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State of Maryland

2022 Annual Strategy Statement
Appalachian Regional Commission

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Introduction

The Appalachian Regional Commission (ARC) is a regional economic development agency. Established by the U.S. Congress in 1965, it is a unique partnership comprised of the governors of the 13 Appalachian states and a federal co-chair appointed by the President of the United States. Grassroots participation is provided through local development districts, which are multicounty organizations with boards made up of elected officials, business leaders, and other local leaders. Each year, Congress appropriates funds, which ARC allocates among the 13 member states.

The governor of each Appalachian state submits a State Appalachian Development Plan within 10 months of taking office. In addition, each year the governor submits a Strategy Statement describing the State's program for achieving the goals and objectives contained in their respective State Appalachian Development Plan.

In accordance with Section 5.4 of the ARC Code, this document will serve as the State of Maryland's Annual Strategic Statement.

Appalachian Maryland

The Maryland Appalachian region consists of three counties – Garrett, Allegany, and Washington, with 24 municipalities that span 1,529 square miles. The ARC has designated Garrett, Allegany, and Washington counties as transitional for FY20. Transitional counties are those transitioning between strong and weak economies and rank economically between the lowest 25% and the highest 25% of the nation's counties.

Manufacturing is still a major part of the region's workforce, but large companies today employ approximately 300-400 people instead of 1,500. Spring 2019 brought the closing of the Verso Corporation paper mill in Luke, Allegany County, which employed over 650 employees in the region and we continue to work to overcome the effects on the region.

Economic development efforts have shifted to attracting information technology, advanced manufacturing, and asset-based development, including cybersecurity, autonomous technology and research, biotech, and tourism-related businesses. Improving access and infrastructure for local businesses to regional and national markets is an essential component of the region's economic development strategy. Therefore, the completion of the Appalachian Development Highway System and critical links with local access roads is an important part of this effort.

We are particularly focused on new approaches to remove barriers, leverage partnerships, and expand critical infrastructure to meet the needs of the 21st century for economic growth, job creation. During a time of unique challenges, we are utilizing partnerships and innovation to change the narrative and make a difference.

The Covid-19 pandemic strained resources in the three Appalachian counties, just as it did across the state, and also highlighted some of the continuing infrastructure needs.

The state continues to respond by leveraging resources and partnerships to enhance and complete broadband development and other infrastructure needs. In August 2021 Governor Hogan announced a game-changing initiative, Connect Maryland, to ensure universal broadband for every single Marylander by 2025. The state continues to respond by leveraging resources and partnerships to address these needs.

Prior to Covid-19 the three counties of Appalachian Maryland continued to suffer more from underemployment than unemployment. State and local leadership have focused on education and workforce training as the key to higher paying jobs, population growth, and ultimately the building of a sustainable tax base.

The Maryland Strong Roadmap to Recovery was designed to get all of Maryland moving again - growing the private sector, creating jobs and turning Maryland's economy around.

The state previously provided funding to Frostburg State University (FSU), the only state university located in Appalachian Maryland, for an Office of Regional Development and Engagement. The new office integrates university resources with regional partners in Appalachian Maryland to help communities and companies be competitive and meet the challenges of economic and community development.

FSU is playing a key role in addressing the education and labor force training needs of the region with the establishment of special programs. The University of Maryland System operates a satellite campus in downtown Hagerstown that complements FSU's efforts. Within each of the three counties, our community colleges are sharing infrastructure with K-12 schools to create greater opportunities for advanced learning with active learning labs and STEM and robotics programming. The University of Maryland System operates a satellite campus in downtown Hagerstown that complements FSU's efforts.

In addition, FSU is the site of a newly planned Western Maryland Advanced Technology Center (ATC) which is the culmination of work initiated by a work group announced by the Hogan administration in 2018. The work group met with potential stakeholders throughout the region and concluded there was strong support for a regional partnership with a mix of academia, public and private sector. The Western Maryland ATC is a scalable, partner-driven facility for workforce development, testing and education in five emerging technology areas - transportation, clean energy, IT and cybersecurity training, emergency management and K-12 STEM education.

This 2022 Annual Strategy Statement supports implementation of Maryland's 2020-2024 Appalachian Development Plan to meet the diverse and dynamic needs of Appalachian Maryland by targeting resources and strategies supported by the state in accordance with our state goals and ARC's defined goals and objectives.

Targeted Investment Priorities

Economic Development

Maryland is open for business and leading the nation in both health and economic recovery from this once in a generation Covid-19 pandemic. As of mid August, Maryland has added more than 56,000 jobs so far this year and the state's unemployment rate is at its lowest level since the pandemic began. We remain focused on creating greater economic opportunity in every part of the state. We understand the unique challenges of economic development and job creation in Appalachian Maryland. We are preparing for economic development over the next century and this includes support for asset-based development around outdoor recreation, attracting new businesses to the region, prioritizing investments in entrepreneurship and business expansion. and continuing to prioritize projects that reinvest in existing communities.

Infrastructure

Infrastructure provides the foundation for a healthy economy. Now that we have successfully transitioned from a state of emergency into an ongoing public health management response, we are renewing our focus on the long-term health of our economy by continuing to invest in rebuilding our infrastructure across the entire state with an appreciation of the particular needs and challenges of Appalachian Maryland. We are focused on leveraging resources and collaborating with partners to improve infrastructure throughout the rural region. We prioritize projects to develop and support basic infrastructure for community and economic development. We also prioritize projects that promote a balanced transportation system, which will enhance economic growth and investment potential in the region.

Recovery Ecosystem

Maryland has been shining a spotlight on the heroin and opioid crisis, which has become even more acute during the pandemic. We have brought together state and local partners to support prevention, treatment, and enforcement efforts combating the heroin and opioid crisis across the state. We understand that clinical care, access to employment, housing, and transportation are essential to empower those struggling with a substance misuse disorder. We prioritize projects that fill the gaps in the recovery ecosystem.

Education and Workforce development

Development of a highly competent and well-educated workforce with the skills desired by existing, new, and relocating businesses is another of the state's priorities. Maryland has a blueprint for the development of an effective and efficient workforce system across the state providing opportunity for all jobseekers, including a new generation of workers through education and apprenticeships. We prioritize projects that prepare students for jobs in the 21st century, expand partnerships among schools, colleges, and businesses to support workforce development and improve workforce readiness for all jobseekers.

Additional Priorities

The state and counties have worked to provide funding opportunities for businesses and nonprofits to assist in the safe and gradual opening of workplaces, businesses and recreational establishments. We continue on the road to recovery from Covid-19 with priority given to

Covid-19 recovery related projects. We also remain focused on our long term economic development goals for the region.

Priority is also given to all projects located in the 12 federally-designated Opportunity Zones in Appalachian Maryland. Maryland has expanded the initiative with additional tax credits and funding programs to bring jobs and businesses to these designated areas.

A portion of annual funds is reserved each year to support economic development and other critical needs submitted on an as-needed basis.

Projects that address other goals and objectives as outlined in Maryland's 2020-2024 Appalachian Development Plan will be considered based on the overall impact of the project to the program.

We are focused on self-sustaining economic development and job growth while maximizing return on investment and meeting the local needs and priorities across the Appalachian region.

Maryland ARC Operations

The ARC program in Maryland is directed through the Office of the Governor and coordinated and managed by the Special Secretary of Smart Growth who serves as the Governor's Alternate to the ARC. The Governor's Alternate works with the Program Manager. The State of Maryland submits projects to the ARC on behalf of Appalachian Maryland's local governments, nonprofits, and regional institutions.

The Program Manager works closely with the Tri-County Council for Western Maryland, Inc. (Tri-County Council), Maryland's Local Development District (LDD).

The Program Manager and LDD meet regularly with potential applicants to provide information to ensure complete applications, confirm eligibility under ARC code, and ensure projects are consistent with ARC and state goals and strategies.

County and local governments, nonprofits, and educational institutions are invited to submit ARC applications in February of each year.

Counties develop and rank preliminary project descriptions and submit these to the LDD in the third quarter of the federal fiscal year.

The LDD and the Program Manager review and evaluate the projects submitted by each county and develop a priority list for the Appalachian region.

Projects are evaluated based on the following criteria:

- Consistency with state and federal objectives
- Project scope and cost effectiveness
- Project readiness
- Potential for job growth
- Equitable funding among counties

The ARC has designated Garrett, Allegany, and Washington counties as transitional for FY21. The required match for Area Development Projects in transitional counties is 50 percent. The LDD and Program Manager review the availability/commitment of matching funds for each project.

The Governor's Alternate and Program Manager review the priority list, and also evaluate the projects and confirm consistency with state and federal objectives, project scope and cost effectiveness, project readiness, potential for job growth, and equitable funding among counties. The review also includes confirmation of matching funds.

Recommendations are presented to the LDD board in June for final approval.

In late August eligible projects are invited to apply for funding. All projects that are in a position to accept funding should have applications submitted to the program manager no later than November 15 each year.

Approved ARC projects are monitored by the program manager and LDD to assess progress, and to identify and resolve any potential problems.