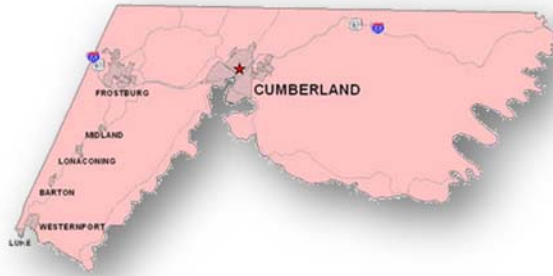
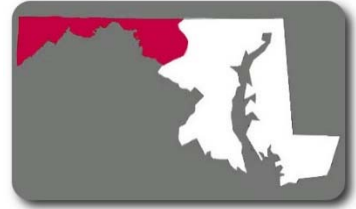


Appalachian Maryland

Appalachian Regional Commission Investment Strategy Statement



Federal Fiscal Year 2018

September 2017

Submitted by the Office of the Governor, State of Maryland



Larry Hogan, Governor

Boyd Rutherford, Lt. Governor

Prepared by the Maryland Department of Planning

MARYLAND DEPARTMENT OF

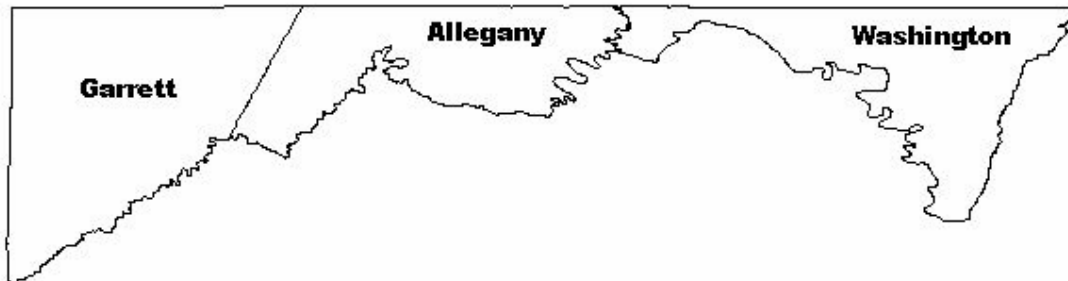


PLANNING

Wendi W. Peters, Secretary

I. Introduction

The Maryland Appalachian region consists of three counties (Garrett, Allegany, and Washington) along with their twenty-four municipalities.



The Appalachian Regional Commission uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system compares each county's averages for three economic indicators—the three-year average unemployment rate, per capita market income, and poverty rate—with national averages. The resulting values are summed and averaged to create a composite index value for each county. Each county in the nation is then ranked, based on its composite index value. Counties are designated as distressed, at-risk, transitional, competitive, or attainment, based on their ranking in the index. Designations are revised annually using the most current data available.

The Appalachian Regional Commission (ARC) has designated Garrett, Allegany, and Washington Counties as Transitional for FY 2017. Transitional counties are those transitioning between strong and weak economies. Transitional counties rank economically between the lowest 25 percent and the highest 25 percent of the nation's counties. The required match for Area Development Projects in transitional counties is 50%.

Manufacturing is still a major part of the region's workforce, but large companies today employ 300-400 people instead of 1,500, and a plant closing does not devastate the region as it once did. Major industries of the past are being supplemented with new and emerging tourism efforts, information technology, cyber-security, autonomous technology, bio-tech and related businesses. Improving access for local businesses to regional and national markets is an essential component of the region's economic development strategy. The completion of the Appalachian Development Highway System, specifically Route



Figure 1 Route 219 Construction

219 in Maryland and Pennsylvania, is a critical part of this effort. Similarly, broadband development that can carry information, voice and data at a reasonable cost is part of this region's 21st Century economic development strategy. Unfortunately, Western Maryland has critical final linkages that need to be completed to attract and retain businesses.

The three counties of Western Maryland now suffer more from underemployment than unemployment. Our local and state leaders understand that technology related infrastructure, with a focus on education and workforce training, is the key to higher paying jobs, population growth and ultimately the building of a sustainable tax base.

Frostburg State University (FSU), the only state university located in Appalachian Maryland, has played a key role in addressing the education and labor force training needs of the region. Additionally, the University System of Maryland operates a satellite campus in downtown Hagerstown that complements FSU's efforts. Within each of the three counties, there are community colleges that work directly with FSU and the local Boards of Education to enhance the region's labor force. The focus at all levels of education is academic excellence, with the objective of growing our own workforce by fostering entrepreneurship. Furthermore, FSU has a new area of focus, in establishing an Economic Outreach Office that will coordinate economic efforts of attracting technology jobs to the region. They are also establishing an Unmanned Aerial Vehicle program that will partner



Frostburg State University

with the establishment of an Autonomous Technology Center at the Greater Cumberland Regional Airport.

The Tri-County Council for Western Maryland, the only Local Development District (LDD) in the state, serves as an advisory body to the development of this strategic plan. The Appalachian Maryland State Implementing Strategy Statement and Investment Program for Federal Fiscal Year 2018 reflects the needs as addressed by the State of Maryland, Tri-County Council, and the three County departments of economic development.

This Strategy Statement outlines our approach to the types of projects to be submitted and the process of submittal, review and approval.

II. Strategic Goals and Objectives

The Appalachian Maryland State Implementing Strategy utilizes the following project development process:

- A. Projects need to meet the ARC Goals and State Objectives detailed in the State's Appalachian Development Plan. For ARC Goals and Objectives see www.arc.gov.
- B. Projects need to consider State Policies on Growth and Resource Protection as detailed in the State's Appalachian Development Plan.
- C. Projects need to consider the policies and priorities identified in the State's Appalachian Development Plan, a copy can be found at www.tccmd.org
- D. Project Review and Selection Process

ARC projects are requested from county and local government, non-profits and educational institutions in February. Project descriptions are submitted to the respective county commissioners for review and priority ranking. County project priorities should be submitted to the district by end of May. Tri-County Council staff and the Maryland Department of Planning's ARC Program Manager review, collate, and rank the projects based upon the six set criteria listed below. A project package is then developed by Tri-County Council staff and the ARC Program Manager. In June, the ranked project priority list is submitted to the full board of Tri County Council, which may make changes and approve the final priority list for submittal to the State. The Maryland ARC Alternate reviews the project package and submits the final project list to the ARC. In late August, eligible projects are invited to apply for funding. All projects that are in a fundable position should have applications submitted to the ARC Program Manager no later than mid-November.

1. Project Readiness

Project ranking is subject to the readiness of the project. Priority will be given to projects that have identified matching funds and can have ARC applications submitted within 90 days of notice of funding. If a project becomes stalled and unable to be initiated during the projected timetable, the next highest-ranking project that meets the funding criteria will be selected.

2. Degree of Need

Projects must meet some degree of need within guidelines of the ARC Goals and Objectives to be considered for funding. The degree of need is determined by the overall economic impact that a project will have on the region. When ranking projects, those that contribute to meeting multiple ARC and State Goals and Objectives should be given priority.

3. The State Targeted Investment Priorities

Projects that can demonstrate that they will contribute to improving or increasing the economic impact of the targeted investment priorities identified will be given priority in rankings for funding. The State Targeted Investment Priorities are:



Figure 2 Sideling Hill Visitor Center

- a. Technology development including the continuation of building a broadband network; cyber-security and autonomous technology
- b. Education and workforce training
- c. Contribute to or increase the economic impact of tourism in the region
- d. Development of Bio-Tech industries
- e. Health care services

4. Project Evaluation/Prioritization

All projects considered for funding should be one-time cost programs including educational projects. ARC funding should not be used to support administrative programs, staff salaries, or ongoing costs, except for regional, State or ARC special initiatives, the Local Development District Administrative grants, and certain Technical Assistance Projects.

5. Scope and Cost Effectiveness

The evaluation includes a specific focus on the scope of the project and the return on the investment. The scope includes a detailed assessment of the overall project with specific goals addressed and desired results to be returned.

6. Degree of Distress

All three of Maryland's Counties are considered "transitional" and are limited to no more than 50% funding from ARC. Projects are evaluated based upon the degree of distress that will be alleviated. Generally, the degree of distress is a measure of unemployment or per capita income. Various factors must be considered when evaluating for distress. Things to consider are instances of natural disaster, the closing of major employers, and the broadness of the geographic region the project tends to cover. Projects that impact the entire region (all three counties) will have a greater effect on the overall health of the Appalachian Area. Areas with the greatest level of distress will benefit most from these projects.

7. Percent of Non-ARC Funds

Project costs are limited to include no more than 50% funding from ARC for transitional counties. All three western Maryland counties Garrett, Allegany and Washington are designated transitional. Special consideration is given to projects that use ARC funding as a small minority of the total project cost.

III Conclusion

The Appalachian Regional Commission program in Maryland, under the direction of the Governor's office and managed by the Maryland Department of Planning, will continue to emphasize "self-sustaining economic development and job growth." This will be accomplished consistent with the ARC Goals and Objectives identified within this Strategy Statement and the 2016-2020 Maryland Appalachian Development Plan.