2015-2019
Appalachian Regional Commission Development Plan

State of South Carolina
Governor Nikki R. Haley

Prepared by
SC Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201
(803) 734-0400
Michael P. McInerney, State Alternate

2015-2019 Development Plan Contents

Contact Information

South Carolina Department of Commerce
1201 Main Street, Suite 1600 Columbia, SC 29201
Jill Francisco
South Carolina ARC Program Manager
803-734-0568
jfrancisco@sccommerce.com

Lisa Kalsbeck
Assistant Director, Federal Programs
803-734-0452
lkalsbeck@sccommerce.com

Michael McInerney
Governor's State Alternate
Director-External Affairs
803-737-3949
mmcinerney@sccommerce.com

South Carolina Appalachian Council of Governments
30 Century Circle
Greenville, SC 29607
864- 242-9733

Steve Pelissier
Executive Director
pelissier@scacog.org

Dirk Reis
Grant Services Director
reis@scacog.org

Introduction and Background

Introduction

In accordance with Section 5.3 of the Appalachian Regional Commission Code, this document will serve as the State of South Carolina's Appalachian Development Plan. The purpose of this Plan is to set forth a strategic agenda for Appalachian South Carolina, based on issues and needs identified within the region, and to define how development projects will be prioritized based on available resources. The implementation of this Plan will meet the diverse and dynamic needs of Appalachian South Carolina by targeting resources and strategies supported by Governor Nikki R. Haley and that meet ARC's defined goals and objectives.

As required by Section 5.3 of the Appalachian Regional Commission Code, this Development Plan accomplishes the following:

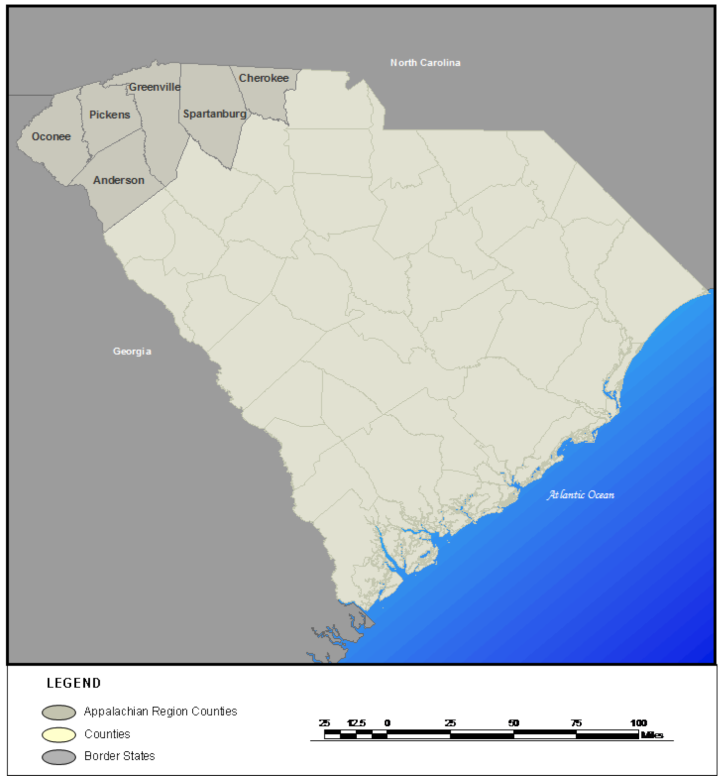
- Reflects the Appalachian Regional Commission's strategic plan, its goals and objectives, and its guiding principles;
- Describes the inter-relationship between economic development in the Appalachian portion of the state and the Appalachian Development Highway System corridors located in the state;
- Describes the methods used to measure the relative financial resources of project applicants and to ensure an equitable allocation of state contributions for projects to its Appalachian area, and shall explain the derivation, rationale and application of such methods;
- Describes the state's Appalachian development and planning organization and coordination process, including the roles of LDDs and citizens.

Background

Appalachia, as defined in the legislation from which the Appalachian Regional Commission derives its authority, is a 205,000-square-mileregion that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. The Appalachian Region includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Appalachia is home to more than 25 million people.

The Appalachian Regional Commission (ARC) is a regional economic development agency representing a unique partnership of federal, state, and local government. Established by an act of Congress in 1965, the Commission is composed of the governors of the 13 Appalachian states and a federal co-chair, who is appointed by the president. Local participation is provided through multi-county local development districts with support from community, business, and civic leaders. Each year Congress appropriates funds for Commission programs, which ARC allocates among its member states. The governors draw up annual state Appalachian strategies and select projects for approval by the federal co-chair. ARC has made investments in such essentials of comprehensive economic development as a safe and efficient highway system; education, job-training, and health care programs; water and sewer systems; and entrepreneurial and capital market development.

In South Carolina, the northwestern counties of Anderson, Cherokee, Greenville, Pickens, Oconee, and Spartanburg are within the Appalachian Region. Because only six counties are eligible under the program, many aspects of state and local administration have been combined. The Governor has designated the Department of Commerce, Grants Administration, to provide policy direction, to oversee the planning and project development process, to maintain central fiscal management, and to coordinate activities among organizations at the sub-state level. However, a portion of actual planning, technical assistance, and local administration required to successfully implement the ARC Program has been delegated to the South Carolina Appalachian Council of Governments.



The South Carolina Appalachian Council of Governments (COG) created in 1971, evolved from the South Carolina Appalachian Advisory Commission, established in 1965 by Governor Robert McNair as a local development district (LDD) to administer the Appalachian Regional Commission Program. Today, the COG serves Appalachian South Carolina through a variety of functions including regional planning, local administration of several federal and state programs, management assistance to local governments, information systems and technology, workforce development and small business lending. The COG has also developed a mechanism for local level involvement in preparing plans and recommending projects for Appalachian South Carolina.

The State Department of Commerce undertakes a planning process for housing, community and economic development that includes local government and public participation. A series of surveys, focus groups, and public hearings were held to identify needs and establish priorities. Many aspects of state and local Appalachian activity coincide since only six counties in South Carolina are covered under the ARC program. With policy direction from the Governor's Office and the SC Department of Commerce, the SC Appalachian Council of Governments is involved in the planning and project development activities required for implementation of the State's Appalachian program. The COG has developed a mechanism for local level public involvement in preparing plans and recommending projects for Appalachian South Carolina. These activities, serve the dual function of fulfilling requirements for local input at the district level and the state level.

The South Carolina Appalachian Development Plan for FY 2015-2019 is consistent with ARC's mission to innovate, partner, and invest to build community capacity and strengthen economic growth to help the Region achieve socioeconomic parity with the nation. The plan focuses on the need to make investments in jobs, infrastructure, education and training while considering the needs to protect natural resources, and strengthen communities. Implementation of the plan will involve a network of partnerships from the federal, state and local level involving public, private and non-profit efforts and resources. The State's efforts will be based on the ARC's Strategic Investment Goals: Economic Opportunities, Ready Workforce, Critical Infrastructure, Natural and Cultural Assets and Leadership and Community Capacity.

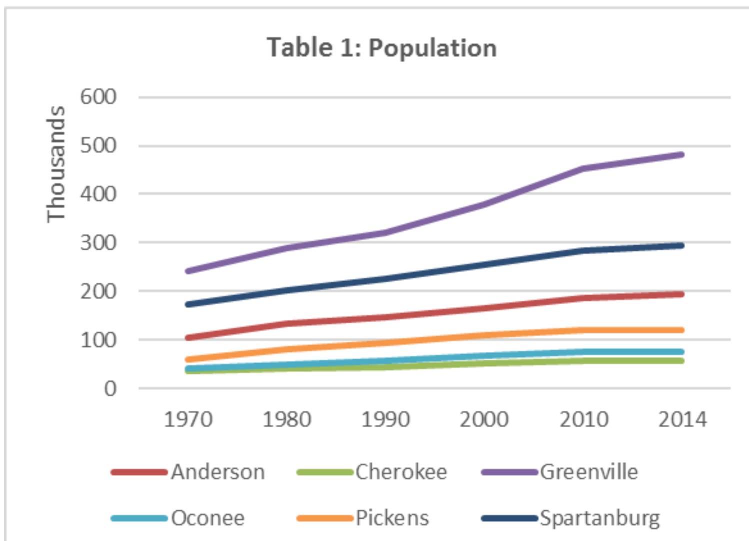
Overview & Assessment of Appalachian South Carolina

As part of this planning effort, the State has undertaken an assessment of its strengths, weaknesses, needs, and opportunities relative to sustainability and economic competitiveness. The resulting plan provides a framework to increase prosperity and economic opportunities for its citizens. In order to achieve this, South Carolina has developed priorities to ensure that our State provides a more competitive economy and a sustainable quality of life for the citizens within Appalachian South Carolina and throughout the entire State.

Appalachian South Carolina covers about 3,800 square miles, 123 square miles of which are National Forest, partially within the sparsely settled Blue Ridge Mountain Range, but mainly in the more prosperous Piedmont Crescent stretching from Greensboro, North Carolina southward to Atlanta, Georgia. Appalachian South Carolina displays highs and lows in economic and quality of life indicators. The more urban areas rank higher, but the rural areas still face significant challenges to increased prosperity.

The People

There are an estimated 1,220,688 persons currently residing in the six counties, representing one quarter of the entire state's population. The region's population increased 4 percent from 2010 to 2014, and is expected to increase about 12.4 percent by 2030. Appalachian South Carolina compares similarly with the United States' expected increase of 11.8 percent by 2030. Table 1 shows the population growth in each county of Appalachian SC.



Starting in the 1970's the region began to urbanize, and in 2000, the region had a 63 percent urban population, which fell far behind the national population of 79 percent urban. In 2010, that rate increased to 72 percent urbanization for Appalachian SC, while the national rate only increased to 81 percent. Within the region, Greenville County has the highest urbanization rate of 87 percent while Cherokee and Oconee Counties have the lowest at 39 and 35 percent respectively.

As in much of the south, population growth in Appalachian South Carolina during the 1950s and 1960s lagged behind that of the nation. The area's slow growth in population was due to the net migration of persons who sought employment opportunities outside of the region. However, in the 1970s, 1980s and 1990s this trend of out-migration from the region was reversed due to the expansion of economic opportunities and more attractive living conditions. The recent migration of both domestic and foreign populations reflects the attractiveness of the quality of life, geographic advantages, and nearby amenities within the growing southeast. It also reflects the success of efforts to attract foreign and out of state investment and jobs.

Education

Educational attainment is directly related to economic opportunity, both for individuals and families as well as for entire communities. For an individual, a higher level of educational attainment reduces the risk of poverty, improves ability to compete for higher paying jobs, and thereby increases lifetime earnings capacity, correlating directly with many indicators of well-being. At the community level, workplace needs are changing as technology development and change are occurring at faster levels. Educational attainment levels within the community indicate capacity for workforce productivity, as well as adaptability and soft skills increasingly required by employers. Higher educational attainment is also directly related to financial literacy.

Table 2: Percent of Population with At Least a 4-Year College Degree

Area	2000	2010	2013
Appalachian SC	20.6	23.1	24.7
South Carolina	20.4	23.5	25.1
Nation	24.4	27.5	28.8

Source: Appalachian Council of Governments InfoMentum

Like other ARC counties, Appalachian South Carolina has fewer adults with four-year college degrees compared to the nation, as shown in Table 2. Additionally, compared to South Carolina as a whole, all Appalachian Counties, with the exception of Greenville, have lower educational attainment levels. 4-year college attainment increased at the same rate in Appalachian SC and South Carolina between 2010 and 2013, which is an improvement over the 2000-2010 period, where Appalachian SC lagged behind the rest of the state. However, the region still lags behind the nation and the state in terms of total percentage. Two public universities, two public technical colleges, and sixteen additional for profit or independent colleges all have campuses in the six county Appalachian Region of South Carolina.

Table 3: Percent of Population with At Least a High School Degree

Area	2000	2010	2013
Anderson	73.4	80	81.7
Cherokee	66.7	73.7	75.0
Greenville	79.5	83	85.7
Oconee	73.9	81.6	83.1
Pickens	73.7	81	82.2
Spartanburg	73.1	78.8	82.2
South Carolina	76.3	82.2	84.5

Source: Appalachian Council of Governments InfoMentum

The rate of high school completion also significantly impacts the ability of workers to find jobs with good wages. Unfortunately, five out of the six counties in Appalachian South Carolina have a lower percentage compared to the state. Table 3 shows the percentages of high school graduates in Appalachian South Carolina. However, completions have improved over the last decade, closing the gap between Appalachia SC and the rest of the State.

Another area of concern is the lack of basic literacy skills. Cherokee County's rate of illiteracy is higher than the rest of the region's as well as the state's 15 percent rate. Adult education programs are needed to provide remedial training.

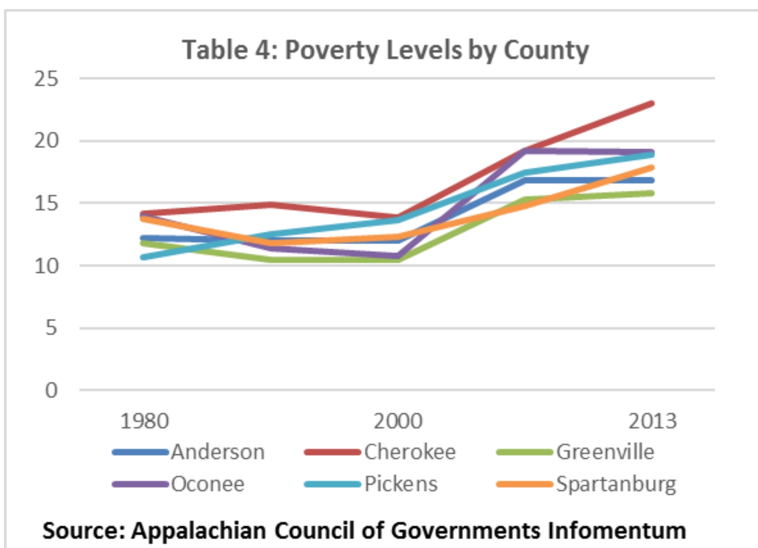
Health Care

Access to quality, affordable health care sustains a productive workforce and is a primary quality of life resource. According to the federal Department of Health and Human Services, communities in every county of Appalachian South Carolina qualify as Medically Underserved Areas (MUA) or Medically Underserved Populations (MUP). Designation as a MUA/MUP is based on the availability of health professional resources within a thirty-minute travel time, the availability of primary care resources in contiguous areas, and the presence of unusually high need, such as high infant mortality rate or high poverty rate. Oconee County is designated as Medically Underserved Areas (MUA) in their entirety. The other five counties are partially designated.

Health Professional Shortage Areas may have shortages of primary medical care, dental or mental health providers. Dental Professional Shortage Areas either meet specific ratios of professional to population, or are over-utilized, excessively distant, or inaccessible to the population of the area. All of the counties in their entirety, with the exception of Greenville, are designated as primary care Health Professional Shortage Areas. Greenville County is partially designated. The lack of adequate health care places citizens in Appalachian South Carolina at a disadvantage when it comes to being prepared for work.

Poverty

Appalachian South Carolina has continued to experience the high levels of poverty and low levels of per capita income that have plagued the Appalachian Region. While significant progress has been made over the past 50 years, the recent economic downturn has threatened the advancements made by the region. In 1960, 34 percent of Appalachian South Carolina residents had poverty level incomes. In 1970, the figure had dropped to 16 percent, and by 1980, 13



percent of the region's population was below poverty level. In 1990, the level of poverty in the S.C. Appalachian region was roughly 11 percent, just slightly below the national rate of 13 percent. By 2000, the region's poverty rose slightly to 12 percent; however, the national rate dropped to 12 percent. In 2009, the poverty rate of the South Carolina Appalachia region saw a drastic increase to 17 percent, the highest percentage of below poverty households in roughly 40 years. Poverty rates have stabilized for some counties, but Cherokee and Spartanburg have seen increases in poverty levels in the past 5 years. The region is above the national average, which is at 15.4 percent, but is on par with the state average, which is also 17 percent. Access to adequate job training and health care are problems for many of those living in poverty, which are problems that can be compounded by inadequate utilities or lack of educational opportunities.

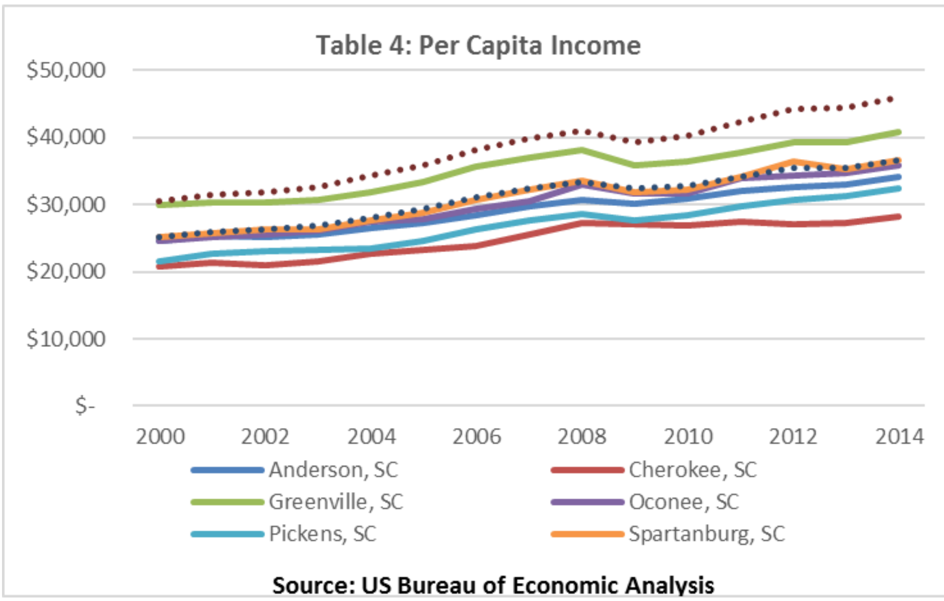
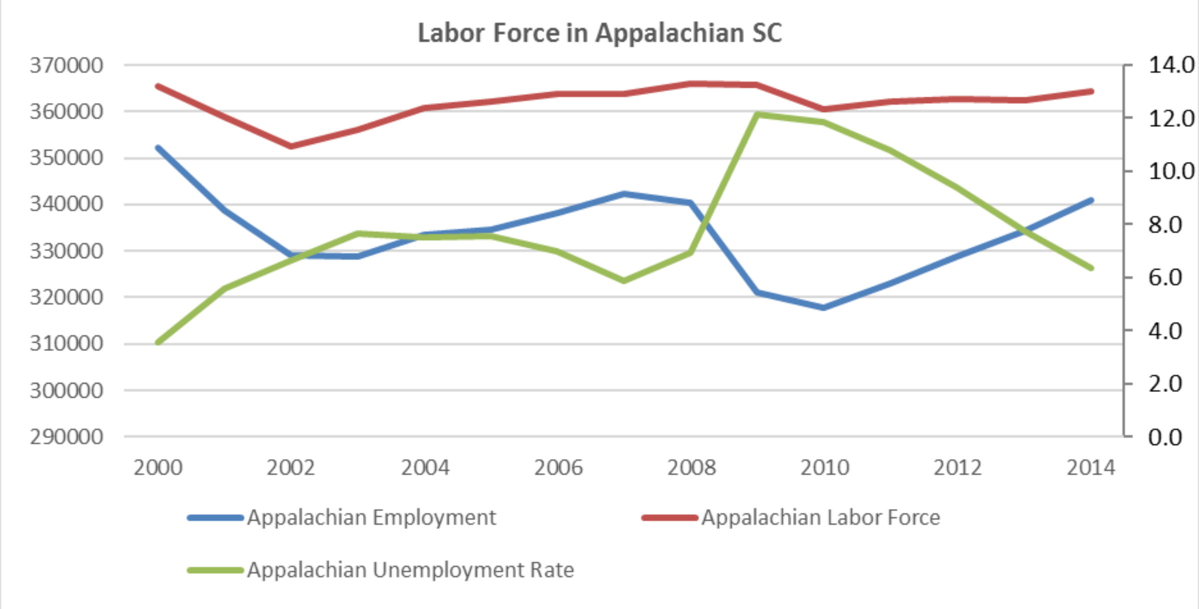


Table 4 shows per capita income for each county in Appalachian SC, South Carolina, and the United States. Trends in Appalachia have mirrored the State and the rest of the United States, steady growth from 2000-2008. The Great Recession depressed per capita income across the state, and counties have been slowly recovering ever since. What is concerning about per capita income in Appalachian SC is that all counties, save Greenville, lag behind the State's per capita income. When aggregated, Appalachian SC performs more favorably compared to the rest of the State; however, Greenville accounts for the majority of this change.

From 1990-2010, the number of persons qualifying as having low and moderate incomes in Appalachian South Carolina increased, showing that some areas were not sharing in the growth in income levels. Persons are considered to be low and moderate income if their incomes are less than 80 percent of the county or area median income. Of the 39 municipalities in Appalachian South Carolina, 27 had higher levels of low and moderate income persons in 2000 than in 1990. Since 2010, four local governments saw their low to moderate income populations slightly decrease and the rest remained the same.

The Economy

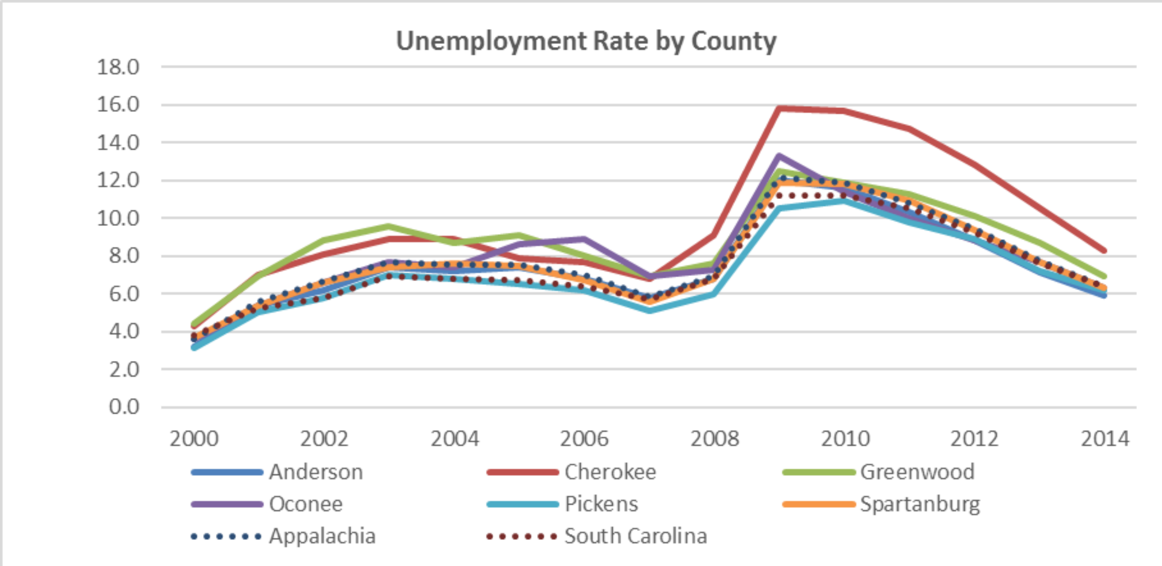
From 2004-2014, Appalachian South Carolina accumulated more than $13.4 billion in total announced capital investments along with the creation of 48,810 jobs. These totals account for 31.6 percent of the total announced capital investment in the state and 26.8 percent of the jobs created in the state during that time. Job creation has been affected by the economic downturn, with 2009 in particular having the second lowest number of jobs created over the seven year span and the lowest amount of capital investment over the same time period.



Source: BLS LAUS, Dec 2015

Labor force in the Appalachian region of South Carolina has seen a less than 1 percent change from 2000 to 2014. The numbered of employed persons has fluctuated throughout the same time period, dropping from 2000-2003 and from 2008-2010. Recovery after each drop has been slow, and the unemployment rate for the region has not recovered to its 2000 value.

Between 2000 and 2014, the non-seasonally adjusted unemployment rate for each of the counties in the SC Appalachian Region closely mirrored trends in South Carolina's state unemployment rate. The Great Recession pushed unemployment rates up, and the state has struggled to recover since. Nearly every county in the ARC region has a higher unemployment rate than the State average, with unemployment in Cherokee county being particularly high.



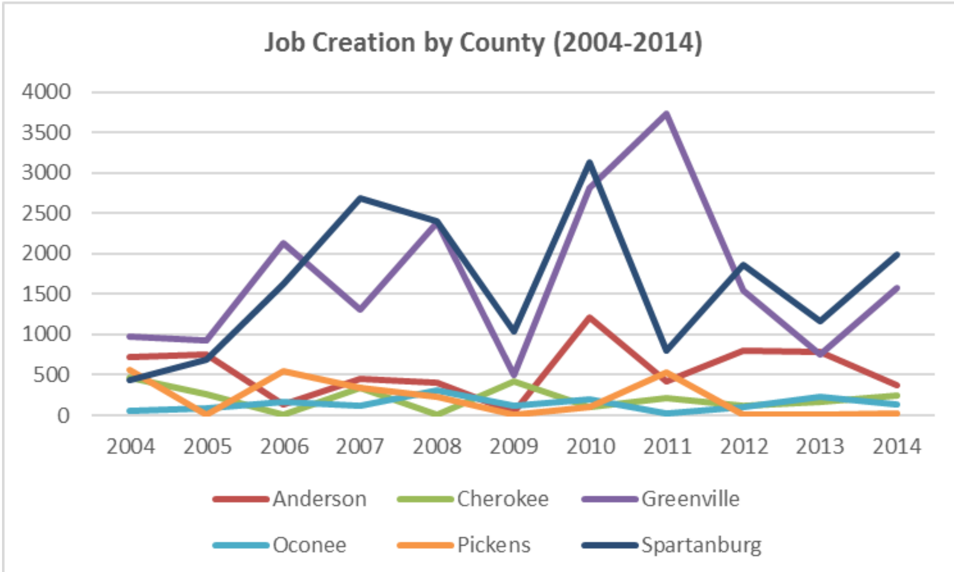
Source: BLS LAUS, Dec 2015

The local spikes could be related to dependence on specific segments, such as textiles and on manufacturing jobs in general. When the domestic textile industry began to cut production in favor of cheaper foreign labor, local economies saw drastic job losses. Recovery from such significant job losses is still in progress and will take time.

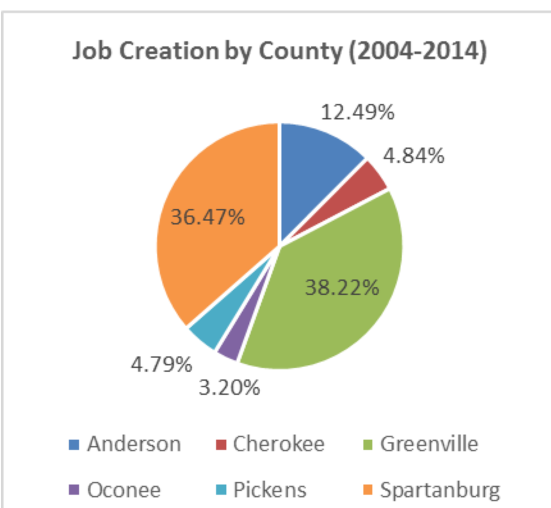
Economic growth and development are critical to creating a modern, competitive, and prosperous Appalachian Region. Appalachian South Carolina has traditionally been dominated by manufacturing, specifically in the textile industry with its minimum skill, low-wage jobs. The manufacturing industry had, until recently, been the principal support of the economy, as well as the largest single type of economic activity in the region. With a total workforce of 87,947 in 2014, manufacturing accounted for about 13 percent of all jobs, down from 42 percent in 1980.

In spite of the prolonged economic downturn of recent years, the Department of Commerce has been successful recently in attracting new industry and developing the necessary infrastructure to support new and expanded activity and to create new jobs. Between 2003 and 2009, the Department of Commerce announced the creation of over 100,000 new jobs and over $20 billion in new capital investment in the state. Notably in 2009 the state won one of the most significant economic development projects of the year when Boeing announced that it had selected North Charleston for its second 787 Dreamliner aircraft assembly plant. As the only commercial aircraft manufacturer headquartered in the US, Boeing’s selection of South Carolina will impact the entire state by creating new opportunities for existing businesses, focusing national attention on the state and helping to attract new businesses, investment, and jobs. Production at the new $750 million facility began in 2011 and an estimated 3,800 new jobs will be created by Boeing alone. Additional jobs and investment are expected throughout South Carolina as other new companies seeking a location closer to Boeing and as existing companies expand. Michelin and GE, both located in

Appalachian South Carolina, make aircraft tires and turbine blades for the 787, respectively.



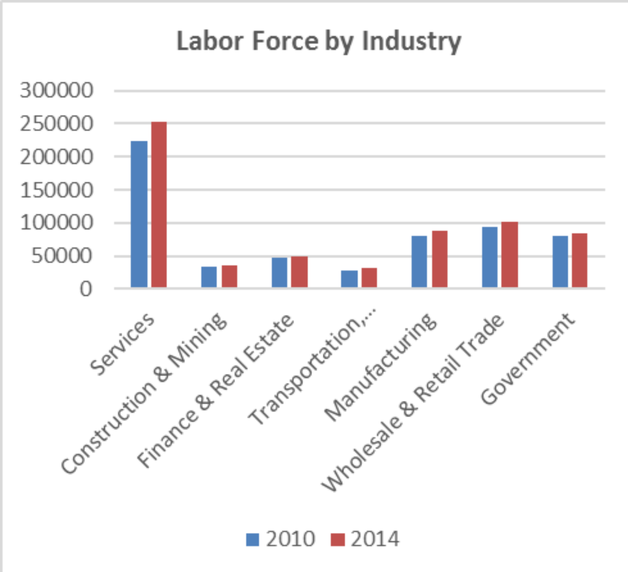
South Carolina has also been home to BMW's only North American assembly operations since 1993. In 2008, BMW announced the single largest investment in Spartanburg County history, significantly expanding its manufacturing presence. The new facilities opened in October 2010, adding a new 1.5 million square foot facility to BMW's existing 2.5 million square foot campus, and increasing the company's overall investment to $4.6 billion. In March 2014, BMW announced another $1 billion investment to expand its production capacity at the Spartanburg facility. BMW now employs more than 8,000 people and automotive-related manufacturing accounts for more than 30,000 jobs statewide. Since BMW's original location in South Carolina, hundreds of component manufacturers and suppliers have also located and expanded in the area.



Manufacturing, and in particular higher wage manufacturing and technology-intensive manufacturing, is targeted for economic development because of the high level of economic spin-off or indirect benefit attributable to manufacturing, as well as the contribution of manufacturing-related capital investment to the local tax base in areas where new and expanding facilities locate. However, increasing industrial diversification and economic growth have contributed to changes in the character of the region and its economy. Green technology and "clean" renewable energy companies have also figured significantly into recent economic successes. Wind, biomass, and solar energy producers are developing facilities around the state. GE Energy, which makes half of all wind turbines used in the United States, manufactures major components in Greenville and a number of other South Carolina companies produce wind turbine units. The economic development marketing arm of Appalachian SC is aggressively focusing on proven cluster development in order to create high-tech, high-paying jobs to include the Advanced Materials, Automotive, Life Sciences, Distribution & Logistics and Plastics Industries. For example, one of the State's strategies has been to pursue Biotech and Research and Development industries for the State. As a result, Clemson University, in partnership with BMW, launched the International Center for Automotive Research. Additionally, Clemson has developed a state-of-the-art Biotech Research Complex and these are both expected to be a catalyst for future economic development. Furthermore, to capitalize on the new wave of automotive and aviation manufacturing that is locating in South Carolina, in 2011 Clemson University announced a partnership with technical colleges throughout the state to create the Clemson University for Workforce Development. The center will help drive workforce development by educating and training technicians for the State's new manufacturing industries, specifically the automotive and aviation industries, that need a labor force with more a more developed skill set. Appalachian South Carolina has benefited from the proximity of Clemson University and the graduates with advanced technical degrees. In fact, according to the Greater Greenville Chamber of Commerce, the Greenville area has more engineers per capita than any city in the country which helped secure a business investment in the area by General Electric Engineering for Energy.

Capital investment is important to the growth of an economy because it represents expenditure in anticipation of an increased return. These investments can either be through public investments such as infrastructure improvements of downtown renewal projects, or through private investment in new equipment or facilities. In the past it was typically true that the greater the investment, the more jobs that were created. However, the situation has changed in part because the costs of buildings and equipment have increased, often dramatically. At the same time, changes in technology have led to a more efficient process, often requiring fewer, but more highly trained or skilled workers.

The service industry employs roughly 37 percent of the six counties' work force. This includes jobs in health services, waste management services, repair and maintenance services, and arts and hospitality services. Retail and service employment typically pays lower wages than manufacturing. The transition from manufacturing to services signals a maturing economy for the region. In 2014, the Greenville MSA and the Spartanburg MSA were both ranked by Forbes as two of the top 150 places for Business and Careers in the United States. Greenville is home to Michelin's North American Corporate Headquarters as well as Facility Solutions, a construction company, ranked 56th for the fastest growing private companies in the 2014 INC 5000. The success of these businesses is evidence that the investment in human capital through education is paying off.



Since an increase in service industries is mainly an urban phenomenon, the rapid economic growth and positive gains experienced by Appalachian South Carolina have not been shared equally by each of the counties or uniformly within the individual counties. Much of the growth has occurred in the City of Greenville. Many of the more rural areas of the region continue to be plagued with problems of economic stagnation.

In a community survey conducted in 2010, economic development was considered to be a critical issue, with emphasis on the development of facilities and resources for improving workforce skill levels. Infrastructure, especially water and sewer issues, was a topic of considerable concern as was the identification of sites and buildings to encourage business development. The survey results also revealed that the elimination of obstacles to economic development, such as demolition of dilapidated buildings, brownfield redevelopment, and adaptive re-use of existing structures, such as textile mill buildings, was a concern. The need to encourage and provide assistance to small businesses was also identified.

Infrastructure

Infrastructure concerns relate to both developing sustainable economic opportunity and to suitable living environments offering a high quality of life for residents. Existing systems in many of the smaller, more rural communities in particular are in need of replacement or upgrade. Without adequate infrastructure businesses will not come to the region or expand existing operations.

According to the State Infrastructure Plan completed in 2001, seven of the 25 largest water providers in the state are located in Appalachian South Carolina. There are 24 water providers in Appalachian South Carolina with a total production capacity of 338 million gallons per day (MGD). The second largest water system in the state, the Greenville Water System has a total production capacity of 120 MGD. The Spartanburg Water System, which is the state's fourth largest system, has a total production capacity of 64 MGD. The 20 major water providers who have production capacities available for future needs currently have lines that branch out from the I-85 corridor in the urban areas of Greenville, Spartanburg, Anderson, and the Clemson/Seneca area. The Clemson University System is unique in that the current production capacity is only 1.2 MGD, while the capacity available for future use is almost 10 times that volume. The 78 smaller water systems in Appalachian South Carolina serve more than 170,000 residents, which is only 17 percent of the total population of the six counties. The total capacity of the smaller systems is 48 MGD. Water use is expected to increase by 20 percent from 2000 to 2015.

The State Infrastructure Plan also describes the wastewater systems in Appalachian South Carolina. Compared to the rest of the state, Appalachian South Carolina utilizes a high percentage of septic tank systems, 26 percent of the state's total. Appalachian South Carolina has 477 wastewater treatment facilities, including 16 major facilities with a total design capacity of 117 MGD. Of the 16 major facilities, 11 have some capacity to meet future needs. Most of the major capacity for future use is concentrated in the urbanized areas of Greenville, Spartanburg, and Oconee Counties, with lines radiating from the Cities of Greenville, Spartanburg, Anderson, Seneca, Westminster, and Walhalla. Appalachian South Carolina is projected to need an additional 4 MGD to meet future demands in 2015.

In 2008, the South Carolina Department of Commerce and the Appalachian COG collected water and sewer capacity and line data in order to digitally map available infrastructure to assist with recruiting industries to Appalachian SC. This data is utilized to determine the available capacity and to determine needed capacity for future demand. The inadequacy of public infrastructure is a major impediment to community and economic development. Without basic services, such as water and sewer or good roads, there can be no significant job creation and the quality of life for residents of an area is poor. Small municipalities in South Carolina are increasingly finding themselves in dire straits as many must rely upon aging or inadequate systems. Unable or unwilling to increase rates or taxes, the systems continue to deteriorate and problems compound. Communities must maintain adequate facilities and services in order to provide a good quality of life.

Transportation

Appalachian South Carolina is served by two federal interstate highways. I-85 passes through all but one (Pickens County) of the six counties. This interstate route connects Appalachian South Carolina to markets to the north such as Charlotte and Greensboro, North Carolina, and the larger northeastern cities. To the southwest, I-85 provides access to Atlanta, Georgia and Birmingham, Alabama. This highway also connects the primary road growth centers of the district. Federal interstate highway I-26 passes through only one of the district's counties, but provides access between the mountains of the northwestern portion of the state with the Atlantic coast. This route connects the urban areas of Spartanburg, Columbia, and Charleston in South Carolina as it passes diagonally across the state. Until recently, I-26 terminated at federal interstate highway I-40 near Asheville, NC, a primary connecting route between the southeastern and Midwestern states. The extension of I-26 to I-81 south of Kingsport, TN has provided additional opportunities and access as major trucking route from New Orleans to Syracuse, NY. Appalachian South Carolina is also served by a network of U.S. highways. U.S. Route 25, 29, 76, 123, 176, 178, 221, and 276 serve much of the newly expanded urban development within the district.

With a $44 million investment from the South Carolina Ports Authority and $7 million from Norfolk Southern, the South Carolina Inland Port opened in October 2013. The Inland Port extends the Port of Charleston's reach 212 miles inland to Greer, S.C., and provides shippers with access to more than 95 million consumers within a one-day drive. The inland port boosts efficiency for international freight movements between the Port of Charleston and companies located across the Southeast, and the project is expected to create additional economic investment in the South Carolina Upstate, where BMW, Michelin and other international manufacturers already operate. Norfolk Southern serves the inland port through its main rail line, and the facility is positioned along the Interstate 85 corridor between Charlotte and Atlanta, where Norfolk Southern operates additional rail yards. Rail service maximizes tonnage moved per gallon of fuel for importers and exporters, helping them save costs and lower their carbon footprint. The inland port adds an additional benefit – access to empty containers – for regional shippers, who can send trucks to Greer for the containers they need to move their goods.

South Carolina has benefited from having a portion of the State designated as part of the Appalachian Region and the counties that make up Appalachian SC have had an added advantage over the remaining 40 counties within the State. Without the resources and funding available through the Appalachian Regional Commission, the State would not have seen as much progress in these six counties over the past 40 years. Overall, economic progress has resulted in increased employment opportunities, increased development and a more diversified economy. There has also been an increase in per capita income, although income continues to lag behind that of the nation as a whole.

In spite of economic gains, obstacles to economic prosperity remain and positive outcomes have not been uniform throughout the counties. There are divergent trends in urban and rural areas of the region. Rural counties rely more heavily on manufacturing jobs but this sector continues to downsize. The decline of the textile industry and the difficulty in attracting new jobs continues to hurt rural areas most. There continues to be pockets of poverty that rely on growth areas within the region but that still have challenges with education, employment, job training, health care and transportation. Some areas remain substantially below the national average for various socio-economic indicators.

Appalachian South Carolina County Status

The ARC developed a county economic classification system to target counties in need of special economic assistance. Four economic levels were created based on the comparison of three county economic indicators (three–year average unemployment, per–capita market income, and poverty) to their respective national averages. As shown in Table 10, thresholds define the five economic levels used to classify ARC counties: distressed, at-risk, transitional, competitive, and attainment.

Table 10: ARC County Economic Indicators

County Levels	3-Year Average Unemployment Rate	Per Capita Market Income	Poverty Rate
Distressed	150% or more of U.S. average	67% or less of U.S. average	150% or more of U.S. average
At-Risk	Counties at risk of becoming economically distressed		
Transitional	All counties not in other classes. Individual indicators vary.		
Competitive	100% or less of U.S. average	80% or more of U.S. average	100% or less of U.S. average
Attainment	100% or less of U.S. average	100% or more of U.S. average	100% or less of U.S. average

Attainment Counties

The Appalachian Regional Commission recognizes that some of the Region's counties have closed or are closing the gap with the rest of the United States. Attainment counties are the economically strongest counties and rank in the best 10 percent of the nation. For fiscal year 2016, 1 county in the 13-state Appalachian Region have been designated as attainment counties and can no longer benefit from ARC funds except under certain exceptions. South Carolina currently has no counties in the region designated as an attainment county.

Competitive Counties

Competitive counties are defined as those counties who are able to compete in the national economy but are not in the highest 10 percent of the nation’s counties. There are currently 11 counties in the 13-state Appalachian Region that meet competitive county status. For projects located in ARC-designated competitive counties funding is usually limited to 30 percent of project costs. South Carolina currently has no counties in the region designated as competitive counties.

Transitional Counties

Transitional counties are those transitioning between strong and weak economies. They make up the largest economic status designation. Transitional counties rank between the worst 25 percent and the best 25 percent of the nation's counties. The counties meeting the criteria as “Transitional” are Anderson, Greenville, Oconee, Pickens and Spartanburg. Transitional counties can qualify for up to 50 percent of eligible project costs from ARC.

Anderson County has a 2014 population of 192,810. Of all the municipalities within the county only the City of Anderson (population 27,181) has a population over 5,000. Anderson County is also rural, with many of the smaller municipalities being old mill villages that have lost their textile companies. The county's per capita income of $34,228, while third highest among the Appalachian South Carolina counties, still lags behind the entire Appalachian Region, as well as the nation. The southern portion of the County is especially poor and rural. Many of the mill villages suffer from old and failing infrastructure.

Greenville County is Appalachian South Carolina's most economically diversified and most populous county with a 2014 population of approximately 482,752. There has been a steady decline in nonagricultural employment in manufacturing and an increase in the services industry as the City of Greenville and its suburbs have become a more densely populated urban area. The occupational makeup of Greenville County is heavily concerted in Management, business, science, and arts and Sales and office, which combined makeup 61.6% of the County's employment. While Greenville County in general has shown much progress in providing economic opportunities during the last two decades, there remain portions of the county where little economic growth has taken place and a largely rural economy remains. This has been evident by the cycles of economic downturn and the change in designation status over the last ten years from an Attainment County, down to a Competitive County and now a Transitional County. There are currently 28 ARC Distressed Areas in the County, which account for 30 percent of all the distressed areas in Appalachian SC.

Oconee County has a population of 75,192. The county is 70 percent rural and approximately half of the county is part of a national forest. The western portion of Oconee County is most like the rest of Appalachia, with mountains, winding roads and few job opportunities. It is the second most impoverished Appalachian county in South Carolina and has the second highest unemployment rate in the region.

Pickens County ranks fourth in population in the South Carolina Appalachian region with a 2014 population of 120,368. The demographics of the county have changed over the past decade, with the small cities seeing more growth. While much of the county remains rural, the City of Easley (population 20,549) the City of Clemson (population 15,072), and the Town of Central (population 5,149) each contain more than 5,000 persons. The City of Easley is essentially a bedroom community to the City of Greenville, with many of Easley's residents working in Greenville. The City of Clemson houses Clemson University and a disproportionate percentage of its residents receive the relatively higher University salaries. The two affect both per capita income and poverty figures for Pickens County, as the rest of the county, especially the northern portion, is sparsely populated and poor. 31.7 percent of the population of the Town of Pickens, the County's fourth largest municipality, lives below the poverty level. Pickens County is the only county in the region that does not contain an interstate highway, which creates a serious economic disadvantage.

Spartanburg County has become economically diversified over the past decade and is the second most populous county with a 2014 population of 293,542. Although positive changes have occurred, including population growth and increased economic diversity, continued investment will keep the County from falling further behind and allow for permanent instead of temporary changes. Non-agricultural employment continues to shift and although 21.2 percent is still in manufacturing, there has been a steady decline over the past several years. While the areas around the City of Spartanburg have shown great economic progress during the last decade, large portions of the county remain mostly rural with little economic growth. Spartanburg County contains 13 municipalities, of which 5 have populations that are greater than 51 percent low and moderate income, according to HUD census data.

At-Risk Counties

At-Risk counties are those at risk of becoming economically distressed. They rank between the worst 10 percent and 25 percent of the nation's counties. For projects in ARC-designated at-risk counties, grants can be up to 70 percent of total project costs.

Cherokee County is still the least populous county with a change of 1 percent since 2010 with a 2014 population of 56,024. Cherokee County's unemployment rate has improved from 15.8 percent in 2009 to 8.3 percent in 2014. Cherokee County's per Capita income has increased from $27,023 in 2009 to $28,230 in 2014. Reflecting the modest economic upturn in the county, the ARC has changed its status from "Distressed" to "At-Risk." Cherokee County has only two incorporated areas, the City of Gaffney and the Town of Blacksburg. The only industrial-grade utilities in the county lie within or near these incorporated areas, leaving few viable industry-ready sites. However, the county's location between Greenville and Charlotte improves the potential for development along the I-85 corridor. With the assistance of ARC and other federal programs, the municipalities and the county can continue to develop infrastructure along I-85.

Distressed Counties

Distressed counties are the most economically depressed counties. They rank in the worst 10 percent of the nation's counties. Although there are no designated "Distressed" counties within the South Carolina Appalachian Region, there are 50 ARC designated "distressed" areas, with each of the six counties having at least one distressed area. ARC grants in designated distressed counties can account for up to 80 percent of total project costs.

Appalachian Development Highway System

Transportation is essential to the economic competitiveness of the region. In order to promote economic development, the construction of the Appalachian Development Highway System (ADHS) was authorized under the Appalachian Development Act of 1965. The ADHS was designed to target previously isolated areas, supplement the interstate system, connect Appalachia to the interstate system, and provide access to areas within the region as well as to markets in the rest of the nation.

South Carolina became the first state to complete its entire ADHS miles among all 13 Appalachian states in FY 2013. Corridor W (U.S. 25) begins at I-85 near Greenville north to the North Carolina state line to I-26 near Hendersonville, NC. It serves as an important contribution to economic growth and includes 22.9 miles of road.

South Carolina supports completion of the ADHS system to complement the intermodal network of transport options currently available in Appalachia SC. Appalachia SC is served by two of the state's five interstate highways, two rail systems, an international airport and a "multi-modal" airport industrial park with highway and railway access. The availability of these transportation networks provides a framework for continued economic development efforts in order to achieve our ultimate goal of providing the opportunity for Appalachia SC to have high-wage, sustainable employment. The coordination and development of Appalachia SC's transportation and logistical capabilities will enhance the global competitiveness of our existing businesses, attract industry and provide jobs to the citizens of Appalachian SC.

Local Access Road Program (LAR)

Local access roads include relatively short roads needed to provide access to industrial parks, commercial and service areas, or education and health centers. Upon completion of the SC's portion of the ADHS (US Highway 25) remaining Federal Funds have been set aside to be used to fund local access roads that facilitate economic development and maximize the investment in the ADHS. South Carolina has approximately $11M in funds remaining for the LAR Grant Program.

The State may approve up to $3M in LAR projects annually. Project funding may be up to 100%. Applicants are limited to governmental entities and LAR applications may be submitted anytime throughout the year. All LAR Projects require SCDOT's approval, FHWA's approval and ARC approval. Federal aid highway procedures govern project implementation and must be included in the State's Multi-year Transportation Plan.

Appalachian Regional Priorities & State Objectives

Enormous progress has been made since the Appalachian Program began. Gaps have been narrowed and economic gains have resulted. However, much remains to be done before the entire region reaches national parity in income, health care, education and employment. In October 2015, the Appalachian Regional Commission approved a strategic plan that set forth a vision for the region's future:

Appalachia is a region of great opportunity that will achieve socioeconomic parity with the nation.

With this in mind, ARC seeks to make investments and use the full range of its resources and tools to help transform the Region's assets and opportunities into real results by advancing this core mission:

ARC's mission is to innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia.

ARC has identified five strategic investment goals to advance its vision and mission and to guide its work over the next five years. These goals reflect consensus among local, state, and federal partners on the most critical investment opportunities in Appalachia. While the investment goals are distinct, they are also interdependent, with progress on one goal often requiring investment in another.

Goal 1: Economic Opportunities
Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy.

Goal 2: Ready Workforce
Improve the education, knowledge, skills, and health of residents to work and succeed in Appalachia.

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

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

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

State Objectives

Appalachian South Carolina focuses on implementation of the following priorities to enhance the State's economic competitiveness:

- Economic development that increases income levels
- Education and workforce development
- Critical Infrastructure

The State of South Carolina will seek ARC support for projects that achieve the objectives outlined below. The State will use ARC funds to fill gaps in un-funded or under-funded programs, and not supplant existing funds that fall within these objectives. The State will also maximize the return on investment of ARC dollars by also using other funds and resources to support and implement program goals and objectives.

ARC Goal #1: Economic Opportunities- Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy.

State Objective 1.1: To strengthen communities by building local economies that capitalize on local assets or utilize innovative economic development approaches to diversify the economic base and create sustainable development.

Strategies:

- ✓ Encourage a regional exchange of "best practices," new technologies, and common experiences in support of economic development planning and implementation.
- ✓ Promote the use and development of local food systems.
- ✓ Develop programs to encourage revitalization of declining downtowns.
- ✓ Support creative economic development approaches that have the potential to spur economic activity in areas that are struggling.

State Objective 1.2: To increase the competitiveness of the existing economic base.

Strategies:

- ✓ Encourage the transfer of advanced manufacturing processes and product technologies that increase productivity and competitiveness.
- ✓ Assist small and medium size businesses to locate and access markets for their products that will enable them to participate in the global market.
- ✓ Support efforts to strengthen, modernize and promote energy efficiencies for existing businesses.

State Objective 1.3: To increase the number of business start-ups and expansions, particularly focusing on small businesses.

Strategies:

- ✓ Provide entrepreneurial education, technical assistance, business services and information to new and expanding businesses.
- ✓ Analyze gaps in existing services, research the needs of entrepreneurial enterprises, promote awareness of programs and organizations and coordinate and sponsor activities and services for entrepreneurs in the South Carolina Appalachian region.
- ✓ Support the development of industry networks, trade organizations and services for small businesses and entrepreneurs that promote collaboration, resource sharing, and the coordination of business-assisted services.

- ✓ Provide access or referrals to capital for new and expanding small businesses through revolving loan funds (RLF) or other capital access programs.

ARC holds itself and its local, state, and regional partners accountable for setting and achieving the performance outcomes associated with ARC-supported investments. ARC measures the effectiveness of investments by tracking progress on performance targets. Projects proposed for funding under ARC Goal #2 should have one or more of the following performance metrics**:**

Economic Opportunities	
Potential Success Output Metrics:	**Potential Success Outcome Metrics:**
▪ Number of businesses served ▪ Number of entrepreneurial programs created and/or expanded ▪ Number of collaborative (philanthropic, private-sector, and other) networks created ▪ Number of firms and organizations participating in sectoral networks ▪ Number of firms, especially small to medium-sized, engaged in international trade ▪ Access to capital for Appalachian businesses	▪ Businesses created ▪ Businesses created in targeted sectors ▪ Businesses expanded ▪ Businesses expanded in targeted sectors ▪ Jobs created ▪ Jobs created in targeted sectors ▪ Leveraged Private Investment

ARC Goal #2: Ready Workforce: Increase the education, knowledge, skills and health of residents to work and succeed in Appalachia.

State Objective 2.1: To strengthen the capacity of the region to work collaboratively to identify workforce training and education needs, health care deficiencies, and other quality of life issues, and to implement solutions.

Strategies:

- ✓ Develop plans, programs and community capacity to prepare the workforce for future employment needs.
- ✓ Develop plans, programs and community capacity to address education, health care and other quality of life issues that will make the region more sustainable and economically competitive.

State Objective 2.2: To enhance workforce skills through education and training.

Strategies:

- ✓ Establish or enhance relationships between training institutions and businesses to improve workforce readiness.
- ✓ Support workforce training and apprenticeship programs conducted by vocational/technical institutions in direct response to critical business/industry needs.
- ✓ Build the capacity of training institutions to upgrade work-force skills and increase productivity.
- ✓ Target the workforce of declining industries and develop plans and programs for re-training affected workers.
- ✓ Promote technology education and training through the state's higher education system.

State Objective 2.3: To increase basic education attainment by encouraging school readiness, after-school care, drop-out prevention, mentoring, teacher retention and school-to-work transition.

Strategies:

- ✓ Support initiatives for teacher retention, training, and performance.
- ✓ Provide the region's early childhood, kindergarten and elementary children with the skills they need to be successful in the first years of school.
- ✓ Develop after-school programs that reinforce basic skills and provide mentoring opportunities.
- ✓ Support initiatives for high school completion and drop-out prevention.
- ✓ Support basic skills programs for secondary students specifically to improve employability and improve their ability to pursue further training and education opportunities.

- ✓ Promote the development of skills in math and sciences and provide opportunities for future employment and training in the fields of engineering, technology and entrepreneurial development.
- ✓ Increase access to educational opportunities for adults such as advanced technology applications and adult literacy.

State Objective 2.4: To improve access and affordability of health care, prevention and wellness for residents in the region.

Strategies:

- ✓ Increase access to health care professionals, facilities and telemedicine in medically underserved or health professional shortage areas.
- ✓ Identify gaps in health care service delivery and provide reasonable cost effective solutions to address the health care needs, particularly for the most vulnerable populations.
- ✓ Support projects for healthcare prevention and wellness.

Projects proposed for funding under ARC Goal #2 should have one or more of the following performance metrics:

Ready Workforce	
Potential Success Output Metrics:	**Potential Success Outcome Metrics:**
▪ Number of students served ▪ Number of workers served ▪ Number of patients served ▪ Number of students enrolled in work ready/career skills training ▪ Number of local institutions accredited for career pathways training in promising sectors	▪ Improved educational attainment levels ▪ Region's residents employed in promising sectors ▪ Number of higher education institutions that have satellite campuses or offer online education options, ▪ Number of residents credentialed in the Region's growing sectors ▪ Increase in labor force participation rates ▪ Increase in average earnings per job (high-wages) ▪ Improved mortality rates

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

State Objective 3.1: To develop the basic infrastructure and facilities needed to support community and economic development.

Strategies:

- ✓ Support projects that result in private sector investment and substantially enhance the community and economic development potential of an area.
- ✓ Provide financial and technical assistance to communities for the development of industrial sites, parks and shell buildings that will have a significant impact on an area's development potential**.**
- ✓ Provide assistance for the construction of local access roads that enhance economic development

State Objective 3.2: To promote sustainable development practices in infrastructure including system regionalization and energy efficiencies.

Strategies:

- ✓ Promote multi-county and regionalized approaches to infrastructure management and development.
- ✓ Provide education and training regarding energy efficiency techniques and encourage energy conservation and efficiency strategies in the design and operation of infrastructure and public facilities.
- ✓ Support local-level planning that encourages regional solutions to infrastructure problems and sustainable policies for development that prioritize and target limited resources.

State Objective 3.3: To develop telecommunications infrastructure and improve access to broadband.

Strategies:

- ✓ Support installation of telecommunication conduit in the construction of public infrastructure.
- ✓ Invest in telecommunications initiatives and plans for accessibility in rural and non-rural areas.
- ✓ Encourage the use of telecommunications for business, education, health, government and other uses.
- ✓ Enhance the use and development of telecommunications and technology to enhance workforce and economic development.

State Objective 3.4: To promote the use of Appalachian South Carolina's Appalachian Development Highway System.

Strategies:

- ✓ Support collaboration and coordination between transportation, economic development and trade interests to strengthen access to markets and maximize economic and employment benefits.
- ✓ Work with federal and state departments of transportation to identify local access road opportunities and promote the use of the ADHS highway.
- ✓ Support development and application of advanced transportation technologies that reduce energy consumption and help ensure continued competitiveness of the region's businesses.

State Objective 3.5: Support efforts to develop an intermodal transportation network.

Strategies:

- ✓ Encourage intermodal coordination of the ADHS and the local access roads program as a link to global supply chains.
- ✓ Encourage the development of key transportation corridors (highway, rail, water, aviation) that enhance the competitiveness of businesses.
- ✓ Identify and develop intermodal transportation facilities or expand the use of existing facilities.
- ✓ Provide assistance for the construction of local access roads that enhance economic development.

Projects proposed for funding under ARC Goal #3 should have one or more of the following performance metrics:

Critical Infrastructure	
Potential Success <u>Output</u> Metrics:	**Potential Success <u>Outcome</u> Metrics:**
▪ Miles of fiber (miles) ▪ Upload and download speeds of broadband access (Mbps) ▪ Number of businesses and households served with critical infrastructure (broadband, water, wastewater, power) ▪ Linear feet of water, sewer, gas lines ▪ Square feet of public facilities (sq. ft.) ▪ Access road miles completed	▪ Increased broadband utilization rates for the Region's businesses, schools, and homes ▪ Cost savings on green infrastructure projects ▪ Businesses accessing new markets via e-commerce ▪ Increase in number of homes with high-speed internet access ▪ Increased access to safe, clean drinking water and wastewater systems ▪ Businesses created/expanded ▪ Jobs created, retained, improved ▪ Leveraged Private Investment

ARC Goal #4: Core Natural and Cultural Assets: Strengthen Appalachia's community and economic development potential by capitalizing upon the Region's natural and cultural heritage assets

State Objective 4.1: To strengthen communities by building local economies that capitalize on local assets or utilize innovative economic development approaches to diversify the economic base and create sustainable development.

Strategies:

- ✓ Support efforts to maximize asset-based and heritage tourism development.
- ✓ Promote the use and development of local foodways.
- ✓ Develop programs to encourage revitalization of declining downtowns.
- ✓ Support creative economic development approaches that have the potential to spur economic activity in areas that are struggling.

State Objective 4.2: To make long term investments that will preserve and enhance natural resources, promote sustainability and improve the quality of life.

Strategies:

- ✓ Facilitate clean-up and reuse of brownfields and abandoned sites.
- ✓ Preserve and enhance natural assets
- ✓ Implement projects that address public safety, neighborhood stabilization, access to transportation and other public services.

Projects proposed for funding under ARC Goal #4 should have one or more of the following performance metrics:

Core Natural and Cultural Assets	
Potential Success Output Metrics	**Potential Success Outcome Metrics**
▪ Number of sites redeveloped ▪ Number of asset-based economic development plans ▪ Number of daytime tourists ▪ Number of overnight tourists ▪ Number of tourist sites improved ▪ Number of citizens participating in asset-based strategies	▪ Number of sector initiatives being implemented with a plan for sustainable, compatible resource use ▪ Number of promising sector interventions that include adaptive reuse or redevelopment of previously degraded natural assets ▪ Number of promising sector interventions driven by citizen input on resource use ▪ Increased number of tourist visitors ▪ Growth in tourism sector ▪ Local tourism revenues increased ▪ Inbound tourism revenues increased

ARC Goal #5: Leadership and Community Capacity: Build the capacity and skills of current and next-generation leaders and organizations to innovate, partner, and advance community and economic development.

State Objective 5.1: To strengthen leadership and capacity in communities and regional organizations to include citizen participation, strategic planning, economic development and community revitalization.

Strategies:

- ✓ Support programs that foster leadership development and civic involvement for youth and community leaders.
- ✓ Support planning to develop strategies for long-term economic improvement.
- ✓ Help communities to develop partnerships (public, private, business, non-profit, or civic) that promote regional solutions and help to achieve long-term economic strategies.
- ✓ Provide training and technical assistance to local government and other non-profit organizations engaged in economic development.

Projects proposed for funding under ARC Goal #5 should have one or more of the following performance metrics:

Leadership and Community Capacity	
Potential Success Output Metrics	**Potential Success Outcome Metrics**
▪ Number of leadership programs ▪ Number of next-generation leadership programs ▪ Number of strategic plans created ▪ Number of local citizens directly involved in community plans ▪ Number of exemplary practices documented and shared with the Region ▪ Number of collaborative (philanthropic, private-sector, and other) networks created ▪ Number of community-based organizations served and/or improved	▪ Number of next generation leaders engaged in elected and volunteer positions across the Region ▪ Number of ARC grant requests documenting community and resident engagement and support ▪ Number of collaborative projects with an economic impact on communities ▪ Increased youth participation in leadership of community and regional organizations, particularly LDDs.

State Program Operations

The State has developed operating policies to govern the implementation of the state's ARC Strategies. These policies address the process for development and selection of state and community projects that are consistent with the State's Strategy Statement which is updated annually and the State Development Plan which is updated every four years.

Project Eligibility

All ARC assisted projects are required to comply with the following federal eligibility criteria:

- Relate to one or more goals and objectives set forth in the approved State Appalachian Development Plan.
- Be included in the state's Strategy Statement.
- Provide reasonable assurance that the project makes maximum use of all available federal and non-federal funds.
- Address a documented need.
- Provide reasonable assurance that the project is not inconsistent with applicable state and/or federal plans, policies and regulations.
- Provide reasonable assurance of the availability of non-federal shares of project costs, where matching funds are required.
- Provide reasonable assurance that there is management capability to carry out the project or program effectively and in a timely manner.
- Contain detailed outcome measurements by which grant expenditures may be evaluated.

Evaluation Criteria

In determining whether to approve and recommend a project for funding, the State of South Carolina will evaluate projects using the following criteria:

1. Establishment or significant enhancement of collaborative relationships, including local governments, non-profits, the private sector, and educational institutions.
2. The nature of the problems and extent of needs in the community and the impact on low and moderate income persons served.
3. Feasibility and cost reasonableness of the project proposal.
4. Level of general fiscal effort of an applicant as compared to similar local units of government.
5. The relationship of funds available or which may become available to the funds needed or which may be needed for a capital improvement project.

6. The relationship to one or more goals and objectives set forth in the approved SC Development Plan and Strategy Statement.

7. Substantial evidence that intended program benefits will result within a reasonable time period after project completion and that the proposed project's outcomes and outputs are measurable.
   - For **economic development projects**, level of private sector involvement. Private sector involvement includes, but is not limited to, the creation of new jobs, retention of existing jobs, capital investment in the project by private developers, new investment in the community without specific job creation or retention (i.e., private construction of speculative buildings for industrial/commercial use) and expansion of existing commercial or industrial development. Private sector involvement may be considered but must be fully documented.

   - For **entrepreneurship opportunity projects**, evidence that project gives entrepreneurs greater access to capital; educates and trains entrepreneurs; encourages strategies to maximize the economic strengths of local communities; or provides strategic support for entrepreneurship. Business incubator projects should provide a business plan along with applications for funding.

   - For **education projects**, evidence that project will prepare students for further education, training or employment, or that the project promotes teacher retention or technology training.

   - For **workforce education projects**, evidence that clearly relates private sector needs to the objectives of the proposed project. The evidence should present workforce needs for the current period and should also be projected for the next three years; sources and/or methods for deriving these projections must be cited and explained when necessary. The evidence should include recommendations of an advisory committee that includes representation of key business/industry to be affected by the proposed project and/or a recent industry survey of employer needs.

   - For **infrastructure projects**, elimination of a documented health and safety threat and/or compliance with DHEC regulatory requirements. Projects may also support a commitment to create new jobs, or to retain existing jobs, capital investment in the project by private developers, new investment in the community without specific job creation or retention (i.e., private construction of speculative buildings for industrial/commercial use) or expansion of existing commercial or industrial development.

Project Review
The State's ARC Program Manager will review project applications. Proposals will be reviewed for completeness in accordance with ARC application requirements and a site visit may be conducted to determine the eligibility and feasibility of a project. If clarifications are needed, the ARC Program Manager will notify the applicant and provide a timeline for a response. The projects will be reviewed using the criteria and priorities established in this Annual Strategy Statement.

The ARC Program Manager, in consultation with the appropriate state and federal agencies, and the Secretary of Commerce will develop a funding recommendation for the Governor. The Governor or her designee will have final approval for submission of a project for funding. When projects are submitted to the Appalachian Regional Commission, they will be accompanied by a letter of recommendation from the Governor or her alternate. Final approval of all grants under this program will be made at the discretion of ARC's Federal Co-Chair.

Priorities
Priority will be given to projects that address economic development, workforce development, education, or infrastructure. Consideration for projects that address other goals and objectives will be based on the relative level of impact the project will have on the program's goals and objectives. For skills training projects, priority consideration will be based on past institutional performance at delivering educational skills training with emphasis on coordination with local industry.

The State will also give funding priority to projects that benefit ARC designated Distressed Areas. This will ensure that those areas most in need are targeted for assistance. The State will give consideration to an equitable distribution of funds in the event there are multiple projects that benefit the same local government or organization or the same project area. Further, the State will take into consideration whether the request is for continued or recurring funding for additional project phases.

Match Thresholds
One of the ARC goals is to target the most distressed areas of the region for assistance. ARC authorizes matching funds based on the level of distress in each Appalachian county. The more distressed the county, the least able it is to provide a matching contribution.

In Appalachian South Carolina, the six counties fall into two distressed designations based on ARC criteria. The counties of Anderson, Greenville, Oconee, Pickens, and Spartanburg are “Transitional” counties. Cherokee County is designated as “At Risk” County.

ARC funding will be limited to 50 percent for all projects, to include LDD administrative grants, except projects in Cherokee County which are eligible for up to 70% ARC funding. Access road projects funded under Section 214 are available at 100% federal funding.

In addition to the above federal policies, the State expects a recipient of ARC project funds to contribute its own resources to a project to the extent it is able to do so and to seek additional non-ARC funding assistance in a diligent manner. The State will give preference to those projects in which the jurisdiction commits more than the minimum amount, provided the project adequately addresses a Goal, Objective, and Strategy as set forth in this plan.

Basic Agency Requirement
A basic agency (BA) has experience in managing federal construction projects. All construction projects must have an ARC approved basic agency serve as the fiscal agent between the grantee and ARC. ARC approved basic agencies include the Economic Development Administration (EDA), USDA Rural Development, Federal Highway Administration (FHWA), Housing and Urban Development (HUD) and the South Carolina Department of Commerce (SCDOC). Grantees will be required to follow the programmatic and financial guidelines set forth by the respective BA. The applicant must provide documentation that the BA agrees to oversee the proposed project.

Maximum Grant Amounts
The funding maximums are as follows*:

- Construction Projects: $500,000
- Non-Construction Projects: $250,000
- Planning Projects: $50,000

* The funding maximums can be waived by the Governor’s Alternate for significant projects.

Project Development and Administration

The South Carolina Appalachian Council of Governments (SCACOG) is involved in the planning and project development activities required for implementation of the state's Appalachian program. The SCACOG staff normally assists in the development of ARC construction applications, as well as applications submitted to the basic federal agency. Generally, the Board of Directors of the Appalachian Council of Governments is made aware of projects prior to submission to the Governor and the South Carolina Department of Commerce for recommendation to the ARC.

Close coordination exists between the Council of Governments and the SC Department of Commerce in working on program review for the Small Cities Community Development Block Grant Program; therefore they are an excellent resource for post award project administration.

Other Information

Economic development projects that involve job creation and that arise as a result of a company’s plans for expansion or relocation or other projects of an urgent and compelling nature may be submitted on an as needed basis. The Governor reserves the right to maintain up to 10% of the funds available to respond to economic development or other critical needs that meet ARC goals, objectives and strategies.