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Federal Regional Commissions and Authorities: Administrative Expenses

Federal regional commissions and authorities (hereinafter regional commissions) are congressionally-chartered, federal-state partnerships that seek to address economic distress in their designated regions. The regional commissions may use congressional appropriations (base funding), state contributions, or—occasionally—other funding sources for grants, other activities, and administrative expenses. This report provides a summary of the uses and sources of funds associated with the administrative expenses of the active regional commissions. For additional information about the regional commissions, including the sources and uses of grant funds (e.g., non-administrative expenses), see CRS Report R45997, *Federal Regional Commissions and Authorities: Structural Features and Function*.

Background

Congress has established seven federal regional commissions and authorities to address community and economic development and related activities in their respective service areas. Five of the seven federal regional commissions are active:

- Appalachian Regional Commission (ARC);
- Delta Regional Authority (DRA);
- Denali Commission;
- Northern Border Regional Commission (NBRC); and
- Southeast Crescent Regional Commission (SCRC).

Each active commission is composed of a federal co-chair (generally appointed by the President with Senate confirmation) and the member state governor(s). As noted below, the structure of the Denali Commission is different. The Southwest Border Regional Commission (SBRC) does not have a federal co-chair and is not currently active. The authorization of appropriations for the Northern Great Plains Regional Authority (NGPRA) lapsed at the end of FY2018 and it is no longer active.

Table I. Active Regional Commissions, Number of Member States, and Establishing Statutes

	No. States	Establishing Statute
ARC	13	40 U.S.C. §14301 et seq.
DRA	8	7 U.S.C. §2009aa-1 et seq.
Denali Commission	1	42 U.S.C. §3121 note

	No. States	Establishing Statute
NBRC	4	40 U.S.C. §15301 et seq.
SCRC	7	40 U.S.C. §15301 et seq.

Source: Data compiled by CRS from the U.S. Code and official sources of various federal regional commissions and authorities. Original authorizing public laws, in order of tabulation, are: P.L. 89-4; P.L. 106-554; P.L. 105-277; P.L. 110-234; and P.L. 110-234.

Administrative Expenses

Administrative expenses vary by regional commission and amounts, and generally include:

- Salaries and benefits, and
- Operating expenses (e.g., travel, rent, communications, printing, services, supplies, equipment).

ARC, DRA, NBRC, SCRC - Multi-State Regions

The active multi-state regional commissions (i.e., ARC, DRA, NBRC, and SCRC) use a partnership structure that involves the federal partner and the regional commission (representing governors of each member state *and* the federal partner). The federal partner and the regional commission both incur administrative expenses.

- **Federal partner** - The federal co-chair represents the federal partner. The federal co-chair and federal alternate co-chair (if any) are federal employees. In addition, the offices of the federal co-chair may include other federal staff (e.g., advisors, federal employees who are detailed to the office).
- **Commission** – Regional commission activities are developed and informed by both the federal partner and representatives from member states. Regional commission staff (e.g., the executive director, program staff, other positions) are nonfederal employees.

The Denali Commission - Single-State Region

The Denali Commission also incurs administrative expenses. However, the Denali Commission structure is unique as a single-state commission led by a federal co-chair and six commissioners. The Denali Commission is also different from the other regional commissions because the U.S. Secretary of Commerce appoints the federal co-chair, rather than by the President with Senate confirmation. The six commissioners represent state government and non-governmental organizations, as specified in the Denali Commission’s establishing statute (42 U.S.C. §3121 note, Sec. 303(b)(1)). Unlike most regional commission staff of

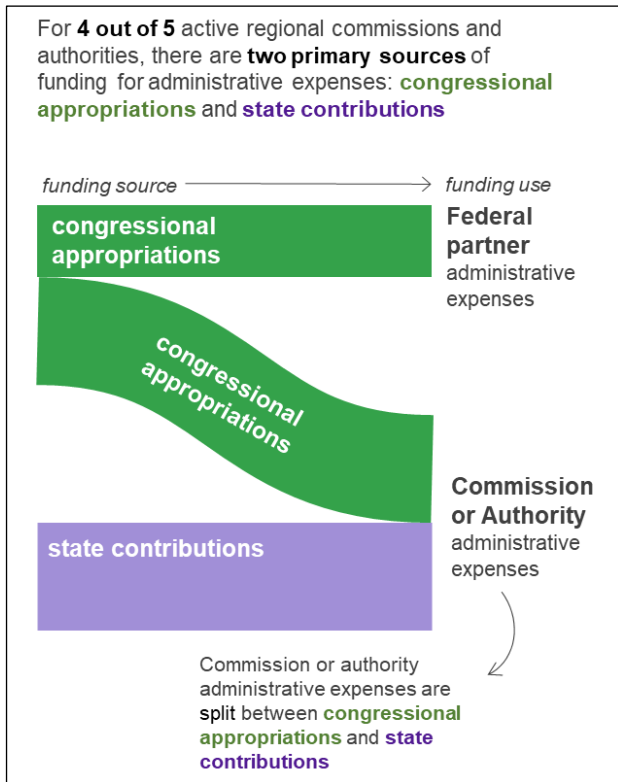
the ARC, DRA, NBRC, and SCRC, most Denali Commission staff are federal employees.

Funding Sources for Administrative Expenses

Administrative costs for four of the active commissions—ARC, DRA, NBRC, and SCRC—are shared by the federal government and member states, as illustrated in **Figure 1**. As noted, the Denali Commission primarily uses federal funding for administrative expenses, as noted in **Figure 2**.

Figure 1. Administrative Expenses for ARC, DRA, NBRC, and SCRC (Multi-State Regions)

Funding Sources and Funding Uses

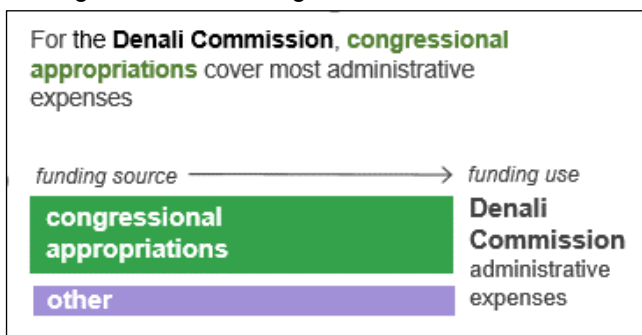


Source: Figure created by CRS Specialist in Public Finance, Margot Crandall-Hollick.

Notes: The type and amount of administrative expenses vary by regional commission.

Figure 2. Administrative Expenses for the Denali Commission (Single-State Region)

Funding Sources and Funding Uses



Source: Figure created by CRS Specialist in Public Finance, Margot Crandall-Hollick.

Notes: A portion of Trans-Alaska Pipeline Liability (TAPL) funding is also used to cover certain administrative expenses (see 86 *Federal Register* 58257).

State Share of Administrative Expenses

For the ARC, DRA, NBRC, and SCRC, the regional commissions' state members determine the share of administrative expenses. The Denali Commission region includes one state, and the state is not required to contribute to administrative expenses.

The authorizing legislation for the NBRC and SCRC specifies that a state's share of administrative expenses shall not be taken into consideration when determining the amount of assistance provided to the state from the regional commission for grant-making and other activities.

Limitations on Appropriated Funding Amounts for Administrative Expenses

The DRA and the Denali Commission may not use more than 5% of appropriated funds for administrative expenses (see 7 U.S.C. §2009aa–12(b) and 42 U.S.C. §3121 note, Sec. 306(g), respectively). The SCRC and NBRC may not use more than 10% of appropriated funds for administrative expenses, unless less than \$10 million is provided in a fiscal year (see 40 U.S.C. §15751(b)). Periodically, Congress has waived the cap on administrative expenses in certain appropriations laws.

When a State is Delinquent in Administrative Expenses

For the ARC, DRA, NBRC, and SCRC, a member state (or political subdivisions and eligible recipients) may not receive grant awards from the regional commission and the state may not vote in regional commission decisions if the state is delinquent in payment of its share of administrative expenses.

Considerations for Congress

The amount of appropriations for regional commissions may fluctuate and occasionally increase with the enactment of supplemental appropriations laws, like the Infrastructure Investment, and Jobs Act (P.L. 117-58) in FY2022. Higher funding amounts may entail increased near-term human capital or other administrative expenses in order to expand the capacity to administer more grant funds or implement new activities. For a certain period after program expansions and/or funding increases, regional commissions continue to oversee grants, manage program activities, and incur ongoing administrative expenses. Alternatively, if appropriations levels decrease, regional commissions may have lower funding amounts available to cover fixed, ongoing, or increasing administrative expenses, including oversight capacity and overhead costs. Administrative expenses may also fluctuate over time—without regard to changes in appropriations levels—because of staff and technology requirements, inflation, or other factors. Congress may seek to examine options to coordinate certain administrative functions among one or more regional commissions.

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