

Appalachian Regional Commission

STRATEGY STATEMENT 2020



New York State

Andrew Cuomo, Governor

Mark P. Pattison, Alternate

Over the past eight years, Governor Cuomo’s economic development strategies have promoted job creation and the revitalization of every region of New York State (NYS). Investing in key capital projects, emerging and high-impact industries, and regionally-focused economic development strategies is contributing to an Upstate renaissance. A catalyst to this renaissance has been the state’s regionalization of economic development planning through ten Regional Economic Development Councils (REDCs) and an annual Consolidated Funding Application (CFA) process that cooperatively links state funding programs to successful revitalization strategies. Over the past three CFA funding cycles, NYS’s Appalachian Regional Commission (ARC) counties have been awarded more than \$240 million from a wide range of state funding programs to support 519 individual projects through this process.

NYS’s Appalachian Regional Development Program is housed within and administered by NYS’s Department of State (DOS) in the Division of Local Government Services, which provides interagency collaboration across a broad range of state, local and federal programs to promote the ARC’s goals and objectives and NYS’s ARC implementing strategies.

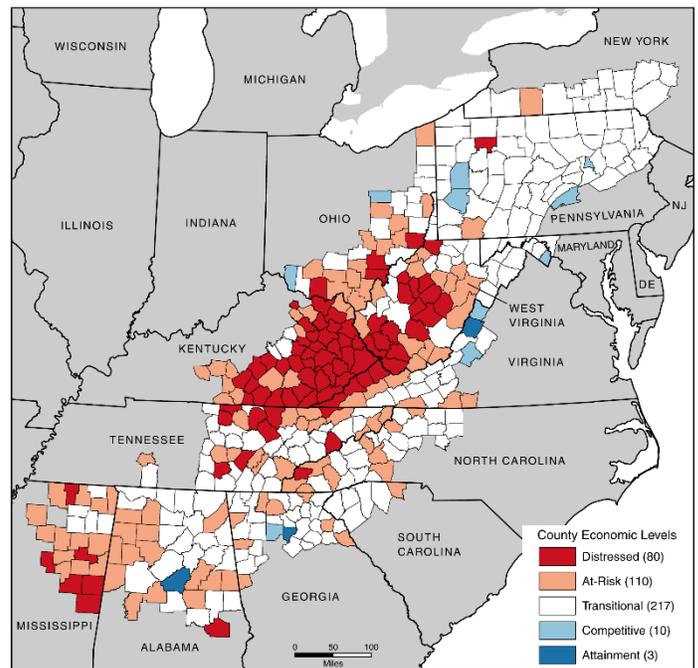
This Strategy Statement is submitted pursuant to Section 5.3 of the Appalachian Regional Commission (ARC) Code to describe the following as they apply to the Appalachian Regional Development Program for calendar year 2020:

1. Economic challenges and opportunities of NYS’s fourteen-county Appalachian Region;
2. The relationship between NYS’s ARC Program staff, and the Region’s three Local Development Districts (LDDs), four Regional Economic Development Councils, and county and local governments;
3. New developments or resources impacting NYS’s Appalachian counties;
4. Targeted investment priorities for the year and strategies for the state’s distressed communities;
5. NYS’s project solicitation, review and selection process, including dates/deadlines;
6. State operating program policies, including funding limits for projects, limitations on length of ARC financial support for projects, policy for cost overruns and underruns, and other state administrative procedures;
7. NYS’s ARC Program Implementing Goals and Strategies

NYS’s Appalachian Region, often referred to as the “Southern Tier”, extends 285 miles from the northeastern tip of Schoharie County to the southwestern corner of Chautauqua County. It comprises 24.8 percent of NYS’s total land area and has a population of slightly more than one million, which represents about 5.5 percent of NYS’s total population. Roughly half of its residents live in or around the medium to small cities of Binghamton (Broome County), Elmira (Chemung County), Ithaca (Tompkins County), Cortland (Cortland County), and Jamestown (Chautauqua County).

Section 1.1: Administrative Roles

Governor Andrew Cuomo serves as NYS’s Commission member and Mark Pattison, Deputy Secretary of State for Local Government, serves as his Alternate. NYS’s ARC program is administered by NYS’s Department of State (DOS), led by Secretary of State Rossana Rosado. NYS’s Program Manager is Kyle Wilber, who is assisted by Assistant Program Manager George Korchowsky. Local participation in the ARC Program is coordinated through three LDDs, also referred to as “Regional Planning and Development Boards”. These are listed below:



Created by the Appalachian Regional Commission, June 2019
 Data Sources:
 Unemployment data: U.S. Bureau of Labor Statistics, LAUS, 2015–2017
 Income data: U.S. Bureau of Economic Analysis, REIS, 2017
 Poverty data: U.S. Census Bureau, American Community Survey, 2013–2017
 Effective October 1, 2019 through September 30, 2020

- Southern Tier Eight (formerly called, “Southern Tier East”) headquartered in Binghamton (Broome County), contains the following eight counties: Broome, Cortland, Chenango, Delaware, Otsego, Schoharie, Tioga, and Tompkins;

- Southern Tier Central headquartered in Corning (Steuben County), contains three counties: Chemung, Schuyler, and Steuben;
- Southern Tier West headquartered in Salamanca (Cattaraugus County), contains three counties: Allegany, Cattaraugus, and Chautauqua.

DOS and the LDDs provide ongoing technical assistance to local governments and constituencies across the region. LDDs implement NYS’s ARC strategies and provide outreach to local governments, businesses, and community and not-for-profit organizations. NYS supplements LDD costs with augmentations from NYS’s Area Development appropriation.



A well-established partner to DOS and the LDDs is NYS’s Empire State Development (ESD), which coordinates the efforts of the ten REDCs. The REDCs are councils of diverse business, civic, and academic leaders from each region. They provide advice and guidance to establish community-driven plans and strategies that promote their region’s economy and guide the allocation of State resources. Like each LDD’s Comprehensive Economic Development Strategies (CEDs) drafting process, each REDC annually updates its comprehensive strategic plan to ensure that public funding aligns with local priorities for regional growth, job creation, and partnerships between state, private sector, and higher education. DOS and NYS’s ARC Program, and the LDDs are partners with the REDCs.

Since they were established by Governor Cuomo in 2011, the REDCs have awarded \$6.1 billion in state

funds for over 7,000 projects resulting in more than 230,000 new or retained jobs. A significant portion of this investment has been made for a wide range of projects in NYS’s Appalachian region, and wherever possible, sponsors of grant applications for these investments have been assisted by NYS’s ARC program staff and its partners.

Section 1.2: Economic Challenges & Opportunities

Regionally-focused economic development strategies have enhanced businesses and created private sector jobs across every region of the state. With the assistance of both ARC funding and CFA resources, Appalachian New York is positioned to address many of the pressing challenges faced across the 14 ARC counties. A short summary of some of this region’s development challenges follows:

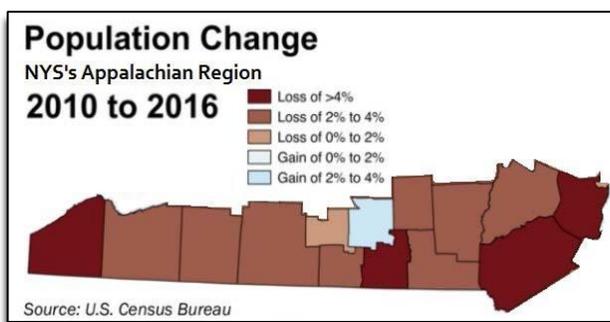
Downtown Revitalization: A legacy of corporate consolidations and relocations, and migration of workforce participants to suburbs from downtowns, as well to the sun-belt, has weakened once vibrant central business districts. To combat this decline in upstate communities, Governor Cuomo created the Upstate Revitalization Initiative that awarded several hundred million dollars over a multi-year period to support transformative investments to build upon regional assets and leverage private sector capital, create jobs and strengthen regional economies. In addition, to give communities the

tools they need to revitalize village and business center cores, NYS has awarded seven ARC communities with \$10 million each through the Downtown Revitalization Initiative (DRI). These programs are continuing to help make the region's economic centers attractive as quality locations for residents and businesses and are key places for investment for NYS's ARC program.

Digital Access/Broadband: Expanding broadband for all New York State residents has been a key infrastructure priority for Governor Cuomo. This partnership with the private sector has addressed broadband access to 2.3 million homes and expanded service to over 99.9 percent of New Yorkers. In NYS's ARC region, the primary challenge that will continue to be addressed will be advancing the minimum speed that the region's businesses and residents can rely on, and the affordability of fixed broadband internet service. NYS's ARC program and LDDs are developing strategies to address these challenges as rapidly as possible.

Labor Force Availability/Needs/Skills: While a significant technology and manufacturing presence exists within Appalachian NYS, a Federal Reserve Bank of New York report on the Southern Tier labor market shows that its manufacturing employment growth lags the rest of the nation. Job growth has been slow because the region has been losing workers for more than 20 years, and an aging population has been thinning the ranks of available employees. NYS's 2019-20 Budget provides funding to expand job-creating investments and provide \$325 million of the High Technology Innovation and Economic Development Infrastructure Program for the research and development of innovative technologies to support advance science technology. NYS's Budget also emphasizes investment in K-12 education programs, master teacher programs, the region's colleges and universities, and in worker retraining to advance the availability and skills of the region's workforce. The goal for NYS's ARC region will be to help leverage these investments and help transition the region's high school and college graduates into challenging 21st Century careers that will reside in the region.

Population Change: Since 2010, Appalachian NYS's population has dropped 3.2% to an estimated 1,032,309 in 2017 from 1,066,421 in 2010. Four counties had the region's largest percentage losses: Delaware, Schoharie, Tioga and Chautauqua. Although out-migration is proportionate to other regions of the country, in-migration has been insufficient to counteract the trends. Tompkins County, with a generally younger and highly educated population has bucked the trend, growing more than 3% since 2010.¹ NYS's economic development strategies aim to make Appalachian NYS's communities desirable places for businesses and potential employees and to develop centers of entrepreneurship and economic growth.



Dependent Care: Access to reliable, affordable elder or child care can affect workforce participation. During 2020, NYS will seek the assistance of ARC funding to support this objective. In addition, the following statewide initiatives will be pursued which would support Appalachian residents' ability to work : Child care subsidies to help parents and caretakers pay for some or all of the cost of child care; an Enhanced Child Care Tax Credit for working families; Investing in Child Care Infrastructure, including support for employers who provide child and dependent care facilities to employees; and creation of the Child Care Availability Task Force, charged with examining and exploring innovative approaches to affordability and access to child care. Finally, the REDCs will include child care as a priority in the development of their 2019 - 20 Strategic Plans.

Interruptible Power: In six Appalachian NYS counties, certain energy users are offered only low-priority service that allows interruption on short notice in natural gas, electricity and heat in winter and other peak-load conditions. These limitations force users to rely on back-up power sources (including propane and coal, which may not be immediately available once primary service is interrupted). This issue limits business growth and stunts workforce livability.

¹ https://www.newyorkupstate.com/news/2017/03/new_york_population_numbers_census_shows_which_counties_are_growing_shrinking.html

Family Agriculture: During Governor Cuomo's tenure, NYS has significantly increased investments in agriculture, including record levels of grant funding, local assistance programs, and by emphasizing the importance of agriculture as a major part of rural economic development. Capitalizing on a surging interest in local and craft foods and beverages has been a key element of NYS's ARC Program. In addition, a large part of NYS's Southern Tier overlaps NYS's Finger Lakes Wine Region, which has become known as the "Napa of the East". The Governor has also supported strategic investments to modernize the State Fair, grow the agriculture industry in the Southern Tier, and protect farmland. NYS's ARC Program will continue to work with farmers and farm bureaus to help brand their products, to provide technical assistance, and to collaborate with REDCs to ensure that agribusinesses receive technical assistance and support on par with what is afforded to other industries.

Opioid Crisis: Over the past eight years, Governor Cuomo has taken substantial steps through the Office of Alcoholism and Substance Abuse Services (OASAS) to combat the heroin and opiate crisis plaguing our communities by adding services, removing barriers and improving access to care. Looking ahead, NYS proposes to improve access to medication assisted treatment; increase access to naloxone; launch a comprehensive substance use prevention blueprint for schools; address root causes of the opioid epidemic; and support New Yorkers in recovery from addiction.

Other Challenges –

- **Climate:** NYS's Appalachian climate can limit the construction season and the out-migration of retirees to milder climates both impact the economy. In addition, stormwater flooding has become a serious problem nearly anytime during the year, aggravated by the region's topography and more recently exacerbated by more frequently recurring tropical storm events.
- **Government Efficiency:** Many local governments provide services that could potentially be provided more efficiently under inter-municipal or regional arrangements. In other cases, population of some communities is too sparse to field adequate ranges of candidates for public positions. DOS's Local Government Services attempts to mitigate common community and local government capacity issues through project development funding, technical assistance and training.
- **Coal-Impacts:** A recent study of the Coal Industry Ecosystem showed that nearly every county in NYS's ARC Region has a workforce highly dependent on coal-ecosystem jobs or has been impacted by losses in coal-ecosystem jobs. Closure of three coal-fired power generating plants has severely impacted economies, primarily through the loss of plant operations jobs, the multiplier effects of those job losses on regional economies, reduction of electrical power supplies for users, and losses in municipal revenues from plant operators and businesses serving the plants and their employees.
 - Dunkirk Power/NRG: Dunkirk, Chautauqua Co. (Active 1950-2017; capacity 628 MW)
 - Cayuga Power: Lansing, Tompkins Co. (Active 1955-2018; capacity 323 MW)
 - AES Westover: Johnson City, Broome Co., (Active 1943-2012; capacity 119 MW)

Regional Opportunities:

Intermodal Transportation: Appalachian Development Highway System (ADHS) funds have facilitated the recent completion of I-86 (Corridor T) from Binghamton to Lake Erie and the authorization of Corridor U-1 to become part of future I-99 have been catalysts for economic growth, increased regional cooperation, and raised public and investor interest in the Southern Tier. Communities have begun inquiring about the availability of ARC Access Road Funds, which, although limited in annual availability, potentially can be strategically used to gradually advance NYS's transportation priorities. In addition, several municipal airports exist within the region and many of these are in proximity to regional rail network links, creating an opportunity to focus on intermodal transportation as a potential lever for future growth.

Collaborative Programs: NYS's Co-Funding Initiative brings together a range of infrastructure partners who help prioritize projects and facilitate infrastructure funding efficiencies. DOS's Local Waterfront Revitalization Plan and Brownfield Opportunity Area programs promote comprehensive economic and social development. Local Government Efficiency grants offer over \$4 million in grants annually to assist local government officials who are considering government reorganization, inter-municipal cooperation, regional service delivery, and shared services with technical and financial assistance to implement cost savings projects.

Section 2: New Developments

Workforce Initiatives: As part of the NYS FY 2019 Budget, Governor Cuomo secured a historic \$175 million commitment for workforce training programs statewide with significant portions of this commitment being used to fund programs in NYS's ARC region. Following up, applications will be requested for investments that support efforts to meet businesses' workforce needs, improve regional talent pipelines, expand apprenticeships, and address needs of expanding industries, with a focus on emerging fields with growing demand for jobs like clean energy, health technology, and computer science. Funds will also support efforts to improve the economic security of women, youth, and other populations that face significant barriers to career advancement. In addition, NYS will emphasize programs that remove barriers to entering the workforce, which includes dependent care projects that can allow more family members to remain employed in the workforce.

Downtown Revitalization Initiative: DRI is a \$100 million per year program coordinated by NYS's Secretary of State to revitalize urban centers. Annually, each REDC identifies one community to be awarded \$10 million to implement downtown improvements. The following seven Appalachian NYS communities have been selected to participate. NYS's ARC program and LDDs will continue to provide encouragement and technical assistance to eligible municipalities applying for DRI awards.

Year	REDC	LDD	DRI Winner
2018	Southern Tier	ST8	Owego
2017	Central New York	ST8	Cortland
2017	Southern Tier	ST8	Watkins Glen
2017	Western New York	STW	Olean
2016	Mohawk Valley	ST8	Oneonta
2016	Southern Tier	STC	Elmira
2016	Western New York	STW	Jamestown

Community Capacity Initiatives: Ensuring that local governments are well-managed and that citizens are engaged partners is essential to revitalize NYS's communities and keep them attractive. NYS's ARC program relies on several DOS programs to expand community capacity, including the following:

- **Local Government Training and Technical Assistance** – a community capacity resource for local government officials across Appalachia and New York State.
- **Municipal Restructuring Fund** - a local government assistance program designed to stimulate permanent property tax reductions resulting from shared services and municipal consolidations.
- **NYS County-Wide Shared Services Initiative** - a program to reduce property taxes, encouraging counties to develop comprehensive strategies to achieve greater efficiencies in government.

Empire State Poverty Reduction Initiative, a \$25 million initiative to help support community-driven poverty reduction strategies that increase economic opportunity in selected economically distressed communities. Appalachian NYS participants in the program are Jamestown, Elmira, Binghamton, and Oneonta.

Section 3: Targeted Investment Priorities

Pockets of Distress: Pockets of distress are NYS's census tracts that have been identified as among the lowest quintile of all US census tracts according to the ARC's measurement of economic condition. These tracts, and clusters of such tracts, are characterized by high rates of poverty, unemployment, and low per capita market income, and shall receive priority in program funding and technical assistance. In addition, for FFY-2020, ARC has designated all of Allegany County as economically "at risk". This designation gives preferential consideration to requests for proposed Area Development projects in that county. Additional information and data regarding ARC's 2020's distressed and at-risk counties and census tracts can be found on the ARC website².

Economic Clusters, Job Creation and Entrepreneurship: NYS's Empire State Development, REDCs, and Department of Labor are all economic development partners to NYS's ARC Program. A common area of emphasis among all is a commitment to job creation, expanding each state region's economic clusters and encouraging entrepreneurship. NYS's Goal 1 Implementing Strategies are aligned with supporting these priorities.

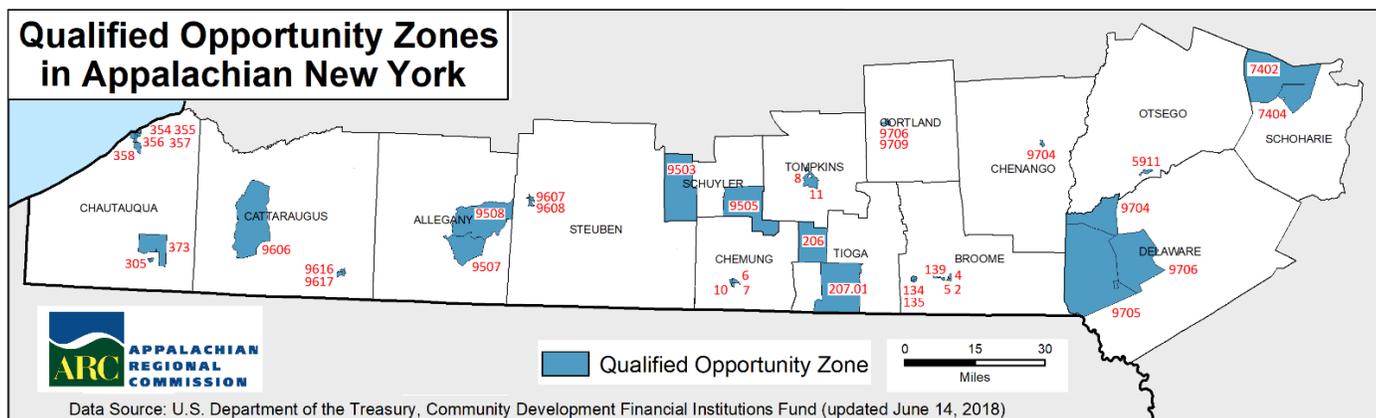
²https://www.arc.gov/images/appregion/economic_statusFY2020/CountyEconomicStatusandDistressAreasFY2020NewYork.pdf

Workforce Development: NYS's ARC Program will work collaboratively with the LDDs, DOS's Division of Community Services (DCS), the NYS Department of Labor (DOL), the Workforce Investment Boards (WIBs), BOCES and others to expand workforce capacity and literacy services across the Southern Tier. The ARC program will also work with New York's farm industry to meet its workforce needs.

Asset Development: ARC's Goal 4 emphasizes projects to stimulate the region's identity and attractiveness. This dovetails with DOS's commitment to increase tourism, preserve its farms and natural assets, and to restore vitality to main streets and central business districts as regional hubs of economic activity.

Community Capacity: DOS's Local Government Efficiency and Local Government Training teams are partners to NYS's ARC Program, sharing a common commitment to implementing strategies in support of ARC's Goal 5. All three programs have provided technical assistance to county and local governments to maximize the effectiveness of local governments and foster regional approaches to common challenges.

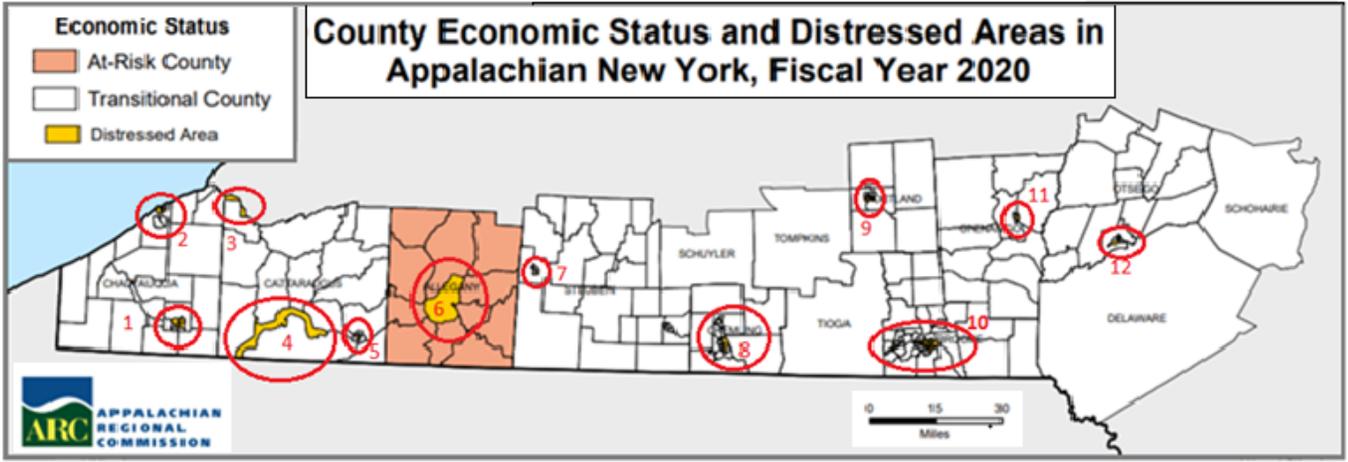
Opportunity Zones: In 2018, NYS identified 514 census tracts where poverty rates exceeded 20 percent and median family income was less than 80 percent of the state average. US Treasury Department approved some of each state's nominated census tracts for designation as "Opportunity Zones". Thirty-eight of these census tracts are in NYS's Appalachian Region. While there is some overlap between Opportunity Zone designated census tracts and ARC-designated distressed census tracts, Opportunity Zones are eligible for special tax incentives for investors in qualified projects in these low to moderate income communities. More details regarding Opportunity Zones in the ARC Region can be found at the following link: <https://www.arc.gov/opportunityzonesinappalachia.asp>. A map of NYS's ARC Region Opportunity Zones follows.



Southern Tier West				Southern Tier Central				Southern Tier Eight					
Chautauqua	305	Cattaraugus	9606	Steuben	9607	Schuyler	9505	Tompkins	8	Chenango	9704	Delaware	9704
Chautauqua	354	Cattaraugus	9616	Steuben	9608	Chemung	6	Tompkins	11	Broome	2	Delaware	9705
Chautauqua	355	Cattaraugus	9617	Schuyler	9503	Chemung	7	Tioga	206	Broome	4	Delaware	9706
Chautauqua	356	Allegany	9507			Chemung	10	Tioga	207	Broome	5	Otsego	5911
Chautauqua	357	Allegany	9508					Cortland	9706	Broome	134	Schoharie	7402
Chautauqua	358							Cortland	9709	Broome	135	Schoharie	7404
Chautauqua	373									Broome	139		

Priorities for Pockets of Distress: Nearly 10% of the residents of NYS's Appalachian Region live in census tracts identified by the ARC as "distressed". Twelve distress clusters are shown in the following map. These areas of high poverty, low relative income, and high unemployment are targeted for special consideration in project solicitation and technical assistance. Although several tracts are pockets of rural poverty, the largest concentrations are distressed urban communities where once vibrant employers closed or relocated -- a common distress factor for "Rust Belt" communities. DOS and the LDDs will make special outreach to applicants from such areas across NYS's ARC region. In addition, wherever possible, efforts will be made to match such communities with other grant or technical assistance programs that may serve to improve quality of life and economic vitality in these underserved areas. In addition, with Allegany County designated as economically "at risk" for 2020, up to 70% of proposed area development project costs can be funded by

ARC. Further, any portion of a project that benefits Allegany County can qualify the project for a proportional reduction of required match funding. In Allegany County and in all other clusters of economic distress in Appalachian NYS, the full range of ARC goals and objectives and NYS strategies will be employed to boost the economies of those communities.



Southern Tier West

#	County	Location	Tract #(s)
1	Chautauqua	Jamestown (City) & Area	301, 302, 303, 305, 306
2	Chautauqua	Dunkirk (City)	354, 356
3	Cattaraugus	Cattaraugus Res./Versailles	9400
4	Cattaraugus	Seneca Res./Salamanca	9403
5	Cattaraugus	Olean (City)	9617
6	Allegany	Belmont Area	9506

Southern Tier Central

#	County	Location	Tract #(s)
7	Steuben	Hornell (City)	9609
8	Chemung	Elmira (City)	1, 6, 7, 10

Southern Tier East

#	County	Location	Tract #(s)
9	Cortland	Cortland (City)	9709
10	Broome	Binghamton (C) & Johnson City, Endicott Area	1, 2, 3, 4, 5, 6, 7, 9, 11, 12, 13, 18, 135, 136, 139, 140
11	Chenango	Norwich (City)	9704
12	Otsego	Oneonta (City)	5911

Section 4: NYS ARC Project Solicitation, Review, and Selection Process

Traditionally, NYS’s project solicitation process begins with DOS initiating a region-wide email notification to local governments in early Spring, prior to the upcoming federal fiscal year. This is augmented by notifications provided by each LDD to their respective local governments and community organizations. However, project development for ARC is an ongoing, yearly process. DOS encourages the LDDs’ early initiation of their solicitation process. The following calendar is tentatively proposed for the FFY-2020 ARC project solicitation, review, and selection process:

- Spring 2020: DOS and LDDs to finalize pre-application format for FFY-2020 Area Development projects; DOS to publicize Area Development Grant Application Guidance and contact information to eligible local governments.
- June/July 2020: LDD deadlines for pre-application submissions; LDD pre-application review boards rank projects and submit results of all rankings to DOS (DOS staff may attend and observe LDD review sessions).
- July/August 2020: DOS convenes a final review and ranking of project applications with ARC program staff. Final recommendations to NYS’s Alternate will be based on:
 - Contribution to Area Development
 - Project Feasibility
 - Relevance of ARC Funds/Application Accuracy and Timeliness
- August / September 2020: Presentation to Executive of DOS’s recommended Investment Package. This will consist of those highest ranked projects that will obligate all NYS’s known (or anticipated) ARC appropriation after allocations are made for expected LDD grant augmentations and DOS technical assistance funding. In addition, any number of potentially high-impact projects may be added to a “Standby List” of projects that could be submitted if additional ARC funds become available in FFY-2020 through recoveries or if higher ranked applications are

“demoted” or withdrawn before funds are obligated by ARC.

- **November 2020:** Transmittal of NYS’s 2021 Investment Package to ARC and commencement of submission of final applications to ARC. (Final applications will be transmitted to ARC when deemed complete by LDD and DOS.)
- **December 2020:** NYS announcement of Consolidated Funding Application (CFA) grant awards. ARC applications receiving matching funds will be transmitted to ARC; applications denied matching fund grants will be given a limited opportunity to revise their application budgets before being demoted to standby-list status and replaced by projects from the standby list.
- **February 28, 2021:** Deadline for “Recommended Project” final applications; selective advancement of Standby List projects to “Recommended Project” status to obligate recovered and any remaining unobligated NYS ARC funds.

Section 5: NYS Operating Program Policies

All NYS Program Policies are intended to follow guidelines for federal grants, and with additional guidance to be disseminated to the states by the ARC or federal agencies overseeing the use of federal appropriations. The following policies are relevant to NYS’s ARC Program to the extent that they comply with the preceding:

1. **Eligible Project Activities:** All projects from New York receiving ARC resources under the Area Development Program must clearly implement one of the New York State ARC Program Implementing Goals and Strategies.
2. **Ineligible Project Activities:** ARC resources may not be used for: (1) to relocate a business or industry, (2) recruitment activities placing a state in competition with one or more other states, or (3) projects promoting unfair competition between businesses within the same immediate service area.
3. **Dollar Limits for ARC Funding:** To foster diverse projects throughout the Southern Tier, DOS has placed a \$150,000 limit on the ARC-funded portion of most projects in NYS, EXCEPT for infrastructure construction projects, which are now limited to \$200,000, or for REDC-priority projects cited by DOS and the LDDs as “regionally significant.” Sponsors of such projects must document that additional ARC funding is indispensable to project implementation and funding cannot be obtained from other public or private resources.
4. **Matching Guidelines:** Each Federal Fiscal Year, ARC designates the economic health of each county, and that designation, in turn, determines the match rate for projects in those counties. For the FFY-2020 program year, 13 counties are designated as “transitional”, limiting ARC assistance to 50% of the total eligible project costs. However, Allegany County is designated as economically “At Risk”, which raises ARC’s amount it can fund to 70% of eligible costs for projects in that county.
 - ARC grants may be matched by cash outlays or well-documented “in-kind” contributions. All match funds must directly relate to and support specific project activities and represent new expenditures above and beyond ongoing activities of the project sponsor (see “Maintenance of Effort” below). In-kind contributions may involve equipment or other goods, paid personal services, or donated office space. However, in-kind “rental” charges for the following types of office space are NOT ACCEPTABLE as match: (1) space presently rented by the project sponsor, (2) space in facilities constructed with any federal funds, (3) space in any facility owned by the project sponsor or by an entity closely related to the project sponsor, or (4) space in any public building. All in-kind matching contributions must otherwise be allowable charges to the ARC grant.
 - Other federal funds may be used as matching funds for ARC grants, except as specifically limited by federal statutes. Total federal funding from all sources for infrastructure, construction and equipment projects is limited to 80% of total project cost. Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development are considered local funds for the purposes of matching ARC projects.
5. **Time Limits for ARC Funding of Projects:** Most approved projects will receive ARC funding for one program year. In limited cases, three years of ARC funding may be permitted. In these cases, a second- or third-year application will

be required, and subsequent year funding will be based on project progress, demonstration of continued need and the availability to NYS of enough resources. Projects with an operations component are normally permitted funding for a reasonable start-up period plus twelve months of direct operations, not to exceed eighteen months. Start-up activities may include hiring and training staff, setting up offices, developing administrative policies, renovations for child care or vocational education facilities, etc.

6. Revisions: ARC-funded project sponsors may request approval of changes to project activities, including the project budget, and/or an extension of the period of performance. Such requests must be fully explained and documented and received by DOS from the formal project grantee no less than two months prior to the expiration of the approved project period. All such requests must be approved by the LDD and DOS before forwarding to ARC.
7. Maintenance of Effort: ARC funds cannot be used for activities previously or currently undertaken with other federal, state or local funds. Expansion of previous activities, however, can be funded to the extent of the expansion.
8. Indirect Costs: Overhead and other indirect expenses of a project sponsor are generally not recommended by NYS as eligible operating costs, either as part of the ARC portion or of the match. Exceptions may be made if pre-approved by ARC staff, particularly for expenses of LDDs as ARC grantees and expenses of participants in ARC Consolidated Technical Assistance Program grants (see: <https://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>).
9. Overruns and Underruns: ARC funding for project cost overruns should not be anticipated. ARC funds are considered the last dollars spent on a given project. If a project is closed out having spent less than the originally approved budget amount, ARC funds in the amount of the underrun are subject to recoupment by the ARC.

Additional policy updates regarding NYS's ARC Program may be transmitted separately by DOS to the ARC and LDDs as required. Significant changes will be transmitted as updates to this Annual Strategy Statement.