



LEAVE NO ONE BEHIND

State of Maryland

Appalachian Regional Commission

Annual Strategy Statement Fiscal

Year 2026



CONTACT INFORMATION

Office of the Governor

Rebecca L. Flora, AICP, Governor's ARC Alternate
120 E. Baltimore Street, 20th Floor
Baltimore, Maryland 21201
(410) 767-3219
Rebecca.Flora@maryland.gov

Maryland Department of Planning

David V. Cotton, Maryland ARC Program Manager
101 Braddock Road, Lowndes - Suite 111
Frostburg, Maryland 21532
(301) 338-0537
David.Cotton@maryland.gov

Tri-County Council for Western Maryland

Elizabeth Stahlman, Executive Director
11 S. Lee Street
Cumberland, Maryland 21502
(301) 689-1300
Elizabeth@tccwmd.org





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 Plans.

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

Governor Wes Moore serves as Maryland's ARC Commission member, Rebecca L. Flora, Secretary of the Maryland Department of Planning serves as his alternate. The Maryland Department of Planning is responsible for the administration of the Maryland ARC Program.

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 uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. ARC's five county economic status designations are based on three indicators: three-year average unemployment rates, per capita market income, and poverty rates.

The ARC has designated Garrett and Washington counties as transitional for FY26. 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. The ARC has designated Allegany County as at-risk for FY26. At-Risk counties are those at risk of becoming economically distressed. They rank between the worst 10 percent and 25 percent of the nation's counties.

Manufacturing is still a major part of the region's workforce. In 2025, Governor Moore advanced statewide economic development initiatives that directly support the Appalachian Regional Commission's goals of strengthening distressed and at-risk communities through strategic site development and job creation. A key effort is the Maryland Business Ready Sites Program (MBRSP), which was launched to accelerate the preparation of shovel-ready industrial sites capable of attracting private investment and high-quality employment. Through the program's first round of awards totaling \$2.3 million, funding was directed to advance infrastructure and site-readiness improvements at the Messick Road site in Cumberland, a priority economic development location in Allegany County. This investment enhances the site's competitiveness for future aerospace, defense, and light manufacturing users, sectors that align with ARC's emphasis on economic diversification, higher-wage employment, and long-term regional resilience.

In May 2025, Governor Wes Moore announced that NewCold, a global leader in advanced food logistics, is opening a cutting-edge cold storage facility in Washington County. The company is investing more than \$275 million in a temperature-controlled, automated warehouse at 45 West Oak Ridge Drive in Hagerstown, where it will create between 125 and 150 new jobs.

NewCold's advanced facilities use state-of-the-art proprietary technology, including automated storage and retrieval systems, to automatically move and store products in high-bay warehouses. These highly automated facilities offer a variety of high-skilled jobs for residents, creating the jobs of the future for decades to come.

Complementing these site-readiness investments, Governor Moore has expanded statewide workforce and skills pipeline initiatives that reinforce ARC's mission to build a prepared and adaptable workforce in Appalachia. Programs such as Employment Advancement Right Now "EARN" Maryland and Road to Careers support training and credentialing in high-demand fields including construction, transportation, and manufacturing, directly benefiting Western Maryland residents and employers. Together, these efforts strengthen the linkage between infrastructure investment,



NewCold announces over \$275 million investment in Hagerstown, Maryland



NewCold's investment announcement graphic highlighting the \$275M cold storage project in Hagerstown, Maryland.

workforce development, and employer demand, advancing ARC's objectives to increase economic opportunity, improve workforce participation, and support sustainable growth in Cumberland and throughout Western Maryland.

Improving access and infrastructure for local businesses to regional and national markets is an essential component of the region's economic development strategy. As the 2025 Appalachian Regional Commission States' Co-Chair, Governor Wes Moore underscored at the ARC conference the critical importance of transportation infrastructure, including the Appalachian Development Highway System (ADHS), for unlocking economic opportunity across Appalachian Maryland and the wider region. He framed transportation connectivity as a cornerstone of regional development, strengthening access to markets, attracting investment, and connecting local workers to jobs and essential services, aligning with ARC's mission to reduce geographic isolation and build economic capacity.

Governor Moore's remarks emphasized that completing and enhancing the ADHS corridors and local access routes remains fundamental to expanding economic mobility in Appalachia, particularly in areas like Allegany, Garrett, and Washington counties where improved corridors support manufacturing, logistics, and tourism growth. By strengthening ties between rural communities and national interstate networks, transportation investments help bridge gaps in opportunity and support long-term regional competitiveness.

In the same spirit, he highlighted statewide efforts such as the Mobilizing Opportunities for Vital Economic Growth "MOVE" Maryland Coalition and expanded workforce investments tied to transportation and infrastructure careers, reflecting his broader view that mobility, both physical and economic, is central to equitable growth in Mountain Maryland and the entire Appalachian footprint.



Governor Wes Moore, Keynote Speaker, 2025 ARC Conference, Frostburg State University

The State of Maryland is particularly focused on new approaches to remove barriers for all Maryland Appalachians, leverage partnerships, and expand critical infrastructure to meet the needs of the 21st century for economic growth and job creation.

Economic development efforts have shifted to attracting information technology, advanced manufacturing, and asset-based development, including cybersecurity, advanced technology and research, biotech, and tourism-related businesses.

During a time of unique challenges, we are utilizing partnerships and innovation to change the narrative and make a difference.

Governor Wes Moore recognizes that digital equity is crucial in today's interconnected world. The internet serves as a gateway to information, services, and opportunities that impact education, employment, health care, civic participation, and economic opportunity. The Moore-Miller administration remains committed to ensuring the availability of broadband and achieving digital equity for all residents of the State. Doing so will allow every individual to be able to access educational resources, engage in remote learning, pursue online job opportunities, connect with others globally, access vital health care information, and participate in government services and democratic processes.

In 2025, the Maryland Broadband Cooperative in partnership with Garret & Allegany Counties started the Garrett & Allegany County Middle Mile Infrastructure Project. This project will construct approximately 138,288 feet of 288-count fiber optic cable across Garrett and Allegany counties to address critical broadband connectivity gaps that impede economic growth and access to essential services. The new network will deliver 1,000 Mbps upload/download high-speed broadband, enhancing connectivity for businesses, schools, and public safety facilities. In Garrett County, the project will link Grantsville to Keyser's Ridge at Business Drive and Alt Route 40, supporting a new e-



AI-generated illustration depicting workers installing fiber optic cables as part of the Garrett & Allegany County Middle Mile Infrastructure Project in Western Maryland

commerce distribution center and improving infrastructure for surrounding businesses. In Allegany County, it will extend from Grantsville to Downtown Frostburg and LaVale, providing improved access for Route 40 Elementary School and nearby communities. Collaboration with the Maryland Department of Information Technology will connect Maryland State Police Barracks in both counties, strengthening emergency response capabilities. With a total investment of \$1.41 million, \$800,000 from ARC and \$610,000 in local matching funds, the project will enhance economic competitiveness, create jobs, and make Western Maryland more attractive for future business investment.

The three counties of Appalachian Maryland continue to suffer more from underemployment than unemployment than the rest of the state. Governor Moore remains focused on the wellbeing of Marylanders by ensuring that world-class health and recovery systems exist for all and by advancing infrastructure to connect all Marylanders to new and existing opportunities.

The Horizon Goodwill Grocery Initiative in Hagerstown, Maryland, addresses food insecurity and workforce reentry through a single, innovative model. Located in one of the city's largest food deserts, the store provides fresh, affordable groceries while offering hands-on job training for justice-involved individuals and those recovering from addiction who are preparing to reenter the workforce. The facility also offers case work assistance and dental services for those in need, further supporting participants' overall well-being and stability. Supported through cross-sector partnerships and a total investment of \$956,000, the project strengthens both workforce development and community infrastructure. By combining access to healthy food, supportive services, and pathways to employment, the initiative showcases how community-based solutions can drive lasting economic and social impact.

Leadership continues to focus on educational and workforce training opportunities as a means to ending child poverty in Maryland. Higher paying jobs, population growth, and ultimately the building of a sustainable tax base will ensure that all of those that want to live in Maryland can do so.

Allegany College of Maryland's Western Maryland Works is a regional workforce and innovation hub that equips individuals and businesses with the skills and tools needed for success in advanced manufacturing. With support from ARC and a total investment of \$3.82 million, including \$828,821 in ARC funding, \$957,133 in state and federal investment, and \$2.03 million in private and local funds, the facility purchased state-of-the-art CNC machines, welding systems, and 3D printers, expanding its annual training pipeline from 39 to 68 students. It also established four incubator units to support entrepreneurs and startups and integrated high school students through the P-TECH model.

In its first year, 40 displaced Luke Mill workers were retrained, and nearly 1,000 industry-recognized credentials have been earned in machining, welding, and related fields. Graduates now earn between \$40,000 and \$90,000 annually, demonstrating the program's power to transform crisis into opportunity. Sustained by strong local ownership, Western Maryland Works serves as both a training hub and a launchpad for small business innovation across the region.

Frostburg State University and the region's three community colleges are playing a key role in addressing the education and labor force training needs of the region. They are incredibly flexible in responding to the needs of the private sector and quick to establish special programs and training. 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.

In 2025, FSU established the Outdoor Recreation Economy Institute (FOREI) to leverage Western Maryland's rich natural assets as catalysts for regional economic growth. Serving as a hub for workforce training, business development, and applied research, FOREI connects partners across Maryland, West Virginia, and Pennsylvania to strengthen the outdoor recreation economy.

Through specialized training programs, paid internships, economic impact studies, and the creation of an Outdoor Business Alliance, the project has expanded career pathways, supported entrepreneurs, and provided data-driven strategies for local development. With a total investment of \$1.42 million, FOREI has positioned Western Maryland as a leader in outdoor recreation while demonstrating that coordinated, cross-state collaboration can transform natural assets into engines of sustainable prosperity.

Targeted Investment Priorities

Economic Development

Maryland is committed to leveraging capital of all kinds and rebuilding to meet the needs of our residents. We remain focused on creating greater economic opportunity in every part of the state and connecting Marylanders to jobs. We understand the unique challenges in increasing Maryland's economic competitiveness through 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 and resilient economy. We are focused 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 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 remains focused on the heroin and opioid crisis. We have brought together state and local partners to support prevention, treatment, and workforce re-entry efforts to fight the heroin and opioid crisis across the state. We understand that clinical care, access to employment during and post treatment, 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

We are setting Maryland's students up for success by developing a highly competent and well- educated workforce with the skills desired by existing, new, and relocating businesses. Maryland has a blueprint for the development of an effective and efficient workforce system across the state providing opportunity for all job seekers, 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 job seekers.

Additional Priorities

We remain focused on our long-term economic development goals for the region. We have expanded our outreach and technical assistance to local governments. With the influx of additional state funding and federal funding through the Bipartisan Infrastructure Law, we are working closely with stakeholders and local governments to address the unique challenges of the region, to identify funding and assistance for priorities and to ensure completion of infrastructure and other projects that assist in long term sustainable economic development, leaving no one behind.

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 2024-2028 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.

In 2025, Governor Wes Moore and the Maryland Department of Emergency Management (MDEM) continued to build on the State of Preparedness framework established by the 2023 executive order by applying it proactively to emerging hazards throughout the year. Ahead of dangerous heat waves in June 2025, Governor Moore issued a State of Preparedness directive to ensure state agencies, including MDEM, were coordinated and prepared for extreme heat impacts, emphasizing public safety and readiness before temperatures soared. This approach reflects Maryland's sustained emphasis on anticipatory coordination rather than reactive response alone.

Governor Moore and MDEM also responded to historic flooding in Western Maryland with heightened emergency activities. In May 2025, the governor declared a State of Emergency for flood impacts in Allegany and Garrett counties to accelerate response and resource deployment, and he later requested a Presidential Disaster Declaration to secure federal assistance for ongoing recovery efforts, a process that continues into late 2025 as appeals are pursued after initial denial by FEMA.

Beyond disaster response, MDEM has rolled out expanded preparedness and resilience initiatives across Maryland. The department is partnering on new threat assessment and management training to help communities identify and manage potential threats before they escalate, strengthening local capacity and public safety. Additionally, the state is implementing enhanced weather monitoring infrastructure, such as Maryland Mesonet stations in Western Maryland, to provide real-time data for better forecasting and emergency planning, boosting situational awareness and decision-making at the local and state levels.

These ongoing 2025 efforts by Governor Moore and MDEM illustrate a comprehensive approach that blends preparedness, real-time response coordination, community training, and resilience infrastructure, ensuring Maryland remains better positioned to protect residents and critical infrastructure from a wide range of evolving hazards.

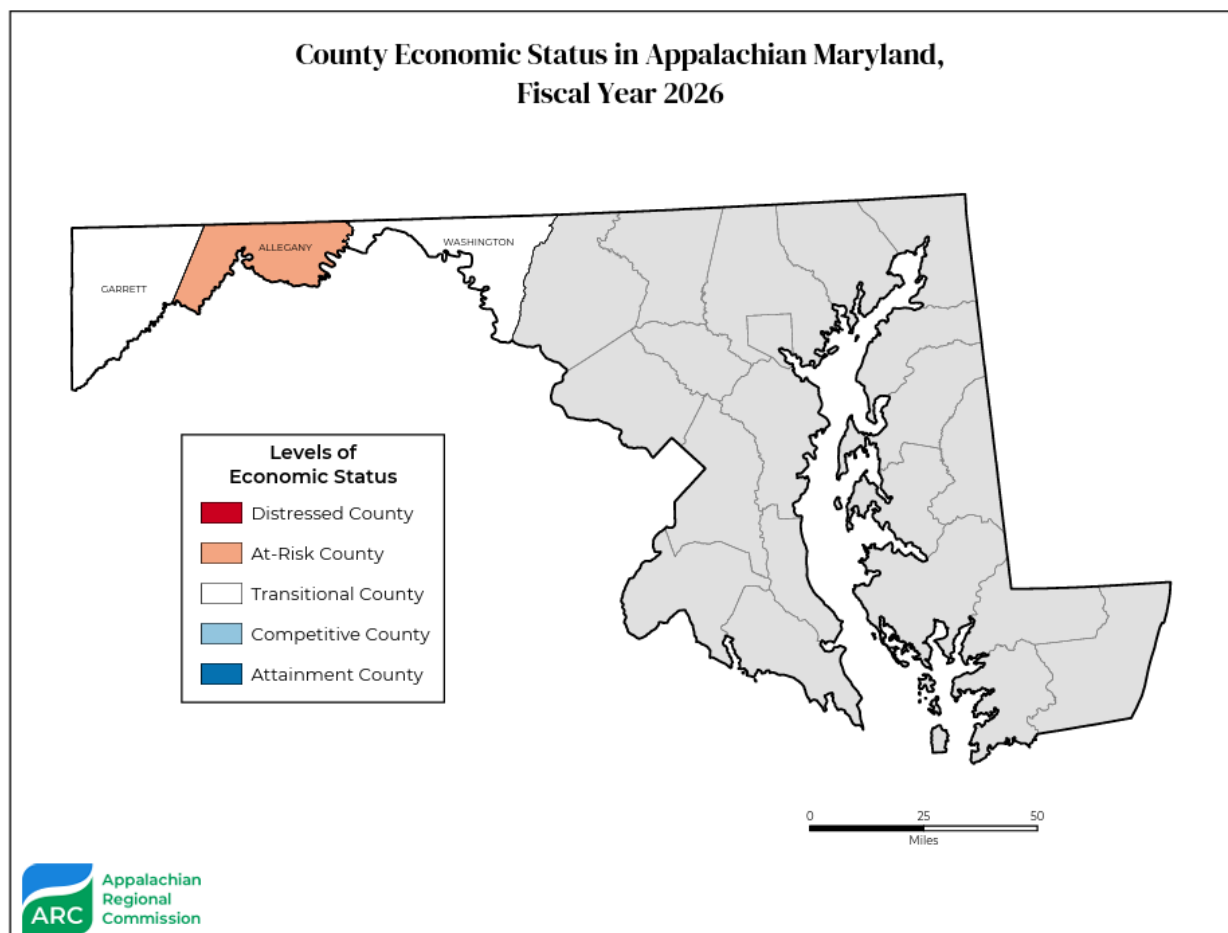
Maryland ARC Operations

The ARC program in Maryland is directed through the Office of the Governor and coordinated and managed by the Secretary for the Maryland Department of Planning who serves as the Governor's Alternate to the ARC. The Governor's Alternate works with the Program Manager and staff in the western Maryland Planning office. 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.



ARC Project Evaluation Criteria:

- Consistency with state and federal objectives
- Degree of Need - Projects that address a severe and immediate problem, such as imminent health threat or loss of jobs or that capitalize on job creation will be given higher priority than those that do not.
- Project scope and cost effectiveness - The number of beneficiaries to be served by the project and the cost per person or household served will be considered in funding level determination.
- Project readiness - The degree of project readiness for implementation if funded (i.e., other funding sources committed, firm cost figures, preliminary or detailed engineering completed, and administrative/organizational responsibilities defined) will be considered in project prioritization.
- Economic Status - ARC uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system involves the creation of a national index of county economic status through a comparison of each county's averages for three economic indicators—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, with higher values indicating higher levels of distress. Projects in Maryland counties where there is a higher level of distress will be given higher priority than those with a lower level of distress.

The ARC designated Garrett and Washington counties as transitional for FY26. The required match for Area Development Projects in transitional counties is 50 percent. The ARC has designated Allegany County as at-risk for FY26. The required match for Area Development Projects in at-risk counties is 30 percent. The LDD and Program Manager review the availability/commitment of matching funds for each project.

General Funding Timeline

- Preliminary Project Descriptions are requested by the LDD in February of each year.
- Preliminary Project Descriptions are due in April of each year.
- Projects will be reviewed and evaluated by the Maryland Program Manager and the LDD for consistency with the Project Evaluation Criteria. Projects meeting the minimum criteria will be ranked and submitted to the LDD's Executive Board for approval in May of each year.
- A complete Project Package, which will include a list of all ranked projects, will be approved by the LDD's Executive Board in June of each year.
- The LDD will notify sponsors of projects that are determined to be in a fundable position, inviting them to apply for ARC funding in August of each year.
- Projects can be submitted to the ARC Program Manager as early as September of each year, however funds will not be available until October of each year.
- Projects that are in a position to accept funding should have applications submitted to the program manager no later than November 15th each year.

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