



APPALACHIAN REGIONAL COMMISSION
FY 2027 Congressional Justification

As Submitted by the Federal Co-Chair

April 2026



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Details from the Technical Supplement to the 2027 Discretionary Budget Request

Appropriations Language

For expenses necessary to carry out the programs authorized by the Appalachian Regional Development Act of 1965, as amended, notwithstanding section 14704 of title 40, United States Code, and for expenses necessary for the Federal Co-Chairman and the Alternate on the Appalachian Regional Commission and payment of the Federal share of the administrative expenses of the Commission, including services as authorized by 5 U.S.C. 3109, and hire of passenger motor vehicles, \$120,000,000, to remain available until September 30, 2029.

The Budget's proposed appropriations language for ARC reflects two proposals:

- Notwithstanding the termination clause provided in 40 USC 14704, which would sunset the Commission operations by October 1, 2026, ARC request language to continue delivering the programs authorized by the Appalachian Regional Development Act of 1965, as amended, as herein provided.
- ARC requests a three-year period of availability for its 2027 funding.



FY 2027 Budget Summary and Highlights

The Federal Co-Chair of the Appalachian Regional Commission (ARC, the Commission) requests \$120 million to fund ARC's programs and operations for Fiscal Year (FY) 2027. ARC will make critical investments to address some of the pervasive challenges that have hindered regional development in Appalachia.

The 13-state Appalachian Region confronts a combination of challenges that few other parts of the country face—its mountainous terrain and isolation, dispersed population, inadequate infrastructure, lack of financial and human resources, and weak track record in applying for and receiving assistance from other federal programs. ARC is the only entity statutorily mandated to address these challenges. For federal partners at the national level, ARC brings deep knowledge of Appalachia, a strong track record of positive impact, and far-reaching networks of critical community, state, and regional partners established over the last 60 years. ARC charts its progress in establishing economic parity and achieving its mission with an index that compares the economic condition of Appalachian counties with all the counties in the nation based on unemployment, per-capita income, and poverty rates.



Figure 1, which shows the index, demonstrates that Appalachia has proportionally more of the economically weakest counties and fewer of the economically strongest counties compared to the rest of the nation. When this index shows an equal share of counties across each quartile, Appalachia will be at economic parity with the nation.

By law, ARC must direct at least half of its grant funds to projects that benefit economically distressed counties and areas in Appalachia. However, the Commission routinely exceeds that requirement—in FY 2025, 73% of its appropriations were invested in distressed counties or areas. ARC gauges its long-term progress toward helping Appalachia achieve economic parity with the nation in terms of the reduction in the number of distressed counties and areas over time.

In accordance with the Commission's policy for determining the economic status of the Appalachian counties, the research staff has analyzed the distribution of distressed, at-risk, transitional, competitive, and attainment counties for FY 2026 using the most current data

available. 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. FY 2026 demonstrates notable improvements in the region's economic status designations from FY 2025:

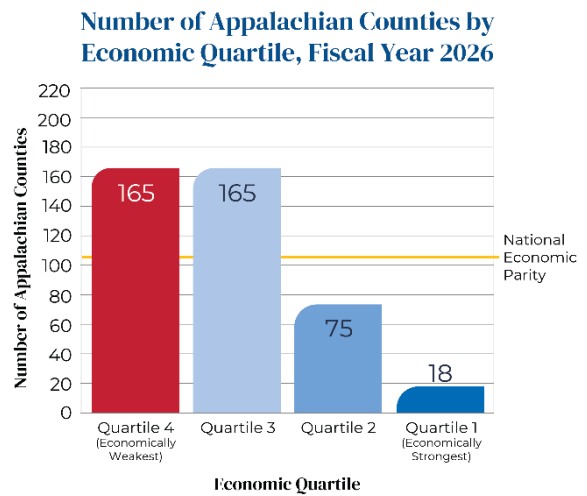
- The number of distressed counties declined from 77 to 75, which is the lowest level recorded in the 20 years of ARC's index system.
- The number of at-risk counties decreased from 103 to 90.
- The number of transitional counties increased from 226 to 240, and the number of competitive counties remains the same at 14.
- The number of attainment counties increased from 3 to 4.

ARC will continue to make targeted investments in emerging opportunities and activities that reduce economic barriers. Continued expansion of the southern automotive and aviation clusters offers great potential for job creation in Appalachia. In addition, other challenges such as inadequate water, sewer, and broadband infrastructure continue to require substantial resources.

In 2027, ARC will continue advancing the President's agenda through its programs serving communities across Appalachia. The 2027 Budget for ARC advances priorities outlined in the Presidential Memorandum "Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis," which directed agencies to "create employment opportunities for American workers, including drawing displaced workers into the labor force." ARC's programs, particularly the POWER initiative, also support the President's Executive Order "Reinvigorating America's Beautiful Clean Coal Industry," which stated that "it is policy of the United States that coal is essential to our national and economic security."

ARC's programs produce results. Investments of \$304.4 million in grant funds across all initiatives in FY 2025 **attracted \$1.3 billion in non-project leveraged private investment**, a ratio of 4 to 1; and an additional **\$369.1 million in other project funding**.

Figure 1 - Number of Appalachian Counties by Economic Quartile FY 2026



ARC's FY 2025 projects are anticipated to produce the following results:

- 13,584 jobs created or retained
- 37,096 students, workers, and leaders trained in new skills
- 101,073 businesses and households with access to improved infrastructure
- 5,265 businesses created or strengthened

Since ARC's inception in 1965, Appalachia has made significant progress:

- The number of high poverty counties in Appalachia has been cut by 60%, from 297 in 1960 to 119 today.
- The regional poverty rate has been cut by more than half, from 30.9% in 1960 to 14.3% today (2019–2023 period).
- The percentage of adults with a high school diploma has nearly tripled since 1960, and students in Appalachia now graduate from high school at nearly the same rate as that of the nation as a whole, as seen in the 2019-2023 period.
- In the past five years, ARC-funded infrastructure projects have provided 257,546 Appalachian households and businesses with access to clean water and sanitation facilities.

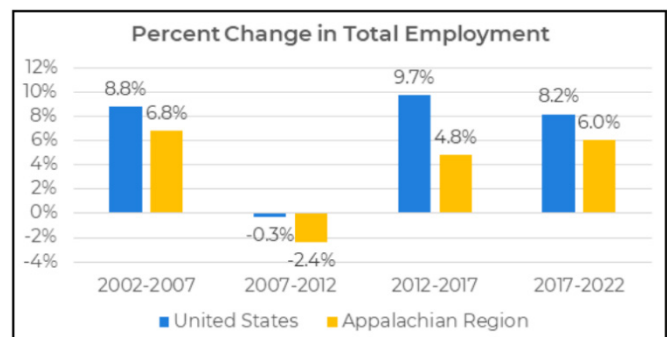
Despite these advances, Appalachia continues to lag behind the nation and encounter new challenges, such as the shifts in the economy and disproportionate rates of substance use disorder:

- Per capita income in the Appalachian Region was 18% lower than the U.S. average in 2023¹.
- The Appalachian Region lost over 625,000 jobs between 2007 and 2010, with losses taking place both during and after the Great Recession. It took Appalachia until 2015 to achieve its pre-recession level of employment; meanwhile, the United States as a whole reached its pre-recession level of employment in 2013. More recent trends continue to show a gap between the Region and the country as a whole: Appalachia saw its total employment grow by 7.5% from 2017–2023 compared to 10.5% in the United States as a whole. Appalachia lags behind the nation in the proportion of adults with a bachelor's degree (27.3% compared with 35.0% for the nation) in the 2019-2023 period.

¹ [ARC Chartbook - ACS 2019-2023](#)

- Coal employment was lowest in the region in 2021, at 23,130 workers. Over the next two years, the region saw an increase of 21 percent, with coal employment reaching 28,000 in 2023. The rest of the country saw a smaller increase of 7 percent from 2021 to 2023, with employment increasing from 16,871 to 17,976 workers.
- The nation’s substance use disorder crisis disproportionately impacts Appalachia, where in 2023, overdose-related mortality rates for Appalachia’s 25–54-year-old age group—those in their prime working years—were 52% higher than for the same age group in the country’s non-Appalachian areas. Employment growth in the Appalachian Region lagged behind that of the United States overall between 2017-2023. While total employment grew 10.5% in the United States as a whole, the region experienced growth of just 7.5%. Because Appalachia features a network of single-sector economies—previously focused substantially on mining and manufacturing, both of which have struggled recently—economic downturns such as those experienced in COVID tend to hit Appalachia harder and traditionally last longer than in other areas of the nation. Figure 2 illustrates this trend through previous periods of economic downturn.

Figure 2 – Percent Change in Employment, All Industries, 2002–2007, 2007–2012, 2012–2017, and 2017–2022



In September 2024, Hurricane Helene impacted seven states within the Appalachian Region. In the immediate aftermath of the hurricane response, ARC compiled and shared a centralized list of resources organized into federal, regional, multi-state and state levels to support recovery. As of August 2025, ARC has also granted nearly \$9 million for Hurricane Helene-related business recovery efforts in North Carolina and Virginia. These activities only represent ARC’s initial recovery efforts, as it will take years to rebuild in light of this level of devastation. In the future, ARC will continue to fund projects to rebuild the Appalachian communities affected by Hurricane Helene and other natural disasters, such as the February 2025 flooding impacting Kentucky and West Virginia.

ARC continues to study and evaluate critical economic issues impacting the Appalachian Region to inform its investment priorities and strategies. A recent research report authored by Cambridge Econometrics on behalf of ARC provided a current analysis of key export-oriented industries and industry clusters and their economic characteristics, reflecting the evolving industrial landscape of Appalachia and the global economy these industries serve. Through analysis of these export-oriented industry clusters, this report provides insight into the ports that they use most frequently to ship exports, key trading partners, and updates on key freight trends such as the growth in warehousing and distribution, and the long-term decline of the coal industry. Increased understanding of these industry

clusters – such as areas of specialization and multi-modal transportation infrastructure needs – can help policymakers develop effective strategic economic development plans for the region.² ARC will continue to assist communities in Appalachia with accessing resources and designing transformational activities that grow new opportunities in the Appalachian economy.

Seventy-three percent of ARC’s grant dollars supported projects that primarily or substantially benefited economically distressed counties and areas. Through federal as well as non-federal partnerships, ARC attracts additional resources to Appalachia.

Each of ARC’s initiatives are briefly summarized and will be described in more detail in the sections that follow. Figure 3 details ARC’s FY 2025 spending (across all initiatives) and indicates ARC’s broad programmatic impact.

Figure 3 – ARC Projects – FY 2025

Appalachian Regional Commission Projects Approved in Fiscal Year 2025
(in thousands of dollars)

	Number of Grants	ARC Funds	Other Federal Funds	State and Local Funds	Total Funds
Asset-Based Development	52	\$49,666.4	\$1,002.0	\$35,809.4	\$86,477.8
Business Development	52	30,157.9	2,125.0	28,700.8	60,983.7
Civic Entrepreneurship	126	12,475.3	179.0	6,018.8	18,673.1
Community Development	148	105,760.2	54,162.0	162,352.6	322,274.8
Education and Workforce Development	120	76,363.3	4,396.7	59,544.9	140,305.0
Health	24	8,296.6	0.0	6,735.8	15,032.4
Research and Evaluation	15	5,281.9	0.0	1,765.1	7,047.0
State and Local Development District Planning and Administration	103	16,434.0	0.0	6,282.4	22,716.5
Totals	640	\$304,435.6	\$61,864.7	\$307,210.0	\$673,510.4

Notes: Totals may not add because of rounding. Table includes access road projects funded through the Highway Trust Fund.

² <https://www.arc.gov/report/export-oriented-industry-clusters-trade-and-transportation-in-appalachia/>

Area Development Base Program

Through the Area Development Base Program, ARC continues to address widespread generational poverty through a flexible bottom-up approach, working with state and local partners to implement programmatic activities in a way that is best suited to the unique economic needs of each state. ARC's unique structure of state and local collaboration presents an opportunity to assist communities in coordinating significant funding available through ARC and partner federal agencies. ARC's statutory authority enables it to increase the allowable federal share of funding in a project so that this funding can be combined efficiently with funds from other federal partners. **In FY 2027, ARC requests \$54.3 million to continue the Area Development Base Program activities**, which includes \$6 million for Local Development Districts.

POWER Initiative

The economic shifts of the coal industry have had a significant impact on Appalachia, with coal production falling by 61% between 2000 and 2023. This loss is significantly higher than the national rate of decline of approximately 47%.³

ARC's regionally competitive Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative advances President Trump's Executive Order on Reinvigorating America's Beautiful Clean Coal Industry by providing dedicated funding to attract industry and expand job opportunities in Appalachian communities and regions affected by the economic shifts in coal mining, coal power plant operations and coal-related supply chain industries. As the Executive Order stated, it is the policy of the United States that coal is essential to our national and economic security. POWER presents an opportunity to support the expansion of coal technology, including technologies that utilize coal and coal byproducts such as building materials, battery materials, carbon fiber, synthetic graphite, and printing materials. Appalachian coal has qualities that, coupled with its logistical advantages due to its proximity to export ports, underscores its potential in the international markets and role in domestic prosperity and energy security.

Career Pipelines for Service Members and Veterans in Coal Communities in Alabama

In FY 2024, ARC made a grant for \$454,609 to NextOp, Inc. for the Training-to-Career Pipelines for Transitioning Service Members & Dislocated Veterans in Coal-Impacted Alabama project. This project will provide outreach, recruitment, and wraparound support services, career assessment, training, job placement, and programming to help combat economic barriers experienced by the military/veteran (MIL/VET) population. It will also help meet the talent needs of local and regional employers across 15 counties and provide them with support services for integrating the MIL/VET population into civilian roles. As a result of this project, nine businesses will be improved through a new dedicated workforce pipeline and 300 MIL/VET workers/trainees will be improved through placement in high-quality employment.

Since the launch of the POWER Initiative in 2015, ARC has invested nearly **\$473.1 million** in **554 projects** impacting **365 coal counties**. Over the last decade, these projects **attracted**

³ [Coal Production and Employment in the Appalachian Region, 2024](#)

more than \$1.85 billion in private investment. An evaluation conducted by Chamberlin/Dunn indicates that most POWER projects met or exceeded output and outcome targets, with ARC's investments projected to have helped create or retain nearly 54,000 jobs and prepared nearly 170,000 workers and students for new opportunities in entrepreneurship, broadband, tourism, and other growing industries.⁴ **In FY 2027, ARC requests \$40 million to advance economic opportunities in coal communities through the POWER Initiative.**

INSPIRE Initiative for Substance Use Disorder Mitigation

INSPIRE, which was created in the first Trump Administration, reflects the ARC's commitment to ending the addiction crisis and is aligned with the President's Executive Order on Addressing Addiction through the Great American Recovery Initiative. The nation's substance use disorder crisis disproportionately impacts Appalachia, where in 2023, overdose-related mortality rates for the region's 25–54-year-old age group—those in their prime working years—were 52% higher than for the same age group in the country's non-Appalachian areas⁵. This disparity indicates that the substance use disorder crisis is not only a health and public safety issue but also a barrier to economic prosperity because of its impact on Appalachia's workforce. This threat to economic prosperity makes the substance use disorder crisis a priority for ARC.

Working through its Substance Use Disorder Advisory Council (a 24-member volunteer advisory group of leaders from multiple sectors from each of the region's 13 states), ARC designed and launched a strategy to address the workforce impacts of this epidemic. The strategy, INvestments Supporting Partnerships In Recovery Ecosystems (INSPIRE), funds projects that are dedicated to creating workforce entry reentry strategies that both strengthen local economies and provide support for those in long-term recovery. Since INSPIRE was established, ARC has invested **\$657 million** in **200 projects** that are anticipated to **train/prepare 18,100 workers** to fill workforce gaps across **380 counties** in Appalachia. **In FY 2027, ARC requests \$12 million to INSPIRE to continue to build Appalachia's recovery workforce.**

Local Development Districts

Grassroots participation in the Area Development Base Program comes from 74 Local Development Districts (LDDs), multi-county agencies and boards composed of local elected officials and businesspeople. **In FY 2027, ARC requests \$6 million to continue to support the work of LDDs**, allocated under the Area Development Base Program

⁴ [POWER Initiative - the Power of Change](#)

⁵ [ARC FY 2025 Performance and Accountability Report](#)

Salaries and Expenses

The budget requests funding for salaries and expenses totaling \$13.7 million for the full costs of the Office of the Federal Co-Chair, its immediate staff and the Office of the Inspector General; as well as programmatic staffing costs of the Commission, and the 50% federal share for administrative expenses of the Commission staff. Table 1 displays the FY 2027 Annual Appropriation in detail.

Table 1 – Annual Appropriation Budget – FY 2027 Request

<u>Appalachian Regional Commission</u>				
(\$ in thousands)				
<u>Annual Appropriations</u>	FY2025	FY2026	FY2027	
	Actual	Enacted	Request	Change
Operating Expenses				
Commission Administration (Federal Contribution of 50% of Costs)	3,851	3,958	3,958	-
Commission Programmatic	5,324	6,362	6,362	-
Office of the Inspector General	1,213	1,529	1,483	(46)
Office of the Federal Co-Chair	2,064	2,151	1,875	(276)
Subtotal	12,452	14,000	13,678	(322)
Programs				
Base Program	50,848	82,300	54,322	(27,978)
Local Development Districts (funded through Base Program)	[8,000]	[8,000]	[6,000]	[(2,000)]
POWER	60,700	60,700	40,000	(20,700)
INSPIRE	12,000	12,000	12,000	-
Special Initiatives for Distress	59,000	26,000	-	(26,000)
Energy Hub Initiatives	5,000	5,000	-	(5,000)
Subtotal	187,548	186,000	106,322	(79,678)
ANNUAL APPROPRIATION TOTAL	200,000	200,000	120,000	(80,000)



Program Justification: Area Development Base Program

The Federal Co-Chair of the Appalachian Regional Commission (ARC, the Commission) requests \$54.3 million to continue expanding Appalachia's economic opportunities and reducing economic distress via the Area Development Base Program, of which \$6 million is allocated to Local Development Districts. ARC's Area Development Base Program relies on a flexible bottom-up approach to economic development, with funds allocated to states based on economic indicators such as economic condition, population, land area, and level of education.

Appalachia's 13 state partners solicit applications designed to reflect the goals and objectives of ARC's strategic investment priorities to 1.) build Appalachian businesses; 2.) build Appalachia's workforce ecosystem; 3.) build Appalachia's infrastructure; 4.) build regional culture and tourism; and 5.) build community leaders and capacity. Final approval of all proposed investments resides with the Federal Co-Chair of ARC. Eligible applicants include but are not limited to states, local governments, and nonprofits both with and without 501(c)(3) status. Grants range in size from \$10,000 for community demonstration or planning projects to \$5 million (on average) for large critical infrastructure activities.

Program implementation **reflects local priorities**, enabling communities to tailor federal assistance to their individual needs. This program extends the reach of other federal programs into the most challenged parts of Appalachia by providing the necessary training and gap funding to prepare economically distressed communities to compete successfully for funding from federal programs. Finally, this program helps **attract private sector investment** to areas that otherwise would not likely be considered competitive investment opportunities. In FY 2025, investments of **\$304.4 million** in grant funds across all initiatives attracted an additional **\$369.1 million** in other project funding, and **\$1.3 billion** in non-project leveraged private investment, a ratio of **4 to 1**.

ARC is developing a new strategic plan. ARC's strategic plan development process includes comprehensive community engagement, which gives Appalachians the opportunity to share insights on strengths, challenges, and opportunities facing Appalachia, along with ideas to advance economic prosperity. ARC is updating goals reflect stakeholder input, economic analysis of conditions in Appalachia, and to reflect the Trump administration's priorities.

ARC has also begun conversations with its 13 state partners to adjust the Area Development formula to incentivize timely awards by incorporating a factor for timely obligations. ARC is working toward introducing the updated formula in 2027.

Goal 1: Building Appalachian Businesses

Strengthen and expand the region's economy through economic development strategies and investments in entrepreneurship and business development.

Collaborative and competitive approaches to economic development in Appalachia are essential to supporting the region's businesses and industries and ensuring economic opportunity for its residents. ARC's investments will emphasize the importance of investment in economic growth strategies that capitalize on Appalachia's unique assets and prioritize assistance for small businesses and entrepreneurs. Job creation is increasing more slowly in the region than in the nation as a whole. The number of jobs in the nation has jumped 79% since 1980, while the number of jobs in Appalachia has increased only 49% over the same time period.⁶ As Appalachia continues to shift from single-sector economies, it will be necessary to help both new and established businesses and industries to expand their reach in national and international markets. ARC will also continue to invest in projects that prioritize building competitive industry sectors across the region.

A program evaluation released in FY 2023 assessed the impact of ARC's business development grants that were closed between 2017 and 2021; the evaluation found that those investments facilitated the creation or retention of 29,352 jobs and the establishment of 1,944 new businesses in the Appalachian Region. Additionally, ARC's business development grant projects attracted \$923 million in private investment to the region, resulting in increased economic opportunity for its 26.6 million residents.⁷

Goal 2: Building Appalachia's Workforce Ecosystem

Expand and strengthen community systems (education, healthcare, housing, childcare, and others) that help Appalachians obtain a job, stay on the job, and advance along a financially sustaining career pathway.

Developing and sustaining a strong workforce through education, training, and workforce development investments is critical for promoting self-sufficiency and economic development, both in Appalachia and across the country. Over the 2019–2023 period, the share of adults with a bachelor's degree or more was 77 percentage points lower in Appalachia than in the nation as a whole. A strong workforce includes not only educational opportunities, but also soft and technical skills to meet local industry needs as well as access to fundamental support to keep workers on the job, such as reliable transportation, appropriate healthcare, safe and affordable housing, and quality childcare. Appalachia cannot achieve economic growth and prosperity without investing in two key components:

⁶ Woods & Poole Complete Economic and Demographic Data Source.

⁷ [Evaluation of ARC Business Development Grants Closed between 2017-2021](#)

talent and skill development *and* employment support to keep people in the labor force and contributing to economic and community development.

Goal 3: Building Appalachia's Infrastructure

Ensure that the residents and businesses of Appalachia have access to reliable and affordable utilities and infrastructure, including water/wastewater systems; transportation, including the Appalachian Development Highway System; and reliable, affordable broadband.

Catalyst Connection – Advanced Manufacturing Workforce Training Lab

In FY 2025, the Appalachian Regional Commission granted \$500,000 to the Catalyst Connection for the Advanced Manufacturing Workforce Training Lab Project. Southwestern Pennsylvania has a gap in employment for entry-level manufacturing jobs. According to the Southwestern Pennsylvania Commission (SPC), there is a projected demand for 30,000 new manufacturing jobs in Pittsburgh. Catalyst Connection, Southwestern Pennsylvania's Industrial Resource Center (IRC), will expand an experiential, hands-on learning lab, located in Pittsburgh, Pennsylvania, to train workers for entry-level jobs and upskill those who require advanced skills in the manufacturing sector. The project will expand the courses offered in the lab to build the skills and knowledge of students, job seekers, and incumbent workers. With ARC's investment, 150 workers, 120 students, 40 businesses, and 12 communities will benefit from this project and support the further development of the manufacturing industry sector in Appalachian Pennsylvania.

Businesses and residents alike require access to affordable and reliable utilities as well as safe, connected, and strategic transportation systems. However, Appalachia's aging and inadequate infrastructure creates a significant barrier to community prosperity. This negatively impacts business and talent attraction and retention, workforce development, community and individual growth and prosperity, and access to healthcare and education. Difficult geography, costly infrastructure needs, natural disasters, and declining revenue are just some of the barriers to building and sustaining Appalachia's infrastructure.

Investments in basic infrastructure and economic development readiness planning offer one of the largest returns on investment for economic and community prosperity in Appalachia. Basic infrastructure includes water, sanitary sewer, and municipal storm wastewater; energy (including electricity, heat, oil and natural gas); and, where necessary, stormwater and emergency management infrastructure to protect against natural disasters. Roughly 20% of Appalachia’s population is not served by a community water system (compared with 12% nationally), and 47% of Appalachian households are not served by a public sewage system (compared with 24% nationally). A 2020 independent evaluation of 379 ARC drinking water and wastewater projects found that the \$115 million ARC invested in these projects had led to the creation of 11,668 new jobs and the retention of 22,179 jobs and leveraged \$3.8 billion in private sector investment.⁸ ARC recently conducted an evaluation of the status of infrastructure in the region which was led by UNC-Chapel Hill. The evaluation found that Appalachia is particularly affected by aging water and wastewater systems.

Critical Infrastructure

In FY 2025, the Appalachian Regional Commission awarded \$2,700,000 to the Winchester Municipal Utilities Commission for sewer improvements at the Winchester Industrial Park in Kentucky. Winchester Industrial Park is home to 30 businesses supporting over 3,000 jobs. The existing sewer infrastructure lacks the capacity to support expansion plans for existing business or accommodates any new incoming businesses. The Winchester-Clark County IDA estimates the current need from proposed expansions at 2 million gallons daily. This project provides the capacity to support existing businesses and the locating of future new businesses. The improvements include 6,977 linear feet of 30-inch sewer line to provide additional sewer capacity at the industrial park improving sewer service for 30 businesses and helping to eliminate sanitary sewer overflows.

As the pandemic increased workers’ reliance on remote interaction, high-speed Internet access has become even more important. During the 2019-2023 period, the share of Appalachian households with access to broadband internet (including cable, fiber optic, DSL, cellular, or satellite) was 3.1 percentage points lower than the national average of 89.9 percent. There are also signs of a rural-urban “digital divide” within the Appalachian Region: In 116 Appalachian counties, less than 80 percent of households had broadband internet – more than four in five of these were outside metropolitan areas and about forty percent of these were in rural counties. In contrast, all but three of the 29 counties with subscription rates at or above the national average were in metro areas.⁹ ARC’s investments in broadband and data infrastructure help Appalachian communities—especially those in rural and/or distressed counties and areas—compete and participate in the global economy. Ongoing opportunities exist for convening, coordinating, planning, mapping, and funding investments in broadband deployment and smart grids.

⁸ EFC at UNC Chapel Hill, [Drinking Water and Wastewater Infrastructure in Appalachia: An Analysis of Capital Funding and Funding Gaps](#) 2005.
[Estimated Use of Water in the United States County-Level Data for 2000](#), U.S. Geological Survey.
[Estimated Use of Water in the United States County-Level Data for 2015](#), U.S. Geological Survey.

⁹ [ARC Chartbook as compiled from the American Community Survey \(2019-2023\)](#)

ARC is collaborating with National Telecommunications and Information Administration (NTIA) to execute complementary strategies for addressing broadband deployment in Appalachia.

Congress authorized construction of the Appalachian Development Highway System (ADHS) as part of ARC's original enabling legislation in 1965. The completion of the ADHS remains a priority for ARC. Roads, highways, and public and personal transit are critical not only for economic growth and prosperity but also for quality of life and accessing employment opportunities and related employment supports that residents need. The region continues to struggle with access to reliable, quality transportation systems that can efficiently and conveniently transport goods and people. Increased funding and planning support for transportation infrastructure improvements and innovations are needed for Appalachia to continue to be an attractive place to live, work, and do business.

Goal 4: Building Regional Culture and Tourism

Strengthen Appalachia's community and economic development potential by preserving and investing in the region's local cultural heritage and natural assets.

Appalachia has unique downtown communities, a vibrant cultural and arts tradition, and diverse natural spaces. Preserving and leveraging these regional assets to support community development, economic opportunity, and tourism is an important component of economic development. Investments in the revitalization of Appalachian downtowns, maintenance and promotion of the region's arts and cultural heritage, and the preservation and harnessing of natural resources and outdoor spaces for recreation and tourism can be transformational.

Appalachia has a rich history in a range of arts, music, regional foods, and heritage sites. Investments in these sectors will advance place-based economic development, support community development, and expand opportunities for residents and visitors alike. Appalachia offers a myriad of natural assets—mountains, rivers, lakes, forests, parks, waterfalls, and trails. Plentiful outdoor recreation activities provide key strengths for Appalachia and will help fuel the tourism economy and increase employment opportunities.

Building Economy through Tourism

In FY 2025, the Appalachian Regional Commission granted \$1,300,000 to the Friends of Southwest Virginia to develop a plan for the Assessment and Recovery of Outdoor Recreation Assets damaged by Hurricane Helene in September 2024. The plan will evaluate the condition of key outdoor sites across 17 counties and four independent cities within Virginia's ARC region, all of which were included in the Governor's Virginia Disaster Declaration. The outdoor assets in this region are central to the area's economy, attracting visitors, supporting local businesses, and fostering a vibrant outdoor recreation culture. A core component of the project is providing detailed cost estimates for necessary repairs and restoration work, ensuring that the region has a clear understanding of the financial requirements for recovery. ARC funds will be used to develop an accurate picture of the true costs of the hurricane's impact to the region's outdoor recreation assets and to develop a plan for rebuilding in an expedited manner.

Goal 5: Building Community Leaders and Capacity

Invest in the capacity of local leaders, organizations, and communities to address local challenges by providing support to access resources, engage partners, identify strategies and tactics, and conduct effective planning and project execution.

Achieving economic development goals for Appalachia is dependent upon a community's ability to prioritize challenges and implement impactful solutions. Many Appalachian communities, particularly in rural and/or economically distressed areas, lack the capacity at the leadership, organizational, or community level to effectively drive the planning and implementation of strategies, projects, and investments.¹⁰ Out-migration and a lack of focus and investment in leadership and community development has left many communities in the region without the capacity needed to capitalize on funding opportunities and steer investments to successful outcomes.

Throughout FY 2027, ARC will continue to work with public and private sector partners to leverage opportunities, such as the growth of the southern automotive sector; and eliminate economic barriers, such as the lack of critical water, sewer, and broadband infrastructure, particularly in North and Central Appalachia. Outcome measures will be developed in conjunction with state and local partners as this initiative continues. Table 2 lists potential outcomes for project development.

*Table 2 – Potential Outcomes for Project Development
(Includes Funds for Administration)*

Potential Outcomes for Project Development (Includes Funds for Administration)
Businesses improved
Communities improved
Households improved
Participants improved
Students improved
Workers and trainees improved

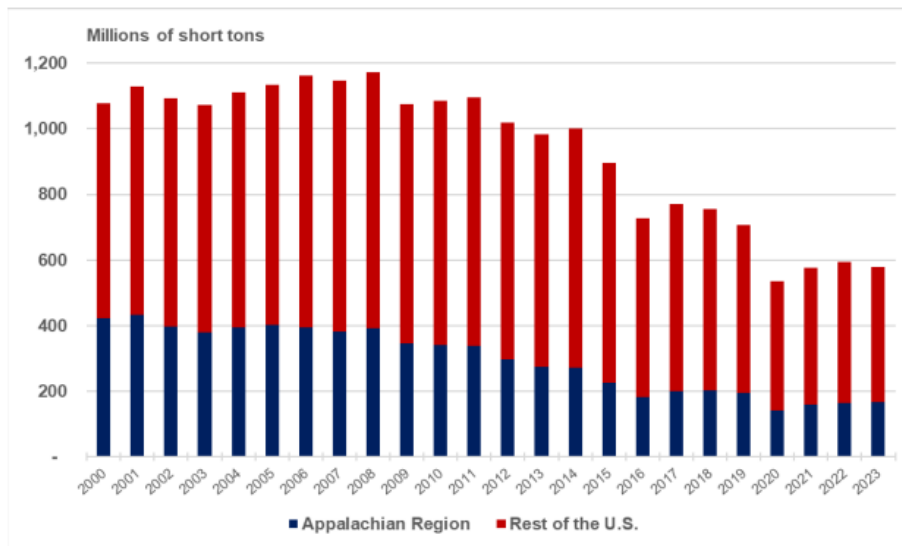
¹⁰ [Evaluation of the Appalachian Regional Commission's Leadership and Community Capacity Projects: FY 2008–FY 2015.](#)



Program Justification: POWER Initiative

The Federal Co-Chair of the Appalachian Regional Commission (ARC, the Commission) requests \$40 million in FY 2027 to continue the regionally competitive Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative. As the President stated in his Executive Order on Reinvigorating America’s Beautiful Clean Coal Industry, it is the policy of the United States that coal is essential to our national and economic security. This presents an opportunity to support the expansion of coal technology, including technologies that utilize coal and coal byproducts such as building materials, battery materials, carbon fiber, synthetic graphite, and printing materials. Appalachian coal has qualities that— coupled with its logistical advantages due to its proximity to export ports—underscores its potential in driving domestic prosperity. Appalachia’s coal industry has been disproportionately affected by the economic shifts in the coal market. In 2023, Appalachia’s production level fell by 60 percent compared to 2000. Between 2000 -2023, coal production in the non-Appalachian U.S. fell about 37%. This severe decline in production has resulted in the loss of thousands of jobs across Appalachia.¹¹ Figure 4 illustrates the decline of the coal mining production industry in the broader United States and Appalachia.

Figure 4 – Coal Mining Production in Appalachia and the Rest of the United States

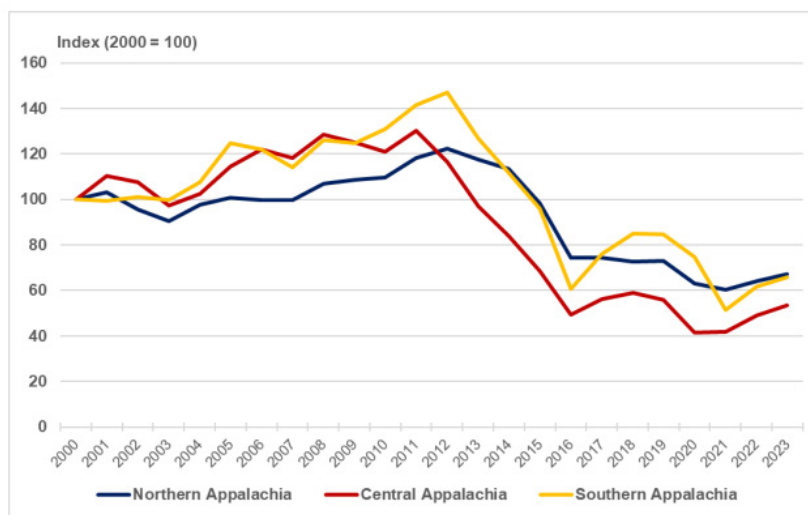


Source: U.S. Mine Safety and Health Administration (MSHA)

¹¹ [Coal Production and Employment in Appalachia, 2023](#)

ARC's POWER Initiative is designed to grow industry and attract private investments in coal communities, allowing them to better compete in the global economy. As a competitive funding opportunity, POWER prioritizes projects that emphasize large-scale, multi-jurisdictional activities, engage a broad range of partners, and are financially sustainable and transformational. Eligible funding uses include enhanced job training and re-employment activities, job creation activities in existing or new industries, and new investment development activities. Eligible applicants include but are not limited to states, local governments, and nonprofits both with and without 501(c)(3) status. Grants range in size from \$100,000 for planning grants to \$2 million for multi-state activities with exceptions for broadband deployment and Broadband as a Service projects, which may be awarded up to \$2,500,000.

Figure 5 – Coal Mining Employment, Appalachian Coal-Producing Subregions



Source: U.S. Mine Safety and Health Administration (MSHA)

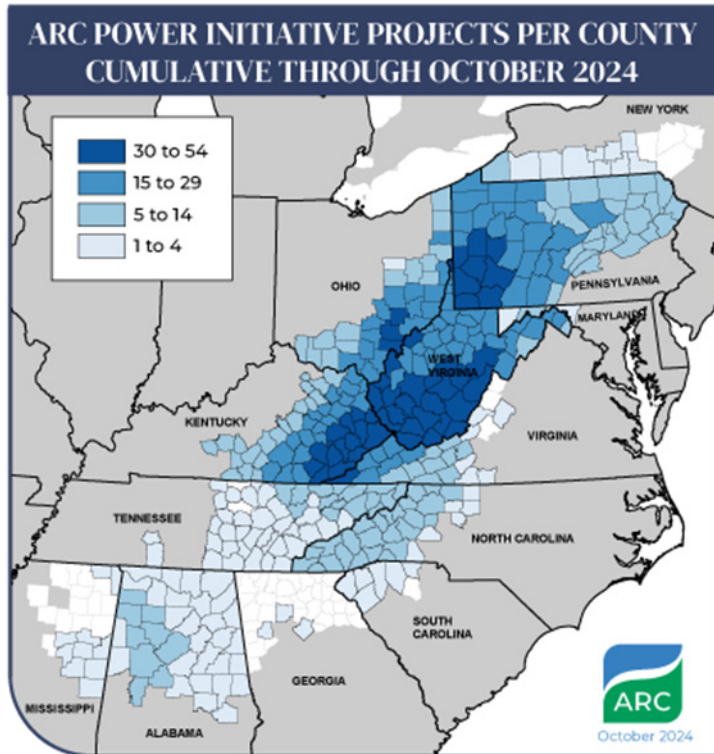
Figure 5 shows recent changes in coal employment in the subregions of Appalachia.

From its inception in 2015, ARC has invested nearly **\$473.1 million** in **554 projects** impacting **365 coal-impacted counties**. Over the last decade, these projects **attracted more than \$1.85 billion in private investment**. An evaluation conducted by Chamberlin/Dunn indicates that a majority of POWER projects met or exceeded output and outcome targets, with ARC's investments projected to have helped create or retain more than 52,000 jobs, leverage more than \$1.85 billion in additional private investment into Appalachia's economy, and prepare nearly 170,000 workers and students for opportunities in entrepreneurship, broadband development, tourism and other industry sectors.¹²ARC opened applications for a new round of POWER funding in Q4 of FY 2025, with award announcements forthcoming in summer of 2026. In this round of POWER funding, ARC received 318 applications totaling over \$355 million requested. ARC will open applications

¹² <https://www.arc.gov/report/power-initiative-evaluation-the-power-of-change/>

for another round of POWER funding in the spring of FY 2026. Figure 6 illustrates the cumulative number of ARC POWER projects by county funded to date.

Figure 6 – ARC POWER Initiative Projects Per County Cumulative Through October 2024



POWER Initiative Funding: Examples of Projects

Bringing New Health Investments to Coal Communities

\$2,000,000 - In FY 2024, ARC granted \$2,000,000 to the University of Pikeville, Inc. for the Appalachian Center for Preventive Medicine (ACPM) project. The leading causes of premature death in the region are heart disease, cancer, and chronic lower respiratory diseases, the mortality rates for these diseases in the ACPM service region are more than twice that of the nation's death rate. Through interdisciplinary rotations at the ACPM, students will be able to improve the health outcomes of the region by utilizing preventative care to help eliminate these leading causes of premature death. By extending the life expectancy of the patient population, which is currently seven years shorter than the national average, the institute aims to improve the quality of life of the patients through programming and education to address these contributing health factors. In addition, the ACPM project will contribute to job growth in the healthcare and social assistance sectors, which are projected to grow more rapidly of any other sector and produce 45% of all projected job gains between 2022-2032. As a result of this project, 400 students will be improved through preventative healthcare education, 4 organizations improved through the ability to conduct preventative research, 15,000 patients improved through increased access to preventative healthcare, and 18 jobs created for medical professionals.

Business Incubation and Advanced Manufacturing

\$1,975,000 – In FY 2024, ARC granted \$1,795,000 to the Youngstown Business Incubator (YBI) for the Rising Tides Initiative. The purpose of this project is to provide comprehensive technical assistance and training in advanced manufacturing to incumbent manufacturers located in the Eastern Ohio counties of Ashtabula, Belmont, Columbiana, Jefferson, Mahoning, Monroe, and Trumbull to position them for entry into the microchip, advanced energy, defense, and aerospace industries. Rising Tides will provide existing manufacturers with comprehensive technology education, impactful pilot/demonstration programs, federal research support and other targeted initiatives to enhance manufacturer competitiveness. The project will also introduce local entrepreneurs to manufacturers to accelerate technology implementation, as well as support the commercialization of new technologies within existing manufacturers. This project is expected to improve 90 businesses and 180 workers/trainees, create 2 new businesses and 20 new jobs, and leverage \$9,050,000 in private investment.

Ironworker's Apprenticeship Training Facility

\$1,750,000 – In FY 2024, ARC awarded \$1,750,000 to the International Association of Bridge Structure and Ornamental Ironworkers Local 549 for the project titled Wheeling Ironworkers: Building a strong workforce in the tri-state region. The Wheeling Ironworkers Local 549, is spearheading a project to expand their apprenticeship training facility located in Wheeling, West Virginia. The apprenticeship program is in high demand and trains skilled ironworkers across West Virginia, Pennsylvania, and Ohio. The 7,840 SF expansion will modernize the facility and allow the program to accommodate additional apprentices to the program. This project will address workforce development and strengthen economic

outcomes due to the coal industry's decline in Northern Appalachia. The project will include the construction of a 7,840 SF expansion to their apprenticeship facility, serve 77 businesses, and 330 workers.

Lineman and Commercial Driver's License (CDL) Training Program

\$1,633,164 – In FY 2024, ARC granted \$1,633,164 to Southeast Kentucky Community and Technical College for the Pathways to Power: Lineman and CDL Training Program in Southeast Kentucky project. The establishment of CDL and lineman training programs will bolster transportation networks and ensure reliable electricity supply in Southeast Kentucky. Given the rugged terrain and harsh weather conditions, skilled line workers are crucial for maintaining and promptly restoring electrical infrastructure and ensuring uninterrupted power supply to residents and businesses alike. Across the transportation industry, companies are not successfully filling positions, leading to disruptions in the supply chain. The Pathways to Power program will prepare individuals as professional drivers and linemen in the trucking and utility industries. The project aims to establish accessible pathways for GED-seeking students, underemployed workers and dislocated individuals by enabling them to undergo specialized training for stable employment with family-supporting wages. With ARC's investment, the project will create CDL and lineman training programs to support 372 students with sustainable careers in Southeast Kentucky.



Program Justification: INSPIRE Initiative for Substance Abuse Mitigation

The Federal Co-Chair of the Appalachian Regional Commission (ARC, the Commission) requests \$12 million in FY 2027 to continue to implement INvestments Supporting Partnerships In Recovery Ecosystems (INSPIRE) to address Appalachia’s substance use disorder (SUD) crisis by creating or expanding a recovery support systems (also called a *recovery ecosystem*) leading to workforce entry or re-entry and self-sufficiency. In addition to being considered a health and public safety issue, SUD is now recognized as a barrier to economic prosperity because of its impact on Appalachia’s workforce. The INSPIRE Initiative is included in the Administration's FY National Drug Control Budget and is aligned with the President’s Executive Order on Addressing Addiction through the Great American Recovery Initiative. This funding initiative reflects the Administration’s commitment to ending SUD and the drug crisis.

ARC’s INSPIRE Initiative supports activities in the post-treatment-to-employment continuum through a regionally competitive selection process. Eligible funding uses include the following:

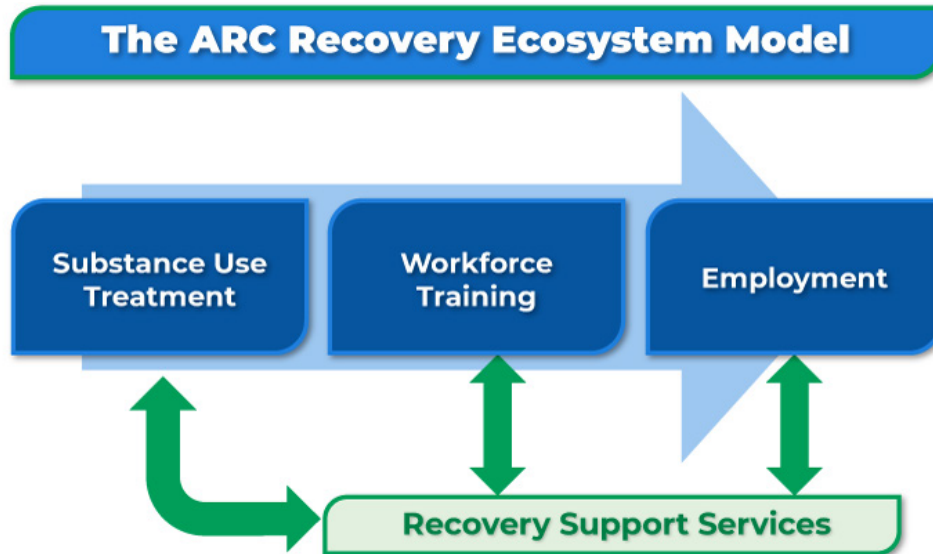
- Support of healthcare networks and SUD recovery professionals.
- Recovery-focused job training programs, including workforce reentry and employment retention, basic and advanced training, up-skilling, and clear career pathways.
- Coordination or linking of recovery services and training that support the recovery ecosystem and enable businesses to be recovery ready.

Eligible applicants include but are not limited to states, local governments, and nonprofits both with and without 501(c)(3) status. Grants range in size from \$15,000 for planning grants to \$500,000 for implementation activities.

Appalachia has been disproportionately impacted by the SUD crisis. In 2023, overdose-related mortality rate for the region’s 25–54-year-old age group—those in their prime working years—were 52% higher than for the same age group in the country’s non-Appalachian areas.¹³

¹³ CDC’s Multiple Cause of Death database, as compiled in ARC’s 2020 report, [Appalachian Diseases of Despair](#).

Figure 7 – The ARC Recovery Ecosystem



As illustrated in Figure 7, the recovery ecosystem is a complex linkage of multiple sectors, including but not limited to recovery communities, peer support, mental and behavioral health, human services, faith communities, criminal justice, public safety, housing, transportation, education, and employers organized and positioned to help individuals in recovery access the support services and the training they need to maintain recovery and successfully obtain sustainable employment.

Through the 2018 SUPPORT (Substance Use–Disorder Prevention that Promotes Opioid Recovery and Treatment) for Patients and Communities Act, Congress recognized the severity of the SUD issue in Appalachia and provided special authorization for ARC to address this issue. ARC used its Substance Use Disorder Advisory Council to develop and launch activities to address significant barriers to recovery employment in Appalachia. Siloed service delivery has complicated the burden of navigation and successful workforce reentry.

Since INSPIRE’s inception, ARC has invested **\$65.7million** across **200 projects**. Together, the projects will impact **380 Appalachian counties**, improve nearly **4,000 businesses**, and help prepare over **18,100 students and workers** for new opportunities in the workforce. This funding initiative reflects the Trump Administration’s commitment to ending the drug crisis. In FY 2027, ARC will continue to use its grassroots delivery system by collaborating with state, local, other federal, and private sector partners to assist communities in better identifying these complex recovery connections.

INSPIRE Initiative Funding: Examples of Projects

Workforce and Recovery Network

\$500,000 – In FY 2025, ARC made a grant of 500,000 to Kentucky Rural Health Information Technology Network, Inc. in Corbin, Kentucky, for the Horizon's Workforce & Recovery Network project. This project will focus on the Kentucky counties of Knox, Laurel, and Whitley, where the growing prevalence of synthetic opioids continues to drive overdose fatalities and strain local treatment systems. Horizon will offer peer-led workforce training, vocational and industry specific job preparation, Recovery Ready Workplace (RRW) engagement, stigma reduction and employer partnerships in key industries such as HVAC, healthcare, and manufacturing. As a result of this project, 20 businesses will be enhanced through RRW engagement, 150 workers/trainees will improve their vocational skills, 100 participants will receive evidence-based SUD wrap-around services, and seven communities will benefit from recovery-to-work programming.

Shawnee State University

\$500,000 – In FY 2025, ARC made a grant of \$500,000 to Shawnee State University in Portsmouth, Ohio, for the Expanding Behavioral, Rural, and Community Health Educational and Career Opportunities for Our Regional Recovery Ecosystem project. This project will expand substance use disorder (SUD) recovery support services, as well as education and workforce development programs in the health field that will strengthen the regional SUD recovery ecosystem in eight economically distressed and at-risk counties in Appalachian Ohio and Kentucky. The programs supported with this grant will also help address the need for more educational and professional development opportunities in social work, human services, and the behavioral and community health fields to expand the workforce to meet the need for more recovery professionals in the region. It is anticipated that the project will improve 15 businesses and 124 students through workforce development programming.

FAVOR Laurel Highlands

\$500,000 – In FY 2025, ARC granted \$500,000 to FAVOR Laurel Highlands in Johnstown, Pennsylvania, for the Recovery Works: Rebuilding Lives, Revitalizing the Workforce project. This project will expand FAVOR Laurel Highlands' existing recovery ecosystem work in Cambria County to include workforce development elements as well as expanded relationships with employers. It will provide Recovery Friendly Workplace training for employers, direct support in employment placement and readiness and will host Certified Recovery Specialist training. FAVOR Laurel Highlands will partner with the Regional Chamber and Goodwill of the Southern Alleghenies for employment readiness and connections with employers, and with the county probation office and Johnstown Area Regional Industries for referrals for individuals in recovery. It is anticipated that 25 businesses, 75 worker-trainees, 71 patients and one community will be improved through this project.

West Virginia Drug Intervention Institute

\$498,880 – In FY 2025, ARC granted \$498,880 to West Virginia Drug Intervention Institute in Charleston, West Virginia, for the Recovering Together: A Community Outreach Expansion & Employment Project to Combat Substance Abuse in Three Appalachian States project. Focused on 21 counties across West Virginia, Kentucky, and Tennessee, this project will employ individuals in recovery, aged 18 and older, to serve as outreach coordinators. These individuals will receive job skills training and employment services, distribute emergency opioid response kits to communities, and conduct outreach to decrease stigma and increase community resources needed to address substance use disorder. They will work in tandem with law enforcement and other local partners to educate community members about overdose prevention and treatment, and recovery resources. It is anticipated that 21 communities, 10 workers/trainees, 50 participants, and 400 businesses will be served/improved, and one report will be completed as a result of this project.

Performance and Evaluation

The Appalachian Regional Commission (ARC, the Commission) is a performance-driven organization with a systematic program for performance measurement in place, in accordance with its strategic plan. The strategic plan establishes both long- and short-term goals and performance measures to track progress in meeting the Commission's mission. Feedback from the comprehensive information gathering sessions yielded goals and objectives in a framework with pillars of resilience and innovation. A multi-level evaluation system was designed in accordance with the Government Performance and Results Act and the Evidence-Based Policymaking Act. ARC is currently drafting a new strategic plan and is soliciting feedback from Appalachians across the region through surveys, virtual meetings, and in-person focus groups.

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

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

Table 3 delineates the FY 2025 targets and their expected outcomes. ARC’s annual performance targets were established in the agency’s 2022–2025 strategic plan. The performance targets assume level funding with the \$180 million appropriation in place at the time of strategic plan development. Figure 8 illustrates ARC’s progress toward the FY 2022-2025 strategic plan performance goals as of FY 2025.

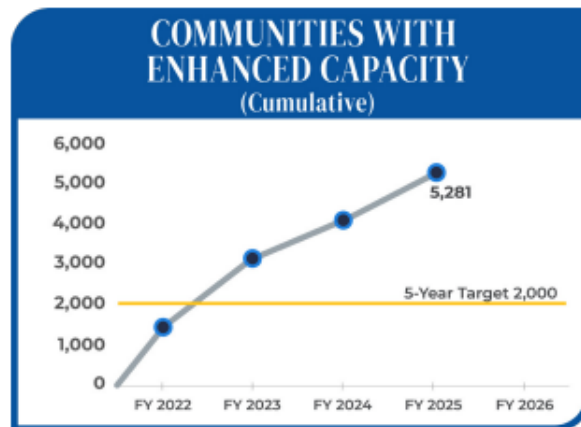
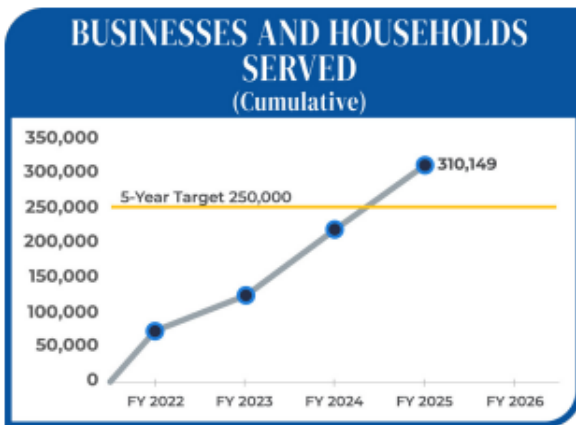
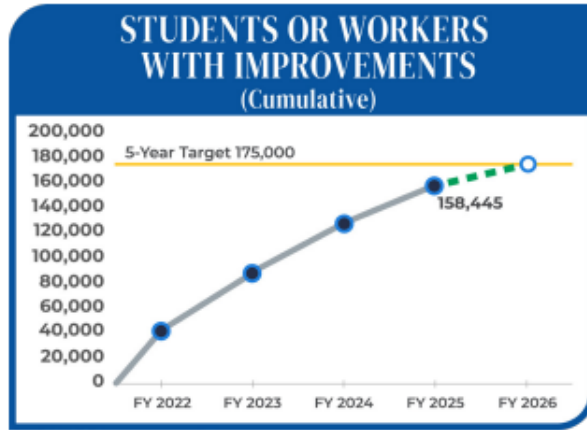
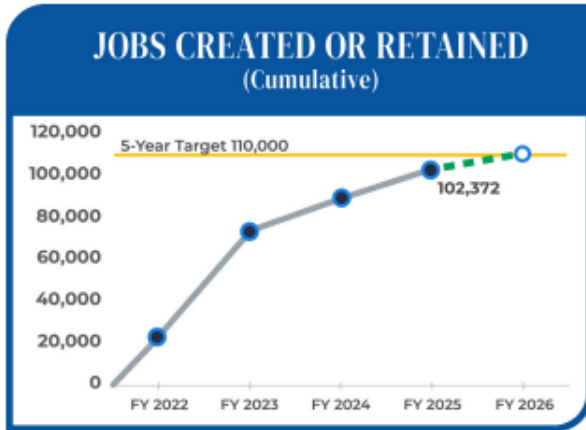
Table 3–Summary of Achievements: Performance Targets and Initial Estimates for FY 2025 Projects

PERFORMANCE TARGETS AND INITIAL ESTIMATES FOR FISCAL YEAR 2025 PROJECTS

ANNUAL PERFORMANCE TARGETS	INITIAL ESTIMATES	EXPECTED RESULTS
Outcome Targets		
22,000 jobs created or retained	13,584 jobs created or retained	Met 62% of target
35,000 students and workers with improvements	37,096 students and workers with improvements	Exceed target by 6%
50,000 businesses and households with access to improved infrastructure	101,073 businesses and households with access to improved infrastructure	Exceed target by 102%
4,000 businesses created or strengthened	5,265 businesses created or strengthened	Exceed target by 32%
400 communities with enhanced capacity	1,292 communities with enhanced capacity	Exceed target by 223%
Leverage Target		
Achieve a 6:1 ratio of leveraged private investment to ARC funds (\$6 per \$1 ARC investment)	4:1 ratio* (\$4.13 per \$1 ARC investment)	Met 69% of target
Matching Target		
Achieve a 2:1 ratio of matching funds to ARC funds (\$2 per \$1 ARC investment)	1:1 ratio* (\$1.21 per \$1 ARC investment)	Meet 61% of target
Distressed Counties/Areas Target		
Direct 50% of ARC funds to benefit distressed counties or areas	73% of funds**	Exceed target by 23 percentage points
*Ratios are rounded to the nearest whole number.		
**Project funds are included if the project primarily or substantially benefits distressed counties or areas.		

Figure 8 – Progress Toward ARC Strategic Plan Performance Goals, Fiscal Years 2022–2026

Progress Toward ARC Strategic Plan Performance Goals, Fiscal Years 2022–2026





Salaries and Expenses

The Federal Co-Chair of the Appalachian Regional Commission (ARC, the Commission) requests \$14 million for salaries and expenses in FY 2027, as delineated in Table 4.

Table 4 – Appalachian Regional Commission Programmatic Budget

Appalachian Regional Commission				
(\$ in thousands)				
Annual Appropriations	FY2025	FY2026	FY2027	
	Actual	Enacted	Request	Change
Operating Expenses				
Commission Administration (Federal Contribution of 50% of Costs)	3,851	3,958	3,958	-
Commission Programmatic	5,324	6,362	6,362	-
Office of the Inspector General	1,213	1,529	1,483	(46)
Office of the Federal Co-Chair	2,064	2,151	1,875	(276)
Subtotal	12,452	14,000	13,678	(322)

This request reflects the Commission programmatic costs and the federal share of Commission administrative expenses, the full costs of the Office of the Federal Co-Chair, its immediate staff, the Office of the Inspector General. Individual requests are presented on the pages that follow.

The request for the Office of the Federal Co-Chair shown in Table 5 provides for an immediate staff of six employees, and related benefits, rent, travel, services, and other expenses. This staff is tasked with assisting in carrying out the Federal Co-Chair’s responsibilities. These include working with federal agencies; serving as the Commission’s liaison to Congress and the Administration; representing the Administration in working with the member states to formulate regional strategies and other policies; and reviewing projects for final approval by the Federal Co-Chair.

Table 5 – Office of the Federal Co-Chair

Office of the Federal Co-Chair				
(\$ in thousands)				
	2025 Actual	2026 Enacted	2027 Request	Changes
Personnel Compensation	917	1,010	757	(253)
Personnel Benefits	305	345	227	(118)
Travel & Transportation	18	180	225	45
Rent, Communications	189	275	275	-
Printing	-	1	1	-
Services	635	300	350	50
Supplies	1	20	20	-
Equipment	-	20	20	-
Total	2,064	2,151	1,875	(276)

The Office of Inspector General (OIG) provides audit, oversight, and investigative support services covering all of ARC's programs and strategic operations. Its mission is to promote and preserve the Commission's effectiveness, efficiency, and integrity. Table 6 details the OIG's budget request. The OIG will use contractor support to perform the independent audit of ARC's annual financial statement and to audit ARC grantees' use of grant funds. In addition to these reviews, and based on available resources, the OIG will identify other areas to audit. The OIG request also includes funds for travel and training to meet the office's continuing requirements for professional education for audit, technical knowledge, and other skills. The Commission's budget request contains resources to support OIG's four full-time staff members and has been certified by the Inspector General.

Table 6 – Office of the Inspector General Detailed Budget

Office of the Inspector General				
(\$ in thousands)				
	2025 Actual	2026 Enacted	2027 Request	Changes
Personnel Compensation	565	702	702	-
Personnel Benefits	132	158	158	-
Travel & Transportation	9	12	12	-
Rent, Communications	70	73	83	10
Printing	0	-	-	-
Services	436	552	504	(47)
Supplies	0	12	9	(3)
Equipment	3	20	15	(5)
Total	1,213	1,529	1,483	(46)

The Commission operating budget is shown in Table 7. ARC’s authorizing legislation specifies that Commission staff shall not be considered federal employees for any purpose. Accordingly, these 85 professionals are neither state nor federal employees, even though they work directly for the joint federal-state partnership entity. An Executive Director, who is appointed by the states and the Federal Co-Chair, manages this staff and is the Chief Executive Officer of the Commission.

Each year, the states and the Federal Co-Chair must approve the Commission’s operating budget. Following completion of appropriations action, final non-federal staffing decisions are made and must be approved at a Commission meeting of the member states with the Federal Co-Chair. As a result of this consultative process, final allocations may differ from the estimates of operating expense amounts by object class for FY 2027. Table 7 shows the Commission operating expenses.

Table 7 – Commission Operations Detailed Budget

Commission Operations				
(\$ in thousands)				
	2025 Actual	2026 Enacted	2027 Request	Changes
Personnel Compensation	8,261	8,851	8,851	-
Personnel Benefits	2,110	2,325	2,325	-
Travel & Transportation	58	365	365	-
Rent, Communications	1,151	956	956	-
Printing	1	23	23	-
Training		60	60	-
Services	1,436	1,567	1,567	-
Supplies	11	70	70	-
Equipment	-	61	61	-
Total	13,027	14,278	14,278	-
Federal Contribution	3,851	3,958	3,958	-
State Contribution	3,851	3,958	3,958	-
Program Operations	5,324	6,362	6,362	-
	13,027	14,278	14,278	-



Operational Effectiveness Initiative

ARC Dashboard: Operational Effectiveness Initiatives

The Appalachian Regional Commission (ARC, the Commission) continues to identify, analyze, and implement workplace efficiencies to ensure the highest possible output using cost- and time-effective resources. ARC proactively makes these decisions during its normal course of business while adjusting to internal and external forces that demand innovation and evolution. Below, ARC has documented ongoing and completed actions to improve efficiency and effectiveness. These actions enhance ARC's mission.

- Program staff has been divided into two separate divisions, each with its own Division Director:
 - Division of Critical Infrastructure, including all investments and opportunities pertaining to broadband, transportation, and other regional infrastructure needs.
 - Division of Business and Workforce Investment, including all investments and opportunities pertaining to workforce development, entrepreneurship, education, health, and other issues affecting the Appalachian Region's workforce.
- Human capital continues to be a major focus as the size and composition of staff evolves to meet the needs of the region and to implement the new strategic plan most efficiently. The Executive Director offers weekly office hours to ensure employees can raise questions, make suggestions, and maintain open lines of communication. All-staff meetings are held every two weeks. They provide a forum to share updates, successes, and information throughout the organization while fostering employee engagement and minimizing silos. New programs have been launched to improve employee collaboration and efficiency in the following ways:
 - ARC has increased self-service through automation for new and existing staff, providing a single platform to address most needs. New staff are engaged early in the onboarding process and existing staff are engaged through regular branded internal communications.
- Planning & Research Division has reorganized to better reflect the division's focus on research, evaluation, and analysis. A multi-level evaluation system has been implemented in accordance with the Government Performance and Results Act and the Evidence-Based Policymaking Act. Each year this division utilizes interns from learning institutions in the region to assist with the annual project validation process.

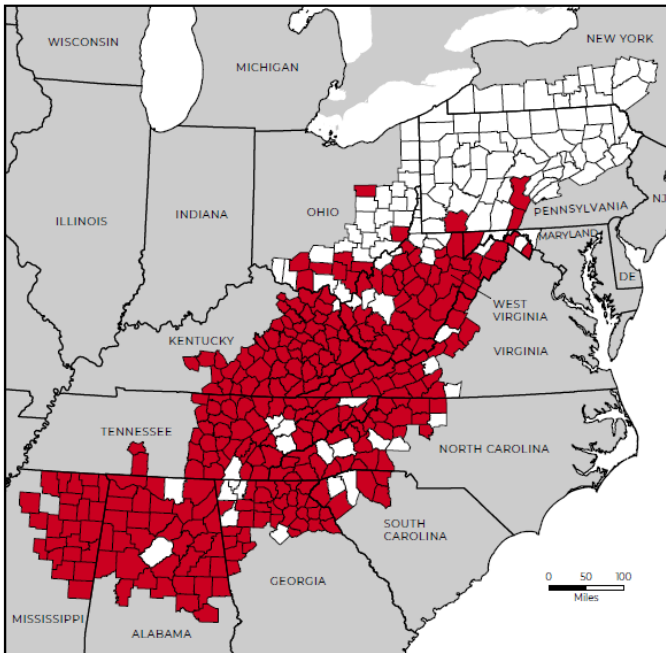
- ARC has restructured the operations of its Office of General Counsel (OGC) to strengthen its project compliance activities. This revised operational framework integrates Presidential priorities into the pre-award process, ensuring that funding decisions reflect established Administration objectives and statutory mission goals. The updated structure promotes increased grantee accountability and proactively mitigates risks prior to the obligation of funds. By leveraging new technologies and incorporating recent developments in federal financial assistance policy, ARC has improved procedural efficiency, enhanced transparency, and reinforced the overall integrity of its grant administration process.
- In accordance with the SECURE Technology Act, ARC has established a separate Information Technology (IT) division. The division has a dedicated Division Director and additional IT staff to provide centralized management and support of ARC's IT systems, implement technological enhancements that increase workforce efficiency and customer satisfaction, and manage ARC's cybersecurity technologies. Specific activities include the following:
 - Implementation of and migration to a new grants management system, Pathways. This started in FY 2023 and was successfully launched in the first quarter of FY 2026. The effort included requirements gathering, technological implementation, process refinement, and staff and user training design and delivery.
 - Management of ARC's cloud-based infrastructure. This includes the ARCnet system, servers, and Microsoft-based productivity services such as OneDrive, Exchange Online and SharePoint Online.
 - Management of ARC's cybersecurity program, which includes cloud-based endpoint management, a staff training and security awareness program, and multi-factor authentication. Improvements in inventory software and server management tools are planned in FY 2026.
 - Maintenance of ARC's office equipment, including switches, firewalls and other network equipment, printing facilities, AV and other conferencing technologies.
- ARC initiated service mindset training in FY 2024. This training delivered cross-divisional workshops that advanced knowledge in process improvement principles that benefit our partners and stakeholders. The workshops trained employees on skills to create a consistent, solution-oriented environment and to enhance communication and problem-solving techniques. The results of this training will improve responsiveness and service delivery to our stakeholders and improve cross-divisional processes.

Appendix A

High-Poverty Counties in the Appalachian Region, 1960 and 2019–2023

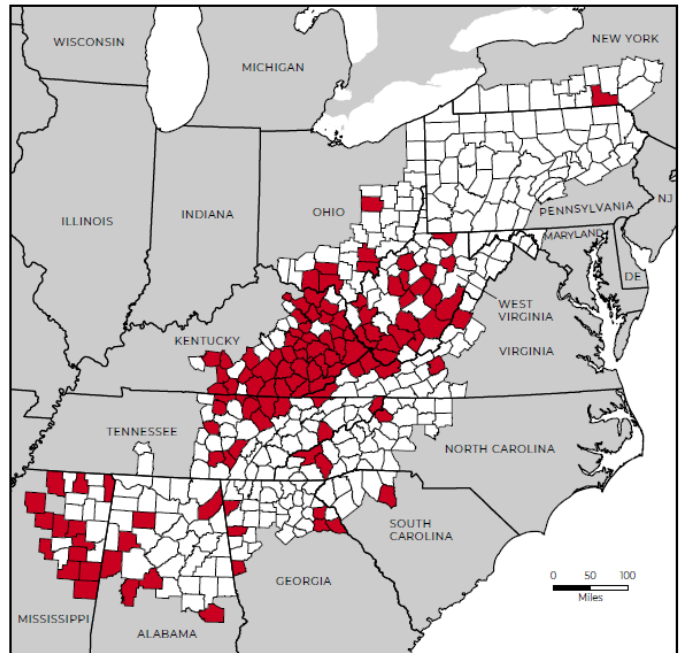
High-Poverty Counties in the Appalachian Region (Counties with Poverty Rates At Least 1.5 Times the U.S. Average)

1960
297 High-Poverty Counties



Data Source: U.S. Census Bureau, 1960 Census

2019-2023
119 High-Poverty Counties

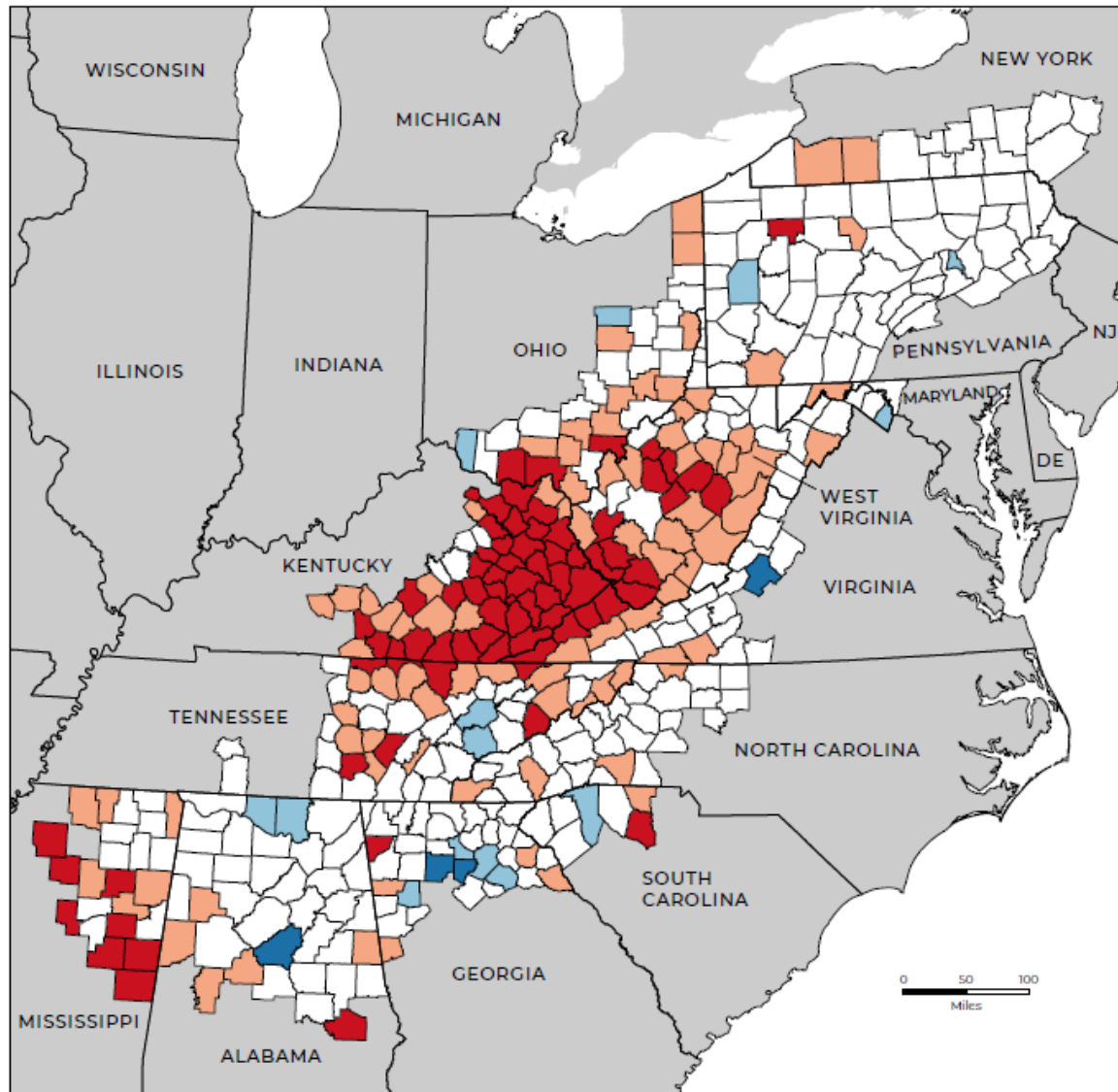


Data Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates, 2019-2023

Appendix B

County Economic Status in Appalachia, FY 2026

County Economic Status in Appalachia, Fiscal Year 2026
(Effective October 1, 2025 through September 30, 2026)



The Appalachian Regional Commission uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties.

County Economic Levels

- Distressed (75)
- At-Risk (90)
- Transitional (240)
- Competitive (14)
- Attainment (4)



Map Created: January 2025
Data Sources:
Unemployment data: U.S. Bureau of Labor Statistics, LAUS, 2021-2023
Income data: U.S. Bureau of Economic Analysis, LAPI, 2023
Poverty data: U.S. Census Bureau, ACS, 2019-2023

County Economic Status Designations in the Appalachian Region, FY 2026

The Infrastructure Investment and Jobs Act reauthorized ARC in FY 2022 and added three additional counties to the Appalachian Region, bringing the total from 420 to 423 counties. In accordance with the Commission's policy for determining the economic status of the Appalachian counties, the research staff has analyzed the distribution of distressed, at-risk, transitional, competitive, and attainment counties for FY 2026 using the most current data available. 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.

Distressed Counties (75)

- Alabama (1) – Macon
- Georgia (1) – Chattooga
- Kentucky (38) – Bath, Bell, Breathitt, Carter, Casey, Clay, Clinton, Cumberland, Elliott, Estill, Fleming, Floyd, Harlan, Jackson, Johnson, Knott, Knox, Lawrence, Lee, Leslie, Letcher, Lewis, Magoffin, Martin, McCreary, Menifee, Metcalfe, Morgan, Owsley, Perry, Pike, Powell, Robertson, Rockcastle, Rowan, Wayne, Whitley, and Wolfe
- Mississippi (8) – Chickasaw, Kemper, Montgomery, Noxubee, Oktibbeha, Panola, Winston, and Yalobusha
- Ohio (3) – Adams, Meigs, and Scioto
- Pennsylvania (1) – Forest
- South Carolina (1) – Union
- Tennessee (7) – Bledsoe, Clay, Cocke, Grundy, Hancock, Pickett, and Scott
- Virginia (4) – Buchanan, Dickenson, Lee, and Wise (+ Norton city)
- West Virginia (11) – Braxton, Calhoun, Clay, Lincoln, Logan, McDowell, Mingo, Roane, Webster, Wirt, and Wyoming

At-Risk Counties (90)

- Alabama (5) – Bibb, Fayette, Hale, Pickens, and Randolph
- Georgia (4) – Elbert, Franklin, Heard, and Polk
- Kentucky (12) – Adair, Boyd, Edmonson, Green, Greenup, Hart, Laurel, Lincoln,

Monroe, Nicholas, Pulaski, and Russell

- Maryland (1) – Allegany
- Mississippi (6) – Benton, Calhoun, Clay, Marshall, Monroe, and Tishomingo
- New York (2) – Allegany and Cattaraugus
- North Carolina (4) – Alleghany, Cherokee, Jackson, and Rutherford
- Ohio (12) – Ashtabula, Athens, Coshocton, Jackson, Jefferson, Lawrence, Monroe, Morgan, Noble, Pike, Trumbull, and Vinton
- Pennsylvania (2) – Cameron and Fayette
- South Carolina (1) – Cherokee
- Tennessee (16) – Campbell, Carter, Claiborne, DeKalb, Fentress, Greene, Hawkins, Jackson, Johnson, Meigs, Morgan, Overton, Sequatchie, Unicoi, Van Buren, and Warren
- Virginia (5) – Carroll (+ Galax city), Grayson, Russell, Scott, and Tazewell
- West Virginia (20) – Barbour, Boone, Fayette, Gilmer, Greenbrier, Hardy, Jackson, Lewis, Mason, Mercer, Nicholas, Pocahontas, Raleigh, Randolph, Ritchie, Summers, Tyler, Upshur, Wayne, and Wetzel

Transitional Counties (240)

- Alabama (28) – Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, DeKalb, Elmore, Etowah, Franklin, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Marion, Marshall, Morgan, St. Clair, Talladega, Tallapoosa, Tuscaloosa, Walker, and Winston
- Georgia (26) – Banks, Barrow, Bartow, Carroll, Catoosa, Dade, Douglas, Fannin, Floyd, Gilmer, Gordon, Gwinnett, Habersham, Haralson, Hart, Lumpkin, Madison, Murray, Pickens, Rabun, Stephens, Towns, Union, Walker, White, and Whitfield
- Kentucky (4) – Clark, Garrard, Madison, and Montgomery
- Maryland (2) – Garrett and Washington
- Mississippi (10) – Alcorn, Choctaw, Itawamba, Lee, Lowndes, Pontotoc, Prentiss, Tippah, Union, and Webster
- New York (12) – Broome, Chautauqua, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Schuyler, Steuben, Tioga, and Tompkins

- North Carolina (27) – Alexander, Ashe, Avery, Buncombe, Burke, Caldwell, Catawba, Clay, Cleveland, Davie, Forsyth, Graham, Haywood, Henderson, Macon, Madison, McDowell, Mitchell, Polk, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey
- Ohio (15) – Belmont, Brown, Carroll, Columbiana, Gallia, Guernsey, Harrison, Highland, Hocking, Mahoning, Muskingum, Perry, Ross, Tuscarawas, and Washington
- Pennsylvania (47) – Allegheny, Armstrong, Beaver, Bedford, Blair, Bradford, Cambria, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Crawford, Elk, Erie, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lackawanna, Lawrence, Luzerne, Lycoming, McKean, Mercer, Mifflin, Monroe, Northumberland, Perry, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Wayne, Westmoreland, and Wyoming
- South Carolina (4) – Anderson, Oconee, Pickens, and Spartanburg
- Tennessee (27) – Anderson, Bradley, Cannon, Coffee, Cumberland, Franklin, Grainger, Hamblen, Hamilton, Jefferson, Lawrence, Lewis, Loudon, Macon, Marion, McMinn, Monroe, Polk, Putnam, Rhea, Roane, Sevier, Smith, Sullivan, Union, Washington, and White
- Virginia (15) – Alleghany (+ Covington city), Bath, Bland, Craig, Floyd, Giles, Henry (+ Martinsville city), Highland, Montgomery (+ Radford city), Patrick, Pulaski, Rockbridge (+ Buena Vista city + Lexington city), Smyth, Washington (+ Bristol city), and Wythe
- West Virginia (23) – Berkeley, Brooke, Cabell, Doddridge, Grant, Hampshire, Hancock, Harrison, Kanawha, Marion, Marshall, Mineral, Monongalia, Monroe, Morgan, Ohio, Pendleton, Pleasants, Preston, Putnam, Taylor, Tucker, and Wood

Competitive Counties (14)

- Alabama (2) – Limestone and Madison
- Georgia (4) – Dawson, Hall, Jackson, and Paulding
- Ohio (2) – Clermont and Holmes
- Pennsylvania (2) – Butler and Montour
- South Carolina (1) – Greenville
- Tennessee (2) – Blount and Knox

- West Virginia (1) – Jefferson

Attainment Counties (4)

- Alabama (1) – Shelby
- Georgia (2) – Cherokee and Forsyth
- Virginia (1) – Botetourt

Appendix C

ARC Organization



APPALACHIAN REGIONAL COMMISSION ORGANIZATION

