

**OPPOSE THE EARMARKING OF ARC FORMULA FUNDS
IN A FEW FAVORED STATES!
OPPOSE S. 2832!**

Dear Colleague:

We strongly urge you to oppose S. 2832, the Appalachian Regional Commission (ARC) reauthorization bill, when the House considers the bill under suspension of the Rules later this week. Less than a week after the House adopted "earmark reform", the House Republican Leadership has scheduled the Senate-passed ARC reauthorization bill for Floor consideration even though it does not include the anti-earmarking provision that the bipartisan leadership of the Committee on Transportation and Infrastructure included in its Appalachian Regional Commission (ARC) reauthorization bill. *We oppose S. 2832 because it does not include this bipartisan provision to ensure that congressional earmarks do not cut other Appalachian States' core formula funds.*

The congressional earmarks are deducted from the overall formula funds before these funds are allocated to the 13 ARC States. Thus, each of these earmarks comes at the expense of the other ARC States without congressional earmarks. The following table outlines the effects of the earmarks on the 13 States of the Appalachian Regional Commission. *States which lose ARC formula funds are highlighted in bold type.*

<u>ARC State</u>	<u>Effect of Earmarks on ARC Formula Funds</u>
Alabama	-20.4 percent
Georgia	-19.6 percent
Kentucky	-1.5 percent
Maryland	-20.3 percent
Mississippi	-21.1 percent
New York	-19.5 percent
North Carolina	14.3 percent
Ohio	113.1 percent
Pennsylvania	-20.0 percent
South Carolina	-20.5 percent
Tennessee	-20.5 percent
Virginia	-19.1 percent
West Virginia	31.5 percent

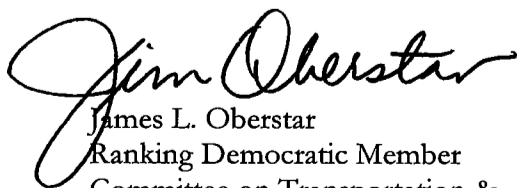
Source: Appalachian Regional Commission estimate of effects of earmarks on ARC formula funds for FY2006 and FY2007 (assumes enactment of H.R. 5427, as passed by the House).

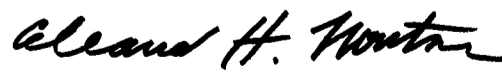
The House bill (H.R. 5812), introduced by the bipartisan leadership of the Committee on Transportation and Infrastructure, specifically addressed this issue of earmarking ARC formula funds. Section 4(b) of the bill requires that congressional earmarks are derived from that State's formula allocation of ARC funds. In this way, it ensures that each State receives its formula allocation of ARC funds without being cut because other State's received congressional earmarks.

Although we strongly support the Appalachian Regional Commission, we cannot support a reauthorization bill that does not address the congressional earmarking of ARC's core formula funds. We urge you to oppose S. 2832.

If you have any questions, please contact the Democratic staff of the Committee on Transportation and Infrastructure (ext. 54472).

Sincerely,


James L. Oberstar
Ranking Democratic Member
Committee on Transportation &
Infrastructure


Eleanor Holmes Norton
Ranking Democratic Member
Subcommittee on Economic
Development, Public Buildings,
& Emergency Management