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STATE OF ALABAMA

August 14, 2023

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

Dear Mr. McBride:

Please find attached the State of Alabama's 2024-2027 Appalachian Regional Development Plan. The document outlines our economic development priorities and strategic agenda for investing funds to enhance economic development in Appalachian Alabama over the next four years. It is consistent with the Appalachian Regional Development Act of 1965, as amended and Section 5 of the Appalachian Regional Commission (ARC) Code.

If you need additional information, please do not hesitate to contact my Alternate State Member, Mr. Kenneth W. Boswell, at (334) 242-8672 or our ARC Program Manager, Ms. Crystal G. Talley, at (334) 353-2630.

Sincerely,


Kay Ivey
Governor

KI:KWB:km
Attachment

Appalachian Regional Commission

State of Alabama Appalachian Development Plan 2024-2027

Kay Ivey
Governor

Alabama Department
of
Economic and Community Affairs



In accordance with Section 5.3 of the Appalachian Regional Commission (ARC) Code, this document will serve as the State of Alabama's ARC Four-Year Development Plan. The purpose of this plan is to establish a method to set forth goals, objectives, priorities, and policies for Alabama's ARC region; identify broad statewide issues and needs that the governor has chosen to address with ARC resources; and prioritize development projects and programs in these key areas. The execution of this Plan will provide a comprehensive framework to enhance economic and community development and improve the quality of life for the residents of Appalachian Alabama.

Appalachian Regional Commission Overview

In 1960, governors from the Appalachian states, recognizing the economic challenges and persistent poverty of the Appalachian region, came together to develop a regional approach to address the problems facing the citizens of the Appalachian states. At that time;

- *one of every three Appalachians lived in poverty,*
- *per capita income was 23% lower than the U.S. average, and*
- *high unemployment and harsh living conditions had, in the 1950s, forced more than 2 million Appalachians to leave their homes and seek work in other regions.*

This determined, visionary group formed the Conference of Appalachian Governors to develop a regional approach to resolve these problems and developed a plan which they presented to newly elected President John F. Kennedy, who had seen the abject poverty in the region during campaign trips to West Virginia. President Kennedy formed a federal-state committee in 1963 that became known as the President's Appalachian Regional Commission and directed the group to design a comprehensive economic development plan for the region. The resulting plan was endorsed by the Conference of Appalachian Governors and Cabinet-level officials in 1964 and President Lyndon B. Johnson used this report as the groundwork for legislation that received bipartisan Congressional support. The Appalachian Regional Development Act (ARDA) was submitted to Congress and passed by a broad bipartisan coalition and signed into law in March of 1965.

The Appalachian Regional Commission (ARC) represents a federal, state, and local government partnership designed to address local needs. The Appalachian Region includes 423 counties across the 13 Appalachian States to include all of West Virginia, and parts of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. The Commission is composed of the Governors of the 13 Appalachian states and a Federal Co-Chairman, who is appointed by the president. Governor Kay Ivey serves as Alabama's ARC Commission Member and has assigned the administration of Alabama's ARC Program to the Alabama Department of Economic and Community Affairs (ADECA). Kenneth W. Boswell, ADECA's Director, serves as the Governor's ARC Alternate and is the state-level contact for those seeking ARC funding. Local participation is provided through support from communities, businesses, and local government leaders.

ARC Counties



Thirty-seven (37) of Alabama's sixty-seven (67) counties are located within the Appalachian Region. The counties are Bibb, Blount, Calhoun, Chambers, Cherokee, Chilton, Clay, Cleburne, Colbert, Coosa, Cullman, DeKalb, Elmore, Etowah, Fayette, Franklin, Hale, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Limestone, Macon, Madison, Marion, Marshall, Morgan, Pickens, Randolph, St. Clair, Shelby, Talladega, Tallapoosa, Tuscaloosa, Walker, and Winston.

Federal-State-Local Partnership

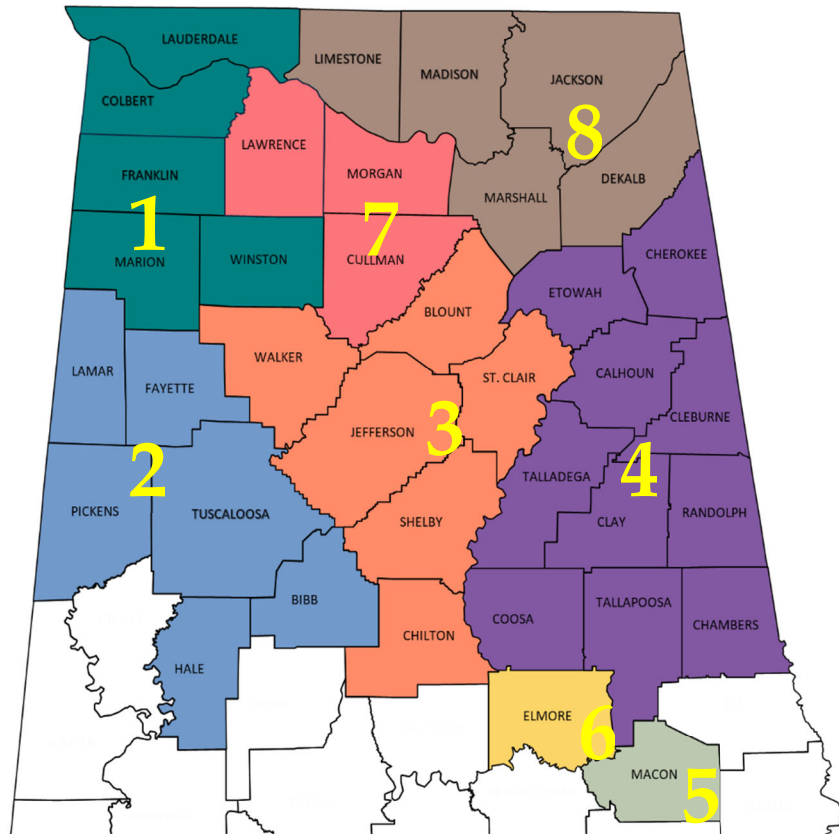
The goals of Alabama's ARC Program are implemented through collaboration and partnerships with federal, state, and local economic and community development organizations and multi-county development organizations called Local Development Districts (LDDs). Alabama's LDDs, or Regional Councils of Local Government, play a key role in the implementation of Alabama's ARC Program. Governed by boards comprised of elected officials, businesses, and other local leaders, the LDDs provide invaluable local support and technical assistance to communities seeking ARC funding.

Alabama's ARC Program staff work with eight (8) LDDs in the 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 within their local communities. Equally important, the LDDs develop and implement Comprehensive Economic Development Strategies (CEDs) in their regions which empower local leadership and foster and sustain economic development. Citizen participation in the development of local and regional strategies is achieved through public hearings conducted by the LDDs.

Collaborative partnerships among federal, state, and local partners allow for the leveraging of resources for a concerted, innovative, and accelerated execution of Alabama's ARC Program. The program works with federal agencies such as the United States Department of Agriculture, the Economic Development Administration, the Environmental Protection Agency, and the

Department of Housing and Urban Development. State agency partners include the Department of Commerce, Department of Public Health, Department of Transportation, Department of Conservation and Natural Resources, Department of Labor, and the Alabama Historical Commission.

Alabama's Appalachian Region LDDs



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

ARC Economic Status

ARC's primary objective is to help "distressed" counties generate sufficient economic development to stabilize their respective economies. The ARC uses an index-based county economic classification system that compares the average economic vitality for each of the region's counties with the national average. Three economic indicators – the three-year average unemployment rate, the poverty rate, and per capita market income – are used in determining the designations of the economic classification of its counties. A composite index for each county is created by adding and averaging the resulting values. This method of designation provides a composite measure of economic vitality for each ARC county while allowing a comparison of the region's vitality to that of the nation. The economic classification or designation of counties is made on an annual basis at the national level.

Each of the 423 counties in Appalachia is classified into one of five economic status designations based on its national ranking. The designations include ***Distressed, At-Risk, Transitional, Competitive, and Attainment***.

Distressed counties are the most economically depressed counties and rank in the bottom 10% of the nation's ranking.

At-Risk counties are at risk of becoming economically distressed and rank between the worst 10% and 25% of the nation's ranking.

Transitional counties are considered to be transitioning between strong and weak economies. They make up the largest economic status designation and rank between the worst 25% and the best 25% of the nation's ranking.

Competitive counties are able to compete in the national economy and rank between the best 10% and 25% of the nation's ranking.

Attainment counties are considered to be the strongest economically and rank in the top 10% of the nation's ranking.

Since 2007, the ARC recognized that some non-distressed counties included areas with significantly higher poverty or lower income levels than national averages. As such, these areas should also be considered economically distressed. Hence, the ARC designates census tracts in at-risk and transitional counties that have a median family income no greater than 67% of the national average and a poverty rate 150% of the national average or greater as "distressed areas". These designations are made annually based on the latest five-year estimates from the U.S. Department of Commerce, Census Bureau, American Community Survey.

Regional Profile

Land and Population: According to the 2017-2021 American Community Survey, which measures the changing characteristics of the U.S. population, Appalachian Alabama covers 25,763 square miles and has a population of 3,248,852 which is 64% of Alabama's total population of 5,039,877. Alabama's Appalachian population represents 12% of the 13-state

Appalachian Regional population of 26,289,466.

Throughout the 13-state Appalachian Region, 18-24-year-olds made up less than 7.5% of the population in 209 Appalachian counties, eleven of which were in Alabama (Cherokee, Cleburne, Coosa, Fayette, Lamar, Lawrence, Jackson, Marion, St. Clair, Tallapoosa, and Winston). Of the 209 counties, 148 were outside metropolitan areas and 60 were in the most rural counties, suggesting a possible lack of opportunities in these communities for youth making the transition to adulthood. In Appalachian Alabama, 18-24-year-olds account for 8.9% of the population; 25-64-year-olds account for 51.5% of the population, and residents aged 65 and over account for 17.5% of the population. These percentages are very close to those for the overall Appalachian Region.

The working-age (ages 25-64) population In Appalachia has decreased since 2010 by nearly two percentage points. Appalachian Alabama has also seen a decline of 1.5 percentage points of residents in the working-age range.

Healthcare & Health Outcomes: Healthcare and health outcomes are growing concerns for the citizens of Appalachian Alabama as well as for all of Alabama and the nation and are a priority of this Administration. As Alabama's and Appalachian Alabama's rural counties experience gains in population, greater demands are placed on hospitals, physicians, and the emergency care network. As the quality of healthcare can be measured by the number of physicians per capita, Alabama faces challenges in the number of physicians providing care in Appalachian Alabama. Appalachia Alabama's number of primary care physicians per 100,000 people is 13.4% lower than the national average. Additionally, the supply of mental health providers per 100,000 individuals in the state's Appalachian counties is 55% lower than the national average. The supply of specialty physicians and dentists per 100,000 individuals is 16% and 26%, respectively, lower than the national average.

In terms of health outcomes, Alabama is included in the ARC's "Diabetes Belt", and like many ARC states, faces the health challenges of obesity and chronic conditions, such as diabetes and high blood pressure. In fact, according to *Creating a Culture of Health in Appalachia: Disparities and Bright Spots*, Appalachian Alabama deaths related to heart disease, cancer, injuries, chronic obstructive pulmonary disease, and stroke is higher than the national average by double digit percentages, some as high as 35%. The average adult in Appalachian Alabama reports feeling physically unhealthy 28% and mentally unhealthy 25% more often than the average American. Appalachian Alabama's years of potential life lost rate is 45% higher than the national rate and 2% higher than the rate in non-Appalachian Alabama.

In turn, the suicide rate in Appalachian Alabama ages 15-64 is slightly higher (20.7 per 100,000) than the rate in non-Appalachian Alabama (19.4 per 100,000). Physical inactivity, smoking, drug addiction (opioid and other), and lack of insurance all contribute to poor health outcomes in Appalachian Alabama. – Appalachian Diseases of Despair

Workforce: The total number of persons ages 25-64 in the civilian labor force in Appalachian Alabama was 1,216,585 or 73.1%. Appalachia's employment rose between 2008-2012 and 2013-2017, and its unemployment rate fell. Although the unemployment rate in Appalachian Alabama remained constant at 4.4% in the 2017-2021 American Community Survey when

compared to the 2016-2020 American Community Survey, the number of Appalachian Alabama counties experiencing an unemployment rate of less than 4.4% increased.

Education: Educational attainment comparisons of the total population ages 25 and over showed that 12.6% of the population in Appalachian Alabama had less than a High School diploma, as compared to 11.1% nationwide. Those with a bachelor's degree or higher in Appalachian Alabama were 27.5% as compared to the State of Alabama's 26.7% and the national figure of 33.7%. These figures represent an improvement in this statistical measure for Alabama from the previous American Community Survey results. Although the share of Appalachian adults with at least a high school diploma was slightly below the national average, it matched or exceeded the national share in 130 counties in the Appalachian Region.

Income: The median household income in Appalachian Alabama was \$57,422 compared to \$69,021 for the United States. The percent of persons in the Alabama Appalachian Region in poverty for all ages was 14.5% as compared to the national percentage of 12.6%. Over the 2017-2021 period, five Appalachian counties in Alabama had poverty rates of 20% or greater (DeKalb, Fayette, Hale, Macon, and Pickens). During the same period, only ten Appalachian Alabama counties experienced poverty rates of 14.4% or less (Blount, Cleburne, Coosa, Cullman, Elmore, Lauderdale, Limestone, Madison, Shelby, and St. Clair).

Broadband Internet Access: In Appalachian Alabama, 83.4% of households have an internet subscription as compared to 83.1% in the Appalachian Region and 87.2% in the nation. Of those subscriptions, 83.2% are for broadband. Only two counties in Appalachian Alabama have more than 87% of households with broadband internet access (Madison and Shelby). In the Appalachian region, nearly three in four households had a broadband internet subscription compared to nearly four in five nationwide. However, there is a divide between the urban and rural areas when it comes to being unserved and underserved regarding broadband access. The ability to access broadband services enhances the ability to improve educational opportunities and economic development projects and provide better healthcare opportunities.

In summary, strategies that address gaps in healthcare education, access, and outcomes; education attainment; aligning workforce training resources with business and community needs (providing skilled and educated workers); availability and the need for critical infrastructure and recruiting high wages employers to Appalachia Alabama are priorities for this administration.

Economic Outlook

According to the Alabama Economic Outlook 2023, Culverhouse College of Business, Center for Business and Economic Research at the University of Alabama, Alabama's Gross Domestic Product is expected to increase by 1.3% in 2023, a slightly slower rate than in 2022. Although nonfarm employment is expected to decline by 0.3% in 2023, manufacturing employment is expected to rise by 0.6%. The fastest growing segments of the state's economy in 2023 will include agriculture, forestry, fishing, and hunting (15.7%); motor vehicle and parts manufacturing (3.0%); petroleum and coal products manufacturing (2.3%); plastics and rubber manufacturing (2.1%); utilities (1.9%); other transportation equipment manufacturing (1.6%); and professional and business food services (1.1%).

Alabama gained 46,600 nonfarm jobs in the 12-month period ending October 2022. Over 71% of those net job gains were in service-providing industries, especially in education, health, professional, and business service establishments. In October 2022, the nonfarm employment totaled 2,111,300, which is 34,200 jobs greater than the pre-pandemic level in February 2020. Goods producing businesses added a net 13,200 jobs (3.6% growth), most of which occurred in the manufacturing (durable goods) and construction sectors. The mining and logging industries added 100 jobs over the 12-month period. Employment in the construction industry also grew by 6,800 jobs, with all sector segments adding jobs: heavy and civil engineering construction added 2,400 jobs, construction of buildings added 2,100, and specialty trade contractors added 1,800. Manufacturers added 6,800 jobs with 5,300 jobs in durable goods manufacturing and 1,500 jobs in nondurable goods sectors. The largest increases in manufacturing firms were seen in transportation equipment manufacturing (1,300), primary metal manufacturing (500), and wood and fabricated metal product (400 jobs each) as a result of the increased demand for exports.

The state's service industry added 33,400 jobs during the 12-month period ending October 2022 with jobs in private service businesses increasing by 28,800 as the availability of and access to COVID-19 vaccines allowed Alabamians to return to face-to-face interactions which increased the demand for workers. The state realized net job gains of 11,700 in education and health services; 9,500 in professional and business services; 4,600 in government; 3,600 in other services; and 3,000 in retail trade. Financial services jobs increased by 1,200 and transportation, warehousing, and utilities gained 1,100 net jobs. Wholesale trade and information businesses added 600 additional jobs. The arts, entertainment, and recreation segment gained 2,700 jobs and local and federal governments increased employment numbers by 4,500 and 400 respectively.

All of Alabama's metropolitan areas experienced job gains in the 12-month period ending in October 2022, with an overall increase of 33,500 jobs. Metropolitan areas in Appalachian Alabama accounted for some of the largest gains to include the Birmingham-Hoover metro, which added 14,300 jobs, followed by Huntsville (5,400), Tuscaloosa (2,600), Decatur (1,200) Florence-Muscle Shoals (1,100), Anniston-Oxford-Jackson (1,000), and Gadsden (700).

The Alabama Business Confidence Index (measures economic expectations from a broad group of business executives across the state) indicated a positive outlook for professional, scientific, and technical services; healthcare/social assistance services; construction; wholesale trade; and manufacturing. The most optimistic forecasts for growth came from large firms (100 or more employees) which previously had the lowest forecasted growth. Small firms didn't forecast much change, while midsize firms had the lowest firm size confidence index which was slightly negative.

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 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. Improving infrastructure not only improves the future of Appalachian Alabama, but it improves the future of the entire state. Infrastructure directly impacts our economy now and in the future.

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% 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 7% 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, rail, ports, 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

Clean water is a basic necessity for an overall good quality of life. 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. Finding ways to better allocate water resources will also help facilitate economic growth in Appalachian Alabama.

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.

Although broadband access has improved over the last few years much of Alabama's ARC region is unserved or underserved with respect to broadband access. The U.S. Census Bureau estimates that as many as 9.9% of Appalachian Alabama households do not have a computer of any kind which is significantly higher than the national percentage of 6.9. 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 affordable 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. Not only does there have to be broadband access, but it has to be affordable in order to adequately serve households and businesses.

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." The Governor 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 (ADPH), 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 another 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 greatest current health concern in the state making it the number one health indicator. Between 2017-2019, 41% of Alabama adults sought medical treatment for a mental health issue. According to the Centers for Disease Control and Prevention (CDC), the Alabama suicide rate in 2019 was 16.4 per 100,000

persons (804 deaths) making suicide the 12th leading cause of death in Alabama. 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.

Citizens in the Appalachian Region deserve access to quality and affordable health care. As a way to improve healthcare access, the J-1 Visa Waiver Program recommends waivers for Physicians that agree to practice primary medical care at least forty hours a week at a site in a Health Professional Shortage Area, as designated by the Health Resources and Services Administration (HRSA), within the legislatively defined ARC service area for a minimum of three years or longer, as a specific state policy may require. Alabama's ARC J-1 Visa Waiver Program is administered by the ADPH in partnership with the University of Alabama, Health Services Foundation, P.C.

According to an article by WSFA 12 News published on April 13, 2023, there is a growing workforce shortage in healthcare. Access to care is inadequate and the timeframe to see a doctor, specialist, primary care, etc. provider takes too long. There are not enough doctors to meet demand in Alabama for multiple reasons to include retirement and leaving the profession altogether due to burnout and increasing financial pressures. Medical professionals identified the need to expand residency training programs for physicians as the biggest solution to the problem. However, the high costs associated with educating a resident are a challenge in the state and Appalachian Alabama.

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.

Labor Shortage, Skilled Labor Shortage, and Decline in Labor Productivity

The U.S. has too many people without a job and too many vacant jobs without skilled labor to fill them which results in employers' inability to optimally thrive in the present business environment. According to the Pew Research Center (2022), between February 2020 and 2021, a net of 2.4 million women (with Hispanic and Black women accounting for 46% of this total decrease) and 1.8 million men left the workforce with no intent to actively seek out reemployment. Additionally, the workforce system is not responsive enough to changing jobs and evolving skill requirements; workforce training programs are not aligned with industry needs and workforce data infrastructure is outdated which causes a shortage in needed skilled labor. – HR Professionals Magazine

The Bureau of Labor Statistics reported a 7.3% decline in labor productivity during the first quarter of 2022, the steepest decline since 1947. Productivity can be used as a metric for assessing the economy because it reflects the economy's ability to generate goods and services from the same

amount of work. Productivity growth can simultaneously benefit businesses through increased profits, consumers through increased availability of goods and services, and workers through increased compensation. Researchers at Smartest Dollar divided each state's total value-added output by its total annual hours worked for private nonfarm industries in 2021. The analysis found that labor productivity in Alabama amounts to \$63.12 per hour worked, compared to \$82.89 nationally. Overall, Alabama ranks 45th among all U.S. states in labor productivity. – Huntsville Business Journal, August 1, 2022

Talent Retention

The Governor's Office of Minority Affairs (GOMA) implemented the Alabama Historically Black Colleges and Universities (HBCU) Co-Op Program. The purpose of this program is to establish a pipeline for diverse talent between Alabama's HBCUs and employers. The HBCU Co-Op Program is a three-way partnership between the GOMA, participating Alabama HBCUs, and public and private sector employers. The program will place 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.

Food Insecurity and Access to Healthy Foods: Poverty, food insecurity, and poor nutrition have serious consequences for the health and well-being of children, adults, and older adults, including a greater risk for chronic disease and poor mental health (Alabama Department of Public Health (ADPH), 2023). Alabama is the fifth poorest state in the nation, with 17% of adults and 23% of children (1 out of 4) facing food insecurity, or lack of regular access to enough nutritious food for an active, healthy life (ADPH, 2023). For those with low or no income, rent or mortgage and medicine are usually covered first, leaving little for the food budget and other, more flexible expenses (ADPH, 2023). Twenty-one (21) of the thirty-seven (37) Alabama ARC counties rank in the top 50 of Alabama's sixty-seven (67) counties, with Pickens (#11) in the top 20 and Alabama's two ARC distressed counties, Hale (#9) and Macon (#7), in the top 10 (Stacker, 2023). COVID-19 has led to an increase in food insecurity in Alabama (ADPH, 2023).

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 affects every area of the economy. According to the Alabama Department of Mental Health, the number of overdose deaths in Alabama increased by 82% from 2006 to 2014. In 2019, Alabama health providers wrote 85.8 opioid prescriptions for every 100 persons, which is significantly higher than the U.S. average rate of 46.7. The Alabama Department of Mental Health recorded 1,196 admissions into treatment centers for the abuse of fentanyl in 2022, compared to 417 in 2021, representing 779 more admissions. Fentanyl mental health admissions, drug seizures, and deaths are continuing to increase at an alarming rate throughout the state (Alabama 2024 Drug Threat Assessment prepared by the Alabama Operations Center/Gulf Coast HIDTA).

In 2020, Appalachian Alabama opioid-related overdose mortality rates for ages 15-64 totaled 23.4 deaths per 100,000 which accounted for 64% of all overdose related deaths (Appalachian Diseases of Despair). Although efforts have been made to control opioid addiction and 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. There are 21 certified opioid treatment programs in the state. 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.

Inadequate Capacity: Capacity is a challenge at all levels of government and in the non-profit sector. Human Capital, finding people with the right skill set to replace an aging and changing workforce, is one of the biggest problems for leaders. Additionally, many are still weighed down by paper and antiquated processes that are not efficient or convenient for their staff and are just not keeping up with the digital transformation of the workforce. The need for capacity building, planning, and technical assistance is prevalent in the region. Leaders do not know how to effectively plan, develop, fund, and implement economic development projects and investments that drive measurable economic change.

Economic Opportunities

Aerospace and Aviation: The industries sustain healthy commerce for the state by offering high-paying jobs and contributing to the low unemployment rate. Aerospace manufacturing accounts for approximately 14,200 jobs in the state with Alabama ranking among the top five states for aerospace engineers with 3,900 employed in the occupation. At least three universities in Appalachian Alabama, one of which is an accredited HBCU, offer degrees in Aerospace Engineering. Over \$1.7 billion in aerospace equipment and parts were exported from the state in 2022. 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 and comprehensive list of training programs and assets due to the extensive presence of the aerospace/aviation industry within the state. Some partners include the Alabama Industrial Development Training (AIDT) Robotics Technology Park near Decatur which provides specialized training in robotics and automation programs and the Alabama Community College System's Alabama Aviation Center which offers FAA-certified training in airframe and engine maintenance at locations throughout the state. - Alabama Department of Commerce-Made in Alabama

Automotive: Growth in this industry sector continues to accelerate, vastly impacting the state's economy with vehicles becoming the number one export with annual shipments to approximately 70 nations around the world. Exports of Alabama-made vehicles and parts exceeded \$9 billion in 2022. In 2022, Alabama automakers combined produced approximately 1.3 million cars and light trucks, including all-electric models for which production began in 2022. Toyota, Honda, and Hyundai produce over 1.5 million engines each year and capacity upgrades will move that number closer to 2 million conventional and hybrid-electric powertrains. The automotive manufacturing sector accounts for approximately 47,000 jobs in the state. Of those, around 26,000 are in the state's growing automotive supplier network which includes 150 major companies. - Alabama Department of Commerce-Made in Alabama

Mazda Toyota Manufacturing (MTM), located in Huntsville, Alabama was completed in 2021. MTM has the capacity to produce 300,000 vehicles per day and continues to target up to 4,000 new jobs and hired more than 3,900 production team members as of May 2023. - Toyota Newsroom

ADECA worked with an advisory group of stakeholders to develop the Alabama Electric Vehicle Infrastructure Plan. ADECA administers the Electric Vehicle (EV) Charging Infrastructure Program. Per the Alabama Volkswagen Settlement Beneficiary Mitigation Plan, 15% of the available funding has been allocated for Light-Duty Zero Emission Vehicle Supply Equipment infrastructure. The state initially focused on a high-impact corridor that would allow for targeted funds to have a concentrated impact on EV adoption in the state. In 2021, ADECA awarded the first round of grants for direct current (DC) fast chargers at sites across the state. The state has since expanded its focus to ensure EV charging infrastructure would be located along interstate corridors and non-interstate corridors to further encourage EV adoption. In efforts to build out EV charging infrastructure, two additional rounds of grants have been awarded with funds allocated by the Alabama State Legislature. In addition, Alabama is projected to receive \$79 million from the National Electric Vehicle Infrastructure (NEVI) Formula Program over a five-year period. The first two rounds of NEVI funds, totaling \$28.6 million, have been made available to Alabama. NEVI Program funds must be used along interstate corridors for projects located within one mile of an interstate exit. Funding allocated by the State Legislature will focus on non-interstate corridors to fill critical charging gaps. – ADECA Energy Division

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. Forest products totaling about \$2 billion were exported in 2021. The value of manufactured products in the state exceeds \$12.5 billion annually with nearly 40,000 individuals employed in forestry and logging, wood products, and pulp and paper. New capital investment of \$1.2 billion in 2021 and 2022 created more than 1,500 jobs in the industry. - Alabama Department of Commerce-Made in Alabama

Education: Education is a major component of workforce development. Having access to educational opportunities 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. The successful implementation of the Alabama Literacy Act and the Alabama Numeracy Act will ensure that all Alabama students have the foundational reading and math skills to be successful. 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 in Alabama has a \$7.3 billion annual economic impact. The state is home to 780 bioscience companies, 50 medical device companies, and has a track record for breakthrough discoveries. Southern Research in Birmingham has discovered seven FDA-approved drugs used in cancer treatment. They are also preparing to construct a flagship biotech center in Birmingham in 2024 which will feature 106,000 square feet of commercial wet labs, A/BSL-3 space, and data science facilities. The biotech center is expected to create 150 jobs and double the organization's annual economic impact to \$300 million. - Alabama Department of Commerce-Made in Alabama

The HudsonAlpha Institute for Biotechnology in Huntsville is a research leader on the human genome. Imunon, a clinical-stage biotechnology company, recently opened its operations for its Good Manufacturing Practices clinical materials production facility at the Institute. In fiscal year 2022, the University of Alabama at Birmingham (UAB) received nearly \$333 million in National Institutes of Health funding which was its third consecutive year to exceed the \$300 million mark. UAB is constructing the Altec/Styslinger Genomic Medicine and Data Sciences Building valued at approximately \$78 million to advance its leadership in precision medicine, genomic science, and biomedical research. - Alabama Department of Commerce-Made in Alabama.

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. Over 740 jobs were created in the sector as a result of new private-sector investments totaling \$236 million. - Alabama Department of Commerce-Made in Alabama

Furthermore, 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. 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 over 300 companies such as local and international high-tech enterprises, U.S. space and defense agencies, business incubators, and competitive higher-education institutions and is home to more than 26,000 employees and 13,500 students. - Alabama Department of Commerce-Made in Alabama

Agriculture: Alabama's agriculture industry is one of the top industries in the state and entrepreneurship is beginning to play a vital role in its continued growth. The United States Department of Agriculture (USDA) awarded \$15 million to the lender Alabama Agricultural Development Authority (AADA) to support meat and poultry slaughter and processing businesses in Alabama with the end goal of facilitating the start-up and expansion of small and medium sized slaughter and processing plants. - Alabama Department of Agriculture and Industries

Agribusiness has cultivated a positive impact on North Alabama's regional economy with some counties ranking among Alabama's top-ten producers in the following categories: broilers; cattle; corn; cotton; dairy cattle and milk; greenhouse, nursery, and floriculture; soybeans; and vegetable and melon farming. - North Alabama Industrial Development Association

Although agriculture is most often associated with rural areas of the state, urban agriculture is also equally important and can play a role in food justice and equality. Educating, innovating, and bringing communities together to improve nutrition and food access while increasing local food production in urban areas is crucial. - U.S. Department of Agriculture

Alabama houses approximately 39,000 farms on 8.3 million acres which yield a great variety of agricultural products. The state ranks high nationally in freshwater fish production, poultry production, peanut and pecan production, and in the Top 10 for cotton production. Cash receipts for agriculture reached almost \$6 billion in 2021. The industry employs about 34,000 workers, who supported over \$1 billion worth of exports in 2022 including \$489 million in food products, \$481 million in agricultural products, and \$141 million in livestock and related products. - Alabama Department of Commerce-Made in Alabama

Tourism: Tourism in North Alabama is 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 6 million people visited the state's 21 state parks in 2021. 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.

As outdoor activities become increasingly popular, so does the opportunity to capitalize on Appalachian Alabama's abundant natural resources. Increasing access to these features will make the state more attractive to advanced industries as well as a skilled workforce for the industries. According to the report by the prestigious Hoover Institution at Stanford University, "Alabama is exceptionally endowed with a vast array of natural assets that can be leveraged to expand its outdoor recreation industry, enhancing the state's attractiveness for high-skill individuals and new tourists, as well as yielding substantial returns for both rural and urban communities." Providing greater public access to natural assets and increasing and improving outdoor recreation facilities can be a strong economic development driver. - Alabama News Center (11/03/2021)

The state ranked in the top six in the nation for the smallest percentage drop in travel expenditures during the pandemic. An estimated 28.6 million visitors to Alabama spent \$22.4 billion in 2021 in

the state. Direct travel expenditures in Alabama in 2022 ranked in the following order: Eating and Drinking Establishments, Auto Transportation, Public Transportation, Lodging Facilities, General Retail, and Entertainment. Tourism helped generate 238,741 jobs in 2022. For every \$139,041 of expenditures in the travel industry, one direct job was created in the state. For every two direct jobs created, one additional job was indirectly created. Eating and drinking establishments accounted for more than half of the jobs. Jobs were created in the food industry (53%), overnight accommodations (20%), entertainment (13%), and general retail (7%). – 2022 Alabama Tourism Economic Report, Alabama Tourism Department

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 has opened 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 \$785 million. Furthermore, the state has six sites designated as Primary Data Center Sites by the Tennessee Valley Authority. - Alabama Department of Commerce-Made in Alabama

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 73% 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 located in Alabama. Twenty-five community colleges in the state offer IT programs, with fifteen 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-Made in Alabama 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. Three of the nation's seven major pipe-makers are located in Alabama. As of February 2023, 35,000 Alabamians were employed in the primary and fabricated metal manufacturing industry. Exports of primary metal manufactured goods in 2022 were valued at more than \$1.8 billion with this industry accounting for approximately 18,000 jobs. Fabricated metal manufacturing accounted for nearly 27,000 jobs. Two of the world's largest producers of carbon fiber, Toray, and Hexcel, have facilities in Decatur. In addition, 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. In 2022, nearly \$2.9 billion in new capital investments were announced. - Alabama Department of Commerce-Made in Alabama

Broadband: On April 26, 2017, Governor Kay Ivey issued Executive Order 704 establishing ADECA as the agency to assume all powers, duties, responsibilities, authority, and obligations belonging to the Office of Broadband Development. On March 28, 2018, Governor Kay Ivey signed the Alabama Broadband Accessibility Act. Because the availability of high-speed broadband services in unserved rural Alabama is important for economic development, education, health care, and emergency services, the Alabama Broadband Accessibility Act established the Alabama Broadband Accessibility Fund. On May 30, 2019, Governor Ivey signed Act #2019-327 which provided numerous amendments to the original Act. On May 17, 2021, Governor Kay Ivey signed the Connect Alabama Act. The Act created three entities: 1) the Alabama Digital Expansion Authority to advise, review, and approve the statewide connectivity plan, among numerous other duties; 2) the Alabama Digital Expansion Division of ADECA to develop and begin executing a statewide connectivity plan, among other duties; and 3) the Alabama Digital Expansion Finance Corporation to administer the Connect Alabama Fund, among other duties.

Since 2018, Alabama has invested \$88.6 million of state dollars by awarding more than 109 grants through the Alabama Broadband Accessibility Fund and has committed to over \$300 million more in state and federal funding for broadband expansion. These projects will make broadband service available to 82,000 potential homes and businesses if they choose to subscribe. Additionally, ADECA implemented the Alabama Broadband Connectivity for Students program during the COVID-19 outbreak. Utilizing \$50 million in CARES Act funding, ADECA provided internet access for approximately 200,000 low-income students. More than 40 internet service providers participated in this unique program that has been recognized nationally. ADECA is also responsible for the online Alabama Broadband Map and the Alabama Connectivity Plan released in December 2021.

ADECA awarded up to \$82.4 million in federal American Rescue Plan Act (ARPA) funds for a statewide Middle-Mile project to the Fiber Utility Network to create a statewide, open access network providing approximately 3,000 miles of leased and newly constructed routes in 64 of Alabama's counties. This project is scheduled to be completed within two years. Through the second tranche of ARPA funds, ADECA will be rolling out an Anchor Institution/Middle-Mile (AIMM) program with up to \$245 million. This program is expected to serve as many as 500 anchor institutions. Additionally, ADECA is administering more than \$191 million in Capital Projects Fund, also from ARPA for Last Mile projects. The application workshop for these funds was held on July 31, 2023, and the applications are due on October 13, 2023. Recently, Alabama learned that it would receive \$1.4 billion to implement programs funded through the Infrastructure Investment and Jobs Act.

Alabama has made great progress; however, current funds won't be enough to cover the estimated \$4 billion to \$6 billion cost of providing high-speed internet to every household in Alabama. - ADECA Digital Expansion Division

Chemicals: In 2022, new capital investments reached approximately \$330 million in the state's chemical industry. Chemicals ranks second in the state's largest export category with shipments overseas totaling \$2.7 billion in 2022. The right reagents are the catalyst for the state's production of caustic soda, oxidants, light stabilizers, emissions catalysts, phenol, acetone, and a variety of specialty chemicals. Morgan County houses a cluster of chemical companies to include Daikin America and Ascend Performance Materials. Statewide, more than 200 chemical companies are

employing over 10,000 individuals. - Alabama Department of Commerce-Made in Alabama

Distribution and Logistics: Alabama's location equips the state to ship products anywhere in the world at a competitive cost and short time frame. The state has six interstates totaling 1,060 miles, 19 U.S. Highways totaling 3,852.85 miles, 2,000+ miles of Class I railroad track, and the 9th largest seaport in the U.S. Product distribution in the state is also desirable because Alabama does not have an inventory tax. Half of the U.S. population is within one day's driving distance and Huntsville International was ranked 17th among U.S. airports for international cargo. - Alabama Department of Commerce-Made in Alabama

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 in Opportunity Funds dedicated to investing in the designated Opportunity Zones. Congress empowered governors to nominate Opportunity Zones in their states by using up to 25% 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.

ARC Federal Initiatives:

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 Revitalization) 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 in 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% 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.

ARISE Initiative

The new initiative, Appalachian Regional Initiative for Stronger Economies, was developed to produce large-scale, regional economic transformations across multiple Appalachian states. The program encourages partnerships and collaboration in order to achieve greater success and more widespread benefits utilizing the funding provided. Grants may be awarded for planning or implementation projects.

READY Appalachia

READY Appalachia is a community capacity-building initiative that offers flexible funding to nonprofits, community foundations, local governments, and Local Development Districts, and free training to the Appalachians that work for them. Grants may also be provided to support capacity-building needs for successful applicants. Grant opportunities to increase their capacity to solve pressing issues and create positive economic change are also available. Special emphasis is given to those serving Appalachia's most underrepresented communities, including economically distressed areas, counties targeted by the Interagency Working Group on Coal and Power Plant Communities, and marginalized populations.

Workforce Opportunity for Rural Communities (WORC) Initiative

This initiative, managed by the U.S. Department of Labor, offers opportunities for funding to provide training and support activities to dislocated workers, new entrants in the workforce, incumbent workers, and those impacted by substance use disorder returning to work.

Academies and Institutes:

Appalachian Entrepreneurship Academy

Entrepreneurship helps promote innovation and is very beneficial to the economy in Appalachia. Entrepreneurship can produce new businesses and more jobs. ARC, in partnership with Appalachian State University, EntreEd, and STEM West, created the Appalachian Entrepreneurship Academy (AEA). Appalachian students in high school have the opportunity to participate first-hand in activities that help promote creativity and cultivate entrepreneurial skills. Participants selected for AEA are chosen by a competitive application process.

Appalachian Leadership Institute

Productive leaders throughout the Appalachian Region can help push other citizens in Appalachia to reach their full potential. ARC, in partnership with the University of Tennessee, Knoxville, The Howard H. Baker Jr. Center for Public Policy; Tuskegee University; and Collective Impact, LLC, created a curriculum that provides extensive leadership training for leaders within the Region. This curriculum was designed for The Appalachian Leadership Institute (ALI). The ALI is a nine-month,

all-inclusive program that provides leadership and economic development training opportunities for people who live and/or work in Appalachia. The ALI is comprised of 40 fellows chosen annually by a competitive application process and allows fellows from Appalachian Alabama to network with fellows from the ARC Region. ALI helps promote regional collaboration amongst the 13 ARC states.

Appalachian STEM Academy at Oak Ridge

Science, technology, engineering, and math (STEM) education is a way to provide tools and teach skills that are needed to function in today's society. It encourages critical thinking to solve problems. Middle school and high school students, as well as teachers in Appalachian Alabama, can participate in the Appalachian STEM Academy at Oak Ridge. Created in 1990, the Oak Ridge program provides hands-on STEM experience. Economic success in Appalachian Alabama is imperative and providing STEM educational training opportunities to the middle and high school students in Appalachian Alabama is essential to boosting students' success in the Region.

Appalachian Development Highway System: Congress established the Appalachian Development Highway System (ADHS) as the centerpiece of ARC's economic and community development program. The ADHS was designed to provide an efficient transportation system to connect Appalachia physically and economically to the rest of the nation. The ADHS is currently authorized at 3,090 miles and Alabama's Appalachian Region has 295.7 miles eligible for ADHS funding. As of September 30, 2020, Alabama completed 192.9 miles of the ADHS, had 6.4 miles with remaining state construction (open to traffic), 3.2 miles under construction, 21 miles in design/right-of-way state, and 43.3 miles in the location study stage.

Corridor V

Corridor V in Alabama links the Mississippi state line through Huntsville, Alabama to the Tennessee state line. This will provide major new connections to Memphis, Tennessee in the west, Atlanta, Georgia in the east, and the Tennessee state line near Bridgeport, Alabama in the north. The total length of the corridor in Alabama is 145.4 miles and is nearly complete with approximately 135 miles open to traffic. Corridor V, having been constructed in stages, still requires more work - primarily the addition of travel lanes.

Corridor X

Corridor X, which runs between I-65/I-59 in Birmingham and Itawamba County, Mississippi, provides an important alternative to U.S. Highway 78, a major east-west corridor in the area. Corridor X provides full access to Interstate standard highways to numerous small communities subject to heavy automobile and truck traffic levels. The total length of the corridor in Alabama is 98 miles. According to the *Status of the Appalachian Development Highway System as of September 30, 2022*, there are no projects currently underway for this corridor.

Corridor XI

The Northern Beltline, which is Interstate 422 and Corridor XI in Alabama was added to the ADHS in Section 123 of the FY 2004 Consolidated Appropriations Act. The corridor extends

approximately 65 miles along the alignment of the planned Birmingham Northern Beltline from I/59, in the vicinity of I-459 southwest of Birmingham and extending northward crossing SR 269 and Corridor X and continuing eastward connecting to I-20 to the east of Birmingham. The anticipated economic impact on the Birmingham area within ten years of completion is estimated at \$2.67 billion. This includes the creation of approximately 14,000 jobs with average salaries greater than the median Alabama income. According to the *Status of the Appalachian Development Highway System as of September 30, 2022*, there are currently several projects underway related to Corridor X1. Sixty-five miles have been authorized for ADHS funding (3.2 miles with construction underway, 19.2 miles in the design and right-of-way stage, and 42.6 miles in the location studies stage).

The completion of the ADHS in the state will provide numerous transportation and economic benefits to Appalachian Alabama and the state as a whole. It will provide important highway access; improve connections between the highway networks and important rail lines, inland waterways, and airports; and will assure the global reach necessary for area businesses to compete and succeed in the global economy of the 21st century. Building on the success of the International Intermodal Center at Huntsville International Airport and capitalizing on the new containerized shipping capabilities now being developed at the Port of Mobile, improved coordination and integration of highway, rail, inland navigation, and aviation services will provide Appalachian Alabama with a powerful new link to the global supply chain, improving the competitiveness of existing businesses and attracting important new enterprise into the region.

Targeted Regional Investment Priorities

Funding from the Appalachian Regional Commission will support and promote the following priorities for Alabama's Appalachian Region.

1. Economic development and job creation in distressed Hale and Macon Counties and distressed census tracts identified by ARC.
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) with a focus on computer coding to ensure Alabama's students receive the education required for a successful career
- Computer Science for Alabama (CS4AL) - Advocate for at least one computer science course to be available in every high school
- Provide advanced training leads to Better Jobs (Advanced Training, Better Jobs)
- Ensure continuous lines of communication 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
- Braid Alabama's federal education and workforce funding streams
- Utilize and grow the Alabama Industry-Recognized and Registered Apprenticeship Program (AIRRAP)

Job Creation

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

Infrastructure

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

Healthcare

- Combat the opioid/substance abuse crisis
- Adequate healthcare facilities and access to healthcare
- Expand behavioral-health services in the region

To implement the target priorities, the Governor's Office will partner with the Alabama Workforce Council, Alabama State Department of Education, Alabama Commission on Higher Education, Alabama Community College System, and others to prepare students for postsecondary education and the workforce. Investments in programs that develop and support career-specific education and skills training in growing employment sectors, such as advanced manufacturing, will prepare students for 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. Eligible projects could include programs that provide students and workers with cutting-edge technological training to prepare them for either successful post-secondary education or direct placement into high-wage and high-demand careers in Alabama's advanced manufacturing industry.

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 attract new businesses to help grow the state's economy. Investments in infrastructure projects, including 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 address a mandate of the Federal Environmental Protection Agency or a state health or environmental agency. Eligible nonresidential infrastructure projects would retain or create new jobs and have a direct impact on the local and regional economy and might include site preparation or installation or extension of water, sewer, or gas lines for the expansion of an existing industry or a new industry.

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 utilize 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.

Investing in projects that increase access to and improve the quality of healthcare for Appalachian Alabamians is critical. It is a vital need that will assist in job retention, possible job creation, and the overall health of the citizens. Combating the opioid crisis, and drug addiction in general, in Appalachian Alabama is essential to improving the quality of life and the ability of its citizens to become productive members of the workforce. The opioid and addiction crisis affects every area of the economy. A critical component of fighting the opioid and drug addiction epidemic is providing access to treatment and following through with wrap-around services. This includes changing the climate and stigma that surrounds addiction in the workplace. Supporting the workforce and employers and creating new jobs in the healthcare area for Appalachian Alabama will strategically help with the opioid crisis. Governor Ivey created the 40-member Alabama Opioid Overdose and Addiction Council charged with proposing ways to address the overdose crisis in Alabama.

The Alabama ARC Program will work to expand essential economic and community development strategies in distressed Hale and Macon Counties as well as distressed census tracts in At-Risk and Transitional Counties. ARC resources will be used to fully engage the LDDs which serve this county and strengthen partnerships with existing regional and local partners to develop projects which profoundly and fully impact their communities.

State Strategic Goals and Objectives

The following is Alabama's integration of its objectives and strategies to further ARC's goals:

- A. ARC Investment Goal 1:** Building Appalachian Businesses - Strengthen and diversify the Region's economy through inclusive economic development strategies and investments in entrepreneurship and business development.

- State Objective 1.1:** Stimulate growth of the region's businesses.

- State Strategy 1.1.1:** Support efforts to improve access to capital for small and medium-sized business including entrepreneurial activities.

- State Strategy 1.1.2:** Support new education programs providing skills needed by industries.

- State Strategy 1.1.3:** Assist in the provision of infrastructure to support the development of new industry or expansion of current industries.

- State Objective 1.2:** Increase international exports from the ARC region.

- State Strategy 1.2.1:** Support programs that will increase goods and services exported from Appalachian Alabama.

- State Objective 1.3:** Assist redevelopment of central business districts (CBD) and support projects which will enhance the long-term development of the CBD areas.

- State Strategy 1.3.1:** Develop projects that encourage the reuse and/or the redirection of the use of downtown areas and obsolete and/or unsafe properties.

State Strategy 1.3.2: Assist in the provision of necessary infrastructure for reuse and/or improvement of downtown areas and obsolete and/or unsafe properties.

State Objective 1.4: Support business expansions, start-ups and entrepreneurship.

State Strategy 1.4.1: Support businesses through Small Business Development Center programs.

State Strategy 1.4.2: Support programs that do not duplicate existing services but fill gaps in the existing entrepreneur network.

State Strategy 1.4.3: Support programs that assist entrepreneurs in market/business development including business incubators and accelerators.

State Strategy 1.4.4: Support programs that facilitate access to seed and growth capital and credit.

B. ARC Investment 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.

State Objective 2.1: Increase educational attainment and achievement.

State Strategy 2.1.1: Support programs that reduce the school dropout rate.

State Strategy 2.1.2: Support initiatives that utilize telecommunications, computers, distance learning, and other technological capabilities to deliver education and training programs.

State Strategy 2.1.3: Support programs that teach and encourage youth entrepreneurship.

State Strategy 2.1.4: Strengthen programs that provide or enhance science, technology, engineering, arts, and mathematics (STEAM) training.

State Objective 2.2: Increase workforce skills through training.

State Strategy 2.2.1: Strengthen programs that provide basic skills and workforce training to increase employee capabilities, improve job skills, and upgrade marketable skills especially in the field of advanced manufacturing.

State Strategy 2.2.2: Support workforce readiness programs that provide skills necessary to acquire jobs with emphasis on preparedness for high growth/high demand industries.

State Strategy 2.2.3: Strengthen basic skills programs in public schools including opportunities for dual enrollment and apprenticeships.

State Strategy 2.2.4: Support programs increasing adult literacy.

State Objective 2.3: Promote healthcare initiatives and other initiatives that support physical and mental health.

State Strategy 2.3.1: Support educational programs that train healthcare professionals who will locate in Appalachian Alabama.

State Strategy 2.3.2: Support programs to provide primary health care to Appalachian citizens.

State Strategy 2.3.3: Support the development of health career education pathways linking students at all grade levels - primary, secondary, post-secondary, and post-graduate- and encouraging them to pursue health career training in Appalachian Alabama.

State Strategy 2.3.4: Pursue healthcare workforce development initiatives

that tailor training programs to the needs of workers, patients, and healthcare institutions in rural communities and other underserved areas.

State Strategy 2.3.5: Invest in the physical infrastructure needed to expand and sustain primary health care services, including equipment, telemedicine facilities, and electronic medical records systems.

State Strategy 2.3.6: Support programs to prevent teen pregnancy.

State Strategy 2.3.7: Support projects that expand access to health services through telemedicine applications.

State Strategy 2.3.8: Support and expand efforts to increase the effectiveness of community coalitions and partnerships which address regional and community healthcare issues.

State Strategy 2.3.9: Support projects that provide access to affordable, fresh healthy foods.

C. ARC Investment Goal 3: Building Appalachia's Infrastructure - Ensure that the residents and businesses of Appalachia have access to reliable, affordable, resilient, and energy efficient utilities and infrastructure in order to successfully live and work in the Region.

State Objective 3.1: Assist in the development of a modern communications/broadband network that includes voice, data, and video.

State Strategy 3.1.1: Assist in providing the basic infrastructure necessary for the public and private sectors to work together in developing and maintaining a communication/broadband network.

State Strategy 3.1.2: Support efforts to link new and existing telecommunication networks.

State Strategy 3.1.3: Support training in the public, private, and nonprofit sectors in Appalachian Alabama in the use of new technologies and applications.

State Strategy 3.1.4: Encourage strategic investment in telecommunications infrastructure, including the use of fiber optic cable in basic infrastructure projects that increase local, regional, and global connectivity.

State Objective 3.2: Assist in the development of a balanced transportation system, reducing isolation in the region.

State Strategy 3.2.1: Work with state and local partners to identify and develop intermodal transportation facilities.

State Strategy 3.2.2: Support programs to encourage the expanded use of existing intermodal facilities.

State Strategy 3.2.3: Extend rail spurs into industrial areas, with a priority on those that serve multiple sites.

State Strategy 3.2.4: Support efforts to complete Corridors X, V, and V-1.

State Objective 3.3: Support building and enhancing basic infrastructure including water and sewer.

State Strategy 3.3.1: Support job creation and retention by investing in water, sewer, site development, industrial access roads, and other physical infrastructure to serve new and expanding industrial and commercial development.

State Strategy 3.3.2: Pursuant to ARC's residential infrastructure policy, ensure public health, regulatory compliance, and economic opportunity by

assisting in providing new and existing customers with safe drinking water. The State will give priority to water projects that serve areas with documented health hazards.

State Strategy 3.3.3: Pursuant to ARC's residential infrastructure policy, ensure public health, regulatory compliance, and economic development by assisting in providing new and existing customers with wastewater disposal and treatment services. The State will give priority to wastewater projects that serve areas with documented health hazards.

State Strategy 3.3.4: Support the development and construction of strategic public facilities to include business incubators and accelerators that will enhance opportunities for job creation and retention.

State Strategy 3.3.5: Encourage and support the use of the latest technology upgrades for schools and other eligible facilities.

State Objective 3.4: Support efforts to adopt alternative energy strategies and develop sustainable clean energy solutions and reinforce energy infrastructure.

State Strategy 3.4.1: Invest in projects that utilize standards that reduce industrial energy consumption and reduce waste.

State Strategy 3.4.2: Invest in projects that improve energy grid reliability and service interruption prevention.

State Strategy 3.4.3: Support initiatives designed to lower energy costs and strengthen energy independence.

State Strategy 3.4.4: Invest in projects that support advanced vehicles to include hybrid and electric vehicles.

D. ARC Investment 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.

State Objective 4.1: Support the increase of employment, sales, and economic development in the travel and heritage tourism industry, particularly in the areas of recreation, convention attractions, and historical interest.

State Strategy 4.1.1: Support strategic marketing programs for the travel and tourism industry.

State Strategy 4.1.2: Support the strategic development of heritage tourism by investing in downtown redevelopment, gateway communities, historic districts, and other unique local community features.

State Strategy 4.1.3: Support the development of recreation driven tourism by investing in projects that create or expand trail networks to attract visitors; support outdoor festivals, concerts, and tournaments; and create conditions for tourism businesses and other local businesses.

E. ARC Investment Goal 5: Building Community Leaders and Capacity - Invest in the capacity of local leaders, organizations, and communities to address local challenges by providing technical assistance and support to access resources, engage partners, identify strategies and tactics, and conduct effective planning and project execution.

State Objective 5.1: Enhance the capacity of local municipalities to plan for economic and community development.

State Strategy 5.1.1: Support local entities to develop and maintain programs that train residents, including primary through undergraduate students of the region in economic and community development.

State Objective 5.2: Support provision of training opportunities to enhance the leadership skills of local officials and private nonprofit groups tasked with providing services to the community.

State Strategy 5.2.1: Assist in development of programs that provide training in leadership development to residents, including primary through undergraduate students of the region.

State Strategy 5.2.2: Invest in programs that increase funding awareness, project development and administration, and planning and collaboration.

Alabama ARC Operating Policies

The Alabama ARC staff, in conjunction with federal ARC staff, typically host an ARC application workshop, at which the goals of the ARC, state priorities, and how to apply for ARC funding are emphasized. The application submission deadline is also announced at that time.

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. Programs and activities benefiting the residents of Appalachian Alabama are eligible to receive consideration for ARC's congressionally designated allocations. Although email is the preferred method of submission, applications for ARC funding may be submitted to ADECA's Federal Initiatives and Recreation (FIR) Division by one of the methods below:

Emailed to: crystal.talley@adeca.alabama.gov and leslie.clark@adeca.alabama.gov

Mailed to: ADECA
FIR Division – ARC Program
Attention: Ms. Leslie M. Clark
Post Office Box 5690
Montgomery, Alabama 36103-5690

Delivered to: ADECA
FIR Division
401 Adams Avenue, Room 410
Montgomery, Alabama 36104-4313

Applications for ARC funding are reviewed by ADECA staff in the FIR Division for eligibility and alignment with ARC goals and state priorities. Applications are ranked based on impact on 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. 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.

The state's maximum investment for counties as designated by the ARC is 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 funding for a non-planning project is \$200,000.00 and the grant ceiling for planning grants is \$50,000.00. However, the ceilings may be raised in certain critical and/or promising circumstances or at times of increased funding. 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 and/or retention of jobs.

General Information

Cost overruns on previously approved projects will generally not be considered for funding. Overrun requests may be considered if additional jobs will be created by the modification. Projects completed at a cost underrun will be evaluated on a case-by-case basis when determining how the remaining balance of funds will be used.

Proposals for the following activities are not eligible for ARC funding: construction of schools, libraries, government offices, community centers, law enforcement facilities, or day-use recreational facilities. ARC funds will not be used for projects that duplicate services available from other established state-funded programs. 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 ARC Strategic Plan.

Generally, ARC projects are funded for one year but may be considered for more years, depending on the project type, project performance, expansion of services, or added components. Phased projects require a new application for each phase and the award of a grant for one phase project should not be considered an indicator that subsequent phases will be funded.

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