

NEW YORK STATE

APPALACHIAN STRATEGY STATEMENT

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FISCAL YEAR 2010

State of New York
David A. Paterson, Governor

Department of State
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TABLE OF CONTENTS

Executive Summary	3
I. New York State’s Appalachian Region Development Program	4
-- Defining New York’s Appalachian Region	4
II. Assessment of Appalachian New York	6
A. Appalachian New York’s Economic Condition	6
B. Appalachian New York’s Social Development Condition	10
C. Appalachian New York’s Infrastructure Condition	16
III. Collaboration With Other Agencies And Programs	20
IV. ARC Goals and Objectives and New York State Strategies	22
-- FY 2010 Area Development Projects	22
-- ARC General Goal 1	23
-- ARC General Goal 2	24
-- ARC General Goal 3	26
-- ARC General Goal 4	27
V. New York State Area Development Policies	29
-- Process for Preparation and Implementation of the NYS Appalachian Regional Investment Package for FY 2010	29
Appendix A: Socio-Economic Data For Appalachian New York	34
-- Table A.1: ARC Economic Indicators of Distress; Appalachian NY, FFY 2010:	35
-- Map A.1: Appalachian NY Poverty Rate, 2000 (%):	36
-- Map A.2: Appalachian NY Per Capita Market Income, 2010:	37
-- Map A.3 Appalachian NY Unemployment Rate, 2nd Qtr, 2009 (%):	38
-- Map A.4: Appalachian NY Population Change, 2000-2008:	39
-- Map A.5: Appalachian NY Net Migration, 2000-2005:	40
-- Map A.6: Appalachian NY Distressed Census Tracts, 2010:	41
-- Table A.2: Appalachian NY: Distressed Census Tract List (FY 2010):	42
-- Table A.3: Primary Employment Categories in Appalachian NYS (2005-2007):	42
-- Map A.7: Appalachian Development Highway System Route I-86/NY Rt. 17 (with inset detailing Corridors T, U and U-1) in NYS:	43

EXECUTIVE SUMMARY

The Annual New York State Appalachian Strategy Statement for federal fiscal year (FY) 2010 represents Governor David A. Paterson's annual plan for implementation of the federal-state-local Appalachian Regional Commission (ARC) Program in New York State. It establishes the policy and guidance for the investment of ARC resources, methods to foster regional consensus and leverage local leadership in planning and development across the region and in the fourteen counties of Appalachian New York. In addition, this Strategy Statement is a continually relevant working guide to direct the Program to better achieve the aims of the ARC and of the Governor and the Program's leaders. The Statement articulates the current strategy to bring to bear all eligible resources that will help lift the region from isolation and poverty and transform it into a region that plans efficiently across local political boundaries and that can become an example of the best social and economic development practices.

This Strategy Statement begins by providing an assessment of the Appalachian Region of New York State, identifying strengths, needs, challenges and opportunities, and sets forth specific policy objectives and strategies to implement the objectives of the ARC. It then details the four General Goals of ARC's Strategic Plan, "Moving Appalachia Forward 2005-2010", with emphasis on addressing the needs and issues unique to Appalachian New York, and it reiterates twenty-eight New York regional strategies to address the following ARC General Goals:

- 1) ARC General Goal 1 – Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation;
- 2) ARC General Goal 2 – Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy;
- 3) ARC General Goal 3 – Develop and Improve Appalachia's Infrastructure to Make the Region Economically Competitive; and
- 4) ARC General Goal 4 – Build the Appalachian Development Highway System to Reduce Appalachia's Isolation.

Finally, it outlines the technical details of the State's Area Development program administered by the New York State Department of State, and provides guidance for local leadership regarding the solicitation of projects and the framework for preparation of the Annual New York State Appalachian Regional Investment Package.

In defining the limits and administrative requirements of the New York State Appalachian Development Program, such as policies on eligible and ineligible project activities, match requirements, indirect costs and time limits on ARC funding, this Strategy Statement also incorporates flexibility to allow for additional emphasis to be placed on regional Priorities as determined by ARC and the New York State program.

I. New York's Appalachian Regional Development Program

New York State (NYS)'s Appalachian Regional Development Program (aka "Appalachian Development Program") is managed by the New York Secretary of State, who is the Governor's Alternate to the Federal Appalachian Regional Commission (ARC). Among its myriad responsibilities, NYS Department of State (NYS DOS) provides training and technical assistance to local governments and community organizations and helps local officials solve problems involving basic powers, public works, municipal organization, planning, land use and regulatory controls, and community development. The Department also assists rural local governments through leadership and participation in a variety of regional planning roles.

The overall goals for NYS's Appalachian Development Program are consistent with those documented in the ARC's Strategic Plan, "Moving Appalachia Forward 2005-2010", and can be summarized as follows:

- 1) Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation (i.e., economic growth and development);
- 2) Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy (i.e., social growth and human resource development);
- 3) Develop and Improve Appalachia's Infrastructure to Make the region Economically Competitive (i.e., infrastructure modernization and development);
- 4) Build the Appalachian Development Highway System to Reduce Appalachia's Isolation.

Of these four goals, the first three are primarily coordinated by NYS DOS; the fourth by the NYS Department of Transportation (DOT). With each of these goals, the first point of local contact for planning and project development is the Local Development District (LDD), which serves the local regional liaison for planning and implementation of the Appalachian Development Program. In addition, NYS DOS serves as the interagency liaison with other state and federal agencies for the coordination of efforts to achieve the four general goals of the ARC program within the state's "Appalachian Region". Ultimately, NYS DOS seeks to maximize the benefits deriving to the region through effective regional planning, coordination of the area's economic, social, and infrastructure development efforts, and by assisting to maximize funding from multiple outside agencies and private and public sources to achieve the program's goals.

DEFINING THE APPALACHIAN NEW YORK REGION

Appalachian New York is a federally-defined area that is comprised of three LDDs and fourteen counties:

- 1) Southern-Tier East LDD: Broome, Cortland, Chenango, Delaware, Otsego, Schoharie, Tioga, and Tompkins Counties;
- 2) Southern-Tier Central LDD: Chemung, Schuyler, and Steuben Counties;
- 3) Southern-Tier West LDD: Allegany, Cattaraugus, and Chautauqua Counties

In this document "Appalachian New York" and "Southern Tier" are used synonymously.

The region hugs the northern tier of Pennsylvania and is characterized by a low density, mostly rural population, abundant forests, rolling plateaus and hills, a mix of large agricultural tracts and forested lands. Its major population centers include the Greater Binghamton area, the Elmira-Horseheads-Corning area, the Greater Ithaca area, and Jamestown, as well as several other smaller cities and villages. With the exception of Ithaca, these once-thriving metropolitan areas are characterized by declining economic vibrancy. Overall, however, the region is noted for a relatively high quality of life, with affordable housing stock, good neighborhood schools, natural beauty and a number of small towns that still reflect the region's charms.

II. ASSESSMENT OF APPALACHIAN NEW YORK

A. APPALACHIAN NEW YORK'S ECONOMIC CONDITION

1. County Economic Status Designations

The ARC defines a county's economic status using the following statistics: 1) the county's rolling three-year average unemployment rate; 2) per capita market income; and 3) Census poverty rate. These are then aggregated and compared against all counties in the nation, and then scaled to compare each Appalachian county to the national averages. ARC assigns the status "distressed" to counties ranking in the worst 10% of the nation's counties. Counties ranked in the lower 25% but above the bottom 10% are considered "At Risk". Counties in the middle 50% of the national database are considered "Transitional". Counties ranking in the top 25% but below the top 10% of the nation are considered "Competitive". And counties ranked in the top 10% of the nation are classified as "Attainment" counties.

Table A-1 in the Appendix shows the ARC's data for each county in Appalachian New York FY 2010, and the ARC's assigned economic status for each county in Appalachian New York for the current planning period. Of the 14 counties in the region, 13 are designated as "Transitional"; and Allegany County is the Southern Tier's one "At Risk" county. Maps A.1 through A.4 in the Appendix illustrate the component parts of the region's economic statistics, and generally reflect a worsening trend in per capita market income and unemployment.

While the ARC's county economic status designations are important for program planning, they do not reflect some important considerations about the region's economic condition. Since the 1950s this rural part of upstate New York has seen dramatic declines in population and in its economic strength. The population has reflected a significant aging that coincided with the departure of major employers and of younger generations of one-time residents from the area. For the area's counties to achieve a sustainable improvement in their economic status, it is important to attract and retain employers in the region and to attract and retain a prime-age work force of 25-44 year olds who will add vibrancy to the region's economy. While the long-term trend for population migration in Upstate NY has been negative, in recent years the trend has been mixed. Map A.5 in the Appendix illustrates the region's population change for the 2000-2005 period.

2. Sub-regions In Distress

Another focus of the State's Appalachian Development Program is to address "pockets of distress" *within* counties. Recognizing this, ARC has responded to the congressional mandate concerning "distressed areas" in the Appalachian Regional Development Act

Amendments of 2002, and has provided details on census tracts within counties consider "Transitional" or better.

In accordance with the legislation, the Commission now defines, for compliance and reporting purposes only, "distressed areas in non-distressed counties" as those census tracts with a median family income no greater than 67% of the U.S. average and a poverty rate that is 150% of the U.S. average or greater. Appalachian New York has 18 distressed census tracts in its 13 "Transitional" counties. These are illustrated in Map A.6 and listed in Table A.2 in the Appendix. For NYS, proposed area development projects that address economic, social or infrastructure issues in these pockets of distress will receive extra consideration for funding approval and technical assistance.

3. Labor Statistics

Like many former industrial areas of the U.S., Upstate NY, in general, and much of the Southern Tier, in particular, has shifted from a manufacturing-based economy to a service and retail-based economy. Table A-3 in the Appendix reflects the primary employment categories for Appalachian NY's civilian employed population 16 years and over. The percentage of employees in manufacturing dropped to just 14.4% in the 2005-2007 period, down from nearly 20% in 1990 and from approximately 16% in 2000. In the meantime, employment in education, health care and social programs now account for nearly 30% of civilian employment in the region.

4. Economic Development

Improving the economic condition of the state and its Southern Tier communities is a continuing top priority for the state and for the Appalachian Development Program. At the most senior levels of State government, multiple task forces and commissions have sought to address the state's economic development issues and the declining economic fortunes of Upstate NY. For the NYS Appalachian Development Program, NYS DOS collaborates closely with the LDDs and the staff of Empire State Development (ESD), the state's primary economic development agency, and the LDDs also work closely with the U.S. Department of Commerce's Economic Development Administration (EDA).

To qualify for EDA assistance, the LDDs are responsible for producing a Comprehensive Economic Development Strategy (CEDS). The CEDS is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen regional economies. The CEDS serves as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources. For the NYS Appalachian Development Program the CEDS is the LDDs' starting point for identifying the region's economic development priorities and needs. NYS DOS works closely with the LDDs during the CEDS

drafting process and helps the LDDs explore opportunities for collaboration with ESD and other government and non-government organizations to meet the economic development goals identified by the CEDS.

Another statewide economic development strategy underway in the region is the “Excelsior Jobs Program” – a New Economy jobs program focused on high tech and clean energy jobs. The Program includes three incentives for targeted growth industries including:

- Expansion of the Research and Development Tax Credit to support innovation and enhance New York State’s role in the New Economy.
- Creation of an Enhanced Investment Tax Credit to support capital investment across New York State.
- New Jobs Incentive to target firms in the high technology, biotechnology, clean energy technology, finance and manufacturing industries. Firms that create and maintain a set number of new jobs in NYS for five years will receive tax credits for a portion of the payroll costs associated with those new jobs.

NYS DOS and its Appalachian Development Program staff maintain close contact with local economic development organizations, local government officials, and the LDDs to work toward a coordinated economic development program for the Southern Tier. In addition, NYS DOS staff meets with and will continue to collaborate with outside agencies such as New York State Foundation for Science, Technology and Innovation (NYSTAR), Empire State Development, and the Department of Housing and Community Renewal to target local strategies for economic development. Looking ahead, the NYS DOS will continue to work with Appalachian communities and the local development districts to encourage private investment in biotechnology, pharmaceutical, high-tech, green-technology, financial services back-office operations, and manufacturing.

Several opportunities to leverage existing centers of industrial activities and innovation already exist in the Southern Tier. The ceramics industry in the Corning area represents a successful model of developing a geographic focus on an area of innovation, with Corning Incorporated and local higher educational institutions such as Alfred University and Cornell University collaborating across a number of areas for the company’s and the region’s mutual benefit. This collaboration has created an environment that has made the region noted for its strength in ceramics, glass and materials science technologies.

Similar efforts to partner major local employers with higher education facilities are underway across the Southern Tier. In addition, several business incubators have been established throughout the region to foster entrepreneurship and job creation. Looking ahead, the LDDs and the NYS DOS staff will continue to seek ways to leverage the ARC program to assist with developing innovation that creates “green jobs” and to foster innovation in agri-business and other technological fields.

5. Asset-Based Development

ARC's Asset-Based Development Initiative seeks to help communities identify and leverage local assets to create jobs and build prosperity while preserving their community character. This initiative lets the region's natural, cultural, structural, and leadership resources play an important role in building a strong and sustainable economy.

Appalachian New York counts among its advantages the following: unmatched quality of life, clean environment, safe streets and a small town atmosphere that still exists across the region's many hamlets, towns and villages. In addition it enjoys abundant natural resources, ample supplies of clean fresh water, diverse cultural and historical assets, and transportation networks that straddle the primary pathways between major metropolitan areas of the Northeast and between the US to Canada, making it accessible for tourism and investors from major urban centers within a day's driving radius.

Given the Southern Tier's abundance of such resources, NYS DOS staff will work with the LDDs, ESD, local community partners and the ARC to help capitalize on these assets.

Current and prospective asset-based development themes for the region include:

- Capitalizing on traditional arts, culture, and heritage.
- Leveraging ecological assets for outdoor sports such as fishing, camping, white-water rafting, and rock climbing.
- Adding value to farming through specialized agricultural development, including processing specialty food items, fish farming, and organic farming.
- Getting the most from hardwood forests by maximizing sustainable timber harvesting and value-added processing.
- Encouraging the development of local leadership and civic entrepreneurs.
- Converting overlooked and underused facilities into industrial parks, business incubators, or educational facilities.
- Revitalizing "Main Streets" and village and hamlet centers.

ARC undertakes a broad scope of work under the Asset-Based Development Initiative, including identifying best practices, building partnerships with private, public and nonprofit organizations, providing technical assistance to communities, and funding asset-based development efforts. NYS's Appalachian Development Program staff will continue to seek ways to leverage the ARC Program and ties to other agencies and local resources to highlight the region's assets.

B. APPALACHIAN NEW YORK'S SOCIAL DEVELOPMENT CONDITION

According to the ARC's Strategic Plan, "Moving Appalachia Forward 2005-2010", a major goal of the ARC is to ensure that the population is ready to participate and compete in the twenty-first century economy. To this end, it states that, "...the people of Appalachia must have the skills and knowledge required to develop and work in globally competitive businesses. Appalachian residents must also have adequate health care to promote socially and economically competitive communities, and opportunities to make all Appalachian citizens productive participants in the global economy."

New York State has many programs across a range of agencies to ensure that these goals are met; NYS DOS serves as a coordinating focal point to ensure that all state agencies are addressing the social development needs of the Southern Tier.

1. Education and Workforce Capacity

Education policies in the Southern Tier are largely overseen by NYS's Department of Education (NYSED), the State Board of Regents, and by the State University of New York (SUNY). New York State places a high priority on the delivery of educational and training services. Its emphasis on education begins with widespread early education programs and continues through secondary and post-secondary education. State education strategies include comprehensive life-long activities that provide pre-kindergarten and primary education, work force training, and mid-career training and re-training. The State's Appalachian Development Program seeks to leverage its role to coordinate local concerns and to leverage efforts across agencies to creating and sustain a twenty-first century workforce for today's global economy.

a. Pre-K through Graduate-Level Education

The ARC's 2008 research report, "Assessment of Alternative Measures for Determining Economically Distressed Counties and Areas in the Appalachian Region" reflects NYS's Southern Tier's outstanding high school completion rate in comparison to the rest of the Appalachian region. All of NYS's Appalachian counties are in the top quintile of educational attainment compared to the rest of the Appalachian Region counties, with between 78.5% and 91.4% high school completion rates. However, while educational attainment is a "forward-looking" predictor of economic strength or distress, and the local population's capacity for future earnings, this success has been mitigated by a trend where many graduates leave the area after their high school years to move to areas where opportunities are perceived to be better.

Fostering partnerships with Appalachian New York's post-secondary educational institutions is an important part of the State's economic development strategies. In

addition, the region's colleges and Boards of Cooperative Educational Services (BOCES) have been regular participants in the ARC's workforce development program and will continue to be active participants in developing the region's workforce to compete in the global economy. Post-secondary opportunities abound, with a wide range of public and private institutions within the Southern Tier, including a geographically widespread BOCES program, and a college program that includes multiple community colleges, several 4-year State colleges and graduate degree granting colleges and SUNY's research university at Binghamton.

New York's BOCES represent a special part of the region's educational program. Formed by local public school districts, these cooperatives serve vocational, educational and other special needs of students through the secondary level as well as adult learners. BOCES organizations are key links in the school-to-work chain for many Appalachian New Yorkers and have built central vocational education campuses providing significant employment-oriented training in a variety of fields. Strategies for fostering education and life long learning are designed to increase the capacity of two-year community colleges and BOCES organizations, as well as local school districts, to deliver the education and training programs necessary for employment-relevant skills development.

b. Early Childhood Education

New York State will continue to offer ARC funding to assist in developing comprehensive, community-based child care opportunities that meet regional needs. This will focus on early childhood education. Where possible, the program will partner with the day care start-up and expansion efforts supported by the NYS Office of Children and Family Services.

c. Distance Learning

Access to telecommunications helps provide communities with equal educational and economic opportunities. In Appalachian New York, where low population density, geographic limitations and transportation deficiencies contribute to the lack of access to educational and training services, New York State continues to work to bridge these gaps by seeking to develop an advanced, broadly accessible telecommunications infrastructure.

In the region, BOCES campuses act as telecommunications hubs, reaching out to area schools and other educational, health, business and governmental institutions. The BOCES-centered telecommunications networks represent a major educational asset for Appalachian New York.

The State's Appalachian Development Program will continue to work with the LDDs and regional providers to increase access to broadband. Providing "last mile" access and

meeting the demand for telecommunications services is a key to local development. Currently, all three LDDs are working to bring high speed access to underserved areas.

2. Civic Leadership and Community Capacity

Strong civic leadership is at the core of vibrant communities. To cultivate strong future leaders, NYS DOS has been at the forefront of municipal training programs throughout the state. In the Southern Tier, the State's Appalachian Development Program evolved into a key platform for training civic leaders, with each of the LDDs incorporating municipal and civic leader training into its core mission. This has been and will continue to be a major step towards building sustainable communities.

Appalachian New York is home to almost 400 of the over 1600 local governments in New York State, and the State's Constitutional provisions for "home rule" often conflicts with regional planning and prioritization. The great advantage of the ARC program for NYS is that it is focused on a multi-state region, addressing a broad range of issues common to the vast reaches of rural and remote Eastern US communities, and the multi-county LDD planning approach helps contribute to a regional planning focus within the LDDs and across the entire Southern Tier region.

The FY 2010 ARC program will continue to provide resources to each Local Development District, as part of its augmented LDD Administrative Grant, to promote community capacity and regional economic assessments. This will provide each LDD with a comprehensive understanding of regional development needs, including existing physical infrastructure, community facilities and telecommunications capability.

The ARC program will also work closely with the Local Government Efficiency program within NYS DOS to help municipalities and municipal leaders develop regionally efficient and cost-effective service delivery. With the loss and aging of the region's population, joint economic development projects, infrastructure and community facilities will only help to make Appalachian communities more competitive in the global economy.

3. Regional Health

Rural health policies in NYS are coordinated by the NYS Department of Health (DOH)'s Charles D. Cook Office of Rural Health. NYS's Appalachian Development Program staff coordinates and maintains regular contact with this office on rural health policy issues and ensures that the region maintains a high level of health and wellness.

The NYS Appalachian Development Program coordinates with the ARC and the NYS DOH on many issues, including the following: Family and community health; occupational health; J-1 visas for international health professionals relocating to the region; recruiting,

retention and training for health care professionals and patient care givers; hospitals, nursing homes and other health care facilities; occupational health; telemedicine; rural dentistry; health and safety in the home, workplace and outdoors; environmental health; rural pediatrics; and health information technology.

Rural New York State, including the rural counties of the Southern Tier, faces special challenges in trying to provide access to quality health care for their residents. Over a wide spectrum of concerns, ranging from the availability of health care services (including emergency medical services) to the level of reimbursement for health care rural counties suffer in comparison to their more urban counterparts. In addition, the financial plight of rural hospitals is both a national and region-wide problem, with delivery of service to remote rural regions becoming more difficult due to the closure of independent community hospitals throughout the region. These issues have been addressed, and will continue to be addressed by NYS's Appalachian Development Program.

The health accessibility problems associated with geographic isolation can be partly mitigated via electronic communication technologies such as telemedicine and telehealth. Telemedicine is a rapidly developing application of clinical medicine where medical information is transferred through the phone, Internet, or other networks for the purpose of consulting on medical assessments, procedures or examinations. Telehealth is the delivery of health-related services and information via telecommunications technologies. Telehealth is an expansion of telemedicine, and unlike telemedicine, it encompasses preventive, promotive and curative aspects. Originally used to describe administrative or educational functions related to telemedicine, today telehealth stresses a myriad of technology solutions.

The users of these technologies include physicians' offices, hospitals, nursing homes, public health agencies, insurance companies, schools and prisons. Radiology, cardiology, orthopedics, home health services, rehabilitation and mental health are some common clinical applications. By transferring audio-visual and diagnostic information, telemedicine equipment may also assist in the management of critical medical emergencies, where in-depth consultation with an expert working in a major metropolitan area far removed from the Region would otherwise be impossible. Rural hospitals and health clinics can be prime beneficiaries of telemedicine applications. New York's Appalachian Development Program will continue to support telemedicine as a means of access to comprehensive health care and as a tool for health education and training.

4. Housing Quality, Affordability and Energy Efficiency

After decades of economic decline, the vacant housing crisis across Upstate New York inhibits future economic development, discourages homeownership and in-migration and perpetuates the perception that the region's urban areas are in a downward spiral. New

York is working vigorously to counter the effects of aging communities and deteriorating housing stock in Upstate New York. NYS DOS is concerned that these communities are aging beyond the point of preservation. To counter this, NYS DOS collaborates with the NYS Division of Housing & Community Renewal (DHCR), particularly its Office of Community Renewal on issues related to housing quality and community revitalization throughout the Southern Tier.

DHCR administers the Community Development Block Grant (CDBG) Program for the State of New York. The NYS CDBG Program provides financial assistance to eligible cities, towns, and villages with populations under 50,000 and counties with an area population under 200,000, in order to develop viable communities by providing decent, affordable housing and suitable living environments, as well as expanding economic opportunities, principally for persons of low and moderate income.

DHCR also administers the New York Main Street Program, which provides financial resources and technical assistance to communities to strengthen the economic vitality of the State's traditional Main Streets and neighborhoods. The NY Main Street grant program provides funds from the NYS Housing Trust Fund Corporation (HTFC) to business improvement districts and other not-for-profit organizations that are committed to revitalizing historic downtowns, mixed-use neighborhood commercial districts, and village centers.

In addition to working with local communities, especially the region's aging urban centers, on the issue of vacant and blighted housing stock, NYS DOS's Brownfields Opportunity Areas (BOA) Program is working to help communities restore abandoned and underutilized manufacturing sites across the region for community reuse as parks or residential lands, or for economic use in line with a community's comprehensive economic plans. The Appalachian Development Program staff will ensure that the region's communities are made aware of the revitalization potential that exists through collaboration between the State's Appalachian Development Program, NYS DOS's BOA Program and DHCR's community revitalization programs.

The region's housing concerns also include the cost to families for home heating and the need to improve residential energy efficiency. The region's cold winters have a potential negative impact on the health of the local population and high winter energy costs affect the affordability of the region as a place to live and work, which has additional negative economic impacts. NYS DOS is working with the LDDs and other state agencies to ensure that local residents are able to afford to maintain adequate residential energy supplies for home heating and to promote residential energy efficiency throughout the region.

NYS DOS and the LDDs work with the region's communities to inform and promote other state agency programs related to energy efficiency, including promoting financial

assistance for home energy improvements. Other low income programs and services include NYS Energy Research and Development Authority (NYSERDA)'s Assisted Home Performance with ENERGY STAR® program, the Weatherization Network Initiative, and the Assisted Multifamily Program (AMP). NYS's Home Energy Assistance Program (HEAP) is managed by the NYS Office of Temporary and Disability Assistance (OTDA). This federally funded program issues heating benefits to supplement a household's annual energy cost. HEAP also offers an emergency benefit for households in a heat or heat related energy emergency. Additionally, HEAP offers furnace repair and/or replacement benefit for households with inoperable heating equipment. The Weatherization Assistance Program is managed by DHCR for low income residents. NYS DOS and the LDDs actively ensure that community leaders and residents are made aware of this program and will provide assistance to coordinate with ODTA for community groups that can help Southern Tier residents apply for benefits under the program.

5. Children and Family Services

Throughout the history of NYS's Appalachian Development Program, NYS DOS has supported area development projects aimed at improving the quality of life for the region's most distressed children and families, either through supporting projects that have requested funding through the ARC's area development program, or through collaboration with NYS's Office of Children and Family Services and County Social Services in counties across the Southern Tier. ODTA provides special programs for disabled residents across the state. Looking ahead, NYS DOS will continue to support the efforts of the LDDs and local community organizations that seek to enhance the social health of the region's residents and will seek to collaborate with appropriate agencies to ensure that such programs get attention to meet the local communities' human development goals.

6. Recreation and Parks

Recreational opportunities play an important part in healthy lifestyles and a shared sense of community. NYS's Appalachian Development Program works with the LDDs and local county governments and municipalities to ensure that the active and passive recreational needs of the region's residents are adequately addressed, and it is working with the ARC as needed to help local communities improve the public's access to recreational facilities. In addition, NYS's Office of Parks, Recreation and Historic Preservation (OPRHP) provides safe and enjoyable recreational and interpretive opportunities for all State residents and visitors, and is the steward for the State's valuable natural, historic, and cultural resources. NYS DOS has begun to collaborate with OPRHP and the LDDs to ensure that the Southern Tier communities are informed of funding opportunities sponsored by OPRHP to expand, modernize and improve the region's parks and historic sites, and cultural and educational programs.

C. APPALACHIAN NEW YORK'S INFRASTRUCTURE CONDITION

Perhaps no other resource defines or limits a region's global competitiveness more than the presence or absence of efficient infrastructure -- a myriad of tangible assets including local roads and regional highways, telecommunications and broadband infrastructure, sewer and water and stormwater infrastructure, and power delivery infrastructure. In Appalachian New York, the infrastructure challenges are significant, due in large part to obsolete or deteriorating systems, and are exacerbated by a declining tax base that hinders the ability of local communities to upgrade and modernize infrastructure.

In Appalachian New York, the new Southern Tier Expressway, which is part of the Appalachian Development Highway System, has ameliorated some of the region's isolation and limited access to markets; the north and south connectors to this expressway are only slowly being developed with NYS DOT funds. Drinking water supplies are in some cases obsolete and, with the help of ARC funding, have been upgraded on a case by case basis, as have wastewater systems scattered throughout the region. However, the biggest challenge confronting the region is an obsolete telecommunications system that puts the region at a severe economic disadvantage.

Over the past several years, NYS DOS, the LDDs and ARC have successfully partnered to gradually help with upgrading the Southern Tier's infrastructure. With the assistance of the ARC's Area Development program, new water and wastewater lines have been installed, funding for broadband planning and for hubs and lines has been approved, short-distance rail lines and commercial developments have been funded, and service roads and commercial development has been boosted throughout the region

1. Water and Wastewater Utilities Infrastructure

It is estimated that over the next 20 years New York State will need over \$36 billion for wastewater and \$20 billion for drinking water infrastructure. However, to meet local budget constraints, numerous rural communities in New York's Appalachian region have had to defer necessary repair and maintenance of their systems. Many of New York's Appalachian communities still face significant issues related to inadequate or non-existent water and sewer systems. The region's demographic challenges require a new approach to infrastructure: regional analysis of water and wastewater infrastructure needs in order to reduce costs and find economies of scale by sharing facilities and consolidating systems. NYS's Appalachian Development Program is working with the LDDs to identify communities with aging or obsolete water and wastewater systems, and prioritizing those communities where systems must be installed or upgraded to protect public health and the environment and to comply with federal and State regulations. NYS DOS is also working to expand local knowledge of government efficiency opportunities for inter-

municipal cooperation on these infrastructure systems where multiple municipalities can benefit from cost-sharing and regional cooperation.

NYS's Appalachian Development Program will continue to leverage private and other public resources towards water and wastewater repairs or improvements. Working with the NYS Water and Sewer Co-Funding Initiative, including the NYS Department of Health (DOH), NYS Environmental Facilities Corporation (EFC), NYS Department of Environmental Conservation (DEC), NYS DOS, DHCR, and USDA RD (Rural Development), the State will continue to work to coordinate the funding of water and sewer infrastructure projects among State and federal agencies.

2. Telecommunications Infrastructure

The State of New York is focused on developing a flexible, technologically compatible and expandable telecommunications network and coupling this with programs for improved leadership, community capacity, administrative efficiency, economic development and excellence in education. Each of the LDDs is working toward deploying broadband connectivity to the rural reaches of the Southern Tier, and this is being done with the assistance of the ARC. NYS DOS will continue to assist the Southern Tier with modernizing the region's telecommunications infrastructure and will interface with staff from OFT to ensure that a viable telecommunications infrastructure strategy for the region is developed.

3. Transportation in the Southern Tier

Effective intermodal transportation infrastructure, connecting the region to domestic and global markets, is essential to encourage private investment and commerce in the region. It is vital to the retention and growth of companies that are sensitive to efficient and effective transportation.

The region's only major east-west highway, New York State Route 17/Interstate 86 (I86), extends 397 miles across NYS and connects the New York City metropolitan area with Erie, Pennsylvania. From Binghamton to Erie, Pennsylvania, Route 17/I-86 is called the "Southern Tier Expressway," and is designated as Corridor T of the Appalachian Development Highway System (ADHS). While not yet complete, Corridor T has already spurred enough economic growth to suggest that it will be of immense material and social benefit to the region.

The other ADHS Corridors in New York State are Corridor U and Corridor U1. These two corridors link the areas near the cities of Corning and Elmira to Pennsylvania's Corridor P near Williamsport and are key to generating commercial and industrial development in the

City of Elmira and Town of Erwin. (Map A.7 in the Appendix illustrates the location of Appalachian Development Highway Corridors T, U and U-1 in NYS.)

The Appalachian Development Highway Corridors play an integral long-term role in regional development. The LDDs and NYS DOS have actively worked with other state agencies, the ARC and local communities to maximizing the economic development benefit of the ADHS Corridors. The LDDs will continue to work with local governments to assist them in deriving economic benefits from the ADHS, while also understanding the impacts that increased development may have on local infrastructure and quality of life.

Rail transportation in the Southern Tier has been revitalized in recent years, despite periodic threats by rail operators to terminate mainline service through the Southern Tier. The reopening of the Southern Tier Rail Extension between Meadville, PA and Hornell, NY greatly improved local service and permitted the resumption of regional mainline service, primarily for coal traffic. These services, provided by the Western New York & Pennsylvania RR, provide significant economic development opportunities along the route. Freight service also exists over the Southern Tier Mainline between Buffalo and Hornell. There is currently no rail passenger service available in Appalachian New York, although regional interest has been expressed by multiple constituencies for restoring passenger rail service linking some Southern Tier population centers with Syracuse to the north and with New York City to the south.

Appalachian New York is served by the following four regional airports: Binghamton; Ithaca; Corning-Horseheads-Elmira; and Jamestown. Service is limited and costly in comparison with that provided by the more major metropolitan airports near Appalachia's fringe (in Buffalo, Rochester, Syracuse and Albany). The availability of air access to the region may be helpful in sustaining economic development in the region, and local leaders and planners are encouraged to incorporate intermodal transportation into regional plans. As is the case with other infrastructure, the most significant barrier to improving these small airports is the lack of local financial resources.

Another obstacle to economic development is the lack of regional public transportation, especially in rural areas. Intercity bus transportation and local transit services are provided by a variety of public and private carriers and are voluntarily coordinated for most of the region through the Southern Tier Bus Network. Ultimately, ARC goals will be difficult to achieve until convenient and inexpensive transportation through the region becomes widely available. The Appalachian Development Program in New York will strive to ensure that affordable public transportation options are considered in local and regional plans.

4. Environmental Infrastructure

New York State has extensive natural resources, and the Southern Tier is particularly blessed with abundant natural beauty. The region's network of state and local recreational areas is an attractive aspect of the quality of life in the Southern Tier, as is its abundance of clean fresh water and unspoiled lands. There is both economic and social value to the region's state and national lands, parks and wildlife refuges and watersheds, and the region must safeguard these fragile resources.

While Southern Tier communities must be able to provide potential new industries with serviceable land and facilities, the communities also need to plan for, manage and capitalize on these resources. The effective development of the region's green infrastructure presents opportunities for economic growth and sustainable development. To help communities preserve their environmental assets, the NYS Appalachian Development Program collaborates with the LDDs and communities, as well as DEC, OPRHP, and NYS DOS's own BOA and Local Waterfront Revitalization programs.

5. Renewable Energy and Energy Efficiency

In October 2006, The Appalachian Regional Commission published "Energizing Appalachia; A Regional Blueprint for Economic and Energy Development". This "Energy Blueprint" sets forth the following goals: to develop the Appalachian Region's energy potential; to increase the supply of locally produced, clean, affordable energy; and, to create and retain jobs.

New York State will look at strategies to foster the promotion of energy efficiency in the region to enhance its economic competitiveness; the growth in use of renewable energy resources, especially biomass, to produce alternative transportation fuels, electricity, and heat and, the development of conventional energy resources to produce alternative transportation fuels, electricity, and heat.

III. COLLABORATION WITH OTHER AGENCIES AND PROGRAMS

As prescribed by the ARC Code, NYS's Appalachian Region Development Program staff works collaboratively with the Federal ARC staff to foster the economic, social, and infrastructure development of NYS's Appalachian region. However, the work of enhancing community and economic development in the Southern Tier is supported not only by the ARC and NYS DOS, but by many other state, federal and local agencies and organizations. Understanding the limited nature of ARC funding, NYS DOS will serve as an advocate for the Southern Tier and, along with the LDDs, will actively seek out potential ways to leverage the assistance of other agencies to foster the goals and objectives of this Strategy Statement.

Looking ahead, the Program staff will endeavor to foster regional approaches to planning and to making local government practices more efficient across regions. In addition, the Program staff will seek ways to enhance the region's assets, and its social, environmental and economic condition by working with other state and federal agencies with converging goals. For example, lines of communications will be enhanced between the State's Appalachian Region Development Program and other NYS DOS programs, including:

- Local Waterfront Revitalization Planning;
- Local Government Efficiency;
- Community Service Block Grants; and
- Brownfield Opportunity Areas;

DOS will also continue to collaborate with other federal and state agencies, including:

- Empire State Development/NYS Department of Economic Development;
- US Department of Commerce;
- Office for Technology;
- Department of Transportation;
- Division of Housing & Community Renewal;
- Energy Research and Development Authority;
- Foundation for Science, Technology and Innovation;
- Department of Education;
- Department of Health;
- Department of Agriculture and Markets;
- Department of Environmental Conservation;
- Office of Temporary and Disability Assistance
- Office of Children and Family Services;
- Office of Parks, Recreation and Historic Preservation; and
- Environmental Facilities Corporation.

By collaborating with these agencies' programs, the LDDs and the State's ARC Program staff will leverage as many opportunities as possible to enhance the economic, social, and infrastructure condition of the Southern Tier.

IV. NEW YORK STATE GOALS, OBJECTIVES AND STRATEGIES

This Section identifies the New York State objectives and twenty-eight strategies that have been established by the NYS Department of State to guide the investment of ARC resources in Appalachian New York to address the issues identified in Section I above. They have been established by the Department of State and the three LDDs, in response to ARC's Strategic Plan 2005 - 2010. The section below identifies specific policies relating to preparation of the FFY 2010 NYS Appalachian Regional Investment Package utilizing the regular Area Development allocation of ARC resources available to New York State.

FFY 2010 AREA DEVELOPMENT PROJECTS

All projects from New York State receiving ARC resources under the Area Development Program must address one of the first three Strategic Goals identified in the ARC Strategic Plan (see Executive Summary for explanation). Under each Goal, there is at least one ARC Strategic Objective. One or more NYS strategies address each objective. **The strategies are the key statements of New York State policy and comprise the central organizational framework for New York State investment of ARC resources. To be considered for inclusion in the New York State Appalachian Regional Investment Package for FFY 2010 a project must implement one of the strategies under the General ARC Goals and New York State objectives set forth in this Strategy Statement.** The Investment Package, scheduled for transmission to ARC in the Fall of 2010, will identify for each project the Goal and specific strategy to be implemented.

The Government Performance and Results Act mandates that ARC collect and report information on project performance to judge effectiveness in meeting ARC goals. Output measures quantify a project's immediate products and activities. Outcome measures assess longer-term results of project outputs by quantitatively gauging project accomplishments. These measures, which are detailed in the FFY 2010 Application Guidance, are designed to meet the ARC's need for performance information to report to the U.S. Office of Management and Budget and are expected to be utilized wherever possible.

ARC GENERAL GOAL 1:
Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation

Today's economy offers new opportunities for the Appalachian Region. In partnership, ARC will help local and state leaders diversify local economies, support entrepreneurship, increase domestic and global markets and foster new technologies. Additionally local leaders will be encouraged to build upon opportunities presented by the Appalachian Development Highway System and to examine existing community strategic assets to create jobs, while preserving the character of the region's communities.

ARC STRATEGIC OBJECTIVE 1.1: FOSTER CIVIC ENTREPRENEURSHIP

- NYS Strategy 1.1a: Support programs that foster broad-based civic engagement and support strategic readiness to take advantage of economic opportunities.
- NYS Strategy 1.1b: Support regionally based local government capacity-building programs to foster sustainable economic development.
- NYS Strategy 1.1c: Encourage the establishment of new partnerships and initiation of new service delivery mechanisms on a multi-jurisdictional basis that promote economic development.

ARC STRATEGIC OBJECTIVE 1.2: DIVERSIFY THE ECONOMIC BASE

- NYS Strategy 1.2a: Encourage the development and implementation of new and innovative approaches to build diverse and sustainable local economies that provide employment and entrepreneurial opportunities to all citizens.
- NYS Strategy 1.2b: Support innovative efforts to deliver entrepreneurial and management skills training to small- and medium-sized firms.

ARC STRATEGIC OBJECTIVE 1.3: ENHANCE ENTREPRENEURIAL ACTIVITY

- NYS Strategy 1.3a: Support the provision of entrepreneurial training and education for youths, students and business persons.
- NYS Strategy 1.3b: Develop technical assistance networks through business incubators, business associations and private-sector resources to nurture new businesses.
- NYS Strategy 1.3c: Improve access to debt and equity capital by facilitating the establishment of development venture capital funds.

- NYS Strategy 1.3d: Recapitalize existing regional revolving loan funds to aid business development.

ARC STRATEGIC OBJECTIVE 1.4: DEVELOP AND MARKET STRATEGIC ASSETS FOR LOCAL ECONOMIES

- NYS Strategy 1.4: Identify and leverage local cultural, heritage, natural and community assets for economic development.

ARC STRATEGIC OBJECTIVE 1.5: INCREASE THE DOMESTIC AND GLOBAL COMPETITIVENESS OF THE EXISTING ECONOMIC BASE

- NYS Strategy 1.5a: Help small and mid-sized firms to create jobs by providing them with technical assistance to increase sales in domestic markets, and to expand exports of goods and services to global markets.
- NYS Strategy 1.5b: Attract more international students and researchers to ARC-region colleges and universities, thereby increasing services exports.

ARC STRATEGIC OBJECTIVE 1.6: FOSTER THE DEVELOPMENT AND USE OF INNOVATIVE TECHNOLOGIES

- NYS Strategy 1.6: Support and promote opportunities to close the job gap in Appalachian New York through high value-added industries such as telecommunications and computing services.

ARC GENERAL GOAL 2:

Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy

To compete in the twenty-first century economy, the people of Appalachia must have the skills and knowledge required to develop and work in globally competitive businesses. Appalachian residents must also have adequate health care to promote socially and economically competitive communities, and opportunities to make all Appalachian citizens productive participants in the global economy.

ARC STRATEGIC OBJECTIVE 2.1: FOSTER CIVIC ENTREPRENEURSHIP

- NYS Strategy 2.1: Develop strong leaders, organizations and communities to promote the region's competitiveness.

ARC STRATEGIC OBJECTIVE 2.2: ENHANCE WORKFORCE SKILLS THROUGH TRAINING

- NYS Strategy 2.2: Provide residents of Appalachian New York with access to a range of basic and advanced workforce skills development and vocational educational programs to enhance employment prospects.

ARC STRATEGIC OBJECTIVE 2.3: INCREASE ACCESS TO QUALITY CHILD CARE AND EARLY CHILDHOOD EDUCATION

- NYS Strategy 2.3: Support the development of comprehensive, community-based quality child care and early education programs for children and families.

ARC STRATEGIC OBJECTIVE 2.4: INCREASE EDUCATIONAL ATTAINMENT AND ACHIEVEMENT

- NYS Strategy 2.4a: Support local and regional efforts to better prepare students, out-of-school youths and adults for post-secondary level training.
- NYS Strategy 2.4b: Maintain support for and seek expansion of programs that increase college-going rates.
- NYS Strategy 2.4c: Build the capacity of local school districts, BOCES, community colleges and other institutions to provide basic workforce readiness skills to help all students find and hold jobs.

ARC STRATEGIC OBJECTIVE 2.5: PROVIDE ACCESS TO HEALTH-CARE PROFESSIONALS

- NYS Strategy 2.5: Work to eliminate gaps in the delivery of primary health care and mental health services by developing or expanding health/mental health care programs in Appalachian New York, particularly those areas with a shortage of health professionals, and by promoting health professional recruitment, training, and retention, and facilitating emergency medical services training in rural areas.

ARC STRATEGIC OBJECTIVE 2.6: PROMOTE HEALTH THROUGH WELLNESS AND PREVENTION

- NYS Strategy 2.6: Provide education and opportunities to help the residents of Appalachian New York lead healthy lives.

ARC GENERAL GOAL 3:
***Develop and Improve Appalachia's Infrastructure to Make the
Region Economically Competitive***

Appalachian Communities will have the physical infrastructure necessary for self-sustaining economic development and improved quality of life. This includes water and sewer systems, telecommunications systems, inter-modal transportation systems and the environmental infrastructure.

ARC STRATEGIC OBJECTIVE 3.1: FOSTER CIVIC ENTREPRENEURSHIP

- NYS Strategy 3.1: Produce leaders and effective organizations that strategically mobilize communities toward their goals in developing the regional infrastructure necessary to make Appalachian New York competitive.

ARC STRATEGIC OBJECTIVE 3.2: BUILD AND ENHANCE BASIC INFRASTRUCTURE

- NYS Strategy 3.2a: Provide basic and/or supplemental funding assistance for the physical infrastructure necessary for creation or retention of jobs.
- NYS Strategy 3.2b: Help rural communities in distressed areas/"pockets of poverty" (as defined by ARC) to address documented critical health or safety needs.
- * **IMPORTANT NOTE:** The ARC Program is primarily an economic development program, but will fund residential water supply or wastewater treatment projects in non-distressed counties only under the conditions cited above. For the purposes of this NYS Strategy, a fully documented health and safety need will be demonstrated by the issuance of an Order of Consent from a New York State or county environmental or health agency, or other confirmed imminent public health threat justified by these agencies. Project sponsors are strongly encouraged to demonstrate any anticipated positive economic impacts to be realized from the project.

ARC STRATEGIC OBJECTIVE 3.3: INCREASE THE ACCESSIBILITY AND USE OF TELECOMMUNICATIONS TECHNOLOGY

- NYS Strategy 3.3a: Support telecommunications network development, technical assistance, and training for education, business and government users.
- NYS Strategy 3.3b: Support telemedicine as a means of universal access to comprehensive health care and as a tool for health education and training.

ARC STRATEGIC OBJECTIVE 3.4: BUILD AND ENHANCE ENVIRONMENTAL ASSETS

- NYS Strategy 3.4a: Develop and support regional planning and economic development policies that promote good stewardship of the region's natural resources and that encourage eco-industrial development.
- NYS Strategy 3.4b: Provide funding assistance for the physical infrastructure necessary for creation or retention of jobs, including support for re-use of former industrial sites

ARC STRATEGIC OBJECTIVE 3.5: PROMOTE THE DEVELOPMENT OF AN INTERMODAL TRANSPORTATION NETWORK

- NYS Strategy 3.5: Support the development of intermodal transportation systems with fast, efficient and dependable access to worldwide suppliers and markets.

ARC GENERAL GOAL 4:

Build the Appalachian Development Highway System to Reduce Appalachia's Isolation

To compete economically with communities across the nation, Appalachia must have a safe and efficient transportation system connecting it to national transportation networks. The Appalachian Development Highway System (ADHS) must be completed to enhance the economic development opportunities for Appalachian New York.

ARC STRATEGIC OBJECTIVE 4.1: FOSTER CIVIC ENTREPRENEURSHIP

- NYS Strategy 4.1: Support communication between parties to resolve any barriers to the completion of the ADHS.

ARC STRATEGIC OBJECTIVE 4.2: PROMOTE ON-SCHEDULE COMPLETION OF THE ADHS

- NYS Strategy 4.2: Complete the Southern Tier Expressway (designated as Corridor T) and US Route 15 (designated as Corridor U1) to Interstate Standards.

ARC STRATEGIC OBJECTIVE 4.3: COORDINATE WORK ON ADHS STATE-LINE CROSSINGS

- NYS Strategy 4.3: Work closely with the State of Pennsylvania to coordinate information regarding and the scheduling of state-line crossings of the ADHS.

V. NEW YORK STATE AREA DEVELOPMENT POLICIES

This section identifies policies established by the NYS DOS to guide the preparation of the New York State Appalachian Regional Investment Package for FFY 2010. They were established in consultation with the three LDDs in Appalachian New York and cooperating New York State agencies. The process for preparation and implementation of the FFY 2010 New York State Appalachian Regional Investment Package is described at the end of this Section.

ELIGIBLE PROJECT ACTIVITIES

All projects from New York receiving ARC resources under the Area Development Program must clearly implement one of the New York State Strategies as identified in Section IV above.

INELIGIBLE PROJECT ACTIVITIES

ARC resources may not be used to provide assistance for (1) relocating a business or industry, (2) recruitment activities placing a state in competition with one or more other states, or (3) projects promoting unfair competition between businesses within the same immediate service area.

DOLLAR LIMITS FOR ARC FUNDING

In order to foster a diversity of projects throughout the expanse of the Southern Tier, NYS DOS has placed a \$150,000 limit on the ARC-funded portion of all projects in New York State. This limitation is designed to ensure that each LDD in the Southern Tier will reach a broad slice of the communities and organizations that can benefit from the federal funds available. However, at the strong recommendation of the appropriate LDD, NYS DOS will consider waiving this limit for superior projects that are demonstrably critical to regional development. Sponsors of such projects must document that additional ARC funding is indispensable to project implementation and cannot be obtained from other public or private resources.

MATCHING ARC RESOURCES

For the FFY 2010 program year, thirteen of the fourteen Appalachian Counties in New York State are designated "Transitional" by ARC; Allegany County is designated "At Risk." These designations have important implications for match requirements. **For projects in or affecting "Transitional" counties, the percentage amount of ARC financial assistance to projects may not exceed 50% of the total eligible project cost. In**

“At-Risk” counties, financial assistance from ARC may not exceed 70% of project cost.

Funds used to match the ARC grant may include both cash and documented "in-kind" contributions. All match must directly relate to and support specific project activities and represent new expenditures above and beyond ongoing activities of the project sponsor (see "Maintenance of Effort" below). In-kind contributions may involve equipment or other goods, paid personal services, or donated office space. However, in-kind "rental" charges for the following types of office space are not acceptable as match: (1) space presently rented by the project sponsor, (2) space in facilities constructed with any federal funds, (3) space in any facility owned by the project sponsor or by an entity closely related to the project sponsor, or (4) space in any public building. All in-kind matching contributions must otherwise be allowable charges to the ARC grant. Further guidance is available from the U.S. Office of Management and Budget (OMB) including the OMB Common Rule (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments) and OMB Circular A-110 (Grants and Agreements with Institutions of Higher Education, Hospitals and other Nonprofit Organizations). (See: <http://www.whitehouse.gov/omb/rewrite/circulars/a110/a110.html>)

Other federal funds may be used as matching funds for ARC grants, except as specifically limited by federal statutes. Total federal funding from all sources for infrastructure, construction and equipment projects is limited to 80% of total project cost. Community Development Block Grant funds from the U.S. Department of Housing and Urban Development are considered to be local funds for the purposes of matching ARC projects. There is a 20% cash match requirement relating to the equipment components of all projects involving "equipment", which is defined by ARC as tangible non-expendable personal property having both a useful life of more than one year and a unit acquisition cost of \$5,000 or more.

TIME LIMITS FOR ARC FUNDING OF PROJECTS

It is expected that most approved projects will receive ARC funding for one program year. In limited cases three years of ARC funding may be permitted. In these cases a second or third year application will be required and subsequent year funding will be based on project progress, demonstration of continued need and the availability to NYS of sufficient resources.

Projects with an operations component are normally permitted funding for a reasonable start-up period plus twelve months of direct operations, not to exceed eighteen months. Start-up activities may include hiring and training staff, setting up offices, developing administrative policies, renovations for child care or vocational education facilities, etc.

Sponsors of ARC-funded projects may request approval of changes to project activities, including the project budget, and/or an extension of the period of performance. Such requests must be fully explained and documented and received by the New York State Department of State from the formal project grantee ***no less than two months prior to the expiration of the approved project period.*** All such requests must be approved by the State of New York and recommended to ARC for final approval.

MAINTENANCE OF EFFORT

ARC funds cannot be used for activities previously or currently undertaken with other federal, state or local funds. Expansion of previous activities can, however, be funded to the extent of the expansion.

INDIRECT COSTS

Overhead and other indirect expenses of a project sponsor are generally not eligible as project costs for operating projects, either as part of the ARC portion or of the match. Exceptions are made for expenses of Local Development Districts as ARC grantees and expenses of participants in ARC Consolidated Technical Assistance Program grants.

OVERRUNS AND UNDERRUNS

ARC funding for project cost overruns should not be anticipated. ARC funds are considered to be the last dollars spent on a given project. If a project is closed out having spent less than the originally approved budget amount, ARC funds in the amount of the under run are subject to recoupment by the ARC or other administering agency.

WAIVER POLICY FOR CONSTRUCTION/RENOVATION/EQUIPMENT PROJECTS

A waiver of Section 4.5 of the ARC Project Guidelines to permit letting of contracts prior to ARC project approval will be considered for construction, renovation or equipment projects which meet all of the following conditions:

1. The request for a waiver must come to NYS DOS directly from the appropriate Local Development District with a strong recommendation for its approval.
2. The project must already have been approved by the Department of State and transmitted by the Secretary of State to ARC with a recommendation for approval.
3. Approval of the project by ARC must be held up beyond normal ARC processing time (at least 45 days) because of circumstances beyond the project sponsor's

control. (Examples of such circumstances might include a delay in required action by the State Legislature or by a State or federal agency. The key point is that the project sponsor must have done all that is possible to obtain the required action by the other entity).

4. There must be written assurance from the appropriate federal (and State, if applicable) basic agency of support or no objection to the granting of the waiver.

If all four conditions are met, waivers may be granted by the ARC Program Manager in a letter to the requesting Local Development District. In this communication it will be made clear that granting of the waiver in no way obligates the Department of State to continue to support the project or ARC to fund the project. The project sponsor therefore proceeds with contract letting or other actions at its own risk.

PROCESS FOR PREPARATION AND IMPLEMENTATION OF THE NEW YORK STATE APPALACHIAN REGIONAL INVESTMENT PACKAGE FOR FFY 2010

1. Policies established in the ARC authorizing legislation as amended, the ARC Code, Project Guidelines and Commission resolutions serve as the framework for the development of New York State policies for the implementation of the ARC non-highway programs, including especially the Area Development Program and the Regional Initiatives. The Department of State discusses policies affecting the development and implementation of the Area Development Program with each of the LDDs and other agencies. The following documents are used for project solicitation and review:

- a. an **Application Guidance** document for potential project sponsors, including a detailed statement of New York State policies for ARC Area Development projects in FFY 2010, instructions for completing an Application for ARC funding, application and budget formats and general information on technical assistance contacts and the application process/schedule. For each ARC Strategic Goal, specific objectives, strategies, categories of eligible projects, encouraged policy thrusts and recommended performance measures (outputs and outcomes) are set forth. These policies are included in the statement of **Area Development policies** in the New York State Appalachian Strategy Statement for the coming fiscal year (the present document).
- b. a joint **State-Local ARC Priority Point Rating System** for evaluation of project proposals under each eligible project category.
- c. a **schedule for the project development and review process** during FFY 2010, including target dates for initial program announcement, receipt of

applications from project sponsors by the LDDs, provision of LDD priority recommendations to the Department of State and announcement of the draft Investment Package.

2. The LDDs actively solicit **applications** from potential local project sponsors in the Spring. Workshops on the Appalachian Development Program are held in each region, and LDD staff provides technical assistance to the sponsors to ensure that ARC and State requirements, as well as application rating criteria, are addressed.

3. Acting within deadlines agreed upon with the Department of State, the LDDs submit project applications and develop **regional priority rankings**, based on the joint State-Local ARC Priority Point Rating System.

4. The Department of State will prepare a **preliminary draft Investment Package** in the Fall of 2010, based upon the review of all applications according to the State-Local ARC Priority Point Rating System, taking into consideration all LDD recommendations and comments. This Package will be prioritized into three groups of projects and presented to each LDD. The LDDs will be given the opportunity for comment on the package and present additional project information.

5. The LDDs will be notified of the Investment Package priorities and will advise successful applicants. If necessary, meetings will be arranged with the LDDs, staff from ARC, the NYS DOS, cooperating State agencies, federal agencies and project sponsors to discuss any required application additions or changes. The intent is to assist sponsors in developing solid approvable applications by providing clarity regarding State and ARC expectations.

6. If resources become available, NYS DOS will notify the LDDs that applications for specific standby projects will be accepted. **These applications must be reviewed and approved by the LDDs prior to transmittal to NYS DOS.**

7. Department of State staff review full applications and recommend to the State's Alternate approval and formal funding recommendation to ARC of appropriate applications.

APPENDIX A:
SOCIO-ECONOMIC DATA FOR APPALACHIAN NEW YORK

Maps and Tables

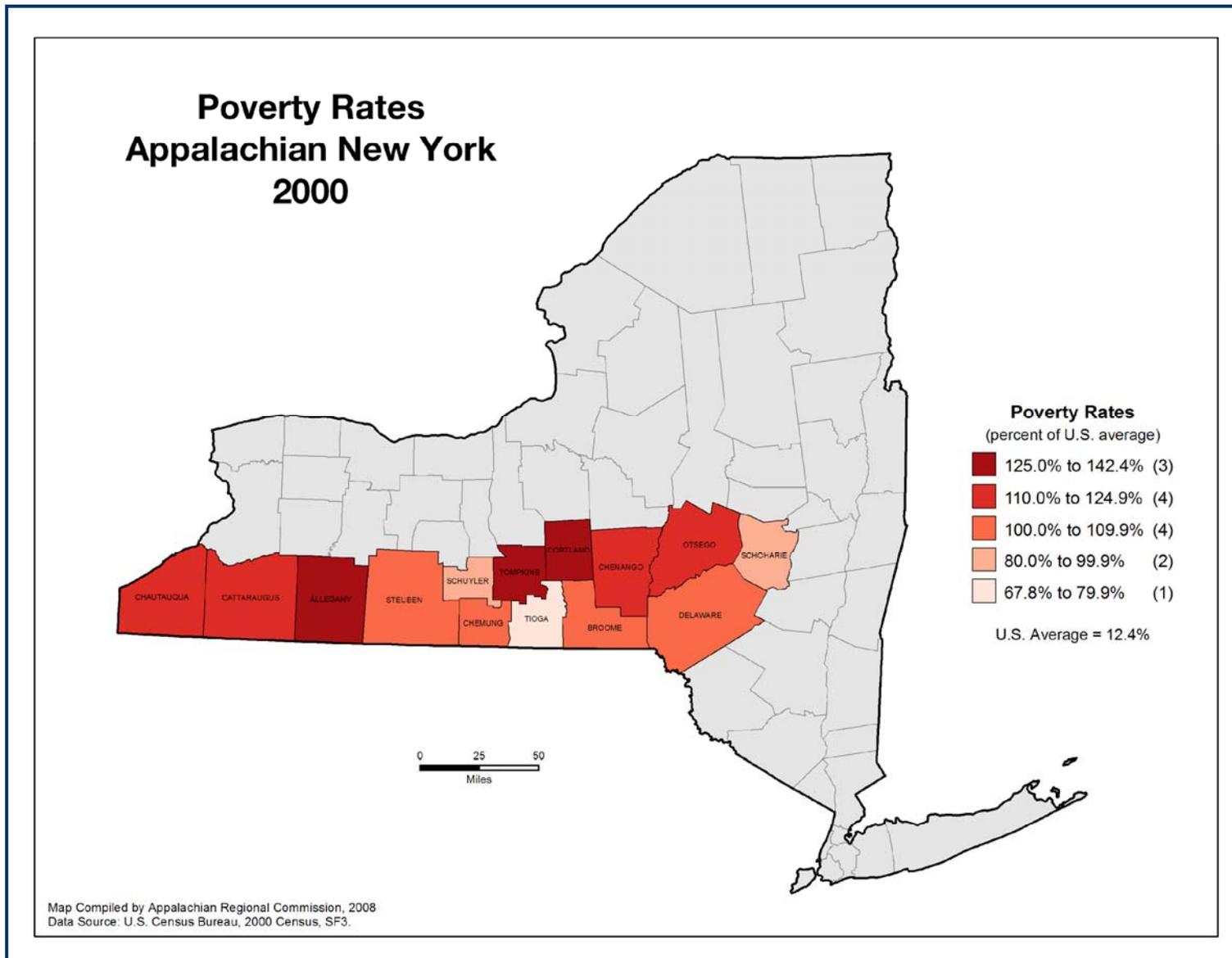
APPENDIX A: SOCIO-ECONOMIC DATA FOR APPALACHIAN NEW YORK

Table A.1: **ARC Economic Indicators of Distress for Appalachian New York (FFY 2010):**

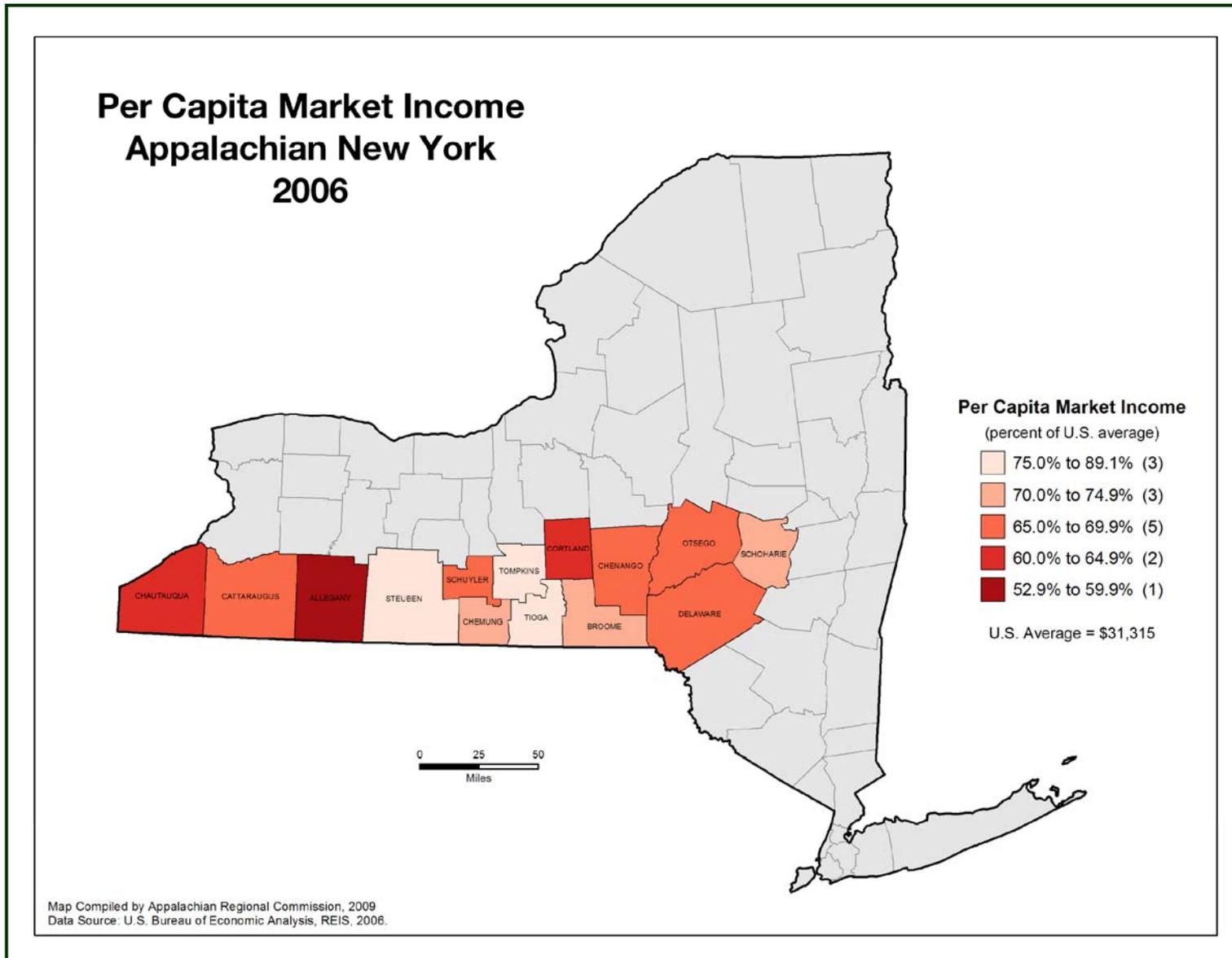
County	County Economic Status, FY 2010	Absolute Data Values			Indicator Index Values			Composite Index Value, FY 2010	Index Value Rank (of 3,110 counties in U.S., 1 is the best), FY 2010	Quartile (1 is the best), FY 2010
		Three-Year Average Unemp. Rate, 2005-2007 (%)	Per Capita Market Income, 2006 (\$)	Poverty Rate, 2000 (%)	Three-Year Avg. Unemp. Rate, Percent of U.S., 2005-2007 (%)	PCMI, Percent of U.S., 2006 (%)	Poverty Rate, Percent of U.S., 2000			
Allegany	At-Risk	5.5	16,575	15.5	115.9	52.9	125.3	143.4	2,331	4
Broome	Transitional	4.7	23,075	12.8	98.0	73.7	103.7	112.5	1,348	2
Cattaraugus	Transitional	5.2	21,019	13.7	109.7	67.1	110.9	123.2	1,734	3
Chautauqua	Transitional	4.6	19,212	13.8	96.8	61.4	111.8	123.9	1,761	3
Chemung	Transitional	4.9	22,112	13.0	103.7	70.6	104.7	116.7	1,500	2
Chenango	Transitional	4.9	20,631	14.4	103.4	65.9	116.0	123.8	1,756	3
Cortland	Transitional	5.3	20,132	15.5	111.7	64.3	125.0	130.7	1,975	3
Delaware	Transitional	4.3	21,202	12.9	91.1	67.7	103.9	114.2	1,412	2
Otsego	Transitional	4.5	21,539	14.9	93.9	68.8	120.7	120.0	1,616	3
Schoharie	Transitional	5.3	22,396	11.4	110.5	71.5	92.0	114.1	1,405	2
Schuyler	Transitional	5.2	20,640	11.8	109.0	65.9	95.6	118.8	1,572	3
Steuben	Transitional	5.4	27,911	13.2	113.6	89.1	106.9	110.9	1,287	2
Tioga	Transitional	4.6	23,593	8.4	95.7	75.3	67.8	98.8	809	2
Tompkins	Transitional	3.5	25,518	17.6	72.6	81.5	142.4	112.6	1,358	2

(Source: www.ARC.gov)

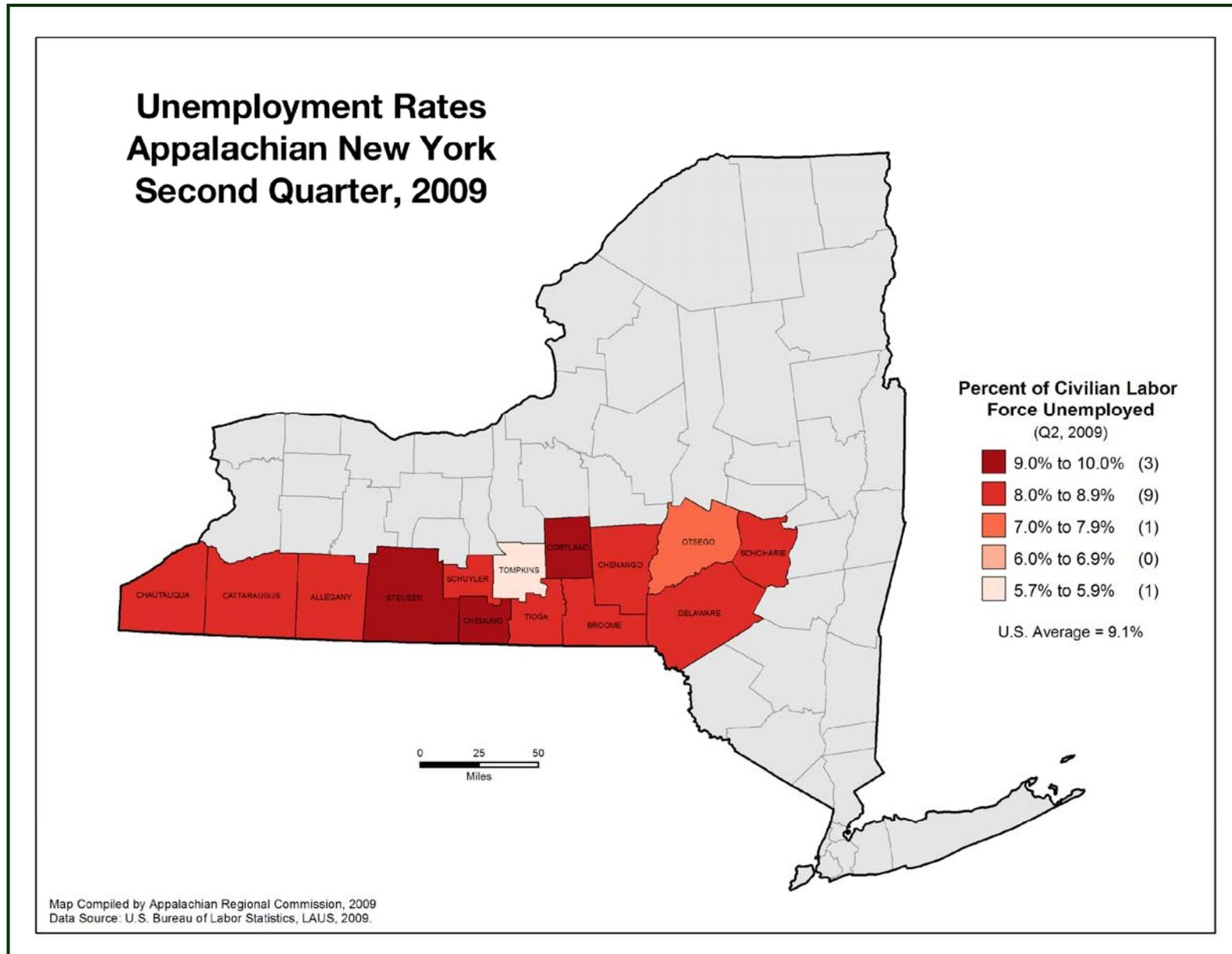
Map A.1: **Appalachian NY – Poverty Rate, FFY 2000 (%)**:



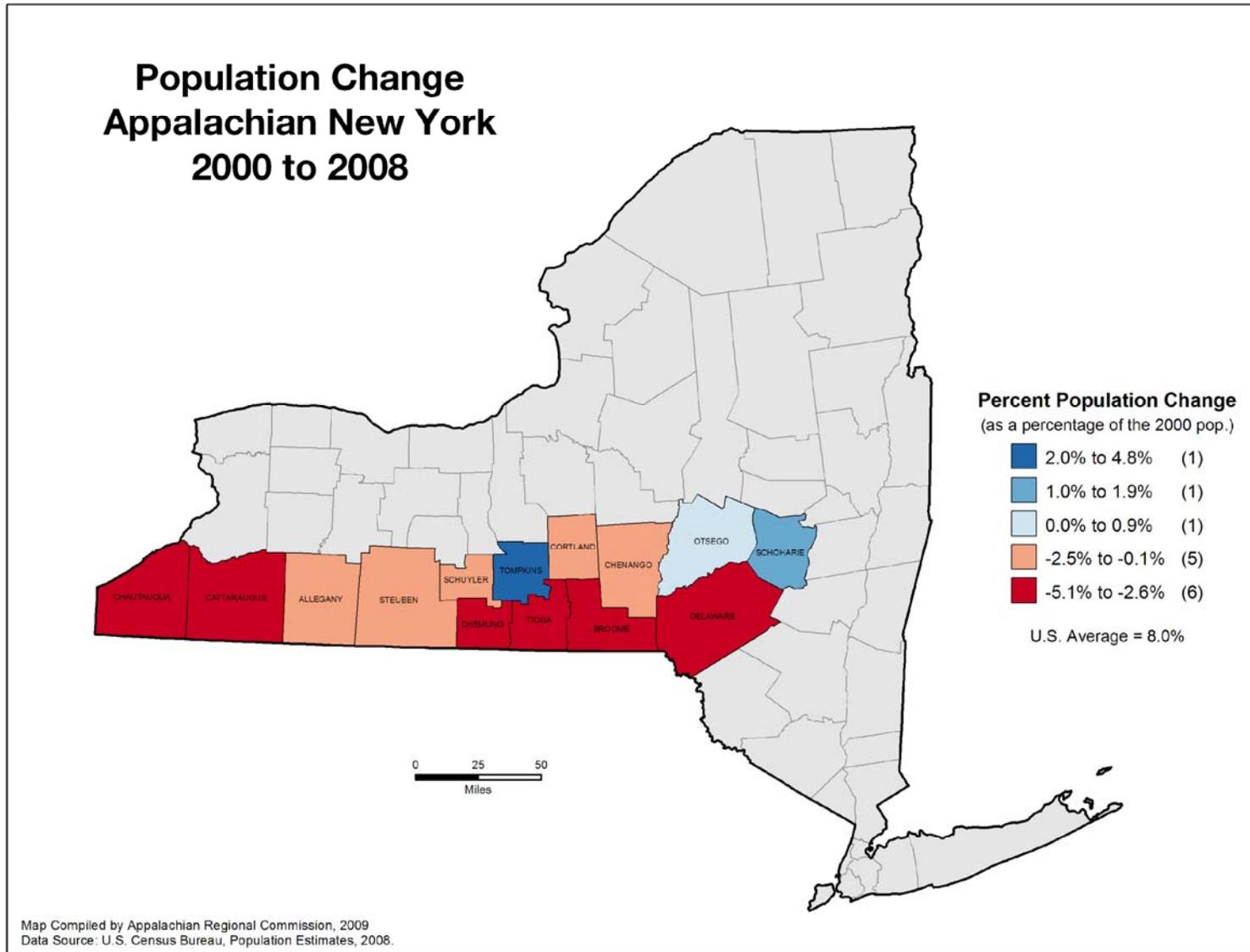
Map A.2: **Appalachian NY – Per Capita Market Income, 2006 (Relative to US %):**



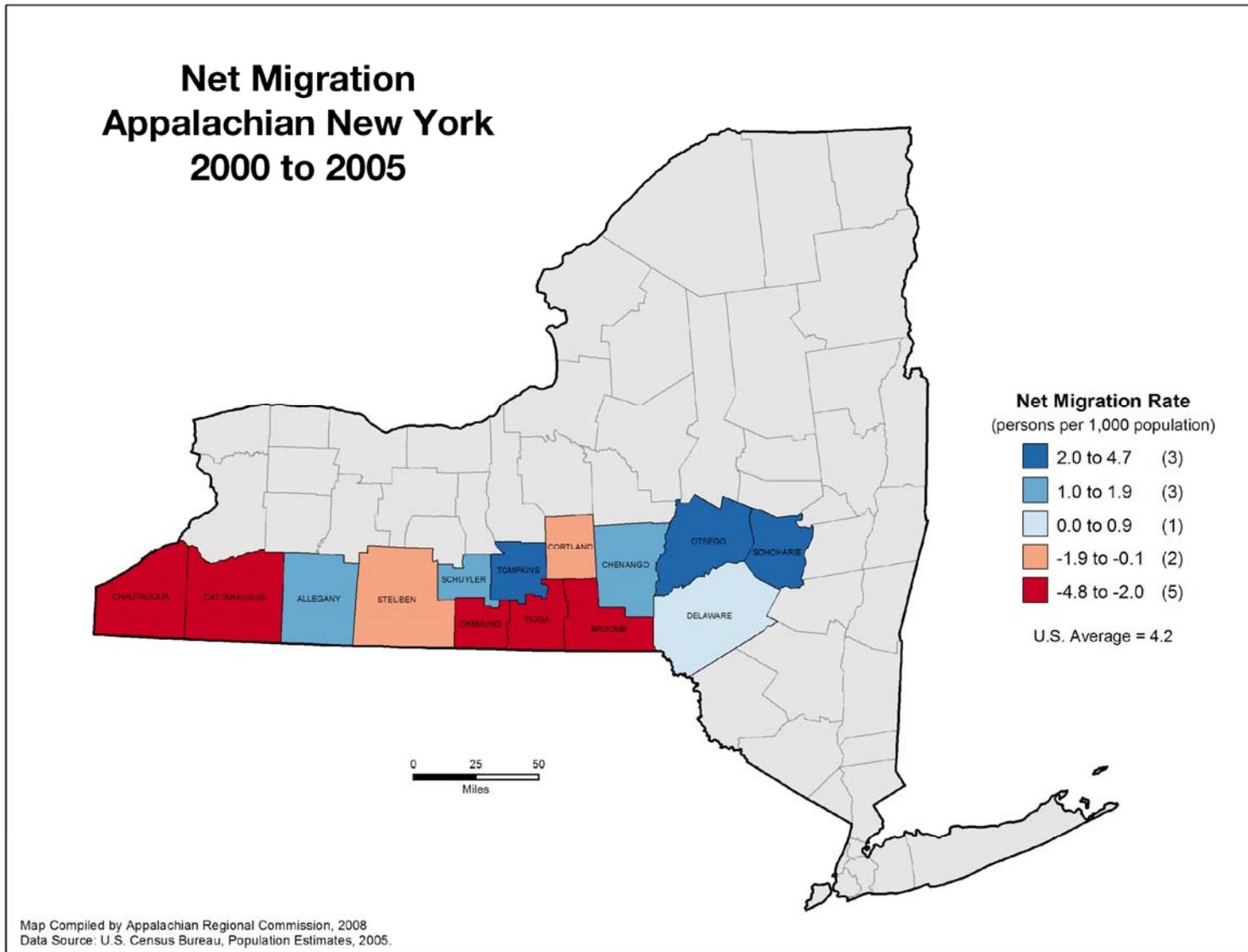
Map A.3: **Appalachian NY – Unemployment Rate, 2nd Qtr, 2009**



Map A.4: Appalachian NY – Population Change, 2000 - 2008:



Map A.5: Appalachian NY – Net Migration, 2000 - 2005:



Map A.6: Appalachian NY: County Economic Status and Distressed Census Tracts (FFY2010):

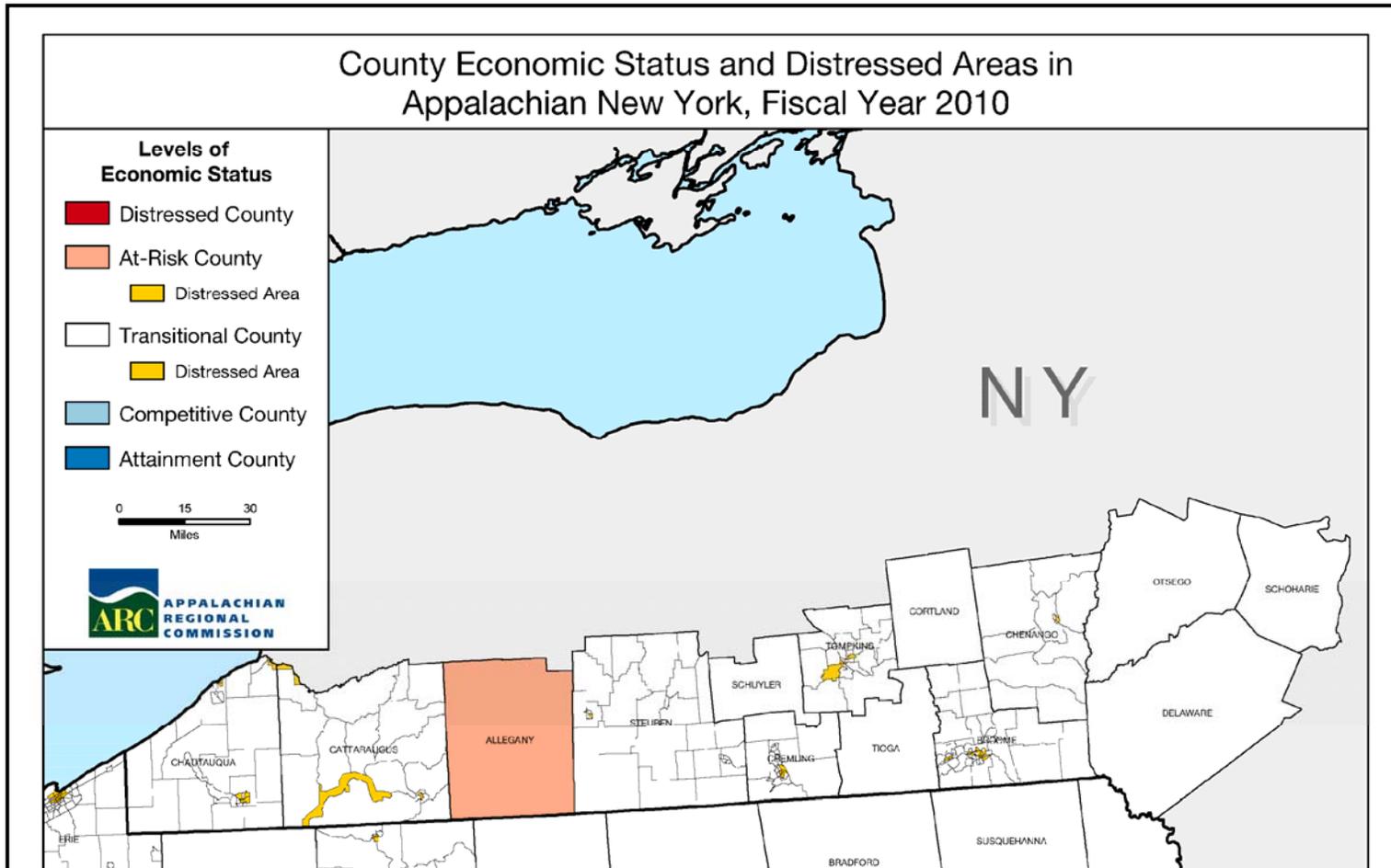


Table A.2: **Appalachian NY: Distressed Census Tract List (FFY 2010):**

	Census Tract ID Number (s)
Broome	18, 135, 136, 139, 140
Cattaraugus	9400, 9617
Chemung	1, 6, 7, 8, 10
Chenango	9904
Steuben	9609
Tompkins	2, 4, 8, 10

(Source: www.ARC.gov)

Table A.3: **Primary Employment Categories in Appalachian NYS (2005-2007):**

Employment Category	% in Field
Education, health care & social programs	29.7%
Manufacturing	14.4%
Retail	11.6%
Arts, entertainment & hospitality	8.5%
Construction	6.4%
Professional, scientific & management	6.2%
Finance, insurance, real estate	4.3%
Public administration	4.3%
Other services, except public administration	4.1%
Transportation, warehousing & utilities	3.7%
Wholesale trade	2.5%
Agriculture, forestry, fishing, hunting & mining	2.4%
Information technology	1.9%

(Source: U.S. Census Bureau's 2005-2007 American Community Survey)

Map A.7: Appalachian Development Highway System Route I-86/NY RT 17 (With Inset Detailing Corridors T, U and U-1) in NYS:

