APPALACHIAN REGIONAL COMMISSION

FY 2019 Performance Budget Justification

As Submitted by the Federal Co-Chair to the Appropriations Committees of the House and Senate February 2018



Appalachian Regional Commission

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Budget Summary and Highlights



The Federal Co-Chair requests \$152 million to fund the activities of the Appalachian Regional Commission (ARC) for FY2019. This amount represents level funding with the amount appropriated by Congress in FY 2017. Seventy million is requested to continue the base Area Development Program; \$50 million is requested to continue the effort to assist communities adversely affected by the downturn in the coal industry; and \$32 million is requested for special regional initiatives to address distress. ARC will utilize this funding to leverage emerging opportunities such as continued development of the southern

automotive and aviation clusters and to address barriers such as effects of the opioid crisis on the workforce, the lack of both water and sewer infrastructure as well as the lack of broadband infrastructure and service in rural areas. ARC is authorized through 2020.

The 13-state Appalachian Region confronts a combination of challenges that few other parts of the country face—its mountainous terrain and isolation, dispersed population, inadequate infrastructure, lack of financial and human resources, and weak track record in applying for and receiving assistance from other federal programs. ARC is the only federal agency statutorily mandated to address these challenges. The mission of the ARC is to help close the gap between Appalachia and the rest of the nation and bring the Region's 420 counties and 25 million residents into the economic mainstream.

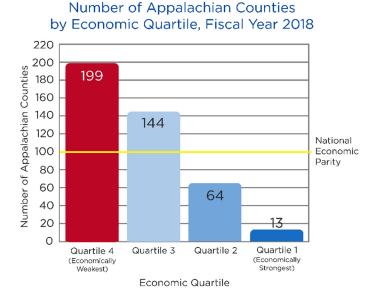
ARC's work does not duplicate other federal programs; instead, it extends the reach of those programs into the most challenged parts of Appalachia by providing necessary gap funding and technical assistance that enables economically distressed communities to compete successfully in national programs. For federal partners at the national level, ARC brings deep knowledge of the Region, a strong track record of impact, and far-reaching networks of critical community, state, and regional partners established over the last 50 years.

For example, working through a multi-year partnership with the Centers for Disease Control and Prevention, ARC has implemented projects to address Appalachia's disproportionally high rates of type 2 diabetes and obesity, as well as some types of cancer. Other recent partners include the U.S. Departments of Transportation, Agriculture, Commerce, Education, Housing and Urban Development, and the Treasury, the Environmental Protection Agency, Oak Ridge National Laboratory, the Federal Deposit Insurance Corporation, the National Endowment for the Arts, and the National Trust for Historic Preservation.

ARC also partners with private sector and nonprofit partners to increase the amount of financial and technical assistance flowing to the Region. ARC spearheaded development of Appalachian

Community Capital (ACC), a new community development financial institution and wholesale development finance intermediary for development lenders that will increase the availability of capital to small businesses in the 13-state Appalachian Region. ARC made a lead investment of \$3.45 million in equity and operating support. Its regional lending partners raised an additional \$12 million in debt and equity from Bank of America, Deutsche Bank, Calvert Foundation, and the Ford Foundation. Additional supporters include the Mary Reynolds Babcock Foundation, the Claude Worthington Benedum Foundation, the Annie E. Casey Foundation, and BB&T Bank. A second round, totaling \$7 million, is anticipated to close in 2018.

To assess progress in completing the mission, ARC developed an index that compares the economic condition of Appalachian counties with all the counties in the nation (based on unemployment, per-capita income, and poverty rates). In FY 2018 Appalachia has proportionally more of the economically weakest counties and fewer of the economically strongest counties. Moreover, over 25 percent of the weakest counties in the nation are in Appalachia, while the Region has only 1.7 percent of the nation's strongest



counties. When this index demonstrates an equal share of counties across each quartile, Appalachia will be at socioeconomic parity with the nation.

Since its inception, ARC has created an impressive record of accomplishments. The number of high poverty counties in Appalachia has been cut by more than two-thirds, from 295 in 1960 to 87 today and the regional poverty rate has been cut almost in half, from 31 percent to 17 percent. A 2015 study commissioned by ARC found that over the period 1970–2012, employment and per capita income growth rates were higher in Appalachian counties, which received ARC investments, than in similar non-Appalachian counties that did not.

But despite the accomplishments, major challenges still confront the Region.

- Nearly one-fifth of Appalachia's counties still suffer from persistent and severe economic distress.
- Per capita market income in Appalachia was nearly 26% lower than the nation in 2015.
- The Region has been disproportionately affected by the loss of coal and manufacturing
 jobs. During the period 2000-2014, Appalachia had a net loss of 622,000 manufacturing
 jobs.

- Appalachia is underserved by basic infrastructure, including broadband service, and lags behind the nation in the percentage of adults with a college education.
- The Region has higher mortality rates than the nation as a whole in each of the following: heart disease (17 percent higher), cancer (10 percent higher), COPD (27 percent higher), injury (33 percent higher), stroke (14 percent higher), and diabetes (11 percent higher).
- The opioid crisis has hit the Region especially hard, with an overdose mortality rate 65 percent higher than that found in the rest of the nation. Mortality rates due to suicide and liver disease are also higher in the Region.

Area Development Base Program

Through the Area Development Base Program, ARC continues to address widespread generational poverty through a flexible bottom-up approach working with state and local partners with \$70 million dedicated to this activity.

ARC, will accomplish this mission through implementation of activities within the five goals of the agency's strategic plan. ARC will continue to work with state and local partners to address ongoing challenges in the Region in FY 2019.

Coal Impacted Communities Initiative

The economic downturn of the coal industry has had significant impact on Appalachia. Eighty-two percent of the 40,851 coal mining jobs lost in the United States from 2011 to 2016 were in the Region—a loss to Appalachia of 33,502 direct mining jobs. To address this, Congress appropriated \$50 million to ARC in each FY2016 and 2017 for activities that target federal resources to help communities and regions that have been affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries due to the changing economics of

Goal 4
Goal 3
Goal 2: Ready Workforce, \$39.1 million
Goal 3: Critical Infrastructure, \$55.5 million
Goal 4: Natural and Cultural Assets, \$7.9 million
Goal 5: Leadership and Community Capacity, \$11.8 million

America's energy production. To date, ARC has invested \$94 million in projects serving 250 coal impacted counties. These projects are expected to create or retain 8,800 jobs, train 25,400 workers or students, and leverage an additional \$210 million to the Region. ARC received \$280 million in requests to fund activities to revitalize the economy and has been able to fund one-quarter of those with the funds made available. The budget requests \$50 million to continue to assist communities adversely impacted by the downturn of the coal industry in FY 2019.

Special Regional Initiative for Distress

ARC by law must direct at least half of its grant funds to projects that benefit economically distressed counties and areas in the Region. However, the agency routinely exceeds that requirement by investing significantly more funding for those areas. In FY 2017, 73% of ARC's funds were invested in in projects for benefit of distressed communities ARC gauges its long-term progress toward helping the Region achieve economic parity with the nation in terms of the gradual reduction in the number of such counties and areas over time. ARC will complement its efforts to reduce distress by directing funding to leverage emerging opportunities and to address barriers to economic development. Continued expansion of the southern automotive and aviation clusters offers great potential for job creation in Appalachia. Other challenges such as inadequate water, sewer and broadband infrastructure and the effects of opioid crisis on the workforce present significant barriers and require substantial resources to overcome. The budget requests \$32 million in FY 2019 to develop projects focused the reduction/elimination of economic distress in the Region.

Local Development Districts

Grassroots participation in the Area Development program comes from 73 Local Development Districts (LDDs), multi-county agencies and boards composed of local elected officials and businesspeople. The budget requests \$6.20 million to support the work of the LDDs.

Salaries and Expenses

The budget requests funding for salaries and expenses totaling \$6.69 million for the full costs of the Office of the Federal Co-Chair, its immediate staff, and a portion of the cost associated with the Office of the Inspector General and the 50 percent federal share for administrative expenses of the non-federal Commission staff.

ARC Proposed Budget for FY 2019

Appalachian Regional Commission Funding

	FY2017	FY2018*	FY2019	Change
Base Program	70,000	70,000	70,000	0
Coal Impacted Communities Initiative	50,000	50,000	50,000	0
Congressionally Directed Special Programs	32,000	32,000		0
Special Regional Initiative for Distress			32,000	
Total	152,000	152,000	152,000	0
Area Development Program Grants	139,281	139,238	139,111	(127)
Local Development Districts	6,200	6,200	6,200	0
Local Development Districts	0,200	0,200	0,200	O
Salaries and Expenses				
Commission Operations (50% Federal Contribution)	4,209	4,238	4,353	115
Office of the Inspector General	544	547	551	4
Office of the Federal Co-Chair	1,766	1,777	1,785	8
Total	6,519	6,562	6,689	127

^{*}Continuing Resolution at FY2017 Rate



Program Justification: Area Development Base Program

The Federal Co-Chair of the Appalachian Regional Commission requests a total of \$152 million -- \$70 million of which will continue the activities in the base Area Development Program This represents level funding with the amount appropriated by Congress in FY 2017. ARC funding decisions for this program reflect local priorities through a flexible "bottom up" approach, enabling communities to tailor the federal assistance to their individual needs. This program extends the reach of other federal programs into the most challenged parts of Appalachia by providing the necessary gap funding that enables economically distressed communities to compete successfully in national programs. Finally, this program helps attract private sector investment to areas that otherwise would not likely be considered competitive investment opportunities. Over the past five years, each \$1 of ARC grant funds leveraged \$6.49 in private investment and \$1.78 in other public funds.

Goal 1: Economic Opportunities

Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy.

Appalachia is in the midst of an economic transition that presents significant opportunities for the growth of new and expanding businesses—and the new jobs that would result—especially in promising sectors such as health care, energy, local food systems, advanced manufacturing, and tourism. Fostering entrepreneurship and creating an entrepreneurial ecosystem to capitalize on these opportunities is a key component of ARC's economic development efforts. For entrepreneurs to develop these opportunities, they need skilled employees, robust support systems, the right types of investment, and engaged communities. With these fundamentals in place, Appalachian entrepreneurs can increase the number of high-quality jobs, build local wealth, and contribute broadly to sustained economic and community development across the Region. To promote entrepreneurship and business development in Appalachia, ARC has pursued a wide range of activities, including improving access to capital and credit for small businesses, supporting business incubators and accelerators, providing education and training for entrepreneurs, and helping rural firms expand their international market opportunities.

Economic Opportunities

To address the lack of adequate risk capital in the Appalachian Region, ARC made an investment in FY 2012 of \$175,000 in a pilot program to form angel funds throughout the Region. Angel Investors are an important source of capital for growing firms. The Center for Venture Research estimates that U.S. angel investors provided \$19 billion in 55,000 deals in 2008. Many of the investments were in start-up or very early-stage companies. This opportunity addressed a critical need for seed capital in Appalachia. Incremental follow-on investments of \$575,000 were made over the years as the program developed and grew. Through FY 2017, six new Appalachian Angel Investment funds have been formed and six are currently under development, spanning nearly all ARC states. To date, these funds have raised \$8 million in private capital and made 26 investments, which have resulted in the creation of more than 80 jobs. The locations currently operating Florence AL, Ashland KY, Somerset KY, Charleston WV, Knoxville, TN, and Boone, NC. A web site linking these investment funds and facilitating co-investment opportunity is also under development.

Goal 2: Ready Workforce

Improve the education, knowledge, skills, and health of residents to work and succeed in Appalachia.

A healthy, skilled, and ready workforce is a building block for a more prosperous Appalachian Region. Education, particularly postsecondary education, is a key component of the business and entrepreneurial ecosystem and is often an economic driver. Investments by ARC and its partners aim to connect education, workforce, and business interests in a seamless system that prepares the Region's young people to succeed in existing and emerging sectors, and that creates new opportunities for workers transitioning to new employment, such as those who have lost jobs in mining or other coal-related industries. These efforts must begin with strong educational programming and institutions, and ensure that all students have the basic skills, as well as soft skills, needed for productive employment. This requires providing education and training matched to the Region's current sectors and jobs, while increasing access to advanced skills training for the high-growth, high-demand jobs of the future. At the same time, equipping the Region with a competitive workforce must include efforts to address Appalachia's health challenges, which can significantly impede the productivity of the workforce.

ARC will leverage its resources and partner with other public, private, and non-profit organizations to advocate for and address the challenges posed by poor health conditions and the substance abuse epidemic and other health barriers that keep Appalachians from being active and productive workers.

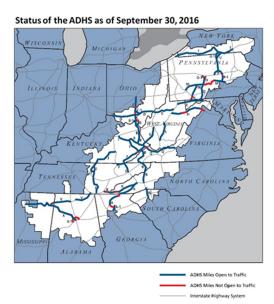
Ready Workforce

ARC invested \$100,000 in FY 2017 to support equipment purchase for Surry Community College's new Industrial Training Center in Yadkinville, NC. The 11,200 square foot building will feature laboratory and learning spaces for multiple training programs across welding, mechatronics engineering, computer integrated machining, electronic engineering and electrical systems. The facility will enhance the college's ability to create a pipeline of workers with industry-specific skills to meet the demands for a highly educated workforce which will serve to attract new industry to the region. The project will improve 11 businesses, 1,050 workers/trainees and over 70 students by preparing the regional workforce for manufacturing, technology, and electrical engineering careers. Investors in the project include Duke Energy Carolinas and the Cannon Foundation.

Goal 3: Critical Infrastructure

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

Congress authorized construction of the Appalachian Development Highway System (ADHS) as part of ARC's original enabling legislation. The ADHS, which supplements the Interstate Highway System, was designed to generate economic development in previously isolated areas by connecting Appalachia to the interstate system, and providing access to areas within the Region as well as to markets in the rest of the nation. The ADHS has been a key element of ARC's economic and community development programs.



Equipping Appalachia's communities with basic infrastructure has been a major focus of ARC since its creation. In order to compete in the global economy, Appalachia must continue to develop and improve the infrastructure necessary for economic development, including broadband and telecommunications; basic infrastructure, such as water and wastewater systems; diversified energy; housing; and transportation, including the Appalachian Development Highway System and local access roads.

ARC's infrastructure projects have traditionally addressed the Region's need for modern water and wastewater systems. Typical grants extend a water line to provide municipal water, fire protection, and development options for future and existing businesses; replace a water tank, transmission line, and relocate sewer lines in order to create and retain jobs and alleviate potential health and environmental hazards; provide safe, reliable sewer service to support existing businesses and attract future investment in the region; or expand critical health-care facilities in underserved areas.

Increasingly ARC infrastructure projects fund new, emerging, and innovative development activities, including a "dig once" strategy to deploy fiber for broadband connectivity at the same time water and sewer lines are being installed or repaired; downtown revitalization efforts, such as streetscape and utility

Critical Infrastructure for Distressed Counties

In FY 2016, ARC invested \$500,000 of funding set aside for work in the most economically distressed areas in the Region to assist the City of Irvine, Kentucky, in upgrading its existing wastewater collection system to provide new sewer service for 219 households in the Wiseman community (the first time these households have had access to public sewer service) and improve sewer service for 354 households and 86 businesses in adjacent West Irvine, in economically distressed Estill County, Kentucky. USDA Rural Development grant and loan funding and Community Development Block Grant funds were both included in the overall funding package. Rural communities like these with limited resources often need ARC funding in addition to funding from other federal agencies in order to make the project financially feasible. Currently sewer treatment in the area consists of septic systems and a small package treatment plant that serves a 40-unit mobile home park. Contaminated runoff impacts surface water draining into Station Camp Creek and other streams located above Irvine's municipal water intake. These streams are tributaries of the Kentucky River, a major source of drinking water for Central Kentucky.

improvements to support existing and future businesses and residences; and creative re-use of formerly mined lands and brownfields.

Physical infrastructure projects have been among the primary generators of new jobs in Appalachia. These investments are fundamental building blocks for further economic development.

Goal 4: Natural and Cultural Assets

Strengthen Appalachia's community and economic development potential by leveraging the Region's natural and cultural heritage assets.

Appalachia's natural and cultural heritage assets offer great economic potential. They contribute to a sense of regional identity, catalyze entrepreneurship and other economic development activities, and make communities more attractive to visitors and more livable for residents. ARC works with partners to leverage the productive use of the Region's assets support of existing and emerging economic opportunities.

ARC invested in a range of downtown revitalization projects across the Region in FY 2016 to help communities

Natural and Cultural Assets

ARC made a seed investment of \$35,000 in FY 2016 to support High Country Pathways' development of a regional "local foods trail" marketing and branding campaign for food-related tourism across 7 counties. The area currently has a burgeoning local foods sector including productive farms and wineries, craft breweries, farmers markets, farm-to-fork restaurants, and annual local-foods events. This investment will leverage growing tourism due to existing recreational opportunities and historic main-street small towns. The goal of this project is to amplify the tourism industry by establishing a marketing campaign.

strengthen their local economies and improve quality of life. In addition, to capitalize on the expanding recreational tourism industry in the Region, the Commission invested in projects creating and extending hiking, biking, and motorsports trails. ARC also continued its partnership with the National Endowment for the Arts to support the Appalachian Gateway Communities Initiative, a program that provides technical assistance with natural and cultural heritage tourism development to communities that are geographically positioned as "gateways" to the Region's public lands and heritage areas. In FY 2017, ARC again partnered with NEA to produce a pilot for communities that had previously developed plans and activities under this initiative and needed to develop strategies to evolve to the next level.

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.

Cultivating the next generation of Appalachian leaders is key for the Region's future. ARC's strategic investments and partnerships are helping build the capacity and skills of current and next-generation leaders and organizations to advance the Region's community and economic development.

To achieve the greatest impact, ARC investments in leadership and community capacity building will aim to help communities create a common vision for local development. Communities will

then form implementation plans and processes that will guide future investment and capture new opportunities that create positive community change.

The Appalachia Funders Network (AFN) is group of more than 80 local, regional, and national foundations, financial institutions, and government agencies with a common commitment to supporting a more equitable, sustainable, and dynamic regional economy in Central Appalachia. With ARC support and guidance, AFN's foundation members hold more than \$5 billion in assets and invest \$86 million annually to accelerate economic transition across six Central Appalachian

Leadership and Community Capacity

ARC invested **\$125,000** to continue the multi-year partnership with the **Benedum Foundation** to deploy the FLEX-E Grant program in West Virginia. The program assists communities in developing small-scale, non-construction projects that develop or strengthen community leadership, encourage the formation of community-based groups or coalitions, promote community-wide strategic planning, create tools such as feasibility studies that assess or promote economic development opportunities, or increase the ability of a community or region to leverage a local asset for economic development. The FY2017 program focused on flood recovery related activities.

states. AFN is primarily organized through working groups focusing on some of the Region's key growth sectors, including energy and natural resources, food systems, health, and community-capacity building.

ARC Area Development Base Program Performance Targets

Based on annual appropriation of \$70 million (Subject to final allocation by the Commission)

Priority Goal	<u>Investment Strategy</u>		<u>Annual</u> <u>Performance</u> <u>Target</u>	<u>Five-Year</u> <u>Performance Target</u>	
Economic Opportunities	Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy	6	2,500 Businesses created or strengthened 20,000 Jobs created or retained	112,500 Businesses created or strengthened 100,000 Jobs created or retained	
Ready Workforce	Improve the education, knowledge, skills, and health of residents to work and succeed in Appalachia.	to 1 Leveraged Private Inve	o 1 Leveraged Private Investment	22,000 students, workers, and leaders improved	110,000 students, workers, and leaders improved
Critical Infrastructure	Invest in critical infrastructure— especially broadband; transportation, including the Appalachian Development Highway System; and water/wastewater systems			22,000 businesses and households with access to improved infrastructure	110,000 businesses and households with access to improved infrastructure
Natural and Cultural Assets	Strengthen Appalachia's community and economic development potential by leveraging the Region's natural and cultural heritage assets	stment	250 communities		
Build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate Capacity and advance community and economic development		with enhanced capacity	1,250 communities with enhanced capacity		



Program Justification: Coal Impacted Communities Initiative

The Federal Co-Chair of the ARC requests \$50 million for its Coal Impacted Communities

Initiative. This represents level funding with the amount appropriated by Congress in FY 2017. This initiative assists communities and regions adversely affected by job losses in coal mining, coal power plant operations, and coal-related supply-chain industries that have occurred because of the changing economics of America's energy production. Appalachia has been disproportionately affected by the downturn in the coal industry with 82 percent of the 40,851 coal mining jobs lost in the United States from 2011 to 2016 coming from the Region—a loss of 33,502 direct mining jobs.

The Coal Impacted Communities Initiative seeks to create a more vibrant economic future for coal-impacted communities by cultivating economic diversity, enhancing job training and re-employment opportunities, creating jobs in existing or new industries, and attracting new sources of investment. ARC has funded activities in coal-impacted communities through a

competitive grant process with a preference for one or more of four priority areas:

Building a competitive workforce;

- Enhancing access to, and use of, broadband services;
- Fostering entrepreneurial activities; and
- Growing industry clusters in communities.

Building a Competitive Workforce

\$1,500,000 In FY 2017, ARC made a grant to Hazard Community and Technical College (HCTC) in Hazard, KY, for the Intergenerational Training Center. ARC funds will be used to purchase equipment for a new 14,700 square foot facility at HCTC's Lees College Campus in Jackson, KY that will deliver job training and credentialing courses focused around four emerging regional career clusters: information technology, telemedicine and health sciences, mechatronics, and eco-tourism/small business development. The project will leverage the capacity of the Eastern Kentucky Concentrated Employment Inc. (EKCEP) and the Kentucky Career Center to promote and market the program to out-of-school youth and displaced and underemployed workers impacted by the decline in the coal industry. The project will serve a seven-county area in southeastern Kentucky and will train 295 dislocated workers and credential 228 students over the life of the award.

Enhance access to Broadband Services

\$948,673 ARC made a grant to Somerset County, PA, in FY 2017 for the *Somerset County Fiber Extension Project*. ARC funds will be used to install 22 miles of fiber optic cable on existing pole lines that will allow a variety of business, residential, medical, and educational customers in Somerset County access to broadband services. The area does not currently have cable broadband available and DSL service is not offered ubiquitously. The project will serve 1,094 businesses and 3,962 households and will act as an economic and tourism driver in the county.

Over the last two years, ARC has invested \$94 million in in projects in 250 counties creating/retaining almost 8,800 jobs and leveraging an additional \$210 million in investment. Funded activities range from fostering a strong drone cluster in southwest Virginia and strengthening the local food economy in Central Appalachia, to training workers for private-sector technology jobs in eastern Kentucky, boosting entrepreneurship and innovation in southwest Pennsylvania, and expanding support for tourism businesses in West Virginia.

The ARC grants are expected to lead to the creation or retention of 3,915 jobs and create or improve 2,915 businesses. Additionally, ARC has commissioned research on the economics of the coal industry supply chain, supported research on opioid abuse issues in coal- impacted communities, and advanced the use of broadband in the revitalization of downtowns.

Work is currently underway to implement a new round of investments. A Request for Proposals (RFP)

Fostering Entrepreneurial Activities

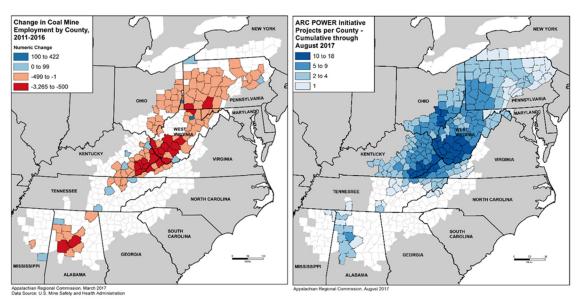
\$1,250,000 In FY 2017, ARC made a grant to the Natural Capital Investment Fund, Inc. in Shepherdstown, WV for the *Growing Triple Bottom Line Small Businesses in Coal Impacted Communities in Central Appalachia* project. These funds will be used to expand coal-impacted communities' access to capital in Southern West Virginia by capitalizing a \$4,000,000 tourism-related revolving loan fund and developing a **West Virginia New Markets Tax Credit Fund.** The project will create 200 new jobs and 20 new businesses, bring \$5,000,000 of leveraged private investment into the region, and will be supported by funding from the Claude Worthington Benedum Foundation.

Growing Industry Clusters

\$2,220,000 ARC made a grant in FY 2016 to the Industrial Development Authority in Wise, VA, for the Virginia Emerging Drone Industry Cluster Project. ARC funds will be used to position five counties in southwestern Virginia as a national destination for the development of a drone-operator workforce to support the emerging drone industry in the United States. The award will enable Mountain Empire Community College to offer courses that train students, including former coal industry workers, to operate drones and drone sensors to provide commercial and government services—including geospatial surveys, close-up inspections of fixed structures, and mapping. The drone project projects 125 graduates during the grant performance period with a 96% placement rate

continues priorities established in the prior year program but increases emphasis on communities that were underserved in the FY 2016 and FY 2017 rounds. Additionally, new focus will be placed on impact investing and building a healthy workforce. Five technical assistance workshops will occur in the Region and several informational webinars are under development.

The change in coal mine employment by county and ARC Coal Impacted Communities Initiative project grant awards are depicted in the maps below.



ARC Area Development Program – Coal Impacted Community Initiative Performance Targets

Based on annual appropriation of \$50 million (Estimated Investment Deployment)

Investment Strategy	Annual Performance <u>Target</u>
Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy	5,000 Students/Workers Improved
	5,000 Jobs Created/Retained
Improve the education, knowledge, skills, and health of residents to work and succeed in Appalachia	2,000 Businesses Improved
Invest in critical infrastructure—especially broadband; transportation, including the Appalachian Development Highway System; and water/wastewater systems	400 Businesses Created
Strengthen Appalachia's community and economic development potential by leveraging the Region's natural and cultural heritage assets	100 Communities Improved
by leveraging the Region's hatural and cultural heritage assets	1:1 Match to ARC Ratio
Build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate and advance community and economic development	2:1 LPI to ARC Ratio

^{*} This Initiative targets communities that face extreme economic challenges due to the downturn in the coal economy and will require significant upfront investment to achieve long term advantages.



Program Justification: Special Regional Initiative for Distress

The Federal Co-Chair of the Appalachian Regional Commission requests \$32 million for Special Regional initiatives for Distress in Appalachia. ARC will use this funding to augment the existing work being done in distressed areas through the Area Development Base Program and the Coal Impacted Communities Initiative and reduce the disproportionately high rate of distress in the Appalachian Region. In FY 2017, 73% of ARC's funds were invested in in projects for benefit of distressed communities. ARC gauges its long-term progress toward helping the Region achieve economic parity with the nation in terms of the gradual reduction in the number of such counties and areas over time. ARC will complement its efforts to reduce distress by directing funding to leverage emerging opportunities and to address barriers to economic development. Continued expansion of the southern automotive and aviation clusters offers great potential for job creation in the Appalachia. Other challenges such as inadequate water, sewer and broadband infrastructure and the effects of opioid crisis on the workforce present significant barriers and require substantial resources to overcome.

Nearly one-fifth of Appalachia's counties still suffer from persistent and severe economic distress driven primarily by the Region's reliance on single sector economic driver. During the period 2000-2014, Appalachia had a net loss of 622,000 manufacturing jobs. In the coal-mining sector, the United States lost 26,432 jobs between 2011 and 2015; 87 percent of those (23,058) were in the Appalachian Region. And of that number, 16,000 were in Kentucky and West Virginia alone. Today the Region faces another economic crisis as the opioid epidemic unfolds and effects the workforce. Recent ARC research reveals that the overdose mortality rate in Appalachia is 65 percent higher than that found in the rest of the nation. Mortality rates due to suicide and liver disease are also higher in the Region.

In addition to being sicker than the rest of the country, Appalachia's population is older than the rest of the nation. The share of Appalachia's population under 20 years old has fallen substantially since 1970— from just under 38 percent in 1970 to around 25 percent in 2012. This decline occurred at the same rate in the U.S. as a whole from 1970 through the early 1980s, but since then has been more pronounced in Appalachia. Similarly, in the 2011–2015 period, the share of residents ages 65 and over in the Appalachian Region exceeded the national average by

two percentage points. Net population loss occurred in almost two thirds of the Region's counties between 2000 and 2010. And the Region continues to lag behind the nation in the proportion of adults with a college degree (22.6 percent compared with 29.8 percent for the nation). Taken together, these conditions create major barriers to development of a strong regional economy and require a special targeted approach.

Despite these challenges, opportunities exist in the Region. ARC will use funds available through this initiative to leverage emerging opportunities such as the development of the southern automotive and aviation clusters. ARC was an early investor in the automotive manufacturing industry, with the Appalachian governors voting to allocate funding across multiple states to assist South Carolina in providing the necessary infrastructure for BMW to expand in the Region. Twenty years later, in 2012, automotive cluster analysis found that BMW alone was responsible for creating 7,000 jobs. With the company's growth, an extensive supplier network has developed in the state, creating additional jobs.

Southern Automotive Cluster Development

\$368,000 in FY 2015, ARC made a grant to Shelton State Community College in Tuscaloosa, Alabama, to strengthen the automotive industry workforce pipeline, focusing particularly on residents of Hale County, a rural, economically distressed county. Through a strong partnership with the West Alabama Chamber of Commerce, Community Works Tuscaloosa, and the University of Alabama Economic Development Academy, the grant was projected to equip 192 people with certificates, place 95 students in jobs with a major automobile manufacturer or businesses in the automotive supplier industry, and help local employers create at least 65 new jobs. At the end of the grant period, over 1,600 jobs had been created.

In recent years the automotive sector in southern Appalachia has grown to include major assembly plants for Mercedes, Toyota, and Honda. All of those have benefitted from ARC investments, primarily for basic infrastructure. The presence of these manufacturing facilities has sparked the growth of a vibrant automobile-parts sector across the southern part of Appalachia and transitioned communities out of economic distress. ARC is leveraging this opportunity by providing funds to expand workforce opportunities and develop necessary infrastructure. This is an appealing strategy for the state of Mississippi which has 12 distressed counties in FY 2018.

Along with activities that develop existing opportunities, funds from this initiative will address deficits in the Region. Appalachia, like most of rural America, continues to lag the nation in access to advanced telecommunications infrastructure. Many areas still do not have cell coverage and broadband service; if broadband is available, it is usually only in the downtown and the immediately surrounding area. Even when available, rural access tends to be slower and less reliable. ARC has had a special focus on access and use of broadband for a number of years. As part of the agency's reauthorization in 2015, Congress reinforced this focus by

Central Appalachia Distressed County Infrastructure

\$500,000 In FY 2017, ARC partnered with USDA Rural Development and the State of Kentucky in a project in the City of Sanford, one of the oldest settlements in Eastern Kentucky, to replace damaged and deteriorating cast iron waterline that plagued the city with excessive leakage, rust contamination and capacity challenges. The original infrastructure was put in place in 1954 and had outlived its useful life expectancy. ARC used special initiative funds designated for Central Appalachian Distressed County Infrastructure to participate in this project that will improve 3,276 households and 256 businesses.

creating a new authority for ARC to work in broadband deployment. This strategy aligns with the recommendations of the Department of Agriculture's Interagency Task Force on Agriculture and Rural Prosperity, which acknowledges that reliable and affordable high-speed internet e-connectivity will transform rural America as a key catalyst for prosperity.

ARC is a key partner in the effort to develop broadband access throughout eastern Kentucky through the creation of a large middle-mile network known as KentuckyWired. This network will bring enhanced broadband access to 119 community anchor institutions in eastern Kentucky and provide the platform necessary for providers to branch out and provide last-mile facilities in selected areas. ARC has already invested over \$38 million in this initiative, which has received special congressional funding for improving broadband service to distressed counties in Central Appalachia.

Opioid abuse poses a major threat to the economic prosperity of Appalachia. In October, the President, through his declaration of a national public health emergency, underscored the challenge the opioid crisis poses nationally. This issue is particularly striking for central Appalachia. West Virginia has an opioid-related overdose rate over three times as high as the rate for non-Appalachian United States. The Appalachian parts of Kentucky, Maryland, and Ohio all have opioid-related overdose rates more than twice as high as that found in the non-Appalachian U.S. As a result of all other terrible consequences, opioid abuse decimates that workforce and diminishes regional economic opportunity.

Throughout FY 2019, ARC will continue to work with public and private sector partners to leverage opportunities and eliminate economic barriers such as the lack of critical infrastructure including broadband, and the effects of drug abuse and other diseases of despair on the Appalachian workforce in order to reduce economic distress in the Region. Outcome measures will be developed in conjunction with state and local partners as this initiative is developed through the Appalachian states.

Potential Outcomes for Project Development
Businesses Improved
Communities Improved
Households Improved
Participants Improved
Students Improved
Workers and Trainees Improved



Performance and Evaluation

ARC is a performance-driven organization with a systematic program for performance measurement in place, in accordance with its 2016–2020 strategic plan. The strategic plan establishes both long- and short-term goals and performance measures to track progress in meeting the agency's mission. A multi-level evaluation system was designed in accordance with the Government Performance and Results Act.

Grant information and performance is tracked by ARC's intranet management system, ARC.net. Data elements are geared to performance measures and strategic objectives from the strategic plan. As each grant is closed, ARC staff collects output and outcome information and tracks data against anticipated performance. The performance data is validated through a process that confirms project outcomes three years after the projects have been completed. The three-year period allows ARC to accurately capture data on performance measures, which can continue to accrue after a project has been completed.

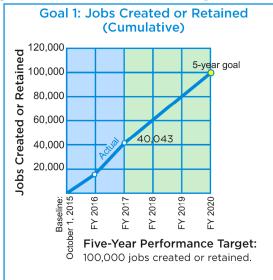
ARC conducts an outside evaluation of each strategic goal area on a rotational basis. Each study assesses how well ARC projects met their projected performance targets and offers recommendations for ways to improve the grants process. This information is published on the ARC website and used to guide future Commission policy. ARC performance is published annually in its Performance and Accountability Report, which is available on the agency's website at www.arc.gov.

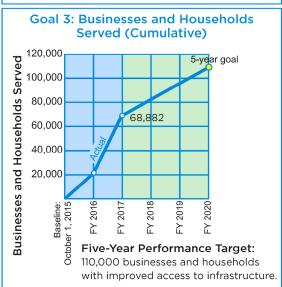
SUMMARY OF ACHIEVEMENTS

PERFORMANCE TARGETS AND RESULTS FOR FISCAL YEAR 2017 PROJECTS

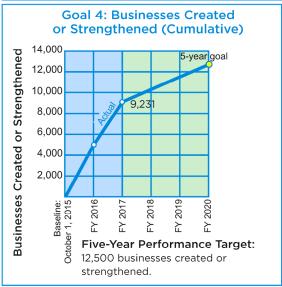
ANNUAL PERFORMANCE TARGETS	RESULTS: INITIAL ESTIMATES	RESULTS ACHIEVED			
Outcome Targets					
20,000 jobs created or retained	21,341 jobs created or retained	Exceeded Target by 7%			
22,000 students, workers, and leaders with improvements	30,263 students, workers, and leaders with improvements	Exceeded Target by 38%			
22,000 businesses and households with access to improved infrastructure	46,465 businesses and households with access to improved infrastructure	Exceeded Target by 111%			
2,500 businesses created or strengthened	4,474 businesses created or strengthened	Exceeded Target by 79%			
250 communities with enhanced capacity	510 communities with enhanced capacity	Exceeded Target by 104%			
Leverage Target					
Achieve a 6:1 ratio of leveraged private investment to ARC funds	Achieved a 5:1 ratio	Met 80% of Target			
Matching Target					
Achieve a 2:1 ratio of matching funds to ARC funds	Achieved a 1:1 ratio	Met 68% of Target			
Distressed Counties/Areas Target					
Direct 50% of ARC funds to benefit distressed counties or areas	Directed 73% of funds*	Exceeded Target by 23 percentage points			
*Project funds are included if the project primarily or substantially benefits distressed counties or areas.					

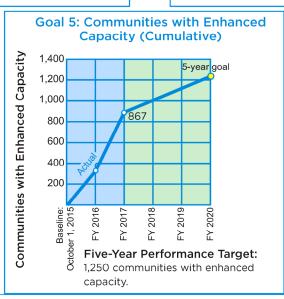
Progress toward ARC Strategic Plan Performance Goals, Fiscal Years 2016-2020













Salaries and Expenses

The Federal Co-Chair requests \$6,689 million for Salaries and Expenses to implement the Area Development program and its associated costs. The chart below summarizes ARC's total request for salaries and expenses in for the base program for FY 2019 compared with prior year prior year appropriation history. The request reflects the full costs of the Office of the Federal Co-Chair, its immediate staff, and a portion of the cost associated with the Office of the Inspector General. The request also includes the 50 percent federal share for administrative expenses of the non-federal Commission staff. As required by the Appalachian Regional Development Act, member states collectively contribute the other 50 percent of the Commission's non-federal staff and related costs.

The request for the Office of the Federal Co-Chair provides for an immediate staff of eight positions, with related benefits, rent, travel, services, and other expenses. Federal Co-Chair's staff is paid entirely by the federal government and assists in carrying out the Federal Co-Chair's responsibilities. These include working with federal agencies and chairing an interagency organization as provided in the ARDA; serving as the Commission's liaison to the Congress and the Administration; representing the Administration in working with the Member states to formulate regional strategies and other policy; and reviewing projects for final approval by the Federal Co-Chair.

Office of the Federal Co-Chair

	2017	2018	2019	
	Actual	Enacted	Requested	Change
Personnel Compensation	641	1,020	1,022	2
Personnel Benefits	189	280	280	
Travel & Transportation	67	85	85	
Rent, Communications	143	165	170	5
Printing	1	1	1	
Services	271	205	206	1
Supplies	6	11	11	
Equipment	0	10	10	
Total:	1,318	1,777	1,785	8

The Office of the Inspector General's request funds a three-person staff, related expenses, and required contract audit, investigative, training, legal support and support for the Council of the Inspectors General on Integrity and Efficiency as required by the Inspector General Reform Act (PL 110-409) passed by Congress in 2008. This legislation placed increased requirements on the office of each Inspector General. Inspector General activities will continue to emphasize the effectiveness and efficiency of program operations and compliance with laws and regulations affecting grant programs. This includes review and evaluation activities in connection with the *GPRA Modernization Act of 2010*, the Single Audit Act, and GISRA, as well as coordination and cooperation with other oversight offices on crosscutting issues and legislated reviews. Audit activities enable the Commission to produce audited financial statements, as other agencies are required to do under the Accountability of Tax Dollars Act. The request will cover expenses for necessary investigative and legal support, which will be obtained through reimbursable agreements and Memoranda of Understanding with other federal Offices of Inspector General. This budget has been certified by the Inspector General and reflects a request for increased funding to complete increased oversight as the ARC appropriation has increased.

Office	of the	Inspec	tor	General
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	2017	2018	2019	
	Actual	Enacted	Requested	Change
Personnel Compensation	166	193	195	2
Personnel Benefits	26	63	62	(1)
Travel & Transportation	1	25	25	
Rent, Communications	5	36	37	1
Printing	0	1	1	
Services	255	225	225	
Supplies	1	2	4	2
Equipment	1	2	2	
Training	0			
Total:	455	547	551	4

Each year, the states and the Federal Co-Chair must approve the Commission's operating budget. Following completion of appropriations action, final non-federal staffing decisions are made and must be approved at a Commission meeting of the member states with the Federal Co-Chair. As a result of this consultative process, final allocations may differ from the estimates of operating expense amounts by object class for 2019. The table below shows ARC Non-Federal Operating Expenses.

Non-Fed	leral O	perations
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	2017	2018	2019	
	Actual	Enacted	Requested	Change
Personnel Compensation	4,434	4,967	5,082	115
Personnel Benefits	1,888	1,804	1,919	115
Travel & Transportation	120	123	130	7
Rent, Communications	793	864	897	33
Printing	15	20	19	(1)
Services	791	607	582	(25)
Supplies	31	44	34	(10)
Equipment	16	48	44	(4)
Total:	8,088	8,477	8,707	230

ARC's authorizing legislation specifies that Commission staff shall not be considered federal employees for any purpose. Accordingly, these professionals are neither state nor federal employees, even though they work directly for the joint federal-state partnership agency. An Executive Director, who is appointed by the states and the Federal Co-Chair, manages this staff and is the Chief Executive Officer of the Commission.

Personnel compensation for Commission staff generally follows that of federal employees in the metropolitan area and benefits are budgeted accordingly. The FY 2019 request reflects costs associated with the Commission's responsibility for funding its own private pension plan for Commission staff. Periodically, prior year balances are invested to meet the fiduciary requirements of the plan. Accounts payable and related activities have been transitioned to the US Department of Agriculture and several federally required system administration responsibilities have been outsourced. Additionally, the salary of the IG has transitioned to the Commission in accordance with *Dodd-Frank Wall Street Reform and Consumer Protection Act* as mentioned above.



Comprehensive Reform Initiative



Organizational Effectiveness Initiatives

Status as of January 2018

The Appalachian Regional Commission (ARC) has been identifying, analyzing, and implementing workplace efficiencies to ensure the highest possible output using cost- and time-effective resources. ARC has proactively made these decisions during its normal course of business while adjusting to internal and external forces which demand innovation and evolution. On April 12, 2017, Office of Management & Budget (OMB) released Memo M-17-22 "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce". Below, ARC has documented key actions that align with this directive, highlighting accomplishments already completed and those in progress, towards maximizing employee performance, organizational restructuring, improving efficiency and effectiveness, and workforce management. These changes will enhance ARC's mission and effectiveness in carrying out the critical work of economic development in the Appalachian Region.

The OMB memo directs agencies to take action on:

- Short-term workforce reductions
- Short-term cost savings
- Maximizing employee performance
- Long-term workforce reductions

When implemented, the efforts are expected to result in the following objectives:

- 1. Lean, more accountable, more efficient government
- 2. Effectively and efficiently deliver programs that are highest need to citizens
- 3. Align workforce to meet needs of today and future
- 4. Remove barriers that hinder employees from delivering results

Date completion or estimated completion	Strategy or Action	Description	Status Complete In- progress	Analysis Impact 1. Eliminate activities 2. Restructure/merge 3. Improve org efficiency & effectiveness 4. Workforce management
September 2015	Internal Communications Strategy	With leadership guidance from the executive director, increased frequency and transparency of all-staff communications related to ARC mission, operations, and processes. Through quarterly all staff meetings, monthly lunchtime presentations, and collaborative working groups, relevant information is shared and discussed to ensure strong decisions are made in the best interest of ARC's investments. With this level of communication, employees are provided necessary resources to maximize their performance.	~	Efficiency & Effectiveness; Workforce management

August	External	Consolidated Public Relations Information Officer		Efficiency &
2015	Communications	position within the Communications team. Hired		Effectiveness;
	Strategy	Communications Director and implemented		Workforce
		communications strategy including e-newsletter,	•	management
		updated web pages, and social media outreach.		
		Streamlined and strengthened communications with		
		partners, states and others to coordinate information		
		sharing related to investments and successes in the		
		region.		
September	Document	In coordination with a subject matter expert (SME)		Workforce
2015	Position	consultant, conducted a compensation and		management;
	Descriptions	classification analysis. Interviewed all employees and		Restructure
	'	directors to obtain accurate and current data on job		
		tasks and responsibilities. Utilizing external resources,		
		knowledge and experience, drafted, discussed, and		
		finalized position descriptions and pay grades for		
		every ARC position.		
October	Performance	Provide all staff training on SMART-ER Goal		Workforce
2016	Management	development and provide in-house consultation on		management
2010	Management	goal setting to ensure alignment with ARC strategy		management
January		and priorities. Enhanced performance management		
2018		and reward/pay process to objectively align outcomes		
2010		with employee goals, impact of job functions and		
		relevant competencies. Implemented new appraisal		
		form which better emphasizes job responsibilities,		
		goal achievement, and competencies along with		
		integrated professional development. Conducted all		
		staff training on the new system, its purpose,		
		outcomes and action items. Provide additional staff		
		resources and support through goal setting		
		workshops, coaching and employee performance criteria development.		
Dagarahar	Overnientianal			Dootsustings
December	Organizational	Working with a consultant, identified organizational		Restructure;
2016	Effectiveness	effectiveness opportunities to leverage knowledge		Efficiency &
		management, develop a more efficient team		Effectiveness
		structure, and develop action plan for mission		
		priorities and strategies. Reduced administrative		
		burden for project coordinators by re-allocating		
		administrative functions to a centralized role.		
		Implemented new team structure to balance changing		
<u> </u>		workloads.		F(C)
December	Cross-training	Conduct cross training and SOP documentation in all	4	Efficiency &
2016		critical roles and functions. This proactively provides		Effectiveness;
		critical function coverage for staff departures and		Workforce
		identifies any areas for improved efficiency in work		management
		process.		

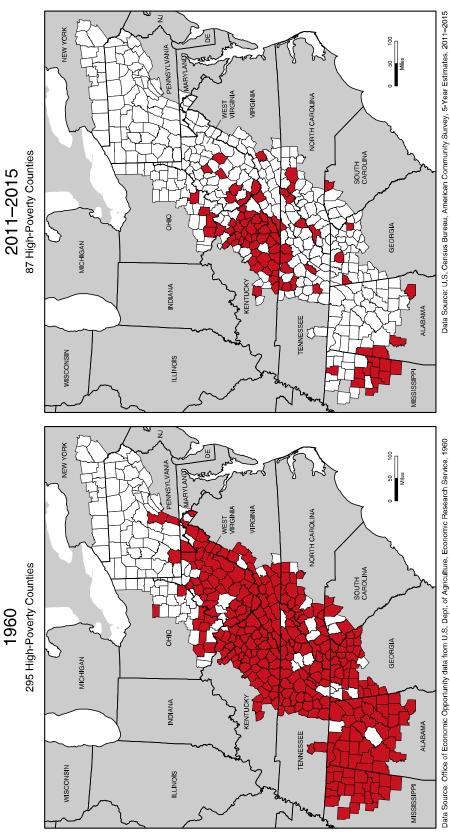
la mara mar	Consolidate	Heine ich analysis to anayya asanay naada aya mat		Modefores
January	Consolidate	Using job analysis to ensure agency needs are met	_	Workforce
2017	Positions	sufficiently, combined Administrative Assistant and		Management;
		Executive Assistant roles into one and leveraged use of		Restructure
May 2018		technology to reduce time spent on administrative		
		requirements. Anticipate further position		
		consolidation and workforce re-structuring in		
		Communications, Local Development District, and		
		Finance teams following RIO.		
February	Enterprise	Through an RFP process, selected and worked with a		Restructure;
2017	Technology	consultant team to facilitate an analysis of the current	_	Efficiency &
	0,	work processes. From that, the team identified		Effectiveness
		efficiencies and enhanced workflow. Engaged services		
		of an applications developer to code technical		
		efficiencies and enhance user experience in current		
		·		
		system. Currently researching and will evaluate, then		
		select a technology strategy to optimize the new		
		business process within the current database system.		
		This is expected to increase efficiencies by reducing		
		time spent on administrative functions.		
May 2017	Retirement Plan,	Analyzed current plan document related to eligible		Workforce
	Pension	creditable service for early retirement; determined		management
		gap for potential early retirement between age 55 and	_	
		62; evaluating return on investment of plan		
		amendment allowing relevant non-ARC employment		
		to apply towards credible service thereby allowing		
		participants to reach early retirement eligibility		
		sooner. (does not impact benefit amount; only years		
		to early retirement)		
December	Retirement Plan,	Review options and opportunities to maintain same		Efficiency &
2018	401(k)	plan design but change to a newer platform which		Effectiveness
2010	401(K)	shifts administrative burden/tasks to the administrator		Litectiveness
		(currently performed by ARC staff). Also review option		
		to provide expanded investment options for		
		participants to maximize retirement earnings.		
May 2017	Retirement	Offered a Retirement Incentive Option (RIO) to 16 eligible		Workforce
	Incentive Option	employees. Six (6) employees accepted the offer with		management
	(RIO)	retirement effective dates between January and April		
		2018. Goal met to reduce total staff and align workforce to		
		meet the needs of today and the future through a		
		voluntary offer. Provided eligible employees with		
		resources to assist with decision-making.		
July 2017	Phone System	Implemented technology based phone system to		Efficiency &
, -	,	leverage integration with Microsoft Outlook. This		Effectiveness
		change will remove barriers that hinder ability to do		
		the work by being able to provide more timely		
		responses to telephone communications despite		
		travel, work locations or job function.		
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June 2017	Travel System	Implemented web based travel agency system to leverage technology, streamline of information and 24/7 access bypassing costly services performed by outsourced services. This enhancement will make travel administration and reservations easier, faster, and more accurate, using online profiles, internet based access to travel arrangements and streamlined internal approvals.	~	Efficiency & Effectiveness
June 2017	Policy Updates	Updated personnel policies which result in more efficient workforce management, increased efficiencies and strengthen accountability through performance management and reward program tied to performance.	✓	Efficiency & Effectiveness; Workforce management
November 2017	Excel Training	Conducted Excel Level 1 and Level 2 training for approximately 25 employees. Developed learning objectives to align with ARC roles and responsibilities. 90% of participants learned new tools that will be useful in their job and enable more efficient work processes.	~	Efficiency & Effectiveness; Workforce management
December 2017	Anti-Harassment and Anti- Discrimination	Conducted training to provide awareness to all employees about activities that are not professionally acceptable in the workplace as well as specific personnel policies and EEO items. This resulted in an organization-wide understanding of ARC's policy along with ensuring that ARC's culture of respect and professionalism is upheld.	*	Efficiency & Effectiveness; Workforce management

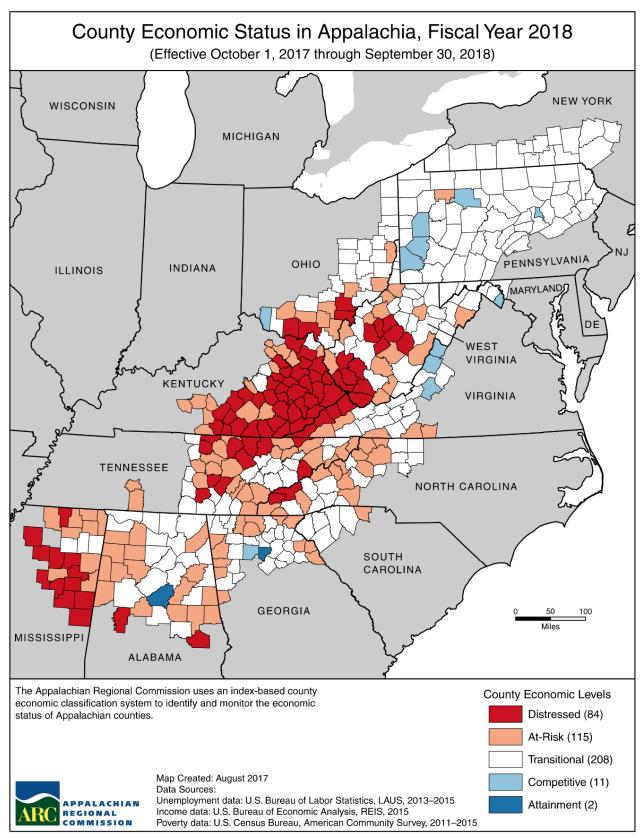


APPENDIX A

High-Poverty Counties in the Appalachian Region (Counties with Poverty Rates At Least 1.5 Times the U.S. Average)



APPENDIX B



County Economic Status Designations in the Appalachian Region, Fiscal Year 2018

Distressed Counties, FY 2018

- Alabama (2) Hale and Macon
- <u>Kentucky</u> (37) Adair, Bath, Bell, Breathitt, Carter, Casey, Clay, Clinton, Cumberland, Elliott, Estill, Floyd, Harlan, Jackson, Johnson, Knott, Knox, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, Magoffin, Martin, McCreary, Menifee, Morgan, Owsley, Perry, Pike, Powell, Rockcastle, Russell, Wayne, Whitley, and Wolfe
- <u>Mississippi</u> (12) Benton, Calhoun, Chickasaw, Choctaw, Clay, Kemper, Montgomery, Noxubee, Oktibbeha, Panola, Winston, and Yalobusha
- North Carolina (2) Graham and Swain
- Ohio (4) Adams, Athens, Meigs, and Scioto
- <u>Tennessee</u> (11) Bledsoe, Campbell, Clay, Cocke, Fentress, Grundy, Hancock, Jackson, Morgan, Scott, and Van Buren
- <u>Virginia</u> (4) Buchanan, Dickenson, Lee, and Wise
- West Virginia (12) Boone, Braxton, Calhoun, Clay, Gilmer, Lincoln, Logan, McDowell, Mingo, Roane, Webster, and Wyoming

At-Risk Counties, FY 2018

- <u>Alabama</u> (16) Bibb, Calhoun, Chambers, Coosa, DeKalb, Fayette, Franklin, Lamar, Lawrence, Marion, Pickens, Randolph, Talladega, Tallapoosa, Walker, and Winston
- <u>Georgia</u> (13) Chattooga, Elbert, Fannin, Floyd, Franklin, Gilmer, Haralson, Hart, Heard, Murray, Polk, Rabun, and Towns
- <u>Kentucky</u> (14) Boyd, Edmonson, Fleming, Garrard, Green, Hart, Laurel, Metcalfe, Monroe, Montgomery, Nicholas, Pulaski, Robertson, and Rowan
- <u>Mississippi</u> (9) Alcorn, Lowndes, Marshall, Monroe, Prentiss, Tippah, Tishomingo, Union, and Webster
- North Carolina (13) Alleghany, Ashe, Caldwell, Cherokee, Clay, Jackson, Madison, McDowell, Mitchell, Rutherford, Watauga, Wilkes, and Yancey
- Ohio (8) Gallia, Highland, Jackson, Jefferson, Monroe, Morgan, Pike, and Vinton
- <u>Pennsylvania</u> (1) Forest

- <u>South Carolina</u> (1) Cherokee
- <u>Tennessee</u> (22) Carter, Claiborne, Cumberland, DeKalb, Grainger, Greene, Hawkins, Johnson, Lawrence, Lewis, McMinn, Meigs, Monroe, Overton, Pickett, Polk, Putnam, Rhea, Unicoi, Union, Warren, and White
- Virginia (5) Grayson, Henry, Patrick, Russell, and Scott
- West Virginia (13) Barbour, Fayette, Hardy, Mason, Mercer, Nicholas, Pocahontas, Ritchie, Summers, Tyler, Wayne, Wetzel, and Wirt

Transitional Counties, FY 2018

- <u>Alabama</u> (18) Blount, Cherokee, Chilton, Clay, Cleburne, Colbert, Cullman, Elmore, Etowah, Jackson, Jefferson, Lauderdale, Limestone, Madison, Marshall, Morgan, St. Clair, and Tuscaloosa
- <u>Georgia</u> (22) Banks, Barrow, Bartow, Carroll, Catoosa, Dade, Dawson, Douglas, Gordon, Gwinnett, Habersham, Hall, Jackson, Lumpkin, Madison, Paulding, Pickens, Stephens, Union, Walker, White, and Whitfield
- <u>Kentucky</u> (3) Clark, Greenup, and Madison
- Maryland (3) Allegany, Garrett, and Washington
- Mississippi (3) Itawamba, Lee, and Pontotoc
- New York (14) Allegany, Broome, Cattaraugus, Chautauqua, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Schuyler, Steuben, Tioga, and Tompkins
- North Carolina (14) Alexander, Avery, Buncombe, Burke, Davie, Forsyth, Haywood, Henderson, Macon, Polk, Stokes, Surry, Transylvania, and Yadkin
- <u>Ohio</u> (19) Ashtabula, Belmont, Brown, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Hocking, Holmes, Lawrence, Mahoning, Muskingum, Noble, Perry, Ross, Trumbull, Tuscarawas, and Washington
- Pennsylvania (46) Armstrong, Beaver, Bedford, Blair, Bradford, Cambria, Cameron, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Crawford, Erie, Fayette, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lackawanna, Lawrence, Luzerne, Lycoming, McKean, Mercer, Mifflin, Monroe, Northumberland, Perry, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Wayne, Westmoreland, and Wyoming
- South Carolina (5) Anderson, Greenville, Oconee, Pickens, and Spartanburg

- <u>Tennessee</u> (19) Anderson, Blount, Bradley, Cannon, Coffee, Franklin, Hamblen, Hamilton, Jefferson, Knox, Loudon, Macon, Marion, Roane, Sequatchie, Sevier, Smith, Sullivan, and Washington
- <u>Virginia</u> (13) Alleghany, Bland, Carroll, Craig, Floyd, Giles, Montgomery, Pulaski, Rockbridge, Smyth, Tazewell, Washington, and Wythe
- West Virginia (29) Berkeley, Brooke, Cabell, Doddridge, Grant, Greenbrier, Hampshire, Hancock, Harrison, Jackson, Kanawha, Lewis, Marion, Marshall, Mineral, Monongalia, Monroe, Morgan, Ohio, Pendleton, Pleasants, Preston, Putnam, Raleigh, Randolph, Taylor, Tucker, Upshur, and Wood

Competitive Counties, FY 2018

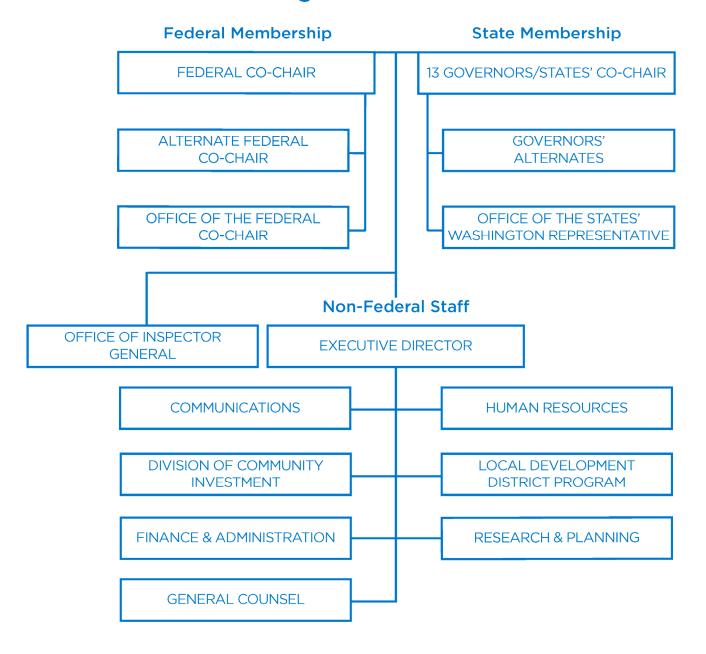
- Georgia (1) Cherokee
- Ohio (1) Clermont
- Pennsylvania (5) Allegheny, Butler, Elk, Montour, and Washington
- Virginia (3) Bath, Botetourt, and Highland
- West Virginia (1) Jefferson

Attainment Counties, FY 2018

- Alabama (1) Shelby
- Georgia (1) Forsyth

APPENDIX C

Appalachian Regional Commission Organization Chart



APPENDIX D

Appalachian Regional Commission

Federal Co-Chair Earl F. Gohl **States' Co-Chair**Governor Phil Bryant

Governors and State Alternates

Alabama

Governor Kay Ivey Kenneth Boswell

Georgia

Governor Nathan Deal *Christopher Nunn*

Kentucky

Governor Matt Bevin Sandy Dunahoo

Maryland

Governor Larry Hogan Wendi W. Peters

Mississippi

Governor Phil Bryant Robert G. "Bobby" Morgan

New York

Governor Andrew M. Cuomo *Mark Pattison*

North Carolina

Governor Roy Cooper Jim McCleskey

Ohio

Governor John Kasich Jason Wilson

Pennsylvania

Governor Tom Wolf Sheri Collins

South Carolina

Governor Henry McMaster *Michael McInerney*

Tennessee

Governor Bill Haslam Brooxie Carlton

Virginia

Governor Ralph Northam *Erik Johnston*

West Virginia

Governor Jim Justice *Mary Jo Thompson*

States' Washington Representative James Hyland

Executive Director
Scott T. Hamilton

APPALACHIAN REGION

The Appalachian Region includes all of West Virginia and parts of Alabama,
Georgia, Kentucky, Maryland, Mississippi,
New York, North Carolina, Ohio,
Pennsylvania, South Carolina, Tennessee,
and Virginia. The Region is home to more
than 25 million people and covers 420
counties and almost 205,000 square miles.

