



Appalachian Regional Commission

**State of Alabama
STRATEGY STATEMENT
2017**

**Robert Bentley
Governor**

**Alabama Department
of
Economic and Community Affairs**

Economic Challenges and Opportunities

Alabama's economy continues to recover from the recession, and although slower than anticipated, business executives and industry analysts remain solidly optimistic about the prospects for Alabama's economy for 4th quarter 2015 and for 2016. The state's economy is estimated to grow by approximately 2.2 percent and state tax revenues are expected to grow around 4 percent. Appalachian Alabama faces challenges as it moves into 2016, as primary and fabricated metals manufacturers and coal producers have experienced significant job losses. Walter Energy works to emerge from Chapter 11 bankruptcy as the industry and workers contend with jobs lost in the closure of coal-fired power plants. Conversely, other areas and business sectors, particularly automobile and parts manufacturers, continue to remain the region's and the state's major economic drivers. The State of Alabama produced nearly one million automobiles worth approximately \$6 billion in 2014. These contrasting circumstances provide timely opportunities to pursue Governor Bentley's design for sustained economic growth.

Employment of Governor Bentley's concept of "*Local Leadership–State Partnership*" will utilize ARC funds to provide communities in Appalachian Alabama:

ACCESS to the necessary resources and technical assistance to

ADVANCE efforts to build community capacity for strategic planning and collaboration in order to

ACCELERATE the implementation of plans and initiatives which particularly provide infrastructure; improve education, skills and health of community residents; and leverage cultural and natural assets to allow the people to compete in the global economy.

Alabama's ARC Program will work to advance established programs, such as the Alabama Small Business Commission and Atlas Alabama, which identify and provide *access* to resources for entrepreneurs and small businesses. These programs encourage innovation, promote policies to help new business start-ups and help their businesses grow. ARC program resources will also work to *advance* the work of the Alabama Workforce Council, made up of Alabama's world-class industry leaders from companies such as Airbus America and Mercedes Benz, which builds and maintains high quality partnerships between industry, education and workforce training entities. Appalachian Alabama has some of the top business incubators in the country, such as the Shoals Entrepreneurial Center, Bessemer Business Incubation System and the Innovation Depot in Birmingham. ARC resources will be used to partner with these innovative programs and work with other programs such as The EDGE in Tuscaloosa to provide opportunities to grow and *accelerate* new and innovative businesses in emerging sectors.

Targeted investment priorities will work with established partners, such as Beville State Community College, Wallace State-Hanceville, A+ Education Partnership, and other innovative partners to prepare students for postsecondary education and the workforce. Investment in programs which develop and support career specific education and skills training, in growing employment sectors such as *advanced* manufacturing, will prepare students a successful transition from secondary school to the workforce. Projects which offer *access* to STEM and STEAM training will equip students for successful post-secondary education and allow them to take advantage of job opportunities in Alabama's growing aerospace, health, and research and development sectors.

Investments in infrastructure projects, to include basic infrastructure such as water and sewer, as well as technological infrastructure including telecommunications and broadband, will ensure that communities in ARC counties will be able to implement community objectives which will *advance* and *accelerate* economic growth. Priority investments will provide for the development of new jobs from existing industries, recruitment of jobs from new industries, and, pursuant to the ARC Residential Service Policy, demonstrate a compelling need such as the location of the project in a distressed area of the county, disaster relief, or to address a mandate of the Federal EPA or a state health or environmental agency.

Alabama's ARC program will invest resources in plans and projects which preserve and strengthen Appalachian Alabama's natural and cultural assets. The program will continue to work with partners such as Alabama Mountain Lakes Tourism in providing *access* to resources for the growth of local and regional economies and utilization of these assets in educational and stewardship programs. Investments in projects which help sustain and grow agriculture and integrate production into the local economy will continue as will investments which revitalize communities and enrich local economies, such as gateway communities and downtown revitalization, preservation for development, and streetscape projects.

Established partnerships and further collaboration will maximize ARC resources to enhance existing programs that develop, support and enhance community development and leadership. Priority investment consideration will be given to programs that *access* innovative and relevant curriculums and components and include strategic thinking, leadership skills and problem-solving. Efforts will focus on approaches that build the capacity of community organizations to develop and support networks and partnerships which are tied to a county, regional or state plan.

Socio-Economic Status of ARC Alabama

Ranking System for ARC Counties

ARC funds are allocated to counties within Appalachia using an index-based county economic classification system. This system involves the creation of a national index compiled by comparing each county's averages for three economic indicators: the three-year average unemployment rate, per capita market income, and poverty rate. Each of the 420 counties in Appalachia is classified into one of five economic status designations, based on its national ranking. These designations include *Distressed, At-Risk, Transitional, Competitive, and Attainment*. The County Economic Classification for Alabama's ARC counties can be found at <http://www.adeca.alabama.gov/Divisions/ced/Pages/Appalachian-Regional-Commission.aspx>

State ARC Program Policies

The State's maximum investment for counties as designated by the ARC are as follows:

- *Distressed* 80% of Total Project Cost
- *At-Risk* 70% of Total Project Cost
- *Transitional* 50% of Total Project Cost
- *Competitive* 30% of Total Project Cost
- *Attainment* Not eligible for ARC funding

The maximum investment of ARC funds in a project is \$200,000. All project applications submitted must include achievable performance measures, including output and outcome measures, and must address ARC Goals and Investment priorities.

All required forms and information related to Alabama ARC funding can be found at:

<http://www.adeca.alabama.gov/Divisions/ced/Pages/Appalachian-Regional-Commission.aspx>