graham, Haywood, Henderson, Jackson, McDowell, Macon, Madison, Mitchell, Polk, Rutherford, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey;

In **Ohio,** the counties of Adams, Athens, Belmont, Brown, Carroll, Clermont, Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, Holmes, Jackson, Jefferson, Lawrence, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pike, Ross, Scioto, Tuscarawas, Vinton, and Washington;

In **Pennsylvania,** the counties of Allegheny, Armstrong, Beaver, Bedford, Blair, Bradford, Butler, Cambria, Cameron, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Crawford, Elk, Erie, Fayette, Forest, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lackawanna, Lawrence, Luzerne, Lycoming, McKean, Mercer, Mifflin, Monroe, Montour, Northumberland, Perry, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Wayne, Westmoreland, and Wyoming;

In **South Carolina,** the counties of Anderson, Cherokee, Greenville, Oconee, Pickens, and Spartanburg;

In **Tennessee,** the counties of Anderson, Bledsoe, Blount, Bradley, Campbell, Cannon, Carter, Claiborne, Clay, Cocke, Coffee, Cumberland, De Kalb, Fentress, Franklin, Grainger, Greene, Grundy, Hamblen, Hamilton, Hancock, Hawkins, Jackson, Jefferson, Johnson, Knox, Loudon, McMinn, Macon, Marion, Meigs, Monroe, Morgan, Overton, Pickett, Polk, Putnam, Rhea, Roane, Scott, Sequatchie, Sevier, Smith, Sullivan, Unicoi, Union, Van Buren, Warren, Washington, and White;

In **Virginia,** the counties of Alleghany, Bath, Bland, Botetourt, Buchanan, Carroll, Craig, Dickenson, Floyd, Giles, Grayson, Highland, Lee, Pulaski, Russell, Scott, Smyth, Tazewell, Washington, Wise, and Wythe;

All the counties of **West Virginia.**

The State Representatives are:

J. Edward Mitchell, Jr., Director, Alabama Program Development Office, 304 Dexter Avenue, Montgomery, Ala., 36104, (205) 269–7167.

H. Oliver Welch, Director, State Planning Bureau, 270 Washington Street SW., room 611, Atlanta, Ga. 30334, (404) 524–1521.

Frank J. Groschelle, Administrator, Kentucky Program Development Office. Capitol Building, room 157, Frankfort, Ky. 40601, (502) 564–3605.

Robert G. Garner, Beall, Garner & Geare, Inc., 50 Baltimore Street, Cumberland, Md. 21502, (301) 722–2500.

Clifford D. Gookin, Director of Appalachian Development, State Highway Department Building, Highway 45, Tupelo, Miss. 38801, (601) 844–1184.

D. David Brandon, Director, New York State Office of Planning Coordination, State Capitol, second floor, Albany, N.Y. 12207, (518) 474–7955.

Dr. William L. Turner, Director of Administration, Department of Administration, 116 West Jones Street, Raleigh, N.C. 27602, (919) 829–7232.

Albert G. Giles, Director, Department of Urban Affairs, 50 West Broad Street, room 3300, Columbus, Ohio 43215, (614) 469–5467.

William T. Schmidt, Executive Deputy Secretary, Department of Commerce, 420 South Office Building, Harrisburg, Pa. 17120, (717) 787–2048.

James S. Konduros, Executive Assistant to Governor McNair, State Capitol Building, Columbia, S.C. 29201, (803) 758–3261.

Samuel H. Roberts, Jr., Executive Administrator to the Governor, Office of the Governor, Nashville, Tenn. 37219, (615) 741–2001.

T. Edward Temple, Director, Division of State Planning and Community Affairs, 1010 James Madison Building, Richmond, Va. 23219, (703) 770–3785.

Dr. B. L. (Bill) Coffindaffer, Governor's Office, State Capitol, Charleston, W. Va. 25305, (304) 348–3562.

14.01—APPALACHIAN DEMONSTRATION HEALTH PROJECTS

Authorizing statute: Section 202, Appalachian Regional Development Act of 1965, Public Law 89–4 as amended by Public Law 90–103 (40 App. A USCA 202). The provisions of applicable portions of title VI of the Public Health Service Act (42 U.S.C.), the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (77 Stat. 282), and other laws authorizing grants for the construction of health related facilities apply unless inconsistent with Appalachian Act.

Administrator: The executive committee administers this program. They are John B. Waters, Jr., Federal cochairman; John D. Whisman, States regional representative, and Ralph R. Widner, executive director. The Appalachian Regional Commission establishes general policy for the demonstration health program and designates demonstration health project areas (ARC Code 202–6). The ARC executive committee approves specific component projects within such designated areas, which must be included in annual 202 area plan for such areas (ARC Code 202–8). Each designated demonstration health project area has a local health council to guide the project development.

Nature of program: A demonstration of the value of adequate health facilities, services, and comprehensive coordinated health planning by public and private agencies to the economic development of the region. The multicounty demonstration health project may include hospital, regional health diagnostic and treatment centers, and other facilities and services necessary to health. The 1967 amendment placed greater emphasis on services, operations and the training and recruitment of health manpower.

Eligibility: The proposed project must be within a designated demonstration health project area. Operating grants are available only for publicly owned facilities or for facilities owned by public or private nonprofit organizations and not themselves operated for profit. See preface for general eligibility.

Available assistance: Up to 80-percent grants for construction or equipment. Up to 100-percent grants for operation the first 2 years. For the next 3 years of operations grants cannot exceed 50 percent of such costs. Financing may be Appalachian funds or in combination with grants from other Federal sources.

Use restrictions: Demonstration health programs.

[In thousands of dollars]

	Fiscal years 1965–66	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Appropriations	21,000	2,500	1,400	20,000	35,000
Cumulative appropriations		23,500	24,900	44,900	
Obligations	117	14	19,608	12,427	
Cumulative obligations		131	19,739	44,900	

Note: Appalachian funds remain available until expended.

Average assistance: $180,000.

Assistance prerequisites: Applications must be submitted by, and with the approval of, the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian plan.

Postgrant requirements: The basic Federal agencies are responsible for postgrant reporting and evaluation requirements.

Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designated by the Governor. See preface, Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.

Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia and West Virginia. See preface.

Application deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission, i.e., proposed projects shall be included in each of the States approved project funding program which is submitted annually. The States require that health development plans shall be filed by October 1 of each year.

Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.

Reworking time: Averages within 2 weeks.

Related programs: Programs of the Public Health Services, HEW, including medical library assistance, health manpower education and utilization, comprehensive health planning and services, chronic diseases, child health and human development, regional medical programs, environmental health sciences, mental health research and services, community mental health, hospital construction, maternal and child health services and crippled children services. Programs of the Office of Economic Opportunity including comprehensive health care, neighborhood health centers, comprehensive rural health services program and community action program demonstration health programs. The Department of Housing and Urban Development has loan programs for facilities.

14.02—APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM AND ACCESS ROADS

Authorizing statute: Section 201, Appalachian Regional Development Act of 1965, Public Law 89–4, as amended by Public Law 90–103; 40 Appendix A United States Code Annotated 201. The provisions of title 23, United States Code, applicable to the construction of Federal aid primary and secondary highways which are found not inconsistent with the Appalachian Act apply.

Administrator: The Appalachian Regional Commission conducts a State and Federal administrated program. Its day-to-day operations are administered by the Executive Committee. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States' regional representative and Ralph R. Widner, executive director.

Highways: The Commission designates the general corridor locations and termini and establishes priorities for construction. (See ARC Code secs. 201A–2 and 201A–4 for designated corridors and segments approved for construction). Actual construction is carried on under normal cooperative procedures between State highway departments and Bureau of Public Roads DOT as in cases of Federal-aid primary highways, except the ARC Executive Committee must concur in detailed highway locations and construction centerlines.

Access roads: General policies and procedures for projects are established by ARC. Individual projects must be approved by the ARC Executive Committee. Construction proceeds in accordance with cooperative procedures of State highway departments and Bureau of Public Roads DOT much as in case of federally aided secondary highway construction.

Nature of program:

Highways: To provide a highway system which, in conjunction with other federally aided highways, will open up areas within the Appalachian Region with development potential where commerce and communication have been inhibited by lack of adequate access.

Access roads: The access roads are designed to provide access to industrial, commercial, educational, recreational, residential, and related transportation facilities which directly or indirectly relate to the improvement of the areas determined by the States to have significant development potential.

Eligibility:

Highways: State governments only are eligible for development highways within their Appalachian portions.

Accsess roads: Public bodies and private groups within Appalachia may apply for access roads. See preface for general eligibility.

Available assistance: Federal assistance to construction projects for up to 70 percent of the actual eligible costs.

Use restrictions: Highways and access roads must be accepted and maintained as a State Highway for improved access. Access roads must be publicly owned.

[In thousands of dollars]

	Fiscal years 1965–66	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Appropriations	200,000	100,000	70,000	100,000	[1] 175,000
Cumulative appropriations		300,000	370,000	470,000	
Obligations	103,499	68,000	146,393	[2] 141,719	
Cumulative obligations		171,657	318,050	[2] 459,769	

[1] Senate action for fiscal year 1970 is pending. The House of Representatives has passed appropriations for $175,000,000 for fiscal year 1970.
[2] Estimate.

Note: Appalachian Act appropriations remain available until expended.

Average assistance:

Highways: Average assistance for the Development Highway System is not applicable because it is all part of a 13-State, $1,015 million authorized program. The average assistance per mile has been $756,500.

Access roads: The average assistance for access roads was $174,456 in fiscal year 1968, $372,449 in fiscal year 1967, and $364,884 in fiscal year 1966. The average ARC assistance per mile was $77,000.

Assistance prerequisites:

Highways: Not applicable.

Access roads: Applications must be submitted by, and with the approval of, the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian development plan.

Postgrant requirements: The Bureau of Public Roads, Department of Transportation, is responsible for postgrant reporting and evaluating requirements.

Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designated by the Governor. See preface. Ralph R. Widner, executive director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.

Local contact: The Appalachian local development district director of the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.

Application deadlines: There are no deadlines excepting those imposed by each State and the general requirements of the Commission, that is, proposed projects shall be included in each of the States approved project funding program which is submitted annually.

Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.

Reworking time: Averages within 2 weeks.

Related programs: Interstate System and other Federal-aid highways, highway planning, national highway safety, highway beautification, high-speed transportation, and other programs of the Department of Transportation. Access roads are also funded by the Bureau of Public Roads, the Economic Development Administration, State and local governments, and in some instances, by the Department of Housing and Urban Development—701 planning grants and public works planning grants of the Department of Housing and Urban Development and planning assistance programs of the Department of Transportation and their allied State departments.

14.03—APPALACHIAN HOUSING FUND

Authorizing statute: Section 207, Appalachian Regional Development Act of 1965, Public Law 89–4, as amended by Public Law 90–103 (40 App. A U.S.C.A. 207). The provisions of section 221 of the National Housing Act apply.

Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States' regional representative and Ralph R. Widner, Executive Director.

Nature of program: Provides loan assistance, and in some cases grants, to help plan and obtain financing for low- and moderate-income housing projects eligible for mortgage insurance under the sections 221 and 236 programs administered by HUD.

Eligibility: Nonprofit, limited dividend, cooperative organizations of public bodies. See preface for general eligibility.

Available assistance: (1) Loans up to 80 percent of costs of planning project and obtaining an insured mortgage under section 221 (including, but not limited to, preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site options, FHA and GNNA fees, and construction loan fees and discounts). Below market or no interest for nonprofit bodies. (2) Grants up to 80 percent of administrative costs not recoverable from the proceeds of the insured mortgage, for nonprofit organizations only.

Use restrictions: Projects must be located in areas of growth potential with a demand for low-income housing.

[In thousands of dollars]

	Fiscal years—				
	1965–66	1967	1968	1969	1970
Appropriations			1,000	1,000	1,000
Cumulative appropriations			1,000	2,000	3,000
Obligations			63	783	
Cumulative obligations			63	846	

Note: Appalachian funds remain available until expended. This is a revolving fund.

Average assistance: $33,756.
Assistance prerequisites: Applications must be submitted with the approval of the Appalachian State representative to the Federal Housing Administration, HUD. All proposed projects must meet the requirements of the State Appalachian plan.
Postgrant requirements: Not applicable.
Washington contact: Inquiries and applications should be submitted first to the Appalachian State office designated by the Governor. See preface. Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.
Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.
Application deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission that is, proposed projects shall be included in each of the States approved project funding program which is submitted annually.
Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.
Reworking time: Averages within 2 weeks.
Related programs: Low- and moderate-income housing programs including those for the elderly and handicapped authorized by sections 221 and 236 of the National Housing Act. The homeownership program authorized under section 235 of the National Housing Act is also eligible for an Appalachian housing loan through section 221(d)(2) of the National Housing Act.

14.04—APPALACHIAN LAND STABILIZATION, CONSERVATION AND EROSION CONTROL

Authorizing statute: Section 203, Application Regional Development Act of 1965, Public Law 89–4 as amended by Public Law 90–103; 40 App. A. U.S.C.A. 203.
Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States regional representatives, and Ralph R. Widner, Executive Director. Implementation of the program, contract signing and day-to-day field operations are administered by the U.S. Department of Agriculture, Agricultural Stabilization and Conservation Service.
Nature of program: Promotion of the conservation and better utilization of the region's land and water resources. The program can provide for land stabilization, erosion and sediment control, reclamation through changes in land use and conservation treatment including the establishment of practices and measures for the conservation and development of soil, water, woodland, wildlife, and recreation resources.
Eligibility: Landowners, operators, and occupiers in Appalachia who can furnish to the Secretary of Agriculture a conservation and development plan setting forth appropriate and safe land uses and conservation treatment within project areas designated in State plans. See preface for general eligibility.
Available assistance: Financial and technical assistance. The grants shall not exceed 80 percent of the cost of carrying out land uses and conservation treatment on 50 acres of land occupied by one owner, operator, or occupier.
Use restrictions: The grantee must satisfy the Secretary of Agriculture that he has control of the land for at least the period of the agreement which is generally not more than 10 years; public agencies are not eligible for these land improvement projects.

[In thousands of dollars]

	Fiscal years 1965–66	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Appropriations	7,000	3,000	3,300	2,665	3,000
Cumulative appropriations		10,000	13,300	15,965	18,965
Obligations	6,640	3,360	3,290	2,675	
Cumulative obligations		10,000	13,290	15,965	

Note: Appalachian funds remain available until expended.

Average assistance: $13,000.

Assistance prerequisites: Applications must be submitted by, and with the approval of, the State representative to the Appalachian Regional Commission and to the county USDA Agricultural Stabilization and Conservation Service Committee. All proposed projects must meet the requirements of the State Appalachian plan.

Postgrant requirements: The Department of Agriculture is responsible for postgrant reporting and evaluation reporting.

Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designated by the Governor. See preface. Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.

Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.

Application deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission, that is, proposed projects shall be included in each of the States approved project funding program which is submitted annually.

Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.

Reworking time: Averages within 2 weeks.

Related programs: Programs of the Department of Agriculture including comprehensive planning grants, soil and water loans, irrigation loans, recreational facility loans, watershed protection loans, resource conservation and development loans, farm operating loans, agricultural conservation program, flood prevention program, watershed planning. Land and water resources programs of the Tennessee Valley Authority and land and water resources programs of the Department of the Interior.

14.05—APPALACHIAN LOCAL DEVELOPMENT DISTRICTS AND RESEARCH AND DEMONSTRATION PROJECTS

Authorizing statute: Section 302, Appalachian Regional Development Act of 1965, Public Law 89–4, as amended by Public Law 90–103 (40 App. A U.S.C.A. 302).

Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States' regional representative and Ralph R. Widner, Executive Director. See preface.

Nature of program:

Local development districts: The Appalachian Regional Commission, through State agencies, assists multicounty organizations to carry out regional economic development programs. Funds are provided to multicounty planning and development organizations for the purposes of hiring a professional staff with the technical competence to plan, coordinate, and administer an Appalachian development program for their areas.

Research and demonstrations: The Commission directly or through arrangements with public or private organizations, may expend or provide funds for research, studies, and demonstration projects, but not for construction purposes, for activities which assist the region in meeting its special problems and promote its economic development.

Eligibility:

Local development districts: Multicounty organizations, with a charter or authority that includes the economic development of the counties within that organization and which are certified by the Governor of the State in which the organization is located are eligible to receive section 302 administrative grants for local development districts.

Research and demonstrations: The States are eligible to receive research and demonstration funds. See preface for general eligibility.

Available assistance:

Local development districts: Administrative expense grants are made available to certified multicounty organizations for the first 3 years of operation. These grants are normally used to pay for the day-to-day expenses of a multicounty organization. Seventy-five percent of the administrative costs of a district program may be financed by the Commission and 25 percent of those costs must be a local contribution in cash or in kind.

Research and demonstration: The Commission has made a practice of limiting its contribution to individual State research projects to 75 percent while paying all the costs of its own research.

[In thousands of dollars]

	Fiscal years 1965–66	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Appropriations	2,500	2,750	1,600	3,000	3,500
Cumulative appropriations		5,250	6,850	9,850	13,350
Obligations	1,631	1,708	3,272	3,241	
Cumulative obligations		3,339	6,611	9,852	

Note: Appalachian appropriations remain available until expended.

Since the beginning of the program in midyear 1965 through fiscal year 1969, approximately $5,200,000 has been expended on local development districts and approximately $4,700,000 on research.

Average assistance: The average assistance for local development districts has been $41,845 and for research was $30,469.

Use restrictions:

Local development districts: Local development district funds are restricted to the payment of administrative expenses. These include personnel, travel, space, and other budgetary costs for economic development activities. Funds may also be used in approved situations to defray consultants costs.

Research and demonstrations: Research and demonstration projects may include any economic development area except construction which furthers the purposes of the act.

Assistance prerequisites: Applications must be submitted by, and with the approval of, the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian development plan.

Postgrant requirements:

Local development districts: Local development district grantees are required to submit quarterly and annually local development district financial and activities report.

Research and demonstrations: The Commission itself is responsible for research and demonstration projects but appropriately evaluates the work of consultants when used.

Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designated by the Governor. See preface. Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.

Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.

Application deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission, i.e., proposed projects shall be included in each of the States approved project funding program which is submitted annually.

Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.

Reworking time: Averages within 2 weeks.

Related programs:

Local development districts: Tributary area development district of the Tennessee Valley Authority; the economic development district program of the EDA Department of Commerce; the technical action panels, the rural area development committee, resources conservation and development districts of the Department of Agriculture; community action agencies of the Office of Economic Opportunity; and 701 planning grants and the community renewal program of the Department of Housing and Urban Development.

Research and demonstrations: Virtually every Federal agency has research and demonstration programs related to the Appalachian research and development program. These are all closely coordinated and interchanged.

14.06—APPALACHIAN MINING AREA RESTORATION

Authorizing statute: Section 205, Appalachian Regional Development Act of 1965, Public Law 89–4, as amended by Public Law 90–103 (40 App. A U.S.C.A. 205), in accordance with the applicable provisions of the Act of July 15, 1955 (30 U.S.C. 571 et seq.) without regard to section 2(b) thereof (30 U.S.C. 572(b)).

Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States' regional representative, and Ralph R. Widner, Executive Director.

Nature of program: Financial assistance to the States to seal and fill voids in abandoned coal mines and abandoned oil and gas wells, and to reclaim and rehabilitate lands affected by the strip and surface mining and processing of coal and other minerals, including lands affected by waste piles.

Eligibility: The Appalachian States for use in the Appalachian portion of their State. See preface for general eligibility.

Available assistance: Grants of up to 75 percent for lands not federally owned, 100 percent for costs of projects on Federal lands. The State share can include reasonable acquisition costs.

Use restrictions: The land must be publicly owned and the project must improve natural resources.

[Thousands of dollars]

	Fiscal years—				
	1965–66	1967	1968	1969	1970
Appropriations	17,350	7,500	----------	335	5,000
Cumulative appropriations	----------	24,850	24,850	25,185	30,185
Obligations	714	10,343	7,277	5,668	----------
Cumulative obligations	----------	11,057	18,334	23,992	----------

Note: Appalachian funds remain available until expended.

Average assistance: $565,263.

Assistance prerequisites: Application must be submitted by, and with the approval of the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian plan.

Postgrant requirements: Subject to technical evaluation by the Bureau of Mines, U.S. Department of the Interior.

Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designed by the Governor. See prefpreface. Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.

Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.

Application deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission, that is, proposed projects shall be included in each of the States approved project funding program which is submitted annually.
Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.
Reworking time: Averages within 2 weeks.
Related programs: Open space land program, Department of Housing and Urban Development; recreational programs of the Department of the Interior, soil conservation programs of the Department of Agriculture.

14.07—APPALACHIAN SEWAGE TREATMENT WORKS PROGRAM

Authorizing statute: Section 212, Appalachian Regional Development Act of 1965, Public Law 89–4, as amended by Public Law 90–103 (40 App. A U.S.C.A. 212). The provisions of the Federal Water Pollution Control Act (33 U.S.C. 466 et seq.) apply except for ceilings or allotment among the States.
Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States' regional representative and Ralph R. Widner, Executive Director. See preface.
Nature of program: The provision of sewage treatment facilities to assist in the prevention of pollution of the region's streams.
Eligibility: Local public bodies. See preface for general eligibility.
Available assistance: Maximum grants up to 80 percent of eligible costs. (Note: no authorization has been sought from the Congress to extend this program past June 30, 1969.)
Use restrictions: Sewage treatment facilities in an area designated in the State development plan for the improvement of water resources.

[In thousands of dollars]

	Fiscal years—				
	1965–66	1967	1968	1969	1970
Appropriations	3,000	3,000	1,400		(1)
Cumulative Appropriations		6,000	7,400	7,400	
Obligations	1,556	1,389	4,126	173	
Cumulative Obligations		2,945	7,071	7,244	

[1] The Commission did not seek funds for sec. 212 for fiscal year 1970. Supplemental funding to the basic agency financing for sewage treatment works will continue under sec. 214 of the Appalachian Regional Development Act.

Note: Appalachian funds remain available until expended.

Average assistance: $104,000.
Assistance prerequisites: Applications must be submitted by, and with the approval of, the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian plan.
Postgrant requirements: Reporting and evaluation requirements are those of the Federal Water Pollution Control Administration, DOI.
Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designated by the Governor. See preface. Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.
Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.
Application deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission, i.e., proposed projects shall be included in each of the States approved project funding program which is submitted annually.

Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.
Reworking time: Averages within 2 weeks.
Related programs: Sewage treatment works programs of the Department of the Interior, the Department of Housing and Urban Development, the Department of Agriculture and the Department of Commerce—701 planning grants and public works planning grants of the Department of Housing and Urban Development, and planning assistance programs of the Department of the Interior and their allied State departments.

14.08—APPALACHIAN SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAM

Authorizing statute: Section 214, Appalachian Regional Development Act of 1965, Public Law 89–4, as amended by Public Law 90–103 (40 App. A U.S.C.A. 214). The provision of the basic program acts apply excepting ceilings or allotments among the States.
Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States regional representative and Ralph R. Widner, Executive Director. See preface.
Nature of program: Supplemental funds are authorized for the sole purpose of increasing the Federal contribution for programs of construction, land acquisition, and/or equipment for eligible applicants, who, because of their economic situation cannot supply the required matching share of the basic Federal program.
Eligibility: Public and nonprofit bodies who are eligible for the basic act grant. See preface for general eligibility.
Available assistance: The Federal portion of the cost may be increased up to a maximum of 80 percent.
Use restrictions: Funds may be spent for any construction, land acquisition, and/or equipment for which there was a Federal grant-in-aid program authorized on or before December 31, 1967. Proposed legislation extend grant-in-aid programs authorized on or before December 31, 1970. The facility must be in an area designated in the State development plan.

[In thousands of dollars]

	Fiscal year 1965–66	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Appropriations	45,000	30,000	34,000	32,600	35,000
Cumulative appropriations		75,000	109,000	141,600	176,600
Obligations	16,114	40,625	46,425	35,363	
Cumulative obligations		56,739	103,164	138,527	

Note: Appalachian appropriations remain available until expended.

Average assistance: $140,000.
Principal programs: Section 214 funds are heavily concentrated on the educational and health needs of the region. Fiscal year 1968 obligations were 47 percent for educational facilities and 43 percent for health facilities.
Assistance prerequisites: Applications must be submitted by, and with the approval of, the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian development plan.
Postgrant requirements: The basic Federal agency is responsible for reporting and evaluation requirements.
Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designated by the Governor. See preface. (Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.
Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.

Applications deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission, i.e., proposed projects shall be included in each of the States approved project funding program which is submitted annually.
Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.
Reworking time: Averages within 2 weeks.
Related programs: This program is related to every construction, land acquisition, and/or equipment Federal grant-in-aid program authorized on or before December 31, 1967—701 planning grants and public works planning grants of the Department of Housing and Urban Development, and planning assistance programs of the basic Federal agencies and their allied State departments.

14.09—APPALACHIAN TIMBER DEVELOPMENT

Authorizing statute: Section 204, Appalachian Regional Development Act of 1965, Public Law 89–4 as amended by Public Law 90–130 (40 App. A U.S.C.A. 204). Applicable provisions of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1926 et seq.) apply.
Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States' regional representative and Ralph R. Widner, Executive Director.
Nature of program: Objectives are to improve timber productivity and quality and increase returns to landowners.
Eligibility: Appropriate private and public nonprofit organizations. See preface for general eligibility.
Available assistance: Grants and other assistance to forest products research institutions (with priority to land grant schools) for research and demonstrations.
Use restrictions: Timber development.

[In thousands of dollars]

	Fiscal years 1965–66	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Appropriations	1,000				
Cumulative Appropriations (Adjusted for transfer)		600	600	600	600
Obligations	54	66	74	19	
Cumulative obligations		120	194	213	

Note: Appalachian appropriations remain available until expended.

Average assistance: $6,875.
Assistance prerequisites: Applications must be submitted by, and with the approval of, the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian plan.
Postgrant requirements: Subject to technical evaluation and acceptance by the U.S. Forest Service, Department of Agriculture.
Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designated by the Governor. See preface. Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.
Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.
Application deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission, i.e., proposed projects shall be included in each of the States approved project funding program which is submitted annually.

Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.
Reworking time: Averages within 2 weeks.
Related programs: Forestry research and forestry assistance, U.S. Forest Service, Department of Agriculture. Extension programs for forestry production and marketing, Federal Extension Service, Department of Agriculture.

14.10—APPALACHIAN VOCATIONAL EDUCATION FACILITIES

Authorizing statute: Section 221, Appalachian Regional Development Act of 1965, Public Law 89–4, as amended by Public Law 90–103 (40 App. A U.S.C.A. 211). The provisions of the Vocational Education Act of 1963 (77 Stat. 403) which are not inconsistent with the Appalachian Act apply.
Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States' regional representative and Ralph R. Widner, Executive Director. See preface.
Nature of program: The provision of the basic facilities and equipment needed to give the people of the region the training and education necessary to obtain employment at their best capability level for available job opportunities.
Eligibility: Local public school boards whose proposed facility is included in the State education plan. Most of the schools are regional vocational technical centers serving multicounty areas as well as several school districts. See preface for general eligibility.
Available assistance: Supplemental grants to increase the Federal share up to a maximum of 80 percent.
Use restrictions: Construction and equipment of vocational education schools.

[In thousands of dollars]

	Fiscal years 1965–66	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Appropriations	8,000	8,000	12,000	14,000	25,000
Cumulative appropriations		16,000	28,000	42,000	67,000
Obligations	2,547	13,446	11,879	13,990	
Cumulative obligations		15,993	27,872	41,862	

Note: Appalachian funds remain available until expended.

Average assistance: $159,000.
Assistance prerequisites: Applications must be submitted by, and with the approval of, the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian plan.
Postgrant requirements: The basic Federal agency is responsible for postgrant reporting and evaluation requirements.
Washington contact: Inquiries and applications for project grants should be submitted first to the Appalachian State office designated by the Governor. See preface. Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.
Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.
Application deadlines: There are no deadlines excepting those imposed by each State and the general requirement of the Commission, i.e., proposed projects shall be included in each of the States approved project funding program which is submitted annually.
Approval/disapproval time: Averages within 30 days after the receipt of the application at the Commission.
Reworking time: Averages within 2 weeks.
Related programs: Construction and equipment programs of the Economic Development Administration, DOC, and of the Office of Education, HEW. Manpower development and training programs of the Department of Health, Education, and Welfare, the Department of Labor, and the Office of Economic Opportunity.

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14.11—APPALACHIAN WATER RESOURCE SURVEY

Authorizing statute: Section 206, Appalachian Regional Development Act of 1965, Public Law 89–4, as amended by Public Law 90–103 (40 App. A U.S.C.A. 206).

Administrator: The Executive Committee administers this program. They are John B. Waters, Jr., Federal Cochairman; John D. Whisman, States' regional representative and Ralph R. Widner, Executive Director.

Nature of program: A comprehensive water resources survey placing heavy emphasis on flood control; water supply, recreational impoundments; prevention of mine drainage pollution and on the development benefits of such projects.

Eligibility: The act authorized the Secretary of the Army to prepare the comprehensive plan in consultation with the Commission, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Health, Education, and Welfare, the Secretary of the Interior, the Secretary of Transportation, the Tennessee Valley Authority, and the Federal Power Commission. See preface for general eligibility.

Available assistance: The Secretary of the Army has been authorized the expenditure of up to $5 million to carry out the water resource survey.

Use restrictions: Planning for the development and efficient utilization of the water and related resources of the Appalachian region.

[In thousands of dollars]

	Fiscal years 1965–66	Fiscal year 1967	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Appropriations	1,500	1,830	2,000	----	----
Cumulative appropriations	----	3,330	5,330	5,330	5,330
Obligations	1,171	1,741	1,644	356	----
Cumulative obligations	----	2,912	4,556	4,912	----

Note: Appalachian funds remain available until expended.

Average assistance: Not applicable.

Assistance prerequisites: The survey must be coordinated by, and with the approval of, the State representative to the Appalachian Regional Commission. All proposed projects must meet the requirements of the State Appalachian plan.

Postgrant requirements: The Secretary of the Army reports to the Commission and all relevant Federal and State agencies as the plan develops. The plan prepared by the Secretary of the Army shall also be coordinated with all comprehensive river basin plans heretofore or hereafter developed by U.S. study commissions, interagency committees, or similar planning bodies, for those river systems draining Appalachia.

Washington contact: Inquiries and proposals for projects should be submitted first to the Appalachian State office designated by the Governor. See preface. Ralph R. Widner, Executive Director, 1666 Connecticut Avenue NW., Washington, D.C. 20235, (202) 967–4985.

Local contact: The Appalachian local development district director or the Appalachian representative in each State. These States are: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. See preface.

Application deadlines: Not applicable.

Approval/disapproval time: Not applicable.

Reworking time: Not applicable.

Related program: Tennessee Valley Authority water resource survey; flood prevention, watershed planning and river basin survey programs of the Department of Agriculture; water supply and water pollution control and water resources programs of the Department of the Interior; and the water resources council planning and financial assistance to States.

THE COMMISSION ON RELIGION IN APPALACHIA, INC.,
Knoxville, Tenn., February 23, 1971.

Senator JENNINGS RANDOLPH,
Chairman, Senate Committee on Public Works,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR RANDOLPH: We are writing to submit a statement of testimony to the Senate Committee on Public Works regarding the extension of the Appalachian Regional Development Act. This statement is submitted by The Commission on Religion in Appalachia (CORA), a consortium of seventeen religious communions, ten state councils of churches, the National Catholic Rural Life Conference, and the National Lutheran Council.

The Board of Directors of CORA, meeting February 1 and 2 in Knoxville, Tennessee, voted to submit to your committee and other appropriate persons a statement of their concern that Congress continue its efforts to deal with the urgent problems and deep human need which persists in Appalachia.

We appreciate this opportunity to share these mutual concerns.

Sincerely yours,

The Rt. Rev. WILLIAM E. SANDERS,
Chairman.

The Rev. MAX E. GLENN,
Executive Director.

STATEMENT OF THE COMMISSION ON RELIGION IN APPALACHIA

The Commission on Religion in Appalachia (CORA) is a consortium of seventeen religious communions, ten state councils of churches and five other religious and social organizations working together to develop joint-action-in-mission that is relevant to the region's needs because it is indigenous, innovative and ecumenical. The goals are to build community and to combat poverty in Appalachia—and through joint action in this twin mission, to help renew the church. (A full roster of the member organizations of CORA is appended to this statement).

The Commission, which is the policy making and controlling body of CORA is composed of approximately 90 delegated representatives of the several member organizations. Interim responsibility for administrative oversight is lodged in a Board of Directors of twelve elected by the Commission.

In submitting this statement, CORA speaks only for itself. The views expressed are not necessarily held in their entirety by all or any of the member organizations. They do represent the thoughtful views of churchmen—clergy and laymen—deeply involved in responsible institutions at work in Appalachia.

CORA'S RELATIONS WITH ARC

CORA was organized late in 1966 but became really operative following the employment of an executive director, Rev. Max E. Glenn, in mid-1968. During the intervening months and years CORA has established and maintained numerous functional relations with the Appalachian Regional Commission. Members of the ARC staff have served frequently in a consultative capacity to CORA committees and task forces. They have participated in consultations on social and economic problems of the region sponsored by CORA. Constant communication has been maintained between staff of CORA and staff of ARC at both formal and informal levels.

In addition to these various direct lines of relationship, CORA has been in a particularly advantageous position to observe at first-hand the programs and the impact of ARC in the region, through CORA's work with local people, its multiplicity of contacts with the state councils of churches, the denominations, their judicatories, local congregations, and mission institutions scattered throughout the region.

We believe that this range and variety of contacts and relationships qualifies CORA to offer certain evaluative comments at this time when the future of ARC is being considered by Congress.

GENERAL EVALUATION OF ARC

Although CORA has disagreed with ARC on certain details of policy and on certain aspects of its program emphasis, we desire to record, as our first comment,

a strong affirmation of the generally beneficial impact of the ARDA and ARC upon the Appalachian region, its state and local governmental structures and its people.

We strongly support the extension of the Appalachian Regional Development Act and the continuation of the life of the Appalachian Regional Commission, subject to certain modifications of which we will speak in more detail at a later point in this paper and in subsequent communications to the Committee.

Specifically, we reject as inadequate the proposal that revenue sharing programs with the states would displace the need of the regional commission approach to these problems. There are important and innovative aspects of the federal-state-local inter-relationships inherent in the ARC model which would be wholly lost to the serious detriment of the Appalachian region if federal aid were to be transferred to the states either by way of undesignated block grants or in terms of categorical grants for rural development, urban development and the like.

ARC has pioneered in the field of federal-state relations in a significant way. There are doubtless weaknesses in the model which need to be overcome, but its contributions during its first six years of life hold sufficient promise to justify continuation of the Commission and of its experimentation in this very important field.

Moreover, we are fearful that the massive economic and human developmental needs of Appalachia, so long neglected until the birth of ARC, would once again be lost from view in a system of revenue-sharing which allocated federal money to whole states and municipalities. History documents the fact that prior to the establishment of the ARDA, these areas were largely ignored resulting in sub-standard educational systems, medical facilities, social services and economic opportunities. As we all know, Appalachia except in the case of West Virginia, consists of portions of the several states. Its needs are distinctive and enormous. It would be politically impossible for states administering block grants from the federal government to weight their allocations adequately to the Appalachian portions of their respective territories. The interaction of federal and state decision-making provided in the ARDA is essential if the severe needs of Appalachia are to be met.

SOME FURTHER COMMENTS

We mentioned above that we might wish to submit certain proposals for modification of ARC. We are not yet ready to make such a submission in detail. CORA is planning to hold, in the near future, at least two consultations in the region designed to provide opportunity for religious leadership and others to express their views as to the strengths and weaknesses of ARC and its program. We would hope, following such hearings, to be in position to submit to ARC, to the appropriate committees of the Congress, and to the Administration our more specific recommendations for modification of the ARDA.

Recognizing the time pressure under which your Committee is working, however, we will set forth at this time in rather general terms two or three of our most basic concerns.

HUMAN RESOURCE DEVELOPMENT

The Christian concern is with people. The aim of the churches is the fulfillment of whole persons in community. This is the goal of CORA and it is the ultimate yardstick by which we judge the activities of economic, social and governmental institutions.

In our judgment ARC in its early stages was too much oriented to the "brick-and-mortar" concept of development and insufficiently sensitive to the needs of Appalachia for human development. We understand some of the historic and political factors which bent the agency in this direction and we accept the fact of history. We are not interested in engaging in recriminations over what might have been. Especially so, inasmuch as we hear much rhetoric and see some solid evidence that the agency is already seeking ways to move toward greater emphasis on the human factors in total regional development.

We recognize that when the original ARDA was passed, the Congress assumed that many of the human developmental services needed in Appalachia and elsewhere were soon to be provided by the new Office of Economic Opportunity. In view of the tragic short-fall of that agency as measured against the need of the region, and in view of the apparent winding down of OEO, the importance of human development as a function of ARC becomes increasingly important.

Our plea to the Congress as it renews the ARDA and our plea to ARC as it implements whatever legislation is passed is that maximum emphasis be placed on programs of comprehensive and preventive health services, education (basic,

general and vocational), housing, welfare, environmental protection and similar person-fulfilling and community-enriching activities.

DISTRIBUTION OF BENEFITS

Another basic compulsion within the Christian community is the demand for justice. This a complex and difficult matter, but it must be considered in designing a developmental program. In this respect, we have two problems as we review ARC policy and program.

One has to do with the heavy emphasis on "growth centers". We understand the economic appeal of the growth center concept. We are also painfully aware of the injustices which may be perpetrated on many thousands of families in the region who reside outside the growth centers if this concept is too rigidly applied.

We suggest that the Congress and the ARC in future search for a pattern of economic development which defines "areas for development" in such a manner that no part of the region will be left out. Such areas of development may well be mapped around certain population centers where industrial activity is maximized and where certain social services are provided—but the area maps should be so drawn that no neighborhood, no hollow, no ridge community is excluded from the coverage of the developmental program. Care should be taken to provide services and development programs in the style and timing of low-income people in isolated mountain communities, geared to their natural resources and native abilities, the culture of the people in the hollows of Appalachia have strengths that must be the starting point of any efforts to help them help themselves.

We believe, incidentally, that the churches can and should be instrumental in developing the area consciousness on the part of the people and the area sensitivity on the part of the planners which the success of this model will require.

Our second concern regarding distribution of benefits from ARC activity has to do with the tendency of economic stimulation to produce patterns of economic activity which increase the flow of benefits to those who are already faring well while at the same time doing little or nothing for the hardcore poor of the region. Granted that this effect is hard to avoid in the type of economy which is prevalent and favored in this country, nevertheless, we call upon the Congress and the ARC to seek ways in which the economic benefits of development as well as the social services provided by public agencies may be dispersed to all the people with justice and equity. We suggest that attention needs to be given to patterns of ownership of resources and of productive enterprises, to wage scales and labor organization, to cooperative forms of enterprise, to prevention of exploitation of the region by outside forces, and the like.

In short, let us avoid repeating in further development of Appalachia the old and tired tactic of redevelopment programs which benefit others than the target groups.

PEOPLE PARTICIPATION

In recent years the churches are discovering with new sensitivity the importance of self-determination of people as basic to human fulfillment as taught in our gospel. We have been deeply troubled at the apparent inability of local development districts, which are an integral part of the federal-state-local administrative system of ARC, to include meaningful representation of the poor on their boards of control.

We believe that such representation would go far to protect the system against the dangers and weaknesses alluded to in the preceding paragraphs. More importantly, we insist that such representation is right and necessary as the effective means of implementing the concept of self-determination.

The facts are that elected county officials are by and large drawn from the middle class, committed to the middle class way of life, and responsive to middle class interests and pressures. Poor people and minority group people must have their own countervailing voice in the LDD if it is ever to really serve their needs and their rights as whole persons.

CONCLUSION

This concludes our comments for the present. We express the appreciation of CORA for the opportunity to convey to the Committee these general views regarding the extension and modification of the Appalachian Regional Development Act and the Appalachian Regional Commission. We would welcome an opportunity to submit more detailed comments and suggestions at a later date.

THE COMMISSION ON RELIGION IN APPALACHIA

American Baptist Convention
American Lutheran Church
Christian Church (Disciples of Christ)
Church of the Brethren
Church of God
Episcopal Church
Friends United Meeting
Home Mission Board, Southern Baptist Convention
Lutheran Church in America
Lutheran Church—Missouri Synod
Mennonite Central Committee
Presbyterian Church, U.S.
Reformed Church in America
Roman Catholic Church
United Church of Christ
United Methodist Church
United Presbyterian Church, U.S.A.
Alabama Council of Churches
Georgia Council of Churches
Kentucky Council of Churches
Maryland Council of Churches
New York State Council of Churches
North Carolina Council of Churches
Ohio Council of Churches
Pennsylvania Council of Churches
Tennessee Council of Churches
Virginia Council of Churches
West Virginia Council of Churches
The Council of the Southern Mountains, Inc.
National Council of Churches
National Catholic Rural Life Conference
Lutheran Council in the U.S.A.

AMERICAN LIBRARY ASSOCIATION,
Washington, D.C., February 26, 1971.

Hon. JOSEPH M. MONTOYA,
Chairman, Subcommittee on Economic Development, Committee on Public Works, U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR SENATOR MONTOYA: In view of the important contribution of the Appalachian Regional Development Act over the past several years in helping the citizens of that region to construct public libraries to serve the entire community, may we submit the enclosed Statement in support of S. 575, the bill extending the Appalachian Regional Development Act of 1965, as amended.

Sincerely,

GERMAINE KRETTEK,
Director, ALA Washington Office.

(Enclosure.)

STATEMENT OF THE AMERICAN LIBRARY ASSOCIATION

The American Library Association strongly supports S. 575, a bill to authorize funds to carry out the purposes of the Appalachian Regional Development Act of 1965. As an organization of over 30,000 librarians, library trustees, and other concerned citizens, the Association has a long record of dedication to the educational improvement of our populace.

Sec. 214 of the Appalachian Regional Development Act provides supplemental funds for use by communities which cannot quite meet the requirements for State and local matching funds for Federal aid programs. Sec. 214 money can be used to bring the Federal share in certain projects up to a maximum of 80% of the total cost. One of the Federal programs for which these supplemental funds may be used is the Library Services and Construction Act.

Congress has recently extended the Library Services and Construction Act for an additional five years, because of the tremendous success of this program in extending library services to persons who have not had access to such services in

the past, and in improving library services in areas where they have been inadequate. Appalachia is one region where the LSCA has been put to good use, but where there also remains a large educational need to be filled. In an area of remote communities and depressed economic conditions, the public library can bring recreation to the culturally isolated, and important job and consumer information to the poor, the unemployed, and the underemployed.

Nevertheless, the cities and towns in Appalachia are also among those least likely to be able to afford the cost of constructing a new library building, or converting an existing building into a library facility. For this reason, the supplementary funds available to these communities are necessary and desirable.

In the fiscal years 1965 through 1971, 87 public library construction projects in 13 Appalachian states have been assisted by ARDA Sec. 214 funds. The total cost of these projects has been $27,677,085, of which $6,497,740, or 23.5%, have been from the Appalachian Regional Development Act. Obviously, the ARDA has meant the difference for many towns between having an adequate library to serve the people and having just a make-shift one or none at all.

ARDA help for library construction extends to academic institutions as well, since projects under the Higher Education Facilities Act are eligible for supplementary funds. For example, in Waleska, Georgia, Reinhardt College was able to build a new learning resources center to accommodate its growing enrollment with the aid of a $209,000 grant from the Appalachian Regional Commission.

It is clear that the Appalachian Regional Development Act has contributed greatly to expanded educational opportunities, through library service, for the residents of Appalachia. The American Library Association urges favorable action on S. 575 by this Congress.

STATEMENT OF THE LEAGUE OF WOMEN VOTERS OF WEST VIRGINIA

The League of Women Voters of West Virginia supports the extension of the Appalachian Regional Development Act beyond its projected termination date of January 1972.

The basic thesis of the program was to help the impoverished counties in the Appalachian region build a base of facilities and programs that would put it into a position of achieving economic parity with the rest of the country.

First, the League favors this regional approach to problem of economically depressed areas which cut across state lines. We think it has provided a valuatle testing ground for regional development.

Beyond the organizational aspests of the program, the League is concerned with its impact on the disadvantaged—the poor of West Virginia. We have come to know about the suffering of many West Virginians who live in deep poverty. We believe that many of the Appalachian programs have had a direct benefit to the poor through educational and health programs. Though the impact has not as yet reached those most isolated.

West Virginia was the only one of the participating states that had all of its counties covered by the program.

It has been stated by experts that the Appalachian region has no hope for economic recovery unless a good north-south and east-west highway system is built to reduce the isolation of the area and open it to the eastern and mid-westeru industrial centers. Further, an access road system was deemed necessary to get people more easily from rural to urban places where the jobs and educational centers are. West Virginia, therefore, has put top priority on a road system.

During the six years of its existence West Virginia has made good use of the monies that have been available under the program. And it has made a substantial recovery—but it has not yet reached an adequate level of performance to allow it to build the remaining roads, schools, health centers, sewage treatment facilities that are the minimum substrate for durable economic strength.

In the early 1960's, the state unemployment rate was about 8.5%. The average educational level was less than 9 years. The per capita income was 75% or less of the national average. The school drop-out rate as 50–60%. The unemployment rate in 1970 was 5.5% and the per capita income has improved. So there have been gains but they have not been uniform throughout the state and pockets of severe poverty still exist.

A good start has been made on the Appalachian Highway system; important and strategic vocational education centers which train the young and adults in needed skills have been built and sewage treatment and land stabilization programs have contributed to keeping the streams and rivers from becoming irreversibly polluted.

Many counties have been substantially helped in building these facilities through the use of the supplemental funding program. Dr. B. L. Coffindaffer, the West Virginia Governor's representative on the Appalachian Regional Commission, has said, ". . . the supplemental funding is of great importance to West Virginia because it provides money whereby many federal programs and facilities may be obtained with only a small contribution by the local community."

The state has also profited from the construction and operation of educational TV facilities. The value of improved communications in getting educational programs to many people in West Virginia cannot be overstated. Many in the state can be reached in no other way.

Inasmuch as the continuation of the program is under question, we strongly urge that it be continued until the road building program has come closer to completion and the major needs for vocational education and sewage treatment facilities are met. Many small cities and communities and some large ones have too little money to meet these needs on their own.

The West Virginia Legislature is now in session and is considering a record budget just to meet current obligations. There is to be very little money in it for new programs. Agencies such as the Department of Natural Resources and the Division of Vocational Education struggle with inadequate staffs and fail to keep up with on-going programs. We are certain that the state will fall far short of meeting the needs for highway, vocational education and pollution control programs if the Appalachian program is discontinued. It is true many of the poorer rural counties have not yet felt the impact of this program. Not because it was ill-designed but because six years is too short a time and the total appropriations have not been high enough for that kind of impact.

The President of the United States has proposed a revenue sharing program as an alternative. We have not studied this program well enough to know if it is an effective substitute for the Appalachian program. But doubts have been expressed about its passage soon. Further, it would not foster the kind of regional planning that has made the Appalachian Regional Development program unique. The cooperation that has existed among the Appalachian states during the life of this program has rarely been duplicated in American history. Dr. Edwin Harper a Special Assistant to the President has said of the program, ". . . the nation owes the Commission* and all of Appalachia a debt of gratitude for serving as a 'national laboratory' to test an important innovation in federal, state and local relationships which could prove to be a significant breakthrough in solving many of the proplems we all encounter in making federal assistance program effective."

Not to continue the program would jeopardize the gains made by West Virginia and other Appalachian areas. They might well slip back to their former state of depression. The cost to the federal government then would be far greater than if it continues it. The loss of human potential which has been so tragic for so long in West Virginia must not be a consequence of the loss of this program.

RESOLUTION No. 711, 1971

A resolution of the FIVCO board of directors, Catlettsburg, Ky., for the continuation and expansion of the Appalachian Regional Commission

Whereas, we, the FIVCO Area Development District Board of Directors recognize that it takes a generation for people to reverse the trends which have continued for six generations to deprive them of realizing their full human potential in Appalachia where many choose to stay and live and where many would return if a full range of opportunity were available: Now, therefore, be it

Resolved by the FIVCO area development district board of directors:

SECTION 1. We urge the President of the United States to reconsider his decision to abolish the Appalachian Regional Commission, and urge the Congress to consider carefully and deliberately the future thrust of the Commission or its succesor.

SEC. 2. We submit to you the following reasons why the Nation ought to continue the Appalachian Regional Commission—side by side with "Revenue Sharing"—to improve the Commission and its concept—not abolish it.

1. We suggest that the system we in Appalachia devised to improve our lives is made to serve us and the Nation are evidence for this is the support the Commission has received from thirty seven governors and governors of the thirteen Appalachia states—men and one woman—of diverse personality, politics, and ambition, representing equally diversed constituencies.

*Appalachian Regional Commission.

2. The Appalachian Regional Commission concept is often said to be a model for our Federal System and the Nation as we are nearing the twenty-first century. This is unquestionably its most valuable attribute.

This is so because Federal, State, and Local governments actually relate to one another more like the flavors of a layer cake relate one to the others; the trend especially since the Great Depression has been away from a federal structure pictured as layer upon layer of government with limited linkages among the layers. The Appalachian Regional Commission is a proven success in bringing about the fuller cooperation of our separate governing bodies and specialized administrations regardless of the areal extent or the specialized purpose of each. The Appalachian concept is pervaded with innovation; the Commission seeks to bring together our governing entities and to fill in the void interstices between specialized programs. Lastly, it strives to bring the diversity of the public sector together with the even greater diversity of private interests. To lay aside the Appalachian Regional Commission at this time is to lay aside a promising part of our American experiment begun nearly two hundred years ago.

3. One of the pillars upon which the Appalachian concept rests is the local development district. Proportionally, more people in Appalachia live in a local governmental jurisdiction of small size than in the rest of the nation. Our small local governmental units should be preserved and strengthened in their role of providing nearby easy access to the people. These small jurisdictions, to be of service to their people, must have expanded access to the same quantity and quality professional staff skills at the disposal of larger local governmental units through the local development district. The local development district will grow usefulness to the small units of local government as they put together a capital improvements program and attempt to have projects financed and aided by specialized Federal Programs.

SEC. 3. This resolution shall be in full force and effect from and after its passage and approval and copy of the same shall be forwarded to the Honorable Richard M. Nixon, President of the United States; the Honorable Louie B. Nunn, Governor of Kentucky; Mr. John B. Waters, Federal Co-Chairman, Appalachian Regional Commission; John Whisman, States' Representative, Appalachian Regional Commission; the Honorable John Sherman Cooper, United States Senator; the Honorable Marlow Cook, United States Senator; and to the Honorable Carl D. Perkins, Representative to Congress from the Seventh Congressional District and to the other Representatives to Congress from Kentucky.

G. B. JOHNSON Jr., *President.*

Attest:

HOWARD QUEENS, *Secretary.*

Adopted by the FIVCO area development district board, February 4, 1971.

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