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STATE OF ALABAMA

Mr. Brandon McBride, Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Suite 700
Washington, DC 20009-1068

Dear Mr. McBride:

Please find attached the State of Alabama's Strategy Statement for FY 2023. The document outlines my strategies, objectives, and investment priorities for Alabama's Appalachian Region in the furtherance of the state's four-year development plan. It is consistent with the Appalachian Regional Development Act of 1965, as amended; Section 5 of the Appalachian Regional Commission (ARC) Code; and ARC's Strategic Plan.

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

Sincerely,

A handwritten signature in black ink that reads "Kay Ivey". The signature is written in a cursive, flowing style.

Kay Ivey
Governor

KI:KWB:dm
Attachment



Appalachian Regional Commission

State of Alabama
2023 Annual Strategy Statement

Kay Ivey
Governor

Alabama Department
of
Economic and Community Affairs

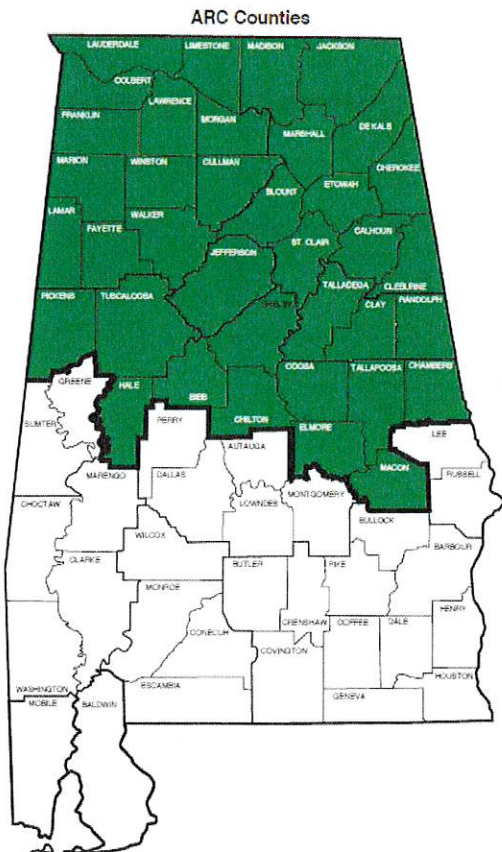


Introduction

In accordance with Section 5.3 of the Appalachian Regional Commission (ARC) Code, this document serves as Alabama's ARC Annual Strategy Statement for Fiscal Year 2023 (October 1, 2022 – September 30, 2023). The purpose of the Annual Strategy Statement is to establish a process by which the goals, objectives and priorities for Alabama's ARC region will be achieved. Implementation of this Strategy will enable Alabama's ARC program to meet the diverse and evolving needs of the ARC counties in Alabama. The 2023 Annual Strategy Statement:

1. discusses the economic opportunities and challenges, as well as new developments and resources, that impact Alabama's ARC counties;
2. provides an overview of targeted investment priorities for the 2023 program year;
3. describes specific strategies targeting Alabama's distressed counties;
4. sets forth Alabama's ARC program operating policies; and
5. describes methods used to solicit, review, and select proposals.

Governor Kay Ivey serves as Alabama's Commission member. Kenneth W. Boswell, Director of the Alabama Department of Economic and Community Affairs (ADECA), serves as her Alternate. ADECA is the state agency responsible for the administration of Alabama's ARC Program.



Alabama's Appalachian Region

Alabama's Appalachia region encompasses thirty-seven (37) of Alabama's sixty-seven (67) counties. FY 2023 ARC County Economic Status Designations include:

Attainment: Shelby County

Transitional: Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, Elmore, Etowah, Franklin, Jackson, Jefferson, Lauderdale, Lawrence, Limestone, Marion, Marshall, Morgan, St. Clair, Tallapoosa, Tuscaloosa, Walker and Winston Counties

At-Risk: Bibb, DeKalb, Fayette, Lamar, Pickens, Randolph and Talladega Counties

Competitive: Madison County

Distressed: Macon and Hale Counties

Alabama's ARC Program partners with eight (8) Local Development Districts (LDDs) for development and implementation of projects designed to meet the needs of communities in Appalachian Alabama. The executive directors and staff of Alabama's LDDs work closely with their board members, elected officials, economic developers, and citizens to identify priority needs in their communities. In turn, the LDDs develop and implement plans for economic development in their service areas.

Local Development Districts in Appalachian Alabama include:

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

Economic Opportunities

Aerospace and Aviation: With a more than one-hundred-year history in the state, the broad and vast aerospace and aviation industries sustain a healthy commerce by offering high-paying jobs, with activities in nearly every segment of the sector. Companies in the state employ more than 61,000 individuals in aerospace and defense. Aerospace manufacturing accounted for approximately 12,600 jobs in the state (December 2021) with Alabama ranking among the top five states for aerospace engineers. At least three universities in Appalachian Alabama, one of which is an accredited HBCU, offer degrees in Aerospace Engineering. Employment in this field exceeds 3,600 in the state. More than \$1.4 billion in aerospace equipment and parts were exported from the state in 2021. Over 300 aerospace companies from more than 30 different countries have located businesses in Alabama. Redstone Arsenal, located in Huntsville, is a major research, engineering, and test center housing the Army's critical missile defense and aviation programs. The Arsenal also houses the Marshall Space Flight Center which is one of the National Aeronautics and Space Administration's largest facilities. Alabama boasts an extensive list of training programs and assets due to the extensive presence of the aerospace/aviation industry within the state. Some partners include the Alabama Industrial Development Training (AIDT) Robotics Technology Park near Decatur which provides specialized training in robotics and automation programs and the Alabama Community College System's Alabama Aviation

Center which offers FAA-certified training in airframe and engine maintenance at locations throughout the state. – Alabama Department of Commerce

Automotive: Accelerating growth in the automotive industry sector has had a vast impact on the state's economy, turning Alabama into an important production hub for the industry. Alabama is the number four auto exporting state and vehicles have become the state's number one export with shipments to over 70 nations around the world. Exports of Alabama-made vehicles and parts totaled more than \$8.5 billion in 2021. The automotive manufacturing sector accounts for nearly 40,000 jobs in the state. Of those, approximately 24,000 are in the state's growing automotive supplier network which now includes more than 150 Tier 1 and 2 suppliers. The production of more than 1.5 million automotive engines is another indicator of the strength of the sector's impact on the economy. – Alabama Department of Commerce

ADECA worked with an advisory group of stakeholders to develop the Alabama Electric Vehicle Infrastructure Plan. ADECA administers the Electric Vehicle (EV) Charging Infrastructure Program. Per the Alabama Volkswagen Settlement Beneficiary Mitigation Plan, fifteen percent of the available funding has been allocated for Light-Duty Zero Emission Vehicle Supply Equipment infrastructure. The state will initially focus on a high impact corridor that will allow for targeted funds to have a concentrated impact on EV adoption in the state. As the cost of building out the EV charging infrastructure will exceed funding available through the Volkswagen Mitigation funds it will be critical to seek opportunities for deploying the EV charging infrastructure throughout Alabama. This endeavor is an infrastructure challenge as well as an opportunity. In 2021, ADECA awarded the first round of grants for direct current (DC) fast chargers at sites across the state. The application period for the second round closed on June 10, 2022. Eligible projects include both DC fast chargers and alternating current Level 2 chargers. ADECA is currently reviewing those applications. – ADECA Energy Division

Education: Education is a major component to workforce development. Having access to educational opportunities helps ensure that Alabamians are prepared to meet the needs of a growing workforce. In 2017, Governor Kay Ivey launched the Strong Start, Strong Finish (SSSF) Initiative. This initiative works to integrate Alabama's early childhood education, K-12 education, and workforce development. The SSSF incorporates three major strategies: Pre to Three (P-3), Computer Science for Alabama (CS4AL), and Success Plus (SUCCESS+). P-3 focuses on securing state-wide saturation for the Alabama First-Class Pre-K Program and ensuring that all of Alabama's third graders are proficient readers by 2022. The CS4AL helps ensure that a rigorous computer science course is offered at all of Alabama's middle and high schools by 2022, and Success+ will prepare 500,000 more Alabamians to enter the workforce with high-quality postsecondary degrees, certificates, and credentials by 2025. Making education more accessible and attainable helps ensure that Alabamians are able to compete for employment that offers sustaining wages. Lack of education and sustainable wages are two major causes of poverty.

Bioscience: The bioscience sector in Alabama has a \$7.3 billion annual economic impact. The state is home to 780 bioscience companies, 54 medical device companies, and has a track record for breakthrough discoveries. Southern Research, Birmingham, has discovered seven FDA-approved drugs used in cancer treatment and The HudsonAlpha Institute for Biotechnology,

Huntsville, is a research leader on the human genome. In fiscal year 2020 alone, the University of Alabama at Birmingham (UAB) received \$325 million in National Institutes of Health funding. However, one of the most important impacts of this sector is the high level of employment that it has created. Just under 18,000 Alabamians work in life science or biotechnology jobs with an average annual income of approximately \$67,000.00 which is significantly higher than the overall state average and the average in Alabama's Appalachian region.

Furthermore, pharmaceutical and medical device manufacturing expansion is occurring across the state. Oxford Pharmaceuticals opened a \$29 million manufacturing facility in the state's ARC region. Cummings Research Park, the second largest research and technology park in the United States, and fourth largest in the world, is located in Huntsville. The Park includes a mixture of companies such as local and international high-tech enterprises, U.S. space and defense agencies, business incubators and competitive higher-education institutions and employs nearly 30,000 individuals. – Alabama Department of Commerce

Forestry Products: Alabama's forest products industry is expanding its base, with the state already having the second largest timberland base in the United States. Alabama has nearly 23 million acres of timberland with forests that are so fertile, the growth of softwood and hardwoods consistently exceeds their removal rate. Alabama has more than 110 manufacturing facilities that include sawmills, paper mills and other production sites. Almost 37,000 individuals are employed in the forest product sector. In 2021, Alabama exported \$1.5 billion of Alabama forest products with new capital investment by forest-product companies totaling over \$600 million in 2021, creating more than 720 new jobs. Alabama is the second largest producer of pulp and paper in the United States and ranks seventh in lumber production and eighth in wood panel production. – Alabama Department of Commerce

Agriculture: Alabama's agriculture industry is one of the top industries in the state and entrepreneurship is beginning to play a vital role in its continued growth. The U.S. Department of Agriculture (USDA) Rural Development is investing \$495,055 in grants to support entrepreneurs and businesses in five different counties in rural Alabama, creating approximately 235 jobs. Three of the counties are located in Alabama's ARC region. USDA's investment of \$213,856 in distressed Macon County, will be used to construct an access road in a new business development area in the city of Tuskegee, with immediate access to Interstate 85. This access road, to be named Airman Legacy Drive after the famed Tuskegee Airmen, will bring access to newly opened businesses which will provide essential services to the citizens of Tuskegee, as well as Interstate 85 and U.S. Highway 81 travelers. This project is anticipated to help create approximately 100 new jobs and will assist in keeping tourism dollars generated by nearby historic landmarks in Tuskegee.

Although agriculture is most often associated with rural areas of the state, urban agriculture is also equally important and can play a role in food justice and equality. Educating, innovating and bringing communities together to improve nutrition and food access while increasing local food production in urban areas is crucial. – U.S. Department of Agriculture

Alabama houses approximately 39,000 farms on 8.3 million acres which yield a great variety of agriculture products. The state ranks second in the nation in freshwater fish production, third in poultry production, third in peanut production, and in the Top 10 for cotton production. Cash receipts for agriculture reached almost \$4.7 billion in 2020. The industry employs more than 40,000 workers, who supported \$800 million worth of exports in 2021 including \$341 million in food products, \$326 million in agricultural products and \$133 million in livestock and related products. – Alabama Department of Commerce

Tourism: Tourism in North Alabama is still a thriving industry. A variety of attractions can be found in the area, including Alabama State Parks, where visitors can enjoy fishing, golfing, dining, ziplines and trails. A wide selection of camping and lodging options are available at Alabama State Parks such as chalets, cabins, hotels, pet friendly facilities, primitive campgrounds, and semi-primitive campgrounds. Other activities that can be experienced in the area include hiking, camping, boating, rock climbing, birding and biking. More than 6 million people visited the state's 21 state parks in 2021. Land Trusts and Nature Preserves offer many of these activities as well. The Appalachian counties are home to numerous historic, cultural, religious, educational, recreational, artistic, and natural attractions alike.

The state ranked in the top six in the nation for the smallest percentage drop in travel expenditures during the pandemic. An estimated 28.2 million visitors to Alabama spent \$19.6 billion in 2021 in the state. Direct travel expenditures in Alabama in 2021 ranked in the following order: Eating and Drinking Establishments, Auto Transportation, Public Transportation, Lodging Facilities, General Retail, and Entertainment. Tourism helped fund 227,334 jobs in 2021. For every \$128,231 of expenditures in the travel industry, one direct job was created in the state. For every two direct jobs created, one additional job was indirectly created. – Alabama Tourism Industry Economic Impact Report 2021, Alabama Tourism Department Annual Report

Data Centers: Data centers in the state employ nearly 25,000 persons. This is partially a result of the Data Processing Center Economic Incentive Act of 2012, which provides tax abatements for companies with data centers looking to locate in Alabama. Recently, Google announced plans to build a \$600 million data center in Jackson County and Facebook is constructing a \$750 million data center in Madison County, both in the state's ARC footprint. Also, Atlanta-based DC BLOX is developing a data center in Jefferson County with an anticipated investment of \$758 million. Furthermore, the state has six sites designated as Primary Data Center Sites by the Tennessee Valley Authority. – Alabama Department of Commerce

Cyber Security: Alabama's huge modern manufacturing base makes it ideal for partnership possibilities for work in critical infrastructure protection, cloud security, forensics, big data, mobile device security, informatics, virtualization, and robotics. This sector has seen a seventy-three percent job growth from 2007-2013 which is more than twice the growth rate for all other IT jobs combined. There are seven governmental agencies in the state involved in ongoing cyber security research and ten cyber security startups located in Alabama. Twenty-five community colleges in the state offer IT programs, with fifteen covering cyber security topics and seven universities offering PhDs. The U.S. Space and Rocket Center (USSRC) in Alabama's ARC region is home to the U.S. Cyber Academy for youth ages 12-14 and the U.S. Advanced Cyber

Academy for youth ages 15-18. The USSRC and the Federal Bureau of Investigation (FBI) entered into a joint agreement in support of the camp in 2020. – Alabama Department of Commerce and FBI National Press Office

Metal and Advanced Materials: Although Alabama is not new to manufacturing metals, the state is creating a new base in the production of advanced materials to include titanium and carbon composites. More than 1,100 primary metal manufacturing companies are located in the state and include some of the biggest names in steel, water and sewer pipe, specialty metals, and composites. As of December 2021, more than 45,000 Alabamians were employed in the primary and fabricated metal manufacturing industry. Exports of primary metal manufactured goods in 2021 were valued at more than \$1.3 billion with this industry accounting for approximately 16,300 jobs. Fabricated metal manufacturing exports in 2019 were upwards of \$453 million with this industry accounting for nearly 29,000 jobs. Two of the world's largest producers of carbon fiber, Toray, and Hexcel, have facilities in Decatur. In addition, Carpenter Technologies produces premium specialty alloys like titanium for the aerospace and other industries from a plant in Athens and GE Aviation operates two factories in Huntsville that produce futuristic ultra-lightweight materials for jet engine components. – Alabama Department of Commerce

Broadband: On April 26, 2017, Governor Kay Ivey issued Executive Order 704. This order established the Alabama Department of Economic and Community Affairs as the agency to assume all powers, duties, responsibilities, authority, and obligations belonging to the Office of Broadband Development. On March 28, 2018, Governor Kay Ivey signed the Alabama Broadband Accessibility Act. Because the availability of high-speed broadband services in unserved rural Alabama is important for economic development, education, health care, and emergency services, the Alabama Broadband Accessibility Act established the Alabama Broadband Accessibility Fund. On May 30, 2019, Governor Ivey signed Act #2019-327 which provided numerous amendments to the original Act. On May 17, 2021, Governor Kay Ivey signed the Connect Alabama Act. The Act created three entities: 1) the Alabama Digital Expansion Authority to advise, review, and approve the statewide connectivity plan, among numerous other duties; 2) the Alabama Digital Expansion Division of ADECA to develop and begin executing a statewide connectivity plan, among other duties; and 3) the Alabama Digital Expansion Finance Corporation to administer the Connect Alabama Fund, among other duties.

Since 2018, Alabama has invested \$37.5 million of state dollars through grant awards and has committed to over \$300 million more in state and federal funding for broadband expansion. Through the Alabama Broadband Accessibility Fund, more than 90 projects totaling about \$37.5 million have been awarded since 2018. These projects will make broadband service available to 46,000 potential homes and businesses if they choose to subscribe. Additionally, ADECA implemented the Alabama Broadband Connectivity for Students program during the COVID-19 outbreak. Utilizing \$50 million in CARES Act funding, ADECA provided internet access for approximately 200,000 low-income students. More than 40 internet service providers participated in this unique program that has been recognized nationally. ADECA is also responsible for the online Alabama Broadband Map and the Alabama Connectivity Plan released in December 2021.

Upcoming ADECA broadband initiatives include deploying up to \$85 million in federal American Recovery and Reinvestment Act funds for statewide Middle Mile project (applications are in review and grading process now), rolling out more than \$191 million in Capital Projects Fund, also from Recovery and Reinvestment Act for Last Mile projects, and implementing programs funded through the Infrastructure Investment and Jobs Act (Alabama is expected to receive more than \$100 million in formula funds).

Alabama has made great progress; however, current funds won't be enough to cover the estimated \$4 billion to \$6 billion cost of providing highspeed internet to every household in Alabama. – ADECA Digital Expansion Division

Chemicals: Since 2019, new capital investments have approached \$690 million in the state's chemical industry. Chemicals ranks second in the state's largest export category with shipments overseas totaling \$2.3 billion in 2021. The right reagents is the catalyst for the state's production of caustic soda, oxidants, light stabilizers, emissions catalysts, phenol, acetone and a variety of specialty chemicals. Morgan County houses a cluster of chemical companies to include Daikin America and Ascend Performance Materials. Statewide there are more than 200 chemical companies employing over 10,000 individuals. – Alabama Department of Commerce

Economic Challenges

Infrastructure: Many areas in Appalachian Alabama lack proper infrastructure. Increased investments in critical infrastructure are necessary to improve educational opportunities, provide safe methods of transportation, and to attract new businesses to help grow the state's economy. Additionally, assisting communities with deficient, aging or altogether lacking basic infrastructure is a priority in the Appalachian region of the state. Improving infrastructure not only improves the future of Appalachian Alabama, but it improves the future of the entire state.

Transport Infrastructure

The conditions of the state's ports and harbors, roads and bridges, alternative transportation routes, airports, and rail services significantly impact decisions for businesses to locate in the state. Many of the state's ports need assistance with improving, promoting, and developing the ports and maintaining and operating harbors. Ports located on rivers or streams navigable for commercial traffic, or those that can be made so, lack needed facilities such as warehouses, water and rail terminals, and facilities needed for the convenient use of the port to aid in commerce. Additionally, dredging is a fundamental activity for most ports and harbors. Alabama's ports and harbors must be prepared to accommodate the newest generation of ships and other cargo vessels.

A national transportation research group, TRIP, released a report on February 26, 2019, stating that deteriorated roads and bridges, congestion and lack of desirable safety features are costing Alabama motorists \$5.3 billion per year in extra vehicle operating costs due to the cost of lost time waiting in traffic, wasted fuel due to congestion and the financial cost of traffic crashes. The report, "Alabama Transportation by the Numbers: Meeting the State's Need for Safe, Smooth and Efficient Mobility", indicated that 30 percent of major roads and highways in the state are in poor or mediocre condition and approximately the same with locally and state-maintained roads.

The report states, “In urban areas, drivers lose up to \$990 and nearly one full work week per year sitting in congestion.” That same report identifies seven percent of Alabama’s bridges as structurally deficient and while most bridges are designed to last 50 years before major overhaul or replacement work is required, nearly half of the state’s bridges were built in 1969 or earlier. As the state’s road transportation system significantly contributes to the health and growth of the economy, Alabama’s roads and bridges need significant improvements. Not only will the citizens of the state benefit but also tourists, existing businesses and businesses considering locating in the state will reap the more efficient, safe, and reliable mobility.

Alternative methods of transportation are also a priority when attracting businesses to the state and improving the lives of Appalachian Alabamians. Some benefits of these alternate transportation methods include cost savings, reduction in congestion, less carbon pollution and travel productivity. Multimodal transportation needs such as transit and intercity bus, passenger rail, bicycle and pedestrian mobility, and aviation were addressed in the Alabama Department of Transportation’s Alabama Statewide Transportation Plan Summary dated July 31, 2017. Air freight and rail services also provide much needed transportation for the export of goods produced in the state.

Wet Infrastructure

Clean water is a basic necessity for an overall good quality of life. Inadequate and deteriorating water supply systems, water, and wastewater treatment systems and ineffective or a lack of flood management planning can significantly hinder economic progress in Appalachian Alabama. In addition, failing and inadequate systems can affect the health and safety of the workforce reducing job productivity. Finding ways to better allocate water resources will also help facilitate economic growth in Appalachia Alabama.

Information Infrastructure

Basic communication and network services, specifically broadband, is a unique challenge for Appalachian Alabama. Businesses rely heavily on sending and receiving data at all hours and require a high-capacity transmission medium that can carry signals from multiple independent network carriers. In order for Appalachian Alabama businesses to realize true benefits, broadband infrastructure and digital technologies must be available at a level that meets the user’s demand.

Much of Alabama’s ARC region is unserved or underserved with respect to broadband access. The U.S. Census Bureau estimates that 22 percent of Alabama households did not have internet access in 2018. Additionally, as many as 17 percent of households do not have a computer of any kind and another eight percent only have access to a smartphone but no other type of computer/device. Although rural areas are typically thought to have less access, there are several census tracts in some of the state’s largest cities, such as Birmingham, in which 50+ percent of households do not have internet access.

The need for access to high-speed broadband internet is vital to the success of the Appalachian counties in the state. COVID-19 further amplified the need for broadband internet access, mobile

hotspots, and other equipment in Appalachian Alabama. Educational institutions and businesses were unprepared when the need to provide virtual learning and remote or distance employment opportunities due to COVID-19 arose. Broadband internet and the availability of digital devices and software to support and facilitate virtual learning and training are key to economic development and continued educational opportunities as well as the continuation of business activities.

Health: The Governor's four-year strategic plan dated February 4, 2020, identified the need to improve health care in Alabama. The plan states, "Ensuring access to life-saving health care no matter where someone lives in Alabama is a high priority for Governor Ivey." She plans to improve emergency-medical services, foster quality and efficiency at rural hospitals and offer incentives for medical professionals willing to practice in underserved rural areas. Per the Alabama Department of Public Health (ADPH), Alabamians identified access to care as the greatest current health concern in the state. Moreover, as a result of the Coronavirus pandemic, the need to strengthen telehealth capabilities is also crucial. Increasing the accessibility of broadband and mobile hotspots in Alabama's Appalachian region will enable increased access to telehealth. The pandemic along with other barriers such as lack of transportation and mobility, significantly increases the need for access to these services. It is vital for citizens to have the ability to communicate with doctors remotely via phone or other internet connected device. Telehealth availability and access in Alabama's ARC region will help bridge some healthcare gaps.

Not only physical health but mental health is a real concern for Alabama's Appalachian counties. In 2019, Alabamians identified mental health and substance abuse as the second greatest current health concern in the state. Each year, 20-25 percent of the population meets the criteria for a mental health diagnosis. Suicides in Alabama increased by 21 percent between 1999 and 2016, according to the Center for Disease Control. There is a great need to build a more complete range of care for people facing mental-health crises. Behavioral health crisis services have emerged as one of the most effective tools within the larger system of care for improving the lives of individuals struggling with mental health or substance abuse issues (Alabama Department of Mental Health). Thus, the expansion of telehealth availability for mental health care services is vitally important to the state.

Citizens in the Appalachian Region deserve access to quality and affordable health care. As a way to improve health care access, the J-1 Visa Waiver Program recommends waivers for Physicians that agree to practice primary medical care at least forty hours a week at a site in a health Professional Shortage Area, as designated by the Health Resources and Services Administration (HRSA), within the legislatively defined ARC service area for a minimum of three years or longer, as a specific state policy may require. Alabama's ARC J-1 Visa Waiver Program is administered by the ADPH in partnership with the University of Alabama, Health Services Foundation, P.C.

Workforce Development: Having a well-educated workforce that is equipped with the skills and knowledge to support future economic development is crucial to Appalachian Alabama. Governor Ivey is working to align Alabama's high schools, community colleges, and adult education programs to career pathways in high-demand fields. Governor Ivey tasked the

Alabama Attainment Committee to develop a statewide goal for postsecondary attainment so that Alabamians are prepared to meet current and future workforce demand. The Alabama Attainment Committee has mapped out Alabama's future workforce needs and recommended adding 500,000 high skilled employees to Alabama's workforce by 2025.

Talent Retention: The Governor's Office of Minority Affairs (GOMA) implemented the Alabama Historically Black Colleges and Universities (HBCU) Co-Op Program. The purpose of this program is to establish a pipeline for diverse talent between Alabama's HBCUs and employers. The HBCU Co-Op Program is a three-way partnership between the GOMA, participating Alabama HBCUs, and public and private sector employers. The program will place HBCU students in leadership positions to provide students with hands-on experience in their areas of study, to provide Alabama employers with a trained, diverse talent pool and to retain students after graduation. There is a plan to expand the program to allow participation for additional students, extend leadership development and soft skills training to students and diversify training for participating employers. Retention of trained and educated talent is required to help move Appalachian Alabama closer to a self-sustaining economy and improved quality of life.

Opioid and other Drug Addiction: Combating the opioid crisis, and substance abuse in general, in Appalachian Alabama is essential to improving the quality of life and the ability of our citizens to become productive members of the workforce. The opioid/substance abuse crisis effects every area of the economy. According to the Alabama Department of Mental Health, the number of overdose deaths in Alabama increased 82 percent from 2006 to 2014. According to the National Institute on Drug Abuse, nearly half of the 775 reported drug overdose deaths in Alabama in 2018 involved opioids – a total of 381 fatalities. Additionally, in 2018, Alabama health providers wrote 97.5 opioid prescriptions for every 100 persons, the highest prescribing rate in the country and almost twice as many as the U.S. average rate of 51.4.

Although efforts have been made to control the opioid addiction and there are currently 73 certified providers of substance abuse treatment services in the state, the range of services only typically includes early intervention services, outpatient services, residential services, and withdrawal management services. However, there is a clear disconnect between services for intervention and recovery and the need to provide workforce services and the creation of a recovery ecosystem. These are critical components impacting individuals' ability to remain in recovery while participating in the workforce and positively impacting the state's economy. In August 2017 Governor Ivey, by an executive order, created the Alabama Opioid Overdose and Addiction Council. The council was tasked with developing a strategic plan to establish recommendations for policy, regulatory, and legislative actions to address the overdose crisis in Alabama. The final plan focuses on four overarching goals; 1) Prevention, 2) Intervention, 3) Treatment, and 4) Community Response. Education, stigma reduction, interagency collaboration and workforce readiness are all addressed in the plan.

New Developments or Resources

Opportunity Zones: The Opportunity Zones program is a new alternative economic development program established by Congress in the Tax Cuts and Jobs Act of 2017 to foster

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

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

INSPIRE Initiative: The state, especially Appalachian Alabama, has experienced a tremendous negative impact resulting from the substance abuse disorder crisis. While initially it appeared that the crisis was more concentrated on urban/metropolitan areas, we are seeing a huge increase in the number of individuals/families impacted in the rural areas of the state. The Alabama Department of Public Health estimates that 2.45 percent of the state's population over the age of 17 has suffered from addiction to illicit drugs in the last year. This has caused a decrease in the state's labor pool. However, we continue to work to combat the adverse consequences of opioid use such as the inability to work and/or retain employment. The INSPIRE (INvestments Supporting Partnerships In Recovery Ecosystems) Initiative through the ARC provides funding to address substance use disorder issues by creating or expanding recovery ecosystems that will lead to workforce entry or re-entry.

ARISE Initiative: The new initiative, Appalachian Regional Initiative for Stronger Economies, was developed to produce large-scale, regional economic transformations across multiple Appalachian states. The program encourages partnerships and collaboration in order to achieve greater success and more widespread benefits utilizing the funding provided. Grants may be awarded for planning or implementation projects.

Workforce Opportunity for Rural Communities (WORC) Initiative: This initiative, managed by the U.S. Department of Labor, offers opportunities for funding to provide training and support activities to dislocated workers, new entrants in the workforce, incumbent workers, and those impacted by substance use disorder returning to work.

Academies and Institutes

Appalachian Entrepreneurship Academy: Entrepreneurship helps promote innovation and is very beneficial to the economy in Appalachia. Entrepreneurship can produce new business and more jobs. ARC, in partnership with Appalachian State University, EntreEd, and STEM West, created the Appalachian Entrepreneurship Academy (AEA). Appalachian students in high school have the opportunity to participate first-hand in activities that help promote creativity and cultivate entrepreneurial skills. Participates selected for AEA or chosen by a competitive application process.

Appalachian Leadership Institute: Productive leaders throughout the Appalachian Region can help push other citizens in Appalachia to reach their full potential. ARC, in partnership with the University of Tennessee, Knoxville, The Howard H. Baker Jr. Center for Public Policy; Tuskegee University; and Collective Impact, LLC, created a curriculum that provides extensive leadership training for leaders within the Region. This curriculum was designed for The Appalachian Leadership Institute (ALI). The ALI is a nine-month, all-inclusive program that provides leadership and economic development training opportunities for people who live and/or work in Appalachia. The ALI is comprised of 40 fellows chosen annually by competitive application process and allows fellows from Appalachian Alabama to network with fellows from the ARC Region. ALI helps promote regional collaboration amongst the 13 ARC states.

Appalachian STEM Academy at Oak Ridge: Science, technology, engineering, and math (STEM) education is a way to provide tools and teach skills that are needed to function in today's society. It encourages critical thinking to solve problems. Middle school and high school students, as well as teachers in Appalachian Alabama can participate in the Appalachian STEM Academy at Oak Ridge. Created in 1990, the Oak Ridge program provides hands on STEM experience. Economic success in Appalachian Alabama is imperative and providing STEM educational training opportunities to the middle and high school students in Appalachian Alabama is essential to boosting students' success in the Region.

Alabama's Response to COVID-19

Transparency about the COVID-19 virus is essential. It is a way to help Alabamians distinguish between true and false information. Alabama's response to the COVID-19 pandemic has been unparalleled as ADPH worked to mitigate the effects of the largest outbreak of a single disease in more than a century. Alabama has relied on science, real-time media data, and key metrics to guide its pandemic response. Beginning in mid-January 2020, the ADPH, worked to learn, prepare, and provide the most up-to-date information about COVID-19. – Alabama Department of Public Health

Alabama's official guide to COVID-19 relief efforts is altogetheralabama.org. The purpose of the site is to help empower those impacted by the virus in addition to those wanting to offer support. The site is designed to help individuals and businesses navigate all issues related to the COVID-19 response and to identify state and federal resources for low-interest loans and financial assistance. It also serves as a way for the state's corporate citizens and general public to offer support and solutions to help spark recovery across the state. It provides a means to

volunteer, make donations, offer assistance programs, and post job openings. The site was developed in partnership with Opportunity Alabama, which received ARC funding for promoting investment in the state's designated Opportunity Zones. Alabama's ARC staff will continue working closely with our federal and local partners to help support the response and recovery efforts resulting from COVID-19 and any other times of crisis as needed. Applications that support Alabama's efforts to reduce the effects of COVID-19 and any other crises in Appalachian Alabama will be prioritized.

Targeted Investment Priorities

Funding provided by the Appalachian Regional Commission in FY 2023 will support and promote the following priorities for Appalachian Alabama:

1. Economic development and job creation in distressed Macon and Hale Counties
2. Expand broadband access throughout Appalachian Alabama
3. Assist in the response and recovery from the COVID-19 pandemic
4. Promote Governor Ivey's priorities for Appalachian Alabama, which include:

Alabama's "Strong Start, Strong Finish" Education Initiative

- Prioritize science, technology, engineering, and mathematics (STEM) with a focus on computer coding to ensure Alabama's students receive education required for a successful career
- Advocate for at least one computer science course to be available in every high school
- Provide advanced training that will lead to better jobs
- Ensure continuous lines of communications between Alabama's HBCUs and the State of Alabama by supporting the Minority Affairs' Alabama HBCU Initiative

Workforce Development

- Continue to work toward achieving the Success Plus Postsecondary Education Attainment Goal
- Utilize and grow the Alabama Industry-Recognized and Registered Apprenticeship Program (AIRRAP)
- Interlace federal education and workforce funding mechanisms

Job Creation

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

Infrastructure

- Ensure that Alabama's infrastructure keeps up with the needs of our growing economy, to include a modern transportation infrastructure, which helps create jobs by recruiting industry
- Ensure that rural Alabama has access to high-speed broadband internet
- Ensure that Alabama citizens have access to telehealth services and other necessary infrastructure related to health and safety

Healthcare

- Combat the opioid/substance abuse crisis
- Adequate healthcare facilities

- Expand behavioral-health services

Strategies for Distressed Macon and Hale Counties

Distressed counties are the most economically challenged. The economic challenges and other disadvantages faced by citizens living in Appalachia's distressed counties impacts various aspects of their lives. ARC uses and analyzes information from an index-based classification system to determine distressed counties. For FY 2023, Alabama has two distressed counties. Alabama's ARC program will give special emphasis to distressed Macon and Hale Counties. Projects that promote economic and community development, increase community capacity, strengthen workforce development, and create jobs in these counties will be prioritized. Collaboration is an important component to attracting new businesses in distressed Appalachia. Macon and Hale Counties are both in the Delta Regional Authority (DRA); therefore, Alabama's ARC program will collaborate with DRA on economic development projects in Macon and Hale Counties when possible. Alabama's ARC program staff will work closely with the mayors, local economic developers, and community leaders to identify opportunities for economic development and the creation of new jobs. To assist Alabama's two distressed counties in recruiting industries, ARC funding will also be used for critical infrastructure and industrial site development.

Alabama ARC Operating Policies

ADECA solicits applications for ARC funding from Local Development Districts, educational institutions, non-profit organizations, and governmental entities. ADECA notifies the public when ARC funding is available via the ADECA website, social media and through an email distribution list. An application workshop is held (in-person or virtually) and application assistance materials are provided to those interested in applying for funding. Applications are typically accepted for a period of approximately six to eight weeks. Applications for ARC funding must be submitted to ADECA via mail, email, or delivery.

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

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

- | | |
|----------------|----------------------------------|
| • Distressed | 80 percent of total project cost |
| • At-Risk | 70 percent of total project cost |
| • Transitional | 50 percent of total project cost |
| • Competitive | 30 percent of total project cost |
| • Attainment | Not eligible for ARC funding |

The maximum investment of ARC funding in a project is \$350,000.00; however, the ceiling may be raised in certain critical and/or promising circumstances. Special consideration may be given by the Director of ADECA for infrastructure projects in a distressed county or projects that will result in economic development and the creation of jobs. Cost overruns on previously approved projects will generally not be considered for funding. However, overrun requests may be considered if additional jobs will be created by the modification.

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

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

General Information

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

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

Applications for construction projects should include a preliminary commitment of jobs provided by the employer, a preliminary engineering report and an economic impact study.

All required forms and information related to Alabama's ARC program can be found at <https://adeca.alabama.gov/arc/arc-application-information/>.