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STATE OF ALABAMA

August 14, 2023

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

Dear Mr. McBride:

Please find attached the State of Alabama's Strategy Statement for FY 2024. The document outlines my strategies, objectives, and investment priorities for Alabama's Appalachian Region in the furtherance of the state's four-year development plan. It is consistent with the Appalachian Regional Development Act of 1965, as amended; Section 5 of the Appalachian Regional Commission (ARC) Code; and ARC's Strategic Plan.

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

Sincerely,


Kay Ivey
Governor

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Attachment



Appalachian Regional Commission

State of Alabama
2024 Annual Strategy Statement

Kay Ivey
Governor

Alabama Department
of
Economic and Community Affairs

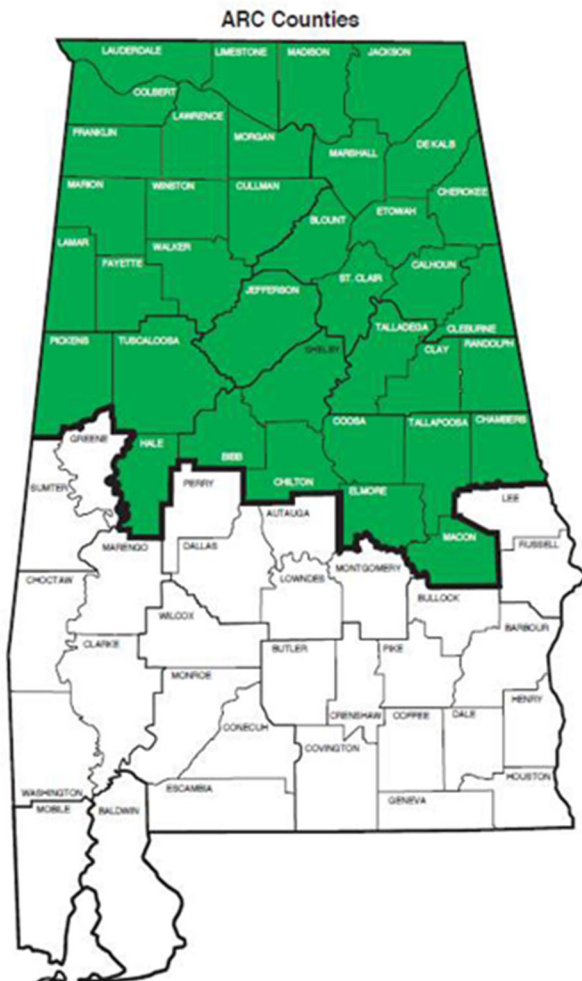


Introduction

In accordance with Section 5.3 of the Appalachian Regional Commission (ARC) Code, this document serves as Alabama's ARC Annual Strategy Statement for Fiscal Year 2024 (October 1, 2023 – September 30, 2024). The purpose of the Annual Strategy Statement is to establish a process by which the goals, objectives, and priorities for Alabama's ARC region will be achieved. Implementation of this Strategy will enable Alabama's ARC program to meet the diverse and evolving needs of the ARC counties in Alabama. The 2024 Annual Strategy Statement:

1. Discusses the economic opportunities and challenges, as well as new developments and resources, that impact Alabama's ARC counties;
2. Provides an overview of targeted investment priorities for the 2024 program year;
3. Describes specific strategies targeting Alabama's distressed counties;
4. Sets forth Alabama's ARC program operating policies; and
5. Describes methods used to solicit, review, and select proposals.

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



Alabama's Appalachian Region

Alabama's Appalachia region encompasses thirty-seven (37) of Alabama's sixty-seven (67) counties. FY 2024 ARC County Economic Status Designations include:

Attainment: Shelby County

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

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

Competitive: Madison County

Distressed: Hale and Macon Counties

Economic Challenges

Infrastructure: Many areas in Appalachian Alabama lack proper infrastructure. Increased investments in critical infrastructure are necessary to improve educational opportunities, provide safe methods of transportation, and attract new businesses to help grow the state's economy. Additionally, assisting communities with deficient, aging, or altogether lacking basic infrastructure is a priority in the Appalachian region of the state. Improving infrastructure not only improves the future of Appalachian Alabama, but it improves the future of the entire state. For FY 2024, ADECA will focus on three types of infrastructure: Transport Infrastructure, Wet Infrastructure, and Information Infrastructure.

Health: Per the Alabama Department of Public Health (ADPH), Alabamians identified access to care as the second greatest health concern in the state. Moreover, as a result of the Coronavirus pandemic, the need to strengthen telehealth capabilities is also crucial. Increasing the accessibility of broadband and mobile hotspots in Alabama's Appalachian region will enable increased access to telehealth. Telehealth availability and access in Alabama's ARC region will help bridge some healthcare gaps. Mental health is also a real concern for Alabama's Appalachian counties. In 2019, the concern for mental health and substance abuse was identified as the number one health indicator in the state. There is a great need to build a more complete range of care for people facing mental health crises.

Poverty, food insecurity, and poor nutrition have serious consequences for the health and well-being of children, adults, and older adults, including a greater risk for chronic disease and poor mental health (Alabama Department of Public Health (ADPH), 2023). Having enough food and access to affordable nutritious foods is necessary to maintain health and manage chronic diseases.

Workforce Development, Labor Shortage, and Talent Retention: Having a well-educated workforce that is equipped with the skills and knowledge to support future economic development is crucial to Appalachian Alabama. The workforce system is not responsive enough to changing jobs and evolving skill requirements, workforce training programs are not aligned with industry needs, and workforce data infrastructure is outdated which causes a shortage in needed skilled labor (HR Professionals Magazine). Governor Ivey tasked the Alabama Attainment Committee to develop a statewide goal for postsecondary attainment so that Alabamians are prepared to meet current and future workforce demand. The Alabama Attainment Committee has mapped out Alabama's future workforce needs and recommended adding 500,000 high-skilled employees to Alabama's workforce by 2025.

The Governor's Office of Minority Affairs (GOMA) implemented the Alabama Historically Black Colleges and Universities (HBCU) Co-Op Program. The purpose of this program is to establish a pipeline for diverse talent between Alabama's HBCUs and employers. The program places HBCU students in leadership positions to provide them with hands-on experience in their areas of study, to provide Alabama employers with a trained, diverse talent pool, and to retain students after graduation. Retention of trained and educated talent is required to help move Appalachian Alabama closer to a self-sustaining economy and improved quality of life.

Opioid and other Drug Addiction: Combating the opioid crisis, and substance abuse in general, in Appalachian Alabama is essential to improving the quality of life and the ability of our citizens to become productive members of the workforce. The opioid/substance abuse crisis affects every area of the economy. Although efforts have been made to control opioid addiction, the range of services only typically includes early intervention services, outpatient services, residential services, and withdrawal management services. However, there is a clear disconnect between services for intervention and recovery, the need to provide workforce services, and the creation of a recovery ecosystem. These are critical components impacting individuals' ability to remain in recovery while participating in the workforce and positively impacting the state's economy.

Inadequate Capacity: The need for capacity building, planning, and technical assistance is prevalent in the region. Leaders do not know how to effectively plan, develop, fund, and implement economic development projects and investments that drive measurable economic change.

Economic Opportunities

Aerospace and Aviation: These industries sustain healthy commerce for the state by offering high-paying jobs and contributing to the low unemployment rate. Aerospace manufacturing accounts for approximately 14,200 jobs in the state with Alabama ranking among the top five states for aerospace engineers with 3,900 employed in the occupation. At least three universities in Appalachian Alabama, one of which is an accredited HBCU, offer degrees in Aerospace Engineering. Alabama boasts an extensive and comprehensive list of training programs and assets due to the extensive presence of the aerospace/aviation industry within the state. - Alabama Department of Commerce-Made in America

Automotive: Growth in this industry sector continues to accelerate, vastly impacting the state's economy with vehicles becoming the number one export with annual shipments to approximately 70 nations around the world. The automotive manufacturing sector accounts for approximately 47,000 jobs in the state. Of those, around 26,000 are in the state's growing automotive supplier network which includes 150 major companies. - Alabama Department of Commerce-Made in Alabama

Forestry Products: Alabama's forest products industry is expanding its base with the state already having the second largest timberland base in the United States. Large companies continue to make investments within the state. Alabama has nearly 23 million acres of timberland with forests that are so fertile, the growth of softwood and hardwoods consistently exceeds their removal rate. - Alabama Department of Commerce-Made in Alabama

Education: Education is a major component of workforce development. In 2017, Governor Kay Ivey launched the Strong Start, Strong Finish (SSSF) Initiative which works to integrate Alabama's early childhood education, K-12 education, and workforce development. The SSSF incorporates three major strategies: Pre to Three (P-3), Computer Science for Alabama (CS4AL), and Success Plus (SUCCESS+). For FY 2024, ADECA will focus on CS4AL, which helps

ensure that a rigorous computer science course is offered at all of Alabama's middle and high schools.

Bioscience: The bioscience sector in Alabama has a \$7.3 billion annual economic impact. However, one of the most important impacts of this sector is the high level of employment that it has created. - Alabama Department of Commerce-Made in Alabama

Agriculture: Alabama's agriculture industry is one of the top industries in the state and entrepreneurship is beginning to play a vital role in its continued growth. Agribusiness has cultivated a positive impact on North Alabama's regional economy with some counties ranking among Alabama's top-ten producers in the following categories: broilers; cattle; corn; cotton; dairy cattle and milk; greenhouse, nursery, and floriculture; soybeans; and vegetable and melon farming. - North Alabama Industrial Development Association

Tourism: Tourism in North Alabama is a thriving industry. As outdoor activities become increasingly popular, so does the opportunity to capitalize on Appalachian Alabama's abundant natural resources.

Data Centers and Cyber Security: As the IT industry landscape changes, companies are looking to optimize their data storage needs. Further, Alabama's huge modern manufacturing base makes it ideal for partnership possibilities for work in critical infrastructure protection, cloud security, forensics, big data, mobile device security, informatics, virtualization, and robotics. - Alabama Department of Commerce-Made in Alabama

Metal and Advanced Materials: Alabama is creating a new base in the production of advanced materials to include titanium and carbon composites. More than 1,100 primary metal manufacturing companies are located in the state and include some of the biggest names in steel, water and sewer pipe, specialty metals, and composites.

Broadband: ADECA awarded up to \$82.4 million in federal American Rescue Plan Act (ARPA) funds for a statewide Middle-Mile project to the Fiber Utility Network to create a statewide, open access network providing approximately 3,000 miles of leased and newly constructed routes in 64 of Alabama's counties. Through the second tranche of ARPA funds, ADECA will be rolling out an Anchor Institution/Middle-Mile (AIMM) program with up to \$245 million. This program is expected to serve as many as 500 anchor institutions. Additionally, ADECA is administering more than \$191 million in Capital Projects Fund, also from ARPA for Last Mile projects.

Chemicals: New capital investments continue to increase in the state's chemical industry.

Distribution and Logistics: Alabama's location equips the state to ship products anywhere in the world at a competitive cost and short time frame. Half of the U.S. population is within one day's driving distance.

New Developments or Resources

Opportunity Zones: The Opportunity Zones program is an alternative economic development program established by Congress in the Tax Cuts and Jobs Act of 2017 to foster private-sector investments in low-income rural and urban areas. The program provides a federal tax incentive for investors to use their unrealized capital gains in Opportunity Funds dedicated to investing in the designated Opportunity Zones.

Federal Initiatives: The POWER Initiative assists communities and regions affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries. This Initiative helps create or retain jobs, leverage private funding, and prepare workers and students for jobs in sectors that will create a strong economic future for Appalachian Alabama. The INSPIRE (INvestments Supporting Partnerships In Recovery Ecosystems) Initiative provides funding to address substance use disorder issues by creating or expanding recovery ecosystems that will lead to workforce entry or re-entry. The Appalachian Regional Initiative for Stronger Economies program encourages partnerships and collaboration in order to achieve greater success and more widespread benefits utilizing the funding provided. READY Appalachia is a community capacity-building initiative that offers flexible funding to nonprofits, community foundations, local governments, and Local Development Districts, and free training to the Appalachians that work for them. The Workforce Opportunity for Rural Communities Initiative, managed by the U.S. Department of Labor, offers opportunities for funding to provide training and support activities to dislocated workers, new entrants in the workforce, incumbent workers, and those impacted by substance use disorder returning to work.

Academies and Institutes: The Appalachian Entrepreneurship Academy provides Appalachian high school students the opportunity to participate first-hand in activities that help promote creativity and cultivate entrepreneurial skills. The Appalachian STEM Academy at Oak Ridge provides opportunities for middle school and high school students and teachers from Appalachia to experience STEM firsthand. The Appalachian Leadership Institute provides leadership and economic development training opportunities for people who live and/or work in Appalachia.

Targeted Investment Priorities

Funding provided by the Appalachian Regional Commission in FY 2024 will support and promote the following priorities for Appalachian Alabama:

1. Economic development and job creation in distressed Hale and Macon Counties and distressed census tracts identified by ARC.
2. Expand broadband access throughout Appalachian Alabama.
3. Promote Governor Ivey's priorities for Appalachian Alabama, which include:
Alabama's "Strong Start, Strong Finish" Education Initiative
 - Prioritize science, technology, engineering, and mathematics (STEM) with a focus on computer coding to ensure Alabama's students receive the education required for a successful career
 - Computer Science for Alabama (CS4AL) - Advocate for at least one computer science course to be available in every high school
 - Provide advanced training leads to Better Jobs (Advanced Training, Better

Jobs)

- Ensure continuous lines of communication between Alabama’s HBCUs and the State of Alabama by supporting the Minority Affairs’ Alabama HBCU Initiative

Workforce Development

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

Job Creation

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

Infrastructure

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

Healthcare

- Combat the opioid/substance abuse crisis
- Adequate healthcare facilities and access to healthcare
- Expand behavioral-health services in the region

Strategies for Distressed Hale and Macon Counties

Distressed counties are the most economically challenged. Alabama’s ARC program will give special emphasis to its two distressed counties, Hale and Macon. Projects that promote economic and community development, increase community capacity, strengthen workforce development, and create jobs in these counties will be prioritized. Collaboration is an important component to attracting new businesses in distressed Appalachia. Hale and Macon Counties are both in the Delta Regional Authority (DRA); therefore, Alabama’s ARC program will collaborate with DRA on economic development projects in Hale and Macon Counties when possible. To assist Alabama’s two distressed counties in recruiting industries, ARC funding will also be used for critical infrastructure and industrial site development.

Alabama ARC Operating Policies

The Alabama ARC staff, in conjunction with federal ARC staff, typically host an ARC application workshop, at which the goals of the ARC, state priorities, and how to apply for ARC funding are emphasized. The application submission deadline is also announced at that time.

ADECA solicits applications for ARC funding from Local Development Districts, educational institutions, non-profit organizations, and governmental entities. ADECA notifies the public when ARC funding is available via the ADECA website, social media, and through an email distribution list. Programs and activities benefiting the residents of Appalachian Alabama are eligible to receive consideration for ARC's congressionally designated allocations. Although email is the preferred method of submission, applications for ARC funding may be submitted to ADECA's Federal Initiatives and Recreation (FIR) Division by one of the methods below:

Emailed to: crystal.talley@adeca.alabama.gov and leslie.clark@adeca.alabama.gov

Mailed to: ADECA
FIR Division – ARC Program
Attention: Ms. Leslie M. Clark
Post Office Box 5690
Montgomery, Alabama 36103-5690

Delivered to: ADECA
FIR Division
401 Adams Avenue, Room 410
Montgomery, Alabama 36104-4313

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

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

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

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

General Information

Cost overruns on previously approved projects will generally not be considered for funding. Overrun requests may be considered if additional jobs will be created by the modification. Projects completed at a cost underrun will be evaluated on a case-by-case basis when determining how the remaining balance of funds will be used.

Proposals for the following activities are not eligible for ARC funding: construction of schools, libraries, government offices, community centers, or law enforcement facilities. ARC funds will not be used for projects that duplicate services available from other established state funded programs. Investment opportunities outside of the state's targeted priorities may be considered for ARC funding if they are consistent with the goals and objectives outlined in the state's broader Appalachian Development Plan and the ARC Strategic Plan.

Generally, ARC projects are funded for one year but may be considered for more years, depending on the project type, project performance, expansion of services, or added components. Phased projects require a new application for each phase and the award of a grant for one phase project should not be considered an indicator that subsequent phases will be funded.

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