OFFICE OF THE GOVERNOR

KAY IVEY
GOVERNOR

STATE CAPITOL
MONTGOMERY, ALABAMA 36130

(334) 242-7100
FAX: (334) 242-3282

STATE OF ALABAMA

August 23, 2019

Mr. Scott Hamilton
Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Suite 700
Washington, DC 20009-1059

Dear Mr. Hamilton:

Please find enclosed the State of Alabama's 2020-2023 Appalachian Regional Development Plan. The document outlines our economic development priorities and strategic agenda for Appalachian development in the state over the next four years. It is consistent with the Appalachian Regional Development Act of 1965, as amended, and Section 5 of the ARC Code.

If you need additional information, please do not hesitate to contact my Alternate Sate Member, Mr. Kenneth W. Boswell, at (334) 242-8672 or our Program Manager, Crystal Davis, at (334) 353-2630.

Sincerely,

Kay Ivey
Governor

KI:KWB:dm

Enclosure

Appalachian Regional Commission

State of Alabama
Appalachian Development Plan
2020 – 2023

Kay Ivey
Governor

Alabama Department
of
Economic and Community Affairs

In accordance with Section 5.3 of the Appalachian Regional Commission (ARC) Code, this document will serve as the State of Alabama's ARC Four-Year Development Plan. The purpose of this plan is to establish a method to set forth goals, objectives, priorities and policies for Alabama's ARC region; identify broad statewide issues and needs that the governor has chosen to address with ARC resources and prioritize development projects and programs in these key areas. The execution of this Plan will provide a comprehensive framework to enhance economic and community development and improve the quality of life for the residents of Appalachian Alabama.

Appalachian Regional Commission Overview

In 1960, governors from the Appalachian states, recognizing the economic challenges and persistent poverty of the Appalachians region, came together to develop a regional approach to address the problems facing the citizens of the Appalachian states. At that time;

- *one of every three Appalachians lived in poverty,*
- *per capita income was 23 percent lower than the U.S. average, and*
- *high unemployment and harsh living conditions had, in the 1950s, forced more than 2 million Appalachians to leave their homes and seek work in other regions.*

This determined, visionary group formed the Conference of Appalachian Governors to develop a regional approach to resolve these problems and developed a plan which they presented to newly elected President John. F. Kennedy, who had seen the abject poverty in the region during campaign trips to West Virginia. President Kennedy formed a federal-state committee in 1963 that became known as the President's Appalachian Regional Commission and directed the group to design a comprehensive economic development plan for the region. The resulting plan was endorsed by the Conference of Appalachian Governors and Cabinet-level officials in 1964 and President Lyndon B. Johnson used this report as the groundwork for legislation which received bipartisan Congressional support. The Appalachian Regional Development Act (ARDA) was submitted to Congress and passed by a broad bipartisan coalition and signed into law in March of 1965.

The Appalachian Regional Commission (ARC) represents a federal, state and local government partnership designed to address local needs. The Appalachian Region includes 420 counties across the 13 Appalachian States which includes all of West Virginia, and parts of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. The Commission is composed of the Governors of the 13 Appalachian states and a Federal Co-Chairman, who is appointed by the president. Governor Kay Ivey serves as Alabama's ARC Commission Member and has assigned the administration of Alabama's ARC Program to the Alabama Department of Economic and Community Affairs (ADECA). Kenneth W. Boswell, ADECA's Director, serves as the Governor's ARC Alternate and is the state-level contact for those seeking ARC funding. Local participation is provided through support from communities and business and local government leaders.

Thirty-seven (37) of Alabama's sixty-seven (67) counties are located within the Appalachian Region. The counties are: Bibb, Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, DeKalb, Elmore, Etowah, Fayette, Franklin, Hale, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Limestone, Macon, Madison, Marion, Marshall, Morgan, Pickens, Randolph, St. Clair, Shelby, Talladega, Tallapoosa, Tuscaloosa, Walker and Winston.

Federal-State-Local Partnership

The goals of Alabama's ARC Program are implemented through collaboration and partnerships with federal, state and local economic and community development organizations and multi-county development organizations called Local Development Districts (LDDs). Alabama's LDDs, or Regional Councils of Local Government, play a key role in the implementation of Alabama's ARC Program. Governed by boards comprised of elected officials, and business and other local leaders, the LDDs provide invaluable local support and technical assistance to communities seeking ARC funding.

Alabama's ARC Program staff work with eight (8) LDDs in the development and implementation of projects designed to meet the needs of communities in Appalachian Alabama. The Executive Directors and staff of Alabama's LDDs work closely with their board members, elected officials, economic developers and citizens to identify priority needs within their local communities. Equally important, the LDDs develop and implement Comprehensive Economic Development Strategies (CEDS) in their regions which empower local leadership and foster and sustain economic development. Citizen participation in the development of local and regional strategies is achieved through public hearings conducted by the LDDs.

Alabama's Appalachian Region LDDs

- Northwest Alabama Council of Local Governments (NACOLG): Colbert, Franklin, Lauderdale, Marion and Winston Counties
- West Alabama Regional Commission (WARC): Bibb, Fayette, Hale, Lamar, Pickens and Tuscaloosa Counties
- Regional Planning Commission of Greater Birmingham (RPCGB): Blount, Chilton, Jefferson, St. Clair, Shelby and Walker Counties
- East Alabama Regional Planning and Development Commission (EARPDC): Calhoun, Chambers, Cherokee, Clay, Cleburne, Coosa, Etowah, Randolph, Talladega and Tallapoosa Counties
- South Central Alabama Development Commission (SCADC): Macon County
- Central Alabama Regional Planning & Development Commission (CARPDC): Elmore County
- North Central Alabama Regional Council of Governments (NARCOG): Cullman, Lawrence and Morgan Counties
- Top of Alabama Regional Council of Governments (TARCOG): DeKalb, Jackson, Limestone, Madison and Marshall Counties

Collaborative partnerships among federal, state and local partners allow for the leveraging of resources for a concerted, innovative and accelerated execution of Alabama's ARC Program. The program works with federal agencies such as the United States Department of Agriculture, the Economic Development Administration, the Environmental Protection Agency and the Department of Housing and Urban Development. State agency partners include the Department of Commerce, Department of Public Health, Department of Transportation, Department of Conservation and Natural Resources, Department of Labor and the Alabama Historical Commission.

ARC Economic Status

ARC's primary objective is to help "distressed" counties generate sufficient economic development to stabilize their respective economies. The ARC uses an index-based county economic classification system which compares the average economic vitality for each of the region's counties with the national average. Three economic indicators – three-year average unemployment rate, the poverty rate and per capita market income – are used in determining the designations of the economic classification of its counties. A composite index for each county is created by adding and averaging the resulting values. This method of designation provides a composite measure of economic vitality for each ARC county, while allowing a comparison of the region's vitality to that of the nation. The economic classification or designation of counties is made on an annual basis at the national level.

Each of the 420 counties in Appalachia is classified into one of five economic status designations based on its national ranking. The designations include *Distressed, At-Risk, Transitional, Competitive, and Attainment.*

Distressed counties are the most economically depressed counties and rank in the bottom 10 percent of the nation's ranking.

At-Risk counties are at risk of becoming economically distressed and rank between the worst 10 percent and 25 percent of the nation's ranking.

Transitional counties are considered to be transitioning between strong and weak economies. They make up the largest economic status designation and rank between the worst 25 percent and the best 25 percent of the nation's ranking.

Competitive counties are able to compete in the national economy and rank between the best 10 percent and 25 percent of the nation's ranking.

Attainment counties are considered to be the strongest economically and rank in the top 10 percent of the nation's ranking.

In recent years, the ARC recognized that some non-distressed counties included areas with significantly higher poverty or lower income levels than national averages. As such, these areas should also be considered economically distressed. Hence, the ARC designates census tracts in at-risk and transitional counties that have a median family income no greater than 67 percent of

4

the national average and a poverty rate 150 percent of the national average or greater as "distressed areas". These designations are made annually based on the latest five-year estimates from the U.S. Department of Commerce, Census Bureau, American Community Survey.

Regional Profile

Land and Population
According to the 2013-2017 American Community Survey, which measures the changing characteristics of the U. S. population, Appalachian Alabama covers 25,763 square miles and has a population of 3,124,174 which is 64% of Alabama's total population of 4,874,747. Alabama's Appalachian population represents 12% of the 13 state Appalachian Regional population of 25,611,363.

Throughout the 13 state Appalachian Region, 18-24-year olds made up less than 7.5% of the population in 173 Appalachian counties, seven of which were in Alabama (Cherokee, Cleburne, Coosa, Lamar, Jackson, St. Clair and Winston). Of the 173 counties, 125 were outside metropolitan areas and 52 were in the most rural counties, suggesting a possible lack of opportunities in these communities for youth making the transition to adulthood. In Appalachian Alabama, 18-24-year olds account for 9.1% of the population; 25-64-year olds account for 52.1% of the population and residents age 65 and over account for 16.5% of the population. These percentages are very close to those for the overall Appalachian Region.

The working-age (ages 25-64) population In Appalachia has decreased since 2010 by one percent. Appalachian Alabama has also seen a decline in nearly one percent of residents in the working-age range.

Healthcare & Health Outcomes
Healthcare and health outcomes are growing concerns for the citizens of Appalachian Alabama as well as for all of Alabama and the nation and is a priority of this Administration. As Alabama's and Appalachian Alabama's rural counties experience gains in population, greater demands are placed on hospitals, physicians and the emergency care network. As the quality of healthcare can be measured by the number of physicians per capita, Alabama faces challenges in the number of physicians providing care in Appalachian Alabama. Appalachia Alabama's number of primary physicians per 100,000 people is 13% lower than the national average. Additionally, the supply of mental health providers per 100,000 individuals in the state's Appalachian counties is 55% lower than the national average. The supply of specialty physicians and dentists per 100,000 individuals is 16% and 26%, respectively, lower than the national average.

In terms of health outcomes, Alabama is included in the ARC's "Diabetes Belt", and like many ARC states, faces the health challenges of obesity and chronic conditions, such as diabetes and high blood pressure. In fact, according to *Creating a Culture of Health in Appalachia Disparities and Bright Spots*, Appalachian Alabama deaths related to heart disease, cancer, injuries, Chronic Obstructive Pulmonary Disease, and stroke is higher than the national average by double digit percentages, some as high as 35%. The average adult in Appalachian Alabama reports feeling physically unhealthy 28% more often and mentally unhealthy 25% than the average American.

In turn, the suicide rate in Appalachian Alabama is 15% higher than the national rate and 8% higher than the rate in non-Appalachian Alabama. Physical inactivity, smoking, drug addiction (opioid and other), and lack of insurance all contribute to poor health outcomes in Appalachian Alabama.

Workforce
The total number of persons ages 25-64 in the civilian labor force in Appalachian Alabama was 1,161,267 or 71.6%. As Appalachia's employment rose between 2008-2012 and 2013-2017, its unemployment rate fell. Unemployment among civilian labor force participants declined by more than two percentage points between 2008-2012 and 2013-2017, both in Appalachia and nationwide. The unemployment rate in Appalachian Alabama was 5.7%.

Education
Educational attainment comparisons of the total population ages 25 and over showed that 14.7% of the population in Appalachian Alabama had less than a High School diploma, as compared to 12.7% nationwide. Those with a bachelor's degree or higher in Appalachian Alabama was 25.1% as compared to the State of Alabama's 24.5% and the national figure of 30.9%. These figures represent an improvement in this statistical measure for Alabama from the previous American Community Survey results. Although the share of Appalachian adults with at least a high school diploma was slightly below the national average, it matched or exceeded the national share in 121 counties in the Appalachian Region. In fact, in Appalachian Alabama, 52.6% of the civilian labor force had at least a high school diploma, which is higher than the national share of 48.1% and closer to the Appalachian Region share of 54.1%. Data suggests a possible connection between educational attainment and labor force participation as in nearly all the counties where labor force participation levels were at or above the national rate of 77.5%, the share of working-age adults with at least a high school diploma also matched or exceeded the U.S. average of 48.1%. Appalachian Alabama data supports this correlation, with 71.6% civilian labor force participation.

Income
The median household income in Appalachian Alabama was $48,324 compared to $57,652 for the United States. The percent of persons in the Alabama Appalachian Region in poverty for all ages was 16.2% as compared to the Appalachian percentage of 16.7% and the national percentage of 14%. Over the 2013-2017 period, nine Appalachian counties in Alabama had poverty rates 20% or greater (DeKalb, Franklin, Hale, Lamar, Macon, Marshall, Pickens, Tallapoosa and Walker). During the same period only five Appalachian Alabama counties experienced poverty rates of 14.5% or less (Coosa, Elmore, Madison, Shelby and St. Clair).

Broadband Internet Access
In Appalachian Alabama, 71.3% of households have a broadband internet subscription as compared to 72.3% in the Appalachian Region and 78.1% in the nation. Only ten counties in Appalachian Alabama have more than 69.9% of households with broadband internet access (Calhoun, Elmore, Jefferson, Limestone, Madison, Marshall, Morgan, Shelby, St. Clair and Tuscaloosa). In the Appalachian region, nearly three in four households had a broadband internet subscription compared to nearly four in five nationwide. However, there is clearly a divide between the urban and rural areas when it comes to being unserved and underserved regarding

broadband access. The ability to access broadband services enhances the ability to improve educational opportunities and economic development projects and provide better healthcare opportunities.

In summary, strategies that address gaps in healthcare education, access and outcomes; education attainment; aligning workforce training resources with business and community needs (providing skilled and educated workers); availability and the need for critical infrastructure and recruiting high wages employers to Appalachia Alabama are priorities for this administration.

Economic Outlook --- Recent Achievements and Opportunities

According to the Center for Business and Economic Research at the University of Alabama, Alabama's Gross Domestic Product is expected to grow at a slower pace in 2019. The state's nonfarm employment rose by 1.6%. Alabama gained 33,200 nonfarm jobs from March 2018 to March 2019. The goods producing sector, which includes manufacturing mining, logging, and construction, added 8,500 jobs to its payroll., Alabama's fastest growing segments of the economy in 2019 will include: professional, technical, and scientific services; primary metals; wood products and parts manufacturing; department stores; ambulatory healthcare services; building materials and garden equipment and supplies; transportation and warehousing; and food services and drinking places. The Alabama Business Confidence Index (measures economic expectations from a broad group of business executives across the state) forecasted growth in professional, scientific and technical services; transportation/information/utilities; manufacturing; healthcare/social assistance services; construction; finance/insurance/real estate and wholesale trade. The most optimistic forecasts for growth came from small and mid-sized businesses. Although large firms (100 or more employees) forecasted growth, it was at a much more moderate level.

The Alabama Department of Commerce (Commerce) reports the aerospace and aviation industries sustain a healthy commerce for the state by offering high-paying jobs and contributing to the low unemployment rate. Aerospace manufacturing accounts for approximately 13,200 jobs in the state with Alabama ranking among the top five states for aerospace engineers. Nearly $2.4 billion in aerospace equipment and parts were exported from the state in 2018. More than 300 aerospace companies from more than 30 different countries have located businesses in the state. In Huntsville, Redstone Arsenal is a major research, engineering, and test center housing the Army's critical missile defense and aviation programs. The Arsenal is also the home of the Marshall Space Flight Center which is one of the National Aeronautics and Space Administration's largest facilities. Alabama boasts an extensive list of training programs and assets due to the extensive presence of the aerospace/aviation industry within the state.

Accelerating growth in the automotive industry sector has had a vast impact on the state's economy with vehicles becoming the number one export with annual shipments to approximately 90 countries around the world. Exports of Alabama-made vehicles and parts totaled $7.5 billion in 2018. Additionally, in 2018, Alabama automakers combined produced approximately one million cars and light trucks with the state ranking in the Top 5 for the production of those vehicles. The automotive manufacturing sector accounts for nearly 40,000 jobs in the state. Of those, approximately 27,000 are in the state's growing automotive supplier network which

includes over 200 companies. The $1.6 billion joint venture assembly plant (under construction) in Alabama by Mazda Toyota Manufacturing USA will boost employment and production drastically.

Alabama's forest products industry is expanding its base with the state already having the second largest timberland base in the United States. Large companies continue to make investments within the state. Alabama has near 23 million acres of timberland with forests that are so fertile, the growth of softwood and hardwoods consistently exceeds their removal rate. Alabama houses more than 650 forest manufacturing companies which employ nearly 25,000 individuals. As of 2016, Alabama exported $1.3 billion of Alabama forest products and new capital investment by forest-product companies topped $1.1 billion, creating 1,000 jobs.

Tourism in North Alabama is still a thriving industry. A variety of attractions can be found in the area, including Alabama State Parks, where visitors can enjoy fishing, golfing, dining, ziplines and trails. A wide selection of camping and lodging options are available at Alabama State Parks such as chalets, cabins, hotels, pet friendly facilities, primitive campgrounds, and semi-primitive campgrounds. Activities that can be experienced in North Alabama include hiking, camping, boating, rock climbing, birding and biking. Land Trusts and Nature Preserves offer many of these activities. The Appalachian counties are home to numerous historic, cultural, religious, educational, recreational, artistic, and natural attractions alike.

In March 2018, Governor Ivey signed into law the Alabama Broadband Accessibility Fund (Fund), which was created by the Alabama Legislature. As of July 15, 2019, more than $1.14 million in grants has been awarded to provide access to high-speed internet in several Alabama communities. The Fund provides grants for service providers to supply high-speed internet services in unincorporated areas or communities with 25,000 people or less with the grant total not to exceed 20 percent of the total cost of the project. It is the goal that access to high-speed internet in the states' rural areas will open the way to improved educational opportunities, economic development projects and better health-care services.

Alabama's Opportunity Zones
The Opportunity Zones program is a new alternative economic development program established by Congress in the Tax Cuts and Jobs Act of 2017 to foster private-sector investments in low-income rural and urban areas. The program provides a federal tax incentive for investors to use their unrealized capital gains into Opportunity Funds dedicated for investing in the designated Opportunity Zones. Congress empowered governors to nominate Opportunity Zones in their states by using up to 25 percent of their low-income community census tracts. In Alabama, 629 of the state's 1,181 census tracts qualified as low-income community tracts. Governor Ivey, with the input of the Alabama Department of Economic and Community Affairs (ADECA), identified and selected 158 Opportunity Zones in the state with each of Alabama's 67 counties having at least one designated zone. The zones were approved by the Treasury Department and the IRS on April 18, 2018. Ninety-two of those zones are located in Alabama's ARC region. The location of the tracts is an economic driver to attracting potential investors.

POWER Initiative
The decline in the coal industry has significantly impacted the economy in Alabama's Appalachian counties. The POWER (Partnerships for Opportunity and Workforce and Economic Development) Initiative, which was introduced by the federal government in 2016, has allowed communities that were affected by the declining coal industry the opportunity to strengthen and grow their economy. The POWER Initiative assists communities and regions affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries. This Initiative will help create or retain jobs, leverage private funding and prepare workers and students for jobs in sectors that will create a strong economic future for Appalachia Alabama.

In previous years, Alabama received POWER Initiative funding to assist displaced workers, allowing them to develop skills to secure employment in fields other than the coal industry and to encourage entrepreneurship. Alabama has a strong network of community colleges that offer training and resources targeting emerging industries. Additionally, in FY 2019, Alabama received two POWER Initiative grants. The Northwest Alabama Revitalization project in which funds will be used to purchase equipment to provide broadband access to one of the most distressed areas of the state. This project is also anticipated to create 300 new jobs. The second project will create Opportunity Zones-based funding and business development ecosystem within the 29 non-attainment counties most affected by the decline in Alabama's coal industry. The projected job creation for this project is 500 with 45 new businesses to be created over the next five years.

Appalachian Development Highway System

Congress established the Appalachian Development Highway System (ADHS) as the centerpiece of ARC's economic and community development program. The ADHS was designed to provide an efficient transportation system to economically and physically connect Appalachia to the rest of the nation. The ADHS is currently authorized at 3,090 miles and Alabama's Appalachian Region has 295.7 miles eligible for ADHS funding. As of September 30, 2018, Alabama completed 187.8 miles of the ADHS, had 42.2 miles with remaining state construction (open to traffic), 3.2 miles under construction, 19.2 miles in design/right-of-way state, and 43.3 miles in location study stage.

Corridor V
Corridor V in Alabama links the Mississippi state line through Huntsville, Alabama to the Tennessee state line. This will provide major new connections to Memphis, Tennessee in the west, Atlanta, Georgia in the east, and to the Tennessee state line near Bridgeport, Alabama in the north. The total length of the corridor is 145.5 miles and is nearly complete with approximately 135 miles open to traffic. Corridor V having been constructed in stages still requires more work - primarily the addition of travel lanes.

Corridor X
Corridor X, which runs between I-65/I-59 in Birmingham and Itawamba County, Mississippi, provides an important alternative to U.S. Highway 78, a major east-west corridor in the area. Corridor X provides full access to Interstate standard highways to numerous small communities' subject to heavy automobile and truck traffic levels. The total length of the corridor in Alabama

is 98 miles. Projects underway in Alabama on the corridor include the construction of 7.875 miles of paving from SR-118 to the overpass ramps to SR-118, construction of 1.041 miles of roadway lighting west of I-65 near Birmingham, and the design of a welcome center near the Mississippi state line in Marion County.

Corridor X1
The Northern Beltline, which is also Interstate 422 and Corridor X1 in Alabama was added to the ADHS in Section 123 of the FY 2004 Consolidated Appropriations Act. The corridor extends approximately 65 miles along the alignment of the planned Birmingham Northern Beltline from I-20/59, in the vicinity of I-459 southwest of Birmingham, and extending northward crossing SR 269 and Corridor X and continuing eastward connecting to I-20 to the east of Birmingham. The anticipated economic impact to the Birmingham area within ten years of completion is estimated at $2.67 billion. This includes the creation of approximately 14,000 jobs with average salaries greater than the median Alabama income. Construction of the corridor has ceased as a result of a lack of funding according to the Alabama Department of Transportation. The last construction update was dated February 2017.

The completion of the ADHS in the state will provide numerous transportation and economic benefits to Appalachian Alabama and the state as a whole. It will provide important highway access; improve connections between the highway networks and important rail lines, inland waterways, and airports; and will assure the global reach necessary for area businesses to compete and succeed in the global economy of the 21st century. Building on the success of the International Intermodal Center at Huntsville International Airport and capitalizing on the new containerized shipping capabilities now being developed at the Port of Mobile, improved coordination and integration of highway, rail, inland navigation, and aviation services will provide Appalachian Alabama with a powerful new link to the global supply chain, improving the competitiveness of existing businesses and attracting important new enterprise into the region.

Regional Priorities

Targeted Investment Priorities
1. Economic development and job creation in distressed Macon County.
2. Expand broadband access throughout Appalachian Alabama.
3. Promote Governor Ivey's priorities for Appalachian Alabama, which include:

Alabama's Strong Start, Strong Finish" Education Initiative

- Prioritize science, technology, engineering and mathematics (STEM)
- Computer Science for Alabama (CS4AL)
- Advanced Training leads to Better Jobs (Advanced Training, Better Jobs)

Workforce Development

- The Success Plus Postsecondary Education Attainment Goal
- Braiding Alabama's Federal Education and Workforce Funding Streams
- Creating the Alabama Industry-Recognized and Registered Apprenticeship Program (AIRRAP)

Job Creation
- Continue to recruit job-creating industries to the state.
- Ensure Alabama's workforce is well-educated and ready for new industries creating jobs in the state

Infrastructure
- Ensure that Alabama citizens in rural areas have access to high-speed broadband internet.
- Ensure that Alabama's infrastructure keeps up with the needs of our growing economy
- Develop a modern transportation infrastructure to help create jobs by recruiting industry

Healthcare
- Combatting the Opioid Problem
- Adequate Healthcare Facilities

To implement the target priorities, the Governor's Office will partner with the Alabama Workforce Council, Alabama State Department of Education, Alabama Commission on Higher Education, Alabama Community College System and others to prepare students for postsecondary education and the workforce. Investments in programs which develop and support career specific education and skills training, in growing employment sectors such as advanced manufacturing, will prepare students for a successful transition from secondary school to the workforce. Projects which offer access to STEM and STEAM training will equip students for successful post-secondary education and allow them to take advantage of job opportunities in Alabama's growing aerospace, health and research and development sectors. Eligible projects could include programs that provide students and workers with cutting-edge technological training to prepare them for either successful post-secondary education or direct placement into high-wage and high-demand careers in Alabama's advanced manufacturing industry.

Many areas in Appalachian Alabama lack proper infrastructure. Increased investments in critical infrastructure is necessary to improve educational opportunities, provide safe methods of transportation, and to attract new businesses to help grow the state's economy. Investments in infrastructure projects, to include basic infrastructure such as water and sewer, as well as technological infrastructure including telecommunications and broadband, will ensure that communities in ARC counties will be able to implement community objectives which will advance and accelerate economic growth. Priority investments will provide for the development of new jobs from existing industries, recruitment of jobs from new industries, and, pursuant to the ARC Residential Service Policy, demonstrate a compelling need such as the location of the project in a distressed area of the county, disaster relief, or to address a mandate of the Federal Environmental Protection Agency or a state health or environmental agency. Eligible projects would retain or create new jobs and have a direct impact on the local and regional economy and might include site preparation or installation or extension of water, sewer or gas lines for the expansion of an existing industry or for a new industry.

Established partnerships and further collaboration will maximize ARC resources to enhance existing programs that develop, support and enhance community development and leadership. Priority investment consideration will be given to programs that utilize innovative and relevant

curriculums and components and include strategic thinking, leadership skills and problem-solving. Efforts will focus on approaches that build the capacity of community organizations to develop and support networks and partnerships which are tied to a county, regional or state plan. Eligible projects could include training for a multi-county strategic plan or age-integrated community leadership training that maximizes the fusion of the experience, life lessons and best practices of baby-boomers with the innovation, creativity and accelerated foresight of millennials.

Investing in projects that increase access to and improve the quality of healthcare for Appalachian Alabamians is critical. It is a vital need which will assist in job retention, possible job creation, and the overall health of the citizens. Combating the opioid crisis, and drug addiction in general, in Appalachia Alabama is essential to improving the quality of life and the ability of our citizens to become productive members of the workforce. The opioid and addiction crisis affect every area of the economy. According to the Alabama Department of Mental Health, from 2006 to 2014 there were 5,128 deaths from overdose in Alabama. In 2017 alone, the *Opioid & Health Indicators Database* reported 835 drug-related deaths in Alabama, with 576 of those occurring in Appalachian counties in the state. A critical component to fighting the opioid and drug addiction epidemic is providing access to treatment and follow through with wrap around services. This includes changing the climate and stigma that surrounds addiction in the workplace. Supporting the workforce and employers and creating new jobs in the healthcare area for Appalachia Alabama will strategically help with the opioid crisis. Governor Ivey created the 40-member Alabama Opioid Overdose and Addiction Council. The Council will propose ways to address the overdose crisis in Alabama.

The Alabama ARC Program will work to expand essential economic and community development strategies in distressed Macon County. ARC resources will be used to fully engage the LDDs which serve this county and strengthen partnerships with existing regional and local partners to develop projects which profoundly and fully impact their communities.

State Strategic Goals and Objectives

The following is Alabama's integration of its objectives and strategies to further ARC's goals:
  A. **ARC Investment Goal 1:** Economic Opportunities – Invest in entrepreneurial and business development strategies that strengthen Appalachian's economy.
     State Objective 1.1: Stimulate growth of the region's businesses.
            State Strategy 1.1.1: Support efforts to improve access to capital for small and medium-sized business including entrepreneurial activities.
            State Strategy 1.1.2: Support new education programs providing skills needed by industries.
            State Strategy 1.1.3: Assist in the provision of infrastructure to support the development of new industry or expansion of current industries.
     State Objective 1.2: Increase international exports from the ARC region.
            State Strategy 1.2.1: Support programs that will increase goods and services exported from Appalachian Alabama.
     State Objective 1.3: Assist redevelopment of central business districts (CBD) and support projects which will enhance the long-term development of the CBD areas.

State Strategy 1.3.1: Develop projects that encourage the reuse and/or the redirection of the use of downtown areas.
State Strategy 1.3.2: Assist in the provision of necessary infrastructure for reuse and/or improvement of downtown areas.
State Objective 1.4: Support business expansions, start-ups and entrepreneurship.
State Strategy 1.4.1: Support businesses through Small Business Development Center programs.
State Strategy 1.4.2: Support programs that do not duplicate existing services but fill gaps in the existing entrepreneur network.
State Strategy 1.4.3: Support programs that assist entrepreneurs in market/business development including business incubators and accelerators.

B. **ARC Investment Goal 2:** Ready Workforce – Improve the education, knowledge, skills, and health of residents to work and succeed in Appalachia.
State Objective 2.1: Increase Educational Attainment and Achievement.
State Strategy 2.1.1: Support programs that reduce the school dropout rate.
State Strategy 2.1.2: Support initiatives that utilize telecommunications, computers, distance learning, and other technological capabilities to deliver education and training programs.
State Strategy 2.1.3: Support programs that teach and encourage youth entrepreneurship.
State Strategy 2.1.4: Strengthen programs that provide or enhance science, technology, engineering, arts, and mathematics (STEAM) training.
State Objective 2.2: Increase Workforce Skills through Training.
State Strategy 2.2.1: Strengthen programs that provide basic skills and workforce training to increase employee capabilities, improve job skills, and upgrade marketable skills especially in the field of advanced manufacturing.
State Strategy 2.2.2: Support workforce readiness programs that provide skills necessary to acquire jobs with emphasis on preparedness for high growth/high demand industries.
State Strategy 2.2.3: Strengthen basic skills programs in public schools including opportunities for dual enrollment and apprenticeships.
State Strategy 2.2.4: Support programs increasing adult literacy.
State Objective 2.3: Promote Healthcare Initiatives.
State Strategy 2.3.1: Support educational programs that train healthcare professionals who will locate in Appalachian Alabama.
State Strategy 2.3.2: Support programs to provide primary health care to Appalachian citizens.
State Strategy 2.3.3: Support the development of health career education pathways linking students at all grade levels – primary, secondary, post-secondary, and post-graduate – and encouraging them to pursue health career training in Appalachian Alabama.
State Strategy 2.3.4: Pursue healthcare workforce development initiatives that tailor training programs to the needs of workers, patients, and healthcare institutions in rural communities and other underserved areas.

State Strategy 2.3.5: Invest in the physical infrastructure needed to expand and sustain primary health care services, including equipment, telemedicine facilities, and electronic medical records systems.

State Strategy 2.3.6: Support programs to prevent teen pregnancy.

State Strategy 2.3.7: Support projects that expand access to health services through telemedicine applications.

State Strategy 2.3.8: Support and expand efforts to increase the effectiveness of community coalitions and partnerships which address regional and community healthcare issues.

C. **ARC Investment Goal 3:** Critical Infrastructure – Invest in critical infrastructure – especially broadband; transportation, including the Appalachian Development Highway System; and water/wastewater systems.

State Objective 3.1: Assist in the development of a modern communications/broadband network that includes voice, data, and video.

> **State Strategy 3.1.1:** Assist in providing the basic infrastructure necessary for the public and private sector to work together in developing and maintaining a communication/broadband network.
>
> **State Strategy 3.1.2:** Support efforts to link new and existing telecommunication networks.
>
> **State Strategy 3.1.3:** Support training in the public, private, and nonprofit sectors in Appalachian Alabama in the use of new technologies and applications.
>
> **State Strategy 3.1.4:** Encourage strategic investment in telecommunications infrastructure, including the use of fiber optic cable in basic infrastructure projects that increases local, regional, and global connectivity.

State Objective 3.2: Assist in the development a balanced transportation system, which reduces isolation in the region.

> **State Strategy 3.2.1:** Work with state and local partners to identify and develop intermodal transportation facilities.
>
> **State Strategy 3.2.2:** Support programs to encourage the expanded use of existing intermodal facilities.
>
> **State Strategy 3.2.3:** Extend rail spurs into industrial areas, with a priority on those that serve multiple sites.
>
> **State Strategy 3.2.4:** Support efforts to complete Corridor X.
>
> **State Strategy 3.2.5:** Support efforts to complete Corridor V.

State Objective 3.3: Support building and enhancing basic infrastructure including water and sewer.

> **State Strategy 3.3.1:** Support job creation and retention by investing in water, sewer, site development, industrial access roads, and other physical infrastructure to serve new and expanding industrial and commercial development.
>
> **State Strategy 3.3.2:** Pursuant to ARC's residential service policy, ensure public health, regulatory compliance, and economic opportunity by assisting in the providing of new and existing customers with safe drinking water. The State will give priority to water projects that serve areas with documented health hazards.
>
> **State Strategy 3.3.3:** Pursuant to ARC's residential service policy, ensure public health, regulatory compliance, and economic development by assisting in the providing of new and existing customers with wastewater disposal and treatment

services. The State will give priority to wastewater projects that serve areas with documented health hazards.

State Strategy 3.3.4: Support the development and construction of strategic public facilities to include business incubators and accelerators that will enhance opportunities for job creation and retention.

State Strategy 3.3.5: Encourage and support the use of the latest technology upgrades for schools and other eligible facilities.

D. **ARC Investment Goal 4:** Natural and Cultural Assets – Strengthen Appalachia's community and economic development potential by leveraging the Region's natural and cultural heritage assets.

State Objective 4.1: Support the increase of employment and sales in the travel and heritage tourism industry, particularly in the areas of outdoor recreation, convention attractions, and historical interest.

State Strategy 4.1.1: Support strategic marketing programs for the travel and tourism industry.

State Strategy 4.1.2: Support the strategic development of heritage tourism by investing in downtown redevelopment, gateway communities, historic districts and other unique local community features.

E. **ARC Investment Goal 5:** Leadership and Community Capacity – Build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate, and advance community and economic development.

State Objective 5.1: Enhance the capacity of local municipalities to plan for economic and community development.

State Strategy 5.1.1: Support local entities to develop and maintain programs that train residents, including primary through undergraduate students of the region in economic and community development.

State Strategy 5.1.2: Support local entities to develop and maintain economic and community development plans.

State Objective 5.2: Support provision of training opportunities to enhance the leadership skills of local officials and private nonprofit groups tasked with providing services to the community.

State Strategy 5.2.1: Assist in development of programs that provide training in leadership development to residents, including primary through undergraduate students of the region.

Alabama ARC Operating Policies

ADECA solicits applications for ARC funding from Local Development Districts, educational institutions, non-profit organizations, and governmental entities. ADECA notifies the public when ARC funding is available via the ADECA website, social media and through an email distribution list. Programs and activities benefiting the residents of Appalachian Alabama are eligible to receive consideration for ARC's congressionally designated allocations. Applications for ARC funding should be mailed to ADECA:

Alabama Department of Economic and Community Affairs
Kenneth W. Boswell, Director
ARC Program
401 Adams Avenue
Montgomery, AL 36103-5690

The Alabama ARC staff, in conjunction with federal ARC staff, typically host an ARC application workshop, at which the goals of the ARC, state priorities and how to apply for ARC funding are emphasized. The application submission deadline is also announced at that time.

Applications for ARC funding are reviewed by ADECA staff in the Community and Economic Development Division for eligibility and alignment with ARC goals and state priorities. Applications are ranked based on impact to the community, alignment with goals of the ARC and state priorities, project feasibility, community capacity, and performance measures. Applications that promote economic development and job creation in distressed counties are prioritized. Applications that promote the Governor's priorities are given special consideration. After the review process, recommendations for funding are submitted to the Director of ADECA and Governor Ivey for review and approval.

The state's maximum investment for counties as designated by the ARC are as follows:

- Distressed   80% of Total Project Cost
- At-Risk   70% of Total Project Cost
- Transitional   50% of Total Project Cost
- Competitive   30% of Total Project Cost
- Attainment   Not eligible for ARC funding

The maximum investment of ARC funding in a project is $200,000.00; however, the ceiling may be raised in certain critical and/or promising circumstances. Cost overruns on previously approved projects will generally not be considered for funding. Overrun requests may be considered if additional jobs will be created by the modification.

Proposals for the following activities are not eligible for ARC funding: construction of schools, libraries, government offices, community centers, law enforcement facilities or day-use recreational facilities.

Investment opportunities outside of the state's targeted priorities may be considered for ARC funding if they are consistent with the goals and objectives outlined in the state's broader Appalachian Development Plan and the ARC Strategic Plan.

General Information

The ARC Application Workshop is generally held in late summer or early fall. The deadline for submission of ARC applications is typically mid to late fall.

Applicants should submit an original application and one copy for non-construction projects. An original application and two copies should be submitted for construction projects.

ARC funds will not be used for projects that duplicate services available from other established state funded programs.

Generally, ARC projects are funded for one year but may be considered for more years, depending on project performance, expansion of services or added components. A new proposal must be submitted each year to receive consideration.

All required forms and information related to Alabama's ARC program can be found at http://adeca.alabama.gov/Divisions/ced/Pages/Appalachian-Regional-Commission.aspx.