



### Message from Federal Co-Chair Earl F. Gohl and 2011 States' Co-Chair Steven L. Beshear

**W**e are pleased to present the Appalachian Regional Commission's (ARC) Performance and Accountability Report for fiscal year (FY) 2010.

This fiscal year, the Commission, with the support of the White House, led the development of a memorandum of understanding with 11 federal agencies to formalize the Appalachian Regional Development Initiative (ARDI), an effort to strengthen and diversify the Appalachian economy and better coordinate federal activities in the Appalachian Region. The memorandum of understanding brings ARC and the partner agencies together to complement each other's work in and commitment to economic and community development in Appalachia.

In FY 2010 the Commission also completed the development of its strategic plan for 2011 to 2016 through a process that included a series of five listening sessions held throughout the Region. These sessions provided for the participation of nearly 400 citizens as well as representatives of the federal agencies partnering in the ARDI, giving the agencies the opportunity to increase their understanding of the Region's issues. The strategic planning process also included four webinars that allowed ARC to solicit input on prioritizing the Commission's goals for the next six years.

For FY 2010, the Commission approved \$75.1 million in funding for 467 nonhighway projects. These projects supported the administration's American Recovery and Reinvestment Act in building infrastructure, growing businesses, and creating jobs.

Each of the projects advanced one or more of the three nonhighway goals of ARC's 2005–2010 strategic plan: 1) increasing job opportunities and per capita income in the Appalachian Region to reach parity with the nation; 2) strengthening the capacity of the people of Appalachia to compete in the global economy; and 3) developing and improving Appalachia's infrastructure to make the Region economically competitive.

ARC's FY 2010 grant funds attracted an additional \$226.4 million in other project funding, an investment ratio of 3 to 1, and \$462.3 million in non-project leveraged private investment, a ratio of 6 to 1. The projects funded during the year will create or retain an estimated 23,439 jobs and train an estimated 19,980 students and workers in new job skills.

To bolster the Region's physical infrastructure, in FY 2010 the Commission invested \$34.2 million in 108 projects to bring new or upgraded water and sewer systems and other vital infrastructure, including access

roads for industrial parks, to Appalachian communities. This investment was matched by \$123.0 million in other funding, primarily state and local, and leveraged \$253.3 million in non-project private investment.

*ARC's mission is to be a strategic partner  
and advocate for sustainable community  
and economic development in Appalachia.*

The projects resulted in 23,959 households and 2,097 businesses being served by new or improved water or sewer systems. Infrastructure projects are among the primary generators of new jobs in the Region.

Throughout FY 2010, ARC continued its activities to help expand the development of telecommunications in the Region, investing \$4.1 million in 42 projects. Project activities included creating two distance-learning networks reaching 600 students, and implementing telemedicine programs serving 9,480 patients, in addition to promoting broadband deployment in underserved areas.

ARC also pursued the implementation of the economic and energy development initiative established in its October 2008 reauthorization legislation. In keeping with the initiative's mandate to help create energy-related job opportunities (as outlined in the Commission's 2006 energy "blueprint," *Energizing Appalachia: A Regional Blueprint for Economic and Energy Development*), ARC invested \$5.2 million in 39 energy projects in FY 2010.

Promoting green energy resources and practices emerged as a major component of ARC's energy-related programmatic efforts for the fiscal year: all of the energy projects funded were related to energy efficiency or the development of renewable energy sources, such as wind and solar power, geothermal energy, and biofuels. Several projects assisted Appalachian community colleges in developing green workforce training programs.

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In addition, in FY 2010 the Commission adopted a new policy requiring all ARC-funded construction projects to take into consideration energy-efficiency measures. The policy also calls for the implementation of energy-efficiency education and training programs targeted to local development partners within Appalachia.

Progress also continued on the Appalachian Development Highway System (ADHS) during the fiscal year, with an additional 26.8 miles of the ADHS (net increase) opened to traffic and 102.9 miles under construction. As of September 30, 2010, a total of 2,715.1 miles of the 3,090-mile system were complete or under construction.

In its ongoing efforts to improve rural health care in Appalachia, ARC pursued several initiatives that address the Region's unique health problems. The Commission supported programs in Kentucky and West Virginia that encourage community-based approaches to addressing the oral health problems of adults and children in economically distressed areas. It also continued working with the Centers for Disease Control and Prevention and community coalitions on prevention programs targeting diabetes and cancer, diseases disproportionately prevalent within the Region. In addition, during the fiscal year ARC supported more than 20 substance abuse programs in Appalachia, and placed 12 health-care professionals in Health Professional Shortage Areas in the Region through J-1 Visa Waivers.

Boosting Appalachia's college-going rates through the eight-state Appalachian Higher Education (AHE) Network has remained a priority for the Commission. The network's programs have reached more than 70,000 high school seniors since FY 1999, providing support that has led to a 60 percent college-going rate for this group. In FY 2010, the eight AHE Network centers began developing strategies to track college completion rates for the students they serve.

In July, ARC held its 21st high school Summer Math-Science-Technology Institute and second Middle School Summer Science Camp at the U.S. Department of Energy's Oak Ridge National Laboratory. These programs are attended by students and teachers from across the 13 Appalachian states, giving them the opportunity to engage in research under the mentorship of world-renowned scientists. A total of 402 high school students and 176 high school teachers have graduated from the Summer Math-Science-Technology Institute since 2000; 48 students have now completed the Middle School Summer Science Camp.

This report includes information on ARC's program actions and financial management during FY 2010. We are pleased to report that the Commission's independent auditor, Martin and Wall, PC, has pronounced an unqualified opinion that the financial statements in this document fairly present ARC's fiscal status.

ARC has made every effort to provide a complete and accurate report of its performance and stewardship of the public funds entrusted to it. This report is based on data that is as reliable and as comprehensive as possible. Congress and the American people can also be assured that the financial controls in place at the Commission reasonably meet the purposes of the Federal Managers' Financial Integrity Act of 1982.

The achievements reported here contribute significantly toward ARC's mission of helping the Region attain socioeconomic parity with the nation.

Sincerely,



Earl F. Gohl  
ARC Federal Co-Chair



Steven L. Beshear  
2011 States' Co-Chair  
Governor of Kentucky

March 28, 2011

**Cover Photo:**

Cumberland Mountains  
Letcher County, Kentucky  
Photograph by Ken Murray

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