



Appalachian Regional Commission

State of Alabama
STRATEGY STATEMENT
2018

Kay Ivey
Governor

Kay Ivey
9/27/17

Alabama Department
of
Economic and Community Affairs

Alabama's ARC Program partners with eight (8) Local Development Districts (LDDs) for development and implementation of projects designed to meet the needs of communities in Appalachian Alabama. The Executive Directors and staff of Alabama's LDDs work closely with their board members, elected officials, economic developers and citizens to identify priority needs in their communities. In turn, the LDDs develop and implement plans for economic development in their communities.

Local Development Districts in Appalachian Alabama include:

- Northwest Alabama Council of Local Governments (NACOLG): Colbert, Franklin, Lauderdale, Marion and Winston Counties
- West Alabama Regional Commission (WARC): Bibb, Fayette, Hale, Lamar, Pickens and Tuscaloosa Counties
- Regional Planning Commission of Greater Birmingham (RPCGB): Blount, Chilton, Jefferson, St. Clair, Shelby and Walker Counties
- East Alabama Regional Planning and Development Commission (EARPDC): Calhoun, Chambers, Cherokee, Clay, Cleburne, Coosa, Etowah, Randolph, Talladega and Tallapoosa Counties
- South Central Alabama Development Commission (SCADC): Macon County
- Central Alabama Regional Planning & Development Commission (CARPDC): Elmore County
- North Central Alabama Regional Council of Governments (NARCOG): Cullman, Lawrence and Morgan Counties
- Top of Alabama Regional Council of Governments (TARCOG): DeKalb, Jackson, Limestone, Madison and Marshall Counties

Alabama's ARC Program also works closely with federal, state and local governments, along with non-profits, to maximize the effectiveness of the program. Through communication with our partners, opportunities for collaboration and leveraging of resources are identified. Federal agencies that Alabama's ARC Program partners with include the United States Department of Agriculture, the United States Economic Development Administration, the United States Environmental Protection Agency and the United States Department of Housing and Urban Development. State agencies that partner with Alabama's ARC Program include the Alabama Department of Commerce, the Alabama Department of Public Health and the Alabama Department of Conservation and Natural Resources. Recently, Alabama's ARC Program and Community Development Block Grant (CDBG) partnered with the Alabama Department of Commerce to secure a commitment from a major industry by providing infrastructure necessary for the industry to locate in North Alabama. This collaboration will result in the creation of hundreds of new jobs for Appalachian Alabama.

Economic Opportunities and Challenges

North Alabama has historically relied on its abundant natural resources to sustain and grow the economy. Following the Civil War, Alabama was one of the nation's leading iron and steel producers. Raw materials necessary for iron and steel were abundant in the area and allowed the Birmingham District to grow rapidly in the decades after the Civil War. The iron and steel industry that once defined North Alabama has become nonexistent. In addition to iron and steel, the coal industry has experienced a significant decline in recent years. The nation relies less on coal and more on natural gas as the primary energy source. Jobs related to the coal industry have been lost, leaving thousands of coal miners unemployed and/or dislocated. In an attempt to transform an economy historically reliant on coal, the POWER Initiative was introduced by the federal government in 2016. Through the POWER Initiative, communities and regions that historically relied on the coal industry were afforded an opportunity to diversify and grow their economies. As a result, thousands of jobs will be created for those negatively affected by the downturn in the coal industry.

Economic Opportunities

Appalachian Alabama was fortunate to receive several POWER awards. The following awards were made to grantees in Alabama to assist displaced workers develop skills to secure employment in other fields, as well as encourage entrepreneurial activities:

Bevill State Community College received \$1,920,000 for the Bevill State Community College POWER 2016 Initiative. A new Rapid Training Center at Bevill State's Jasper Campus will serve as a regional workforce training and job placement hub in Northwest Alabama. Accelerated workforce training programs that provide industry-recognized credentials in six growing regional industries will be offered: Welding, Commercial Trucking, Rigging, Hydraulics/Pneumatics, Healthcare and Print Reading.

West Alabama Works (WAW) received \$1,500,810 for the WAW 2020 Initiative. This project will deliver job training services to fill critical regional workforce needs in the rapidly growing automotive and advanced manufacturing industries in West Alabama.

Southern Research Institute received \$1,200,000 to establish The Prosperity Fund. Southern Research will focus on job creation in the following five sectors: Automotive, Agriculture, Primary Materials, Forestry Products and Chemicals.

The automotive and aerospace industries have thrived in Alabama over the last few years. In 2016, these two industries accounted for \$747.1 million in investments within the state and the creation of 2,582 jobs. These rising industries help create a healthy commerce for the state and boost the well-known reputations of the automotive and rocket building industry in Alabama.

Tourism in North Alabama is a thriving industry. A few of the activities that can be experienced in North Alabama include hiking, camping, boating, rock climbing, birding and biking at numerous Alabama State Parks. Alabama's ARC Program is fortunate to have the Alabama Mountain Lakes Tourist Association as a partner.

Economic Challenges

Infrastructure: Outdated or inadequate infrastructure is a problem for many areas in Appalachian Alabama. Each year, Alabama's ARC Program receives numerous applications for funding from towns and cities to address problems such as outdated and problematic wastewater treatment plants. Not only is Appalachian Alabama plagued with water, sewer and broadband challenges, but dilapidated roads and bridges are also a safety concern across the state. On April 13, 2017, Governor Ivey released the following statement, "I support the legislature's bold move to invest in infrastructure upgrades and public safety. Roads and bridges are an essential service of government, and investing in them will bring more jobs and businesses to our state, creating opportunities for everyone." The Governor added, "More than 1,400 Alabamians died on state highways due to insufficient roads in the past several years. Companies rate roads as the second most important reason for selecting a place to locate. Our transportation network supports nearly a million jobs."

Broadband: While Appalachian Alabama faces numerous challenges, our greatest challenge at this time is a lack of broadband access. It is a priority of Governor Ivey's to expand broadband access throughout the state. Broadband access is key to economic development and to ensuring that students in rural areas of Alabama have the same competitive advantage and educational opportunities as students in urban areas. While Alabama's ARC Program has funded several broadband projects in the past through our Area Development funds, \$1,000,000 will be reserved in FY 2018 for projects that expand broadband access throughout the Appalachian Region of Alabama.

Workforce Development: According to Governor Ivey, more than 4,600 computing jobs are available today in Alabama and Computer Information Sciences will be one of the biggest job growth areas in the coming decade. The average annual salary for an employee in a computer science (CS) field is over \$82,000. Alabama's workforce is not prepared to meet this labor demand. Postsecondary education (a certificate, a 2-year degree or a 4-year degree) will be a requirement for 62% of jobs in Alabama by 2020. Per Governor Ivey's website, only 37% of our workforce currently meet that criteria. Inadequate education and training present a disadvantage to economic development in Appalachian Alabama.

Targeted Investment Priorities

Funding provided by the Appalachian Regional Commission in FY 2018 will support and promote the following priorities for Appalachian Alabama:

- 1. Economic development and job creation in Alabama's two distressed counties.**
- 2. Expand broadband access throughout Appalachian Alabama.**
- 3. Promote Governor Ivey's priorities for Appalachian Alabama, which include:**

Alabama's "Strong Start, Strong Finish" Education Initiative

- Prioritize science, technology, engineering and mathematics (STEM) and computer science (CS) education – with a focus on teaching computer coding - to ensure

Alabama's students are receiving the education required for a successful career and enriching life.

- Advocate for at least one computer science course to be available in every high school.
- Promote public-private partnerships for workforce training.

Job Creation

- Continue to recruit job-creating industries to the state.
- Ensure Alabama's workforce is well-educated and ready for new industry that creates jobs in Alabama.
- Boost Alabama's exports and strengthen trade ties through trade missions led by the Alabama Department of Commerce.

Infrastructure

- Ensure that Alabama citizens can easily get to the places they need to go with safe transportation infrastructure.
- Ensure that Alabama's infrastructure keeps up with the needs of our growing economy. A modern transportation infrastructure helps create jobs by recruiting industry.
- Prioritize high-speed internet access statewide.

Development Strategies for Distressed Counties

Alabama's ARC Program will continue to support economic development and job creation in distressed Macon and Hale Counties. Projects that promote economic and community development, increase community capacity and create jobs in distressed counties will be prioritized. Both Macon and Hale Counties are also in the Delta Regional Authority (DRA); therefore, Alabama's ARC Program will collaborate with DRA on economic development projects in Hale and Macon Counties. Recently, Alabama's ARC funding was leveraged with CDBG and DRA funding for infrastructure and site development at Exit 38 on I-85 in Macon County which will assist efforts to recruit Leonardo DRS, a global defense company, to the City of Tuskegee.

State ARC Program Policies

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

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| • <i>Distressed</i> | 80% of Total Project Cost |
| • <i>At-Risk</i> | 70% of Total Project Cost |
| • <i>Transitional</i> | 50% of Total Project Cost |
| • <i>Competitive</i> | 30% of Total Project Cost |
| • <i>Attainment</i> | Not eligible for ARC funding |

The maximum investment of ARC funds in a project is \$200,000; however, the ceiling may be raised in certain critical and compelling circumstances that result in a significant economic regional impact. All project applications submitted must include achievable performance measures, including output and outcome measures and must address one or more of the five ARC goals.

Governmental entities, schools, universities and nonprofit organizations may apply for ARC funding. Programs and activities benefiting the residents of Appalachian Alabama are eligible to receive consideration for ARC's congressionally designated allocations. Applications for ARC funding should be mailed to the Alabama Department of Economic and Community Affairs (ADECA):

Alabama Department of Economic and Community Affairs
Director Kenneth W. Boswell
ARC Program
401 Adams Avenue
Montgomery, AL 36103-5690

Applications for ARC funding are reviewed by ADECA staff in the Community and Economic Development Division for eligibility and alignment with ARC and state goals and priorities. Applications are ranked based on impact to the community, alignment with goals of the ARC and the state, project feasibility, community capacity to maintain the project and performance measures. Applications that promote economic development and job creation in distressed counties are prioritized. Applications that promote the Governor's priorities, especially the expansion of broadband are given special consideration. For FY 2018, Alabama's ARC Program will reserve \$1,000,000 in Area Development funding specifically for projects that promote the expansion of broadband in Appalachian Alabama.

Proposals for the following activities are not eligible for funding: construction of schools, libraries, government offices, community centers, law enforcement facilities or day-use recreational facilities.

Investment opportunities outside of the state's targeted priorities may be considered for ARC funding if they are consistent with the goals and objectives outlined in the state's broader 4-Year Development Plan and ARC's Strategic Plan.

General Information

The ARC Application Workshop is generally held in the fall.

The deadline for submission of FY 2018 ARC Full Applications is November 10, 2017, at 4:00 p.m.

ARC funds will not be used for projects that duplicate funding available from other established state funded programs.

Generally, ARC projects are funded for one year but may be funded for up to three years, depending on project performance, expansion of services or added components. A new proposal must be submitted each year for consideration.

Construction projects should include a preliminary commitment of jobs provided by the employer, a preliminary engineering report and an economic impact summary.

All projects must be approved by the Governor's Office.

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

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