

Commonwealth of Pennsylvania

Annual Strategy Statement for the Appalachian Regional Commission

Fiscal Year 2015

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Section II: Overview of the Region

Pennsylvania is proud of its Appalachian heritage, culture and natural beauty. Fifty-two of our sixty-seven counties are located within the vast Appalachian Region. It is a region dominated in many respects by one large central city of national prominence, Pittsburgh, but also contains much smaller communities and rural areas in varying degrees of distress. Pittsburgh, as well as cities such as Erie, Johnstown, Altoona, and Wilkes-Barre/Scranton continues to adjust to significant declines in what were once major industries—(e.g. coal and iron and steel production). In addition, many of the smaller communities are still struggling to identify and develop an economic structure that will hopefully provide the vibrancy needed to provide good jobs, physical infrastructure, and social structure in order to sustain growth and entrepreneurial development. It is also a region facing the benefits and challenges of an evolving natural gas industry that stands to make an impact on hundreds of communities.

Pennsylvania's rural counties as defined by the U.S. Census Bureau nearly mirror the Appalachian portion of the Commonwealth. The Center for Rural Pennsylvania reports the following characteristics of the region:

Rural Pennsylvania Counties

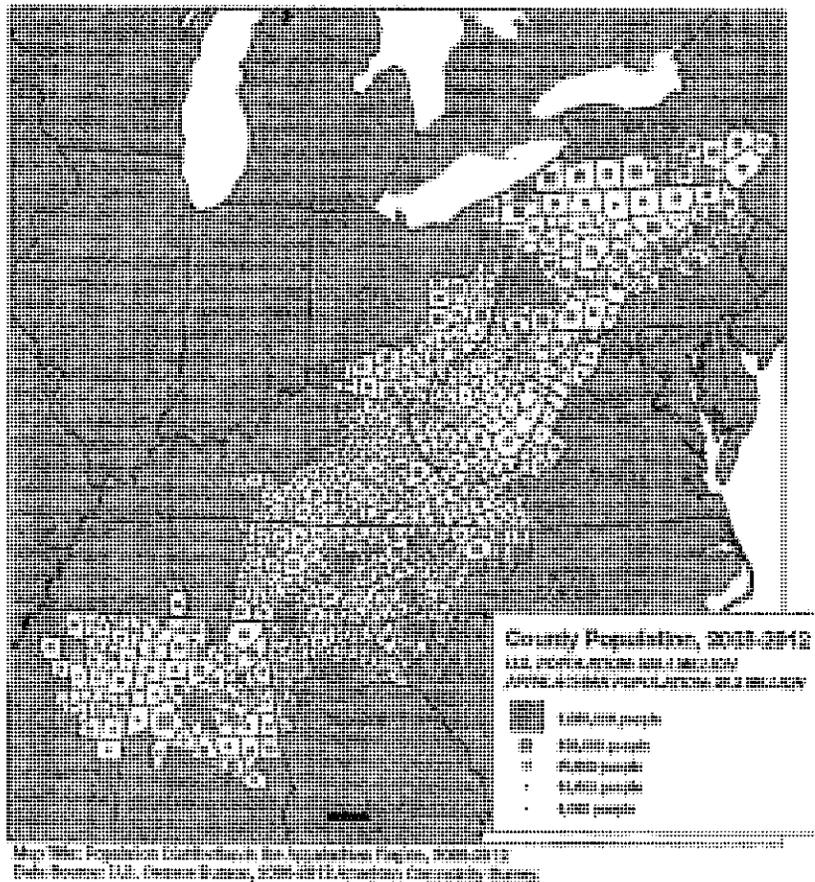


Source: U.S. Census Bureau, 2010 Census

Urban Rural

Demographics

- U.S. Census Bureau data show that during the 2000s, Pennsylvania's Appalachian areas lost more than 27,000 residents (-.5%). Only one other Appalachian state, New York, experienced a loss of population within its ARC region. In comparison, Appalachian Georgia grew by more than 725,000 residents – an increase of nearly 33%. Twenty nine Appalachian PA counties lost population during the 2000s.
- Census data indicates the entire Appalachian region grew by 6.8% in population while Pennsylvania's 52 Appalachian counties experienced an overall decline of .5%.
- Appalachian Pennsylvania's per capita income is \$35,901 in comparison to the national average of \$40,166.
- 82% of Appalachian PA's citizens have completed high school and 19.1% are college graduates. This compares to 80.4% and 24.4% nationwide.
- From 2000 to 2010, rural Pennsylvania became more racially diverse. In 2000, there were approximately 157,200 residents, or 5 percent of the total population, who were non-white and/or Hispanic. In 2010, 260,300 rural residents, or 8 percent of the total population, were non-white and/or Hispanic.



Households and Families

- In 2010, rural Pennsylvania had 1.37 million households: 52 percent were married couple households; 27 percent were single person households; 8 percent were single parent households; and 13 percent were other types of living arrangements. (U.S. Census Bureau)
- Sixty-six percent of rural children (under 18 years old) lived in a married couple household in 2010. In 2000, 72 percent of rural children lived in a married couple household. (U.S. Census Bureau)
- In 2010, rural households had 2.4 members. In 1960, there was an average of 3.3 people per household. (U.S. Census Bureau)

Income

- The average household income in rural Pennsylvania was \$57,826 in 2007-2011. Among rural households, about 39 percent had incomes below \$35,000 and 14 percent had incomes of \$100,000 or more. (U.S. Census Bureau's American Community Survey)
- In 2011, per capita personal income in rural Pennsylvania counties was \$34,521, or \$10,676 less than in urban counties. This gap has more than doubled since 1970, when the inflation-adjusted, rural-urban income gap was \$5,140. (U.S. Bureau of Economic Analysis)
- Rural Pennsylvania is becoming increasingly dependent on unearned income. In 2011, about 40 percent of total personal income came from unearned sources, such as interest, dividends and rent, and from government transfer payments, like Social Security and unemployment compensation. In 1970, these sources accounted for 24 percent of the total. (U.S. Bureau of Economic Analysis)
- In June 2012, 13 percent of rural residents were eligible to participate in the federal Supplemental Nutrition Assistance Program or SNAP (formerly known as food stamps); about 1 percent received cash assistance from programs like Temporary Assistance for Needy Families (TANF); and about 16 percent were eligible to be enrolled in Medicaid (Medical Assistance). (Pennsylvania Department of Public Welfare)

Businesses and Employment

- In the second quarter of 2012, rural Pennsylvania had an average of 85,823 employers, or 25 employers for every 1,000 rural residents. From 2010 to 2012, the number of rural employers increased 1 percent. In urban counties, there were 245,933 employers, or 27 employers for every 1,000 urban residents. From 2010 to 2012, the number of urban employers increased 3 percent. (Pennsylvania Department of Labor and Industry)
- In 2010, about 52 percent of rural Pennsylvania businesses had fewer than five employees. From 2006 to 2010, the number of these small businesses declined 4 percent. (U.S. Census Bureau)
- In the second quarter of 2012, 1.26 million people, on average, were employed in rural Pennsylvania. From 2010 to 2012, there was an increase of 24,180 employees, or 2 percent. In urban counties, 4.28 million people, on average, were employed. From 2010

to 2012, the number of employed persons increased by 54,870, or about 1 percent. (Pennsylvania Department of Labor and Industry)

- In June 2012, the seasonally adjusted unemployment rate in rural Pennsylvania was 8.1 percent. The urban rate was 8.0 percent. (Pennsylvania Department of Labor and Industry)

Health Care

- Rural counties have fewer primary care physicians than urban counties. In 2008, there was one rural primary care physician for every 1,507 residents. In urban counties, there was one primary care physician for every 981 residents. (Pennsylvania Department of Health)
- Along with fewer primary care physicians, rural counties also have fewer dentists. In 2009, there was one practicing dentist for every 2,665 residents. In urban counties, there was one dentist for every 1,845 residents. (Pennsylvania Department of Health)
- In 2009-2010, there were 70 general acute care hospitals, with a total of 8,062 beds, in rural Pennsylvania. Seven rural counties have no hospitals. On average, there were 2.32 hospital beds for every 1,000 rural residents. There were 2.77 hospital beds for every 1,000 urban residents. (Pennsylvania Department of Health)
- In 2010, an estimated 15 percent of rural working age adults (18 to 64 years old) did not have health care insurance. Among similarly aged urban adults, 14 percent did not have health care insurance. (U.S. Census Bureau's Small Area Health Insurance Estimates)

Education

- In 2007-2011, about 19 percent of rural Pennsylvanians who were 25 years old and older had a bachelor's degree or higher compared to about 30 percent of urban Pennsylvanians of the same age. About 13 percent of rural residents and 12 percent of urban residents did not have a high school diploma. (U.S. Census Bureau's American Community Survey)
- In the 2010-2011 academic year, an estimated 446,707 students were enrolled in Pennsylvania's 238 rural school districts. From 2007 to 2011, the number of rural students decreased 5 percent. Enrollment projections for 2012 to 2021 show that total enrollment in rural schools will decline 4 percent. (Pennsylvania Department of Education)
- In 2010-2011, 43 percent of rural school district revenues came from state government; 46 percent came from local sources, such as taxes; and the remaining 11 percent came from the federal government and other sources. Among urban school districts, 31 percent of revenues came from the state; 59 percent came from local sources; and the remaining 10 percent came from the federal government and other sources. (Pennsylvania Department of Education)
- In 2010-2011, rural school districts spent an average of \$13,514 per student, an increase of about 11 percent from 2007. Urban school districts spent an average of \$14,249 per student, an increase of about 7 percent from 2007. (Pennsylvania Department of Education)

This FY 2015 Strategy Statement was developed with input from Pennsylvania's seven Local Development Districts representing citizens and elected officials throughout the entire Appalachian Pennsylvania region. It reflects our commitment to continuation of relationships with other state and federal agencies, and also builds upon a longstanding partnership with the Appalachian Regional Commission. It also puts into action the initiatives outlined in Pennsylvania's Appalachian Development Plan.

REGIONAL PROFILES

The following is a recap of social and economic conditions in Appalachia Pennsylvania's seven regions as contributed by the Local Development Districts.

SOUTHWEST REGION

The southwest region spans nine counties—Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Washington, and Westmoreland—and 529 municipal governments. Geographically, the region covers 6,745 square miles and is situated in the southwestern portion of the state.

The 2010 decennial count reflected a regional population of 2,574,959, making the SPC region the largest metropolitan area in the 13-state Appalachian Region. In terms of population, the SPC region would be the 36th largest state in the country. In terms of area, the region is larger than the states of Connecticut, Delaware, and Rhode Island.

The distribution of population decline and increase varies around the region with the bulk of population decline in the older urbanized industrial centers corresponding to economic shifts in the last several decades. However, even with the decline in population, regional employment levels continue to improve. The unemployment rate is 5.3 % in the Pittsburgh MSA (June, 2014, BLS).

The income per capita in Pittsburgh is 1.7% less than the Pennsylvania average and 3.8% less than the National average. The median household income in Pittsburgh is 27.4% less than the Pennsylvania average and 31.2% less than the National average.

Employment in manufacturing continues to decline to 7.3% of the regional labor force. The services sector, including education and healthcare services employs the bulk of the region's workforce. Financial services, education, government enterprise, retail trade, and transportation /warehousing are also important industries as well. The region's economy benefits from its wealth of colleges and universities, which also support employment growth in high-skilled and high technology occupations. The region has nearly three dozen colleges and universities, enrolling 121,968 students (2014).

Today, there are approximately 120,000 individual business establishments of all sizes in all industries in southwestern Pennsylvania, including large national companies such as Alcoa, Inc., H.J. Heinz Co., BNYMellon Financial Corporation, PPG Industries, Inc., U.S. Steel, PNC Bank,

Consol Energy, WESCO International, Inc., Mylan and Dick's Sporting Goods. In 2014, total non-farm employment was 1.18 million workers. Sectors cited by workforce and economic development agencies as key growth opportunities include advanced manufacturing, financial and back office services, information technology and lifesciences. Energy and transportation remain important parts of the regional economy as well due to continuing demand for coal as a regional export commodity and the emerging Marcellus and Utica Shale industries.

Along with its urban base, Southwestern Pennsylvania has significant agricultural resources. The agricultural industry remains a vital aspect of the region's economy, way of life and cultural heritage. The Region has approximately 9,700 working farms and employs 1.5% of the workforce. Local foods have become a focal point for many communities and there are 175 farmers markets across the region.

New forecasts indicate the region will see slow growth in employment and population through 2040. This continues the current trend that shows a slowing, and gradual reversal, of the population and employment decline that has been experienced regionally for over 30 years. The overall regional population growth is estimated at approximately 482,000 by 2040, which is well under 1% per year. Each county's population is projected to grow somewhat in that period. The rate of growth in households is determined by both the change in population and the change in household size. With a projected decline in household size and growth in population, the number of households in the region is projected to grow faster than population. Over 258,000 new households are projected by 2040. Regional employment is projected to grow by over 450,000 jobs, or by about 1% per year. Job growth in services and other sectors will offset anticipated declines in retail and manufacturing sectors.

NORTHWEST REGION

Bordered on the north by New York and on the west by Ohio, the Northwest Region is comprised of Clarion, Crawford, Erie, Forest, Lawrence, Mercer, Venango, and Warren Counties. The 2012 census population estimates indicate that the Region has a population of 716,501 which is a 2.4 percent decrease from 2000. This trend of population loss has been persistent since the 1970's.

The Region is highly diversified in terms of urban and rural. For example, 2012 census estimates indicate that Erie is Pennsylvania's fourth largest city, while Forest County is the third smallest county in terms of population. Approximately eighty percent of the population is located in the western portion of the Region, with heavy concentrations in and around the City of Erie, the Shenango Valley in Mercer County, and the City of New Castle in Lawrence County. The eastern portion of the Region is predominately rural and forested.

The Northwest Region's population has a higher percentage of persons over 65 years of age than the national average. According to 2012 Census estimates, 17 percent of the Region's population is 65 years of age and over. The Region's 65 and over population is projected to increase to 18.7 percent of the total population by the year 2020.

According to the US Census Bureau, 86 percent of the region's residents over 25 years of age are high school graduates. Approximately 25 percent of all residents have had some form of college education, and 11 percent of the residents hold a bachelor's degree. The average high school dropout rate for the Region is 1.4 percent, 1.9 percent below Pennsylvania's rate.

According to 2011 estimates, the Region's per capita income is \$32,082 which is 29 percent lower than per capita income for the U.S. as a whole. The Northwest Region's median household income of \$40,066 is 20.6 percent below the U.S. median household income of \$50,502. Forest County has the lowest median household income in the Region, while Erie has the highest. At 16.3 percent, the Region's percentage of persons below the poverty level is 2.6 percent higher than the State's rate and .4 percent higher than the U.S. rate. Forest County has the highest rate in the region by far at 22 percent, and Mercer County has the lowest rate at 14.3 percent.

The annual 2013 unemployment rate for the Region was 7.5 percent, which was slightly higher than the State's rate and the U.S. rate (both 7.4 percent). The most recent unemployment rate (June 2014) for the Region was 6 percent, which was higher than the State's rate of 5.8 percent and slightly less than the U.S. rate of 6.1 percent for the same period. Forest County had the highest rate at 7.6 percent.

The various components of the service sector account for the highest level of employment in Northwest Pennsylvania, however manufacturing employment still accounts for a sizable portion of the Region's employment. In 2013, manufacturing employment accounted for 18 percent (a one percent increase since 2011) of Northwest Pennsylvania's employment, but between 2002 and 2011, manufacturing jobs had been steadily decreasing and have only recently seen a slight increase. Durable goods account for a significant portion of the Region's employment with high concentrations in the primary metals, fabricated metals, and non-electrical machinery grouping. These concentrations are much higher than those of the United States and Pennsylvania. Regionally, much of the heavier manufacturing is located in the western portion; especially in the New Castle, Shenango Valley, and Erie urban areas. Employment in durable goods manufacturing has been declining since the 1980's. Manufacturing clusters include plastics, fabricated metals, industrial machining, and wood products. Identified potential clusters include bio-technology and distribution centers. Additionally the natural gas industry, particularly as it relates to the Marcellus and Utica shale regions, is positioned to have a significant impact on community and economic development in Northwest PA.

NORTHERN TIER REGION

Pennsylvania's Northern Tier is a geographic region consisting of five rural counties in northeast Pennsylvania: Bradford, Sullivan, Susquehanna, Tioga, and Wyoming. The Northern Tier encompasses about 4,000 square miles and is home to approximately 182,600 residents. The region has natural affinities to the Southern Tier of New York State, as it borders four adjacent New York counties (Broome, Chemung, Tioga, and Steuben), and is influenced by the employment centers of Binghamton, Elmira, and Corning. Similarly, strong relationships exist with the economic centers of Williamsport, Pennsylvania to the southwest and the Scranton/Wilkes-Barre region of Pennsylvania to the southeast.

The Northern Tier region is cascaded with gorgeous rural countryside and thriving small towns and communities. Each of the five counties that constitute the Northern Tier is known for the flourishing business and industries that drive their economy. In addition to the counties, the region includes 166 separate municipalities and 19 public school districts, resulting in one local government for approximately every thousand residents.

Historically, the region has been slow to change. The economy typically followed and lagged behind national and state trends. Over the years, when the U.S. economy and other areas of the state have improved, the Northern Tier economy remained steady. Likewise, when the economy suffered, the region also suffered, but not as severely.

Private employment (non-Government industries) increased by 2,600 between 2011 and 2012, while public employment (Government) remained stagnant. Goods-producing jobs increased by 1,400 to 26,500, accounting for 30.4% of all local employment. In fact, this proportion increased since 2011, indicating goods-producing jobs grew at a faster rate than service-providing jobs. Furthermore, goods-producing jobs are up 1,800 (+7.4%) from 2007 when the recession began. Additionally, employment has increased for all goods-producing sectors - Mining, Quarrying, and Oil and Gas Extraction, Construction, and Manufacturing - over the last year, except for Agriculture, Forestry, Fishing and Hunting. Mining, Quarrying, and Oil and Gas Extraction jobs increased 18% (870 jobs), while construction added 400 jobs (7%). Furthermore, since 2007, the Mining, Quarrying, and Oil and Gas Extraction added 3,000 jobs, an increase of 113%. Northern Tier has a tremendous opportunity to create additional jobs with the discovery and ability to recover natural gas in the Marcellus Shale region. Led by Marcellus Shale opportunities, employment in natural gas core industries rose by 2,500 jobs from 2007 to 2012, an increase of 2374%. There are currently 51 establishments within these core industries.

In recent years, the region has experienced many economic changes with the emerging oil and gas industry cluster. Historically, the rugged nature of the topography of the region has been a barrier to development, ease of transportation, and economic advancement; however, it is this topography, or rather the geological formations under that topography that has caused a boom in recent investment in the region. Over the past 7 years, the Marcellus Shale natural gas exploration has grown exponentially. The region is located at the very center of the natural gas drilling that is taking place in the Commonwealth of Pennsylvania. It has already had and will continue to have a significant impact on population, economic development, and the overall identity of the region.

As a result of the Marcellus Shale development, natural gas related companies have continued to grow over time, supporting the work and services of many area small businesses. As such, the Northern Tier region has had a growing economy and low unemployment rates over the past 7 years. In the past year, the Marcellus Shale development has continued; however, the region has experienced a slow in natural gas industry employment growth in comparison to the boom the region experienced immediately after the Marcellus Shale exploration originally skyrocketed. The cyclical nature of this industry precludes it to times of increased development followed by times of slowing development. According to the Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis, as of June 2014, the Northern Tier

region's unemployment rate was 5.4 %, which is slightly lower than the statewide 5.6% unemployment rate.

In contrast, one year ago in March 2013, the unemployment throughout the Northern Tier region was 7.5%, slightly less than the state's 7.9% employment rate. The Northern Tier region's civilian employment for May 2014 was 96,500, noting no change from last month and a decrease in 800 jobs (.8%) from civilian employment one year ago.

The Northern Tier region had a smaller increase in population than both the state and the nation in the 1990s as well as the 2000s. According to the 2010 US Census, the region had a total population of 182,663, which was a 0.9% increase from 2000. The region was 96.3% white, non-Hispanic, and 49.6% male.

Marcellus Shale core industries employment in the Northern Tier has gone from 217 employees in 2009Q4 to 3,149 employees in 2013Q4, an increase of 2,932. Employment in ancillary industries has risen from 1,965 employees in 2009Q4 to 3,808 employees in 2013Q4, an increase of 1,843. The Northern Tier Workforce Investment Area experienced the 2nd most rapid growth in Marcellus Shale Ancillary industries of the Workforce Investment Areas in Pennsylvania.

Core industries in the Northern Tier have decreased in new hires over the past year. In 2011Q1, the region had 124 new hires while in 2014Q1, the region had 155 new hires. This is in stark contrast, however, to the number of new hires since the original boom of Marcellus Shale drilling. In 2009Q4, there were 15 new hires in Marcellus Shale core industries and in 2010Q4, there were 121 new hires.

The Marcellus Shale development is affecting not only local businesses and individuals, but also businesses statewide, nationwide, and internationally. The local impact has been, however, one of major proportions. According to the Marcellus Shale Education and Training Center, supplies and services are often purchased locally, such as items and equipment used for road and well pad construction, local construction and trucking services, motel rooms and other services which are not specialized to the natural gas industry. Many businesses throughout the region have increased their sales as a result of the Marcellus Shale development and the business it has spurred in the community. In addition, local infrastructure has been heavily invested in as a result of the Marcellus activity. While challenges do exist from the Marcellus Shale development locally, studies are continually being conducted to measure and decide how to best mitigate the negative aspects while utilizing the positive aspects of this industry in the Northern Tier.

NORTHEAST REGION

The seven (7) county Northeastern Pennsylvania region includes an area of 4,476 square miles. Its major urban centers are primarily concentrated in the 87 miles stretching from Carbondale in Lackawanna County through the Wyoming Valley to Nanticoke and then following Interstate 81 south to Hazleton and Pottsville. The major cities within this belt are Scranton and Wilkes-Barre.

According to the U.S. Census Bureau, the population of Northeastern Pennsylvania in April 2010 was 1,028,926 and in July 2013 the estimated population was 1,021,027. Overall, the region continues to experience a relatively high median age. According to July 1, 2011 population estimates from the U.S. Census Bureau, the median age in the United States was 37.6 years, in Pennsylvania, it was 40.7 years, and the average in the region was 43.5 years.

According to the U.S. Department of Commerce, Bureau of Economic Analysis, the 2012 per capita personal income in the region (\$37,236) is below that of the state (\$45,083) and the nation (\$43,735).

In 2010, the not seasonally adjusted unemployment rate in the seven-county Northeastern Pennsylvania region and in the nation was 9.6 percent, as compared to the state, which was 8.5 percent. From 2010 to 2013, the regional not seasonally adjusted unemployment rate decreased to 9.0 percent as compared to the nation and state, which decreased to 7.4 percent. In May 2014, the not seasonally adjusted unemployment rate in the region was 6.9 percent as compared to the nation with 6.1 percent and the state with 5.7 percent.

The Scranton-Wilkes-Barre MSA has the highest unemployment rate among all MSAs in Pennsylvania.

Northeastern Pennsylvania enjoys a diversified economic base. This region continues to be extremely competitive and successful as a location for warehousing and distribution centers, back office call centers, medical and health related office facilities and processing centers, and food processing and distribution. Employment reflects diversification efforts and is not concentrated in any business sector.

Northeastern Pennsylvania's business base is overwhelmingly dominated by small businesses. According to "County Business Patterns," a publication by the U.S. Census Bureau, in 2012, there were 22,070 businesses in the region and 73.4 percent of these businesses employed between 1 and 9 people. The single largest industry sectors by employment are: 1) Health Care and Social Assistance 2) Retail Trade and 3) Manufacturing. Employment in the manufacturing sector is dominated by electronics, fabricated metal products, plastics and rubber products, food and chemical industries.

Due to its location by having proximity to major markets, excellent interstate highway connectivity and available land, coupled with an available and trainable labor force, the Northeastern Pennsylvania region (especially the I-81 Corridor) has been able to attract considerable investment from logistics - related businesses.

From 2000 to 2012, employment in the manufacturing sector declined by 19,247 or 31.7 percent. Despite these statistics, manufacturing is anticipated to continue to be a prime contributor to the Northeastern Pennsylvania regional economy.

Northeastern Pennsylvania is positioned for growth and prosperity due to numerous economic development opportunities and drivers. A new medical school, The Commonwealth Medical College, and two gaming venues have provided new jobs. Logistics facilities, as a result of

our proximity to the metropolitan areas of Philadelphia and New York City, continue to expand. Natural gas drilling activity in the Marcellus Shale Formation has had a positive effect in this region. Recreational activities, in primarily the Pocono Mountains region, have attracted visitors from all over the northeastern region of the United States. These new jobs, along with relatively low housing costs, have contributed to an increase in diversity within the region.

Lackawanna, Luzerne and Monroe counties experienced growth in new business start-ups at their incubator facilities. Wayne County is in the process of securing funds for its facility.

The population has become more diverse. In 2000, the region's population consisted of 5.9 percent minority and in 2010, the region's population had a minority percentage of 13.4 percent. In 2012, the percentage rose to 14.4 percent.

According to 2011 "County Business Patterns" from the U.S. Census Bureau, the region, at 12.8 percent, has a higher percentage of workers employed in the Manufacturing industry as compared to the state and nation with 10.8 percent and 9.7 percent, respectively.

The Pocono Mountains provide many recreational activities that attract visitors to the region. According to a 2012 Visitor Report about the Pocono Mountains from Longwoods Travel USA, there were an estimated 25 million total person-trips that consisted of 9.1 million in overnight trips and 15.9 million day trips during 2012. Total spending that resulted from overnight visits was \$1.3 billion and total spending that resulted from day visits was \$936 million. According to the 2012 Annual Report of the Pocono Mountains Visitors Bureau, meetings generated an estimated economic impact of \$6,586,910 within the four-county region.

Housing costs within the region are lower than the state and nation. According to 2009 - 2011 American Community Survey 3-year estimates from the U.S. Census Bureau, the region has a lower median housing value and median rent than the state and nation.

The region's largest employer is Tobyhanna Army Depot, which is the largest full-service electronics maintenance facility in the Department of Defense. The Depot overhauls, repairs, tests, modifies, converts, demilitarizes and provides technical assembly and installation for airborne and electronic warfare systems and associated equipment for the Joint Warfighter.

Kalahari Resorts, a resort that will provide lodging, convention space, restaurants, a large waterpark and other recreational amenities, is under construction and is slated to open in Monroe County in the summer of 2015.

Construction of a three-building campus that will replace the existing building at the Monroe Campus of Northampton Community College is scheduled for completion in 2014. The new campus, which is being constructed with materials and technologies with the lowest environmental impact by following LEED (U.S. Building Council) Silver standards, will accommodate 5,000 students as compared to 2,000 students at the existing campus.

Kahr Arms, a major handgun manufacturer, intends to locate a plant in the Pike County Business Park. As many as 80 jobs are expected.

American Eagle Outfitters/Distribution/Fulfillment Center located in the Humboldt Industrial Park in a one million square foot facility on a 120 acre site. The total cost is estimated to be \$150 million. Projected employment is 370 over 3 years but the business has already achieved that number.

NORTH CENTRAL REGION

North Central Pennsylvania is rural, non-farm, and small-town in character. Manufacturing (especially powdered metals and metal fabrication), forest products, limited oil and gas extraction, tourism, and transportation/distribution services (especially in the Interstate 80 corridor of Clearfield and Jefferson counties) are major employment sectors of the region. Employment is concentrated in five major clusters: telecommunications, manufacturing, forest products, oil and natural gas exploration/production, and transportation/ distribution. These clusters occur in different counties.

Economic transformation/consolidation continues to affect Potter County in a big way. Telecommunication-related jobs continue to be important in Potter County. Zito Media, headquartered in Potter County, is providing cable television, telephone, and Internet service to many small communities in north central Pennsylvania and continues to expand a major broadband service build-out that will enable most of western and central Pennsylvania to connect to high speed Internet service, when completed. Empereon Marketing, LLC, a large national call center company, is in the process of expanding their operation in Potter County with 150 new jobs to be filled in 2014. Potter County is continuing to notice increased activity with Marcellus Shale natural gas drilling and well site construction work. Drilling permit applications and well site development work have remained stable-to-slow in 2013 and in early 2014. Hiring and business activity (supplies, fuel, hotel rooms, etc.) have strengthened but remain generally weaker than the 2010-2011 period. The forest products industry remains stable but slow.

McKean, Cameron, Elk, Jefferson, and Clearfield counties are seeing an increase of activity in the extractive industries as energy prices have contributed to employment gains in the oil and natural gas (Marcellus Shale deposit) extraction and exploration business. Cameron, McKean and Clearfield counties are the most active with new natural gas drilling activity in the region. Elk, Jefferson and McKean Counties have seen an increase in drilling for oil in 2013 and early 2014. Coal mining activity has slowed in Clearfield and Jefferson counties where most of the region's coal deposits exist. Clearfield, Jefferson and Elk Counties have benefitted from the formation of Penn Highlands Healthcare. Penn Highlands Healthcare continues to consolidate healthcare and hospital/medical services in a system with nearly 3,800 employees, 363 physicians, and 556 inpatient beds.

Growth in the transportation/distribution cluster along the Interstate 80 Corridor in Clearfield and Jefferson counties has improved in 2013-2014 due to an increase in the shipping business for goods hauled by the trucking industry. The slow but steady nationwide increase in economic activity has benefitted both shippers of products and the manufacturers that make them. It is estimated that trucking firms in Clearfield County employ around 2,000 people and close to 1,500 in Jefferson County. This cluster remains a steady employer in 2014, yet is below the

economic activity peak experienced in 2006-2007 when a shortage of truck drivers was a major worry in this industry cluster. A notable increase in truck traffic from the natural gas exploration and production companies on regional highways continues to be very visible. Trucks hauling drill pipe, pumping equipment, sand, water, etc. continue to increase on area roads as drilling activity has modestly improved in 2014 over the 2012-2013 period.

McKean, Cameron, and Elk Counties are seeing an increase in Marcellus Shale drilling, production and transmission activities. Seneca Resources, an affiliate of National Fuel Gas, is spending approximately \$75 million near the village of Clarmont in McKean County (close to where Cameron, Elk, and McKean Counties meet) to build a gas transmission pipeline approximately six miles long. They will also be spending approximately \$82 million in 2015 on another pipeline project near Smethport in McKean County to an area in western New York near Niagara Falls. Hundreds of workers will be employed in both projects.

Elk and McKean Counties have seen an increase in tourism at popular locations at Kinzua State Park in McKean County where a new \$7 million visitor center is proposed for 2015. The Elk Visitors Center near the village of Benezette in Elk County continues to put up impressive numbers as over 160,000 people visited the center in 2013.

Regional employment has been improving in 2014. Comparing June 2013 to June 2014, a noticeable trend in a gradual reduction in unemployment rates has been favorable in the six-county region. In June 2013 the regional civilian labor force was 115,600 with 9,500 unemployed for a regional unemployment rate of 8.2%. In June 2014 the regional civilian labor force was 109,800 (a loss of 5,800 workers from June 2013) with 6,600 unemployed for a regional unemployment rate of 6.0%. Manufacturing, especially powdered metals and metal fabrication, has steadily improved over the past twelve month period. An uptick in the extractive industries, most notably in oil and natural gas production, has also seen a modest increase in activity, but not so in coal mining. WhiteWave, a food products processing company recently announced their location to the DuBois area and will hire 100 people by mid-2015.

Improving demand for automobiles, trucks, and lawn/garden equipment nationally has helped the powdered metal industry in 2013-2014. This has increased the demand for powdered metal parts for companies making those products. Elk County has benefitted from this increase in demand as it has roughly 70 companies involved in powdered metal parts manufacturing and has the lowest unemployment rate in the six county region at 4.9 % in June 2014. well below the state rate of 5.8% and the national rate of 6.3%.

The forest products cluster continues to be stagnant due to the nation's continued slow housing recovery and reduced foreign demand. Foreign demand for dimension cut lumber used in furniture has shifted from black cherry and red oak to lighter toned woods such as ash, maple, and poplar. This has caused weak pricing in black cherry and red oak timber and kept this part of the forest products cluster weak in north central Pennsylvania. Demand for fine white paper has remained firm and the region's sole paper mill remains a steady employer.

The region is participating in the slow but steady improving national economic recovery. Unemployment in June 2014 ranged from a low of 4.9% in Elk County to a high of 7.5% in

Cameron County. Most county unemployment rates are a full 2 percentage points lower in June of 2014 than they were a year ago in June of 2013.

CENTRAL REGION

The 11-county SEDA-COG region (Centre, Clinton, Columbia, Juniata, Lycoming, Mifflin, Montour, Northumberland, Perry, Snyder, and Union counties) is predominately rural, and is situated in Pennsylvania's Heartland. Scattered across the region are a number of mostly small urban centers. Its topography, chiefly the Susquehanna River system and the ridges of the Appalachian Mountains, have markedly influenced the region's economic development. The urban centers are overwhelmingly found along the Susquehanna and its tributaries, where most of the region's economic activity, development, and growth have also occurred in the form of industry, commerce, and services. These same centers are subject to significant periodic flooding which has served as a barrier to long-term economic growth. The most recent severe flooding event occurred in 2011 with Tropical Storm Lee where over 12 inches of rainfall over 5 days was recorded.

The region has a favorable geographical location and is in close proximity to 50% of the U.S. population. It also has an abundance of land potentially available for development; seven institutions and numerous satellite sites of higher education; a large amount of recoverable anthracite coal; and significant deposits of other mineral resources. The north and east sections of the SEDA-COG region are home to a portion of Marcellus and Utica Shale, geological formations that contains high concentrations of natural gas deposits. These shale plays continue to receive a considerable amount of attention as new technologies have been developed to less expensively extract the natural gas. Forest resources are extensive and increasing, providing timber for what was an expanding wood industry that has recently been impacted significantly by the downturn in the national housing market, as well as a natural setting that favors the increasingly important tourism and recreation sectors of the economy, particularly along the river corridors.

The SEDA-COG LDD covers a land area of 6,317 square miles, which represents 14.1% of Pennsylvania's total land area of 44,817 square miles. In contrast, the region's 2010 Census population of 691,365 represents only 5.4% of the total population of Pennsylvania. The 2010 Census population density in the region is 109.4 persons per square mile, compared to a statewide density of 283.4 persons per square mile. When comparing the 2000 Census population to the 2010 Census population Lycoming County experienced a decline while Northumberland, Montour, and Mifflin remained relatively unchanged. Lycoming lost 3,933 people, a 3.3% decline. Northumberland lost 28 people, a 0.0% decline while Montour and Mifflin experienced only a slight increase of 31 (0.2%) and 196 people (0.4%) respectively.

According to the 2012 U.S. Census Bureau's County Business Patterns (the most recent version of County Business Patterns available), manufacturing jobs accounted for about 16.3% of all jobs in the region. It should be noted that the SEDA-COG region is more dependent on the manufacturing sector than is the state as a whole at 10.6%.

SEDA-COG's 12-month non-seasonally adjusted average unemployment rate ending June 2014 is 6.4%. This figure is lower than both the state (6.6%) and national average (6.8) for the same timeframe.

SOUTHERN ALLEGHENIES REGION

The Southern Alleghenies Local Development District (LDD) is comprised of six counties (Bedford, Blair, Cambria, Fulton, Huntingdon, and Somerset) in south-central Pennsylvania. The majority of the region remains to be rural and forested with a land area of 3,400 square miles and a population of 459,030 (U.S. Census Bureau, Decennial Census Counts, 2010). All six counties continue to be dominated by the same general industry mix of health care & social assistance, manufacturing, retail trade, educational services, food service and accommodation, and transportation & warehousing. The cities of Altoona and Johnstown are well known for offering comprehensive health care services through UPMC Altoona, the Tyrone Regional Health Network (TRHN), and Conemaugh Health Systems. Bedford, Huntingdon, and Somerset Counties all possess more prominent accommodation and recreation industries, due to popular tourist destinations such as the Omni Bedford Springs Resort, Raystown Lake, Seven Springs Mountain Resort, and Hidden Valley Four Seasons Resort. Cambria County has developed a small alternative energy cluster through wind farm construction and wind turbine component manufacturing; however, this sector has been on the decline with the abolishment of crucial government alternative energy tax incentives. Due to the limited Marcellus Shale drilling activity that has occurred within the region, the majority of Marcellus-related economic impacts have stemmed from support activities by existing companies, or the establishment of Marcellus-related businesses within the region due to the proximity to areas with heavy drilling activity.

The current state of the national economy, combined with the workforce and population demographics of the Southern Alleghenies Region, continues to produce an undesirable situation for local businesses, particularly those within the prominent manufacturing industry. The past decade has seen slow population decline in most counties and the region as a whole, which can in the majority of cases, be attributed to the lack of higher-paying employment opportunities. With the exception of Fulton and Huntingdon Counties, the Southern Alleghenies population has decreased slightly in the last decade, with the biggest losses experienced by Cambria County (5.8%).

There has been a net loss among the region's younger population, most likely due to low household formation and out-migration of young workers searching for more competitive and higher-paying jobs. Between 2000 and 2010, the region lost roughly 9% of its population aged 15 to 34 years; what is generally considered the younger sector of the labor force. Overall, the region has lost a significant 13% of its working population aged 15 to 44 over the recent decade. Significant gains in populations among age groups 55-64 and 85 and older indicate that the region as a whole is continuing to age rapidly. By 2020, all baby boomers (individuals born between 1946 and 1964) within the region will fall into the 55 and above age cohort. Normally, these trends would lead to increasing waves of retirements, which result in new opportunities for younger workers. However, the current economic climate has led to many older workers remaining in the workforce longer than what is typically expected for retirement. As a result, the youth that would be entering the workforce at this time are left unemployed until the older

workers feel financially comfortable to retire. This may encourage younger residents to leave the region in search of employment elsewhere, which could further decrease the younger population, ultimately weakening the region's competitiveness for attracting jobs in the future.

One clear hurdle for stimulating local economic activity is below-average household income. Below-average household income significantly limits the disposable income and overall spending power of a household. Median household income for the Southern Alleghenies counties has been relatively cyclical over the last four years, with only Fulton (\$47,470), Huntingdon (\$44,455), and Somerset (\$42,424) Counties witnessing increases from 2011 to 2012. Fulton County has consistently maintained the highest median household income levels. This trend is consistent with Fulton County's manufacturing concentration, and the relatively higher wages associated with positions in this industry. However, median household income levels in the Southern Alleghenies Region continue to fall considerably below those demonstrated by the state (\$52,267) and nation (\$53,046).

Unemployment and underemployment continue to be significant issues within the region. As of 2013, the Southern Alleghenies Region had an average unemployment rate of 8.2%. With the exception of Blair County, the Southern Alleghenies Region maintains rates of unemployment slightly above both the state (7.4%) and national (7.4%) averages. Relatively higher unemployment rates represented by the Southern Alleghenies respective counties indicate that the local economies may be struggling to adequately provide jobs for those currently residing and relocating to the region. As a result, retaining the current population and attracting future residents will likely remain a challenge for several of the region's counties.

In addition, the annual openings projected for high-priority jobs in the region generally reflect lower-paying occupations. High-priority jobs are defined as those in high demand by local employers, have higher skill needs, and are most likely to provide family-sustaining wages (\$13.80/ hour for the Southern Alleghenies Region). According to recent high-priority annual job opening projection data, the health care industry will continue to present a higher occupational demand on the regional labor force. While health care professionals like registered nurses tend to earn relatively higher-paying salaries, other health care support and administrative staff earn salaries well below the annual average wage of \$35,048 for the Southern Alleghenies Region. Overall, the region is projected to remain dependent on employment in the current top performing industries. However, if the region is to realize a diversified and prosperous economy with a sustainable workforce, higher-paying jobs within emerging and competitive industries that require more specialized skill-sets must be created as an incentive for local graduates to seek and secure employment within the Southern Alleghenies Region.

APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM (ADHS)

The purpose of the ADHS is to provide a highway system which, in conjunction with the Interstate System and other Federal -aid highways in the Appalachian region, will open up an area or areas with a developmental potential where commerce and communication have been inhibited by lack of adequate access. In Pennsylvania, the 551.5-mile Appalachia Development Highway System consists of seven routes, identified as Corridors M (US 22), N (US 219), O (US 220/I-99), O-1 (US 322), P (US 220/I-180), P-1 (Central Susquehanna Valley Thruway), T (I-86), U and U-1 (US 15).

All Appalachian corridor project needs in Pennsylvania are developed in the identical manner as regular federal projects, through an integrated and consensus reaching programming process which involves input from Metropolitan Planning Organizations, Rural Planning Organizations, State Transportation Commission, elected officials, the Governor's Office and the general public. Project need is based largely on levels of traffic, safety concerns and economic development initiatives. Once consensus is reached within Pennsylvania on the need for a project, available ADHS funds are programmed based on project readiness, schedule, and financial constraints. Since the passage of MAP-21, the most recent federal transportation funding legislation, federal funds designated for the ADHS are not solely specific to the ADHS system and can be utilized for other transportation needs.

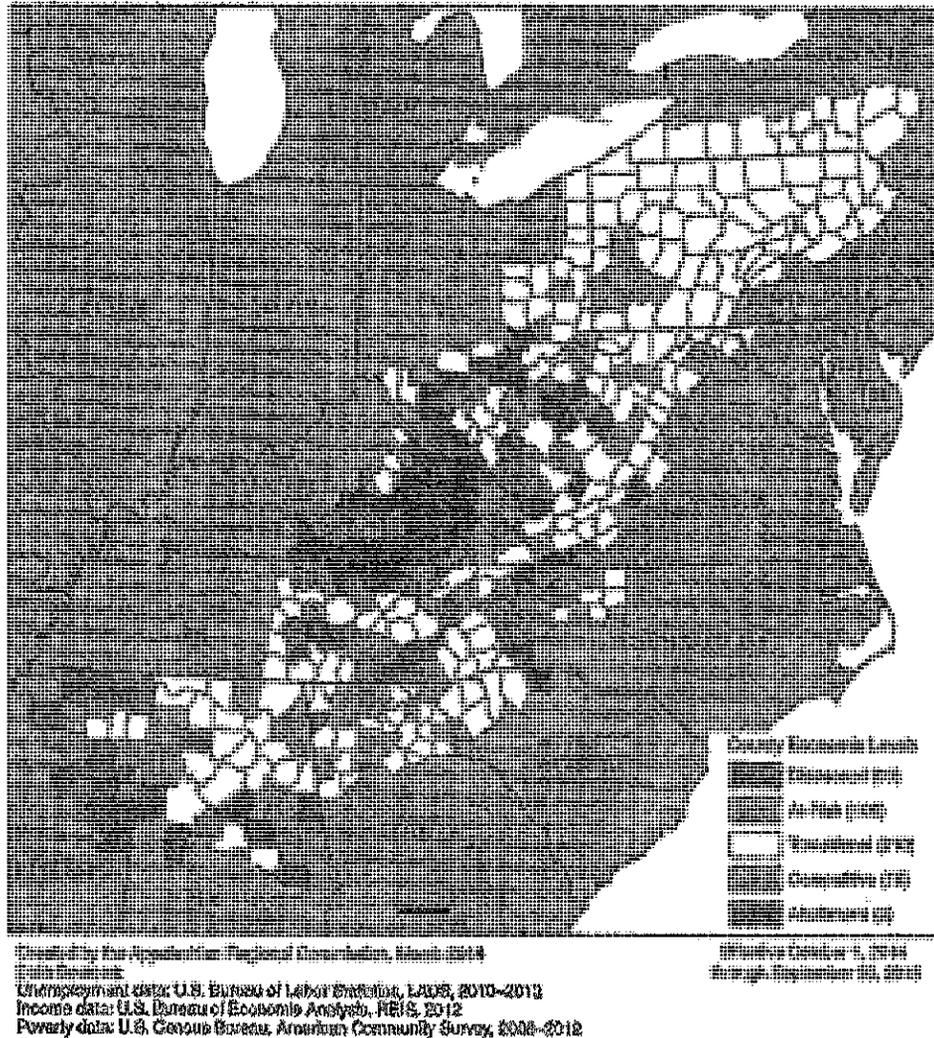
If project needs require an alignment change to the ADHS, approval must come from the Appalachian Regional Commission. After receiving proposed alignment changes, the Commission will review and approve proposed changes to the ADHS that open up an area or areas for development inhibited by lack of access while maintaining connectivity to the Interstate System and/or other ADHS designated corridors. Alignment Changes must be made within the ADHS mileage constraints set by Congress.

Every Appalachian Development Highway System project must be detailed in the Cost to Complete Estimate and approved by ARC and FHWA. The Cost to Complete Estimate is required by ARC and the Federal Highway Administration every five years. The most recent estimate was completed in 2012.

Construction is underway on Corridor N (Somerset County) while design is ongoing on Corridor P-1. Significant portions of Corridor M, Corridor O, Corridor U and Corridor U1 have been constructed. Furthermore, one entire corridor of the ADHS System in the Commonwealth is complete; Corridor T in Erie County.

The Commonwealth's portion of the Appalachian Development Highway System is estimated to cost more than \$3.1 billion to complete, based on the 2012 Cost to Complete Estimate. Federal authorizing legislation, Moving Ahead for Progress in the 21st Century (MAP-21), did not continue the dedicated funding for the ADHS System. As such, Pennsylvania will utilize available ADHS funds to meet the challenge of completing the ADHS System which coincides with the state's efforts to ensure economic stability in the Appalachian Region of Pennsylvania.

Pennsylvania ARC County Designations



DISTRESSED COUNTY DESIGNATIONS

Currently, Pennsylvania has no distressed counties as defined by ARC. However, Pennsylvania does have a significant number of citizens living in distress. According to recent ARC data, Pennsylvania has the third highest number of distressed areas (111) of any Appalachian state and the third highest number of citizens (333,505) living in economic distress.

TRANSITIONAL COUNTY DESIGNATIONS

The majority of Pennsylvania's ARC counties (47) are designated as transitional counties: Armstrong, Beaver, Bedford, Blair, Bradford, Cambria, Cameron, Carbon, Centre, Clarion,

Clearfield, Clinton, Columbia, Crawford, Elk, Erie, Fayette, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lackawanna, Lawrence, Luzerne, Lycoming, McKean, Mercer, Mifflin, Monroe, Northumberland, Perry, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Wayne, and Wyoming.

COMPETITIVE COUNTY DESIGNATIONS

Allegheny, Butler, Montour Washington and Westmoreland counties are Pennsylvania's five competitive counties.

Allegheny County, home to the City of Pittsburgh, forms the core of the regional economy in Southwestern Pennsylvania. Between the decennial censuses of 1980 and 2000, Allegheny County experienced one of the largest population losses in the nation, falling from 1,450,195 in 1980 to 1,281,666 in 2000, for a total loss of 11.6%. In 2012, the total population was 1,229,338. Regional employment levels continue to improve. The unemployment rate is 5.3 % in the Pittsburgh MSA (June, 2014, BLS).

The per capita income in Pittsburgh is 1.7% less than the Pennsylvania average and 3.8% less than the National average. The median household income in Pittsburgh is 27.4% less than the Pennsylvania average and 31.2% below the national average.

Employment growth in Allegheny County is projected to be relatively flat over the coming decade and shift to moderate growth after 2015. The largest employment sectors are health care and social assistance, retail trade, and accommodation and food services. The largest employers in the county include the University of Pittsburgh Health Care System, the University of Pittsburgh, and PNC Financial Services Group. Employed in the County: 677,962.

Butler County, located directly north of Allegheny County is gaining population. Since 2000, the county has grown 4.2%. The current population is 185,476 (US Census 2013 estimate). Median household income is \$58,226 vs \$ 52,267 for the state. Employed in the County: 83,211.

The largest employment sector is manufacturing followed by retail trade and health and social assistance services. Largest employers in the county include Westinghouse, Butler Healthcare, AK Steel Corporation, and Traco.

Montour County with a land area of 131 sq. miles and a population density of approximately 135 people per sq mile is located in Central Pennsylvania - a semi-agricultural region with over half of its land area dedicated to farmland. Manufacturing has been a major employment sector that has been impacted in the recent past by several plant closures while health care services continue to employ a considerable portion of the population in and around the county. Montour County has experienced a slight increase in population recently but remains relatively stable in population and economy; primarily due to the continued growth of the health services industry which includes most notably the Geisinger Medical Center one of the nation's premier medical research and teaching hospital. The concentration of highly educated, medical professionals in the County results in a high per capita personal income. The non-seasonally adjusted average

annual unemployment rate for the county as of June 2014 is 5.0%, while the Commonwealth is 6.6% and the nation is 6.8%.

Washington County located south of Allegheny County borders West Virginia and contains major north-south and east-west connections with I-70 and I-79. Numerous companies affiliated with the shale gas industry are located in Washington County. The 2013 Census population figure is 208,206 within 66 municipalities. Median household income is \$53,326 compared to \$52,267 for Pennsylvania.

The largest employment sectors are education/healthcare, manufacturing, retail, and entertainment/accommodations. Major employers include Washington Hospital, Washington County, PA System of Higher Education, and Walmart. People employed in April 2013: 84,323.

The county has experienced residential and job growth. A casino and retail outlets are located near the intersection of these major corridors. Two universities are located in Washington County - California University of Pennsylvania and Washington and Jefferson College.

Westmoreland County forms the most eastern boundary of the region. Population totals from the 2013 Census are 362,437 residents among 65 municipalities. Although areas of the County nearest Allegheny County have experienced dramatic growth, the county's population growth has been slower than projected. Median household income is \$49,734 compared to \$52,267 for the state.

The largest employment sectors are manufacturing, retail trade, and healthcare and social assistance. Major employers include United Parcel Service, Excelsa Health, First Energy, and Philips Respironics. A total of 130,400 workers were employed in the county in April 2013.

The county is the second most populous in the region and has the second highest concentration of jobs in the region. The county has an extensive network of business and industrial parks located near the major corridor of the Pennsylvania Turnpike and I-70. The Westmoreland Logistics Park is one the country's most versatile multi-modal transportation facilities.

AT-RISK COUNTY DESIGNATION

Pennsylvania has no counties designated as At-Risk in FY 2015

Section III: Goals, Objectives and Strategies

ARC GOAL # 1

INCREASE JOB OPPORTUNITIES AND PER CAPITA INCOME IN APPALACHIA TO REACH PARITY WITH THE NATION

Pennsylvania's Appalachian region continues to demand family-sustaining jobs through additional market development and aggressive entrepreneurial development. Traditional manufacturing, along with an emphasis on new technologies will continue to be major areas of emphasis. In addition, opportunities centered on cultural, historical, natural and geographic assets will be actively promoted.

State Objective 1.1:

Pennsylvania will promote a high growth, diverse economy by creating more opportunities for higher-wage jobs by increasing the number of successful small businesses.

- PA Strategy (1.1.1) Target increased technical and financial assistance to Pennsylvania's manufacturing, information technology, biotechnology and related business sectors via the commonwealth's Discovered in PA – Developed in PA initiative.
- PA Strategy (1.1.2) Support the transfer of new processes and product technologies that increase productivity and create new entrepreneurial opportunities.
- PA Strategy (1.1.3) Support strategic alliances with institutions of higher education, local economic development organizations and private sector representatives to encourage joint entrepreneurship activities.
- PA Strategy (1.1.4) Support economic activities designed to promote increased venture capital and international investment in Appalachian Pennsylvania
- PA Strategy (1.1.5) Provide targeted incentives, technical assistance and other risk-reduction activities designed to encourage job growth and entrepreneurial activities in the fields of energy conservation, as well as the conventional and renewable energy sectors.

State Objective 1.2:

Businesses in Appalachia Pennsylvania will have access to a broad range of regionally-based and need-driven economic development assistance for the purpose of market expansion and diversification resulting in increased sales and job growth.

- PA Strategy (1.2.1) Promote one-on-one consulting in the field of international business development, government marketing, business financing and other activities offered in conjunction with PA's Partnerships for Regional Economic Performance (PREP). This may include efforts to strengthen the coordination of PA's economic development delivery system.
- PA Strategy (1.2.2) Utilize Internet-based technologies to deliver training and instruction for business creation and expansion.
- PA Strategy (1.2.3) Pennsylvania's economic development strategy will include regional initiatives developed through the strategic planning process of the Local Development Districts. This may include workforce development, planning, e-commerce, telecommunications, energy independence, etc.
- PA Strategy (1.2.4) Pennsylvania will expand its commercial presence worldwide, develop strategic international alliances and attract international companies.
- PA Strategy (1.2.5) Provide technical, financial and infrastructure assistance to those communities facing the loss of a region's major employer.
- PA Strategy (1.2.6) Support initiatives to promote business development in the integrated biopharmaceutical manufacturing, biotech research, alternative energy, agro-food processing, digital media, and pre-fabricated housing segments.
- PA Strategy (1.2.7) Support business development activities that promote the expansion of supply chain activities among businesses capable of serving the energy sectors.
- PA Strategy (1.2.8) PA will support activities designed to grow our ports and intermodal assets.

State Objective 1.3:

Appalachian residents in rural area will have access to enhanced entrepreneurial opportunities.

- PA Strategy (1.3.1) Support regional entrepreneurial networks designed to promote collaboration among public/private service providers.
- PA Strategy (1.3.2) Support web-based initiatives designed to provide prompt and practical entrepreneurial information to citizen and business owners.

PA Strategy (1.3.3) Encourage business ownership as a career vocation to students by supporting youth entrepreneurship activities.

PA Strategy (1.3.4) Support activities such as business plan competitions and incubation programs to fuel the expansion and growth of entrepreneurial activity.

PA Strategy (1.3.5) Promote asset-based entrepreneurial development based upon historical, cultural, structural and geographic resources.

State Objective 1.4: **Appalachian communities will increase community and economic activity by developing and marketing local strategic assets.**

PA Strategy (1.4.1) Develop initiatives to support tourism expansion, including heritage and eco-tourism development, through assessments, technical assistance and marketing campaigns.

PA Strategy (1.4.2) Promote asset-based development opportunities by encouraging economic and community development organizations to utilize their historical, environmental and cultural resources.

PA Strategy (1.4.3) Promote regional development and entrepreneurship along PA's vast river network, greenways, forests and other natural assets.

State Objective 1.5: **Pennsylvania will have citizens and local leaders capable of working with local, state and federal resources to effect positive economic change.**

PA Strategy (1.5.1) Initiate training activities to increase the skills of individuals and groups to effectively identify community needs and develop plans to improve economic viability.

PA Strategy (1.5.2) Promote regional partnerships and joint activities among government, business, and nonprofit organizations such as Team PA Foundation to reach common goals.

State Objective 1.6 **Pennsylvania will expand the market for clean, indigenous energy resources, and enhance energy diversity and energy security, while stimulating economic development and job creation in an environmentally beneficial manner.**

PA Strategy (1.6.1) Promote energy security and job creation through the support of advanced energy technologies.

- PA Strategy (1.6.2) Foster economic development by encouraging the transfer and commercialization of innovative energy technologies and the use of fuels indigenous to the Commonwealth.
- PA Strategy (1.6.3) Support energy independence and economic development by fostering the smart development of the natural gas extraction industry and supporting businesses.

ARC GOAL #2

STRENGTHEN THE CAPACITY OF THE PEOPLE OF APPALACHIA TO COMPETE IN THE GLOBAL ECONOMY

Pennsylvania's Appalachian residents will be provided with the tools and resources to reach economic parity with the rest of the nation. Local government and community leaders will develop the capacity to move our region forward, and affordable health care will expand to our neediest citizens.

State Objective 2.1: Pennsylvania will align job training and education with economic development and labor demands.

- PA Strategy (2.1.1) Promote workforce development in a manner that is coordinated with high schools, community colleges, apprenticeships, post secondary institutions and Workforce Investment Boards.
- PA Strategy (2.1.2) Support the work of Career Technology Centers as an important option for training citizens for real world placements.
- PA Strategy (2.1.3) Support incentives for Career and Technical Centers to develop and offer reengagement programs that blend academics, occupational skills and access to part-time employment.
- PA Strategy (2.1.4) Support Adult Basic and Literacy Education (ABLE) programs to enhance their capacity to meet the needs of high school dropouts.
- PA Strategy (2.1.5) PA will support efforts to recruit college graduates back to PA to help grow our workforce, especially in the high-tech sectors.

State Objective 2.2: Appalachian residents will receive advanced skills training to acquire and maintain family-sustaining jobs.

- PA Strategy (2.2.1) Utilize Pennsylvania's community college system and other educational institutions to improve the workforce training delivery network along with other public/private providers.

- PA Strategy (2.2.2) Promote employer-led consortia and industry partnerships to identify critical job vacancies and needed skills.
- PA Strategy (2.2.3) Promote the use of high-technology tools and resources for the education of students as a means to deliver workforce training.
- PA Strategy (2.2.4) Train Appalachian residents on the methodologies needed to develop and expand our natural, cultural, historical and energy-related resources.

State Objective 2.3:

Appalachian residents and business owners will have access to institutions of higher learning as well as alternative educational institutions that promote entrepreneurship and innovation as well as continuing education.

- PA Strategy (2.3.1) Promote the development of critical job skill training programs to address workforce shortage issues.
- PA Strategy (2.3.2) Expand or establish technical training centers designed to improve workforce skills in rural Appalachia.

State Objective 2.4:

Pennsylvania will provide planning, technical assistance, management services and complimentary resources to local governments and community and economic development organizations to promote efficient and effective local leadership and improved civic capacity.

- PA Strategy (2.4.1) Utilize the Governor's Center for Local Government Services and other organizations to provide training and program coordination to local officials in areas such as administration, finance, management, land use planning, transportation, zoning, energy conservation, security, broadband and community and economic development. This may also include activities that promote regional consolidation of services.
- PA Strategy (2.4.2) Provide technical assistance and research support for communities impacted by the expanding shale gas industry.
- PA Strategy (2.4.3) Community and economic development service providers will be encouraged to provide staff with professional development training.
- PA Strategy (2.4.4) Provide consolidated technical assistance to community and economic groups for the purpose of developing and administering projects in the region.

PA Strategy (2.4.5) Provide adequate resources, tools and equipment for local governments, nonprofit organizations and other eligible entities to effectively serve the citizens of Appalachia.

State Objective 2.5: **Pennsylvania will empower community leaders throughout the region to serve as sparkplugs for community and economic development projects and general capacity building.**

PA Strategy (2.5.1) Support local and regionally-based leadership development programs to encourage cooperation and collaboration as well as strategic planning and information sharing.

PA Strategy (2.5.2) Partner with state and federal organizations to disseminate information on the types of resources available to small and rural communities.

PA Strategy (2.5.3) Utilize models such as the Appalachian Community Learning Program (ACLP) and the Pennsylvania Downtown Center to increase civic capacity.

PA Strategy (2.5.4) Promote youth leadership activities to introduce our young people to the concepts associated with active community involvement.

PA Strategy (2.5.5) Promote the principles of asset-based development to encourage local leaders to integrate the natural, cultural, historical and energy resources in community and economic development activities/projects.

PA Strategy (2.5.6) Support initiatives designed to educate Appalachian residents on the benefits and means of effective energy conservation.

PA Strategy (2.5.7) Support regional and community based efforts to retain wealth generated by businesses and individuals associated with the growing shale gas industry.

State Objective 2.6: **Pennsylvania will foster an integrated health-care system designed to provide Appalachian children, adults and elderly citizens with access to quality care at a reasonable cost.**

PA Strategy (2.6.1) Continue to support the J-1 Visa program as a tool to recruit physicians to our neediest areas.

PA Strategy (2.6.2) Employ the use of the latest technological resources such as remote monitoring devices to lower health care costs while maintaining a high degree of quality care.

- PA Strategy (2.6.3) Analyze specific health care needs of Appalachian residents for the purpose of directing resources to combat illness, disease and spiraling costs.
- PA Strategy (2.6.4) Support organizations specializing in addressing the health care needs of rural areas to identify and develop wellness programs and other activities to combat areas of health-distress.

ARC GOAL # 3

DEVELOP AND IMPROVE APPALACHIA'S INFRASTRUCTURE TO MAKE THE REGION ECONOMICALLY COMPETITIVE

Pennsylvania will deliver clean drinking water to its communities while providing affordable housing, modern places to start and maintain businesses, and access to the entire world via broadband.

State Objective 3.1: All Appalachian communities will have access to safe drinking water; sanitary sewer and waste disposal systems; and basic infrastructure.

- PA Strategy (3.1.1) Support efforts to provide a safe and secure water/sewer system for residents of Appalachia through collaborative projects with state and federal agencies such as EDA, USDA, PennVest, etc.
- PA Strategy (3.1.2) Promote multi-county approaches and partnerships with public and private sector entities to manage solid waste disposal, water and wastewater treatment. Support waste recycling and new disposal technologies.
- PA Strategy (3.1.3) Provide housing and redevelopment assistance to ensure a basic standard of living and improved economic potential for our communities.
- PA Strategy (3.1.4) Encourage investment and innovation in low carbon infrastructure, such as smart grid, natural gas, renewable, nuclear, and biomass to allow new and existing business to operate with a lower carbon footprint and make them more competitive in the global economy.

State Objective 3.2: There will be a new or renewed active industrial site, business park or business incubator within a reasonable commute of all Appalachians for enhanced job creation and business development opportunities.

- PA Strategy (3.2.1) Support programs which create site-ready properties focused on generating economic growth in needy areas.
- PA Strategy (3.2.2) Stimulate business infrastructure development along Pennsylvania's Appalachian Development Highway System (ADHS) corridors.
- PA Strategy (3.2.3) Coordinate regional planning efforts to serve commercial and industrial purposes.
- PA Strategy (3.2.4) Engage in infrastructure and construction activities that will generate value-added job creation and business expansion. This may include, but is not limited to business incubators, multi-tenant facilities, industrial parks and ancillary infrastructure needs such as parking and access roads.

State Objective 3.3: Pennsylvania will rebuild our Keystone Communities by focusing on housing, site acquisition, preparation, and redevelopment.

- PA Strategy (3.3.1) Support Main Street projects that will lead to physical improvements in downtown business districts.
- PA Strategy (3.3.2) Through the Elm Street program, provide resources to encourage improvements in Appalachian residential communities.
- PA Strategy (3.3.3) Support activities that promote the availability of affordable housing. This includes concerted efforts in areas affected by shale gas development.

State Objective 3.4: Pennsylvania will bridge the digital divide in the Appalachian region by delivering broadband resources to residents and businesses.

- PA Strategy (3.4.1) Support the deployment of affordable access to advanced communications through the use of multiple technologies.
- PA Strategy (3.4.2) Develop initiatives such as training programs, consulting and demonstration projects to increase the readiness of industry groups and businesses to engage in e-commerce.
- PA Strategy (3.4.3) Sponsor demand aggregation programs to encourage private sector investment of broadband technology.

State Objective 3.5:

Pennsylvania will provide communities with the resources needed to spur locally-driven community and economic development.

- PA Strategy (3.5.1) Support revitalization efforts that re-use brownfields and existing infrastructure to create new businesses, homes and community resources.
- PA Strategy (3.5.2) Promote infrastructure investment that compliments and utilizes the region's natural beauty, landscape and historical/cultural heritage.
- PA Strategy (3.5.3) Improve and expand our intermodal methods of transportation to more effectively move people and goods.
- PA Strategy (3.5.5) Continue to allocate resources for development and improvement of access roads for economic and community activities.
- PA Strategy (3.5.6) Support community infrastructure improvements designed to retain major employers or newly-formed companies.

State Objective 3.6:

Pennsylvania will invest in the future by turning existing infrastructure into vibrant new business, cleaning up the environment and creating lively towns and neighborhoods.

- PA Strategy (3.6.1) Clean up Pennsylvania's polluted streams and improve the health of our rivers and streams affected by runoff from mines and other pollution, restoring these waters to full use for our communities and outdoor enthusiasts.
- PA Strategy (3.6.2) Reclaim abandoned mines and toxic waste sites for productive uses.
- PA Strategy (3.6.3) Invest in alternative energy production including wind farms, solar cells and alternative fuels.
- PA Strategy (3.6.4) PA will support programs that preserve working farms, open space and natural areas, and improve state parks and infrastructure that support fish and wildlife habitat so tourists and Pennsylvanians can fully enjoy these treasures again.
- PA Strategy (3.6.5) Restore communities and expand affordable housing by improving community parks, and investing in housing and community redevelopment.

ARC GOAL # 4

BUILD THE APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM TO REDUCE APPALACHIA'S ISOLATION

Pennsylvania and its visitors will traverse the state via a modern highway system that effectively and efficiently promotes global commerce.

State Objective 4.1:

Pennsylvania will develop a balanced transportation system which is supportive of economic growth and investment potential in the region.

- PA Strategy (4.1.1) Identify for completion, critical Appalachian Development Highway System (ADHS) interchanges and priority miles.
- PA Strategy (4.1.2) Effectively and efficiently continue to develop the ADHS by soliciting input from local private and public officials.
- PA Strategy (4.1.3) Pennsylvania's Department of Transportation will adhere to all federal statutes to ensure accountability of funds and cooperate with contiguous member states.

Section IV: Pennsylvania ARC Program Policies

PROJECT SOLICITATION & SELECTION

All project pre-applications are screened initially to determine if they are eligible for funding consideration. The screening process determines consistency with the Commission's four (4) goals and reviews the pre-application for completeness, accuracy and project feasibility. This process also evaluates whether the project is consistent with Pennsylvania's objectives and strategies.

The Commonwealth will look favorably at projects where there are new business start-ups and job creation and those projects that will enhance the community and economic vitality of the state. When approving a particular project, the state will also consider whether the project will improve, on a continuing rather than a temporary basis, the opportunities for employment, and the average level of income or economic and social development of the area served by the project.

General Policies

1. Each application for funding must contain detailed output and outcome measurements by which grant expenditures may be evaluated.
2. Applications must identify the ARC Goal(s) being met along with the corresponding state strategy.
3. Priority is given to those projects which demonstrate a high degree of readiness, i.e. other funding sources committed, firm cost figures, Basic Federal Agency involvement, etc.
4. Grants funded under Section 214 of the Appalachian Regional Development Act (ARDA) shall include cost estimates valid not more than twelve (12) months prior to project application submission to ARC.
5. Deliverable impact shall be identified prior to funding additional phases of projects.
6. Pennsylvania will not establish formal dollar caps for ARC projects.
7. Grants funded under Section 214 of the ARDA that have a commitment from a company will be reviewed in the highest of priority when recommendations for funding are made.
8. Pennsylvania will generally not fund a specific initiative for more than three years. However, exceptions may be granted on a case-by-case basis as need dictates.
9. Pennsylvania will utilize the annual priority lists submitted by the Local

Development Districts and ranked by their Boards of Directors as a primary, but not exclusive, basis for project identification and selection.

10. Pennsylvania may invite the submission of back-up projects which may be selected to replace projects that fallout during the course of review in situations such as ineligibility, loss of matching funds, etc.

APPLICATION DEADLINES

Applicants invited to submit full applications must meet all deadlines established by the Appalachian Development Center. Applications are not considered complete and timely unless all pertinent documentation is included in the project package. This includes match commitment letters. Pennsylvania supports ARC's efforts to obligate all available funds by the end of the fiscal year and will act accordingly if applications are not submitted in a timely fashion.

MATCHING REQUIREMENTS

In general, the Commonwealth expects a recipient of an ARC grant to contribute its own resources to a project to the extent it is able to do so and seek additional non-ARC funding assistance in a tenacious manner. Matching funds should be identified by amount and source with evidence of assurance that such funds are available. In addition to the ARDA match requirements described in the ARC Project Guidelines, Pennsylvania's ARC participation costs will be limited to 50 percent of project costs, with the following exceptions:

Section 7.6 of the ARC Code restricts ARC assistance to 30% of eligible project costs on most projects located in an ARC designated competitive counties (Allegheny, Butler Montour, Washington and Westmoreland) except for projects noted in Section 7.6d of the code. This restriction may also be waived, or modified in accordance with the code.

Projects located in designated "At Risk Counties" may be funded up to 70% of the eligible costs.

Projects located in an ARC designated attainment county (currently none in PA) are generally ineligible for any ARC assistance. This restriction may be waived, or modified by a demonstration in accordance with Section 7.6f of the code.

Grants funded under Section 302(a) will comply with the terms of the ARDA, which require a 50%-50% matching requirement.

Funding for work on the Appalachian Development Highway System is allowed at 100% wherever the project is located.

When funding for an access road project is under section 214, the project will be subject to the general funding limits (80% distressed, 50% transitional, and 30% competitive. When funding for an access road project is under 201 (Federal Highway Administration) the project will be funded at levels dictated by current FHWA directives. Other public and private investments are strongly encouraged and availability may be considered when selecting projects.

Pennsylvania may use the discretionary grant authority contained in section 302 of ARDA to increase ARC participation above the statutory limits in projects implementing Regional Initiatives. The discretionary authority, however, cannot be used to eliminate the funding restrictions on projects in competitive and attainment counties. Pennsylvania may use all or a portion of its allocated authority for projects involving emergency economic distress upon approval of the Co-chair's Committee.

Multi-County Projects - Matching Requirements: Special matching rules apply to projects that are carried out in more than one county. Projects may be funded at the average match limits for the counties if at least one county is competitive and there are no distressed or attainment counties.

Examples:

Seven transitional @ 50% and two competitive @ 30%

$50+50+50+50+50+50+50+30+30=410/9=45.5\%$

Project may be funded at 46%

Two transitional @ 50% and two competitive @ 30%

$50+50+30+30+=160/4=40\%$

Project may be funded at 40%

Seven transitional counties @ 50% and one competitive county @ 30%

$50+50+50+50+50+50+50+30 = 380/8=47.5\%$

Project may be funded at 48% of eligible cost

WAIVERS

Waiver to Proceed - Pennsylvania: Commission approval of a project for construction, renovation or equipment pursuant to Section 303 of the Act must take place prior to the letting of any contract. Pennsylvania may waive this requirement prior to such contract letting upon a finding that conditions warrant such action. The waiver approval does not relieve the applicant of the responsibility to obtain necessary authorization from the basic agency to award a contract under the agency's rules and regulation.

Project Waiver Restriction - ARC: The restrictions on projects located in competitive and attainment counties can be waived by the Commission upon a showing of (1) the existence of a significant pocket of distress in the part of the county in which the project is carried out or (2) the existence of a significant potential benefit from the project in 1 or more areas of the region outside the designated economically strong county in which the project is carried out. Waiver requests are made by the State Alternate representing the potential grantee and such requests must be approved by the Federal Co-Chairman and the Alternates.

COST OVERRUNS/UNDERRUNS

When project cost underruns occur, ARC funds will generally be de-obligated and made available for other eligible projects. Cost overruns will be considered as separate projects and will be subject to normal project selection criteria.

PROJECT MONITORING AND PROGRESS EVALUATION

ARC projects will be monitored by staff on a regular basis to assess progress in meeting scheduled milestones and to identify and resolve any problems that may have occurred in project performance. On-site inspections may be done at the midpoint and at project completion to ensure compliance with approved project scope by State and ARC staff. Interim monitoring will usually be done by telephone. All open construction projects will be reported to DCED by the respective LDD every 90 days.

Statistical Sources

PA statistical data used in the preparation of this Strategy Statement was collected from the following sources:

- A Rural Economic Reality Check - Center for Rural PA
- County Business Pattern, U.S. Census Bureau
- Industry Trends, Department of Labor and Industry
- Decennial Census
- Infrastructure Makes It All Work – Center for Rural PA
- Transportation: The Road Rules – Center for Rural PA
- Health Care Access and Affordability – Center for Rural PA
- About Rural PA – Center for Rural PA
- Newsletters – Center for Rural PA
- U.S. Census Bureau
- Various Commonwealth of PA Agencies

Stockton, Eric

From: Leah Ferguson <leah@ruralsupportpartners.com>
Sent: Monday, December 29, 2014 9:39 AM
To: Bonnie Blankenship; Cynthia Drennan; Darryl Cannady; Stockton, Eric; Jen Algire; Kimberly Tieman; Mary Hellen Petrus; Sheri Ryder; Susan Urano; Susan Zepeda; Terri Donlin; Theresa Wukusick
Cc: Thomas M. Watson; Mary Snow
Subject: Fwd: Request for Proposal Posting: Action Requested
Attachments: RFP_Final.pdf

Dear Health Working Group Members,

I am writing to provide you with the Request for Proposal (RFP) for the research project. **Please review the RFP and send it out to your appropriate networks**

. I've provided the text below to use in your email

Please feel free to customize it as you see fit.

Sample email for forwards:

[I am writing to share a Request for Proposals developed by the Health Working Group of the Appalachia Funders Network. We are seeking a capable research team to help us understand how philanthropy is currently addressing health in Central Appalachia and guide us in developing a common understanding, deep analysis, and shared vision for collectively addressing Central Appalachia's health challenges.

Please feel free to send this RFP out to your networks. We would like to cast the widest net possible to ensure we have many qualified applicants. Thank you for your time and consideration.]

Updates:

We are a little behind our timeline. We have had the conversation with Vanessa Farrell, our contact at Robert Wood Johnson, who assured us that we can extend the timeline (up to 3 additional months), rework our budget to meet our needs, and refocus each

deliverable to better accommodate what we can reasonably accomplish in our time

frame.

They see this as a partnership and are very interested in setting us up for success.

Thank you for your good work so far with this effort. A lot has already been accomplished.

My best,
Leah

Leah Ferguson
Program Manager, Rural Support Partners
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www.ruralsupportpartners.com

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