



October 19, 2023

The Honorable Scott Perry
Chairman
Subcommittee on Economic Development,
Public Buildings and Emergency Management
Committee on Transportation & Infrastructure
U.S. House of Representatives
Washington, DC 20515

The Honorable Dina Titus
Ranking Member
Subcommittee on Economic Development,
Public Buildings and Emergency Management
Committee on Transportation & Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Perry, Ranking Member Titus, and Members of the Subcommittee:

My name is Marc Joffe, and I am a Federalism and State Policy Analyst at the Cato Institute. I am writing to you today to provide information and policy recommendations regarding the regional commissions that are under the Subcommittee's purview.

The Congressional Research Service has identified eight regional commissions and authorities.¹ Some of these entities have little or no public footprint. The Great Lakes Authority, established under the Consolidated Appropriations Act of 2023, does not appear to have received any appropriations and has yet to begin operating.² The Northern Great Plains Regional Authority was created in 2002, but its authorization lapsed at the end of FY2018. Finally, while the Southwest Border Regional Commission has \$5 million in authorized funding and a confirmed federal co-chair, it does not appear to have a website, nor does it have any grant information on usaspending.gov.

If a commission or authority is not active, it is clearly a candidate for sunsetting. With the national debt now exceeding \$33 trillion and large projected deficits over the coming decades, there is no fiscal space for adding new programs.

The following chart provides summary funding information for the six active commissions and authorities:

¹ Congressional Research Service. April 7, 2023. Federal Regional Commissions and Authorities: Structural Features and Function. <https://crsreports.congress.gov/product/pdf/R/R45997>

² Public Law 117-328. Title IV. Section 401. <https://www.congress.gov/117/plaws/publ328/PLAW-117publ328.pdf>.

Commission and Authority Funding Data
Dollars in Thousands

Commission	IIJA Appropriations (\$000)	PL 117-103 Appropriations (\$000)	Authorized Funding – FY2023 (\$000)
Appalachian Regional Commission	\$1,000,000	\$195,000	\$200,000
Delta Regional Authority	150,000	30,100	30,000
Denali Commission	75,000	15,100	0
Northern Border Regional Commission	150,000	35,000	33,000
Southeast Crescent Regional Commission	5,000	5,000	33,000
Southwest Border Regional Commission	2,500	1,250	33,000
Totals	\$1,382,500	\$281,450	\$329,000

Source: Congressional Research Service. ARC's IIJA appropriation was \$200 million per year for five years.

As the chart shows, most of these commissions received large supplemental appropriations under the Infrastructure Investment and Jobs Act (IIJA). Since much of these appropriations remain unspent, the commissions do not necessarily require FY 2024 appropriations to maintain their grantmaking activity at prior year levels.

While terminating inactive entities and deferring future appropriations should be seen as commonsense measures, that leaves the bigger question of whether regional commissions and authorities are an effective and equitable use of federal tax revenues.

There are other federal grant opportunities for communities in the regional commission areas, so it is not clear that the commissions are needed. For example, the IIJA provided \$42.45 billion for a new state broadband deployment program and an additional \$2 billion for the Department of Agriculture's rural broadband grant programs.³ Yet, the Appalachian Regional Commission recently issued a \$6.3 million grant to a California-based nonprofit to help provide broadband across fifty Appalachian communities.⁴

Small grantmaking agencies like regional commissions have two disadvantages relative to their bigger peers: higher overheads and less ability to professionalize selection and oversight processes. The federal co-chair of each body is a level III appointee of the Executive Schedule,

³ Bradley. Infrastructure Investment and Jobs Act Summary of Broadband Service Provider Funding Opportunities. November 2021. <https://www.bradley.com-/media/files/insights/publications/2021/11/iija-broadband-summary.pdf>

⁴ Appalachian Regional Commission. ARC Awards \$6.3 Million to Bolster Broadband Access Across 50 Communities in Every Appalachian Subregion. <https://www.arc.gov/news/arc-awards-6-3-million-to-bolster-broadband-access-across-50-communities-in-every-appalachian-subregion/>

entitled to a \$195,000 salary plus benefits.⁵ Additional staff can add significant extra costs. In its FY 2024 Congressional Budget Justification, the Denali Regional Commission requested \$3 million for personnel compensation and benefits, representing 18 percent of the \$17 million appropriation it is seeking.⁶

In its 2022 Annual Financial Report, Denali's Inspector General recommended that the Commission implement "a framework to continually assess, identify and monitor risk" implying that no such framework exists. In his response to the Inspector General, Federal Co-Chair Garrett Boyle agreed that the "long-term monitoring of grants is a challenge," and noting that "the fluctuating level of funds flowing into the Commission makes it difficult to strike the exact right balance between adequate staffing levels and over-staffing."⁷

Further, there is arguably an appearance of familial connections and political considerations influencing the nomination and appointment of federal co-chairs. This may inhibit the ability of commissions to adequately implement risk controls.

Admittedly the goals of reducing overhead burden and improving oversight could be achieved by consistently funding the Denali Commission at a higher level, but that would be a poor use of taxpayer funds given the small population positioned to benefit from the Commission's grantmaking.

Alaska's population is 734,000, of which 541,000 live in the state's four metropolitan and micropolitan statistical areas.⁸ Thus, the Commission's main purposes of supporting job training, economic development, and infrastructure in Alaska rural areas⁹ are focused on a population of less than 200,000 people.

Further, Alaska has considerable resources available to support its rural population without federal support. Alaska's permanent fund recently reported a balance of \$75 billion.¹⁰ These funds could be invested in state infrastructure.

Finally, although these bodies are intended to help impoverished communities, their regions include areas that are more affluent. For example, the Southeast Crescent Regional Commission's

⁵ Congressional Research Service. March 6, 2023. Forming a Funded Federal Regional Commission. <https://crsreports.congress.gov/product/pdf/IF/IF11744>

⁶ Denali Commission Congressional Budget Justification Fiscal Year 2024. <https://02e11d.a2cdn1.secureserver.net/wp-content/uploads/2023/03/Congressional-Budget-Justification-Fiscal-Year-2024-Final.pdf>

⁷ Denali Commission Agency Financial Report Fiscal Year 2022. <https://02e11d.a2cdn1.secureserver.net/wp-content/uploads/2023/03/AFR-FY22-FINAL.pdf>

⁸ US Census Bureau. 2022. Quick Facts: Alaska.

<https://www.census.gov/quickfacts/fact/table/AK/PST045222>. Metropolitan and Micropolitan Statistical Areas. <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-metro-and-micro-statistical-areas.html>

⁹ Denali Commission Act of 1998 (as amended). March 2022. <https://02e11d.a2cdn1.secureserver.net/wp-content/uploads/2022/03/Denali-Commission-Act-updated-March-2022.pdf>

¹⁰ Alaska Permanent Fund. Financial Statements: August 31, 2023. <https://apfc.org/download/151/fy-2024/4416/2023aug31-apfc-financial-statements.pdf>

service area includes Loudoun County, Falls Church city, Fairfax County, and Arlington County,¹¹ which respectively rank 1st, 2nd, 6th and 10th among counties and county-equivalents in Median Household Income.¹² The Northern Border Regional Commission includes five counties with Median Household Income above the national median (Addison County, VT; Grafton County, NH; Rensselaer County, NY; Saratoga County, NY; and Schenectady County, NY).¹³

In summary, regional commissions and authorities are an inefficient and inequitable mechanism for distributing federal grant money to disadvantaged communities. To the extent that their grantmaking activities are deemed necessary, these activities can be easily subsumed by other federal agencies and state governments.

Sincerely,

Marc D. Joffe
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Cato Institute

¹¹ Southeast Crescent Regional Commission. FY23 County and County Equivalent Listings by State. <https://scrc.gov/wp-content/uploads/2023/01/SCRC-County-Listing-By-State.pdf>

¹² Census Bureau. December 2022. SAIPE State and County Estimates for 2021.

<https://www.census.gov/data/datasets/2021/demo/saip/2021-state-and-county.html>

¹³ County listings by state are provided as links at the Northern Border Regional Commission website at <https://www.nbrc.gov>.