



STATE OF NEW YORK
EXECUTIVE CHAMBER
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KATHY HOCHUL
GOVERNOR

April 21, 2023

Mr. Brendan McBride
Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue, N.W., Suite 700
Washington, D. C. 20009 1068

Dear Mr. McBride:

I am pleased to submit New York's Appalachian Regional Commission (ARC) 2023 Strategy Statement. This document identifies our state's priorities for investing ARC funds to further enhance the economic development potential of the fourteen New York State counties in the Appalachian region.

The information included in this submission is consistent with Section 5 of the ARC Code. The Strategy Statement continues to support all the ARC strategic goals and objectives, and places particular emphasis on addressing pockets of economic distress and enhancing coordination with our regional partners.

Should you have any questions, please contact Mark Pattison, my ARC alternate, or Kyle Wilber, my ARC program manager.

Sincerely,


Kathy Hochul
Governor

Appalachian Regional Commission

STRATEGY STATEMENT 2023



New York State

Kathy Hochul, Governor

Mark P. Pattison, Alternate

**NEW YORK STATE
APPALACHIAN REGIONAL COMMISSION
2023 ANNUAL STRATEGY STATEMENT**

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**New York State's 14-County ARC Region
And 3 Southern Tier Local Development Districts (LDD)**



Southern Tier West		
1	2	3
Chautauqua	Cattaraugus	Allegany
An at-risk county with 9 distressed areas in FFY-2023; the max ARC share for projects in this county is 70%.	A transitional county with 3 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.	An at-risk county with 0 distressed areas in FFY-2023; the max ARC share for projects in this county is 70%.

Southern Tier Central	
4	5
Steuben	Schuyler
A transitional county with 2 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.	A transitional county with 0 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.

6
Chemung
A transitional county with 5 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.

Southern Tier East (dba "Southern Tier 8")			
7	9	11	13
Tompkins	Cortland	Chenango	Otsego
A transitional county with 0 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.	A transitional county with 2 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.	A transitional county with 1 distressed area in FFY-2023; the max ARC share for projects in this county is 50%.	A transitional county with 1 distressed area in FFY-2023; the max ARC share for projects in this county is 50%.
8	10	12	14
Tioga	Broome	Delaware	Schoharie
A transitional county with 0 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.	A transitional county with 13 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.	A transitional county with 2 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.	A transitional county with 0 distressed areas in FFY-2023; the max ARC share for projects in this county is 50%.

Key –

- Southern Tier West Region
- Southern Tier Central Region
- Southern Tier East Region
- At Risk Counties
- Distressed Census Tracts

Section 1: Introduction:

The Appalachian Regional Commission (ARC) was formally established in 1965 as a unique federal-state partnership committed to strengthening Appalachia's economy and helping the Region's 13 states achieve economic parity with the rest of the nation. New York State's (NYS) 14 federally designated ARC Region counties have benefitted significantly from their involvement with the ARC. Since 2010, 231 applications from the State for Area Development grants have been approved or will soon be approved by the ARC. The projects represented by these grants have over \$31 million from ARC; this funding has leveraged over \$85 million toward economic development in NYS's ARC region.

Administratively, NYS's ARC Program is housed in the NYS' Department of State's (DOS) Division of Local Government Services. NYS's ARC Program Office supports three Local Development Districts (LDDs), as well as interagency collaboration across a broad range of local, State and Federal programs, to promote the ARC's goals and objectives and NYS's ARC implementation strategies. This Annual Strategy Statement is submitted, pursuant to Section 5.4 of the ARC Code, to describe the following as they apply to the Appalachian Regional Development Program for calendar year 2023:

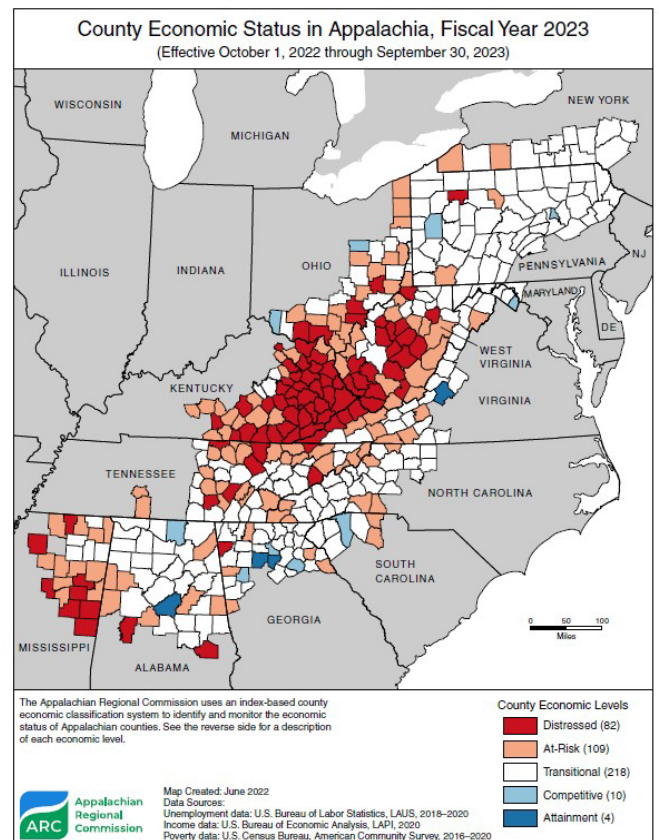
- The economic challenges and opportunities of NYS's 14-county Appalachian Region.
- The relationship between NYS's ARC Program staff and the Region's 14 counties, three LDDs, four overlapping Regional Economic Councils (REDCs), and the Region's one million residents and their communities and local governments.
- New developments or resources impacting NYS's Appalachian counties.
- Targeted investment priorities for the year and strategies for the State's distressed communities.
- NYS's project solicitation, review, and selection process, including pertinent dates and deadlines.
- State operating program policies, including funding limits for projects, limitations on length of ARC financial support for projects, policies for cost overruns and underruns, and other State administrative procedures.
- NYS's ARC Program Implementation Goals and Strategies.

NYS's Appalachian Region, generally referred to as New York's "Southern Tier," extends 285 miles from the northeastern tip of Schoharie County to the southwestern corner of Chautauqua County. The Region 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 the Region's 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).

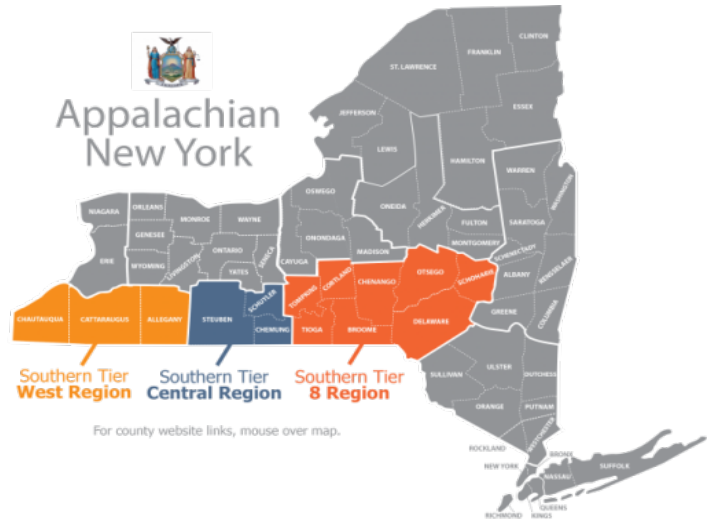
Section 1.1: Administrative Roles

Governor Kathy Hochul serves as NYS's ARC Member and Mark P. Pattison, Deputy Secretary of State for Local Government, serves as her Alternate. NYS's ARC Program is administered by DOS, led by Secretary of State Robert J. Rodriguez. NYS's ARC 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, which are also known individually as the following "Regional Planning and Development Boards."



- **Southern Tier East (dba “Southern Tier 8”)**: headquartered in Binghamton (Broome County), contains 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 conduct outreach to local governments, businesses, and community and not-for-profit organizations. NYS supplements LDD costs with augmentations from NYS’s Area Development appropriation.

NYS’s Empire State Development (ESD) and REDCs have well-established partnerships with the State’s ARC Program and LDDs. Composed of diverse business, academic, and civic leaders, the four REDCs with land area within the Region provide advice and guidance for community-driven plans and strategies that promote the regionaleconomy and guide the allocation of State resources. Each REDC strategic plan is updated annually. In addition, economic development funding from multiple state agency programs is made available annually through ESD’s Consolidated Funding Application (CFA) process.

NYS’s CFA season usually begins in the first half of the calendar year. Applicants can submit one application to simultaneously apply for multiple agencies’ funding opportunities. The CFA aligns agency resources behind a coordinated and comprehensive approach that ensures greater efficiency in the fulfillment of local economic development needs. The CFA makes it quicker and easier for economic development project applicants to seek State resources from numerous agencies using one streamlined portal. Each REDC team reviews the full range of CFA applications and provides a priority assessment of applications for that year’s grant awards.



Since 2011, when the REDCs were first established, the CFA process has awarded \$7.7 billion to support more than 9,500 projects to promote economic development across every region of the State. A significant portion of this investment has been made for projects in NYS’s Appalachian counties, and wherever possible, sponsors of grant applications for these investments have been assisted by NYS’s LDD and State ARC Program staff.

Section 1.2: Economic Challenges & Opportunities

Leveraging both ARC funding and CFA resources, Appalachian New York is positioned to address many pressing economic development challenges that are apparent across the 14 ARC counties. Following is a summary of some of these challenges:

Downtown Revitalization: A legacy of corporate consolidations and relocations, and migration of workforce participants from downtowns to suburbs, as well as out-of-state to the Sun Belt, has weakened once vibrant central business districts. To further combat this decline in upstate communities and to augment the successful Upstate Revitalization and Downtown Revitalization Initiatives (DRI) Programs, which awarded several hundred million dollars over a multi-year period for transformative investments building upon regional assets, Governor Hochul also recently created the New York Forward Program specifically to help revitalize the legacy downtowns of smaller communities. Since many of NYS's ARC Region communities have populations under 5,000 residents, this program will provide a unique opportunity for rural downtowns to replicate revitalization programs that have been effective for the State's larger urban areas. .

Digital Access/Broadband: New York has made tremendous gains since 2015, mobilizing over \$1 Billion in public and private investments to bring broadband service to underserved households for the first time. Governor Hochul's ConnectALL initiative is the largest-ever investment in New York's digital infrastructure, transforming it so all New Yorkers have affordable, reliable broadband statewide. With over \$1 billion in new public and private investments, ConnectALL will provide affordable broadband access to New Yorkers in rural and urban areas statewide and continue New York State's leadership on connectivity. The Initiative includes a series of capital investments, regulatory reforms, and digital access and equity programs to bring affordable broadband connections to New Yorkers. NYS's Broadband Programs Office and DOS's ARC Program team will work with the office to administer the ConnectALL Program in the region.

Labor Force Availability/Needs/Skills: Although significant technology and manufacturing presence exists within Appalachian NYS, 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. Various NYS agencies provide funding for: job-creating programs, research and development of innovative technologies, K-12 education, master teacher programs, enhancement of the Region's community colleges and universities, and worker retraining to advance the skills and readiness of the Region's workforce. An objective for NYS's ARC Program will be to leverage other State and Federal agency funding opportunities to transition the Region's high school and college graduates into challenging 21st Century careers that will remain in the Region.

Population Change: Population loss has persisted in NYS's ARC Region for decades. From 2010 to the end of 2019, the population has dropped by 4.7% to 1,008,502. Only one county, Tompkins, grew, but slowly, at only 0.6%. Many counties lost more than 5% of their population. A key factor is the low/negative rate of natural increase, indicating an aging population and a high domestic out-migration rate. NYS's economic development strategies aim to make Appalachian NYS's communities desirable centers of entrepreneurship and economic growth.

Dependent Care: Access to reliable, affordable elder- or child-care can affect workforce participation and the region's economy. During the 2023 Federal Fiscal Year (FFY), NYS will seek ARC funds to support measures that expand the availability of services to increase access to these services. New York will also continue to pursue statewide initiatives to facilitate Appalachian residents' ability to work, such as: child care subsidies to help parents and caretakers pay for some or all the cost of child care; an enhanced child care tax credit for working families; and investment in child care infrastructure, including support for employers that provide child and dependent care facilities to employees.

Interruptible Power: In six Appalachian NYS counties, certain energy users are offered only low-priority service that allows interruption on short notice of natural gas, electricity and heat in winter and during 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.

Agriculture: New York State has long emphasized the importance of agriculture as a major component of rural economic development. Accordingly, the State has significantly increased its investments in the agricultural sector, including record levels of grant funding and local assistance programs. A large part of NYS's Southern Tier overlaps with the Finger Lakes Wine Region, which has become known as the "Napa of the East." Capitalizing on a surging interest in local and craft foods and beverages has been a key element of NYS's ARC Program. NYS has also made 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 augment these initiatives and work with farmers and farm bureaus to help brand their products, provide technical assistance, and collaborate with REDCs to ensure that agribusinesses receive support that is on par with other vital industries.

Opioid Crisis: NYS's Office of Addiction Services and Supports (OASAS) has taken substantial steps to combat the opioid crisis plaguing Appalachian communities, including adding services and improving access to care. OASAS has also taken a leadership role in representing NYS on the ARC's Council to address the region's substance use disorder (SUD) problems. Looking ahead, NYS's ARC Program will: promote the ARC's INSPIRE initiative, help the LDDs improve access to medication-assisted treatment and launch comprehensive substance use prevention blueprints for schools, and collaborate with multiple agencies to help New Yorkers with overcome drug addiction.

Other Challenges

- **Climate:** NYS's Appalachian climate can limit the construction season and promote the out-migration of retirees to milder climates, which can impede economic growth. In addition, stormwater flooding has become a serious problem that can occur nearly anytime during the year, aggravated by the region's topography and further exacerbated more recently by the more increased frequency of tropical storm events.
- **Government Efficiency:** Many local governments provide services that could be delivered more efficiently through inter-municipal or regional arrangements. In other cases, the low population of some communities makes it difficult to field a range of qualified candidates for public positions. DOS's Division of Local Government Services attempts to mitigate common community and local government capacity issues through the provision of project-development funding, technical assistance, and training.
- **Coal-Impacts (POWER):** A recent study of the coal industry ecosystem showed that nearly every county in NYS's ARC Region has segments of the workforce that are either dependent on coal-ecosystem jobs or have been negatively impacted by losses in coal-ecosystem jobs. Most notably, the region is populated by five recently closed coal-fired power generating plants that remain visible signs of its history (until recently) of dependence on coal to fuel its power grid. These closures eliminated plant operations jobs, had significant multiplier effects on local economies, and greatly impacted municipal revenues from plant operator PILOTS and from local businesses that served the plants and their employees. The following NYS ARC communities have experience significant changes due to the closure of coal-fired plants:
 - 1) Chautauqua County (STW) has been adversely affected by the recent closure of Dunkirk's Generating Station, a 627 MW coal-fired generating plant that had been active for 67 years (1950-2017) and is prominently located on the community's Lake Erie shore in an otherwise picturesque residential community. The plant's census tract (#301) is distressed and is adjacent to two other distressed urban census tracts. The local school district's loss of a \$10M PILOT further exacerbated the community's economic distress. Plant workers from neighboring Cattaraugus County and nearby locations in Pennsylvania's Northern Tier may have also been impacted by the job losses.
 - 2) Steuben County (STC) remains affected by the closure of AES Hickling Generating Plant in Corning, where the idled plant has been a vacant presence adjacent to the ADHS's Corridor T for 10 years. The neighboring counties of Allegany, Chemung, and Schuyler have seen workforce impacts as well. Further, the abandoned coal plant is a brownfields blight impacting all nearby communities.
 - 3) Tompkins County (ST8) was recently affected by the closure of Lansing's 323 MW capacity AES Cayuga Power Station, which had been active for 53 years (1955-2018). County and municipal revenues and the economies of nearby counties of Schuyler, Chemung, Tioga and Cortland have also been impacted.
 - 4) Broome County (ST8) remains affected by the 2012 closure of AES Westover's 119 MW Coal Power Plant in

Johnson City, a location centered amid NYS’s largest cluster of distressed census tracts. The plant had been a local fixture for the region’s economy for 70 years before it closed. The vacant power plant is visible from ADHS Corridor T as it leaves the economically distressed City of Binghamton and enters economically distressed Johnson city. The neighboring counties of Tioga, Cortland, Delaware, and Chenango have also experienced impacts to their workforce and support ecosystems.

- 5) Chenango County’s (ST8) closed AES Jennison Coal Power Plant is another idled facility. It is visible from the highway and has been seen as a vacant brownfield structure for the past 10 years by the many travelers passing through the region. The neighboring counties of Cortland, Otsego, Delaware and Broome also have experienced impacts to their workforce and support ecosystems.

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. These improvements 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 used strategically to gradually advance NYS’s transportation priorities. In addition, several municipal airports exist within the region and many 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 that 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, providing technical and financial assistance to implement cost savings projects.

Section 2: New Developments

Workforce Initiatives: In 2022, Governor Hochul created a new Office of Strategic Workforce Development at ESD to better connect economic development efforts with workforce training to ensure that employers in growing industries have access to the high-quality, skilled labor force that is needed for the industry to be competitive. This office will award \$150 million in grants to workforce development programs that provide training for jobs in statewide target industry sectors, as well as those industries in tradable sectors identified by each region as ripe for growth. To assist with this initiative, the REDCs will create Regional Workforce Inventories that identify pandemic workforce needs and include the following components:

- 1) The priority regional tradable sectors and/or statewide target industries for workforce development investment.
- 2) The most in-demand skill sets needed by employers.
- 3) Populations for whom workforce training is needed.
- 4) The types of wraparound services most needed.

Downtown Revitalization: The DRI is a \$100 million per year program coordinated by NYS’s Secretary of State to revitalize urban centers. Every year, each REDC identifies one community to receive \$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. As mentioned previously, a companion revitalization initiative called New York Forward, also totaling \$100 million, expands this opportunity to smaller

Downtown Revitalization Initiative (DRI) \$10M Awardees from ARC Region Counties				
Round & Year		DRI Location, County, LDD & REDC		
		DRI Location	County (LDD)	REDC
1	2016	Oneonta	Otsego (ST8)	MV
1	2016	Elmira	Chemung (STC)	ST
2	2017	Jamestown	Chautauqua (STW)	WNY
2	2017	Cortland	Cortland (ST8)	CNY
2	2017	Watkins Glen	Schuyler (STC)	ST
3	2018	Owego	Tioga (ST8)	ST
4	2020	Hornell	Steuben (STC)	ST
5	2021	Endicott	Broome (ST8)	ST
5	2021	Norwich	Chenango (ST8)	ST

communities, providing them with planning and technical assistance to apply for transformative grants of \$2.25 or \$4.5 million to implement transformative main street projects.

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:

- Local Government Training and Technical Assistance: a community capacity resource for local government officials across Appalachia and New York State.
- Local Government Efficiency Program: 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.

Regional and Multi-state Collaboration – In August of 2022, the ARC launched the Appalachian Regional Initiative for Stronger Economies (ARISE), a new ARC initiative created with funding from the Infrastructure Investment and Jobs Act of 2021. The intent of ARISE is to strengthen Appalachian business and industry, and to grow and support the development of new economic opportunities across multiple states. The NYS ARC Program will work in partnership with the LDDs to develop projects that drive large-scale, regional economic transformation through multi-state collaborative projects across Appalachia. The ARC is encouraging the region's 13 states to think beyond local and state lines and to spearhead initiatives that encourage states to work together as one.

Section 3: Targeted Investment Priorities

Although the ARC Program provides a broad range of strategic objectives that that can be funded by the federal program's grants, the following are this year's targeted priorities for project development in our ARC region:

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 receive priority in program funding and technical assistance. In addition, for FFY-2023, ARC has designated all of Allegany and Chautauqua counties as economically "at risk," making requests for proposed Area Development funding more affordable projects for applicants from those counties.

Economic Clusters, Job Creation and Entrepreneurship: NYS's ESD, REDCs, and Department of Labor (DOL) 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 region's economic clusters, and encouraging entrepreneurship. NYS's Goal 1 Implementation Strategies are aligned with supporting these priorities.

Workforce Development: NYS's ARC Program will work collaboratively with the LDDs, DOS's Division of Community Services (DCS), the 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 that stimulate the region's identity and attractiveness. This dovetails with DOS's commitment to increase tourism, preserve the State's 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.

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 Appendix II map. These areas of high poverty, low income, and high unemployment receive special consideration in project solicitation and technical assistance. Although several pockets of distress are rural, 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 prioritize outreach to applicants from such areas across NYS's ARC Region. 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 and Chautauqua counties designated economically "at risk" for FFY 2023, ARC can fund up to 70% of proposed Area Development project costs. In those counties and in all other clusters of economic distress in NYS's ARC Region, the full range of ARC goals and objectives and NYS strategies will be employed to boost communities' economies.

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

Traditionally, NYS's project solicitation process begins with DOS issuing a Region-wide email notification to local governments in early Spring, prior to the start of 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, annual process. DOS encourages the LDDs to begin their solicitation processes as soon as possible to maximize participation. The following is New York's general calendar for ARC project solicitation, review, and selection process:

Spring: DOS and LDDs finalize pre-application format for the upcoming FFY Area Development project grant applications. DOS and LDDs publicize Area Development Application Guidance and promote a notice of funding available for FFY 2024 Area Development projects to eligible local governments and nonprofits.

July/August: 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).

August/September: ARC program staff conducts a preliminary ranking of project applications. Recommendations to NYS's ARC Alternate will be based on the following criteria: Contribution to Area Development; Project Feasibility; Relevance of ARC Funds; and Application Accuracy and Timeliness.

October: Targeted period to present DOS's recommended Investment Package of FFY-2024 Area Development project grant requests. The level of funding available for these proposed projects will establish the threshold for identifying the highest ranked and most ready projects as "recommended" for transmittal to ARC, and those that merit a chance for additional application adjustments while being placed in "standby" status. This threshold will be calculated by adding the ARC's annual allocation for NYS to any expected carried-forward balance of the previous year's Area Development funds and anticipated fund recoveries for the next FFY. The resulting amount will then be reduced by a needs analysis of funds required to augment the LDD annual budget and for the DOS Consolidated Technical Assistance grant amount for the following FFY. Any number of potentially high-impact projects may be added to a "Standby List" of projects that could be submitted if additional funds become available from the ARC or through unanticipated recoveries, or if higher ranked applications are withdrawn before funds are obligated by ARC.

Late November/ Early December: NYS announcement of Consolidated Funding Application (CFA) grant awards. ARC applications receiving matching funds may be recommended for transmittal to ARC. Applications denied matching fund grants after the CFA awards are announced will be given an opportunity to revise their application budgets before being demoted to standby list status and replaced by projects from the standby list.

November/December: Transmittal of NYS's 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.)

Section 5: NYS Operating Program Policies

All NYS Program Policies are intended to follow guidelines for Federal grants; additional guidance may be

disseminated to the states by the ARC or Federal agencies overseeing the use of Federal appropriations. The following policies, to the extent they remain in compliance with the preceding, are relevant to NYS's ARC Program:

1. Eligible Project Activities: All projects in New York receiving ARC resources under the Area Development Program must clearly implement at least one of the NYS's ARC Program Implementation Goals and Strategies.
2. Dollar Limits for ARC Funding: To foster diverse projects throughout the Southern Tier, DOS has placed a \$250,000 limit on the ARC-funded portion of most projects in NYS, except for infrastructure construction projects, which are currently limited to \$500,000. REDC priority projects cited by DOS and the LDDs as "regionally significant" may also be recommended for higher funding amounts. Sponsors of such projects must document that additional ARC funding is indispensable to project implementation and that funding cannot be obtained from other public or private sources.
3. Matching Guidelines: Each FFY, ARC designates the economic health of each county, and that designation, in turn, determines the match rate for projects in those counties. In the FFY-2022 program year, 13 counties were designated as "transitional," limiting ARC assistance to 50% of total eligible project costs. However, Allegany and Chautauqua counties were designated as economically "at-risk," raising ARC's maximum potential funding amount to 70% of eligible project costs for projects, or portions of projects, in those counties.
 - 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 matching funds: space presently rented by the project sponsor; space in facilities constructed with any Federal funds; space in any facility owned by the project sponsor or by an entity closely related to the project sponsor; 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, however, are considered local funds for the purposes of matching ARC projects.
4. Time Limits for ARC Project Funding: Most approved projects will receive ARC funding for one program year. In limited cases, ARC funding may be extended over three years. In these cases, a second- or third-year application will be required, and funding in subsequent years will be determined based on project progress, demonstration of continued need and the availability of sufficient State resources. Projects with an operating component are normally eligible to receive funding for a reasonable start-up period plus twelve months of direct operations, not to exceed eighteen months total. Start-up activities may include hiring and training staff, setting up offices, developing administrative policies, undertaking renovations for child-care or vocational education facilities, etc.
5. Revisions: ARC-funded project sponsors may request approval of revisions 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.
6. Maintenance of Effort: ARC funds cannot be used for activities previously or currently undertaken with other Federal, State, or local funds. The expansion of previous activities, however, can be funded at a level proportional to the extent of the expansion.
7. Indirect Costs: Excessive overhead and other indirect expenses in an application's budget will generally not be recommended by NYS as eligible operating costs under either the ARC portion or the match. Exceptions may be made if pre-approved by ARC staff, particularly for expenses of LDDs as ARC grantees and for expenses of

participants in ARC Consolidated Technical Assistance Program grants. (See: 49506 Federal Register / Vol. 85, No. 157 / Thursday, August 13, 2020 / Rules and Regulations <https://www.govinfo.gov/content/pkg/FR-2020-08-13/pdf/2020-17468.pdf>).

8. Overruns and Underruns: ARC funding will not be provided to cover cost overruns. ARC funds are considered the last dollars spent on a given project to ensure it moves forward. If a project closes out having spent less than the originally approved budget amount, ARC funds in the amount of the underrun may be recouped 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.

Appendices:

- I. ARC Goals & Objective and NYS Implementation Strategies (2023-2024)
- II. NYS Clusters of Distressed ARC Region Census Tracts (2023)
- III. NYS ARC County Economic Condition Statistics (2023)

ARC Strategic Investment Goals & Objectives & NYS Implementation Strategies 2023¹

ARC Goal #1: **Building Businesses**

Objective 1.1: Provide financing, technical assistance, and other support for entrepreneurship and small business development in the Region.

Objective 1.2: Pursue economic and enterprise development strategies that grow existing industries, support economic diversification, and advance economic prosperity at the regional level.

NYS Implementation Strategies for ARC Goal #1

Strategy 1.1: Encourage and support entrepreneurship and local business development through technical assistance, incubation and acceleration, capital access, mentoring, networking, business-ownership transition, and other types of support.

Strategy 1.2a: Support the startup and growth of businesses, particularly in sectors that build on local and regional assets.

Strategy 1.2b: Enhance the competitiveness of the Region's manufacturers.

Strategy 1.2c: Promote strategies to connect start-up and established businesses to global markets.

Strategy 1.2d: Identify prime sites for rehabilitation and/or redevelopment through public and/or private investment.

ARC Goal #2: **Building the Workforce Ecosystem**

Objective 2.1: Develop and support educational programs and institutions from early childhood through post-secondary that provide the building blocks for skills development and long-term employment success.

Objective 2.2: Invest in workforce development programs and strategies informed by industry talent needs and designed to allow workers to simultaneously earn, learn, and advance along a career pathway.

Objective 2.3: Develop a network of employment supports to help Appalachians enter and remain in the workforce.

Objective 2.4: Expand access to high quality healthcare, as well as programs and services that support overall mental and physical health, for workers and their families.

NYS Implementation Strategies for ARC Goal #2

Strategy 2.1a: Develop and support educational programs and institutions to prepare students for postsecondary education and for the Region's workforce needs.

Strategy 2.1b: Support programs that provide basic and soft skills training to prepare workers for employment, reentry into the workforce, or to transition to sectors that are experiencing growth and that provide opportunities for advancement.

Strategy 2.2a: Increase residents' access to STEAM and other skills training on state-of-the-art technology and processes across all educational levels.

Strategy 2.2b: Develop and support credentialing and programs that allow workers to simultaneously earn, learn, and advance along a career pathway that supports their knowledge, skills, and earnings potential and that will meet the Region's workforce needs.

¹ NYS's Implementing Strategies should be considered in conjunction with ARC's 2022-2026 Strategic Plan, available at the following ARC website: <https://www.arc.gov/strategicplan/>

Strategy 2.3a: Develop and support sustainable programs that remove barriers to participating in the workforce.

Strategy 2.3b: Promote practices and initiatives aimed to resolve the workforce problems related to substance use disorder (SUD), and that promote sustained recovery in the workplace.

Strategy 2.4a: Improve access to affordable, high-quality health care (of all types) for all residents of our ARC Region communities.

Strategy 2.4b: Use proven public health practices and establish sustainable clinical services to address health conditions that reduce the Region's economic competitiveness.

Strategy 2.4c: Support initiatives to promote mental and physical health and fitness, including improved access to resources at schools and in our communities that promote recreational sports and outdoors activities.

ARC Goal #3: **Building Appalachia's Infrastructure**

Objective 3.1: Ensure the availability of quality, affordable basic infrastructure to meet the needs of the residents and businesses of Appalachia.

Objective 3.2: Ensure that all Appalachians have access to quality and affordable telecommunications and broadband services.

Objective 3.3: Support proactive efforts to adopt alternative energy strategies and bolster energy infrastructure.

Objective 3.4: Complete the Appalachian Development Highway System and invest in innovative intermodal transportation systems to connect businesses and residents within the Region with global opportunities.

Objective 3.5: Support construction of business development sites and public facilities and the adaptive reuse of obsolete and/or unsafe properties to stimulate economic and community development.

NYS Implementation Strategies for ARC Goal #3

Strategy 3.1: Ensure communities have the adequate basic infrastructure to implement their community and economic development objectives.

Strategy 3.2: Promote broadband and telecommunications infrastructure throughout the Region to increase connectivity and to ensure all residents have access to quality and affordable telecommunications and broadband services.

Strategy 3.3: Support proactive efforts to adopt climate smart alternative energy strategies and bolster energy infrastructure.

Strategy 3.4: Invest in plans and infrastructure that leverage access to the ADHS, foster intermodal transportation, and maximize the Region's access to domestic and international markets.

Strategy 3.5: Support construction of business development sites and public facilities and the adaptive reuse of obsolete and/or unsafe properties to stimulate economic and community development.

ARC Goal #4: **Building Regional Culture and Tourism**

Objective 4.1: Invest in the development of vibrant Appalachian downtowns and provide support for Appalachian placemaking.

Objective 4.2: Invest in economic and community development initiatives that preserve and promote Appalachian communities' vibrant arts, cultural, and heritage traditions.

Objective 4.3: Preserve and expand Appalachia's natural resources to increase outdoor recreation opportunities for residents and visitors and support sustainable economic growth.

NYS Implementation Strategies for ARC Goal #4

- Strategy 4.1: Support preservation and stewardship of communities, historic districts, and main streets to advance local economic growth and to provide support for transformative placemaking.
- Strategy 4.2: Support strategic investments in natural and cultural heritage resources to advance local economic growth.
- Strategy 4.3a: Provide support for expansion of indoor and outdoor recreation spaces that will support community revitalization, fuel the region's tourism economy, and increase the Region's employment opportunities.
- Strategy 4.3b: Take active steps to restore brownfields and disturbed sites to serve community-oriented purposes that revitalize local waterways and residential, agricultural, and natural lands.

ARC Goal #5: Building Community Leaders and Capacity

- Objective 5.1: Develop, support, and empower community leaders that are representative of local communities, inclusive in their approach, and focused on long-term, innovative strategies and solutions.
- Objective 5.2: Build capacity of community organizations and local development districts (LDDs) to effectively access and manage funding, administer programs, and execute projects through implementation.
- Objective 5.3: Invest in developing the capacity of communities to build ecosystems where government, non-profits, businesses, and philanthropic partners coalesce around a shared vision for economic and community prosperity and collaborate to implement that vision.

NYS Implementation Strategies for ARC Goal #5

- Strategy 5.1: Help develop civic leadership skills and community capacity at the local and regional level, especially among youth and next-generation leaders.
- Strategy 5.2: Strengthen the capacity of LDDs and community organizations to effectively access and manage funding and administer programs and projects.
- Strategy 5.3: Develop and support networks, partnerships, and other models of collaboration that catalyze public, private, and nonprofit action for shared community visioning for sustainable, transformative community change.
- Strategy 5.4: Support visioning, strategic planning and implementation, and resident engagement approaches to foster increased community resilience and generate positive economic impacts.
- Strategy 5.5: Assist municipalities to leverage funding opportunities and to maximize efficient delivery of services and provide access to information and technical assistance that supports this strategy.
- Strategy 5.6: Provide technical assistance and referrals of such assistance to communities so they have the capacity and connections needed to pursue community development opportunities.
- Strategy 5.7: Develop and support robust inclusive leadership that can champion and mobilize forward-thinking community improvement.

NYS's Clusters of Distressed ARC Region Census Tracts(2023)

Within NYS's 14 ARC Region counties, there are 38 ARC-designated economically distressed census tracts -- census tracts that have combined economic characteristics that place them within the lowest quintile of all the nation's census tracts. These 38 tracts, which are home to approximately 10% of NYS's 1 million ARC Region residents, form 12 distinct "clusters of distress." As seen in the table below, the locations with the largest clusters of economically distressed census tracts are Binghamton Metro (13 tracts); Jamestown (6 tracts); Elmira (5 tracts); and Dunkirk (3 tracts). In addition, two NYS ARC counties (Chautauqua and Allegany) are designated as economically "at risk," meaning that each county, according to its aggregate economic statistics, falls in the bottom two quintiles of economic health among the nation's more than 3,000 counties. A priority for NYS's ARC program is to address the root causes of such low economic health scores and to direct as much program aid as possible to the residents of these distressed tracts and "at risk" counties.



1	2	3	4	5	6	7	8	9	10	11	12
Dunkirk	Jamestown	Seneca Nation	Olean	Hornell	Prattsburg Area	Elmira	Cortland	Binghamton Metro	Norwich	Walton Area	Richfield Springs
Chautauqua	Chautauqua	Cattaraugus	Cattaraugus	Steuben	Steuben	Chemung	Cortland	Broome	Chenango	Delaware	Otsego
Tract 354	Tract 301	Tract 9403.01	Tract 9617	Tract 9609	Tract 9602	Tract 1	Tract 9705	Tract 135	Tract 9704	Tract 9706.02	Tract 5903.01
Tract 356	Tract 302	Tract 9403.02				Tract 4	Tract 9706	Tract 139		Tract 9706.01	
Tract 357	Tract 303					Tract 6		Tract 140			
	Tract 305					Tract 7		Tract 1			
	Tract 306					Tract 10		Tract 12			
	Tract 308							Tract 5			
								Tract 4			
								Tract 6			
								Tract 7			
								Tract 9			
								Tract 11			
								Tract 17			
								Tract 18			

Appendix III:

NYS ARC County Economic Condition Statistics (2023)

County	Absolute Data Values			Indicator Index Values				Comp. Index Value, FY 2023	Index Rank FY23 (Of 3,113 US counties)	Rank Quartile FY 2023 (1 best)	Population (2020)
	Unemp. 3-Yr. Avg. 2018-20	Per Capita Mkt Income 2020 (\$)	Poverty Rate, 2016-20	3-Year Avg. Unempl. Rate, % of U.S., 2018-20	PCMI, % of U.S., 2020	Inverted PCMI, % U.S., 2020	Poverty Rate, % U.S., 2016-20				
Allegany	6.3	25,703	16.7	121.3	55.1	181.4	130.2	144.3	2,459	4	45,587
Broome	6.0	33,624	18.5	115.6	72.1	138.7	144.4	132.9	2,152	3	189,420
Cattaraugus	6.5	28,724	16.9	125.3	61.6	162.4	131.4	139.7	2,331	3	75,863
Chautauqua	6.1	28,534	17.8	117.9	61.2	163.4	138.3	139.9	2,337	4	126,032
Chemung	5.8	32,819	14.7	111.6	70.4	142.1	114.2	122.6	1,847	3	82,622
Chenango	5.3	31,961	12.9	101.3	68.5	145.9	100.5	115.9	1,605	3	46,730
Cortland	5.9	31,620	14.4	113.5	67.8	147.5	112.5	124.5	1,897	3	47,173
Delaware	5.5	30,067	16.2	106.0	64.5	155.1	125.9	129.0	2,029	3	43,938
Otsego	5.2	34,240	13.4	99.7	73.4	136.2	104.0	113.3	1,512	2	58,701
Schoharie	5.5	31,885	11.6	105.1	68.4	146.3	90.6	114.0	1,531	2	31,132
Schuyler	6.0	30,265	14.7	116.4	64.9	154.1	114.7	128.4	2,017	3	17,685
Steuben	5.8	34,734	12.7	112.0	74.5	134.3	99.1	115.1	1,569	3	94,657
Tioga	5.4	36,230	9.9	103.3	77.7	128.7	77.0	103.0	1,166	2	47,904
Tompkins	4.4	38,333	17.5	84.8	82.2	121.7	136.0	114.2	1,539	2	101,058
Appalachian NYS	5.7	32,493	15.7	109.8	69.7	143.5%	122.1				<u>1,008,502</u>
Appalachian Region	5.2	33,796	14.7	100.4	72.5	137.9%	114.3				
United States	5.2	46,638	12.8	100.0	100.0	100.0%	100.0				
NYS (62 counties)	5.9	57,774	13.6	114.4	123.9	80.7%	105.7				