Ohio | Development Services Agency

FY 2014 Ohio Annual Strategy Statement for Implementation of Appalachian Regional Commission Programs

February 2014

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Governor's Office of Appalachia and
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Submitted To:
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Introduction

The State of Ohio is required to prepare and submit an Annual Strategy Statement for Implementation of Appalachian Regional Commission Programs to the Appalachian Regional Commission (ARC), pursuant to Chapter 5, Section 5.4 of the ARC Code. The purpose of the Annual Strategy Statement is to describe the programs and policies that the State of Ohio will undertake to achieve the goals and objectives outlined in the FY 2011 – FY 2014 Ohio Appalachian Development Plan, as well as to comply with the ARC Code and ARC goals, which are as follows:

- Increase job opportunities and per capita income in Appalachia to reach parity with the nation
- Strengthen the capacity of the people of Appalachia to compete in the global economy
- Develop and improve Appalachia's infrastructure to make the Region economically competitive
- Build the Appalachian Development Highway System to reduce Appalachia's isolation

The FY 2014 Ohio Strategy Statement will be submitted by Governor John Kasich for review and approval in February 2014 at a Governors' Quorum Meeting, or via mail ballot authorized at such a meeting, and will remain in effect until amended or in the event that a new Strategy Statement is approved by the ARC. Amendments to Strategy Statements that are consistent with a state's Appalachian Development Plan may be approved at either a Governors' Quorum Meeting or an Alternates Meeting.

The final approved FY 2014 Annual Strategy Statement will be made available on the Ohio Development Services Agency's website at http://development.ohio.gov/cs/cs_goa.htm. Additional Ohio ARC information such as program specifics, policies and contact information will also be made available at the website and from Ohio's Local Development Districts (LDDs).

Ohio Appalachian Region

The Appalachian Ohio region covers a vast portion of the state. The 32 Appalachian counties stretch south along the Ohio River and as far north as Lake Erie. The region's infrastructure connects businesses in Ohio's cities and townships with access to regional, national, and global markets.

The 32 Appalachian counties, designated as Appalachian by the U.S. Congress in the Appalachian Regional Development Act of 1965 as well as the 1990 and 2008 ARC reauthorization legislation, were selected because they were part of a region that needs the opportunity to accommodate future growth and development. The counties also need to demonstrate local leadership and coordinate planning so that housing, public services, transportation, and other community facilities can be provided.

Map 1: Ohio Appalachian Region

Section I: Updated Overview of Ohio's Appalachian Region

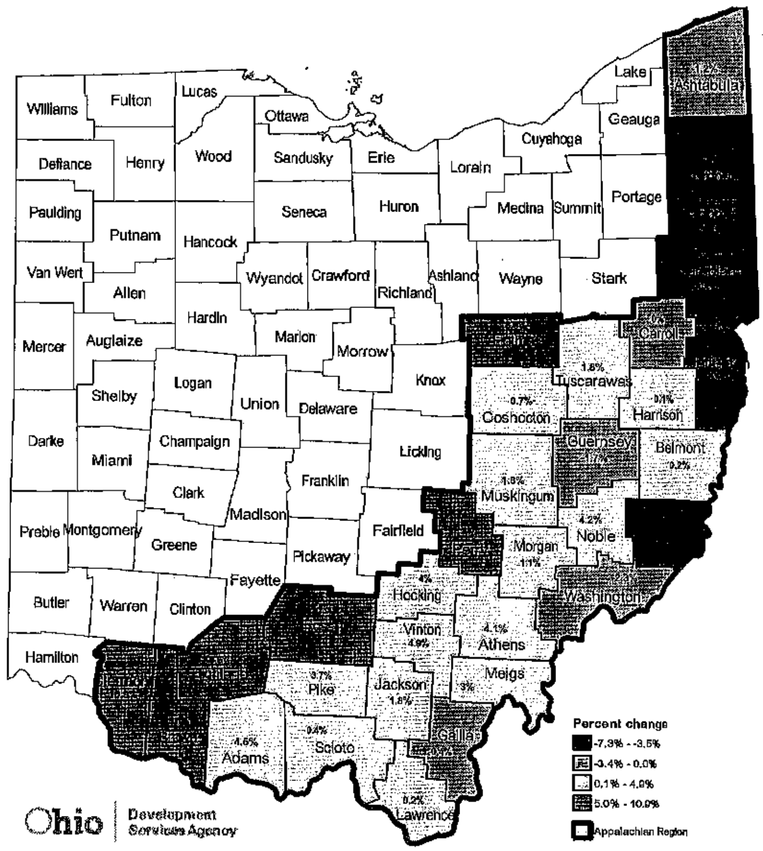
A. Economic Conditions

Population

With a population of 2,042,040 based on the 2010 U.S. Census, Appalachian Ohio represents 17.7 percent of Ohio's total population of 11,536,504. The 2008 ARC reauthorization legislation designated Trumbull, Mahoning, and Ashtabula counties as Appalachian, increasing the number of Ohio Appalachian counties from 29 to 32. Adjusting for this significant increase in the number of Ohio Appalachians, the population of Ohio's Appalachian region has remained steady during the past four decades, and it is projected to see a small percentage of growth during the next two decades (see Figure 1).

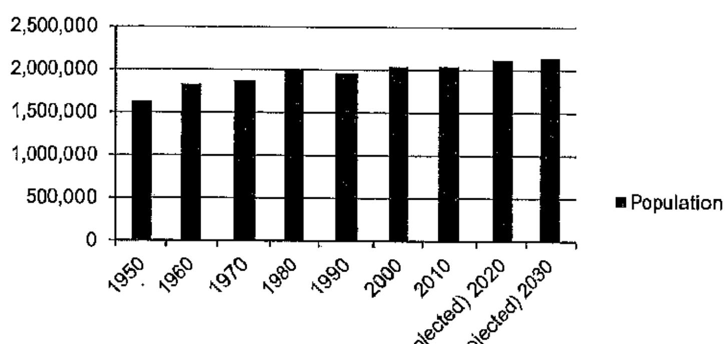
Based on 2000 and 2010 Census figures, the population of Appalachian Ohio has remained stable, increasing by only 1,328 in 2010 – a growth rate lower than Ohio's annualized percent change of 1.6 percent (see Figure 1). As in other regions of the state, the county-by-county population changes from 2000 to 2010 have varied. As shown in Map 2, Appalachian counties had population loss from 2000-2010, with the counties of Jefferson, Mahoning, and Trumbull experiencing population loss of greater than 5 percent from that 10-year period. Of the 22 counties that experienced increases in population only Clermont and Holmes counties had a greater than 8 percent increase in population from 2000 to 2010. The only county that had the same population from 2000 to 2010 was Carroll County.

Map 2: Appalachian Counties Change of Population Change 2000 – 2010



Source: U.S. Census

Figure 1: U.S. Census Population Change of Ohio Appalachian Region



Source: U.S. Census
*projections based on OPRSP

Unemployment

Historically, the Appalachian region has experienced higher levels of unemployment when compared to the national and state annual unemployment rate averages, as indicated in Figure 2 that examines the period of 2006 to 2012. As of November 2013, the Ohio Appalachian region unemployment rate is 8.1 percent, which represents a slight decrease from the same period in 2012, as reported by the Bureau of Labor and Statistics. When compared to the national unemployment rate of 7.1 percent and state unemployment rate of 7.4 percent for November 2013, the ARC region is 1.0 percent greater than the national average and 0.7 percent greater than the state average of 7.4 percent, but a decrease of nearly 3.3% since the recession of 2009.

Map 3: Appalachian County Unemployment Rate – 11/2013

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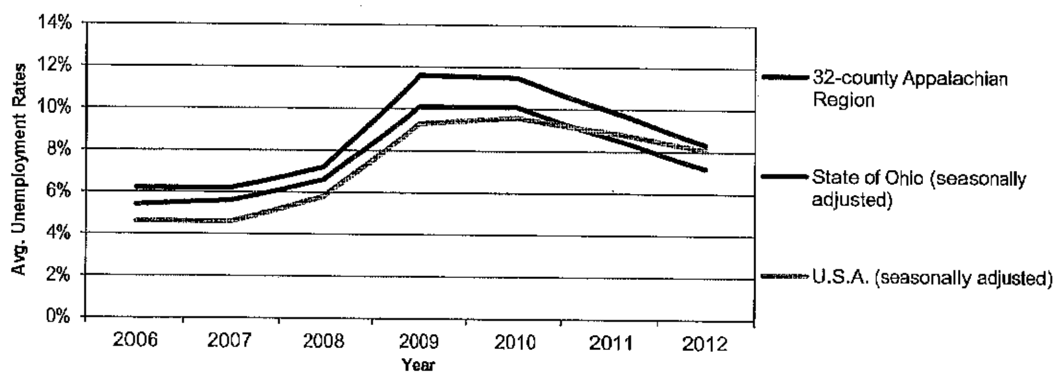
Source: Ohio Job and Family Services

Map 3 indicates that unemployment rates of the Appalachian counties vary throughout the region, and high unemployment rates are not concentrated in one particular area of the region. Four counties have an unemployment rate at or below the national average of 7.1 percent, and 17 counties have unemployment rates that exceed the Ohio Appalachian region average unemployment rate.

Figure 2: 2006 – 2012 Annual Average Unemployment Rate Comparison



Source: Ohio Job and Family Services

Employment

The U.S. Bureau of Labor and Statistics releases annual employment and wage data through the Quarterly Census of Employment and Wages (QCEW) program aggregated by industry at the national, state and county levels. Table 1 below includes provides a comparison of 2012 and 2009 private and public sector QCEW data for the Appalachian region of Ohio to show how the economic condition of the region has responded to the recession that began in 2008. An average of 107,500 people were employed in the public sector in 2012 as either federal, state, and local government employees, which represents a 5.5 percent decrease from 2009. The private sector has experienced a 2.6 percent increase in average employment from 510,657 people in 2009 to 523,932 in 2012. Within the private sector, 76.4% of all employment were service provider industries, with 23.5% being goods producing industries.

Total wages in the government sector were $4.2 billion; in the goods-producing private sector were $6 billion; and in the service-producing private sector were $12 billion. The average salaries increased in all sectors and industries with the private sector increasing by 7.7%. The natural resources and mining industry experienced the largest increase in annual average salary from over $48,000 in 2009 to nearly $56,000 in 2012, which represents a 16.1% increase. Overall the goods producing industries annual average salaries increased by 9.2% and the service provider industries increasing by 6.5%.

Table 1: Establishment and Employment by Sector: 2009 – 2012

	2012 Number of Establishments	2012 Average Employment	2012 Average Annual Salary	2009 Number of Establishments	2009 Average Employment	2009 Average Annual Salary
Private Sector	38,461	523,932	$34,539	39,545	510,657	$32,063
Goods Producing	7,002	123,517	$48,634	7,674	116,897	$44,547
Natural Resources and Mining	664	6,881	$55,947	651	7,033	$48,189
Construction	3,862	23,885	$46,224	4,373	25,524	$43,009
Manufacturing	2,485	87,868	$48,688	2,656	82,421	$44,659
Service-Providing	31,459	400,415	$30,191	31,871	393,760	$28,357
Trade, Transportation and Utilities	9,860	129,413	$31,700	10,130	130,441	$29,423
Information	480	6,892	$45,368	507	8,035	$42,695
Financial Services	3,499	22,042	$39,603	3,700	24,037	$37,643
Professional and Business Services	4,863	48,002	$35,906	4,831	41,081	$33,169
Education and Health Services	4,773	110,234	$34,874	4,715	108,811	$33,110
Leisure and Hospitality	4,168	65,226	$12,794	4,252	62,813	$11,886
Other Services	3,781	18,194	$21,282	3,690	18,204	$19,791
Federal Government		7,128	$58,331		7,373	$55,896
State Government		17,198	$50,779		17,989	$49,079
Local Government		83,193	$35,872		88,416	$34,917

Table 2: Establishment, Employment and Salary by Sector Percent Change from 2009 – 2012

	Number of Establishments	Average Employment	Average Annual Salary
Private Sector	-2.7%	2.6%	7.7%
Goods Producing	-8.8%	5.7%	9.2%
Natural Resources and Mining	2.0%	-2.2%	16.1%
Construction	-11.7%	-6.4%	7.5%
Manufacturing	-6.4%	6.6%	9.0%
Service Providing	-1.3%	1.7%	6.5%
Trade, Transportation and Utilities	-2.7%	-0.8%	7.7%
Information	-5.3%	-14.2%	6.3%
Financial Services	-5.4%	-8.3%	5.2%
Professional and Business Services	0.7%	16.8%	8.3%
Education and Health Services	1.2%	1.3%	5.3%
Leisure and Hospitality	-2.0%	3.8%	7.6%
Other Services	2.5%	-0.1%	7.5%
Federal Government		-3.3%	4.4%
State Government		-4.4%	3.5%
Local Government		-5.9%	2.7%

Source: Bureau of Labor and Statistics

The number of private sector establishments shrank from 2009 to 2012 in all goods-producing and service-producing sectors by a total of 2.7%. The largest decreases by percentage of average employment from 2009 to 2012 were information at 14.2 percent and financial services at 8.3 percent. A number of areas saw increases in average employment during that period, which were professional and business services, manufacturing, education and health services and leisure and hospitality

The Office of Policy Research and Strategic Planning compiled statistics with regards to the annual business starts and active businesses in Ohio Appalachia from 2008 to 2012, as indicated in Table 3. Based upon this data there were 4 percent less business starts in 2012 than in 2008, and approximately 6 percent less active businesses in 2012 than in 2008.

Table 3: Business Activity 2008 – 2012 in Ohio Appalachia

Business Numbers	2008	2009	2010	2011	2012	Percent Change Since 2008
Business Starts	3,114	2,979	2,523	2,624	2,988	-4.0%
Active Businesses	36,026	34,985	34,310	34,038	33,703	-6.4%

Source: Bureau of Labor and Statistics and OPRSP

Poverty

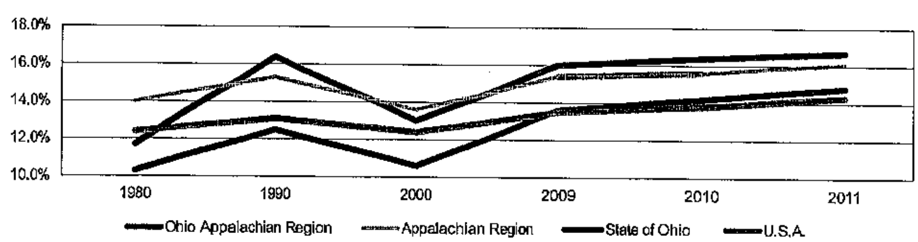
Currently, the Appalachian region of Ohio has a poverty rate, based upon the U.S. Census American Community Survey 2007-2011 data, at 16.7 percent. There are a total of nine counties, primarily located in the southernmost portion of the region, that have a poverty rate above 20 percent. Athens County is the only county in the Ohio Appalachian region with poverty rate levels above 30 percent, as indicated on Map 4.

The Ohio Appalachian region has historically had poverty rate levels above the State of Ohio and national averages. Since 2009 the Ohio Appalachian region, national Appalachian region, State of Ohio and nation have all experienced increases in the poverty rate levels, but the Ohio Appalachian region's levels have been greater during that period, as indicated in Figure 3 below.

Map 4: 2011 Appalachian Counties Poverty Rate

Source: 2007-2011 ACS

Figure 3: Poverty Rate Comparison 1980 – 2011



Source: U.S. Census

Per Capita Personal Income

Per capital personal income in both Ohio and in Ohio's Appalachian region grew steadily from 1999 to 2010. However, the per capital personal income for the State of Ohio for 2010 was $36,162, approximately $6,000 more that the per capita personal income for the Ohio's Appalachian region which was $29,651 during the same time period, as indicated in Table 4. The methodology ARC uses to determine this information can be found at the following website:
http://www.arc.gov/research/SourceandMethodologyPersonalIncomeRates.asp

Table 4: Personal Income Rate, 2010

	Total Personal Income (1000's), 2010	Transfer Payments (1000's), 2010	BEA Population, 2010	**Per Capita Income, 2010**	Per Capita Income, Percent of U.S. Average, 2010	Per Capita Market Income, 2010	Per Capita Market Income, Percent of U.S. Average, 2010
United States	$12,353,577,000	$2,281,184,000	309,330,219	**$39,937**	100.0%	$32,562	100.0%
Appalachian Region	$824,846,530	$207,688,870	25,267,211	**$32,645**	81.7%	$24,425	75.0%
Ohio	$417,234,744	$89,792,120	11,537,968	**$36,162**	90.5%	$28,380	87.2%
Appalachian Ohio	$60,536,118	$17,481,765	2,041,616	**$29,651**	74.2%	$21,088	64.8%

Source: http://www.arc.gov/reports/custom_report.asp?REPORT_ID=43

Trends

The Ohio Environmental Protection Agency (OEPA) provides estimates of the water and wastewater infrastructure needs for the state. OEPA's 2008 Clean Watershed Needs Survey provides a "snapshot" of the state's wastewater needs based on documented problems including failing septic tanks, sewer overflows, and aging wastewater treatment systems. The costs for improvements are based on a 20-year time frame, because communities generally work with the OEPA to secure permits and build improvements in phases over multiple years. Using the documented problems and basing its estimate on the funds needed to correct the documented problems as of January 1, 2008, the OEPA estimates that Ohio's 32 Appalachian counties would require more than $900 million to correct failing and aging wastewater infrastructure. An estimate of Ohio Appalachia's water infrastructure needs is provided in the OEPA's Final Project Priority List for Program Year 2012. The list, published in August 2011 by the Drinking Water Assistance Funds (DWAF) *Program Management and Intended Use Plan*, lists a total of 78 priority projects in Ohio's Appalachian region with a total cost estimate of $107.3 million.

Education

Educational attainment rates for Ohio's Appalachia region showed improvement between 2000 and 2011. The 2007-2011 U.S. Census American Community Survey reported 87.2 percent of 18 to 64 year olds are high school graduates, an increase of 13.6 percent from the 2000 Census. Currently, the region has a greater percentage of high school graduates in this age group than the national average of 86.8 percent, and only 2.3 percent lower than the state average as a whole.

The gap between the population of Ohio's Appalachia region and the state as a whole with a bachelor's degree or higher has been significantly reduced since 2000. Currently, 26.7 percent of the 25- to 64-year old age group in Ohio have a bachelor's degree or higher, compared to 17.3 percent among the same age group in Ohio's 32 Appalachian counties. Although the percent is significantly less than the national and state averages, the region has experienced an increase of more than 9 percent in attainment of bachelor's degrees since 2000.

Table 5: Education Attainment Levels 2000 – 2011

Location	Percent of 18-64 year olds with High School Diploma (2011)	Percent of 18-64 year olds with High School Diploma (2000)	Percent Change 18-64 year olds with High School Diploma (2000-2011)	Percent of 25-64 year olds with Bachelor's Degree or Higher (2011)	Percent of 25-64 year olds with Bachelor's Degree or Higher (2000)	Percent Change of 25-64 year olds with Bachelor's Degree or Higher from 2000-2011
United States	86.8%	82.5%	**4.3%**	30.0%	26.5%	**3.5%**
Ohio	89.5%	85.7%	**3.8%**	26.7%	23.3%	**3.4%**
Appalachian Ohio	87.2%	73.6%	**13.6%**	17.3%	8.0%	**9.3%**
Adams	82.5%	82.0%	**0.5%**	12.1%	11.8%	**0.4%**
Ashtabula	86.5%	89.9%	**-3.4%**	13.9%	27.6%	**-13.6%**
Athens	92.8%	86.0%	**6.8%**	30.2%	12.8%	**17.4%**
Belmont	87.7%	78.2%	**9.5%**	14.9%	9.5%	**5.4%**
Brown	84.7%	85.1%	**-0.4%**	11.4%	10.1%	**1.3%**
Carroll	86.8%	84.3%	**2.5%**	13.6%	22.8%	**-9.2%**
Clermont	89.8%	84.0%	**5.8%**	27.4%	12.1%	**15.3%**
Columbiana	88.6%	80.2%	**8.4%**	14.0%	10.9%	**3.1%**
Coshocton	85.7%	78.2%	**7.6%**	12.1%	12.8%	**-0.7%**
Gallia	85.0%	80.0%	**5.0%**	16.1%	10.3%	**5.8%**
Guernsey	85.8%	85.4%	**0.4%**	12.6%	9.7%	**2.8%**
Harrison	88.1%	78.9%	**9.2%**	9.3%	10.4%	**-1.1%**
Highland	82.2%	81.0%	**1.2%**	10.6%	10.1%	**0.5%**
Hocking	89.0%	49.5%	**39.5%**	12.9%	8.5%	**4.4%**
Holmes	53.9%	78.6%	**-24.7%**	9.7%	11.1%	**-1.4%**
Jackson	82.2%	87.8%	**-5.6%**	15.5%	13.4%	**2.1%**
Jefferson	90.7%	80.4%	**10.3%**	15.6%	11.4%	**4.2%**
Lawrence	86.3%	86.6%	**-0.3%**	15.6%	20.0%	**-4.3%**
Mahoning	90.4%	78.2%	**12.3%**	23.9%	8.3%	**15.5%**
Meigs	85.5%	83.6%	**1.9%**	12.4%	9.3%	**3.2%**
Monroe	90.2%	83.1%	**7.1%**	10.2%	9.7%	**0.5%**
Morgan	85.9%	84.0%	**1.9%**	8.9%	13.9%	**-5.0%**
Muskingum	89.2%	80.5%	**8.7%**	15.6%	8.5%	**7.1%**
Noble	78.0%	80.8%	**-2.8%**	7.8%	7.4%	**0.3%**
Perry	86.9%	73.4%	**13.5%**	10.2%	9.2%	**1.0%**
Pike	79.8%	79.0%	**0.7%**	12.7%	12.2%	**0.5%**
Ross	86.6%	77.8%	**8.8%**	15.3%	10.9%	**4.4%**
Scioto	83.8%	86.2%	**-2.4%**	14.5%	16.7%	**-2.2%**
Trumbull	89.3%	83.9%	**5.4%**	18.6%	13.7%	**4.9%**
Tuscarawas	87.1%	73.9%	**13.2%**	16.8%	6.1%	**10.6%**
Vinton	78.1%	87.7%	**-9.5%**	8.4%	15.7%	**-7.3%**
Washington	91.0%	82.8%	**8.1%**	16.6%	14.6%	**2.0%**

Source: 2000 U.S. Census
2007-2011 American Community Survey

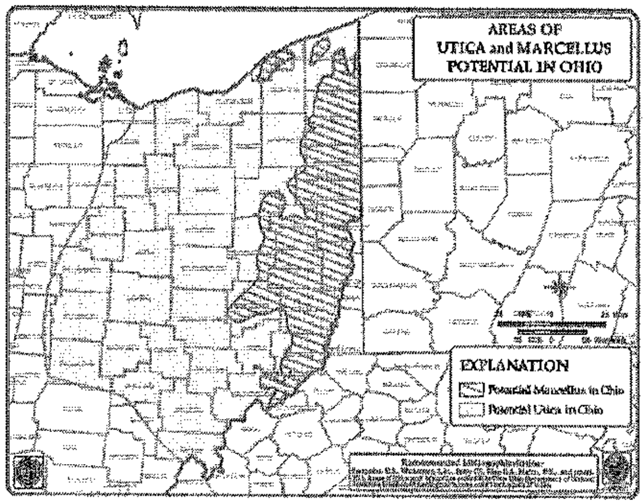
Shale

Ohio's Appalachian region is at a crossroads for economic development. The advancements made from extracting natural gas from native shale deposits, shown in Map 5, have created an opportunity to remake the regional economy of Ohio. Being actively involved in the energy industry is not without precedent for Ohio's Appalachian region. Historically, the region has been a major contributor to the nation's need for timber, charcoal and coal as an energy source. As learned from past experience with energy industries and economies, great opportunities also bring great responsibilities. To truly achieve the potential of this regional opportunity, it will require public/private partnership and leadership that ensures the entire region benefits from activities related to natural gas. It will also require a business climate that encourages common sense development of the resource, while protecting the environment for future generations.

In August and September of 2011, the Ohio Department of Natural Resources (ODNR) held a series of "government-to-government" meetings on Utica and Marcellus shale development. ODNR staff met with local government leaders in eastern Ohio counties located in the Utica and Marcellus formations and with representatives from the Ohio Environmental Protection Agency, Ohio Department of Taxation, Ohio Department of Transportation, Public Utilities Commission of Ohio, Office of Workforce Development, Ohio Development Services Agency, Ohio Department of Health, and Ohio Department of Agriculture.

ODNR invited county engineers, auditors, and commissioners; township and municipal representatives; economic development leaders; county sheriffs; and state and federal elected officials to the meetings to address topics including: support from the state; workforce development; effective environmental regulation; community services, taxes, and housing; emergency management: hazmat procedures, safety training, fire and emergency medical services (EMS); and road maintenance agreements, infrastructure upgrades, transportation issues, and weight limits.

Map 5: Ohio Shale Potential



Source: ODNR

In 2012, Development Services Agency and the Governor's Office of Appalachia partnered with two Local Development Districts – the Ohio Mid-Eastern Governments Association and Buckeye Hills-Hocking Valley Regional Development District – to conduct Shale Development Roundtables in New Philadelphia and Marietta, Ohio, respectively. Speakers from various state and local government agencies were on hand to discuss programs and resources available to help communities navigate the shale industry expansion in Ohio. Topics included workforce training, affordable housing, and job creating transportation and public infrastructure investments that have been impacted by the oil and gas industry.

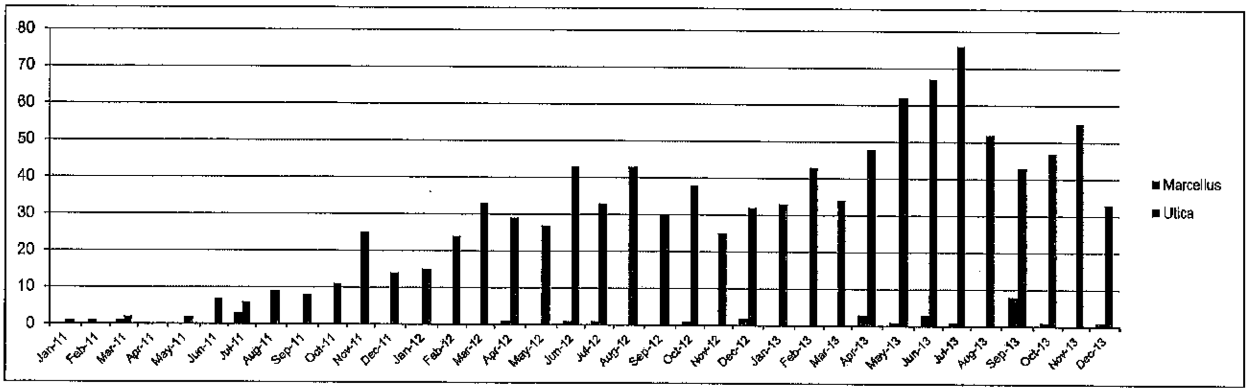
In Governor Kasich's *2012 Mid-Biennium Review (MBR)*, *Transforming Ohio for Growth*, the first pillar discusses the potential of shale extraction. "The Governor believes all Ohioans should benefit from the natural resources housed beneath our state, and it is equally important to put necessary precautions in place to ensure public safety." The proposal located at http://governor.ohio.gov/Portals/0/pdf/MBR/FINAL%20Energy.pdf adds that job creation is a major component to the shale development, and through coordination with several state agencies this can be achieved.

The potential for job creation in the 22 ARC counties that contain shale deposits will come in three phases: pre-drilling; drilling; and post-drilling. All three phases will require a workforce that includes commercial driver's license (CDL) drivers; heavy equipment maintenance technicians; office management; office operation support and petroleum engineers. The Ohio Department of Job and Family Services anticipates that low-skilled jobs will average $13 per hour, while highly skilled jobs, such as petroleum engineers, will average $46 per hour. These wages, as well as many other wage estimates related to the petroleum industry for the Appalachian region can be accessed at the Ohio Labor Market Information website at http://ohiolmi.com/oes/oes.htm.

Current Shale Production

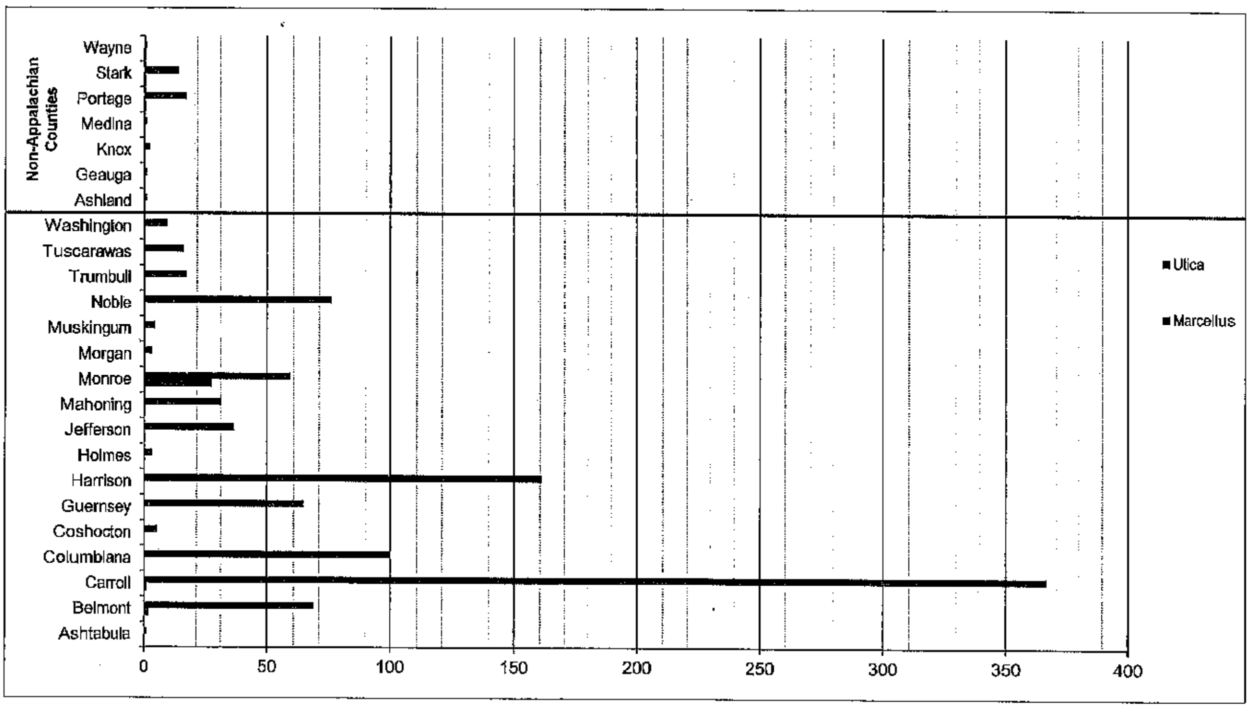
ODNR maintains the Oil and Natural Gas Well and Shale Development Resources page at its Division of Oil and Gas Resources Management Website. Map 6 shows that Ohio's shale development is heavily concentrated in the Appalachian counties. Shale wells have been permitted or are currently being drilled as far west as Holmes, Coshocton and Muskingum counties in Appalachia. The increased shale activity can be seen on Figure 4. The distribution of shale drilling projects throughout the region can be seen in Figure 5, which shows the counties that were issued drilling permits for horizontal Utica and Marcellus shale projects from 2011 – 2013.

Figure 4: Horizontal Drilling Permits Issued by Month 2011 – 2013



Source: ODNR Division of Mineral Resources and Management – Oil and Gas 1/2014

Figure 5: Horizontal Drilling Permits Issued by County 2011 – 2013



Source: ODNR Division of Mineral Resources and Management – Oil and Gas 1/2014

Map 6: Horizontal Shale Drilling Status and Locations 2011 – 2013

Source: ODNR Division of Mineral Resources and Manageme

Major New Initiatives

Local Government Innovation Fund

In 2011, the Ohio General Assembly established the Local Government Innovation Fund (LGIF) to increase efficient delivery of local government services and for training and implementation of efficiency programs. Funded projects are expected to result in shared services between political subdivisions and are encouraged to facilitate improved business environments and promote community attraction through their innovative collaboration. Efficiency, collaboration and sharing services with other communities should reduce costs to taxpayers overall.

In the 2012-2013 biennial budget, $45 million was authorized to the Fund, which provides up to $100,000 in grant funds per feasibility study and up to $500,000 in loan assistance for collaborative projects.

Small political subdivisions such as Appalachian communities are given priority in project selection. Many Appalachian communities have employed these funds to develop strategies for sharing public works facilities, working regionally to advance technology and improve education. After the first six rounds of LGIF awards, four of five Appalachian applications received were awarded loans totaling

$867,000. Of the 51 grant applications received from organizations and communities in Appalachia Ohio, a total of 27 were funded totaling $2,245,573.

Transportation

Ohio has been exercising the option outlined in Section 9.6 of the ARC Code to direct a portion of its annual Appalachian Development Highway System (ADHS) funds to the Local Access Road (LAR) program. Each ARC state has had the option of using $500,000 plus an amount up to 5 percent of its annual highway allocation for LAR projects, provided the total amount does not exceed $1 million. Using this formula, Ohio has allocated $1 million annually since 1986 for local access roads that "better link the region's businesses, communities, and residents to the Appalachian Development Highway System and to other key parts of the region's transportation network." LAR projects are identified at the local level and developed with assistance from the Local Development Districts (LDDs). Applicants submit LAR applications to their LDD for approval, and the approved, funded projects become part of the State Investment Package that is forwarded to ARC. Ohio Department of Transportation (ODOT) administers the Local Access Road projects and, along with ARC and the Federal Highway Administration, approves Ohio's LAR projects. Through 2012, all applicants for LAR projects have been required to document a match, ranging from 20 percent to 70 percent of the total project costs.

Historically, Ohio has funded on average two LAR projects each year, contributing approximately $500,000 to each project. The two-year reauthorization of the surface transportation program, Moving Ahead for Progress in the 21st Century, or MAP 21, eliminates dedicated funding for the ADHS and, the Local Access Road program. Local Access Road projects will continue to be eligible for federal funding as a permissible activity under the Surface Transportation Program (STP) block grant provided to Ohio and ODOT has agreed to provide $1 million in STP funds annually to continue the LAR program. As an incentive to continue the LAR program, project activities are eligible for 100 percent federal funding.

Local Access Road projects are one example of Ohio's LDDs involvement with ODOT and with transportation funding and planning. A stronger partnership and additional coordination of rural transportation projects is desired. Ohio LDDs have been working to build their expertise and capacity to work with other transportation planners, and the MAP 21 legislation provides a framework for their expanded role in rural transportation planning.

As part of the State of Ohio's ADHS Completion Plan, as required by MAP-21, ODOT has determined that Corridor B, known as the Portsmouth Bypass, is a priority. The Portsmouth Bypass will be a 16-mile four-lane divided, limited access highway around the city of Portsmouth in Scioto County. In 2011, Ohio House Bill 114 has allowed ODOT to enter into a public-private partnership to construct, finance and manage large-scale transportation projects, which will allow the project to be completed in a single phase.

Rural Transportation Planning

In conjunction with the National Association of Development Organizations (NADO) and its research foundation, the LDDs in Ohio have advocated for the establishment of formal Regional Transportation Planning Organizations (RTPOs) in federal highway legislation. Three of the Ohio LDDs were eligible for this designation, and the fourth, Eastgate Regional Council of Governments, as a federally designated Metropolitan Planning Organization (MPO), is now involved in a wide variety of activities related to transportation.

Statewide transportation planning in Ohio's rural regions outside the planning boundaries of MPO's is the responsibility of the ODOT in cooperation with local elected officials. Locally elected officials are responsible for transportation planning at the county level. No entity is responsible to bring the plans together at a regional level. Existing rural regional development organizations can assist the state in moving beyond its traditional role of building and repairing roads to a role as a strategic creator of interconnected public transit, rail, road, and water routes to boost economic development. With their experience in regional planning, project prioritization and management, and administration of state and federally funded projects, the LDDs are well-placed to assist the state in identifying and prioritizing regional transportation needs.

In 2012, three LDDs made progress toward obtaining RTPO designation. In July 2013, the Buckeye Hills-Hocking Valley Regional Development District, Ohio Mid-Eastern Governments Association and Ohio Valley Regional Development Corporation were designated RTPO's. The recently passed Transportation Reauthorization bill (MAP 21) does the following:

- **Establishes a formal definition and scope of work for Regional Transportation Planning Organizations (RTPOs)** to serve areas outside the boundaries of Metropolitan Planning Organizations (MPOs). It states that "a state may establish and designate regional transportation planning organizations to enhance the planning, coordination, and implementation of statewide strategic long-range transportation plans and transportation improvement programs, with an emphasis on addressing the needs of nonmetropolitan areas of the state."

- **Requires states to "cooperate" with nonmetropolitan local officials (or if applicable, through RTPOs) in carrying out the planning sections of the bill and in the development of the Long-Range Statewide Transportation Plan** with respect to nonmetropolitan areas.

- **Outlines that states shall, to the maximum extent practicable, develop a consultative process for nonmetropolitan local official involvement (including through RTPOs) that is "separate and discrete" from the public involvement process.**

- **Allows states to "consult" with nonmetropolitan local officials (or if applicable, through RTPOs) in the development of the Statewide Transportation Improvement Program (STIP)** with respect to nonmetropolitan areas. (The STIP is the four-year program for project investments.)

- **Clarifies that certain categories of federal highway projects for areas of less than 50,000 would be selected by the state "in cooperation" with affected nonmetropolitan local officials (or if applicable, through RTPOs).** For National Highway System, Interstate maintenance and bridge, and sections 5310, 5311, 5316, and 5317 transit projects, the state will select projects "in consultation" with affected nonmetropolitan local officials.

- **Under the structure of RTPOs, a fiscal and administrative agent, such as an existing regional planning and development organization,** shall be selected to provide professional planning, management and administrative support. The bill also requires RTPOs to form a policy committee and carry out specific planning and coordination activities.

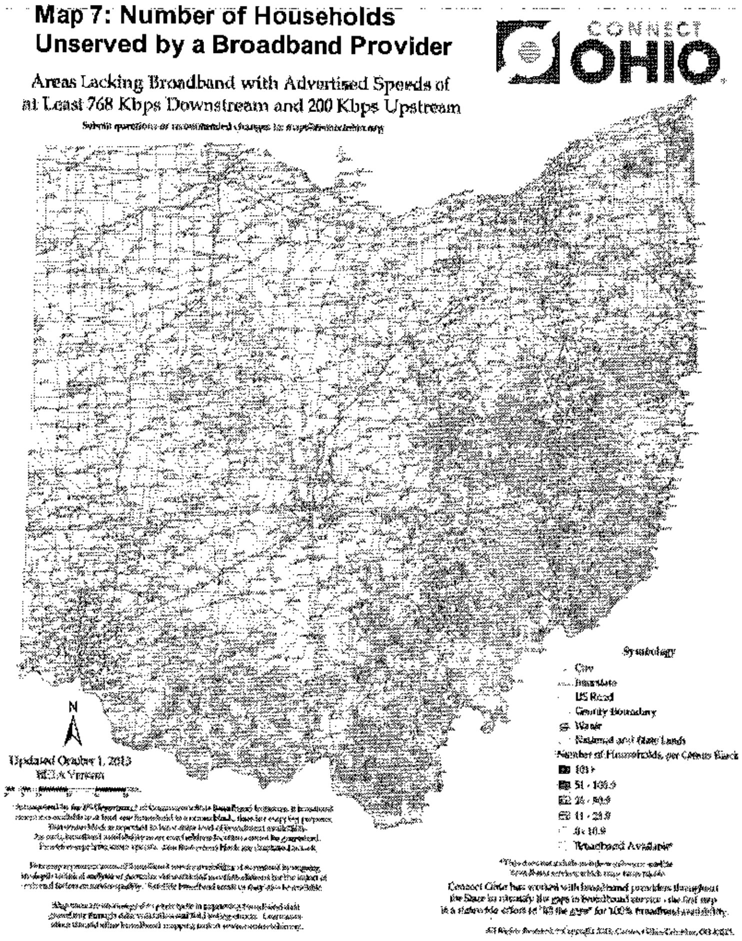
- **If a state chooses not to establish or designate RTPOs, the state shall "consult" with affected nonmetropolitan local officials** to determine projects that may be of regional significance. *Ohio is currently without a formal and well-defined process for rural local elected official involvement in the statewide transportation planning and programming processes.*

Ohio LDDs are committed to working with ODOT to develop and conduct the pilot Rural Transportation Planning Organization (RTPO) program in Ohio. ODOT's RTPO Pilot program will contract with two existing Ohio multi-county nonmetropolitan planning agencies to conduct two-year regional transportation planning programs for the agencies' geographies. The Pilot programs will develop a transportation planning document for the regions, facilitate consultation with Ohio non-metropolitan area local officials, and develop transportation planning expertise within the Pilot agencies.

Broadband

The Connect Appalachia Broadband Initiative (CABI) is a task force bringing together public, private, and nonprofit organizations as partners committed to improve access to broadband service in the region. Making broadband available to businesses and residents in rural Appalachia will improve computer literacy in the Appalachian Ohio region and increase access to greater economic opportunity.

Map 7: Number of Households Unserved by a Broadband Provider



The cost of the digital divide to Appalachian businesses was presented in Connect Ohio's April 2012 report *Bridging the Divide: Broadband and Businesses in Appalachian Ohio*. Businesses with Internet access use it to earn revenues from online sales. Connect Ohio found that the majority of Appalachian businesses that are not using broadband are small, employing fewer than 20 employees. Businesses in Ohio Appalachia of the same size using broadband earn more than $100,000 more in annual revenue.

The Governor's Office of Appalachia's 2014 goals include the continued expansion of broadband access in the region, which will have a direct impact on the economic development of the region and the quality of life in the Appalachian region will continue to improve.

Workforce Development

Upon taking office, Governor Kasich inherited a workforce development system that had long been criticized by employers for being unable to help them improve their competitiveness. Problems frequently cited were its excessive bureaucracy and complexity, inability to align training programs with skills employers need, and its focus on primarily serving workers who had already lost their jobs instead of also helping incumbent workers upgrade their skills.

Recognizing both the importance of improving Ohio's workforce development system and the enormity of the challenge, in February 2012 Governor Kasich issued Executive Order 2012-02K, creating the Governor's Office of Workforce Transformation (OWT) to be headed by a director reporting directly to the governor. Further, he established the Governor's Executive Workforce Board, comprised of business leaders and workforce development stakeholders, to guide the OWT and ensure that business needs are at the forefront of improvements made to the workforce system.

The Office of Workforce Transformation has a clear focus on three strategic priorities allowing them to identify achievable, worthwhile projects. The strategic priorities are to:

Strategic Priority 1:

Workers and education and training institutions do not have a reliable, consistent method for identifying the most in-demand jobs or skills that industries need. By summarizing the workforce needs of an industry, we can better align qualified workers with the needs of employers in order to create a more efficient and organized workforce.

Strategic Priority 2:

Businesses in Ohio struggle to connect with qualified people to fill high-demand job openings. We are missing critical opportunities to expose and inform students of Ohio's most in-demand jobs. With a directionally accurate summary of businesses most urgent job needs, our local workforce, education and training systems will be in a better position to fill the gaps.

Strategic Priority 3:

We are focused on reorganizing and reforming more than 90 workforce programs across 13 state agencies in order to make necessary updates and ensure better connections between businesses and workers. Currently, it is a common complaint that Ohio's workforce system is fragmented, confusing, and misaligned; however, the Office of Workforce Transformation and the Governor's Executive Workforce Board are committed to improving these programs to ensure better coordination with a commitment to putting people to work.

As indicated in the Ohio Department of Job and Family Services *Ohio Shale: Quarterly Economic Trends for Ohio Oil and Gas Industries* report that was released in July 2013, the demand in Ohio in core and ancillary shale-related industries, as measured by online ads, has increased significantly in the Ohio Appalachian region. According to this report, the JobsOhio Appalachian Partnership for Economic Growth network region has experienced a 34.5 percent increase from the second quarter of 2012 to the same period in 2013.

Forty-three occupations have been identified for the shale-related activities beginning to take place in Ohio, which fall into three phases – pre-drilling, drilling, and post-drilling. Pre-drilling phase occupations include engineers and technicians, project managers, surveyors, and legal and real estate professions. The drilling phase requires plumbers and pipe fitters, welders and welding inspectors, oils and gas field workers, and landscapers. Occupations required for the post-drilling phase include pumpers/operators, environmental inspectors, and site managers. Occupations crossing all three phases include: CDL drivers, heavy equipment maintenance technicians; office management; office operation support; and petroleum engineers. Occupations in the oil and gas industry rely heavily on previous, hands-on work experience and on-the-job training, with approximately 25 percent of the direct workforce occupations requiring some post-secondary education.

The state is working with Appalachian colleges including Zane State College and the Eastern Gateway Community College (EGCC), to provide training for the oil and gas industry. Zane State College received the Energize Appalachian Ohio grant, which funds its oil and gas classroom training. EGCC has conducted classroom training in support of the industry as part of the ShaleNET grant. ShaleNET is a project funded by the U.S. Department of Labor, Employment and Training Administration to design a comprehensive recruitment, training, placement, and retention program for high priority occupations in the natural gas drilling and production industry. The ShaleNET grant also is paying for on-the-job training in Belmont, Carroll, Columbiana, Harrison, Jefferson, Mahoning and Trumbull counties.

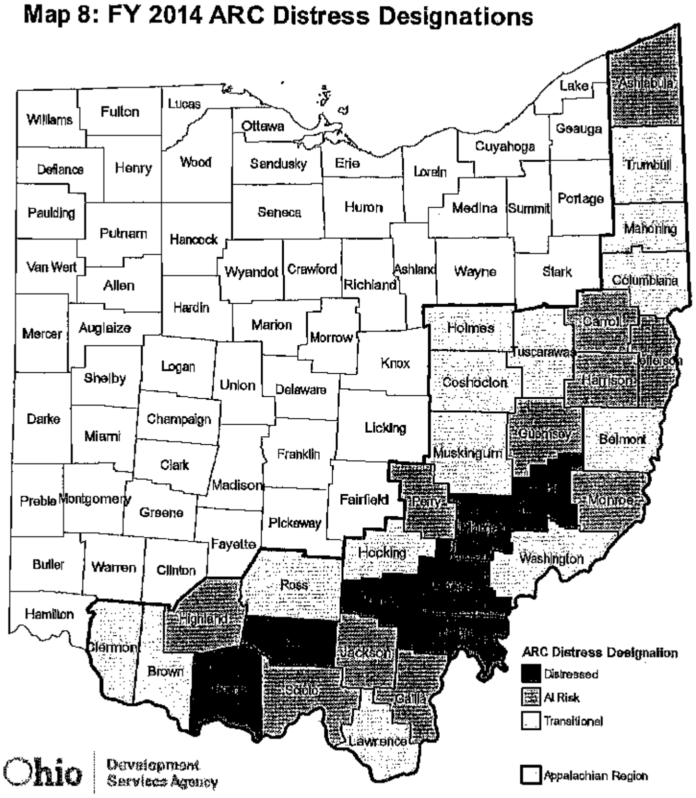
B. <u>Current Distressed County Designations</u>

Section 7.5.d of the ARC Code lists the strategy statement requirements for states having designated distressed counties, an ARC designation recognizing"...counties within Appalachia with persistent, long-term problems that have resulted in extraordinary levels of economic and human distress." In FY 2014, seven of Ohio's 32 Appalachian counties are designated as distressed: Adams, Athens, Meigs, Morgan, Noble, Pike and Vinton. These are the same counties designated as distressed in FY 2013. The ARC Code describes the Commission's commitment to providing special assistance to distressed counties to ensure that "...residents are better able to address problems, realize opportunities, and effectively participate in setting the course of their future development." States having distressed counties are required to include "...special objectives and strategies and funding criteria..." for those counties in their Strategy Statements.

The ARC Code also encourages states to undertake specific activities to serve distressed counties. These include:

- Developing and funding projects that:
  - Facilitate the process of building local capacity,
  - Result from a collaborative process, or
  - Promote regional alliances.
- Working with their local partners to assure that Commission-funded activities in distressed counties are consistent with local community economic strategic plans, which should:
  - Identify community needs, actions for improvement, and capacity to sustain activities in the long term; and
  - Include measurable outcomes.

Map 8: FY 2014 ARC Distress Designations



Source: http://www.arc.gov/appalachian_region/TheAppalachianRegion.asp

These activities are encouraged for all Appalachian counties, with special emphasis given to distressed counties due to their economic fragility. Funding for the activities originates from two sources and includes leveraged funds from other sources. The Governor's Office of Appalachia receives approximately $4.5 million in federal funds annually from the ARC. The state has historically received an additional $1 million in federal funds for access roads in Appalachia through the Appalachian Development Highway System (ADHS). In each state fiscal year budget from FY 2001 through FY 2012, the GOA has received from $3.7 million to $4.3 million in General Revenue Funds (GRF) from the Ohio General Assembly to fund projects and initiatives that align with ARC goal areas. In state FY 2013, GOA received $3.2 million from the Ohio General Assembly.

Initiatives for distressed counties

Distressed counties may apply for up to 80 percent of project costs associated with a federal Appalachian Regional Commission (ARC) or state GRF, funded project, and multi-county projects that include a distressed county or counties may be eligible to apply for up to 65 percent of the total project costs. In-kind match for distressed county projects may be as much as one-third of the total required match.

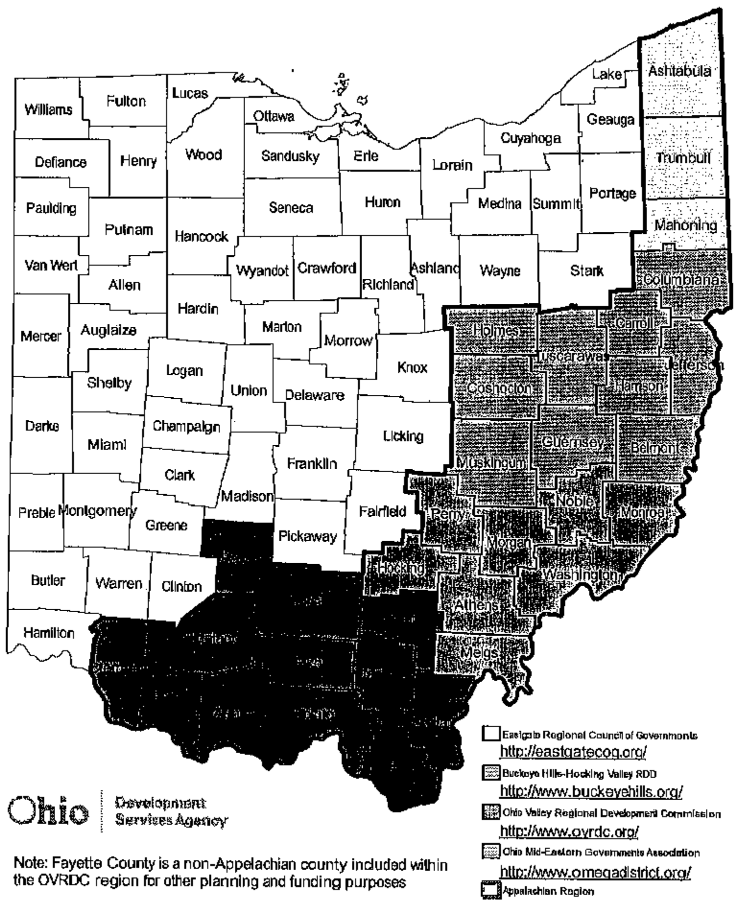
C. Designations and Overview of Other Counties

In FY 2014, along with the seven counties listed above that are designated as distressed, 11 counties have received the at-risk designation. They are Ashtabula, Carroll, Gallia, Guernsey, Harrison, Highland, Jackson, Jefferson, Monroe, Perry and Scioto. The remaining 14 counties are designated as transitional include: Belmont, Brown, Clermont, Columbiana, Coshocton, Hocking, Holmes, Lawrence, Mahoning, Muskingum, Ross, Trumbull, Tuscarawas and Washington. For FY 2014, none of Ohio's counties are designated as competitive or attained.

D. Ohio's Process for Developing the Annual Strategy Statement

The Office of Community Development within the Ohio Development Services Agency is responsible for preparing the annual strategy statement through coordinated efforts with the Ohio Local Development Districts (LDDs) and their members, nonprofits organizations, local communities, JobsOhio and their regional partner organizations.

Map 9: Local Development Districts



Local Development Districts (LDDs)

The role of the LDD is to coordinate project development beginning at the local and county level and advancing through the regional, state, and federal level. The four LDDs are shown in Map 7 along with their respective websites.

The LDDs prioritize the needs of their local communities and work with their board members and other local citizens to develop plans for their communities' economic development, focusing on the most pressing needs and building community unity and leadership.

The FY 2014 annual strategy statement has been influenced by the GOA director and staff from the four local development districts; the Governor's office; ODSA and its Community Services Division and Office of Community Development; stakeholders from Appalachian Ohio; and by the ARC 2011-2016 strategic plan, which identifies twenty high-priority issues listed in Table 6.

Table 6: ARC 2011 – 2016 Strategic Plan High Priority Issues

No.	LDD High Priority Issues	No.	LDD High Priority Issues
1	Growing jobs with local assets and local resources	11	Conserving the natural places in Appalachia for ecotourism
2	Assisting existing businesses in the Appalachian Region	12	Improving the job readiness of high school graduates
3	Developing regional solutions to problems	13	Investing in high-tech worker training and retraining
4	Diversifying the local economic base	14	Preventing the pollution of surface water and ground water
5	Encouraging sustainable economic use of natural resources	15	Investing in job readiness of community college graduates
6	Investing in clinical care in areas without basic services	16	Promoting an entrepreneurial education at all levels of education
7	Developing public/private partnerships	17	Improving the energy efficiency of buildings
8	Improving the college graduation rate in Appalachia	18	Recruiting new industries to Appalachia
9	Investing in broadband infrastructure	19	Increasing the availability of capital
10	Investing in long-term planning and strategic planning	20	Extending infrastructure to support job creation

Many priority areas are reinforced by ARC in its *Fiscal Year 2012 Performance and Accountability Report* (PAR), which describes several impediments to progress in Appalachia, including:

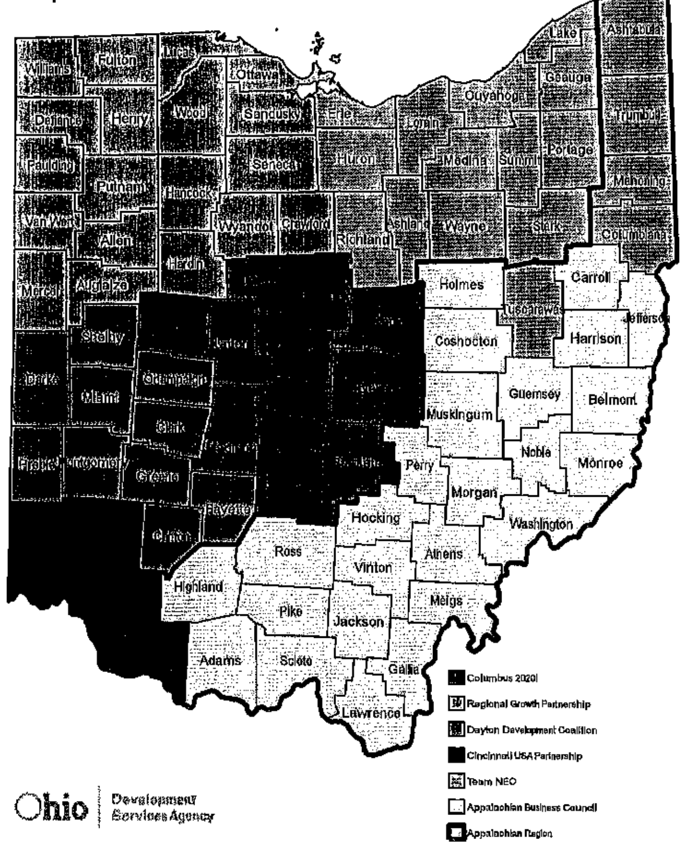
- Weakness in civic capacity;
- Economic and demographic shifts, such as counties experiencing net population loss, the decline in Appalachia's "prime age" workforce – workers between the ages of 25 and 64, and structural economic shifts because of global competition and the region's reliance on declining industries such as farming, forestry, natural resources, and manufacturing;
- Gaps in access to capital and credit that stifle business formation in rural areas and create disparities in small-business lending in nonmetropolitan and economically distressed counties;
- Underinvestment, demonstrated by analyses of the Consolidated Federal Funds Report for Fiscal Year 2009, which found that per capita federal expenditures were 31 percent less in Appalachia than in the nation as a whole;
- Insufficient water and wastewater systems, evidenced by the fact that 26 percent of the Appalachian populations lacks community water systems, compared with 15 percent nationwide. Based on 2009 data, 47 percent of Appalachian households are not served by public sewer systems, compared with a national average of 24 percent;
- Lack of access to affordable broadband telecommunications;
- Needed improvements in both educational attainment and educational achievement, including access to state-of-the-art equipment and/or the capacity to train the number of workers needed for high-growth occupations;
- A widening gap in post-secondary educational attainment between Appalachia and the rest of the nation; and
- Health care problems, including health professional shortage areas, difficulty attracting and retaining basic services such as dentistry, outpatient alcohol treatment, outpatient drug treatment, and outpatient mental health services, and disproportionately high rates of chronic diseases such as cardiovascular disease, cancer, and diabetes (Fiscal Year 2009 and 2011 Performance and Accountability Report).

The high priority issues and impediments to progress in Appalachia identified by ARC exist in and impact Appalachian Ohio. It is essential to consider these factors in the development and implementation of Ohio's FY 2014 Annual Strategy Statement.

JobsOhio

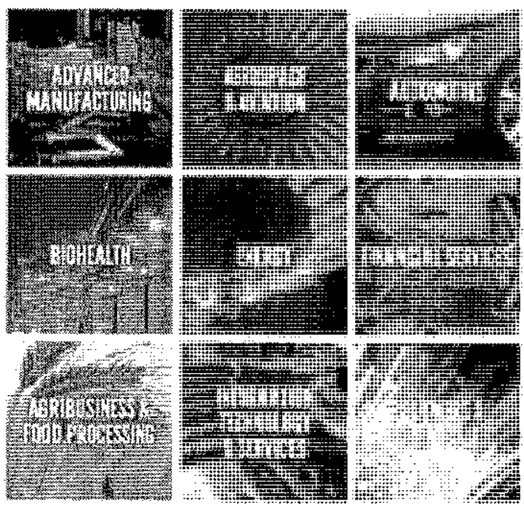
JobsOhio is a private, non-profit corporation established in 2011 to lead economic development in Ohio. Its efforts to help businesses grow jobs and attract new capital investment to Ohio are supported by the JobsOhio Network, a partnership of six regional economic development organizations with deep ties to their local businesses. Ohio's 32 Appalachian counties are split among three JobsOhio regions: Ashtabula, Trumbull, Mahoning, Columbiana, and Tuscarawas counties are members of **Team NEO**; Brown and Clermont counties are members of the **Cincinnati USA Partnership**; and Adams, Athens, Belmont, Carroll, Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, Holmes, Jackson, Jefferson, Lawrence, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pike, Ross, Scioto, Vinton, and Washington counties are members of the **Appalachian Partnership for Economic Growth** (APEG).

Map 10: JobsOhio Network



The Ohio Development Services Agency (ODSA) support JobsOhio and its regional partners economic development efforts. Among its responsibilities, ODSA administers federally funded programs and services geared toward communities and individuals, including the Appalachian Regional Commission and other programs that are in support of job creation.

OHIO'S PRIMARY INDUSTRIES:



OHIO'S STRONG BUSINESS FUNCTIONS:

- Back Office
- Headquarters & Consulting
- Logistics
- Research & Development

JobsOhio and its regional and local partners work as one organization. Collectively, they deliver the entire state and all of its resources to businesses and companies. As part of its economic growth strategy, JobsOhio targets nine industries and four business functions that generate more than one-third of Ohio's gross state product and generally support jobs that provide average to above-average wages

Three JobsOhio Network partners serve Ohio's 32 Appalachian counties and their respective economic development professionals, elected officials, businesses, and community:
Team NEO: Eastgate and OMEGA
APEG: Buckeye Hills, OMEGA, and OVRDC
Cincinnati USA Partnership: OVRDC

Relationship between Ohio's Grant Investment and ADHS

In order to complete projects with the limited Appalachian Development Highway System (ADHS) funds available, ODOT is able to aggregate Ohio's apportioned ADHS funds and use them to coordinate the preliminary engineering, design, right-of-way acquisition, and construction over the length of each project. Projects using ADHS funds have been required to provide a minimum match of 20 percent of the total project costs.

The estimated amount required to complete the remaining 12 percent of the ADHS in Ohio is approximately $499 million; the current unobligated balance of aggregated ADHS funds is just under $131 million. To complete the remaining 16.2 miles of Corridor B, the Portsmouth Bypass, and 7.1 miles of Corridor C in Ohio will require an additional $368 million. ODOT is committed to finishing Corridor B but has no current plans to finish Corridor C, a section of U.S. Route 23 running from near Lucasville north to Interstate 270 in southern Franklin County, citing lack of local interest. The estimated remaining cost of the Portsmouth Bypass is $400 million, and plans for the completion of Corridor B and other sections of the ADHS will be subject to the requirements of Moving Ahead for Progress in the 21st Century, MAP 21.

Signed into law in July 2012, the two-year reauthorization of surface transportation program MAP 21 eliminates the provision of dedicated funding for the ADHS but does provide an incentive to the Appalachian states to use a portion of their MAP 21 funding to complete the ADHS. Beginning in October 2012, the two-year MAP 21 authorization will provide approximately $1.3 billion in block grant funds to Ohio to be used for any of several surface transportation programs, as determined by ODOT. ADHS will be an eligible activity under one of the programs. While none of the block grant funds will be set aside for the ADHS or for use in Appalachian Ohio, any of the block grant funds used for ADHS projects will not require the 20 percent match from Ohio that other programs will require.

The MAP 21 legislation includes a "Sense of the Senate" provision that emphasizes completion of the ADHS as a transportation priority in the national interest. Each of the Appalachian states is required to provide a plan for the completion of its ADHS, including annual performance targets and target completion dates. ARC and ODOT believe that Ohio is in a position to complete the last 16.2 miles of Corridor B and have recommended that Ohio spend down its unobligated balance of $131 million and provide a plan and schedule that commits the additional $269 million to complete the Portsmouth Bypass. The LDDs and GOA will work with ARC and ODOT in the coming months to devise a plan and schedule for the completion of the ADHS in Ohio and to support the use of MAP 21 block grant funds in the Appalachian region at an amount equal to or greater than its historical federal highway allocation.

Relationship of FY 2014 Strategy Statement and 2011-2014 Development Plan

The State of Ohio Four-Year Appalachian Development Plan, 2011–2014, was prepared as a joint effort among the four LDDs; the GOA director and program manager; the Governor's Office; and Ohio's Development Services Agency and its Community Services Division and Office of Community Development to reflect Governor John Kasich's economic and community development priorities for Ohio's Appalachian region. The LDDs take the lead role in identifying the unique strengths, barriers, opportunities, and threats of their member-county and multi-county regions. The LDDs work with their governing boards, members, and citizen advisory groups to evaluate and prioritize the economic needs in their respective regions and to identify strategies organized around ARC's four general goals to address the needs. These are reflected in each subsequent annual strategy statement, prepared with assistance from the same group of stakeholders as a supplement to the development plan and highlighting a twelve-month program designed to achieve the goals and objectives of the larger plan.

Section II: Goals, Objectives, and Strategies

Goals, Objectives, and Strategies for Ohio's Federal Fiscal Year 2014

Goal 1: Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation

OBJECTIVE 1.1: Promote available capital and technical assistance for developing and expanding businesses.

1.1.1 Support and raise awareness of the LDD-administered Revolving Loan Fund (RLF) programs, as well as other private and public capital investment resources available to Appalachian Ohio.
1.1.2 Support efforts to enhance the service delivery of technical assistance that targets business development and growth.

OBJECTIVE 1.2: Diversify the economic base.

1.2.1: Create or enhance workforce training initiatives; develop entrepreneurial investment opportunities through regional partnerships; and promote technological advances and technology-related businesses and services.
1.2.2: Raise awareness about economic development tools, policies, programs, and initiatives available to strengthen and diversify the economic base.
1.2.3: Provide workforce training opportunities for businesses to increase competitive advantage.
1.2.4: Increase the number of Appalachian companies engaged in exporting and the volume of exported goods and services.
1.2.5: Encourage activities that promote Ohio's energy sector.
1.2.6: Support business incubator improvements that enhance job creation and growth.
1.2.7: Promote the development and implementation of green technologies, energy efficiency, and conservation.
1.2.8: Support economic development marketing efforts by the local development districts and regional economic development organizations to attract new business to the region and to gain the attention of site selection consultants about the region.

OBJECTIVE 1.3: Promote a regional economic development strategy that incorporates the travel and tourism industry and its partners and assets.

1.3.1: Support efforts to enhance local, regional, state and multi-state strategies for tourism development.
1.3.2: Increase collaboration among the Ohio Department of Natural Resources, TourismOhio, and Ohio Appalachian tourism organizations to promote cultural, heritage and natural attractions.
1.3.3: Support and raise awareness for entrepreneurial development programs that help businesses capitalize on Appalachian Ohio tourism resources.

OBJECTIVE 1.4: Create economic opportunities from environmental recovery and adaptive reuse (brownfield) projects that capitalize on natural and existing assets.

1.4.1: Strategically partner Appalachian communities with the Ohio Development Services Agency's Office of Redevelopment to identify and remove obstacles to sustainable revitalization through innovative financing, critical resources, and site development expertise.
1.4.2: Raise awareness and leverage support for the restoration and reuse of strip mines and acid-mine drainage-impacted streams.

OBJECTIVE 1.5: Encourage sufficient access to technical, managerial, and financial expertise for start-up and developing businesses in Appalachia Ohio.

1.5.1: Support efforts to enhance the service delivery of technical assistance targeted toward business development and growth.

OBJECTIVE 1.6: Encourage sufficient access to technology transfer expertise for startup and developing businesses in Appalachia Ohio.

1.6.1: Support the implementation of technology transfer initiatives in Appalachia Ohio.

OBJECTIVE 1.7: Encourage sufficient access to entrepreneurial education and training for startup and developing businesses in Appalachia Ohio.

1.7.1: Support entrepreneurial education and training programs that target youth, as well as businesses and trade groups.

Below are examples of outputs and outcomes for Goal I projects used by ARC to track project results. All grant applications should include "projected" outcomes; ARC-funded projects must report "actual" output and outcome measures as part of the project's Final Report.

Project Type	Output	Outcome
Entrepreneurship Education	• Number of participants	• Number of businesses created • Number of participants with improved skills • Number of participants completing program (i.e. course with certified skills)
Business Incubator	• Number of businesses assisted • Number of participants	• Number of businesses created or graduated • Number of jobs created • Amount of Leveraged Private Investment (LPI)
Tourism Development	• Number of businesses assisted	• Number of jobs created • Amount of Leveraged Private Investment (LPI) • Number of "new" tourist
Telecommunications	• Number of trainees enrolled • Number of new sites added to network	• Number of trainees with improved skills • Number of households served with improved access • Number of miles of infrastructure or new technology deployed

GOAL 2: Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy.

OBJECTIVE 2.1: Enhance workforce skills through training.

2.1.1: Increase the utilization of the Appalachian Training Investment Partnership to support development and modernization of work-force training and vocational programs.
2.1.2: Support innovative means to re-tool the region's workforce.
2.1.3: Work toward building the capacity of training institutions, including but not limited to two- and four-year colleges and career technical schools, to provide real-life skill training that is applicable on the job.

OBJECTIVE 2.2: Increase educational attainment and achievement.

2.2.1: Enhance local and regional efforts to better prepare students, out-of-school youths and adults for post-secondary training.
2.2.2: Maintain and expand programs that increase college enrollment rates.
2.2.3: Support preventative measures that reduce the number of dropouts.

2.2.4: Support efforts to improve technology education in order to prepare the Appalachian workforce for the new economy.

2.2.5: Support the development of comprehensive, community-based education programs for children and families.

OBJECTIVE 2.3: Promote health care access and good health through wellness and prevention programs.

2.3.1: Support local efforts to recruit health professionals in order to eliminate Health Professional Shortage Areas (HPSAs).

2.3.2: Support local efforts to improve medical facilities, equipment and technology in Appalachia Ohio.

2.3.3: Create a learning environment that will produce world-class health care professionals.

2.3.4: Promote programs focused on nutrition education, understanding the importance of physical activity and early screening as a means of eliminating or reducing the incidence of obesity, diabetes, cancer and heart disease.

2.3.5: Support programs that reduce drug and/or alcohol abuse.

OBJECTIVE 2.4: Support community-based institutions devoted to citizen mobilization, strategic planning, and economic and community development in Appalachian communities.

2.4.1: Support the continuing efforts of the Local Development Districts to serve as conveners of community efforts and marketers and catalysts for economic development.

2.4.2: Support the efforts of the Governor's Office of Appalachia to improve the economy of the region and provide its residents with a better standard of living.

2.4.3: Through demonstration projects, technical assistance and research help communities reinvent key institutions, form new partnerships and initiate new services.

2.4.4: Support local level planning to develop shared visions for communities and encourage the incorporation of local planning priorities into state and regional plans.

OBJECTIVE 2.5: Strengthen the capacity of communities and organizations in Appalachia Ohio to build and sustain entrepreneurial networks of professional and trade service providers.

2.5.1: Support programs and initiatives which call for collaboration and cooperation of entrepreneurial service providers.

OBJECTIVE 2.6: Support access to quality, affordable day care and other related facilities in order to accept and retain employment opportunities for the Appalachia Ohio workforce.

2.6.1: Support efforts and initiatives that expand access to quality childcare and early childhood education.

2.6.2: Provide support for the development of day care and related facilities in service shortage areas of Appalachia Ohio.

OBJECTIVE 2.7: Encourage integrated health care delivery systems designed to provide universal access and comprehensive service at a reasonable cost in Appalachian Ohio counties.

Strategies

2.7.1: Support telemedicine as a means of universal access to comprehensive health care.

2.7.2: Support programs that encourage careers in rural medicine and prepare potential health care providers for life in rural and Appalachian communities.

2.7.3: Support partnerships that provide access to inpatient and ambulatory care support services, such as home care, hospice, medical transportation companies, emergency care, post-acute and sub-acute care, chronic disease management, palliative care, mental health services, substance abuse services, dental services, and wellness centers, focusing on service shortage areas of Appalachia Ohio.

Below are examples of outputs and outcomes for Goal II projects used by ARC to track project results. All grant applications should include "projected" outcomes; ARC-funded projects must report "actual" output and outcome measures as part of the project's Final Report.

Project Type	Output	Outcome
Civic Entrepreneurship - Organizational Capacity/ Individual Capacity (applicable to multiple goals)	• Number of new programs • Number of individual participants	• Number of participants completing training and actively involved in leadership positions • Number of communities implementing plans • Increase in organization's efficiency, effectiveness, diversity
Workforce Training	• Number of students enrolled in program	• Number of students with improvements (i.e. obtain or enhance their employment)
Adult Literacy	• Number of students enrolled	• Number of students with improvements (i.e. obtain GED or other milestone)
Health Care	• Number of individual patients/ participants • Number of clinics renovated	• Number of patients with improved health care • Number of health-care providers recruited
Educational Attainment	• Number of students enrolled in program	• Number of students with improvements (i.e. graduate high school/college, continue education, obtain employment)

GOAL 3: Develop and Improve Appalachia's Infrastructure to Make the Region Economically Competitive.

OBJECTIVE 3.1: Build and enhance public infrastructure.

3.1.1: Make strategic investments that leverage federal, state and local capital for the development and improvement of water and wastewater systems.

3.1.2: Promote multi-county regional approaches that address infrastructure needs of small communities.

3.1.3: Provide assistance to local governments and not-for-profit organizations for basic infrastructure damage and building/structural damage caused by flooding and/or natural disasters.

3.1.4: Support the development of disaster risk reduction programs through partners such as the Ohio Department of Natural Resources and the Ohio Emergency Management Agency.

OBJECTIVE 3.2: Increase accessibility and use of broadband telecommunication technology.

3.2.1: Make strategic investments in advanced telecommunications infrastructure to increase local and regional connectivity to high band-width (broadband) networks.

3.2.2: Support programs that assist citizens or businesses in learning to use information technology.
3.2.3: Support partnerships with educational institutions, corporations, health care providers and institutions, government entities and telecommunications providers.

OBJECTIVE 3.3: Invest strategically in transportation infrastructure to help develop and further diversify market access.

3.3.1: Promote the ARC Access Road Program in order to ensure access to industrial, commercial and service areas and other areas primed for economic development.
3.3.2: Promote economic development and safe transportation by supporting initiatives related to improving designated federal highways, state routes and other transportation corridors and infrastructure in the region.

Below are examples of outputs and outcomes for Goal III projects used by ARC to track project results. All grant applications should include "projected" outcomes; ARC-funded projects must report "actual" output and outcome measures as part of the project's Final Report.

Project Type	Output	Outcome
Water/Sewer System	• Linear feet of pipe installed • Increase in capacity or storage (measured in millions of gallons per day [MGD]) • Number of businesses served	• Number of households with new service or improved quality of service • Number of jobs created and retained • Amount of Leveraged Private Investment (LPI)
Industrial Park & Site	• Linear feet of pipe installed • Number of businesses served	• Number of jobs created and retained • Amount of Leveraged Private Investment (LPI)
Access Road	• Miles of road constructed • Number of businesses served	• Number of jobs created and retained • Amount of Leveraged Private Investment (LPI)

GOAL 4: Build the Appalachian Development Highway System (ADHS) to reduce Appalachia's isolation.

OBJECTIVE 4.1: Foster growth models to fully utilize the highway system for job creation opportunities.

4.1.1: Initiate and support multi-jurisdictional mechanisms to promote completed sections of the highway system for economic growth.
4.1.2: Encourage long-term planning by local and regional leadership in order to take full advantage of the economic and community-building opportunities presented by existing and planned highway system corridors, both within and apart from the ADHS.
4.1.3: Improve outreach and awareness efforts to help communities fully integrate the ADHS highway system into economic development planning strategies.
4.1.4: Promote a development approach for the highway system that preserves the cultural and natural resources of the region while enhancing economic opportunities.

OBJECTIVE 4.2: Promote completion of the Appalachian Development Highway System.

4.2.1: Improve communication among the Governor's Office of Appalachia Director, ARC Program Manager, the Local Development Districts, Ohio Department of Transportation, and Federal Highway Administration to identify and overcome barriers to development of the highway system situated in the location study phase.
4.2.2: Support efforts to obligate the maximum amount of the annual appropriation for highway system construction and work with the Ohio Department of Transportation to complete construction of the final phases of the highway system.

4.2.3: Continue to work with the Ohio Department of Transportation, local and regional planning organizations, and others to identify critical highway interchanges and priority miles along the ADHS.

OBJECTIVE 4.3: Capitalize on the economic potential of the Appalachian Development Highway System.

4.3.1: Support regional business attraction models that effectively promote completed sections of the ADHS.
4.3.2: Support the installation of broadband infrastructure during construction of the ADHS system.
4.3.3: Promote cooperative projects and programs between economic development and state highway planning officials.
4.3.4: Encourage strategic planning to help direct and select effective development along future segments of the system.

OBJECTIVE 4.4: Coordinate Appalachian Development Highway System state-line crossings.

4.4.1: Coordinate technical information, funding disbursements and construction schedules among Kentucky, Ohio, Pennsylvania and West Virginia in order to facilitate the completion of state-line crossings of highway system corridors.

Below are examples of outputs and outcomes for Goal IV projects used by ARC to track project results. All grant applications should include "projected" outcomes; ARC-funded projects must report "actual" output and outcome measures as part of the project's Final Report.

Project Type	Output	Outcome
ADHS	• Number of miles created	• Number of jobs created and retained
Access Road	• Number of miles created	• Number of jobs created and retained

Section III: Key Administrative Policy Features of Ohio's Appalachian Development Program

A. Program Overview

For FY 2014, the Governor's Office of Appalachia will administer the following five programs: Appalachian Local Access Road, Rapid Response Fund, Area Development, and Distressed Counties. Funds for these programs come from either the Appalachian Regional Commission or the State of Ohio General Revenue Fund (GRF). Depending on the availability of GRF funds, a sixth program, the Community Improvement Grant Program, is offered through the LDDs. The following Table 7 provides the estimated funding levels for FY 2014.

Table 7: Appalachian Development Funds

Programs	Federal and State Funds Totals	Percent of Total	Funding Sources: Federal ARC	Funding Sources: State GRF
Appalachian Local Access Road	$ 1,000,000	12.7%	$ 1,000,000	
Rapid Response Fund	$ 1,560,800	19.8%		$ 1,560,800
Area Development Program	$ 4,025,000	51.0%	$ 2,200,000	$ 1,825,000
Distressed Counties Program	$ 1,299,000	16.5%	$ 1,299,000	
Totals =	**$ 7,884,800**	**100%**	**$ 4,499,000**	**$ 3,385,800**

Project funds are made available through several grant programs that support community and economic development initiatives, including water and wastewater projects. Interested applicants are directed to work with staff at their LDD to obtain application guidelines and forms and to design and refine proposed projects. For most of the grant programs, applicants submit completed pre-application or application forms to their LDD. LDD staff and board members review, score, and rank applications to create a board-approved district funding package. The Local Development Districts meet with the Appalachian Regional Commission program manager, the Governor's Office of Appalachia Director, and Office of Community Development staff to review the four district funding packages and available funds and develop the annual state and federal investment packages. Projects included in Ohio's investment packages support the goals and objectives of the ARC and the State of Ohio Four-Year Appalachian Development Plan and Annual Strategy Statements.

Information about the maximum allowable grant requests per program, specific programmatic design issues, as well as policies that pertain to the Appalachian Development programs is provided on the OCD website at http://development.ohio.gov/cs/cs_goa.htm, or obtained from the LDDs.

B. General Matching Requirements

In general, projects funded with federal ARC or state Appalachian development funds require a match based on the ARC-determined economic status of the county where the project will be located. The usual required match, as a percentage of the total project costs, based on the county economic designation, is provided in Table 8.

Table 8: Match Requirements

County Designation	Maximum Grant Contribution (percentage of total project cost)	Minimum Match Required (percentage of total project cost)
Distressed	80%	20%
At-risk	70%	30%
Transitional	50%	50%
Competitive	30%	70%
Attained	ARC and state Appalachian development funding is usually not available for projects located in ARC-designated attainment counties.	

Note: Applicants must demonstrate need in order to be eligible for Federal ARC, or state GRF that extends beyond 50 percent of the projected costs.

C. Other Match Requirements

- Although distressed counties may apply for up to 80 percent of project costs associated with a federal Appalachian Regional Commission (ARC) project, it does not entitle applicants in such counties to that rate. Applicants must demonstrate need in order to justify state or federal participation that extends beyond 50 percent of the project costs.
- ARC assistance for multi-county projects in which at least half the counties are distressed may be increased to as much as 65 percent of project costs.
- If at least one but less than half of the counties in a multi-county project are distressed, funding of up to 50 percent is always allowed, and the funding level may rise to the average level for the counties involved, if that is greater than 50 percent.
- ARC assistance for multi-county projects including at least one competitive county but no distressed counties is limited to the average percentage applicable to the various counties in the project.
- The portion of project costs attributable to an attainment county in a multi-county project not including a distressed county shall be considered ineligible for ARC assistance and may not be considered for matching purposes.

D. In-Kind Match Limitations

In-kind contributions shall be considered for the following counties and projects:

- Distressed county projects: in-kind match must not be more than one-third of the total match
- At-risk county projects: in-kind match must not be more than one-third of the total match
- Transitional counties: in-kind match cannot exceed more than one-fourth of the total match
- Competitive county projects: in-kind can make up no more than one-eighth of the total match

E. Ineligible Projects

Projects and activities that are ineligible for federal ARC funds or State Appalachian funds are:

- Projects related to the general operation of local governments, including the construction of city halls, courthouses, jails, and fire departments as well as salaries and operating costs related to these governmental functions;
- Political activities of any kind, whether at the local, state, or national level;
- Project activity in attainment counties;
- Construction of schools; and
- Indirect costs.

F. Project Timeline

Projects should be designed to be completed within in a 12-month timeline, and projects that may require a period of 18 and 24 months will be considered on a case-by-case basis. The ARC Program Manager may withdraw the balance of funds if a project cannot be completed within the agreed upon project period. ARC reserves the right to withdraw grants for projects not under contract within 18 months of approval.

G. Policy for Cost Overruns and Under runs

Grant funds must be expended on a pro-rata basis with other private and public funds committed to a project. Any project cost savings must be proportionally divided among the funding sources. Grantees that fail to follow this rule will be responsible for paying the cost savings back to the ARC, for federal funds, and to the State of Ohio, for GRF funds.

H. Other Policies and Operating Procedures Related to Administrative Issues

All applications will be reviewed by LDD and ODSA's Office of Community Development staff to verify that the following minimum qualifications are met:

- Application is complete and accurate
- Project approach is feasible
- Project is eligible under ARC Code
- Application demonstrates a clear need for ARC assistance
- Project is ready to proceed once ARC/state GRF funding is approved and grant agreements are signed
- Project is consistent with ARC and state goals, objectives, and strategies
- Application includes documentation of the commitment of all matching funds, including local funds
- Application describes the project outcomes and outputs

Applications for construction projects are required to include a description of the applicant's consideration of energy efficient building techniques, including the use of "smart building" technology.