



STATE OF MARYLAND

OFFICE OF THE GOVERNOR
Wes Moore

January 21, 2024

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

Subject: Appalachian Maryland 2025 Strategy Statement

Dear Mr. McBride,

On behalf of the State of Maryland, I am pleased to submit the 2025 Annual Strategy Statement (Strategy Statement) for Appalachian Regional Commission (ARC) review. Maryland's Strategy Statement identifies targeted priorities and is focused on the implementation of Maryland's 2024-2028 Appalachian Development Plan in the upcoming fiscal year.

If you require any further information or have any questions, please contact me or my State Alternate, Rebecca Flora at 410-299-2098.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Wes Moore'.

Wes Moore
Governor

cc: Rebecca L. Flora, Governor's ARC Alternate
David V. Cotton, ARC Program Manager

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LEAVE NO ONE BEHIND

State of Maryland

Appalachian Regional Commission

Annual Strategy Statement

Fiscal Year 2025

CONTACT INFORMATION

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Introduction

The Appalachian Regional Commission (ARC) is a regional economic development agency. Established by the U.S. Congress in 1965, it is a unique partnership comprised of the governors of the 13 Appalachian states and a federal co-chair appointed by the President of the United States. Grassroots participation is provided through local development districts, which are multicounty organizations with boards made up of elected officials, business leaders, and other local leaders. Each year, Congress appropriates funds, which ARC allocates among the 13 member states.

The governor of each Appalachian state submits a State Appalachian Development Plan within 10 months of taking office. In addition, each year the governor submits a Strategy Statement describing the State's program for achieving the goals and objectives contained in their respective State Appalachian Development Plans.

In accordance with Section 5.4 of the ARC Code, this document will serve as the State of Maryland's Annual Strategic Statement.

Governor Wes Moore serves as Maryland's ARC Commission member, Rebecca L. Flora, Secretary of the Maryland Department of Planning serves as his alternate. The Maryland Department of Planning is responsible for the administration of the Maryland ARC Program.

Appalachian Maryland

The Maryland Appalachian region consists of three counties – Garrett, Allegany, and Washington, with 24 municipalities that span 1,529 square miles. The ARC uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. ARC's five county economic status designations are based on three indicators: three-year average unemployment rates, per capita market income, and poverty rates.

The ARC has designated Garrett and Washington counties as transitional for FY25. Transitional counties are those transitioning between strong and weak economies and rank economically between the lowest 25% and the highest 25% of the nation's counties. The ARC has designated Allegany County as at-risk for FY25. At-Risk counties are those at risk of becoming economically distressed. They rank between the worst 10 percent and 25 percent of the nation's counties.

Manufacturing is still a major part of the region's workforce, but large companies today employ approximately 300-400 people instead of 1,500. In 2023, Allegany County saw the closure of a major manufacturing facility, Hunter Douglas Window Coverings, who at one time employed over 800 employees. In 2024, Garrett County was impacted by the shuttering of the ClosetMaid manufacturing facility. The closure of the ClosetMaid plant displaced more than 170 employees.

In October 2024, Governor Wes Moore announced that Kingspan Roofing and Waterproofing, a global supplier of energy-efficient roofing and waterproofing technology, would be establishing a new manufacturing facility in Allegany County at the former Hunter Douglas facility. The existing 348,000 square-foot facility in Cumberland is slated for redevelopment, where the company intends to hire 95 full-time employees over the next five years.

In July 2024, the Beitzel Corporation, a highly diversified industrial contractor base out of Grantsville, with facility locations in West Virginia, Pennsylvania, and Ohio, announced the purchase of the former 154,000 square foot ClosetMaid facility. With these moves, all Beitzel Corporation and Pillar Innovations Maryland operations will be collocated on one campus at the Northern Garrett Industrial Park. Providing better access to I-68 and many years of growth potential for future operations. Beitzel Corporation and Pillar Innovations currently employ over 550 employees nationwide.

We continue to work to overcome the effects on the region by developing a highly competent and well-educated workforce for all job seekers including a new generation of workers through education and apprenticeship.

Economic development efforts have shifted to attracting information technology, advanced manufacturing, and asset-based development, including cybersecurity, advanced technology and research, biotech, and tourism-related businesses.



*Former site of the ClosetMaid manufacturing plant in the Northern Garrett Industrial Park.
Now the site of Pillar Innovations Maryland.*

Improving access and infrastructure for local businesses to regional and national markets is an essential component of the region's economic development strategy. Therefore, the completion of the Appalachian Development Highway System and critical links with local access roads is an important part of this effort.

In October of 2024, Governor Moore met with business owners and developers working on the Baltimore Street redevelopment project, an economic development effort to revitalize the Downtown Cumberland Historic District. As a result of this project, 13 new businesses have opened in downtown Cumberland. The redevelopment project will also add new gathering spaces and an additional five businesses by the end of the year. The Baltimore Street Project was supported by \$1,250,000 of ARC Local Access Road grant funding and over \$10,000,000 in numerous state investments, grants and programs.

The Canal Place River Park project is an effort to fuel Mountain Maryland's growing outdoor recreation economy. The project is set to transform the region's tourism appeal by utilizing the C&O Canal Historical Park, the Western Maryland Scenic Railroad, and its proximity to the Great Allegheny Passage to establish amenities along and within the north branch of the Potomac River including walking trails, a viewing area, docks for canoes and kayaks, and a whitewater course. The Moore-Miller Administration invested \$1.5 million in funds in the FY24 budget for the project, which is expected to bring an additional one million visitors to Allegany County.

We are particularly focused on new approaches to remove barriers for all Maryland Appalachians, leverage partnerships, and expand critical infrastructure to meet the needs of the 21st century for economic growth and job creation.



Governor Moore with business owners and developers

During a time of unique challenges, we are utilizing partnerships and innovation to change the narrative and make a difference.

Governor Wes Moore remains committed to his Maryland ActNow campaign in partnership with EducationSuperHighway, reaffirming the Moore-Miller administration's commitment to closing the digital divide by extending broadband internet access to all Marylanders and making it more affordable.

Governor Wes Moore recognizes that digital equity is crucial in today's interconnected world. The internet serves as a gateway to information, services, and opportunities that impact education, employment, health care, civic participation, and economic opportunity. The Moore-Miller administration remains committed to ensuring the availability of broadband and achieving digital equity for all residents of the State. Doing so will allow every individual to be able to access educational resources, engage in remote learning, pursue online job opportunities, connect with others globally, access vital health care information, and participate in government services and democratic processes.

In October 2024, Governor Wes Moore announced \$2.2 million in financial assistance to support small, minority, and veteran-owned business growth to help make Maryland more competitive. The funding, which includes loans, loan guaranties, and equity investments from the Military Personnel and Veteran-owned Small Business Loan Program and the Maryland Small Business Development Financing Authority, will help the businesses create 36 new jobs and retain 131 workers in the state.



Project site for the Meritus School of Osteopathic Medicine in Hagerstown

The three counties of Appalachian Maryland continue to suffer more from underemployment than unemployment than the rest of the state. Governor Moore remains focused on the wellbeing of Marylanders by ensuring that world-class health and recovery systems exist for all and by advancing infrastructure to connect all Marylanders to new and existing opportunities.

Leadership continues to focus on educational and workforce training opportunities as a means to ending child poverty in Maryland. Higher paying jobs, population growth, and ultimately the building of a sustainable tax base will ensure that all of those that want to live in Maryland can do so.

In October 2024, Governor Wes Moore visited the project site for the Meritus School of Osteopathic Medicine in Hagerstown, which will open next fall as the first new medical school in the state in more than 100 years. The construction project has created more than 1,500 jobs, generating more than \$6 million in tax revenue for the region.

A recent study by the Association of American Medical Colleges concluded the shortage of physicians poses significant challenges to healthcare access in the Appalachian region and nationally. Factors contributing to this shortage include population growth, an aging population, increased demand for healthcare services, and a limited number of medical school graduates entering primary care specialties. Meritus Health in Washington County currently has a shortage of 58 physicians which negatively impacts the access to healthcare for western Maryland residents. The Meritus School of Osteopathic Medicine

(MSOM) will develop physicians who are professionally accomplished, socially responsible and community oriented. \$1.6 million of ARC funding will support the training of 450 students over the next three years through the purchase of equipment and supplies for the MSOM. Technology and simulation equipment offer transformative benefits in medical school education, enhancing learning.

The state previously provided funding to Frostburg State University (FSU), the only state university located in Appalachian Maryland, for an Office of Regional Development and Engagement. The new office integrates university resources with regional partners in Appalachian Maryland to help communities and companies be competitive and meet the challenges of economic and community development.

FSU and the region's three community colleges are playing a key role in addressing the education and labor force training needs of the region. They are incredibly flexible in responding to the needs of the private sector and quick to establish special programs and training. The University of Maryland System operates a satellite campus in downtown Hagerstown that complements FSU's efforts. Within each of the three counties, our community colleges are sharing infrastructure with K-12 schools to create greater opportunities for advanced learning with active learning labs and STEM and robotics programming.

In 2021, FSU received the state of Maryland's first ever ARC POWER implementation grant. The Phase 1, \$1,480,979, award helped to continue the development of the Advanced Technology Center (ATC) at FSU's Innovation Park, which works to strengthen western Maryland's economy by creating new job opportunities. The ATC, a public-private partnership, creates new opportunities for employment, workforce training and economic development. Phase 2 development supports the growth of industries important to the future of the region's economy, with an estimated 126 jobs created in industries including information technology, renewable and resilient energy, green construction materials manufacturing, environmental hazard removal, and biotech laboratory testing and analysis.

Targeted Investment Priorities

Economic Development

Maryland is committed to leveraging capital of all kinds and rebuilding to meet the needs of our residents. We remain focused on creating greater economic opportunity in every part of the state and connecting Marylanders to jobs. We understand the unique challenges in increasing Maryland's economic competitiveness through economic development and job creation in Appalachian Maryland. We are preparing for economic development over the next century, and this includes support for asset-based development around outdoor recreation, attracting new businesses to the region, prioritizing investments in entrepreneurship and business expansion, and continuing to prioritize projects that reinvest in existing communities.

Infrastructure

Infrastructure provides the foundation for a healthy and resilient economy. We are focused on the long-term health of our economy by continuing to invest in rebuilding our infrastructure across the entire state with an appreciation of the particular needs and challenges of Appalachian Maryland. We prioritize projects to develop and support basic infrastructure for community and economic development. We also prioritize projects that promote a balanced transportation system, which will enhance economic growth and investment potential in the region.

Recovery Ecosystem

Maryland remains focused on the heroin and opioid crisis. We have brought together state and local partners to support prevention, treatment, and workforce re-entry efforts to fight the heroin and opioid crisis across the state. We understand that clinical care, access to employment during and post treatment, housing, and transportation are essential to empower those struggling with a substance misuse disorder. We prioritize projects that fill the gaps in the recovery ecosystem.

Education and Workforce development

We are setting Maryland's students up for success by developing a highly competent and well- educated workforce with the skills desired by existing, new, and relocating businesses. Maryland has a blueprint for the development of an effective and efficient workforce system across the state providing opportunity for all job seekers, including a new generation of workers through education and apprenticeships. We prioritize projects that prepare students for jobs in the 21st century, expand partnerships among schools, colleges, and businesses to support workforce development and improve workforce readiness for all job seekers.

Additional Priorities

We remain focused on our long-term economic development goals for the region. We have expanded our outreach and technical assistance to local governments. With the influx of additional state funding and federal funding through the Bipartisan Infrastructure Law, we are working closely with stakeholders and local governments to address the unique challenges of the region, to identify funding and assistance for priorities and to ensure completion of infrastructure and other projects that assist in long term sustainable economic development, leaving no one behind.

A portion of annual funds is reserved each year to support economic development and other critical needs submitted on an as-needed basis.

Projects that address other goals and objectives as outlined in Maryland's 2024-2028 Appalachian Development Plan will be considered based on the overall impact of the project to the program. We are focused on self-sustaining economic development and job growth while maximizing return on investment and meeting the local needs and priorities across the Appalachian region.

In November 2023, Governor Wes Moore signed an executive order establishing a State of Preparedness, which enhanced the state's ability to respond swiftly and effectively to potential hazards and threats in advance of an actual disaster. The order directs the Department of Emergency Management to coordinate the comprehensive preparation of state government ahead of potential impacts from hazards or threats, providing a vital layer of protection for Marylanders without necessitating a State of Emergency.



Sideling Hill Creek State Park by Patrick Siebert

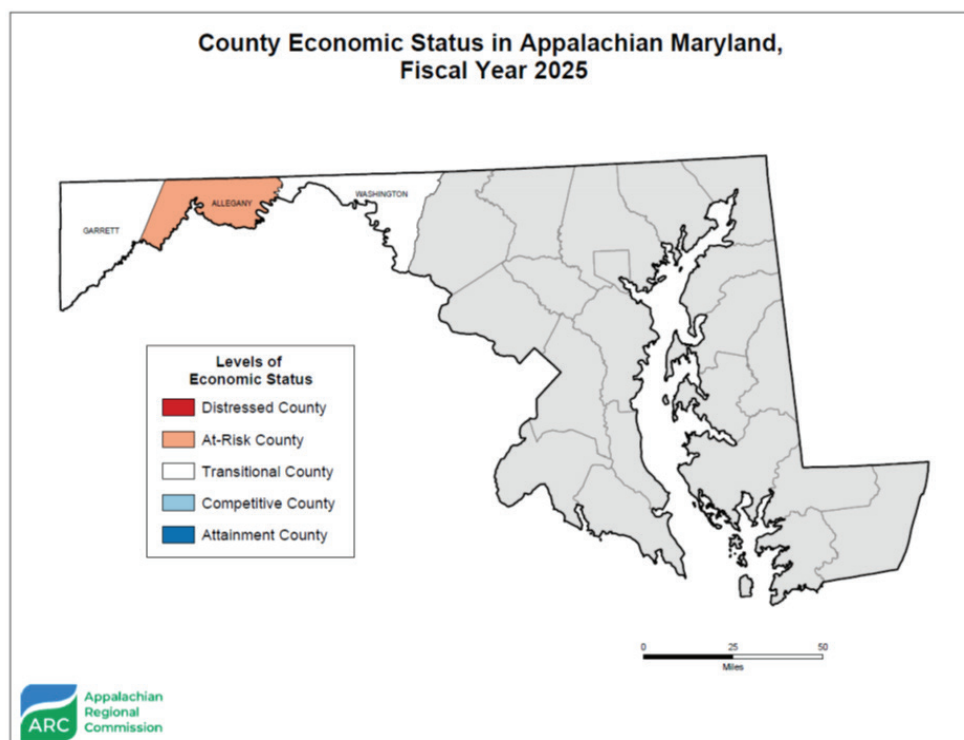
Maryland ARC Operations

The ARC program in Maryland is directed through the Office of the Governor and coordinated and managed by the Secretary for the Maryland Department of Planning who serves as the Governor's Alternate to the ARC. The Governor's Alternate works with the Program Manager and staff in the western Maryland Planning office. The State of Maryland submits projects to the ARC on behalf of Appalachian Maryland's local governments, nonprofits, and regional institutions.

The Program Manager works closely with the Tri-County Council for Western Maryland, Inc. (Tri-County Council), Maryland's Local Development District (LDD).

The Program Manager and LDD meet regularly with potential applicants to provide information to ensure complete applications, confirm eligibility under ARC code, and ensure projects are consistent with ARC and state goals and strategies.

County and local governments, nonprofits, and educational institutions are invited to submit ARC applications in February of each year. Counties develop and rank preliminary project descriptions and submit these to the LDD in the third quarter of the federal fiscal year. The LDD and the Program Manager review and evaluate the projects submitted by each county and develop a priority list for the Appalachian region.



ARC Project Evaluation Criteria:

- Consistency with state and federal objectives
- Degree of Need - Projects that address a severe and immediate problem, such as imminent health threat or loss of jobs or that capitalize on job creation will be given higher priority than those that do not.
- Project scope and cost effectiveness - The number of beneficiaries to be served by the project and the cost per person or household served will be considered in funding level determination.
- Project readiness - The degree of project readiness for implementation if funded (i.e., other funding sources committed, firm cost figures, preliminary or detailed engineering completed, and administrative/organizational responsibilities defined) will be considered in project prioritization.
- Economic Status - ARC uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system involves the creation of a national index of county economic status through a comparison of each county's averages for three economic indicators—three-year average unemployment rate, per capita market income, and poverty rate—with national averages. The resulting values are summed and averaged to create a composite index value for each county. Each county in the nation is then ranked, based on its composite index value, with higher values indicating higher levels of distress. Projects in Maryland counties where there is a higher level of distress will be given higher priority than those with a lower level of distress.

The ARC designated Garrett and Washington counties as transitional for FY25. The required match for Area Development Projects in transitional counties is 50 percent. The ARC has designated Allegany County as at-risk for FY25. The required match for Area Development Projects in at-risk counties is 30 percent. The LDD and Program Manager review the availability/commitment of matching funds for each project.

General Funding Timeline

- Preliminary Project Descriptions are requested by the LDD in February of each year.
- Preliminary Project Descriptions are due in April of each year.
- Projects will be reviewed and evaluated by the Maryland Program Manager and the LDD for consistency with the Project Evaluation Criteria. Projects meeting the minimum criteria will be ranked and submitted to the LDD's Executive Board for approval in May of each year.
- A complete Project Package, which will include a list of all ranked projects, will be approved by the LDD's Executive Board in June of each year.
- The LDD will notify sponsors of projects that are determined to be in a fundable position, inviting them to apply for ARC funding in August of each year.
- Projects can be submitted to the ARC Program Manager as early as September of each year, however funds will not be available until October of each year.
- Projects that are in a position to accept funding should have applications submitted to the program manager no later than November 15th each year.

Approved ARC projects are monitored by the Program Manager and LDD to assess progress, and to identify and resolve any potential problems.