

Federal Funding in the Delta

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As defined by the Lower Mississippi Delta Development Commission, the Delta extends from the Gulf of Mexico to the outskirts of St. Louis, including portions of Illinois, Missouri, Kentucky, Tennessee, Arkansas, Mississippi, and Louisiana. While it contains prosperous cities like New Orleans and Memphis, most of the region is rural and poor, and, despite some significant gains during the 1990s, the Delta remains one of the most impoverished regions in the country. Consequently, it has become a prime target of Federal economic development efforts in recent years, culminating in the creation of the new Delta Regional Authority (DRA)—a multi-State, Federal/State/local partnership aimed at revitalizing an area that includes the 7-State Delta region plus part of Alabama (fig. 1).

In this article, we discuss some of the problems the Delta faces and we examine the pattern of Federal funding in the Delta, with particular focus on economic development

Despite recent improvements, the Lower Mississippi Delta region—especially the rural Delta—faces many economic challenges. The Federal Government has spent large amounts of money on the region for basic income support. It has also invested in human resources in the region. However, the rural Delta has received less assistance from Federal community resource programs, which are important for economic and community development. The new Delta Regional Authority might bring the region more of such funding by helping localities plan and apply for assistance, and by leveraging public and private investment in economic development projects. If successful, this may actually save the Federal Government money over the long run on income support programs.

funding in the Delta's rural areas. We then discuss the newly created Delta Regional Authority (DRA) and how it might enhance development by changing the pattern of Federal spending in the region.

Rural Delta Faces Many Developmental Challenges

Many studies have documented the Delta's problems (see "For Further Reading," p. 30). To appreciate the challenges facing the Delta, we examined recent socioeconomic data for the Delta region (defined as the 219 counties originally part of the Lower Mississippi Delta region—excluding the 20 Alabama counties added to the DRA that are not contiguous with the Delta). This region contains about 10 million people and is disproportionately rural—4.2 million people live in the Delta's nonmetro areas. Thus, much of the challenge facing the DRA involves rural development (the words "rural" and

"nonmetro" are used interchangeably in this article).

Of the 219 counties within the Delta, 188 are rural (nonmetro), and the majority (119) of these are persistent-poverty counties (see "County Definitions" for more about the county types used in this article). Although the Delta has less than one-tenth of the Nation's nonmetro counties, it accounted for one-fourth of its 765 nonmetro persistent-poverty counties (as of 1990). The overall poverty rate for the region was 18.8 percent in 1999, compared with 12.4 percent nationwide (table 1). And despite the economic gains of the 1990s, the nonmetro Delta's poverty rate was still over 20 percent as of 1999, compared with 14.6 percent for nonmetro areas nationwide (fig. 2). (We used poverty data for 1999, the most recent available for local area estimates in the Delta. The article by Dean Jolliffe provides 2000 poverty estimates that are available

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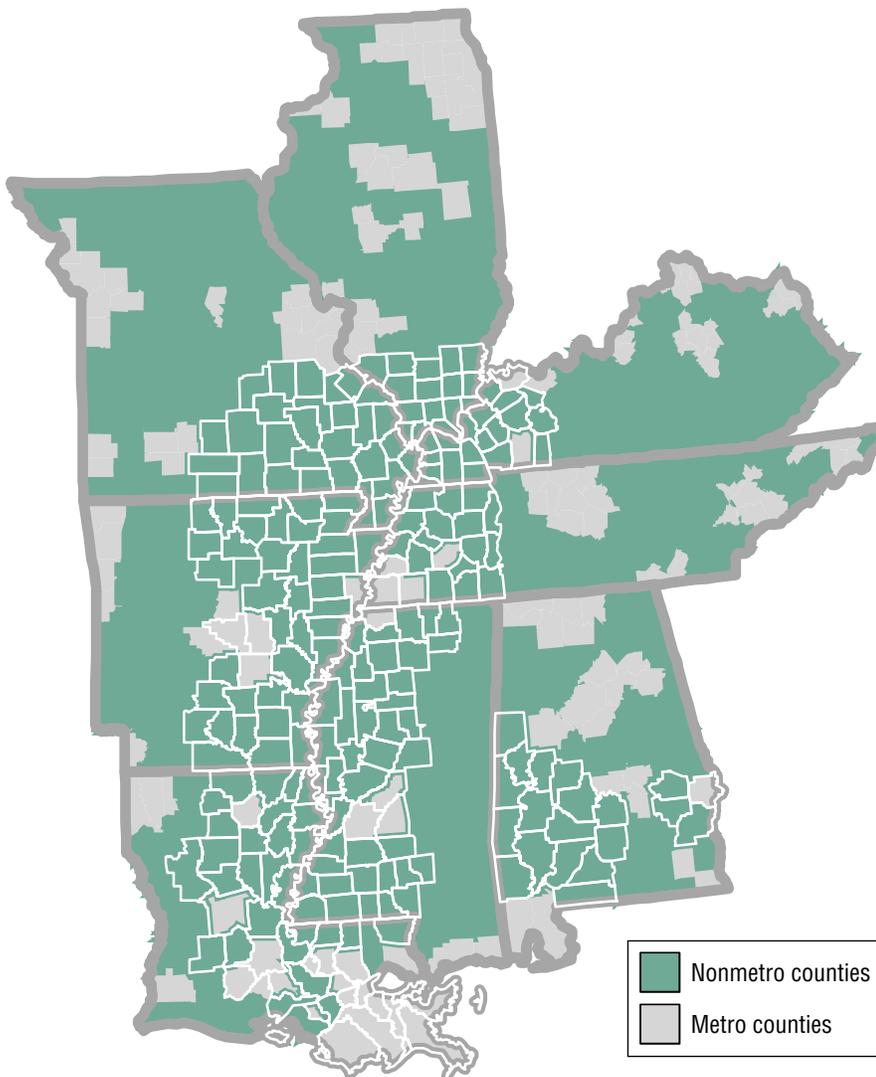
for metro and nonmetro areas nationwide.)

Part of the problem is due to underutilized resources, particularly labor. The 2000 unemployment rate in the Delta was 5.4 percent, compared with 4.0 percent nationwide. In the nonmetro Delta, unemployment was 6.4 percent, compared with 5.0 percent for nonmetro areas nationwide. The non-

County Definitions

Metropolitan, nonmetropolitan, urbanized, less urbanized, and totally rural counties are defined in Margaret A. Butler and Calvin L. Beale, *Rural-Urban Continuum Codes for Metro and Nonmetro Counties*, 1993, AGES 9428, U.S. Department of Agriculture, Economic Research Service, Sept. 1994. Economic and policy types of counties are defined in Peggy J. Cook and Karen L. Mizer, *The Revised ERS County Typology: An Overview*, RDRR-89, U.S. Department of Agriculture, Economic Research Service, Dec. 1994. Information about these definitions can also be found on the ERS web site: <http://www.ers.usda.gov/briefing/rurality/>.

Figure 1
Delta Regional Authority



Source: Economic Research Service.

metro Delta also had significantly higher unemployment rates than the metro Delta (fig. 3).

The Delta's high poverty rates also reflect family composition, with relatively high concentrations of the young (under 18 years old) and of families headed by a single female (table 2). The Delta also has a high concentration of Blacks—31 percent. All of these demographic characteristics are more pronounced in metro than nonmetro areas. Per capita income in the Delta (\$22,949 in 2000) is well below the U.S. average (\$29,469), with the nonmetro Delta scoring lowest (fig. 4).

Distress Varies Among Rural Areas in the Delta

These statistics mask significant local differences. Among the Delta's nonmetro counties, poverty is generally higher in the more rural parts of the region, and highest—26 percent—in the Delta's farming counties. In contrast, mining and manufacturing counties have relatively low poverty rates for the region—18 and 17 percent (table 1).

Unemployment also tends to be higher in rural than urban places, and farming counties again are at the high end on this distress indicator. However, mining and manufacturing counties also have relatively high unemployment, which tends

to be lowest in services- and government-dependent counties in the region.

Farming counties stand out in demographic conditions associated with high rates of poverty and unemployment, including higher percentages of population that are Black (34.7 percent), young (26.7 percent under 18), and in single female-headed families (9.5 percent) (table 2). Per capita income is also lowest in the Delta's farming counties and in its most rural counties, and highest in its most urban counties and services-dependent

counties. Even persistent-poverty counties, which score high on all three economic distress indicators, are not as distressed as the Delta's farming counties.

The hardship in the Delta's farming areas is understandable. Employment in farming has declined for many years, and the decline has been more rapid in the nonmetro Delta than in nonmetro areas nationwide (Majchrowicz). In addition, many, if not most, of the region's farmers have small farms, which provide meager incomes. Many of these places are relatively

isolated and lack economic diversity, providing few alternatives to those who remain.

Although some parts of the Delta have acquired manufacturing and service industries, which tend to reduce poverty rates, many of these jobs require low skills and pay low wages. This economic structure, along with an undereducated labor force, has provided few opportunities to generate significant wealth and economic development in the New Economy. Hence even these places, which tend to do better than farming areas, are more

Table 1

Socioeconomic indicators by type of nonmetro county

Despite improvements during the 1990s, the Delta still scores high on most measures of distress

| County type | 1999 poverty rate | 1989-99 change, poverty rate | 2000 unemployment rate | 1990-2000 change, unemployment rate | 1990-2000 employment growth | 2000 per capita income | 1990-2000 real change, per capita income |
|------------------------------|-------------------------|---------------------------------------|------------------------------|--|-----------------------------------|---------------------------------|---|
| | Percent | Percentage points | Percent | Percentage points | Percent | Dollars | 1996 constant dollars |
| United States | 12.36 | -0.75 | 4.01 | -1.50 | 13.83 | 29,469 | 2,149 |
| Metro | 11.80 | -0.28 | 3.78 | -1.49 | 14.21 | 31,364 | 2,314 |
| Nonmetro | 14.61 | -2.49 | 5.02 | -1.51 | 12.19 | 21,858 | 1,309 |
| Mississippi Delta | 18.75 | -4.01 | 5.37 | -1.35 | 10.98 | 22,949 | 2,159 |
| Metro | 17.31 | -3.04 | 4.51 | -1.02 | 12.27 | 26,054 | 2,436 |
| Nonmetro | 20.38 | -5.02 | 6.41 | -1.71 | 9.41 | 19,526 | 1,807 |
| By degree of urbanization: | | | | | | | |
| Urbanized | 19.32 | -3.36 | 5.53 | -1.65 | 12.17 | 22,151 | 2,214 |
| Less urbanized | 20.51 | -5.26 | 6.59 | -1.74 | 8.78 | 19,245 | 1,721 |
| Totally rural | 21.30 | -6.33 | 7.07 | -1.59 | 7.86 | 17,125 | 1,699 |
| By economic county type: | | | | | | | |
| Farming-dependent (36) | 25.20 | -8.42 | 7.97 | -1.37 | 7.47 | 17,159 | 1,852 |
| Mining-dependent (13) | 18.15 | -2.67 | 7.16 | -1.12 | 2.47 | 20,103 | 637 |
| Manufacturing-dependent (47) | 17.39 | -4.19 | 6.38 | -1.23 | 7.23 | 20,175 | 1,813 |
| Government-dependent (16) | 22.04 | -3.91 | 5.30 | -2.51 | 16.21 | 20,161 | 1,949 |
| Services-dependent (22) | 20.75 | -4.68 | 6.07 | -1.89 | 12.55 | 20,946 | 2,320 |
| Nonspecialized (54) | 21.03 | -5.52 | 6.32 | -1.97 | 9.68 | 18,710 | 1,745 |
| By policy county type: | | | | | | | |
| Commuting (36) | 19.27 | -6.08 | 6.53 | -1.69 | 12.46 | 18,803 | 2,211 |
| Persistent poverty (119) | 24.37 | -6.27 | 7.84 | -0.71 | 6.88 | 18,190 | 1,570 |

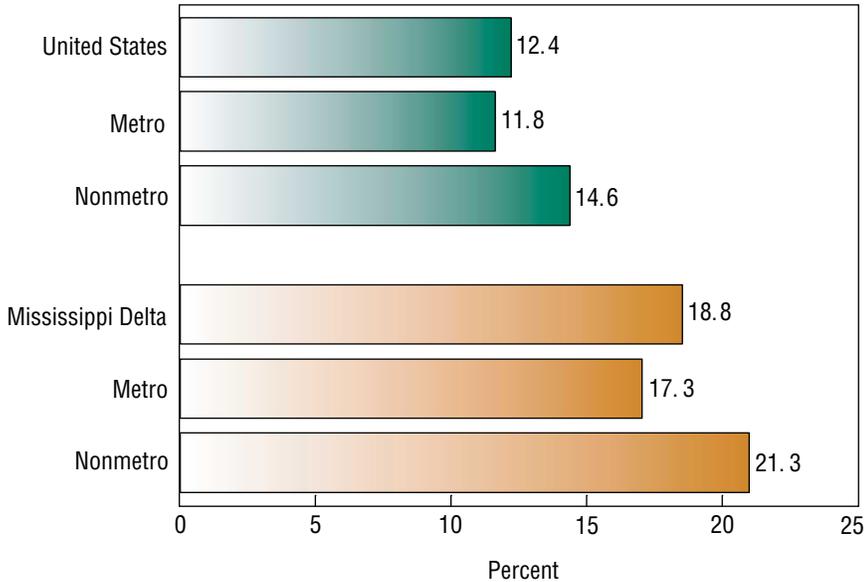
Note: Individual figures may not sum to total because of rounding.

Source: Calculated by ERS using data from the Bureau of the Census, Bureau of Labor Statistics, and Bureau of Economic Analysis.

Figure 2

Poverty rate, 1999

The Delta has significant poverty



Source: ERS computations, based on data from Bureau of the Census.

distressed than rural areas nationwide. In fact, despite the various degrees of distress within the region, all county types in the Delta were more economically distressed than nonmetro areas nationwide.

Conditions Improved in the 1990s

During the 1990s, the region's economy improved markedly (table 1). The Delta's poverty rate declined 4.0 percentage points, a more dramatic improvement than occurred nationwide. Its unemployment rate declined 1.4 percentage points, almost as much as occurred nationwide. The Delta's per capita income improved in real, inflation-adjusted dollars by more than in the Nation as a whole. The rural Delta saw even more dramatic improvements, with its poverty and unemployment rates dropping by more than in the Delta's urban and metro areas. The rural Delta's real per capita income grew less than in the urban portion

of the Delta, but more than in nonmetro areas nationwide.

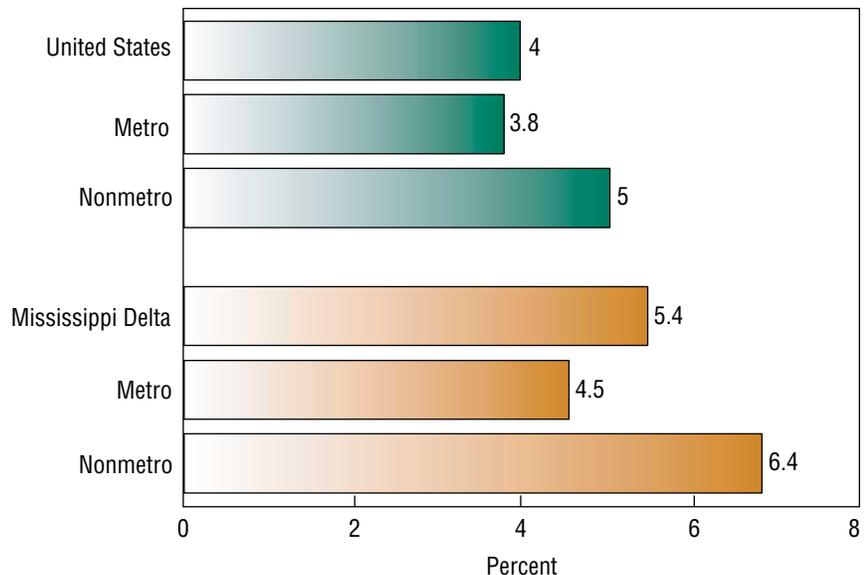
Employment in the Delta grew 11.0 percent from 1990 to 2000, and by 9.4 percent in the nonmetro Delta. While these employment growth rates were below the national average (13.8 percent), they were higher than the region's population growth (6.5 percent), which explains why the Delta's unemployment rate declined more than the national average.

Economic improvements in the Delta varied by type of nonmetro county. Although poverty declined for all county types examined, it declined most in farming and totally rural counties, and in persistent-poverty counties (from 30.6 percent in 1989 to 24.4 percent in 1999). The smallest declines in poverty were in mining and urbanized counties.

Figure 3

Unemployment rate, 2000

The Delta's unemployment rate is higher than average

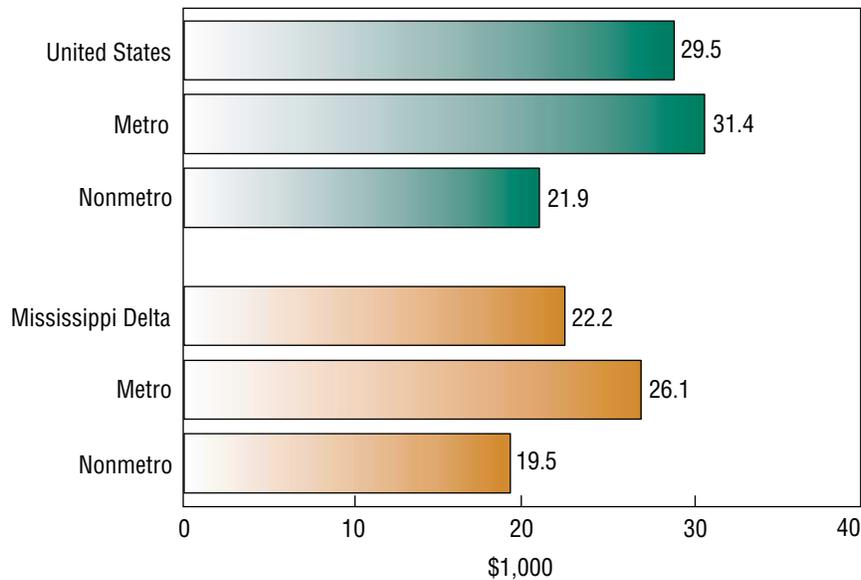


Source: ERS computations, based on data from Bureau of the Census.

Figure 4

Per capita income, 2000

Income levels are lower than average in the Delta



Source: ERS computations, based on data from Bureau of Economic Analysis.

Real per capita income grew in all types of nonmetro Delta counties we examined. Mining, poverty, and totally rural areas improved the least during the 1990s, while urbanized, commuting, and services-dependent areas improved the most.

Employment grew more rapidly in government- and services-dependent counties and in urbanized nonmetro areas than elsewhere in the nonmetro Delta in the 1990s. Unemployment rates declined the most in government and services-dependent areas and in nonspecialized areas, and the least in persistent-poverty areas. Some of this pattern may be explained by casino-based growth. Increased foreign competition in low-wage, low-skill industries may have dampened growth in mining, manufacturing, and farming counties. However, these places still experienced some employment growth.

The Delta's population grew by 6.5 percent during the 1990s (table 2). While substantial, this was only about half as fast as the Nation as a whole. The nonmetro Delta's population grew by 5.5 percent—about half the national average for nonmetro areas. However, population growth varied widely from place to place. Whereas farming and mining counties had relatively slow population growth rates, manufacturing and nonspecialized counties had relatively high rates.

Interestingly, while farming counties in the Delta grew slowly, totally rural counties (which include about half of the farming counties) grew relatively fast compared with more urbanized nonmetro counties in the region. A closer look at this seeming paradox reveals that farming counties made up only one-third (19) of the (58) totally rural counties in the Delta. About the same number (18) of economically nonspecialized coun-

ties were totally rural. These counties generally grew much faster than the farming counties. In addition, commuting counties, which also grew rapidly, made up 39 percent of the totally rural counties. Only 7 of the 23 commuting counties that were highly rural were farming counties. Thus, among totally rural counties in the Delta, the slow growth of farming counties was more than offset by the rapid growth of nonspecialized and commuting counties.

Totally rural counties and manufacturing counties both had higher-than-average population growth rates along with lower-than-average employment growth rates. The opposite pattern was true for urbanized nonmetro counties and government-dependent counties, whose employment growth rates were three to four times their population growth rates. Public service needs tend to be associated with population, while the tax base is more tied to employment. Hence, these contrasting population and employment growth patterns suggest that, even in these relatively good times, the tax base may be growing slower than public service needs in totally rural and manufacturing counties, an indication of rising fiscal stress for local governments. In contrast, fiscal conditions appear to have improved markedly in the more urbanized and government-dependent areas.

Federal Funds in the Delta

Given the extent and endurance of the problems facing the Delta, the Federal Government's role in addressing these problems is important. Is the Delta getting as much Federal funding as other parts of the country? What about the rural Delta and its persistently poor places? What form of assis-

tance is being provided to the region? And is it suited for encouraging economic development?

To help answer these questions, we examined county-level data for fiscal year 2000 from the U.S. Bureau of the Census—the Consolidated Federal Funds Reports (CFFR) data. These data provide information on the geographic distribution of each Federal program. After screening out programs that we deemed not accurate at the county level (about 10 percent of the total Federal funding), we aggregated the data to obtain per capita

funding amounts for various types of counties in the region—metro and nonmetro. To simplify the analysis, we examined totals for various program categories, defined by ERS as agriculture and natural resources, community resources, defense and space, human resources, income security, and national functions. We used the ERS county typologies to show how amounts for these functional categories varied among the different types of nonmetro counties. (For more information on the data sources/limitations, ERS definitions,

and typologies, see the Federal Funds briefing room on the ERS website: www.ers.usda.gov.)

Federal Funding in the Delta Is Higher Than the National Average . . .

The overall level of Federal funding in the Delta in fiscal year 2000 was \$6,451 per capita, about 13 percent more than the \$5,690 per capita for the U.S. as a whole (table 3). Moreover, the Delta's advantage in Federal Funding receipts held for both metro and nonmetro areas.

Table 2

Demographic indicators by type of nonmetro county, 2000

The Delta stands out on various demographic indicators associated with poverty and unemployment

| County type | 2000 population | 1990-2000 population change | Percent under 18 years | Percent 65 and older | Percent Black | Percent female householder with own children |
|------------------------------|-----------------|-----------------------------|------------------------|----------------------|---------------|--|
| | <i>Number</i> | | <i>Percent</i> | | | |
| United States | 281,416,017 | 13.11 | 25.69 | 12.43 | 12.32 | 7.17 |
| Metro | 225,262,580 | 13.84 | 25.79 | 11.89 | 13.24 | 7.35 |
| Nonmetro | 56,153,437 | 10.31 | 25.26 | 14.60 | 8.60 | 6.45 |
| Mississippi Delta | 8,959,609 | 6.50 | 26.44 | 12.63 | 30.72 | 9.38 |
| Metro | 4,696,486 | 7.40 | 27.32 | 10.83 | 37.50 | 10.39 |
| Nonmetro | 4,263,123 | 5.52 | 25.46 | 14.61 | 23.25 | 8.28 |
| By degree of urbanization: | | | | | | |
| Urbanized | 859,639 | 4.25 | 25.64 | 13.26 | 23.52 | 8.82 |
| Less urbanized | 2,789,600 | 5.48 | 25.56 | 14.80 | 23.49 | 8.36 |
| Totally rural | 613,884 | 7.54 | 24.74 | 15.61 | 21.81 | 7.15 |
| By economic county type: | | | | | | |
| Farming-dependent (36) | 472,781 | 2.18 | 26.74 | 14.63 | 34.73 | 9.50 |
| Mining-dependent (13) | 316,254 | 1.99 | 25.06 | 15.11 | 10.97 | 6.89 |
| Manufacturing-dependent (47) | 1,091,945 | 7.54 | 25.27 | 14.78 | 21.47 | 7.66 |
| Government-dependent (16) | 434,886 | 4.88 | 24.03 | 12.24 | 27.17 | 8.63 |
| Services-dependent (22) | 688,004 | 4.15 | 25.97 | 14.94 | 22.69 | 8.78 |
| Nonspecialized (54) | 1,247,453 | 7.02 | 25.46 | 14.96 | 22.54 | 8.34 |
| By policy county type: | | | | | | |
| Commuting (36) | 483,098 | 8.45 | 25.80 | 13.83 | 25.11 | 7.63 |
| Persistent poverty (119) | 2,456,013 | 3.41 | 26.34 | 14.06 | 32.77 | 9.54 |

Note: Individual figures may not sum to total because of rounding.
Source: Calculated by ERS using data from the Bureau of the Census.

Table 3

Per capita Federal funds by function, and by type of nonmetro county, fiscal year 2000*Federal funding varies by type of rural county in the Delta*

| County type | All Federal funds | Agriculture and natural resources | Community resources | Defense and space | Human resources | Income security | National functions |
|----------------------------|-------------------|-----------------------------------|---------------------|-------------------|-----------------|-----------------|--------------------|
| <i>Dollars per person</i> | | | | | | | |
| United States | 5,690 | 116 | 680 | 678 | 119 | 3,276 | 822 |
| Metro | 5,743 | 39 | 728 | 771 | 113 | 3,182 | 910 |
| Nonmetro | 5,481 | 427 | 486 | 303 | 143 | 3,656 | 444 |
| Mississippi Delta | 6,451 | 480 | 607 | 583 | 174 | 3,764 | 844 |
| Metro | 6,257 | 75 | 800 | 812 | 163 | 3,367 | 1,040 |
| Nonmetro | 6,601 | 908 | 448 | 174 | 187 | 4,181 | 704 |
| By degree of urbanization: | | | | | | | |
| Urbanized | 5,446 | 461 | 444 | 319 | 167 | 3,641 | 414 |
| Less urbanized | 6,632 | 1,096 | 446 | 117 | 192 | 4,312 | 469 |
| Totally rural | 6,201 | 676 | 463 | 234 | 188 | 4,340 | 299 |
| By economic county type: | | | | | | | |
| Farming-dependent | 7,550 | 1,971 | 549 | 148 | 226 | 4,408 | 248 |
| Mining-dependent | 6,508 | 300 | 290 | 64 | 123 | 4,082 | 1,648 |
| Manufacturing-dependent | 5,681 | 456 | 432 | 163 | 159 | 4,216 | 255 |
| Government-dependent | 5,794 | 290 | 501 | 639 | 197 | 3,529 | 638 |
| Services-dependent | 7,083 | 1,628 | 402 | 178 | 183 | 4,254 | 437 |
| Nonspecialized | 6,167 | 872 | 471 | 59 | 209 | 4,274 | 281 |
| By policy county type: | | | | | | | |
| Commuting | 4,633 | 330 | 399 | 181 | 227 | 3,255 | 242 |
| Persistent poverty | 6,785 | 1,174 | 489 | 142 | 232 | 4,346 | 402 |

Note: Individual figures may not sum to total because of rounding. National totals differ from those shown elsewhere due to adjustment for outlier of McCracken County, Kentucky.

Source: Calculated by ERS using Federal funds data from the Bureau of the Census.

Nationwide, nonmetro counties received less funding per capita than metro areas, but in the Delta the reverse was true. Nonmetro areas there benefited mainly with respect to agriculture/natural resource payments and income security payments. In other functions, with the exception of human resources, the nonmetro Delta received less Federal funding than metro Delta counties.

... But It Varies by Type of Nonmetro County

Federal funding in nonmetro Delta areas varied by degree of urbanization (table 3), with less

urbanized counties (those having urban populations from 2,500 to 19,999) receiving relatively high amounts (\$6,632), and urbanized counties (with urban populations of 20,000 and over) receiving less (\$5,446).

By economic type, funding was well above average in the Delta's farming-dependent (\$7,550) and services-dependent (\$7,083) counties, and well below average in the Delta's manufacturing-dependent (\$5,681) and government-dependent (\$5,794) counties.

Among the two policy types we examined, the Delta's persistent-poverty counties received \$6,785

per capita—slightly above average for nonmetro areas in the Delta. In contrast, commuting counties, which tend to be more prosperous, received only \$4,633 in per capita Federal funds. This finding might appear to suggest that the region's underdeveloped areas are getting enough Federal dollars. However, much of the money being distributed to the Delta's poor places is in the form of income security payments—Social Security, Medicare, Medicaid, welfare, food stamps, and unemployment benefits (table 3). These programs are helpful in treating the symptoms of poverty, but they do not foster local economic

development that might help poor communities combat poverty.

Similarly, agricultural and natural resources payments are well above average in the Delta's nonmetro areas, particularly in its farming, services, and poverty counties. Farm payments may help sustain farmers and their communities, but they are not meant to bring about economic diversification or enhance local capacity for nonfarm development, the main component of rural employment growth today.

To bring about long-term economic development, many experts believe that Federal assistance should help localities develop community and human resources required for economic growth. Community resources include local businesses, community facilities, housing, transportation, and environmental infrastructure. Human resources include education, training, and social services. Our analysis shows that Federal funding is below the national average in supporting the nonmetro Delta's community resources. In contrast, the nonmetro Delta appears to be slightly above average in human resource program receipts (table 3).

Nonmetro Delta Falls Short in Community Resources Assistance . . .

Metro areas generally receive much more funding for community resources than do nonmetro areas. This is particularly true in the Delta, where its metro areas received \$800 per capita from community resources programs, well above the metro average nationwide. However, the Delta's nonmetro areas received only \$448 per capita for community resources, 44 percent less than metro areas in the

Delta and 8 percent less than all nonmetro areas.

Most funding for community resources is housing assistance, mainly in the form of home mortgage insurance from the Department of Housing and Urban Development (HUD). This program, together with HUD's condominium mortgage program, accounts for over half of the \$458 per capita in housing assistance provided by the Federal government in fiscal year 2000. The Delta received less (\$351) than the national average from housing assistance. The nonmetro Delta received much less housing assistance (\$208). Housing assistance is one of the main areas where the rural Delta, like other rural areas, appears to come up short in Federal funds. But while housing assistance plays a role in economic development, its role is more to accommodate (or put the finishing touches on) development than to stimulate (or initiate) it.

Federal transportation funding (mainly of highway construction grants), on the other hand, plays an important and sometimes leading role in the development process. Nonmetro areas generally receive more transportation funds, per capita, than metro areas. However, this rural advantage is greater nationwide (28 percent) than in the Delta (5 percent).

The rural advantage in transportation funding per capita may be misleading. Much of Federal highway spending in rural areas is for interstate highways and other large roads that may serve more urban residents (driving from one city to another) than rural residents. Money spent constructing rural segments of these roads contributes to high per capita rural receipts, but it may not necessarily lead to high rural benefits. This limitation in

interpreting the data is particularly apparent when looking at the Delta's totally rural and farming areas (which also tend to include most of the Delta's poverty counties), which received particularly high amounts in transportation funding, per capita. These are not the sort of places one would expect to be well-served by the interstate highway system, though the roads go through many of these places.

The Delta received less of the "other" type of community resources assistance—community and regional development, infrastructure, and business assistance—than the U.S. overall: \$95 per capita versus \$110 (table 4). Both the metro and nonmetro Delta received less from these programs than their metro and nonmetro counterparts nationwide. Nonmetro areas as a whole received more money than metro areas, largely due to USDA's rural development programs such as business and industrial loans, water and waste disposal grants and loans, and rural electric and telephone loans. But in the Delta, the metro/nonmetro difference was smaller—only a \$16 rural advantage.

Totally rural counties in the Delta got more funding from community resources programs than did other counties in the nonmetro Delta, despite receiving substantially less from housing assistance. In contrast, urbanized nonmetro areas in the Delta received the most from housing assistance.

The Delta's farming counties received the most from community resources receipts, \$549 per capita, benefiting disproportionately from all three types of programs (housing, transportation, and other). Government-dependent counties were next in order of community resource receipts. Mining counties

Table 4

Community resources funding breakdown by type of nonmetro county, fiscal year 2000*The nonmetro Delta received less of this assistance than nonmetro areas nationwide*

| County type | All community resources | Housing | Transportation | Other ¹ |
|------------------------------|-------------------------|---------|----------------|--------------------|
| <i>Dollars per person</i> | | | | |
| United States | 680 | 458 | 112 | 110 |
| Metro | 728 | 518 | 106 | 104 |
| Nonmetro | 486 | 218 | 136 | 133 |
| Mississippi Delta | 607 | 381 | 131 | 95 |
| Metro | 800 | 582 | 130 | 88 |
| Nonmetro | 448 | 208 | 136 | 104 |
| By degree of urbanization: | | | | |
| Urbanized | 444 | 294 | 87 | 63 |
| Less urbanized | 446 | 201 | 136 | 109 |
| Totally rural | 463 | 118 | 208 | 137 |
| By economic county type: | | | | |
| Farming-dependent (36) | 549 | 237 | 164 | 148 |
| Mining-dependent (13) | 290 | 137 | 96 | 58 |
| Manufacturing-dependent (47) | 432 | 188 | 141 | 103 |
| Government-dependent (16) | 501 | 219 | 164 | 118 |
| Services-dependent (22) | 402 | 191 | 116 | 95 |
| Nonspecialized (54) | 471 | 237 | 135 | 100 |
| By policy county type: | | | | |
| Commuting (36) | 399 | 132 | 141 | 126 |
| Persistent poverty (119) | 489 | 206 | 160 | 122 |

Note: Individual figures may not sum to total because of rounding. National totals differ from those shown elsewhere due to adjustment for outlier of McCracken County, Kentucky.

¹Other includes community and regional development, infrastructure, and business assistance programs.

Source: Calculated by ERS using Federal funds data from the Bureau of the Census.

were last in community resource program receipts, receiving only \$290 per capita.

Although poverty counties in the Delta received more in community resources funding than other nonmetro counties in the region, they received about the same amount from these programs as U.S. nonmetro areas in general. Relative to other places, they received more community

resources funding mainly from transportation (highway) programs. However, as noted previously, this can be misleading since these rural poverty areas tend to be highly rural, where Federal highway funding often benefits interstate and intercity travelers more than local residents. In contrast, the Delta's poverty counties received relatively small amounts of Federal funds

from housing and "other" community resource programs in fiscal year 2000.

... But Nets More Human Resources Assistance

Human resources programs, which include education, training, health, and social services, are important for poorly educated, high-poverty regions like the Delta, which must improve human capital sufficiently to attract higher paying jobs and thereby escape poverty. Unfortunately, the data on human resources programs are not very good. Many of these programs are State-administered, and Federal data are not county-specific. For this reason, we had to exclude some large human resources programs from our county-level analysis, such as day care payments to States, Workforce Investment Act payments, vocational education, and rehabilitation assistance.

Our county-level analysis covers many of the remaining human resources programs, including Federal aid to educationally deprived children (Title 1). The Delta received \$174 per capita in human resources funding, versus \$119 for the U.S. as a whole. This pattern held for both metro and nonmetro areas (table 3).

The Delta's farming counties and nonspecialized counties received the most human resource funding among economic types, mining and manufacturing counties the least. Interestingly, commuting counties got almost as much as poverty counties from these programs, suggesting that many nonmetro workers who commute to metro areas take advantage of these programs, while those who don't may benefit less.

New Delta Regional Authority Should Help

Legislation was passed in December 2000 to create the Delta Regional Authority (DRA). Patterned after the Appalachian Regional Commission (ARC), the DRA is a federally funded entity run by a committee of the Governors (or their representatives) from the eight participating States, and led by a federally appointed co-chair as well as a State co-chair. This committee analyzes problems in the region and assists projects that use Federal, State, and local funding to overcome these problems.

Like the ARC, the DRA uses both the top-down and bottom-up approaches. Its top-down multi-State commission can take advantage of economies of scale and scope of coverage in a large multi-State region. However, the DRA's policies are implemented at the local level by multicounty economic development districts—the same districts that work with the Economic Development Administration (EDA) to stimulate the economies of distressed localities nationwide. Such multicounty regional approaches avoid counterproductive, beggar-thy-neighbor strategies of individual cities and counties. Multicounty organizations also generally have more resources for planning and carrying out development policies than do most individual local governments—particularly in rural areas.

The DRA received \$40 million in appropriations to begin its work (\$20 million each for fiscal years 2001 and 2002). It is currently authorized through 2007. The Federal co-chair, Pete Johnson, was confirmed in September 2001. The Authority's first meeting was in November 2001. It will use EDA's

distress criteria to identify distressed counties, and it settled on a State allocation formula. The EDA distress criteria require meeting at least one of three conditions: high unemployment, low per capita income, or special need (such as difficulty adjusting to major plant closure, natural disaster, defense base closure, or outmigration). In its May 2002 meeting, the DRA approved a comprehensive action plan, and was expected to begin

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approving grants by the end of fiscal year 2002. While the DRA has a great deal of flexibility in how and where its funds are spent, at least half of the DRA's project funding must be used for infrastructure, and at least three-quarters must go to distressed counties or pockets of distress elsewhere in the Delta.

How Might the DRA Address the Delta's Continuing Problems?

There are many ways in which a large, comprehensive regional development authority like the DRA might help the region's development. For example, it can:

- Devise regional development plans and strategies;
- Create and administer programs providing assistance to the region;
- Work with and support multicounty local development districts;
- Provide information and technical assistance;
- Perform or contract out program evaluations; and
- Leverage money from other Federal and State programs, and from private and nonprofit sources.

The leveraging role is a key to the Authority's success. The appropriations given to the DRA are not very large compared with other Federal development programs. However, if enough DRA money is used to plan and apply for other kinds of Federal assistance, then the DRA can end up leveraging a lot more public and private investment in the region.

Conclusion

The Lower Mississippi Delta region, especially the rural Delta, faces many challenges, but recent economic progress in the region suggests that dramatic improvements can be made. Federal spending in the region has been significant in the past, but much of it is in the form of basic income support, which is important for helping people get by day-to-day but does little to bring about long-term economic development. The Federal Government has also been investing in human resources in the

region. This should facilitate development. However, we found that the rural Delta has been getting relatively low levels of assistance from Federal community resource programs. These community resource programs include housing, transportation, and other programs

important for economic and community development.

The new Delta Regional Authority may bring the region more of such funding by helping localities plan and apply for assistance, and by leveraging public and private investment in economic

development projects. If successful, the resulting long-term development should improve conditions in the region and reduce the region's reliance on income support programs, which would save the Federal Government a significant amount of money.^{RA}

For Further Reading . . .

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