

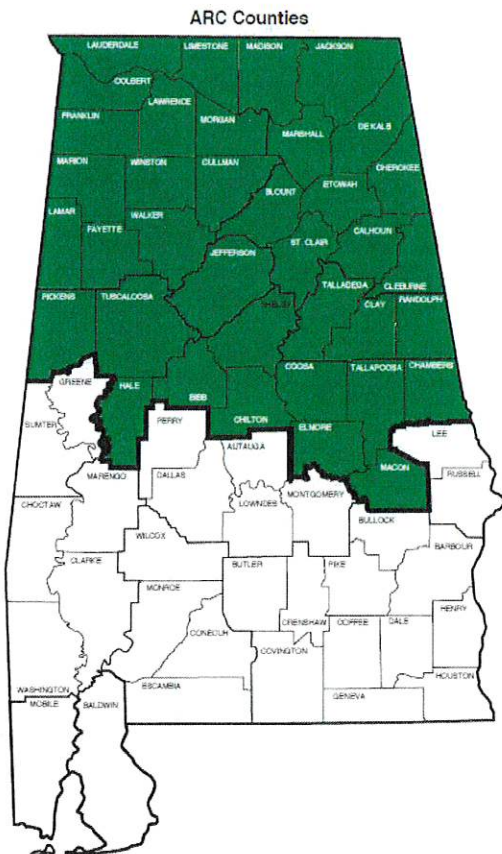


## Introduction

In accordance with Section 5.3 of the Appalachian Regional Commission (ARC) Code, this document serves as Alabama's ARC Annual Strategy Statement for Fiscal Year 2022 (October 1, 2021 – September 30, 2022). The purpose of the Annual Strategy Statement is to establish a process by which the goals, objectives and priorities for Alabama's ARC region will be achieved. Implementation of this Strategy will enable Alabama's ARC program to meet the diverse and evolving needs of the ARC counties in Alabama. The 2022 Annual Strategy Statement:

1. Discusses the economic opportunities and challenges, as well as new developments and resources, that impact Alabama's ARC counties;
2. Provides an overview of targeted investment priorities for the 2022 program year;
3. Describes specific strategies targeting Alabama's distressed county;
4. Sets forth Alabama's ARC program operating policies; and
5. Describes methods used to solicit, review, and select proposals.

Governor Kay Ivey serves as Alabama's Commission member. Kenneth W. Boswell, Director of the Alabama Department of Economic and Community Affairs (ADECA), serves as her Alternate. ADECA is the state agency responsible for the administration of Alabama's ARC Program.



## Alabama's Appalachian Region

Alabama's Appalachia region encompasses thirty-seven (37) of Alabama's sixty-seven (67) counties. FY 2022 ARC County Economic Status Designations include:

**Attainment:** Shelby County

**Transitional:** Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, Elmore, Etowah, Franklin, Jackson, Jefferson, Lauderdale, Lawrence, Limestone, Marshall, Morgan, St. Clair, Tallapoosa, Tuscaloosa, Walker and Winston Counties

**At-Risk:** Bibb, DeKalb, Fayette, Hale, Lamar, Marion, Pickens, Randolph, and Talladega Counties

**Competitive:** Madison County

**Distressed:** Macon County

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

**Economic Opportunities**

**Aerospace and Aviation:** With a more than one-hundred-year history in the state, the broad and vast aerospace and aviation industries sustain a healthy commerce by offering high-paying jobs, with activities in nearly every segment of the sector. Aerospace manufacturing accounts for approximately 13,300 jobs in the state (November 2020) with Alabama ranking among the top five states for aerospace engineers. Nearly \$2.5 billion in aerospace equipment and parts were exported from the state in 2019. More than 300 aerospace companies from more than 30 different countries have located businesses in the state. In Huntsville, Redstone Arsenal is a major research, engineering, and test center housing the Army's critical missile defense and aviation programs. The Arsenal is also the home of the Marshall Space Flight Center which is one of the National Aeronautics and Space Administration's largest facilities. Alabama boasts an extensive list of training programs and assets due to the extensive presence of the aerospace/aviation industry within the state. – Alabama Department of Commerce

**Automotive:** Accelerating growth in the automotive industry sector has had a vast impact on the state's economy, turning it into an important production hub for the industry. Vehicles have become the state's number one export with annual shipments to approximately 80 countries around the world. Exports of Alabama-made vehicles and parts totaled \$8.2 billion in 2020. Additionally, Alabama automakers combined produced more than one million cars and light

trucks with the state ranking in the Top 5 for the production of those vehicles. The automotive manufacturing sector accounts for more than 40,000 jobs in the state. Of those, approximately 26,000 are in the state's growing automotive supplier network which now counts more than 150 companies. The \$2.4 billion joint venture assembly plant (under construction) in Alabama by Mazda Toyota Manufacturing USA will boost employment and production drastically. The Huntsville facility will employ up to 4,000 workers and after the 2021 launch, will have the capacity to produce up to 300,000 vehicles annually. – Alabama Department of Commerce

ADECA administers the Electric Vehicle (EV) Charging Infrastructure Program. Per the Alabama Volkswagen Settlement Beneficiary Mitigation Plan, fifteen percent of the available funding has been allocated for Light-Duty Zero Emission Vehicle Supply Equipment infrastructure. The state will initially focus on a high impact corridor that will allow for targeted funds to have a concentrated impact on EV adoption in the state. As the cost of building out the EV charging infrastructure will exceed funding available through the Volkswagen Mitigation funds it will be critical to seek opportunities for deploying the EV charging infrastructure throughout Alabama. This endeavor is an infrastructure challenge as well as an opportunity.

**Education:** Education is a major component to workforce development. Having access to education helps ensure that Alabamians are prepared to meet the needs of a growing workforce. In 2017, Governor Kay Ivey launched the Strong Start, Strong Finish (SSSF) Initiative. This initiative works to integrate Alabama's early childhood education, K-12 education, and workforce development. The SSSF incorporates three major strategies: Pre to Three (P-3), Computer Science for Alabama (CS4AL), and Success Plus (SUCCESS+). P-3 focuses on securing state-wide saturation for the Alabama First-Class Pre-K Program and ensuring that all of Alabama's third graders are proficient readers by 2022. The CS4AL helps ensure that a rigorous computer science course is offered at all of Alabama's middle and high schools by 2022, and Success+ will prepare 500,000 more Alabamians to enter the workforce with high-quality postsecondary degrees, certificates, and credentials by 2025. Making education more accessible and attainable helps ensure that Alabamians are able to compete for employment that offers sustaining wages. Lack of education and sustainable wages are two major causes of poverty.

**Bioscience:** The bioscience sector impacts the economic development in the state with an annual economic impact estimated at \$7.3 billion. Alabama is home to 780 bioscience companies, 54 medical device companies, and has a track record for breakthrough discoveries. Southern Research, Birmingham, has discovered seven FDA-approved drugs used in cancer treatment and The HudsonAlpha Institute for Biotechnology, Huntsville, is a research leader on the human genome. In 2019, organizations in the state received \$392 million in National Institutes of Health (NIH) research funding. In fiscal year 2020 alone, the University of Alabama at Birmingham (UAB) received \$325 million in NIH funding. However, one of the most important impacts of this sector is the high level of employment that it has created. Just under 18,000 Alabamians work in life science or biotechnology jobs with an average annual income of approximately \$67,000.00 which is significantly higher than the overall state average and the average in Alabama's Appalachian region.

In November 2020, Governor Ivey announced that the HudsonAlpha Institute for Biotechnology had been awarded \$15 million through the Public School and College Authority for its expansion project for biotech campus, positioning the Huntsville facility for new scientific advances. Pharmaceutical and medical device manufacturing expansion is occurring across the state. Oxford Pharmaceuticals opened a \$29 million manufacturing facility in the state's ARC region that employs approximately 200 people. Cummings Research Park, the second largest research and technology park in the United States, and fourth largest in the world, is located in Huntsville. The park includes a mixture of companies such as local and international high-tech enterprises, U.S. space and defense agencies, business incubators and competitive higher-education institutions and employs nearly 30,000 individuals. – Alabama Department of Commerce

**Forestry Products:** Alabama's forest products industry is expanding its base, with the state already having the second largest timberland base in the United States. Large companies continue to make investments within the state. Alabama has nearly 23 million acres of timberland with forests that are so fertile, the growth of softwood and hardwoods consistently exceeds their removal rate. Alabama has more than 100 manufacturing facilities that include sawmills, paper mills and other production sites with 36,000 individuals employed in the forest product sector. In 2019, Alabama exported \$1.3 billion of Alabama forest products and new capital investment by forest-product companies totaled almost \$500 million in 2019 which generated nearly 500 new jobs. Alabama is the second largest producer of pulp and paper in the United States and ranks seventh in lumber production and eighth in wood panel production. – Alabama Department of Commerce

**Agriculture:** Alabama's agriculture industry is one of the top industries in the state and entrepreneurship is beginning to play a vital role in Alabama's agriculture continued growth. The U.S. Department of Agriculture (USDA) Rural Development is investing \$495,055 in grants to support entrepreneurs and businesses in five different counties in rural Alabama, creating approximately 235 jobs. Three of the counties are located in Alabama's ARC region. USDA's investment of \$213,856 in distressed Macon County, will be used to construct an access road in a new business development area in the city of Tuskegee, with immediate access to Interstate 85. This access road, to be named Airman Legacy Drive after the famed Tuskegee Airmen, will bring access to newly opened businesses which will provide essential services to the citizens of Tuskegee, as well as Interstate 85 and U.S. Highway 81 travelers. This project is anticipated to help create approximately 100 new jobs and will assist in keeping tourism dollars generated by nearby historic landmarks in Tuskegee. – U.S. Department of Agriculture

Alabama houses 39,000 farms on 8.3 million acres which yield a great variety of agriculture products. The state ranks second in the states in freshwater fish production, third in poultry production, third in peanut production, and in the Top 10 for cotton production. Cash receipts for agriculture reached almost \$5.8 billion in 2018. The industry employs more than 40,000 workers and accounts for more than thirteen percent of manufacturing jobs in the state. Agriculture exports in 2019 from Alabama reached nearly \$500 million to include \$262 million in food products. – Alabama Department of Commerce

**Tourism:** Tourism in North Alabama is still a thriving industry. A variety of attractions can be found in the area, including Alabama State Parks, where visitors can enjoy fishing, golfing,

dining, ziplines and trails. A wide selection of camping and lodging options are available at Alabama State Parks such as chalets, cabins, hotels, pet friendly facilities, primitive campgrounds, and semi-primitive campgrounds. Other activities that can be experienced in the area include hiking, camping, boating, rock climbing, birding and biking. More than 12 million people visited the state's 21 state parks in 2020. Land Trusts and Nature Preserves offer many of these activities as well. The Appalachian counties are home to numerous historic, cultural, religious, educational, recreational, artistic, and natural attractions alike.

The state ranked in the top five in the nation for the smallest percentage drop in travel expenditures during the pandemic. Visitors to the state spend \$13.3 billion for food, accommodations, travel, shopping, and incidentals. The state's travel and hospitality industry employed more than 165,000 in 2020. Based on an economic impact study, every \$119,842 in travel industry spending creates one direct job in the state with some 111,482 direct jobs leading to the creation of 53,747 additional or indirect jobs. – Alabama Tourism Industry Economic Impact, Alabama Tourism Department Annual Report

**Data Centers:** Data centers in the state employ nearly 25,000 persons. This is partially a result of the Data Processing Center Economic Incentive Act of 2012, which provides tax abatements for companies with data centers looking to locate in Alabama. Recently, Google announced plans to build a \$600 million data center in Jackson County and Facebook is constructing a \$750 million data center in Madison County, both in the state's ARC footprint. Also, Atlanta-based DC BLOX is developing a data center in Jefferson County with an anticipated investment of \$758 million. In fact, the state has six sites designated as Primary Data Center Sites by the Tennessee Valley Authority. – Alabama Department of Commerce

**Cyber Security:** Alabama's huge modern manufacturing base makes it ideal for partnership possibilities for work in critical infrastructure protection, cloud security, forensics, big data, mobile device security, informatics, virtualization, and robotics. This sector has seen a seventy-three percent job growth from 2007-2013 which is more than twice the growth rate for all other IT jobs combined. There are seven governmental agencies in the state involved in ongoing cyber security research and ten cyber security startups. Fifteen community colleges offer IT programs covering cyber security topics and seven universities offering PhDs. The U.S. Space and Rocket Center (USSRC) in Alabama's ARC region is home to the U.S. Cyber Academy for youth ages 12-14 and the U.S. Advanced Cyber Academy for youth ages 15-18. The USSRC and the Federal Bureau of Investigation (FBI) entered into a joint agreement in support of the camp in 2020. – Alabama Department of Commerce and FBI National Press Office

**Metal and Advanced Materials:** Although Alabama is not new to manufacturing metals, the state is creating a new base in the production of advanced materials to include titanium and carbon composites. More than 1,100 primary metal manufacturing companies are located in the state and include some of the biggest names in steel, water and sewer pipe, specialty metals, and composites. As of September 2020, more than 43,000 Alabamians were employed in the primary and fabricated metal manufacturing industry. Exports of primary metal manufactured goods in 2019 were over \$1.2 billion and fabricated metal manufacturing exports was upwards of \$453 million. Two of the world's largest producers of carbon fiber, Toray, and Hexcel, have facilities in Decatur. Carpenter Technologies produces premium specialty alloys like titanium for the

aerospace and other industries from a plant in Athens and GE Aviation operates two factories in Huntsville that produce futuristic ultra-lightweight materials for jet engine components. – Alabama Department of Commerce

**Broadband:** In March 2018, Governor Ivey signed into law the Alabama Broadband Accessibility Fund (Fund), which was created by the Alabama Legislature. As of September 7, 2021, more than \$37.5 million in grants have been awarded to provide access to high-speed internet in mainly unserved rural areas in the state. The Fund provides grants for service providers to supply high-speed internet services in unincorporated areas or communities with 25,000 people or less. It is the goal that access to high-speed internet in the states’ rural areas will open the way to improved educational opportunities, economic development projects and better health care and emergency services.

In July 2021, Alabama’s governor signed the Connect Alabama Act into law. The act creates the Alabama Digital Expansion Authority to oversee broadband expansion; establishes the Alabama Digital Expansion Division to be housed within ADECA; and creates the Alabama Digital Expansion Finance Corporation. The authority has held its initial meetings and is working toward identifying a Division Chief so that it can be set up later this year.

Currently ADECA is applying to the National Telecommunications and Information Administration for funds to expand broadband in five rural counties in the state. If approved, it would bring approximately \$25 million in federal funds to Alabama. Additionally, ADECA is applying to the U.S. Economic Development Administration for \$1 million in planning funds to assist with regional planning efforts to support the statewide plan. In anticipation of these various state and federal funds, the state has contracted with CTC Technology & Energy to conduct a statewide broadband plan and develop an address level statewide availability map. Both deliverables are anticipated to be complete in December 2021.

## **Economic Challenges**

**Infrastructure:** Many areas in Appalachian Alabama lack proper infrastructure. Increased investments in critical infrastructure are necessary to improve educational opportunities, provide safe methods of transportation, and to attract new businesses to help grow the state’s economy. Additionally, assisting communities with deficient, aging or altogether lacking basic infrastructure is a priority in the Appalachian region of the state.

### Transport Infrastructure

The conditions of the state’s ports and harbors, roads and bridges, alternative transportation routes, airports, and rail services significantly impact decisions for businesses to locate in the state. Many of the state’s ports need assistance with improving, promoting, and developing the ports and maintaining and operating harbors. Ports located on rivers or streams navigable for commercial traffic, or those that can be made so, lack needed facilities such as warehouses, water and rail terminals, and facilities needed for the convenient use of the port to aid in commerce. Additionally, dredging is a fundamental activity for most ports and harbors. Alabama’s ports and harbors must be prepared to accommodate the newest generation of ships and other cargo vessels.

A national transportation research group, TRIP, released a report on February 26, 2019, stating that deteriorated roads and bridges, congestion and lack of desirable safety features are costing Alabama motorists \$5.3 billion per year in extra vehicle operating costs due to the cost of lost time waiting in traffic, wasted fuel due to congestion and the financial cost of traffic crashes. The report, “Alabama Transportation by the Numbers: Meeting the State’s Need for Safe, Smooth and Efficient Mobility”, indicated that 30 percent of major roads and highways in the state are in poor or mediocre condition and approximately the same with locally and state-maintained roads. The report states, “In urban areas, drivers lose up to \$990 and nearly one full work week per year sitting in congestion.” That same report identifies seven percent of Alabama’s bridges as structurally deficient and while most bridges are designed to last 50 years before major overhaul or replacement work is required, nearly half of the state’s bridges were built in 1969 or earlier. As the state’s road transportation system significantly contributes to the health and growth of the economy, Alabama’s roads and bridges need significant improvements. Not only will the citizens of the state benefit but also tourists, existing businesses and businesses considering locating in the state will reap the more efficient, safe, and reliable mobility.

Alternative methods of transportation are also a priority when attracting businesses to the state and improving the lives of Appalachian Alabamians. Some benefits of these alternate transportation methods include cost savings, reduction in congestion, less carbon pollution and travel productivity. Multimodal transportation needs such as transit and intercity bus, passenger rail, bicycle and pedestrian mobility, and aviation were addressed in the Alabama Department of Transportation’s Alabama Statewide Transportation Plan Summary dated July 31, 2017. Air freight and rail services also provide much needed transportation for the export of goods produced in the state.

### Wet Infrastructure

Inadequate and deteriorating water supply systems, water, and wastewater treatment systems and ineffective or a lack of flood management planning can significantly hinder economic progress in Appalachian Alabama. In addition, failing and inadequate systems can affect the health and safety of the workforce reducing job productivity.

### Information Infrastructure

Basic communication and network services, specifically broadband, is a unique challenge for Appalachian Alabama. Businesses rely heavily on sending and receiving data at all hours and require a high-capacity transmission medium that can carry signals from multiple independent network carriers. In order for Appalachian Alabama businesses to realize true benefits, broadband infrastructure and digital technologies must be available at a level that meets the user’s demand.

Much of Alabama’s ARC region is unserved or underserved with respect to broadband access. The U.S. Census Bureau estimates that 22 percent of Alabama households did not have internet access in 2018. Additionally, as many as 17 percent of households do not have a computer of any kind and another eight percent only have access to a smartphone but no other type of computer/device. Although rural areas are typically thought to have less access, there are several



census tracts in some of the state's largest cities, such as Birmingham, in which 50+ percent of households do not have internet access.

The need for access to high-speed broadband internet is vital to the success of the Appalachian counties in the state. COVID-19 further amplified the need for broadband internet access, mobile hotspots, and other equipment in Appalachian Alabama. Educational institutions and businesses were unprepared when the need to provide virtual learning and remote or distance employment opportunities due to COVID-19 arose. Broadband internet and the availability of digital devices and software to support and facilitate virtual learning and training are key to economic development and continued educational opportunities as well as the continuation of business activities.

**Health:** The Governor's four-year strategic plan dated February 4, 2020, identified the need to improve health care in Alabama. The plan states, "Ensuring access to life-saving health care no matter where someone lives in Alabama is a high priority for Governor Ivey." She plans to improve emergency-medical services, foster quality and efficiency at rural hospitals and offer incentives for medical professionals willing to practice in underserved rural areas. Per the Alabama Department of Public Health, Alabamians identified access to care as the greatest current health concern in the state. Moreover, as a result of the Coronavirus pandemic, the need to strengthen telehealth capabilities is also crucial. Increasing the accessibility of broadband and mobile hotspots in Alabama's Appalachian region will enable increased access to telehealth. The pandemic along with other barriers such as lack of transportation and mobility, significantly increases the need for access to these services. It is vital for citizens to have the ability to communicate with doctors remotely via phone or other internet connected device. Telehealth availability and access in Alabama's ARC region will help bridge some healthcare gaps.

Not only physical health but mental health is a real concern for Alabama's Appalachian counties. In 2019, Alabamians identified mental health and substance abuse as the second greatest current health concern in the state. Each year, 20-25 percent of the population meets the criteria for a mental health diagnosis. Suicides in Alabama increased by 21 percent between 1999 and 2016, according to the Center for Disease Control. There is a great need to build a more complete range of care for people facing mental-health crises. Behavioral health crisis services have emerged as one of the most effective tools within the larger system of care for improving the lives of individuals struggling with mental health or substance abuse issues (Alabama Department of Mental Health). Thus, the expansion of telehealth availability for mental health care services is vitally important to the state.

**Workforce Development:** Having a well-educated workforce that is equipped with the skills and knowledge to support future economic development is crucial to Appalachian Alabama. Governor Ivey is working to align Alabama's high schools, community colleges, and adult education programs to career pathways in high-demand fields. Governor Ivey tasked the Alabama Attainment Committee to develop a statewide goal for postsecondary attainment so that Alabamians are prepared to meet current and future workforce demand. The Alabama Attainment Committee has mapped out Alabama's future workforce needs and recommended adding 500,000 high skilled employees to Alabama's workforce by 2025.

**Talent Retention:** The Governor’s Office of Minority Affairs implemented the Alabama Historically Black Colleges and Universities (HBCU) Co-Op Program. The pilot stage of the program placed ten HBCU students with employers in the public and private sectors on a semester-by-semester basis. The program focuses on placing HBCU students in leadership positions to provide students with hands-on experience in their areas of study, to provide Alabama employers with a trained, diverse talent pool and to retain students after graduation. There is a plan to expand the program to allow participation for additional students, extend leadership development and soft skills training to students and diversify training for participating employers. Retention of trained and educated talent is required to help move Appalachian Alabama closer to a self-sustaining economy and improved quality of life.

**Opioid and other Drug Addiction:** Combating the opioid crisis, and substance abuse in general, in Appalachian Alabama is essential to improving the quality of life and the ability of our citizens to become productive members of the workforce. The opioid/substance abuse crisis effects every area of the economy. According to the Alabama Department of Mental Health, Alabama had a statistically significant increase of 11.12 percent in the drug overdose death rate from 2016 to 2017. According to the National Institute on Drug Abuse, nearly half of the 775 reported drug overdose deaths in Alabama in 2018 involved opioids – a total of 381 fatalities. Additionally, in 2018, Alabama health providers wrote 97.5 opioid prescriptions for every 100 persons, the highest prescribing rate in the country and almost twice as many as the U.S. average rate of 51.4.

Although there are currently 73 certified providers of substance abuse treatment services in the state, the range of services only typically includes early intervention services, outpatient services, residential services, and withdrawal management services. However, there is a clear disconnect between services for intervention and recovery and the need to provide workforce services and the creation of a recovery ecosystem. These are critical components impacting individuals’ ability to remain in recovery while participating in the workforce and positively impacting the state’s economy. In August 2017 Governor Ivey, by an executive order, created the Alabama Opioid Overdose and Addiction Council. The council was tasked with developing a strategic plan to establish recommendations for policy, regulatory, and legislative actions to address the overdose crisis in Alabama. The final plan focuses on four overarching goals; 1) Prevention, 2) Intervention, 3) Treatment, and 4) Community Response. Education, stigma reduction, interagency collaboration and workforce readiness are all addressed in the plan.

### **New Developments or Resources**

**Opportunity Zones:** The Opportunity Zones program is a new alternative economic development program established by Congress in the Tax Cuts and Jobs Act of 2017 to foster private-sector investments in low-income rural and urban areas. The program provides a federal tax incentive for investors to use their unrealized capital gains into Opportunity Funds dedicated for investing in the designated Opportunity Zones. Congress empowered governors to nominate Opportunity Zones in their states by using up to 25 percent of their low-income community census tracts. In Alabama, 629 of the state’s 1,181 census tracts qualified as low-income community tracts. Governor Ivey, with the input of ADECA, identified and selected 158 Opportunity Zones in the state with each of Alabama’s 67 counties having at least one

designated zone. The zones were approved by the Treasury Department and the IRS on April 18, 2018. Ninety-two of those zones are located in Alabama's ARC region. The location of the tracts is an economic driver to attracting potential investors. Recruiting industry has been a long-time priority for the state.

**POWER Initiative:** The decline in the coal industry has significantly impacted the economy in Alabama's Appalachian counties. The POWER (Partnerships for Opportunity and Workforce and Economic Development) Initiative, which was introduced by the federal government in 2016, has allowed communities that were affected by the declining coal industry the opportunity to strengthen and grow their economy. The POWER Initiative assists communities and regions affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries. This Initiative will help create or retain jobs, leverage private funding and prepare workers and students for jobs in sectors that will create a strong economic future for Appalachian Alabama.

**INSPIRE Initiative:** The state, especially Appalachian Alabama, has experienced a tremendous negative impact resulting from the substance abuse disorder crisis. While initially it appeared that the crisis was more concentrated on urban/metropolitan areas, we are seeing a huge increase in the number of individuals/families impacted in the rural areas of the state. The Alabama Department of Public Health estimates that 2.45 percent of the state's population over the age of 17 has suffered from addiction to illicit drugs in the last year. This has caused a decrease in the state's labor pool. However, we continue to work to combat the adverse consequences of opioid use such as the inability to work and/or retain employment. The INSPIRE (INvestments Supporting Partnerships In Recovery Ecosystems) Initiative through the ARC provides funding to address substance use disorder issues by creating or expanding recovery ecosystems that will lead to workforce entry or re-entry.

### **Alabama's Response to COVID-19**

Alabama's official guide to COVID-19 relief efforts is ALTogether.org. The purpose of the site is to help empower those impacted by the virus in addition to those wanting to offer support. The site is designed to help individuals and businesses navigate all issues related to the COVID-19 response and to identify state and federal resources for low-interest loans and financial assistance. It also serves as a way for the state's corporate citizens and general public to offer support and solutions to help spark recovery across the state. It provides a means to volunteer, make donations, offer assistance programs, and post job openings. The site was developed in partnership with Opportunity Alabama, which received ARC funding for promoting investment in the state's designated Opportunity Zones. Alabama's ARC staff will continue working closely with our federal and local partners to help support the response and recovery efforts resulting from COVID-19 and any other times of crisis as needed. Applications that support Alabama's efforts to reduce the effects of COVID-19 and any other crises in Appalachian Alabama will be prioritized.

### **Targeted Investment Priorities**

Funding provided by the Appalachian Regional Commission in FY 2022 will support and promote the following priorities for Appalachian Alabama:

1. Economic development and job creation in distressed Macon County
2. Expand broadband access throughout Appalachian Alabama
3. Assist in the response and recovery from the COVID-19 pandemic
4. 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) with a focus on computer coding to ensure Alabama's students receive education required for a successful career
- Advocate for at least one computer science course to be available in every high school
- Provide advanced training that will lead to better jobs
- Ensure continuous lines of communications between Alabama's HBCUs and the State of Alabama by supporting the Minority Affairs' Alabama HBCU Initiative

**Workforce Development**

- Continue to work toward achieving the Success Plus Postsecondary Education Attainment Goal
- Utilize and grow the Alabama Industry-Recognized and Registered Apprenticeship Program (AIRRAP)
- Interlace federal education and workforce funding mechanisms

**Job Creation**

- Continue to recruit job-creating industries to the state
- Ensure Alabama's workforce is well-educated and ready for new industries that create jobs in the state

**Infrastructure**

- Ensure that Alabama's infrastructure keeps up with the needs of our growing economy, to include a modern transportation infrastructure, which helps create jobs by recruiting industry
- Ensure that rural Alabama has access to high-speed broadband internet
- Ensure that Alabama citizens have access to telehealth services and other necessary infrastructure related to health and safety

**Healthcare**

- Combat the opioid/substance abuse crisis
- Adequate healthcare facilities

**Strategies for Distressed Macon County**

Alabama's ARC program will give special emphasis to distressed Macon County. Projects that promote economic and community development, increase community capacity, strengthen workforce development, and create jobs in these counties will be prioritized. Macon County is also in the Delta Regional Authority (DRA); therefore, Alabama's ARC program will collaborate with DRA on economic development projects in Macon county when possible. Alabama's ARC program staff will work closely with the mayors, local economic developers, and community leaders to identify opportunities for economic development and the creation of new jobs. To assist this distressed county in recruiting industries, ARC funding will also be used for critical infrastructure and industrial site development.

## **Alabama ARC Operating Policies**

ADECA solicits applications for ARC funding from Local Development Districts, educational institutions, non-profit organizations, and governmental entities. ADECA notifies the public when ARC funding is available via the ADECA website, social media and through an email distribution list. An application workshop is held (in-person or virtually) and application assistance materials are provided to those interested in applying for funding. Applications are typically accepted for a period of approximately six to eight weeks. Applications for ARC funding must be submitted to ADECA via mail, email, or delivery.

Applications are reviewed by ADECA staff in the Community and Economic Development Division for eligibility and alignment with ARC goals and state priorities. Applications are ranked based on impact to the community, alignment with goals of the ARC and state priorities, project feasibility, community capacity and performance measures. Applications that promote economic development and job creation in distressed counties are prioritized. Additionally, applications that promote the Governor's priorities are given special consideration. After the review process, recommendations for funding are submitted to the Director of ADECA and Governor Ivey for review and approval before the final submissions are made to ARC.

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

- Distressed 80 percent of total project cost
- At-Risk 70 percent of total project cost
- Transitional 50 percent of total project cost
- Competitive 30 percent of total project cost
- Attainment Not eligible for ARC funding

The maximum investment of ARC funding in a project is \$200,000.00; however, the ceiling may be raised in certain critical and/or promising circumstances. Special consideration may be given by the Director of ADECA for infrastructure projects in a distressed county or projects that will result in economic development and the creation of jobs. Cost overruns on previously approved projects will generally not be considered for funding. However, overrun requests may be considered if additional jobs will be created by the modification.

Proposals for the following activities are not eligible for ARC funding: construction of schools, libraries, government offices, community centers or law enforcement 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 Appalachian Development Plan and the ARC Strategic Plan.

### **General Information**

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

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

Applications for construction projects should include a preliminary commitment of jobs provided by the employer, a preliminary engineering report and an economic impact study.

All required forms and information related to Alabama's ARC program can be found at <https://adeca.alabama.gov/arc/arc-application-information/>.