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Committee on Transportation and Infrastructure  
Subcommittee on Economic Development, Public Buildings, and  
Emergency Management

Chairman of Committee:	Don Young, R-Alaska
Ranking Member of Committee:	James Oberstar, D-Minnesota
Chairman of Subcommittee:	Bill Shuster, R- Pennsylvania
Ranking Member of Subcommittee:	Eleanor Holmes Norton, D- District of Columbia

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Chairman Shuster, Ms. Holmes Norton, Members of the Subcommittee, ladies and gentlemen, I am pleased to be here today to once again testify in support of House Resolution 20, a bill to create the SouthEast Crescent Authority.

My name is Al Delia. I am the Director of Federal Relations for East Carolina University in Greenville, North Carolina and soon I will assume a new position as President and Chief Executive Officer of North Carolina's Eastern Region – one of seven regional economic development organizations in North Carolina.

I last had the privilege of testifying before this subcommittee on July 12, 2002, shortly after legislation to create the Southeast Crescent Authority was first introduced by Representative Mike McIntyre and co-sponsored by a number of his colleagues, from both sides of the aisle, from throughout the Southeastern United States and other parts of the country.

In the interval of time between my first appearance before this subcommittee nearly four years ago and today, I am sorry to report that the deep and persistent poverty found throughout the rural parts of the 429-county region known as the

SouthEast Crescent has not improved – in fact, evidence points to an increase in poverty in many areas of the region.

Over the last forty years an amazing transformation has occurred in and around the larger metropolitan areas of the Southeastern United States. Modern, economically successful cities like Richmond, Raleigh, Charlotte, Atlanta, Birmingham, and Orlando represent islands of wealth surrounded by a vast sea of rural poverty.

Everyone across the country and around the globe knows the story of these New South enclaves of wealth and success. But today I want to focus my remarks on those parts of the South to which few bear witness. It is the South that I have dedicated two decades of my life to try to change – to improve – to help restore the promise of America to those who often live with little hope and empty promises. It is a place that brings-up the rear when measuring educational attainment. It is a place that brings-up the rear in economic opportunity. It is a place that brings-up the rear in the health of its people. It is a place that brings-up the rear in per capita wages. It is a place that often lacks basic infrastructure other regions of the country take for granted – in essence, it is a place that simply lags behind the rest of the country. This place is the rural South. Those of us that have the opportunity to

travel through the picturesque landscape of small towns, rich farmland and expansive coastal plains – often on our way to luxurious mountain-top or ocean-front homes do not absorb the reality that 20%, 30% and sometimes over 40% of the people we pass along the way live below the poverty line. These figures represent double, triple, and sometimes quadruple the national average poverty rates! The rural south is a place with an abundance of rich soil and poor people.

The seven-state region of the proposed SouthEast Crescent Authority has the highest rates of unemployment; the highest number of people trapped in deep and persistent poverty; and the most occurrences of economically devastating natural disasters in the nation. We have borne the highest and disproportionate share of America's price for leading the global economic changes that resulted from NAFTA and CAFTA. Economic restructuring that have all but eliminated textile jobs, caused commodity prices to plummet, and cut manufacturing employment by half or more in many areas.

However, I do not appear before you today to paint a dark picture of the region. Nor do I sit before you today with hat in hand asking for charity. Four years ago, I told this subcommittee that the future of the rural South, like our well-known sunshine, was bright and warm. I said that our opportunities in the economy

of tomorrow were too numerous to count. Today is yesterday's tomorrow and my convictions and my predictions have proven to be solid and true. In those parts of the rural South where resources and opportunities converge we have seen economic success emerge. However, in too many places we continue to lack the resources to take full advantage of the opportunities.

It is appropriate that today I testify on the heels of this subcommittee's consideration to re-authorize the Appalachian Regional Commission. The Southeast Crescent Authority is closely modeled after the ARC. And like those leaders of a generation ago in the Appalachian Region, the leaders and the people of the SouthEast Crescent are ready and willing to do their part. SECA is designed to assist areas of the region that are mired in poverty, just as other government-sponsored economic initiatives have in the past in other parts of the country. Mr. Chairman, I am here today to ask that this committee take favorable action on HR 20 because history shows that it will work. And fairness demands that it be done.

In 1999, together with the Council of Governments in eastern North Carolina, (you may know them as Planning Districts in your states) East Carolina University undertook a study funded by the U.S. Economic Development

Administration and the North Carolina Rural Development Center. That study sought to determine if the anecdotal evidence that western North Carolina, once the economic statistical twin of eastern North Carolina, had indeed improved its economic status while eastern North Carolina declined economically. Our research compared two cohorts of counties – one in eastern North Carolina, the other in western North Carolina – that in 1960 were statistically almost indistinguishable from one another economically. As we moved those counties forward through time, what we found was that the western counties improved economically while the eastern counties declined economically. Since all of the counties had the same state policies, incentives, and resources available to them, the obvious question that arose was: What caused the improvement in the West? And why did that not occur in the East? Our research found that a vital reason for the improvement in the West was the work and the catalytic effect of the Appalachian Regional Commission (ARC). The ARC was the driving force that caused many good things to happen.

One former ARC national Co-Chair told me that the ARC rarely puts in the most money to a project, but it often puts in the first or the last money into a project. In effect, the ARC money is the glue that holds projects together.

No such glue is available in eastern North Carolina, or in the rest of the SouthEast Crescent Region.

As proof of the power of that glue, one need only look at the change the ARC region has undergone in just over four decades. In 1960 – before the creation of the ARC – 219 counties were classified as “distressed.” According to the ARC website, the number of counties classified as distress in FY 2006 is now 77. What other federally-funded program can claim – even a share – of the level of success that ARC has had? Two thirds of the counties that once were among the poorest in the country are no longer even classified as distressed! This statistic alone is testament to the excellent work and outstanding success of the Appalachian Regional Commission. We in the Southeast Crescent Region want an opportunity to replicate ARC’s success...and perhaps even improve upon its record.

Thanks to the lessons we have learned from the good work of the ARC I am more convinced today than ever before that the SouthEast Crescent Region is uniquely positioned to take swift and full advantage of the creation of the SouthEast Crescent Authority (SECA).

We know that the creation of SECA will not solve the economic woes of an entire region by itself, but it is one tool – an effective and affordable tool that will begin to create economic opportunity and hope. While other parts of the United States with economic challenges have the advantage of federally-funded economic development commissions or authorities – such as the Appalachian Regional Commission, the Delta Regional Authority, the Denali Commission, and the Northern Great Plains Commission – to help deal with the deep and persistent poverty of their regions, the southeast crescent region continues to struggle without a federal partnership.

Mr. Chairman, for any endeavor of this type to succeed, four components must be in place and working in concert. SECA is no exception. These components are:

- 1) funding;
- 2) planning;
- 3) organization; and
- 4) projects



In creating the SouthEast Crescent Authority, Congress must insist that:

- 1) funding be adequate to the task, and all monies dedicated to this purpose be used wisely and quickly;
- 2) planning at the local, state, and multi-state level must be integrated and comprehensive;
- 3) the organizational structures, policies, regulations, and guidelines of the Authority must become operational quickly and reflect the best of the policies, regulations, structures, guidelines, and experiences of each of the other four authorized regional commissions; and
- 4) projects must benefit the most distressed areas, that these projects are truly targeted to improve economic or community needs, that the goals established are attainable, that projects have long-term benefits, and that potentially eligible projects are placed in a project pipeline prior to SECA becoming operational so that once resources are available projects may be funded and make a difference on the ground quickly.

Let me expand on each of these requirements on which, I believe, Congress must insist.

## **Funding**

HR 20 calls for an authorization of \$40 million per year for a period of five (5) years. Clearly the case can be made, and few would argue, that the need is far, far greater than that. However, budgetary realities dictate that we must not measure the need, but rather, that which is fair and consistent with the funding levels of other regional commissions or authorities. Even by this yardstick, SECA, at the proposed level, is significantly under funded.

I believe a more appropriate funding level for SECA would be based on a formula that takes into account the number of persons in poverty and the existing authorization and appropriations levels of other commissions or authorities. Using this type of measure, the funding level for SECA ought to be somewhere between \$85 million to \$100 million annually. However, I understand the political and budgetary realities by which you are constrained and assure you that any reasonable level of authorization and appropriation provided to SECA would be well-spent and bear sweet fruit quickly.

## **Planning**

Planning is crucial and must take place *before* projects are selected and money is spent – so that the Authority Board will understand and support projects

that have common aims. An integrated and comprehensive plan will outline a strategy that will assure projects mesh well together. Projects ought to create synergy with one another so that the whole is greater than the sum of its individual parts. Without a good plan, many worthwhile individual projects may be funded, but the success each may have will remain isolated and not breed the multiple and compounding successes needed in the region.

Good plans must include meaningful input from all parties with an interest in the outcomes. As important, good plans must be facilitated and coordinated by organizations or individuals that have a minimal stake in the outcome of the plan.

For this reason, as well as for reasons of ability and organizational strength, I recommend that universities, particularly including Historically Minority Colleges and Universities (HMCU), working in concert with the regional planning districts be the mechanisms through which the local, statewide, and multi-state regional planning is coordinated and takes place. Using universities and regional planning districts as the planning mechanism will assure that plans are developed, coordinated, share formats, and most importantly, be complete by the time projects are ready to be selected.

## **Organization**

The number of operational details needed to be put in place to start up a new commission or authority is enormous – and time consuming. Developing policies, procedures, regulations, hiring staff, -- not to mention the President's nomination and the Senate confirmation of a national co-chair – devour many months worth of time. In order that the SouthEast Crescent Authority not spend so much time "hurrying up and waiting," I suggest an approach that is open, transparent, inclusive, time- and cost-effective, and will allow SECA to disperse project money within the same fiscal year as its first appropriations. Again, the intellectual resources and expertise of universities should be put to good use in this regard.

A lead university, working meaningfully and collaboratively with a consortium of universities (including HMCU's) from each of the seven states in the SouthEast Crescent, ought to be charged with developing organizational structure, policy, and regulatory options and recommendations to present to the SECA Board at an early meeting of that group. In this way, the ground-work needed to help determine organizational structure, policy, and regulations does not need to wait until a national co-chair is nominated and confirmed and Authority staff is hired. All choices and critical decisions will be made by the Authority Board, yet the delay normally built into the start-up phase of such an organization

would be eliminated. Additionally, and perhaps even more importantly, the Authority Board will have the benefit of comparisons, contrasts, evaluations, and analyses conducted by the universities and regional planning districts while compiling the options presented to the Authority Board.

## **Projects**

In 1964, when the Appalachian Regional Commission was created, administrative structures and organizations had to be invented in order to develop a system capable of soliciting, assisting in the development of, compiling, and forwarding project applications to the Governors, and from there to the ARC Board. Happily, today those structures are almost universally in place and functioning. Furthermore, as a result of the widespread knowledge among economic and community development professionals about the ARC, a basic understanding of the types of projects that will likely be eligible for SECA funding already exists.

HR 20, since it is modeled after the legislation that created the Appalachian Regional Commission, calls for the administration of such projects to be conducted by local development districts. In order to jump-start the process of developing a pipeline of projects – even in the absence of formal certification by the SouthEast

Crescent Authority – Congress ought to encourage would-be local development districts to solicit and compile projects for submissions to the Governor of the state in which they operate.

This pipeline of projects could be developed prior to the local, state, or multi-state regional development and organizational plans being finalized and adopted. Once the organizational and development plans are adopted by SECA, appropriate projects could be identified, evaluated and funded quickly.

Mr. Chairman, let me assure you and the Members of this subcommittee that but for the availability of SECA funds, hundreds, if not thousands of eligible, good projects are already waiting in the wings.

I have had the honor and privilege of working with fine people from each of the seven-states of the SouthEast Crescent Region for a cause I believe in. During the past several years we have learned much about the successes and structures of the Appalachian Regional Commission. And that is why we want to follow the model of the ARC.

We have also learned much from the challenges and obstacles faced by the Delta Regional Authority and some of the other regional commissions. We believe the lessons we have learned from other regional authorities' and commissions' experiences will allow SECA to become the model of success for future Congresses.

In closing, Mr. Chairman I want to express my thanks to you and to your subcommittee for your willingness to hold this hearing and to listen to testimony on the need to expand the successful 40 year experiment of the Appalachian Regional Commission by the creating new regional authorities and commissions in other parts of the country. At the risk of singling-out only one Member among many that have played important and tenacious roles in keeping the needs of the Southeast Crescent Region and its people before this Body, I want to take this opportunity to particularly thank Representative Mike McIntyre.

I look forward to working with you, all the members of this subcommittee, and your fine majority and minority staffs to enact this important legislation.