



**NEW YORK STATE**  
**APPALACHIAN DEVELOPMENT PLAN**

**2007-2010**

State of New York

Department of State  
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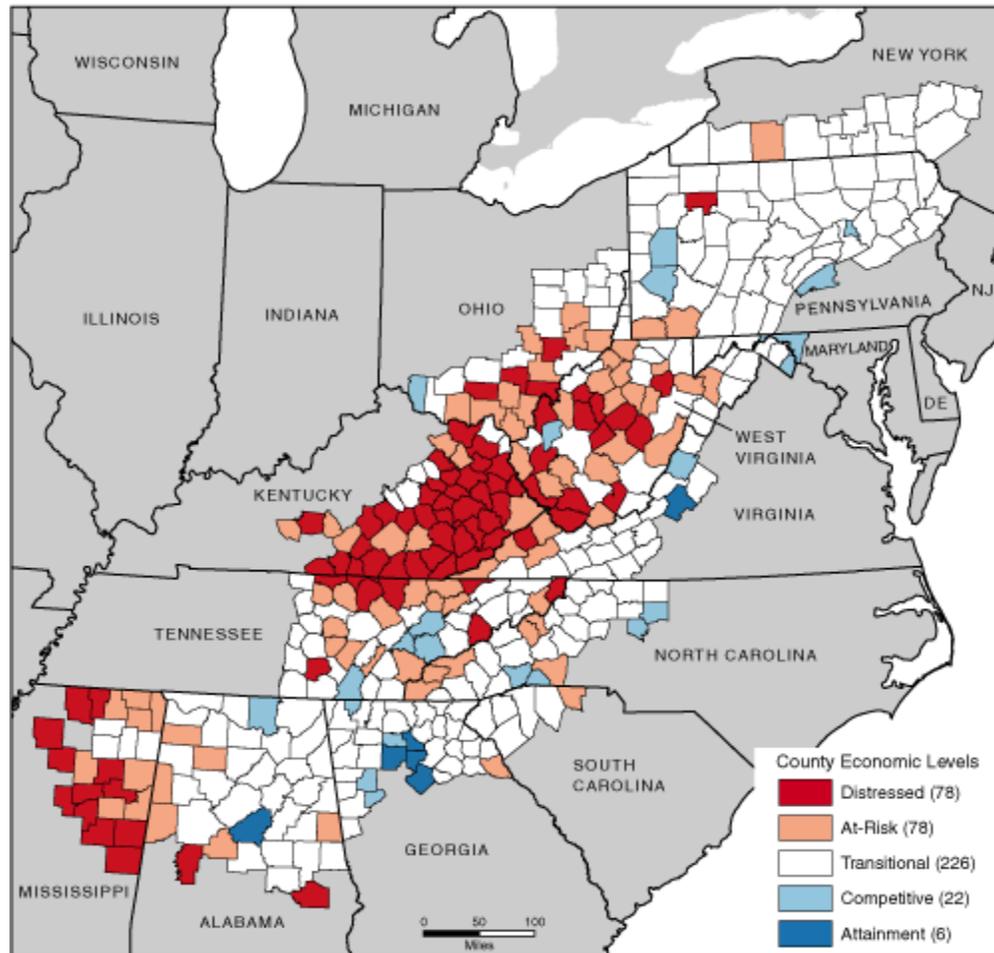
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## ARC COUNTY ECONOMIC LEVELS:



### 2007-2008 FY Data Sources:

- Unemployment data: U.S. Department of Labor, Bureau of Labor Statistics, 2003-2005
- Income data: U.S. Department of Commerce, Bureau of Economic Analysis, 2004
- Poverty data: U.S. Department of Commerce, Bureau of the Census, 2000

<http://www.arc.gov/index.do?nodeId=3224>

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## EXECUTIVE SUMMARY

The New York State Appalachian Development Plan represents New York State's policy for implementation of the federal-state Appalachian Regional Commission (ARC) Program in New York State during his first term of office from January 1, 2007 through December 31, 2010. It was prepared by the New York State Department of State under Secretary of State Lorraine A. Cortés-Vázquez, the Governor's Alternate on the Commission, and in close cooperation with New York State's three Local Development Districts and participating State agencies. The Plan establishes the policy framework and provides guidance for the investment of ARC resources in the federally-defined Appalachian region of New York State ("Appalachian New York").

The plan provides an overview of the Appalachian Program (Program) in New York State and a discussion of the administrative and policy framework of the Program. This includes the process for preparation and implementation of the annual New York State Appalachian Regional Investment Package and project development criteria.

The document also identifies economic, social and other developmental issues, problems and opportunities in Appalachian New York, organized around the four current ARC strategic goals. These goals focus on increasing job opportunities and per capita income, strengthening the capacity of the population to compete in the global economy, improving the region's physical infrastructure and completion of the Appalachian Development Highway System.

It also includes objectives and strategies established to implement ARC's strategic goals in Appalachian New York. Specific New York State strategies provide the key State policy framework for investment of ARC resources in Appalachian New York. These strategies also include implementation of Regional Initiatives developed by ARC.

The Appalachian Program in New York utilizes a cooperative partnership with the Local Development Districts (LDDs) in Appalachian New York and appropriate federal, state and local levels of government. The LDDs, with policy bodies including substantial numbers of elected local officials, participate in the establishment of State Appalachian policy and project funding priorities. The cooperation among federal, State and local governmental levels is key to the effective implementation of the five strategic economic and social development policy goals.

**ARC's Vision for Appalachia:**

Appalachia will achieve socioeconomic parity with the nation.

**ARC's Mission:**

To be a strategic partner and advocate for sustainable community and economic development in Appalachia.

**ARC's General Goals:**

**Goal 1:** Increase job opportunities and per capita income in Appalachia to reach parity with the nation's.

**Goal 2:** Strengthen the capacity of the people of Appalachia to compete in the global economy.

**Goal 3:** Develop and improve Appalachia's infrastructure to make the Region economically competitive.

**Goal 4:** Build the Appalachian Development Highway System to reduce Appalachia's isolation.

## **New York Upstate Agenda:**

1. State of Upstate -- Issue an annual report on the implementation of programs and policies that address the underlying structural problems in the region.
2. Property Tax Cuts -- Implement a 3-year \$6 billion property tax reduction plan.
3. Job Creation -- Refocus economic development programs and resources to meet upstate needs.
4. Aid To Distressed Upstate Cities And Towns -- Concentrate aid on Upstate's most struggling cities.
5. Reforming Mandates -- Reform mandates that impose undue costs.
6. Small Business -- Take steps to assist small businesses, which are the source of most of the job creation in New York today.
7. Universal Broadband Initiative -- Launch a universal broadband initiative to ensure that New Yorkers in distress upstate cities and rural towns will have access to affordable, high speed Internet.
8. Infrastructure Enhancement -- Prioritize and advance regional infrastructure initiatives.
9. Energy -- Revamp low-cost power programs and look to expand generating capacity throughout the state.
10. Brownfields -- Fix the lagging brownfields program to ensure shovel-ready land for development, while also protecting public health and natural resources.
11. Upstate Crime Initiative -- Create an interagency task force and expand state assistance to combat violent crime, drug trafficking and gang activity in upstate cities.
12. Agriculture -- Create a "Pride of New York" Wholesalers Market in NYC for upstate farmers to connect with downstate markets. Expand the EPF to protect prime farmland from being consumed by suburban sprawl.
13. Outdoor Agenda -- Implement a comprehensive plan for promoting enjoyment of outdoor activities and tourism in upstate New York.
14. Emergency Preparedness Planning Summit -- Convene a summit of state and local officials to develop plans to deal with persistent flooding in the Southern Tier.
15. School Aid -- Significantly increase the education investment to distressed cities and towns under a new school-aid formula.

## **PART I: OVERVIEW OF APPALACHIAN NEW YORK STATE**

### **A. The ARC Program**

The Appalachian Regional Commission (ARC) was established by the Federal Appalachian Regional Development Act of 1965 to improve the economy and quality of life in the thirteen-state Appalachian region. This region is comprised of 417 counties in thirteen states traversing a region that extends from New York's Southern tier along its Pennsylvania border southward, predominantly along the Appalachian Ridge and Valley system, to the central counties of Mississippi and Alabama. ARC was re-authorized most recently through federal fiscal year (FY) 2006 by the Appalachian Regional Development Act Amendments of 2002. During FY 2007 both the Senate and House of Representatives developed different versions of reauthorization for FY 2007 – 2011. Both versions maintain the core programs for ARC, while institutionalizing an energy initiative, while increasing the authorized funding for ARC. Final re-authorization is not expected until FY 2008.

The federally-defined Appalachian portion of New York State ("Appalachian New York") contains the following fourteen counties: Allegany, Broome, Cattaraugus, Chautauqua, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Schuyler, Steuben, Tioga and Tompkins. This region is most commonly known as New York's "Southern Tier."

The Governors of the Appalachian States and the Federal Co-Chairman appointed by the President formally comprise the Commission. Governor David A. Paterson of New York State is a member of the Commission; Secretary of State Lorraine A. Cortés-Vázquez serves as his Alternate. The Department of State ("Department" or "DOS") is the official agent of the State of New York responsible for administering the Appalachian Program in New York State.

The Department of State prepares an annual New York State Appalachian Strategy Statement for submission by the Governor to the Commission, which implements the State's Four-Year Development Plan, designates program policies for each fiscal year and guides the development of the annual Investment Package. The Department also develops policies and strategies for use of ARC resources in New York State in response to ARC Regional Initiatives on Telecommunications and Asset-Based Development.

"Moving Appalachia Forward" the ARC Strategic Plan 2005-2010, approved by the Federal Co-Chairman and the Appalachian Governors in October 2004, identifies the vision and mission for ARC and outlines four ARC general goals to be implemented with ARC resources.

The State of New York has established objectives and strategies for use of Commission funds under each of the four strategic goals. New York State strategies provide the key State policy framework for investment of ARC resources in Appalachian New York. All project proposals must implement one of the State strategies developed for Area Development resources or the Commission's Regional Initiatives.

The Department of State is assisted with project development by the three Local Development Districts (LDDs) in the Southern Tier (Southern Tier East Regional Planning Development Board in Binghamton, Southern Tier Central Regional Planning & Development Board in Painted Post and Southern Tier West Regional Planning & Development Board in Salamanca) and by cooperating State agencies. The LDDs are also essential participants in the Appalachian policy development process in New York State.

Several New York State agencies, including the Departments of Transportation, Health, Economic Development, Environmental Facilities Corporation and the Governor's Office for Small Cities, assist the

Department of State in developing State policy and project priorities. The New York State Department of Health consults on rural health issues and prospective J-1 visa waiver recommendations. The New York State Environmental Facilities Corporation and the Governor's Office for Small Cities advise the Department and the New York State office of the United States Department of Agriculture - Rural Development on community infrastructure issues. The New York State Department of Economic Development provides advice as appropriate.

Special mention should be made of the New York State Department of Transportation, which is responsible for administering the Appalachian Highway Program in New York State, as well as advising on transportation projects and policy. To date, over \$433 million in ARC resources have been invested in the Appalachian Development Highway System (ADHS) Corridors T (which extends from the New York City area to Binghamton, New York, as Route 17, and then from Binghamton to Erie, Pennsylvania, as Route 17/I86 and also called the "Southern Tier Expressway") and U (which, as Route 15, connects Williamsport, Pennsylvania, to Elmira and Corning to the north).

This close cooperation between the federal, State and local levels of government is unique and ensures comprehensiveness and transparency in development of State Appalachian policy and priorities. The cooperative partnership with the three LDDs in Appalachian New York is long-standing and also a key to the effectiveness of the New York State program.

## **B. The Appalachian New York Region**

The federally-designated Appalachian region in New York State consists of fourteen counties, covering 11,876 square miles, or 22 percent of the state. The region stretches approximately 240 miles from East to West, from the hills of Schoharie County to the shores of Lake Erie and the western most border of New York State in Chautauqua County. It spans nearly the entire New York/Pennsylvania border and extends on average about 50 miles northward from the state line. The region is sparsely populated, with just over 1 million residents, or just 5.5% of the state's population. (In comparison, four counties on Long Island -- Brooklyn, Queens, Nassau and Suffolk -- comprise 1,401 square miles, but contain 40% of New York's population.)

Administratively, the region is divided into three districts: Southern Tier East, Southern Tier West and Southern Tier Central. To emphasize the geographic isolation of the region, Chautauqua, one of the towns in Southern Tier West is approximately 340 miles by automobile from the easternmost points of Southern Tier East, 360 miles from Albany, and about 410 miles from Manhattan's Wall Street. The following is an overview of each district.

### **1. Southern Tier East**

The Southern Tier East region is an eight-county area north of the New York-Pennsylvania border consisting of Broome, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga and Tompkins counties. The Region covers a land area of 6,167 square miles, making it larger than the states of Rhode Island and Connecticut. Delaware County, with a land area of just under 1,450 square miles, makes up nearly a quarter of the region's territory. While Southern Tier East consists mainly of large wooded hills and rural agricultural areas, it does contain the Binghamton Metropolitan Statistical Area (MSA) and the small cities of Ithaca, Cortland, Oneonta, Norwich and the villages of Cobleskill, Delhi, and Cooperstown.

In 2006, the Southern Tier East region had an estimated population of 589,987 making it more populous than the state of Wyoming. Broome County accounts for approximately one-third of this total, with a population of just over 200,000. However, the Region's total population has declined since 1990, and a number of counties (including Broome) have experienced significant out-migration.

The region lies at the headwaters of two of the major river systems in the eastern United States – the Delaware and the Susquehanna. Delaware and Schoharie Counties are also home to a portion of the New York City Watershed, including the Schoharie, Pepacton and Cannonsville Reservoirs. This Watershed is the world's largest unfiltered drinking water supply, serving over 9 million people in metropolitan New York. The municipalities in these two counties are signatories to the 1997 New York City Watershed Memorandum of Agreement and the corresponding Watershed Rules and Regulations, which promote environmentally sensitive economic development.

Due to the physical arrangement of the watersheds, the natural pattern of development in the region tended toward the south or southwest following the general flow of the major rivers and their tributaries. Many of the region's population centers are located at the confluence of these rivers and streams. Due to the region's geographic positioning, a settlement pattern has developed that is in competition between agricultural uses, environmental uses and community development. The mountain valleys and rugged terrain have also helped to define and restrict the course of highways and railroads, the modern mechanisms that stimulate the growth of populations and economies. The climate of the region is classified as continental-humid, with cold winters and mild summers and with precipitation well distributed throughout the year.

## **2. Southern Tier Central**

The Southern Tier Central region, consisting of Chemung, Schuyler and Steuben Counties, includes the southerly portion of the Finger Lakes region extending to the Pennsylvania border. Most of its 2,136 square miles are within the Chemung River arm of the Susquehanna River Basin. The landscape is characterized by rolling hills and steep slopes which rise almost 2000 feet above sea level. The hilltops, representative of the Appalachian Plateau, are generally level and often crowned by fields or pasture. Mixed deciduous forest cover the hillsides, while the most valuable agricultural lands are found in the valley floors and on selected hilltops. The urbanized areas are limited to the river valleys and other sites with locational advantages.

This three-county region is settled at low to moderate average density, with a population of 206,392 (2006 Census Estimate). Although the region is projected to have modest population growth, actual population levels have been stagnant for the past two decades, and both Chemung and Steuben Counties have experienced out-migration since 1990. The principal cities in the Region are Elmira, Corning and Hornell. The Elmira area, including all of Chemung County, has been designated an MSA. Corning was designated a Metropolitan Statistical Area in 2003. There are three additional urban centers: Watkins Glen-Montour Falls, Bath and Wayland. These six urban areas constitute one-third of the total population but cover only 2.5 percent of the total land area.

## **3. Southern Tier West**

The Southern Tier West region is located in the southwestern corner of New York State and is comprised of three counties: Chautauqua, Cattaraugus and Allegany. To the south and west, the Commonwealth of Pennsylvania provides a common and continuous border for the Region. Lake Erie, metropolitan Erie County and rural Wyoming and Livingston Counties border to the north. To the east, Allegany County is

bordered by rural Steuben County. The total land area of the three counties is approximately 3,467 square miles.

This three-county region is predominantly rural. According to the 2006 Census Estimates, its total population was 267,158, a 2.3% decrease from 1990, and a 4% reduction from 1980. Like the other two regions of Appalachian New York, the Southern Tier West Region has confronted a stagnant population base and out-migration during the 1990's, through the beginning of this new decade. Allegany County, dotted with small villages and rural agricultural towns, is the least industrialized and developed county in this region. Cattaraugus County is in the middle of the region, both geographically and in the degree of infrastructure and industrial development. Two small cities – Olean and Salamanca – are located in the southern part of Cattaraugus County. Olean serves as the county's retail trade center. Chautauqua County is the most urbanized and developed of the three counties and contains the region's largest industrial center, Jamestown. The City of Dunkirk and Village of Fredonia, located in the northern portion of Chautauqua County, together form a large industrial base and commercial center. Three reservations of the Seneca Nation of Indians are also located in this region.

Over half of the Southern Tier West region is covered by forests and woodlands, with less than 28 percent remaining in active agriculture and a little more than 7 percent in urbanized areas, rights-of-way and rural residential uses. Its soil and climate help to produce several highly prized species of hardwood timber, including maple, ash, red oak and black cherry. Southern Tier West possesses a plentiful supply of surface and ground water and also contains ample amounts of petroleum and natural gas. Historically, much of the region's manufacturing and agricultural trade revolved around these and other natural resources. Agricultural activity continues to account for a significant proportion of regional employment, although the rolling hills and native soils of the area limit the size and types of agricultural operations. Forestry goods, dairy and grapes are the major agricultural products of the Southern Tier West region.

Within the STW region can also be found the continental divide between the Great Lakes watershed and the Mississippi River watershed. At Olean, in Cattaraugus County, the Allegheny River merges with Olean Creek and continues on into Pennsylvania, where it eventually becomes the Ohio River, the largest tributary by volume of the Mississippi River. Historically, settlers were heavily influenced in this part of the Southern Tier by Ohio River economies and development.

The northern border of Cattaraugus and Chautauqua Counties is Cattaraugus Creek. The 68 miles creek drains into Lake Erie. In its lower course it flows primarily through the Cattaraugus Reservation of the Seneca tribe. The word "Cattaraugus" means "foul-smelling river bank." This name is a result of the natural gas that oozes from the river mud, reflecting the prevalence of natural gas in the region. Each year around October to November, thousands of fishermen descend on the lower course of Cattaraugus Creek to take advantage of the annual steelhead trout runs.

### **C. Socio-Economic Status**

From an economic perspective, the region faces a number of challenges. The economy continues in a situation of long-term economic distress, with relatively high unemployment rates and relatively low per capita income rates. The economy is restructuring away from the high-skill high-wage unionized jobs that historically were the economic foundation of the region, toward the relatively lower-skilled lower-wage service and commercial sectors. The region's population is decreasing and aging, and the number of persons in the productive 18-to-65-year-age demographic is decreasing. Income assistance and health care costs are increasing burdens. The State is a high business operating cost state, with considerable tax

burdens, high workman's compensation rates, and regulatory burdens. Utility costs are high in many communities. Global competition and absentee ownership are external factors causing uncertainty.

On the other hand, the region has a number of strengths that can contribute to economic development. The region's work force is productive, with a good work ethic. The region has a strong educational sector, from primary school to graduate school, and a network of training institutions and Workforce Investment Boards to provide skills to the labor force. The region is blessed with a high quality of life, a clean and low-crime environment, cultural and recreational assets, and a small-town lifestyle. Natural resources, including forest products, gas, oil, gravel, soil, and water, give rise to opportunity. Technology represents an opportunity that can keep the region competitive with the rest of the world, and the transportation and telecommunications infrastructure can help the region participate in the global economy.

### **1. Southern Tier East**

Over the last few decades, the economy of the Southern Tier East region has been marked by the decline of traditional agricultural and manufacturing employment and the rapid expansion of the service sector. The transformation of the aerospace and electronics industries has had especially strong repercussions for the Binghamton metropolitan area. The downsizing or departure of IBM, CAE-Link and other major high-technology employers has put Binghamton's economy in a state of transition. By contrast, Cornell University's continuing role as a nationally recognized research center has helped to sustain Ithaca's economic position. In the smaller cities of the region, development has been supported either by local colleges (Oneonta), a group of nationally focused industries (Norwich) or a combination of college and industry (Cortland). Locally-based enterprises are an important part of the economic landscape in the more rural portions of Southern Tier East, as are agriculture, forestry and fisheries. The Region also benefits from a substantial secondary and post-secondary educational infrastructure and numerous recreation and tourist attractions.

### **2. Southern Tier Central**

The Southern Tier Central region maintains a relatively strong manufacturing base with a continuing trend toward increased employment in the service sector. The manufacturing sector itself has evolved from a reliance on traditional "bolt-on" production to technology-driven enterprises. Schuyler and Steuben Counties have more agriculturally-oriented economies than Chemung County, although Steuben County is home to Corning Incorporated and related manufacturing and research facilities. Southern Tier Central's agricultural sector includes extensive dairy and livestock production. Southern Tier Central is also home to the southern portion of New York's Finger Lakes Wine Country. Partially capitalizing on this attraction, the local tourism industry remains strong. The physical and historic aspects of the Region also continue to be an important economic resource.

### **3. Southern Tier West**

The Southern Tier West regional economy has long been buffeted by outside forces and trends, including the loss of furniture industry jobs to the southeast, the decline of the domestic steel and automobile industries and the growing competitiveness of international markets. One of the results has been the gradual restructuring of the regional economy away from manufacturing and toward the service and trade sectors. While there was a small reduction in unemployment around the turn of this Century, the Southern Tier West region has failed to fully recover from the recession of the late 1980s and early 1990s. The region continues to experience relatively high rates of unemployment and low per capita income. Like many Appalachian regions, the economic future depends on the ability to diversify its manufacturing

base and refocus investment and education strategies on information and financial services and proprietary technologies.

#### **D. Regional Development Considerations**

The following evaluation summarizes the region's strengths, resources and challenges:

##### **1. Economy:**

- Characterized by long term economic challenges, as measured by many traditional statistical indices.
- Historical failure of regional economy to rebound from economic downturns at the same rate and to the same extent as other regions in the State.
- Restructuring of economy away from high-skill, high-wage, full-benefit manufacturing employment to lower-skill, lower-wage, non-benefit service sector positions
- Failure of regional economy to share in high tech global economy to the same extent as other regions.
- Low per capita incomes in comparison with state and national incomes.
- Unemployment rates that frequently are significantly higher than state and national rates.
- Sectoral wage levels that are less than analogous to wage levels in other parts of the state
- Inadequate levels of entrepreneurship, technology transfer and adoption, and export activity.

##### **2. Population:**

- Flat/declining populations in nearly all counties.
- Aging population.
- Significant out-migration of working-age population.
- Increasing levels of educational attainment.
- Increasingly racially diverse population.

##### **3. Geography:**

- The region's large geographic size, low population densities and significant distances between communities and business operations, leads to economic and social isolation between communities within the region and the rest of the state, and highlights a reliance on the maintaining and developing the region's transportation system.
- Climate constrains certain seasonal business activities, especially as regards agriculture, but provides unique environment favoring other business activities (grape growing, hardwood development, etc.).

##### **4. Workforce character:**

- The region's declining and aging population and its smaller working- age demographic combine to constrain the labor force from the perspective of potential size.
- The restructuring of the region's economy away from high-skilled high-wage manufacturing jobs toward lower-skilled lower wage service sector and commercial jobs means that there probably is a significant under-employed population in the region.

- There continues to be a substantial need for basic skills training, skills upgrading, and technical skills training. There is an established network of training providers and two active Workforce Investment Boards in the region that can provide these services.

#### **5. Transportation access:**

- The region is a rural region separated geographically from urban markets and is a large and geographically diverse area. Both require an adequate transportation infrastructure for business activities as well as quality of life.
- The region has been improving highway, rail, and air transportation infrastructure, but all three modes of transportation still have infrastructure deficiencies that need to be remedied by appropriate planning and investment.

#### **6. Natural resources:**

- The climate and soils have facilitated the growth of agricultural (especially dairy and grape industries) and forest products industries. On the other hand, the climate, in particular the short growing season, has constrained other agricultural endeavors.
- The region's specific soil and climate help to produce several species of hardwood timber that are unequaled in other parts of the world, including maple, ash, red oak and black cherry.
- The region's resources include its climate and soils, gravel, geothermal resources, oil, petroleum, natural gas, river transportation, water, hydroelectric, and natural recreational assets.
- However, with the exception of the limited supply extraction resources, the maximum value of the region's resource assets has not been fully captured.

#### **7. Environment:**

- On the whole, the region is blessed with a relatively clean environment and an abundance of greenfield development sites.
- However, the region does have certain environmental issues that both constrain healthy quality of life and economic development, including environmental regulation, the remediation of brownfield/Superfund sites, the West Valley Nuclear Services Center, acid rain, flood plains and wetlands, ground water quality, and air quality. In some communities and locations, congestion control, historic preservation, and smart growth are important considerations.

#### **8. Higher education resources:**

- Excellent higher education facilities in the area regularly bring outsiders from around the state, nation and world to the region. The region boasts world-class universities like Cornell and SUNY Binghamton, and a number of higher-tier private and regional colleges and community colleges.
- Because of its relative isolation, Alfred University's Stull Observatory, which is two hours from the nearest medium size city, can boast one of the best astronomy programs and collections of telescopes for teaching anywhere.
- The region is a world-renown center for research in ceramics, although most research is focused around the headquarters for Corning Inc.

## **9. Recreation:**

- Appalachian New York includes some of the State's most rugged and rural areas and some of its most scenic lake areas. Its recreation and cultural facilities are assets to both quality of life and economic development. Notable assets include: Catskill Park to the east, which draws hikers, sportsmen and second-home owners into the region from all over; the Delaware River watershed which is noted for its exceptional trout streams; Cooperstown's Baseball Hall of Fame; the Finger Lakes Wine Region, which attracts sportsmen, vacationers, second homeowners and culinary experts; Chautauqua Institute in Chautauqua County; and hundreds of miles of hiking and snowmobiling trails and world-class state parks and state forests throughout the region. The region also boasts many other fine museums and historical sites.

## **10. Other pertinent information:**

- The region's economic growth is constrained by inadequate service and quality water, wastewater, communications, broadband, natural gas, and electricity infrastructure service in various locations across the region.
- Economic growth is constrained by its housing stock and housing market. The region's aging housing stock is not being replenished, and its housing market is not healthy or vibrant.
- The region's quality of life and economic growth are both constrained by the region's health care service and infrastructure system, and there are ongoing threats to the existing health services system.
- While the region counts its education infrastructure as an asset, the region can do more in terms of educating and training its residents so as to facilitate economic development in the economy of the future. Technical, technology, entrepreneurial, language, and creative skills will be essential.
- The region counts its public safety services as an asset to both quality of life and economic development. However, there are constant threats to public safety, including crime, natural and manmade disaster, and terrorism, all of which must be addressed to maintain the region's high standard of quality of life.
- However, there is a need to augment these assets to improve quality of life and economic development competitiveness with other regions. Additionally, the region can do more to utilize these assets, in terms of developing, marketing, and packaging these assets for tourism markets.

The region's challenge is to develop strategies to effectively bring economic resurgence to the region. These strategies will require planning, investment, partnership, risk, and persistence in order to be successfully implemented.

[End of Part I]

## **PART II: APPALACHIAN NEW YORK STATISTICS AND TRENDS**

### **A. Population:**

The 2006 Census Estimate indicates that the population of this 14-county region has been declining. In fact Appalachian New York saw a loss of 2.3% between 1990 and 2006, while the State's population grew by over 7%. Table II-1 below shows the population change in Appalachian New York counties between 1990 and 2006 and the decline suffered by each region of the Southern Tier.

**TABLE II-1: POPULATIONS OF APPALACHIAN NEW YORK COUNTIES (1990 – 2006)**

COUNTY	April 1, 1990 Census	April 1, 2000 Census	July 2006 Estimates	Percent Change 1990-2006
<b>Southern Tier East</b>				
Broome	212,160	200,536	196,269	-7.49
Chenango	51,768	51,401	51,787	.04
Cortland	48,963	48,599	48,483	-.98
Delaware	47,225	48,055	46,977	-.53
Otsego	60,517	61,676	62,583	3.41
Schoharie	31,859	31,582	32,196	.87
Tioga	52,337	51,784	51,285	-2.01
Tompkins	94,097	96,501	100,407	6.71
<b>TOTAL STE</b>	<b>598,926</b>	<b>590,134</b>	<b>589,987</b>	<b>-1.49</b>
<b>Southern Tier Central</b>				
Chemung	95,195	91,070	88,641	-6.88
Schuyler	18,662	19,224	19,415	4.03
Steuben	99,088	98,726	98,236	-.86
<b>TOTAL STC</b>	<b>212,945</b>	<b>209,020</b>	<b>206,292</b>	<b>-3.12</b>
<b>Southern Tier West</b>				
Allegany	50,470	49,927	50,267	-.4
Cattaraugus	84,234	83,955	81,534	-3.21
Chautauqua	141,895	139,750	135,357	-4.61
<b>TOTAL STW</b>	<b>276,599</b>	<b>273,632</b>	<b>267,158</b>	<b>-3.41</b>
<b>APPALACHIA -NYS</b>	<b>1,088,470</b>	<b>1,072,786</b>	<b>1,063,437</b>	<b>-2.30</b>
<b>NEW YORK STATE</b>	<b>17,990,778</b>	<b>18,976,457</b>	<b>19,306,183</b>	<b>7.31</b>

**SOURCE:** U.S. Bureau of the Census, Population Estimates Branch

Most Southern Tier counties have population densities below 100 persons square mile, compared to over 400 persons on average in New York State. The region's low population density and geographic diffusion not only impedes access to vital economic and social services, such as public transportation, education and health care, but limits the number, type and quality of these services a region can offer as well. Census data reveal that the population is retaining a greater proportion of its disabled and elderly residents, while losing working-age residents.

Table II-2 illustrates the substantial *out*-migration the region has experienced between 1990 and 2006. The table uses Census estimates to show that the Southern Tier has lost, due to **out-migration** (which excludes natural population changes) a net total of over 10,000 people from 2000 to 2006. In fact eight of fourteen

counties had significant out-migration, with Cattaraugus County having the highest out-migration rate (-3.24%).

**TABLE II-2: SOURCES OF POPULATION CHANGE IN APPALACHIAN NEW YORK: 2000 – 2006**

County	Domestic Migration	International Migration	Total Net Migration	% Net Migration
Allegany	-142	297	155	.31
Broome	-5871	2486	-3385	-1.69
Cattaraugus	-2831	111	-2720	-3.24
Chautauqua	-4339	437	-3902	-2.79
Chemung	-3200	347	-2853	-3.13
Chenango	507	61	568	1.11
Cortland	-797	220	-577	-1.19
Delaware	-337	103	-234	-.49
Otsego	1257	117	1374	2.23
Schoharie	676	43	719	2.28
Schuyler	149	11	160	.83
Steuben	-1145	317	-828	-.84
Tioga	-1558	131	-1427	-2.76
Tompkins	-2906	5302	2396	2.48
Southern Tier	-20,537	9,983	<b>-10,554</b>	-6.89

SOURCE: U.S. Census Bureau, Population Estimates Branch

**B. Economic Attainment Levels, Appalachian New York Counties**

1. Distressed Designation and County Economic Status Classification System -- Beginning in FY-2008 the ARC was initiated 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. Each county in the nation is then ranked, based on its composite index value, with higher values indicating higher levels of distress.

2. County Economic Levels: Each Appalachian county is classified into one of five economic status designations, based on its position in the national ranking.

- Distressed – Distressed counties are the most economically depressed counties. They rank in the worst 10 percent of the nation's counties. No New York Appalachian counties are “distressed” by this definition
- At-Risk – 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. For FY-08 one New York Appalachian county, Allegany County, is categorized by this classification
- Transitional –Transitional counties are those transitioning between strong and weak economies. They make up the largest economic status designation. Transitional counties rank between the worst 25 percent and the best 25 percent of the nation's counties. All of the remaining 13 Appalachian New York Counties meet this classification for FY-08.
- Competitive – Competitive counties are those that are able to compete in the national economy but are not in the highest 10 percent of the nation's counties. Counties ranking between the best 10 percent and 25 percent of the nation's counties are classified competitive.

- Attainment – Attainment counties are the economically strongest counties. Counties ranking in the best 10 percent of the nation's counties are classified attainment.

3. ARC County Economic Status Designation by National Index Value Rank: All US counties are measured against the same three economic indicators and compared with national averages. A composite index value for each county is assigned and each county in the nation is then ranked, based on its composite index value. Table II-3 shows the economic rankings of all Appalachian New York counties.

**Table II-3: Distressed Designation and County Economic Status Classification for Appalachian New York Counties (2007)**

		Absolute Data Values			Indicator Index Values						
County	County Economic Status, FY 2008	Three-Year Average Unemp. Rate, 2003-2005 (%)	Per Capita Market Income, 2004 (US\$)	Poverty Rate, 2000 (%)	Three-Year Avg. Unemp. Rate, % of U.S., 2003-2005	PCMI, % of U.S. 2004	PCMI, % of U.S., Inverse d 2004	Poverty Rate, % of U.S., 2000	Composite Index Value, FY 2008	Index Value Rank (of 3,110 counties in U.S., 1 is the best), FY 2008	Quartile (1 is the best), FY 2008
Allegany	At-Risk	6.0	15,023	15.5	108.9	53.3	187.6	125.3	140.6	2,342	4
Broome	Transitional	5.4	21,045	12.8	97.4	74.7	133.9	103.7	111.7	1,419	2
Cattaraugus	Transitional	5.8	18,991	13.7	105.0	67.4	148.4	110.9	121.4	1,777	3
Chautauqua	Transitional	5.4	17,056	13.8	97.2	60.5	165.3	111.8	124.8	1,897	3
Chemung	Transitional	6.0	18,975	13.0	108.0	67.3	148.6	104.7	120.4	1,746	3
Chenango	Transitional	5.5	18,360	14.4	99.9	65.1	153.5	116.0	123.1	1,839	3
Cortland	Transitional	5.8	18,493	15.5	104.0	65.6	152.4	125.0	127.1	1,972	3
Delaware	Transitional	4.5	18,475	12.9	81.2	65.5	152.6	103.9	112.6	1,449	2
Otsego	Transitional	4.5	19,060	14.9	81.8	67.6	147.9	120.7	116.8	1,602	3
Schoharie	Transitional	5.2	19,734	11.4	93.8	70.0	142.8	92.0	109.5	1,342	2
Schuyler	Transitional	5.9	18,383	11.8	107.4	65.2	153.3	95.6	118.8	1,686	3
Steuben	Transitional	6.6	22,154	13.2	118.6	78.6	127.2	106.9	117.6	1,641	3
Tioga	Transitional	5.2	20,555	8.4	94.1	72.9	137.1	67.8	99.7	962	2
Tompkins	Transitional	3.5	23,126	17.6	62.9	82.0	121.9	142.4	109.1	1,316	2

[http://www.arc.gov/static/54101\\_County%20Economic%20Status\\_FY2008.xls](http://www.arc.gov/static/54101_County%20Economic%20Status_FY2008.xls)

(Source: ARC economic database FY 2008 as listed below)

County Economic Indicators -- ARC computes county economic levels each fiscal year based on the most current data available for the calendar year for the following:

1. Three-Year Average Unemployment Rate (data years 2003–2005) – Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics. <http://www.bls.gov/lau/home.htm>
2. Per Capita Market Income (data year 2004) – Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. <http://www.bea.gov/regional/reis>
3. Poverty Rate (data year 2000) – Source: U.S. Department of Commerce, Census Bureau, Census of Population and Housing 2000 Summary File 3. <http://www.census.gov/hhes/www/poverty.html>

### C. Employment and Industry Trends

The economic landscape of Appalachian New York has changed in marked ways since the inception of the ARC Program. The most significant trend has been the ongoing shift from a manufacturing to a service-oriented economy. The deterioration of the Southern Tier’s manufacturing sector continues and is largely the product of structural changes in both the regional and national marketplaces, including the southward

and overseas flow of manufacturing jobs and the transition to a service and information-based national economy.

**TABLE II-4 - Employment Types in Appalachian New York (% of full and part-time employees)**

County	Manufacturing		Services		Retail Trade	
	1990	2000	1990	2000	1990	2000
Allegany	17.9	15.2	n/a	28.8	15.8	16.5
Broome	23.2	16.0	24.7	31.1	17.5	17.0
Cattaraugus	21.2	15.6	27.0	26.2	17.0	18.8
Chautauqua	21.5	19.3	24.9	28.8	17.8	17.8
Chemung	18.3	16.8	27.9	28.8	19.2	19.5
Chenango	21.8	18.3	19.5	23.5	17.5	15.4
Cortland	23.2	14.1	25.8	33.0	18.1	19.3
Delaware	21.8	16.9	20.2	24.5	16.5	16.0
Otsego	6.3	5.8	33.5	35.2	17.8	20.0
Schoharie	7.1	7.1	24.0	23.0	17.6	22.1
Schuyler	15.3	9.3	25.9	33.9	17.7	18.1
Steuben	27.4	24.0	22.5	28.6	16.5	15.0
Tioga	31.4	30.7	20.1	21.1	14.6	13.9
Tompkins	7.3	8.0	53.0	55.0	14.0	13.2
<b>Southern Tier</b>	<b>19.7</b>	<b>16.0</b>	<b>28.2</b>	<b>31.8</b>	<b>17.0</b>	<b>17.0</b>

Source: US Census 10-year census data

Table II-4 shows the percentage change in full and part-time employees working in the manufacturing, services and retail sectors and details how manufacturing declined as a percent of employment between 1990 and 2000. Service sector employment now eclipses manufacturing employment by a nearly two-to-one margin. Though this is tracked on a 10 year census basis, local indicators suggest the trend will be continued through 2010.

Table II-5 reflects which industries have had the greatest impact on personal wages in New York State between 1990 and 2000. As would be expected by the 1990's surging financial markets, finance, insurance and real estate careers were the largest gainers for personal wages during that period. Manufacturing and services followed as wage gainers, and wholesale and retail trade and construction jobs provided the smallest increase in wages for the state economy. New York's Appalachian region has largely been bypassed by the financial industry, which has generally experienced consolidation into major urban centers; however its other industry sectors have largely echoed the state trends.

**TABLE II-5: Average Weekly Wages By Industry In New York State (1990 – 2000)**

Industry	1990	2000	Change %
Manufacturing	\$630.06	\$989.45	57.0%
Construction	614.01	841.73	37.1%
Wholesale & Retail Trade	393.53	553.37	40.6%
Finance, Insurance & Real Estate	857.03	2175.64	153.9%
Services	497.65	736.88	48.1%

Source: NYS Labor Statistics

**TABLE II-6: Economic Performance in Appalachian New York (% of total industry earnings by sector)**

County	Manufacturing		Services	
	1990	2000	1990	2000
Allegany	27.4	23.7	n/a	24.4
Broome	36.1	24.1	19.5	26.2
Cattaraugus	30.1	22.1	24.2	21.1
Chautauqua	32.0	28.7	19.3	23.1
Chemung	24.2	23.2	24.1	24.4
Chenango	33.2	29.3	14.2	17.6
Cortland	32.2	21.5	21.6	28.2
Delaware	33.3	29.5	14.0	14.6
Otsego	7.9	11.4	34.7	37.0
Schoharie	8.2	8.5	19.3	17.3
Schuyler	27.8	17.7	18.5	24.9
Steuben	51.3	56.7	12.8	15.0
Tioga	57.3	54.8	11.9	12.0
Tompkins	11.4	11.5	52.7	56.2
Southern Tier	31.4	27.9	23.4	26.4

Source: REIS

Table II-6 reflects indicates the percentage of total industry earnings by manufacturing and services sector by county in the region. Only Steuben and Tioga counties reflect manufacturing as the largest part of the county economy. Throughout the rest of the region, the drop in manufacturing employment in Appalachian New York over the past decade has been matched by a dip in manufacturing income as a percentage of total industry earnings.

## D. Transfer Payments

The change to a service based economy in Appalachian New York has been paralleled by two other troubling economic developments: a growing dependence on government transfer payments (i.e., payments that are made by government agencies to individuals through programs such as social security, family assistance and veteran's benefits) and rising poverty rates. Table II-7 shows that transfer payments increased as a percentage of total personal income in every county in the region from 1990 to 2000; by the latter year, such payments exceeded 20 percent of personal income in six Southern Tier counties. While transfer payments rose to 19.0% of regional personal income, an 18% increase from 1990, earned income (wages, salaries, and other labor income) simultaneously fell by nearly 3%. In essence, productive economic activity now makes up a smaller share of the Southern Tier's total income, in contrast to both state and national trends.

**TABLE II-7: Sources of Personal Income in Appalachian New York (% total personal income)**

County	Earned Income		Transfer Payments	
	1990	2000	1990	2000
Allegany	62.7	59.8	20.1	23.3
Broome	65.1	62	14.8	18.5
Cattaraugus	63.8	61.8	19.2	22.3
Chautauqua	62.0	59.8	19.2	22.7
Chemung	63.9	63.8	17.7	19.5
Chenango	66.1	61.8	15.8	20.4
Cortland	67.9	64.6	15.0	19.2
Delaware	57.0	54.5	18.6	22.8
Otsego	59.9	60.1	16.8	19.4
Schoharie	66.6	65.2	15.4	19.0
Schuyler	64.8	61.7	18.2	21.9
Steuben	65.9	69.9	16.0	16.5
Tioga	73.4	68.3	12.3	16.2
Tompkins	69.5	66.4	10.4	12.7
<b>Southern Tier</b>	<b>65.0</b>	<b>63.2</b>	<b>16.1</b>	<b>19.0</b>
<b>NYS (excl. ST)</b>	<b>66.2</b>	<b>67.9</b>	<b>13.5</b>	<b>14.4</b>
<b>United States</b>	<b>67.6</b>	<b>68.8</b>	<b>12.2</b>	<b>12.9</b>

Source: REIS

**TABLE II-8: Poverty Rates in Appalachian New York (1990 - 2000)**

<b>County</b>	<b>1990</b>	<b>2000</b>	<b>% Change</b>
Allegany	14.80%	15.50%	4.73%
Broome	10.50%	12.80%	21.90%
Cattaraugus	14.00%	13.70%	-2.14%
Chautauqua	13.80%	13.80%	0.00%
Chemung	11.40%	13.00%	14.04%
Chenango	11.70%	14.40%	23.08%
Cortland	12.70%	15.50%	22.05%
Delaware	12.80%	12.90%	0.78%
Otsego	13.90%	14.90%	7.19%
Schoharie	11.50%	11.40%	-0.87%
Schuyler	11.20%	11.80%	5.36%
Steuben	13.50%	13.20%	-2.22%
Tioga	9.30%	8.40%	-9.68%
Tompkins	18.90%	17.60%	-6.88%
<b>NYS Southern Tier</b>	<b>12.90%</b>	<b>13.60%</b>	<b>5.43%</b>
<b>U.S. Appalachian Reg.</b>	<b>15.30%</b>	<b>13.70%</b>	<b>-10.46%</b>
<b>United States</b>	<b>13.10%</b>	<b>12.40%</b>	<b>-5.34%</b>

**E. Worsening Poverty vs. ARC Regional Improvement**

The climb in regional poverty rates gives equal cause for concern. Bucking the Appalachian trend, eight counties in the Southern Tier experienced increases in poverty over the past decade, even as the national poverty rate declined following one of the longest periods of sustained economic growth in U.S. history. Eleven counties in the region now have poverty rates that exceed the national average, as compared to just six in 1990. By 2000, in fact, Appalachian New York's overall poverty rate exceeded the national average and nearly equaled the Appalachian Regional average, a sharp change from a decade earlier (see Table II-8).

The growing reliance on individual-level government assistance reflects both the seismic economic shifts and short-term economic difficulties the region faced over the past decade. The downsizing or departure of leading manufacturers (especially in the computer, electronic, aeronautic and fabricated metal industries), sharp cutbacks in defense contracts, a slow recovery from recessions in the late 1980s and early 1990s, the proliferation of relatively low-paying service sector jobs, an aging population and other factors have all weakened the competitive position of Appalachian New York. These changes have also taken their toll on the Southern Tier's economic standing *within* the Appalachian Region. Nowhere is this more apparent than in regional income trends.

Once one of Appalachia's leaders in per capita market income, a primary indicator of an area's economic vitality, the Southern Tier now ranks 7<sup>th</sup> among the 13 Appalachian states. Equally important, it continues to move away from, rather than toward, the Appalachian and national averages for this measure. In 1990, Appalachian New York's per capita market income represented 80.5% of the national average and 103.6% of the Appalachian average. By 2000 it had slipped to 73% of the national statistic and 94.4% of the Appalachian figure. *No other state's Appalachian region has experienced a sharper decline in per capita*

*market income since 1970.* The Southern Tier thus stands in stark contrast to those Appalachian regions that have made gains or held their own in per capita market income over the last three decades. This trend is highlighted in Table 11-9.

**TABLE II-9: Per Capita Market Income in the Appalachian Region (Appalachian Portions of States)**

State	1970 PCMI	% US Avg.	% App. Avg.	1990 PCMI	% US Avg.	% App. Avg.	2000 PCMI	% US Avg.	% App. Avg.	2002 PCMI	% US Avg.	% App. Avg.
GA	\$2,701	73.8	94.3	\$14,293	87.2	112.2	\$23,183	90.3	116.8	24,988	94.6	87.2
SC	\$2,981	81.4	104	\$14,036	85.6	110.2	\$21,893	85.3	110.3	21,036	79.6	83.2
NC	\$2,862	78.2	99.9	\$14,030	85.6	110.1	\$21,548	83.9	108.5	23,443	88.7	80.1
PN	\$3,254	88.9	113.6	\$13,877	84.6	108.9	\$21,418	83.4	107.8	25,701	97.3	84
AL	\$2,702	73.8	94.3	\$13,095	79.9	102.8	\$20,489	79.8	103.2	20,944	79.3	83.4
TN	\$2,655	72.5	92.7	\$12,630	77	99.1	\$19,050	74.2	95.9	22,946	86.9	75.5
MD	\$2,969	81.1	103.6	\$12,570	76.7	98.7	\$18,381	71.6	92.6	32,342	122.4	75.9
OH	\$2,776	75.8	96.9	\$10,700	65.2	84	\$17,345	67.6	87.3	24,473	92.6	68.3
WV	\$2,659	72.6	92.8	\$10,917	66.6	85.7	\$16,772	65.3	84.5	17,856	67.6	67.6
VA	\$2,362	64.5	82.4	\$10,972	66.9	86.1	\$15,939	62.1	80.3	29,279	110.8	64
MS	\$2,160	59	75.4	\$9,820	59.9	77.1	\$15,448	60.2	77.8	17,679	66.9	60.9
KY	\$1,933	52.8	67.5	\$8,721	53.2	68.4	\$13,154	51.2	66.2	20,721	78.4	51.7
NYS APP	<u>\$3,189</u>	<u>87.1</u>	<u>111.3</u>	<u>\$13,208</u>	<u>80.5</u>	<u>103.6</u>	<u>\$18,747</u>	<u>73</u>	<u>94.4</u>	<u>29,643</u>	<u>112.2</u>	<u>71.1</u>
APPAL	\$2,865	78.3	–	\$12,742	77.7	–	\$19,857	77.3	–	18,780	71.1	--
USA	\$3,661	–	127.8	\$16,399	–	128.7	\$25,676	–	129.3	26,420	100	77.3

(Source: ARC Website)

## F. Educational Access and Attainment

Given the scarcity of manufacturing and information-age careers in the region, it is somewhat surprising to see that educational achievement remains a bright spot in Appalachian New York. However, it is possible that many of these students see education as a path to careers in geographic areas beyond Appalachian New York. Census estimates for 2000 showed that 78.1 percent of all local high school graduates went on to pursue post-secondary educational opportunities. These numbers were almost identical as 1990 for New York State, and are expected to increase through between 2000 and 2010. TABLE II-10 shows the post-secondary education rates for Appalachian New York.

**TABLE II-10: Post-Secondary Education Rates for Appalachian New York - 2000**  
**(Percentage of high school graduates entering post-secondary education)**

<b>County</b>	<b>Four-Year College</b>	<b>Two-Year College</b>	<b>Other</b>	<b>Total</b>
Allegany	37.3	34.4	2.1	73.8
Broome	42	41	1.1	84.1
Cattaraugus	40.8	35.7	1.2	77.7
Chautauqua	35.8	40.6	1.9	78.3
Chemung	34.1	38.9	2.8	75.8
Chenango	38.1	33.4	0.8	72.3
Cortland	42	34.2	2.3	78.5
Delaware	45.4	32.8	0.8	79
Otsego	50.6	28.2	1.1	79.9
Schoharie	37.6	34.9	2.3	74.8
Schuyler	28.6	44.1	2.4	75.1
Steuben	34.9	36.8	0.8	72.5
Tioga	39.8	33.4	1.6	74.8
Tompkins	59.9	23.9	1.2	85
<b>All Southern Tier</b>	<b>40.7</b>	<b>35.9</b>	<b>1.5</b>	<b>78.1</b>

**G. Appalachian Development Highway System (ADHS)**

Because of the relative rough terrain of the Appalachian region, much of the area was by-passed in the various phases of development that coincided with the nation’s growth and expansion. To alleviate this isolation, the Appalachian Development Highway System (ADHS) was authorized. Of the 3,090 total miles eligible for ADHS funding 222 miles are in New York State, and of these 208 miles were completed and only 8.6 miles were yet to be opened to traffic as of September 2006. Table II-11 reflects the total allocation and pace of completion of ADHS project work through the entire ARC region. From Binghamton to Erie, Pennsylvania, Route 17/I-86 is called the "Southern Tier Expressway" and this segment is “Corridor T” of the ADHS. Corridor T is nearly complete, is open to traffic for its entire length, and has already spurred enough economic growth to suggest that over the long run it will be of immense material and social benefit to the region's individuals and communities. It has become the major east -west route for the shipment of goods in and out of Appalachian New York as well as an integral link (along with U.S. Route 15) for international trade since the passage of the North America Free Trade Act (NAFTA). The highway has helped corporations already located within Appalachian New York remain competitive and has encouraged the development of new retail and industrial sites.

Because of its connections to Interstates I-81, I-88, I-90, and I-390, Corridor T has also opened up the region and its attractions to travelers from metropolitan centers such as Boston, New York and Philadelphia. Therefore, it serves as a major corridor for tourist and non-business travel. In much the same way, Corridor T gives heretofore isolated residents of the Southern Tier access to economic, social and cultural opportunities in the region's small metropolitan areas and beyond.

The other Appalachian Development Highway Corridors in New York State are “Corridor U” and “Corridor U1”. (All ADHS segments are depicted on Chart II-1.) Corridor U will eventually connect

Corridor P near Williamsport, PA, to Corridor T north of Elmira. Most of Corridor U is comprised of U.S. Route 15 in Pennsylvania. The northern portion of Corridor U, however, veers east of U.S. Route 15 on SR 328 to the Elmira Arterial. A rerouting of the original plan, approved by ARC in April 1996, will bring the northern tip of the Corridor through the center of the City of Elmira and some of its satellites, making it an arterial for its last few miles. The construction of the Elmira Arterial has already resulted in badly needed infrastructure improvements. Corridor U is credited by local development officials with generating commercial and industrial development in downtown Elmira and in the poorest, most decayed sections of the city. Once New York State makes the appropriate connection to Corridor T, the City of Elmira will reach its full economic development potential.

**Table II-11: Work Remaining on the ADHS**  
**(Status of Completion of the Appalachian Development Highway System at September 30, 2006)**

State	Total Miles Eligible for ADHS Funding	Miles Not Open to Traffic:			Miles Open to Traffic:	
		Study Needed or Under Way	Design and/or Right-of-Way Under Way	Construction Under Way	Remaining Stage Construction	Complete
Alabama	295.7	63.5	6.4	32.2	46.7	146.9
Georgia	132.5	20.5	11.1	-	-	100.9
Kentucky	426.3	8.2	16.0	14.2	-	387.9
Maryland	83.2	2.5	-	-	3.7	77.0
Mississippi	117.5	-	20.5	0.7	6.0	90.3
<b>New York</b>	<b>222.0</b>	<b>-</b>	<b>4.9</b>	<b>3.7</b>	<b>5.5</b>	<b>207.9</b>
North Carolina	204.3	8.3	16.4	-	4.2	175.4
Ohio	201.5	23.3	-	0.5	-	177.7
Pennsylvania	453.1	111.3	10.3	48.2	7.6	275.7
South Carolina	22.9	-	4.3	-	-	18.6
Tennessee	329.3	23.8	2.2	-	90.7	212.6
Virginia	192.2	14.8	16.6	-	-	160.8
West Virginia	409.6	16.1	44.0	17.3	0.9	331.3
<b>System Totals</b>	<b>3,090.1</b>	<b>292.3</b>	<b>152.7</b>	<b>116.8</b>	<b>165.3</b>	<b>2,363.0</b>

(NOTE: Congress authorized 3,090 miles for corridors approved as part of the ADHS and eligible for construction under the ADHS program. Final mileage on the corridors completed under the program will be within the authorized mileage.) Source: <http://www.arc.gov/index.do?nodeId=3156>

Corridor U1 follows US Route 15 from its intersection with SR 328 in Tioga Junction, PA to its interchange with Corridor T in Painted Post, N.Y. Corridor U1 is needed to support the economic expansion and residential growth occurring in the Town of Erwin and adjacent areas, as well as respond to the increasing traffic volumes (primarily commercial vehicles) in the US Route 15 corridor since the passage of NAFTA. Congress recognized the importance of this route to accommodate interstate and international travel by passing legislation defining US Route 15 as a high priority corridor and designated it part of the future interstate system (I-99). The estimated cost to bring the New York portion of US Route 15 to interstate standards is \$200 million. Proposed Corridor U1 will greatly enhance the ADHS by providing a more direct high level connection (Interstate standards) between Corridor T and the rest of Appalachia as well as provide additional economic development opportunities in this area of Appalachia.

**Chart II-1: Map of Completed ADHS Sections 2006**

*Appalachian Development Highway System as of September 30, 2006*



Source: Appalachian Regional Commission  
<http://www.arc.gov/index.do?nodeId=2730>

**H. Appalachian Program Accomplishments**

The Appalachian Regional Commission has served a catalytic function with respect to the economic and social development of the fourteen Southern Tier counties of Appalachian New York. ARC investments under the Area Development Program and the Appalachian Development Highway System (ADHS) have contributed significantly to the physical and social infrastructure of the region. These investments have leveraged substantial amounts of private and other public resources to foster regional economic development.

Since 1966 over \$600 million in ARC resources has been spent directly on projects in Appalachian New York. Of this amount, more than \$433 million has been invested in the ADHS in New York State,

including Corridor T (known as the Southern Tier Expressway), and Corridor U (Pennsylvania border to Elmira) and Corridor U1 (Pennsylvania border to Corning).

Almost \$139 million has been invested by ARC since 1966 in Area Development projects in the fourteen Appalachian counties. Assistance has been provided for local and regional projects in several functional areas: physical infrastructure (including water and sewer lines, industrial park development and access roads); business enterprise development and assistance; workforce training, education and basic skills; telecommunications; employer-supported day care and other child development activities; rural health care; and youth leadership and local government assistance demonstrations. Table II-12 above accumulates local Area Development projects by region and county since 1966, indicating that 1,179 local and regional projects have been funded through FY 2006 at an ARC cost of \$138,798,576. These figures do not include multi-regional projects such as Consolidated Technical Assistance, housing and statewide health projects and Section 302(a) Local Development District Administrative Grants.

**TABLE II-12: LOCAL ARC-SUPPORTED AREA DEVELOPMENT PROJECTS BY REGION AND COUNTY - 1966 - 2006**

	NO. PROJECTS	ARC SHARE
<b>SOUTHERN TIER EAST</b>		
Broome	69	\$9,769,378
Chenango	41	3,972,989
Cortland	56	7,021,078
Delaware	52	5,058,114
Otsego	27	2,537,591
Schoharie	48	6,085,747
Tioga	34	3,206,301
Tompkins	73	7,643,921
STE Multi-County	125	15,971,840
<b>TOTAL</b>	<b>525</b>	<b>\$61,266,959</b>
<b>SOUTHERN TIER CENTRAL</b>		
Chemung	98	\$8,502,039
Schuyler	70	5,728,168
Steuben	109	16,336,069
STC Multi-County	60	5,753,767
<b>TOTAL</b>	<b>337</b>	<b>\$36,330,043</b>
<b>SOUTHERN TIER WEST</b>		
Allegany	53	\$4,566,149
Cattaraugus	80	10,458,424
Chautauqua	132	19,440,039
STW Multi-County	113	9,309,305
<b>TOTAL</b>	<b>378</b>	<b>\$44,126,791</b>
<b>APPALACHIAN NY TOTAL</b>	<b>1,179</b>	<b>\$138,798,576</b>

**Note:** Does not include multi-regional projects, including Consolidated TA, housing, statewide health projects or Section 302 (a) LDD grants.

[End of Part II]

### **PART III: APPALACHIAN NEW YORK'S DEVELOPMENT ISSUES AND STRATEGIES**

The objective of the 2005-2010 ARC Strategic Plan "Moving Appalachia Forward" is to establish ARC as "a strategic partner and advocate for sustainable community and economic development in Appalachia." Part III of this Appalachian Development Plan addresses regional development issues in Appalachian New York in the context of The Upstate Agenda for improving New York's economy. It identifies problems and impediments to full economic and social development in Appalachian New York and the New York State objectives for addressing these issues and enhancing regional growth.

#### **A. Civic Entrepreneurship**

New York State has a local government system made up of multiple types and levels of government, including separate special purpose districts. In Appalachian New York alone, there are 394 municipalities (cities, towns and villages) in the 14 counties. The region also includes numerous school, fire and town districts and special units. The New York State Constitution is based upon the principle of "home rule," which ensures that local governments have significant responsibility for determining their own structure and activities. Whether the Town of Red House in Allegany County or the City of Binghamton in Broome County, the governance of these communities set the broad context for a host of factors significant to attracting and sustaining development.

Civic entrepreneurship and and community capacity development are crucial to and transcend the implementation of all the goals of ARC's Strategic Plan and the Governor's Upstate Agenda. The education of Appalachian New York's community leaders provides a key renewable community resource for promoting sustainable economic and social development. The Appalachian Program in New York State has long recognized the importance of the local delivery of services and the need to support the leaders who are involved in this.

Vital and well-organized communities set high standards for their area's social, economic and environmental development and tend to produce civic leaders who are committed to community interests. Members of strong communities have a sense of ownership or a stake in civic affairs, and contribute to the common good by participating in public institutions and volunteer activities, working with the local schools and demanding action and accountability from local leaders. All four of ARC's goal areas recognize the need to ensure that the people of Appalachia will have the vision and capacity to mobilize and work together for sustained economic progress and improvement of their communities. Programmatic action should therefore be tailored towards the long-term goal of building strong communities and effective leadership.

Since communities and their leadership structures are products of a complex dynamic of factors, enhancing their capacity involves action on a variety of fronts. Positive impact can occur even through programs not specifically targeted at civic development or community capacity. All attempts to strengthen a rural area's connections to the broader society, to make it more competitive, to enhance education and opportunity and to improve the quality and availability of social resources can have a positive effect. In this sense, all activities supported with ARC resources relate to the overarching issue of community structure and leadership.

New York State has worked to enhance leadership capacity directly in Appalachian New York through civic leadership training and the encouragement of leadership potential among youth. New York's strategies continue to provide support for local government technical assistance and training programs, such as the leadership conferences for local officials organized and conducted by each LDD. These

conferences include workshops in telecommunications, community development, financial management, planning and leadership. They also offer a valuable opportunity for local officials from the region to network with each other, gain valuable technical expertise and discuss common policy challenges and strategies.

One of the key components of this local government training are the Department of State's Local Government Institutes and training sessions. The Institutes bring together various state agencies to provide training and technical updates to the State's municipal officials. Currently, there are eleven Institutes statewide, three of which are focused in the Southern Tier and are supported by the region's LDDs. In 2006 alone, emphasizing the *local* in local government, Division of Local Government trainers conducted 149 courses at 63 events to over 9172 officials statewide.

The proliferation of governmental entities combined with a high degree of local responsibility for addressing certain policy problems increases the need for cooperative community responses, particularly in rural communities which often lack economies of scale. Programs that encourage coordination of service delivery and consolidation of governmental operations are therefore crucial. Toward this end, the New York State Appalachian Program actively promotes the creation of inter-municipal service delivery agreements and local government technical assistance projects.

New York State recognizes the importance of intermunicipal cooperation and the more effective delivery of programs and services on a multi-jurisdictional basis. Projects institutionalizing a partnership by formal agreement or implementing small-scale demonstrations are encouraged. Projects should be coordinated with the LDDs, which in some cases can serve as initial conveners and catalysts of local action.

The ARC program works closely with the New York State Shared Municipal Services Incentive program (SMSI) to assist municipal leaders to identify innovative opportunities for cooperative services delivery. The SMSI program also housed within the Division of Local Government work with local governments, school districts, special improvement districts and fire districts to promote the most cost-effective and efficient ways to provide local services. This includes the provision of technical assistance and financial resources.

By promoting cooperative services and/or consolidation the goal is to continue the development of Appalachia as a "region", providing the state with another asset for community and economic development. One example is the recent ARC-supported Study of Water and Sewer Systems in Schuyler County. This project analyzed alternative forms of inter-municipal water and sewer infrastructure organization to enhance efficiency and better focus the existing infrastructure capacity in the County.

The ARC and New York State annually provide resources to each LDD to provide targeted technical assistance. Each LDD is required to work with communities and non-profit agencies on application development and program outreach. This also includes focused technical assistance on all community development issues. A specific example of the community capacity building is the development of the "community GIS" program in Southern Tier West. This program provides small municipalities with a development tool that they may not have had.

To foster competitive local economies, New York will focus resources on technical assistance projects promoting leadership development. Provision of technical assistance to facilitate informed local decisions is expected in the implementation of these projects. Emphasis will also be given to training projects that strengthen the skills of local government officials and/or civic leaders to address economic development and resource utilization concerns.

Specific New York State ARC Strategies to promote the development of community capacity are included in all four implementing goals of the ARC Strategic Plan for economic development, workforce development, infrastructure development and capatilization on the ADHS. New York specific strategies include:

*NYS Strategy 1.1: Support programs that foster broad-based civic engagement and support strategic readiness to take advantage of economic opportunities.*

*NYS Strategy 1.2: Support regionally based local government capacity-building programs to foster sustainable development.*

*NYS Strategy 1.3: Encourage the establishment of new partnerships and initiation of new service delivery mechanisms on a multi-jurisdictional basis that promote economic development.*

*NYS Strategy 2.1: Appalachian New York will develop strong leaders, organizations and communities to promote the Region's competitiveness.*

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

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

## **B. ARC GENERAL GOAL 1 -- "Increase job opportunities and per capita income in Appalachia to reach parity with the nation"**

Today's global economy offers new opportunities for New York State and the Appalachian Region. In partnership with ARC, the Department of State 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.

### **1. Implementation of The Upstate Agenda**

Creating job opportunities and economic development opportunities are key pieces to The Upstate Agenda. The defining objective is to reverse the stagnant or declining nature of the region. As the Governor has stated, *"We must reverse the decline of our Upstate economy; sustain the economic expansion Downstate; and develop new ways for communities which have been left behind to share in prosperity. To meet these challenges, we must first adapt to the Innovation Economy. This is the knowledge-based economy of new businesses and new ideas that has become the driving force of job creation in the world today."*

Three of the Governor's goals for upstate relate directly to Goal 1 of the ARC Strategic Plan including:

- job creation and refocusing economic development programs and resources to meet upstate needs;
- focusing aid to distressed upstate municipalities, concentrating the aid on Upstate's most struggling cities;
- providing assistance to small businesses, the source of most of the job creation in New York today.

## **2. Income and Employment in Appalachian New York**

The economic landscape of Appalachian New York has changed in marked ways since the inception of the ARC Program. Perhaps the most significant regional economic trend has been the ongoing shift from a manufacturing to a service-oriented economy. The transformation of the Southern Tier's manufacturing sector continues and is largely the product of structural changes in both the regional and national marketplaces, including the southward and overseas flow of manufacturing jobs and the transition to a service and information-based national economy. Although the region has experienced brief periods of manufacturing growth over the past few decades, there is a long-term decline in manufacturing. Service sector employment now eclipses manufacturing employment by a nearly two-to-one margin. The drop in manufacturing employment in Appalachian New York over the past decade has been matched by a dip in manufacturing income as a percentage of total industry earnings.

There is a continued need to stimulate manufacturing opportunities in the Appalachian region of New York State. The economic benefits of doing so are manifold, not least of which is the higher than average pay associated with manufacturing employment. A strong manufacturing base remains a key element in a viable regional economy and a path to economic advancement.

To be effective, however, economic development strategies need to focus on more than one economic sector. Equal attention must be paid to expanding economic sectors like services. In this light, greater emphasis should be placed on stimulating high "value-added" services in the health, education, business and financial sectors. This would also enable the Southern Tier to capitalize upon its socio-economic strengths, including its substantial educational infrastructure. Targeting investment and development strategies on advanced manufacturing processes and on information, business, health care and other professional services would help Appalachian New York to adapt to changing economic realities, generate high caliber employment opportunities, and move constructively into the future.

## **3. Regional and Local Economic Development**

Efforts designed to bring vitality to the region's local economies must emphasize long term, self-sustained competitiveness. Economic development strategies should therefore be centered on building locally-grounded economic capacity. The New York State Appalachian Program has attempted to strengthen this capacity through encouragement of the use of Area Development resources for cooperative local economic and community development strategies. Cooperative development strategies can take a number of forms, but usually result in the sharing of valuable economic information or technology that can help an area's educational, economic and business institutions build up specific parts of the local economy. Locally-generated strategies for business and employment development have the best chance of producing sustained economic competitiveness because they center economic leadership and responsibility within the Appalachian Region itself.

The cultivation of small business is an important part of this approach. Small businesses play a central role in the economy of Appalachian New York. They comprise over 75 percent of all places of business in eleven counties in the region. The New York State Appalachian Program, working cooperatively with the three LDDs and the Small Business Development Centers in the Southern Tier, has utilized ARC resources to further encourage business development in Appalachian New York through implementation of strategies encouraging delivery of technical assistance for management and marketing, technology transfer, strategy development and other activities. New York State has also recognized the need to provide access to capital for perspective business owners and entrepreneurs. Often there is limited recapitalization support available of key regional revolving loan funds in the LDD regions.

A traditional goal for development in Appalachia has been the diversification of the economic base, focusing business development and assistance projects on local development and implementation of projects that assist business development and expansion of existing businesses. These projects include the strengthening of organizations and networks supporting small business development and inter-firm sharing and cooperation; provision and coordination of new technical assistance services to businesses related to management and marketing; facilitation of technology transfer; and activities supporting export-related technical assistance, sector related strategies and innovative entrepreneurship.

The ARC program will also focus on entrepreneurial and managerial skills training projects designed to improve the economic viability, productivity, and competitiveness of small- and medium-sized enterprises (less than 250 employees). Assisted enterprises should have the documented potential for substantial local economic impact and job creation/retention. Innovative training projects involving distance learning and/or Internet use as well as traditional classroom-based educational activities will be considered. Training activities leading to expanded markets for goods and services through export-related technical assistance, sector-based e-commerce, and innovative entrepreneurship are encouraged.

Specific New York State ARC Strategies to promote the diversification of the economy include:

*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.*

Also key to stimulating the economy is to promote entrepreneurship and an entrepreneurial economy. Appalachian communities need the commitment and resources to assist entrepreneurs in starting and expanding local business, thus creating jobs, increasing local wealth and strengthening local economies.

It is the objective of the the ARC program to stimulate entrepreneurship through the introduction of entrepreneurial content into the curriculum of primary and secondary school courses. At the middle and high school education level, nonprofit organizations, as well as business and trade groups, can assist in the initiation and development of alternative educational venues, including mentoring programs. In addition, by providing hands-on activities that expose students to entrepreneurial environments, permit them to explore the tasks and challenges of enterprise development. Post-secondary educational institutions, as well as other agencies, also play an important role as colleges and universities can offer more advanced educational and training courses, technical assistance and information to established entrepreneurs and those who wish to start businesses.

In order to sustain entrepreneurial activity in a region, there needs to be an adequate supply of capital both intellectual and financial. The ARC program will promote the formal and informal networks of professional and trade service providers linking entrepreneurs and firms to various business, technical, educational, training and information services. Such service provider networks can realize synergies in providing a *one-stop shop* for their customers, even though all the providers may not be under one roof. An entrepreneurial business network can coordinate the provision of services to customers and supply specific resources including legal services; protection of intellectual property services in support of the acquisition and use of advanced technology; and consultation on strategic planning, marketing and advertising. Moreover, collaboration among service providers often generates unique technical assistance resources for entrepreneurs. Creation of business networks that provide the sharing of information and knowledge

between entrepreneurs that can stimulate new types of business collaborations and new market opportunities are also eligible.

Often the most daunting hurdle for an entrepreneur to clear is the identification of start up capital, particularly equity capitalization. Other financing problems include finding seed capital for new technological innovation, loan packaging assistance and long-term debt financing for newer companies or businesses that are seeking to expand. A wide range of private and public institutions play a role in servicing these financial needs, but the role of development finance institutions is particularly important for rural regions like Appalachia, as these organizations often provide both finance and technical assistance to new and expanding small businesses.

The Delaware County E-Center is an example of recent ARC supported project to provide resources to entrepreneurs. This facility provides leasable space for startup and emerging businesses. New equipment and in-house training services helped create a business incubator, allowing new businesses to grow and prosper.

ARC also supports re-capitalization of existing regional revolving loan funds are eligible. These funds may support facilities, construction, or equipment for private firms satisfactorily documenting need. Only existing ARC-recognized revolving loan funds will be eligible for funding in each LDD region. Project sponsors must demonstrate and satisfactorily document effective past usage, immediate present need, and potential usage for the recapitalization resources to encourage quality jobs. ARC's Revolving Loan Fund Guidelines must be followed.

Specific New York State ARC Strategies to promote the development of entrepreneurial activity and business development include:

*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 such means as facilitating the establishment of development venture capital funds.*

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

#### **4. Asset-Based Development**

More and more in the global economy of the twenty-first century, businesses and employees are basing employment decisions on other issues, including quality of life issues. ARC recognizes the importance of projects that integrate conservation and economic development in the Region, advancing the idea that economic development should not only be fiscally sound, but environmentally responsible, aesthetically pleasing and should create a balanced, livable community. Appalachian communities offer what an increasing number of Americans value: a quality of life that offers a clean environment, safe streets and a friendly, small town atmosphere. Many of Appalachia's communities also have tremendous social, environmental and cultural values that define the region and make it unique from anywhere else in America.

An example of an asset-based project is the Value-Added Agriculture for Central NY program used to provide technical assistance that stimulated economic growth through job creation and increased sales of value-added agricultural products. This resulted in the creation of 19 new jobs and 10 new agricultural producers with gross sales of \$1.8 million.

ARC's Asset-Based Development Initiative formally recognizes the approach to economic development that recognizes and builds on indigenous resources, experience, wisdom, skills and capacity in Appalachian communities. Creating local homegrown economic opportunity is central to this asset-based approach. Asset-based development projects will identify local and regional assets for development, support public involvement and participation in strategic planning; provide access to information necessary to make sound decisions; provide access to capital to promote sustainable business or to finance the infrastructure necessary to stimulate public and private investment; and, support collaborations of the necessary partners to make a balanced, livable community, help existing and new local businesses capitalize on indigenous assets, and support efforts to maximize the economic benefits of the Appalachian heritage tourism and crafts industries through awareness and marketing opportunities.

The following is New York State's ARC Strategy for asset-based development:

*NYS Strategy 1.4: Communities of Appalachian New York will identify and leverage their local cultural, heritage, natural and community assets for economic development.*

## **5. New Markets and Emerging Technologies**

Also in today's global economy, businesses need to use every opportunity to access new markets and use emerging technologies as a competitive advantage. The New York program will support projects that embrace both new domestic and global opportunities to promote increased international business activity. Taking advantage of new markets and promoting foreign direct investment are effective approaches that can generate job opportunities and help communities enhance their competitive advantage. Projects should support research opportunities in global and domestic development, and provide technical assistance and ongoing business consultation to help medium and small businesses connect to national and international markets.

The program will also support information technology projects that build partnerships with federal and private-sector research labs, research universities and other technology organizations to help create and retain technology-related jobs. Efforts will focus on assisting in the creation of telecommunications and computing enterprises; providing assistance for expanding existing high-technology operations in the Region; promoting partnerships with and leveraging research opportunities generated by government-sponsored and private-sector research labs; expanding and creating technology research initiatives in the Region's colleges and universities; and increasing support for public-sector science and technology programs.

Specific New York State ARC Strategies to promote the development of new markets and emerging technologies include:

*NYS Strategy 1.5: Assist communities in job creation by helping local firms find and take advantage of new markets at home and abroad.*

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

### **C. ARC GENERAL GOAL 2 – Strengthen the Capacity of the People of Appalachian 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.

#### **1. Implementation of The Upstate Agenda -**

Many of the Governor's goals for stimulating the economies of upstate New York speak directly to job creation and economic development. However, it is clear that in order to have small business development and entrepreneurial economies, a region needs a well-educated and healthy work force. The Governor has stated, *“As human capital emerges as the fulcrum of job creation, we must provide our schools with the necessary investment, reform and accountability to adapt to this new paradigm.”*

To ensure sustainability a society must provide its population with opportunities to learn, not only for the young as they grow into society, but also its workforce, to gain the skills necessary for new or continued employment. The Appalachian Program in New York State will provide for flexible and creative programs that provide individuals the tools that allow them to continue learning skills that increase their opportunities to compete in the job market.

#### **2. Education and Workforce Training**

The State of New York has traditionally placed a high priority on education and training through a network of secondary and post-secondary educational institutions. The New York State Education Department's Mission Statement, "to raise the knowledge, skill, and opportunity of all the people in New York," reflects a commitment to coordinated capacities for New York State's educational institutions. Continued development of these capacities to address multiple educational capabilities remains a key focus of New York State.

The historical emphasis on education is positively reflected by the fact that Appalachian New York has had a higher percentage of high school graduates among the adult population (aged 25 and older) than has the nation as a whole. The State of New York has constructed a substantial educational infrastructure geared towards provision of job skills training. Along with the two university centers and four liberal-arts colleges, there are six two-year community colleges and technical institutes located in the Southern Tier. These two-year community colleges offer a wide array of vocational and technical training programs and tend to focus on skills-based education. Due to their flexibility, community focus and partnerships with business, labor and public schools, community colleges give students an opportunity to gain the applied skills they need to land good jobs and help displaced workers transition to new careers. The number of students in the Southern Tier entering the community colleges is a reflection of the opportunities available through this educational infrastructure.

On the recommendation of the State of New York, ARC has funded many workforce and skills training projects sponsored by community colleges in Appalachian New York. These operational and equipment projects have generally involved training with advanced technology and processes. Such training has a relatively high market value in the region and is a key ingredient of regional economic competitiveness.

New York's educational/training infrastructure is also supported by regional service cooperatives known as Boards of Cooperative Educational Services (BOCES). Formed by local public school districts, they serve vocational educational and other special needs of students through the secondary level, as well as adults. BOCES organizations are key links in the school-to-work chain for many Appalachian New Yorkers. They have built central vocational education campuses providing significant employment-oriented training in a variety of fields, including industrially-relevant skills, important for the long-term competitiveness of the region's manufacturers, as well as training for child care aides, medical assistants, automotive mechanics and computer operators. Training in some programs can result in basic-level certification by appropriate New York State agencies.

ARC has supported significant numbers of basic and advanced workforce skills training projects in conjunction with BOCES institutions and community colleges in Appalachian New York. They are coordinated where possible with workforce preparation programs administered by the New York State Education Department.

Specific New York State ARC Strategies to promote education and workforce development include:

*NYS Strategy 2.2: Residents of Appalachian New York will have access to a range of basic and advanced skills development and vocational educational programs to enhance employment prospects.*

*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 the Appalachian Higher Education Network and other 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.*

### **3. Day Care and Early Childhood Education**

The availability of adequate child care and associated early childhood education opportunities has been recognized as an economic development issue that can reduce employee absenteeism, increase job retention, allow otherwise qualified people to enter the workforce and offer some individuals the opportunity to gain advanced education or training. ARC funding has been instrumental in the development of several child care centers in the Southern Tier.

It is the goal that the children of Appalachian New York will enter school ready to learn. This includes the development of comprehensive, community-based child care opportunities involving early childhood education. All childcare projects are required to meet New York State requirements and standards for licensing, include well-thought-out educational elements, address the need for qualified staff and demonstrate strong community support. Projects established or adapted to meet the needs of specific industries and their employees are encouraged. Educational components of child care projects should be focused on ensuring that children arrive at school ready to learn. School-age child care projects for children which have strong educational components and facilitate the success of welfare-to-work initiatives will be considered.

New York has focused resources on assisting with the development of child care programs. A recent example is the Olean YMCA Child Care Expansion project which assisted with the addition of over 3,000

square feet to an existing facility, which allowed an additional 50 children to receive care. This expansion also helped working families stay in their jobs and prepared 28 children to enter grade school.

The program also provided assistance to the Cortland Early Childhood Literacy Program and Family Reading Partnership project. This program provides a uniform, validated pre-kindergarten literacy program to 85 students within six early childhood centers. This funding was also assisted with the purchase of books for 750 families within the county and to support community activities to stress the importance of reading.

The New York State Appalachian early childhood education strategy is the following:

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

#### **4. Access to Health Care in the Southern Tier**

As was noted in the New York State Rural Health Council 1998 report, Rural Health in New York State, rural counties such as those in the Southern Tier face special questions in trying to provide quality health care for their residents. Over a wide spectrum of areas, ranging from the availability of health care services and health expenditures per capita to hospital patient outmigration, rural counties suffer in comparison to their more urbanized counterparts. Currently there are thirteen service areas in the following seven Appalachian counties designated by the U.S. Department of Health and Human Services/Public Health Service as Health Professional Shortage Areas: Allegany, Broome, Cattaraugus, Chautauqua, Delaware, Schuyler and Steuben. Two population groups in two counties (Chenango and Cortland) are also identified.

Physicians practicing in Appalachian New York are distributed very unevenly across the region. Data taken from ARC's "Analysis of the Financial Conditions of Health Care Institutions in the Appalachian Region and their Economic Impacts," December 2002, shows that Appalachian New York as a whole has a 19.4 physicians per 10,000 population, as compared to the 13-State Appalachian Region of 20.6. Three counties (Broome, Chemung and Otsego) exceeded this ratio, while the other eleven counties all had ratios that were less than 80% of the doctor/population ratios the rest of Appalachian New York. Counties that proportionally have the fewest medical doctors fall into two categories: (1) rural counties isolated from significant urban centers, such as Allegany County and (2) counties which are adjacent to well-served metropolitan areas, such as Tioga County. The accessibility issues are more significant for the former class of counties. The more developed counties with significant urban centers tend to have the most doctors per capita.

The financial plight of the Southern Tier's rural hospitals reflects a nationwide problem. There is a declining number of hospitals in the region. Between 1980 and 2000, eleven hospitals in Appalachian New York were closed or converted to more limited facilities. Such closings or conversions have occurred in Allegany, Broome, Cattaraugus, Chautauqua, Delaware, Steuben and Tioga Counties. Financial distress was the primary cause of most of these closings or conversions. As a result, 461 hospital beds were lost to the region. Six Southern Tier hospitals have been classified by the U. S. Health Care Financing Administration as "sole source community provider hospitals" that cannot be closed or converted without leaving very serious gaps in local health care services. Such hospitals are located in Allegany, Cortland, Delaware, Otsego and Steuben Counties. These are all rural counties removed from the medical facilities in larger urban centers.

The above-cited conditions indicate a need to encourage physician placement and retention in Appalachian New York and to develop cooperative health care networks that can generate sufficient economies and

efficiencies to make the provision of health care for the region's underserved residents economically viable. This is particularly important if the health care requirements of an aging population are to be addressed.

In 2006, the Commission on Health Care Facilities in the 21st Century (Berger Commission) submitted its report on closure and/or merger of facilities in New York State. Fifty-seven hospitals are affected; nine are to close and 47 are to reconfigure, affiliate or convert to alternate level of care. Of these 6 ARC area hospitals are mentioned. The 3 Critical Access Hospitals in Delaware County are recommended to continue their joint efforts to develop plans to meet the ambulatory needs of the community. In the western portion of the ARC region, three hospitals with 4 sites were noted. The Berger Commission recommendations were aimed at strengthening and increasing these partnerships in addition to addressing cost efficiencies in the health care system in New York State. Statewide, there is \$550 million made available under Health Care Efficiency and Affordability Law for New Yorkers (HEAL NY) Phase Four (that is designated to assist facilities in meeting the Berger Commission recommendations).

In Chautauqua County, Brooks Memorial, Westfield and Lake Shore division of TLC Health Network are preparing to implement the plan that calls for Westfield and Tri-County to convert to expanded Diagnostic and Treatment Centers (DTC) with Emergency Services and observation beds for 1-2 day stays. The Tri-County division of the TLC is recommended to join with Bertrand Chaffee as an expanded DTC.

The ARC supported S2AY (Steuben, Schuyler, Allegany and Yates) Network Rural Health Network Mobile In-School Dental project used funding to provide preventative dental services such as cleaning, parent and child education, and screening to low-income students. Over summer breaks, this program is implemented to provide service to low-income seniors, adults, and disabled persons.

## **5. Telemedicine and Telehealth**

The health accessibility problems associated with geographic isolation can be partly overcome through electronic communication technologies such as telemedicine and telehealth. "Telemedicine" is used to provide and support clinical care in the health care worker/patient relationship. "Telehealth" refers to the use of telecommunications technology to augment health professional and community health education. 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 of their major clinical applications. By transferring audio-visual and diagnostic information, telemedicine equipment also has the potential of assisting 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. There are, however, questions of liability, malpractice, confidentiality and reimbursement, physician licensing between states and the high cost of equipment and telecommunications rates which must be addressed if the full promise of the technology is to be realized.

The Appalachian Program supports telemedicine as a means of universal access to comprehensive health care and as a tool for health education and training. ARC resources have been used in New York State to advance telemedicine initiatives, such as Bassett Hospital's Improving Rural Health Care through Telemedicine Technology program, that link medical centers in the Southern Tier with networked satellite clinics in underserved areas and with major health institutions outside the region. Projects of this type can assist in the provision of comprehensive health care for all residents of Appalachian New York, as well as contribute to the education and special training of health care providers through distance learning.

In the Fall of 2006 the Department of Health introduced a telemedicine stroke initiative for rural New Yorkers. Phase One of this initiative includes nine ARC county facilities out of a total of 16 in this initial phase. This program allows neurologists at the “Hub” hospitals to provide real time consultation and recommendation based upon assessment of the patient and review of a CT scan over the internet in communication with the “spoke” hospital miles away utilizing a broadband computer with wireless web based equipment that provides security and privacy protections.

The rural health networks have joined with the NYS Office of Mental Health (OMH) to pilot a Rural Telepsychiatry Consultation Project. Funds from OMH and the US Department of Agriculture Distance Learning and Telemedicine grant equipment has been installed in 9 rural counties including Allegany, Chautauqua, Chenango, Delaware in the ARC region. Through 2006 only psychiatrist-to-psychiatrist consultations have been allowed. In 2007 OMH is expanding the program to include other physicians to receive a consult from a psychiatrist. All NYS counties with a mental health HPSA will be participating including: Allegany, Cattaraugus, Chautauqua, Delaware and Steuben in the ARC area.

Pursuant to Phase One HEAL NY, a United Health Services project covering Broome and Delaware Counties received \$3.5 million to implement an Electronic Medical Record (EMR) among many of the providers there. This is a major step in improving real time communication and setting a solid foundation for implementing clinical telemedicine. Phase Three, a second Health Information Technology program, is now in process of review of applications to expand this program.

An additional telemedicine project, supported by ARC resources was the expansion of the Virtual Pediatrics Center Telemedicine project adding 7 new sites to an existing Virtual Pediatrics network and expanded to enhance software and server capabilities, and include new training materials which benefitted over 200 children and their families.

## **6. Rural Health Care Networks**

Since 1996, the Office of Rural Health in the State Department of Health has appropriated approximately \$65 million to support the development of such Rural Health Care Networks as well as help rural hospitals adapt to the changing health care finance environment and funding mechanisms for rural communities and providers to increase primary care services. There also has been continued involvement of a broad human service coalition of state and local agencies focusing on rural health. These efforts continue to build on the foundation established over the past decade.

Health networks are becoming increasingly important vehicles for the provision of health care services. Rural health networks are affiliations of health care providers serving a rural area, according to a contract, joint or cooperative agreement organized under the not-for-profit corporation law. They provide or arrange for health care and/or administrative services for residents of a rural area based on a network plan. The health network has become a working model for the delivery of health care in rural areas of New York State. The State Rural Health Network Development Program, begun as a pilot project in 1986, became a permanent grant program in 1993. The 1996 New York State Health Care Reform Act, recognized the importance of promoting viable rural health care delivery systems. The Act expands the Rural Health Network Development Program and authorizes grant funds to develop health network agreements among rural providers that result in the merger or integration and coordination of health care services.

In addition, the Rural Health Care Access Development Program provides funds to rural hospitals to reduce duplication of service, improve operational efficiencies and develop affiliations with community-based providers. There are 20 of the 50 eligible New York hospitals located in Appalachian New York. The New York State Health Care Reform Act of 2000 (HCRA 2000) continues support for these network and

access programs and incorporates funding of \$18 million per year for rural hospitals. It also establishes a high-need indigent care pool, which will provide approximately \$20 million per year to rural hospitals statewide for serving indigent populations. This legislation reflects the State's awareness that collaborative efforts can most effectively address health care issues in rural New York

Rural health networks differ substantially, reflecting the variations in local health service needs and the composition of the network. They do, however, share a similar set of objectives, including providing improved system efficiencies, better managed care capabilities and greater diversity and quality of care. Improving access to services is an especially important goal in many parts of the Southern Tier, given the region's low population density, high degree of isolation and lack of public transportation options. In this environment, efforts to bring in specialist services on a rotating basis and to implement mobile services for hard-to-reach or non-ambulatory individuals are particularly useful. Thirty-five rural health networks are currently supported by the Rural Health Development Program. Fourteen of these networks serve the residents of Appalachian New York.

These partnerships consists of primary care associations, hospital associations, organizations of health professionals, regional emergency medical services councils and other appropriate agencies and individuals. Projects would address rural health issues by assessing primary health care needs and gaps and other health care concerns, encouraging innovative arrangements to address the defined needs and gaps, providing technical assistance to rural communities and health care providers and coordinating areawide rural health strategies directed at integrated health care delivery systems.

## **7. Health Practitioner Recruitment and J-1 Visa Waivers**

Recruiting and retaining health professionals in rural areas can be difficult in situations of uncompetitive salaries, high average caseloads and perceived professional isolation. Further, many physicians currently practicing in rural New York are nearing retirement age. The Appalachian Region Primary Care Development Initiative, sponsored by the New York State Health Department and funded by ARC for two years, provided technical assistance to the region's federally-designated Health Professional Shortage Areas(HPSAs).

The State of New York presently administers several provider recruitment/retention programs and professional development programs geared toward rural communities and continues to participate in ARC's J-1 Visa Waiver Program. The Department of Health coordinates the placement of primary care physicians on J-1 visas seeking to waive the J-1 home residency requirement by practicing in HPSAs in Appalachian New York. At present, there are nine physicians practicing under this waiver in Appalachian New York counties. It is of note that there are seven physicians who benefitted from this waiver program that have remained in practice in the ARC region after their program was completed. This is a longer-term benefit to the communities.

Specific New York State ARC Strategies to promote healthy communities include:

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

*NYS Strategy 2.6: Residents of Appalachian New York will lead healthy lives.*

## **8. Distance Learning**

One of the most significant logistical challenges affecting education in Appalachian New York is the lack of access to services caused by the region's low population density and transportation deficiencies. In response, the combined effect of these factors is limited demand and thus less justification and impetus for varied local curriculum options or for special training programs. Yet distances can be bridged, increasing the effective use of educational resources and the demand for courses, through an advanced and broadly accessible telecommunications infrastructure. It is the objective of New York State that Appalachian residents will have access to a modern and flexible telecommunications infrastructure serving multiple categories of beneficiaries.

Supported by ARC, BOCES campuses are linking together as telecommunications hubs and reaching out to area schools and other educational, health, business and governmental institutions. These projects are designed to link participating schools together so they could pool resources and provide students access to teachers, classes and advanced programs that otherwise would not be available or offered. Telecommunications programs like these augment the traditional role of the BOCES system in New York State. The expanding BOCES-centered telecommunications networks, ideally having the capacity for inter-connectivity and interoperability with other networks, thus represent a major educational asset for Appalachian New York.

The New York State Initiative on Telecommunications in Appalachian New York has focused on establishing the three LDDs in the Southern Tier as central points of training and technical expertise in their regions. They also act as central clearinghouses of telecommunications information, as well as demonstration sites for training to introduce individuals and agencies to telecommunications applications such as the Internet and interactive videoconferencing. The LDD-led Strategic Telecommunications Initiative supported by ARC involved the cooperation of relevant interested public and private groups in the region, such as BOCES organizations, medical service providers, businesses and economic development agencies, under the coordinating leadership of the LDDs.

The consistent support of the State of New York, the extensive and developing ARC-supported networks in Appalachian New York, the activities and outcomes of the ARC-supported Strategic Telecommunications Initiative and the augmentation of LDD technical expertise and training capacity through the State Initiative on Telecommunications have provided the foundation for Appalachian New York to advance to the next level in telecommunications development. New York will continue to support the development of these projects.

#### **D. ARC GENERAL GOAL 3 -- Develop and Improve Appalachia's Infrastructure to Make the Region Economically Competitive**

Goal 3 of the ARC Strategic Plan states that "Appalachian communities will have the physical infrastructure necessary for a self-sustaining economic development and improved quality of life." Whether it is roads, sewer, water or telecommunications, development of adequate community infrastructure can lead to a strengthened regional economy, reduced isolation of rural communities and increased accessibility to vital services.

##### **1. Implementation of The Upstate Agenda –**

The Governor's agenda for Upstate includes six development strategies that will address the objectives of ARC's General Goal 3. In fact the Governor realizes the strong relationship between adequate

infrastructure, whether it is gray or green, hard or soft, is crucial to ensuring the sustainable community development.

The Governor has stated that *“In order to revitalize our economy, we must get back to our roots and stake out a bold vision for infrastructure investment.”* Many of the goals of his Upstate Agenda are included in this investment. They include:

- launching a universal broadband initiative to ensure that New Yorkers in distressed upstate cities and rural towns will have access to affordable, high speed service;
- prioritizing regional infrastructure initiatives;
- revamping low-cost power programs while looking to expand generating capacity throughout the state;
- promoting brownfields development to ensure shovel-ready land for development, while also protecting public health and natural resources;
- connecting upstate farmers to downstate markets;
- implementing a comprehensive plan for promoting enjoyment of outdoor activities and tourism in New York.

## **2. Water and Wastewater Utilities Infrastructure**

Inadequate, antiquated and often substandard water and wastewater systems can impede economic growth and vitality in Appalachian New York. Many industries in the area are water-dependent and require a suitable water supply adequate for their growth needs. To retain or enhance their commercial sectors, as well as to satisfy environmental regulatory requirements, municipalities must continue to upgrade and expand their water and wastewater systems. Infrastructure development is often needed where property tax bases are low and in environments with sharply reduced federal funding. Eying the bottom line, numerous rural communities have had to defer necessary repair and maintenance of their systems. Meeting the capital requirements of infrastructure development for new industrial parks and other business sites is a similar challenge.

Beyond the commercial infrastructure concerns, some of the region's communities face significant health and safety problems due to inadequate or non-existent water and sewer systems. In the Southern Tier West region, for instance, two-thirds of the municipalities currently lack public water systems and almost three-quarters lack public wastewater systems. Many of these municipalities must rely on aged community wells and small reservoirs with leaking distribution lines as their sources of drinking water. Sewer and water systems in these areas must be upgraded to protect public health and the environment and to comply with federal and State regulations. The main obstacle to resolving these problems is the absence of adequate financial resources within these communities. Too often, the rural communities most in need of critical infrastructure upgrades are those that are least able to pay for them.

## **3. Resources for Infrastructure Development**

As the U.S. Environmental Protection Agency (EPA) estimated in its 2002 report "Clean Water and Drinking Water Infrastructure Gap Analysis" the current and future funding needs of the nation's water and wastewater facilities face a \$534 billion shortfall over the next two decades. The New York State Appalachian Program has long been committed to helping the Southern Tier address its infrastructure deficit.

Through 2006, ARC Area Development resources have been dedicated to approximately 92 water and sewer projects in communities throughout Appalachian New York. These investments also have leveraged

a significant amount of private and other public resources towards water and sewer repairs or improvements. For example, from 2004 through 2006, ARC investments of over \$1.3 million in ten infrastructure projects resulted in the creation and retention of 749 jobs and health/safety remediation for 14,718 household units. ARC resources are usually only a small catalytic part of a larger package of federal and State investments for particular infrastructure efforts.

New York State's Community Development Block Grant (CDBG) Small Cities Program, administered by the Office for Small Cities (OFSC), is an important source of intergovernmental infrastructure assistance. Through the Small Cities Program, the State administers HUD resources through direct grants distributed to eligible municipalities for use in revitalizing neighborhoods, expanding economic opportunities or improving community facilities and services. Through its annual competitive round application process, the OSC (Office of Small Cities) awards Small Cities grants for housing rehabilitation, home ownership, public facilities and micro-enterprise programs. In addition, the OFSC holds open round competition for economic development projects, which may include the construction or upgrading of public facilities in support of economic development.

Cities, towns and villages with fewer than 50,000 residents and counties with an area population under 200,000 are generally eligible for Small Cities funds. In order to qualify, a community must present an application that demonstrates a direct benefit to low-to-moderate income persons, is targeted toward an area in which at least 51% of the population is low-to-moderate income, aids in the prevention of slums and blight, provides job creation or retention or corrects an immediate and urgent threat to the community.

The New York State Drinking Water State Revolving Loan Fund (DWSRF), jointly administered by the New York State Environmental Facilities Corporation (EFC) and the New York State Department of Health, provides subsidized low-interest loans to municipalities financing high cost drinking water infrastructure improvements. Communities with demonstrated financial hardship may qualify for interest-free loans or hardship grants. The Clean Water State Revolving Fund (CWSRF) is also administered by the EFC in cooperation with the New York State Department of Environmental Conservation. The CWSRF provides subsidized low-interest long term financing and interest-free short term loans for municipally-owned point source and nonpoint source water pollution control and prevention projects. Residential wastewater treatment projects not exceeding \$14 million may qualify for reduced interest rate or interest-free financing. To be eligible for financial hardship financing, the total estimated annual sewer service charge must exceed the system's target service charge. The target service charge is based on the median household income of the community.

The CWSRF and DWSRF programs can be utilized by communities throughout New York State. The CWSRF began in 1989. Since that time the CWSRF has provided over \$362 million in long term financing to 128 communities for water quality improvement projects throughout the 14 county area that encompasses the Appalachian Regional Commission Program area of New York State. The DWSRF began in 1997. Since that time the DWSRF has provided over \$109 million in long term financing and over \$33 million in hardship grants to 73 projects throughout the 14 county Appalachian region.

#### **4. Co-Funding Initiative**

New York State is working to better coordinate the funding of water and sewer infrastructure projects among involved State and federal agencies through the NYS Water and Sewer Co-Funding Initiative. The Co-Funding Initiative is designed to help small communities obtain government funding to meet their water and sewer needs. The Water and Sewer Co-Funding Committee was formed in May 2001 and includes representatives from the following agencies: the NYS Department of Health (DOH), NYS Environmental Facilities Corporation (EFC), NYS Department of Environmental Conservation (DEC), DOS, NYS Office

for Small Cities (OFSC), Office of the State Comptroller (OSC), the New York State Energy and Research Development Authority (NYSERDA) and United States Department of Agriculture – Rural Development (RD).

Through a variety of means, including the creation of a centralized database, a website and a formal process to coordinate project funding, this Initiative will help communities learn about government funding programs, determine which programs a project may be eligible for, expedite the application process and obtain the maximum funding package for their project. The Water and Sewer Co-Funding Initiative provides an efficient and effective delivery of government funding for small community water and sewer systems throughout New York State. Additional information can be obtained at [www.nycofunding.org](http://www.nycofunding.org).

A Wastewater Collection and Treatment system for the Village of Canaseraga was implemented to provide improved sewer service to 594 people within a distressed community with a significant public health threat. In fact 29% of the residents had low or very-low income. This co-funded project with a total cost of \$4,590,000 was supported by a \$1,879,000 grant and \$100,000 loan from Rural Development, a \$400,000 grant from the Office for Small Cities, a \$2,061,000 loan from the Environmental Facilities Corporation and \$150,000 from ARC.

This project also benefited the limited local businesses that had closed and could not re-open until proper wastewater service had been established.

Specific New York State ARC Strategies for infrastructure development include:

*NYS Strategy 3.2a: Provide basic and/or supplemental funding assistance for the basic 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 work with public and private agencies to address documented critical health or safety needs.*

## **5. Brownfield Remediation and Redevelopment**

In many communities there is a need to provide industry with not only utilities but also serviceable land. Often this is through the new development of commercial/industrial parks or individual parcels. However, some of these areas contain substantial tracts of industrial "brown fields," or parcels of real property, the expansion, redevelopment or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant. If properly managed, these abandoned industrial sites can be redeveloped or adapted for new uses. Rehabilitation of these potential development assets reduces the pressure for expansion into outlying "green fields," an outcome consonant with "Smart Growth" strategies.

New York State (largely through its Brownfield Opportunity Areas program) support projects for the rehabilitation or expansion of industrial sites, including business incubators designed to foster industrial and commercial development. The State Brownfield program provides grants and tax incentives for cleanup of these sites, as well as liability relief and a planning option for municipalities to prioritize the redevelopment of their existing brownfields.

The Appalachian Program will promote brownfield development through the following strategies:

*NYS Strategy 3.4a: Develop and support regional planning and economic development policies that promote good stewardship of the Region's natural resources and encourage eco-industrial development.*

*NYS Strategy 3.4b: Provide basic/and or supplemental funding assistance for the physical infrastructure necessary for creation or retention of jobs, including support for re-use of former industrial sites*

## **6. Telecommunications**

The Southern Tier's growing telecommunications infrastructure has applications beyond formal education. Specifically, access to and proper use of telecommunications technology can increase the quality, availability and efficiency of business services, health care and governmental administration and service provision. Telecommunications equipment can be used to enrich both basic and advanced education and skills training programs, as well as to foster regional data exchanges. By providing a gateway to otherwise inaccessible resources and facilitating communication across great distances, this technology also helps to “level the playing field” between isolated rural areas and metropolitan centers.

The extensive and developing ARC-supported networks in Appalachian New York, the activities and outcomes of the ARC-supported Strategic Telecommunications Initiative and the augmentation of LDD technical expertise and training capacity through the State Initiative on Telecommunications have provided the foundation for Appalachian New York to advance to the next level in telecommunications development. Several rural advanced telecommunications projects have been located wholly or partly in Appalachian New York and all built on activities funded by ARC under the aforementioned Initiatives. Over \$4.8 million in ARC Area Development resources available to this State have been used to support over thirty-five telecommunications infrastructure projects that have furthered telecommunications network development.

Through these efforts, New York State is working to integrate the development of a flexible, technologically compatible and expandable telecommunications network with programs for improved leadership, community capacity, administrative efficiency, economic development and excellence in education. The Department of State will work closely with the Local Development Districts, the New York State Office for Technology, the Empire State Development Corporation and the Public Service Commission to develop an implementation plan and strategies to identify projects that use telecommunications funding for educational excellence, community capacity and economic development. It is the goal of New York State to produce a strategy that will guide the critical investments in telecommunications infrastructure the region needs to compete locally and globally.

In the Southern Tier Central region ARC resources supported a project to assess telecommunications infrastructure deployment in a 3-county area in order to be able to determine where voids in telecommunication services exist. Often much of the data that is available from telecommunications providers is limited. This project developed an assessment of availability that the Southern Tier Central Regional Planning Board could provide to economic developers promoting the region to businesses.

Also in the Southern Tier Central region, the Odessa-Montour telecommunications project installed fiber capabilities, helping to provide modern, high-tech telecommunication capabilities, including teleconferencing and distance learning. This served to benefit 6,670 students, staff, and community members within the Southern Tier Central region.

The following are the specific New York State ARC Strategies to promote the deployment of telecommunications:

*NYS Strategy 3.3a: Support telecommunications network development, technical assistance, and*

*training for educational, business, governmental, and other 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.*

## **7. Transportation in the Southern Tier: Other Modes**

Appalachian New York is connected to freight railroad service along the Southern Tier Main Line. Control of this line, formerly operated by Conrail, was transferred to the Norfolk Southern Corp. (NS) on June 1, 1999. This rail route connects major northeastern railroad traffic from New England and New Jersey through Binghamton, Elmira and Corning to Hornell, New York, in the central Southern Tier. From Hornell, the Southern Tier Main Line continues northwest to Buffalo, NY. CP Rail has trackage rights on this route between Buffalo and Binghamton, where it connects to its own rail lines. A route called the Southern Tier Extension also runs from Hornell through Olean and Jamestown, NY, and on to Meadville, PA.

Rail traffic on the Southern Tier Main Line is expected to increase significantly due to operational changes implemented by Norfolk Southern's for rail traffic entering the Buffalo area. NS and CP Rail utilize this route to compete with CSX's Water Level Route for traffic destined to New England and the Northern New Jersey port area. NS has already upgraded the line to allow higher speeds for prospective intermodal traffic. The Appalachian New York program, through the Southern Tier East Regional Planning Board, with cooperation of NYSDOT, is continuing to assess the possibilities of capitalizing on the rail service to develop an inland port.

The Southern Tier Main Line continues to provide valuable service to the region's coal power plants and heavy industries. Considering the expected increases in intermodal traffic and NS's marketing and industrial development efforts along the Southern Tier, local industries should further benefit from the expanded levels of service and lower transportation rates increased rail activity can provide. One area of concern on this line is the physical condition of the Portageville Bridge which spans the Letchworth Gorge. This bridge has been identified as quickly reaching the end of its useful life and could significantly disrupt rail service to the Southern Tier if it became necessary to take it out of service.

The Southern Tier Extension, currently operated by the Western New York and Pennsylvania RR, has been rehabilitated over the past two years through a combination of state, federal and private investment. This rehabilitation, combined with an extensive marketing campaign by the rail operator has resulted in an increase from 150 to 2000 carloads annually on the rail line. This line will have the capability of serving as a mainline through route for the first time since the 1980s.

There is currently no rail passenger service available in Appalachian New York. In 2002 the State completed a study to determine the feasibility of establishing intercity rail service between Binghamton and New York City. The study results indicated that intercity service along the Southern Tier line between Binghamton and Hoboken, NJ is not feasible due to significant capital and operating subsidy needs. The study recommended that upon implementation of the planned Scranton, PA to Hoboken, NJ service, that extension of service from Scranton to Binghamton be re-evaluated. Passenger excursion service between Syracuse was also deemed as feasible.

Intercity bus transportation and local transit services, along with specialized ambulatory 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. Due to low population densities and income levels, affordable and accessible multimodal transportation is necessary for bringing opportunities to individuals and achieving

the gamut of ARC's policy goals. Ultimately, ARC goals cannot be satisfactorily met until efficient, convenient and inexpensive transportation is widely available.

Scheduled light air service is restricted to the larger airports serving the Binghamton, Ithaca, Corning-Elmira and Jamestown areas. This service is limited and costly in comparison with that provided in major metropolitan airports. Several smaller cities have municipal airports which, though not providing scheduled flight service, have helped to attract some economic development. As is the case with other infrastructure concerns, the most significant barrier to constructing and improving these small airports is the lack of local financial resources.

In a final transportation note, two Southern Tier communities, the Village of Watkins Glen and the City of Ithaca, have access to the State's famous Erie Canal System through the Seneca and Cayuga Finger Lakes, respectively, and to the short feeder canals that connect them to the canal system in the north. Although the commercial transportation value of the Erie Canal is very limited today, connection to the system is an asset to regional tourism development.

New York' strategy for intermodal transportation development is:

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

#### **E. 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.

##### **1. Implementation of The Upstate Agenda**

The goal of the completion of the ADHS is to open up all of Appalachia to the global economy. The Governor made clear in his first State of the State Address that, *"Good infrastructure means transportation and that there is a need to complete priority projects so we can move people and goods faster and cheaper. This includes the completion of I-86, accompanied by smart-growth planning, which will alleviate environmental degradation, instead of contributing to it, and will make our communities more vibrant places to live, work and raise a family."*

Together ARC and New York State will ensure that resources will also be made available to promote an intermodal, regional transportation infrastructure that connects Appalachian New York to domestic and global markets. The ARC program also focuses Federal Highway Administration resources on the completion of the Appalachian Development Highway system in New York State.

##### **2. Appalachian Highway Corridors T, U and U1**

The Southern Tier's terrain presents a major barrier to surface transportation. As a result, there is only one major east-west road, New York State Route 17/Interstate 86 (I86), that traverses the entire region. This highway connects the New York City metropolitan area with Erie, Pennsylvania. From the New York City area to Binghamton, New York, Route 17 is called the "Quick Way". From Binghamton to Erie,

Pennsylvania, Route 17/I86 is called the "Southern Tier Expressway". This western segment is Corridor T of the Appalachian Development Highway System (ADHS).

The New York State Department of Transportation (NYSDOT) confirms that Route 17/I-86 has generated a substantial amount of inter- and intra-regional commercial traffic and that the flow continues to increase. The highway has helped corporations already located within Appalachian New York remain competitive and has encouraged the development of new retail and industrial sites.

The Expressway, because of its connections to Interstates I-81, I-88, I-90, and I-390, has also opened up the region and its attractions to travelers from metropolitan centers such as Boston, New York and Philadelphia. Therefore, it serves as a major corridor for tourist and non-business travel. In much the same way, Corridor T gives heretofore isolated residents of the Southern Tier access to economic, social and cultural opportunities in the region's small metropolitan areas and beyond.

A 1998 study conducted by Wilbur Smith Associates to provide an assessment of the ADHS corridors and segments open for traffic, estimated that from its inception until the year 2025, the Southern Tier Expressway is expected to provide over \$460 million in net travel benefits. These benefits include shorter travel times and reduced vehicle operating costs. The study indicates that Corridor T will produce \$1.69 in such travel efficiency gains for each dollar invested (as compared to a \$1.18 average yield for all the Corridors examined). Although the direct economic effects were not presented on an ADHS Corridor-specific basis, the New York State Appalachian Program estimates that the highway will generate approximately \$580 million in economic development benefits over the same time period, a return of \$1.90 for each dollar invested. From the standpoint of increased economic opportunity, ease of travel and cultural contact, modernization of Route 17/I86 provides important benefits for the Southern Tier.

Steps are being taken to bring Route 17 into the Interstate Highway System. The Transportation Equity Act of the 21st Century (TEA-21) permitted the designation of Route 17 from Erie, Pennsylvania to Harriman, New York as Interstate 86. Achieving Interstate-comparable conditions along the entire corridor is prerequisite to maximizing the Southern Tier Expressway's safety, efficiency and attractiveness to visitors, industry and commerce. A Wilbur Smith Associates study from January 2000, projected that \$3.2 billion in benefits would be realized over the next twenty years by Southern Tier communities if I-86 were completed in eight years.

NYSDOT has a strategic plan to upgrade the remaining miles of NYS Route 17 to Interstate standards. A number of key projects need to be completed in both the Southern Tier Central and Southern Tier East regions before this objective is reached. West of Elmira, upgrades in Horseheads and Big Flats have been completed. However, a section east of Elmira near Tioga County contains a number of direct access points for local roads, private driveways, and small commercial enterprises and just west of Binghamton, the Route 17/I-81 Interchange (Prospect Mountain Curve), a high accident location, must be reconstructed at a projected cost of up to \$100 million.

The other ADHS Corridors in New York State are Corridor U and Corridor U1. Most of Corridor U is comprised of U.S. Route 15 in Pennsylvania. The northern portion of Corridor U, however, veers east of U.S. Route 15 on SR 328 to the Elmira Arterial. A rerouting of the original plan, approved by ARC in April 1996, will bring the northern tip of the Corridor through the center of the City of Elmira and some of its satellites, making it an arterial for its last few miles. The construction of the Elmira Arterial has already resulted in badly needed infrastructure improvements. Corridor U is credited by local development officials with generating commercial and industrial development in downtown Elmira and in the poorest, most decayed sections of the city. Once New York State makes the appropriate connection to Corridor T, the City of Elmira will reach its full economic development potential.

Corridor U1 follows US Route 15 from its intersection with SR 328 in Tioga Junction, PA to its interchange with Corridor T in Painted Post, N.Y. Corridor U1 is needed to support the economic expansion and residential growth occurring in the Town of Erwin and adjacent areas. Congress recognized the importance of this route to accommodate interstate and international travel by passing legislation defining US Route 15 as a high priority corridor and designated it part of the future interstate system (I-99). Proposed Corridor U1 will greatly enhance the ADHS by providing a more direct high level connection (Interstate standards) between Corridor T and the rest of Appalachia as well as provide additional economic development opportunities in this area of Appalachia.

The Southern Tier faces related highway transportation problems, such as deteriorating bridges and inadequate secondary roads that prevent the region from maximizing the potential of its major highways. Too often, deficient bridges and roads prohibit transportation options necessary to local development or impede efforts to get products to market reliably. These conditions, for instance, can prevent modern milk or timber trucks from gaining access to an area. For people residing on the wrong side of a restricted or closed bridge, especially in the small and isolated communities of the region, the economic price can be severe. These limitations must be overcome if the full benefit of the Corridors is to be realized.

The Appalachian Development Highway Corridors will play an integral long-term role in regional development. Local development officials and the New York State Department of Transportation are aware of the importance of connecting area development strategies to these assets. Moreover, the relationship between economic development and the Corridors is explicitly recognized in New York State Appalachian plans and Area Development policy.

The following are New York State Strategies to ensure the completion of the ADHS:

NYS Strategy 4.1: Support communication between parties to resolve any barriers to the 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.

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.

[End of Part III]

## **PART IV: PROGRAM PLANNING AND PROJECT DEVELOPMENT**

### **A. Arc Program Organization And Process Overview**

The Appalachian Regional Commission consists of the Federal Co-Chairman appointed by the President and the thirteen Governors of the Appalachian States, one of which is chosen yearly as the State's Co-Chairman. The ARC staff reports to the Commission's Executive Director, while the Appalachian States employ the States' Washington Representative and support staff.

Secretary of State Cortes-Vazquez is The Governor's Alternate on the Commission. The Department of State is the official agent of the State of New York for cooperating with the federal government in administering the federal Appalachian Program, as specified in Article 6-B, Section 153 of the New York State Executive Law. Subsection 2 under this Section specifies that the Department of State is:

“To act as the official agency of the state for the purpose of administering, carrying out and otherwise cooperating with the provisions of the federal Appalachian Regional Development Act of 1965 as heretofore and hereafter amended [40 U.S.C.A., Appendix]; to apply for, accept, and expend funds made available by the federal government pursuant to such federal acts and enter into any necessary contract or compacts in connection therewith, and to take any further action which may be required under the terms of any such federal act.”

Several other agencies cooperate with the Department of State as it administers the Appalachian program in New York State. The three multi-county Local Development Districts (LDDs) in the Southern Tier have major independent roles in the Appalachian Program as recipients of administrative grants from ARC. Certain federal and state agencies serve as basic agencies and administer ARC construction grants under Section 214 of the ARC Redevelopment Act.

The Department of State is responsible for preparation of the annual New York State Appalachian Strategy Statement and the implementing Regional Investment Package. The Package is developed by the Department in close cooperation with the state's three Appalachian LDDs and several State agencies. The following is a statement of the process utilized in New York State for the preparation of the annual Appalachian Regional Investment Package and the transmittal of project applications to the Appalachian Regional Commission for approval and funding.

### **B. Preparation And Implementation Of New York State Appalachian Regional Investment Package**

1. In the early Spring of each year the Department of State confers with the LDDs and cooperating State agencies to discuss Appalachian Regional Commission (ARC) and New York State policies affecting the development and implementation of the Area Development Program and other ARC non-highway programs in the coming federal fiscal year. The policies established in the ARC authorizing legislation as amended, the ARC Code, Project Guidelines and Commission resolutions serve as the framework for discussion of proposed New York State policies for the implementation. The following are reviewed:

- a. The **Application Guidance document** for potential project sponsors, including a detailed statement of New York State policies for ARC Area Development projects for the coming Federal Fiscal Year, 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.
  - b. Proposed revisions to the **State-Local ARC Priority Point Rating System** for evaluation of project proposals under each eligible project category.
  - c. A proposed **schedule for the project development and review process** during the coming fiscal year, 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 preliminary Investment Package.
2. In early April, the Secretary of State issues an invitation memorandum to all local governments, educational agencies, industrial development agencies and appropriate other potential project sponsors in Appalachian New York. This document discusses ARC's Area Development efforts for the coming fiscal year, provides the project development and review schedule, and solicits applications through the LDDs. The Application Guidance document and the State-Local ARC Priority Point Rating System are transmitted to the LDDs and to cooperating State agencies. Potential project sponsors are advised to contact the appropriate LDD as the first step in the process.
  3. The Local Development Districts actively solicit applications from potential local project sponsors in the Spring. Workshops on the Appalachian Program are held in each region, and LDD staff provides technical assistance to the sponsors to insure that ARC and State requirements as well as application rating criteria are addressed.
  4. Acting within deadlines agreed upon with the Department of State, the LDDs review project applications and develop regional priority rankings based on the State-Local ARC Priority Point Rating System. Applications and priorities are forwarded to the Department of State during the later Summer.
  5. The Department of State prepares in early Fall a draft Investment Package based on independent staff review of all applications according to the State-Local ARC Priority Point Rating System, taking into consideration LDD recommendations and comments. The ARC Program Manager and staff meet in the field with each LDD separately to present and discuss the preliminary draft Investment Package. This list of project includes priority projects as well as standby projects that may be eligible for additional funding. The LDDs are given the opportunity for comment on the package and present additional project information.
  6. At the recommendation of the Secretary of State, the Governor of the State of New York formally transmits to the Appalachian Regional Commission in the Fall the official **New York State Appalachian Regional Investment Package** for the new federal fiscal year. The annual Investment Package implements the **New York State Appalachian Strategy Statement** for the

identified federal fiscal year, concurrently transmitted by the Governor, as well as the four-year **New York State Appalachian Development Plan** of record.

7. The LDDs are notified of the Investment Package priorities and advise successful applicants. If ready, applications are submitted to ARC for staff review. For some projects that require changes, meetings are arranged with the LDDs in the Fall at which staff from ARC, the Department of State, cooperating State agencies, federal basic agencies and the LDDs discuss projects with their sponsors.
8. If additional resources become available, the Department of State notifies the LDDs that specific standby projects may be submitted for approval. Full applications for standby projects must be reviewed and approved by the LDDs prior to transmittal to the Department of State. (In the case of workforce training, basic skills, telecommunications and educational excellence projects involving equipment, the New York State Education Department acts as basic agency and formal project applicant, providing technical assistance to the local project sponsor as necessary and transmitting the final application to the Department of State).
9. Department of State staff makes final review of full applications and recommend to the Secretary of State the approval and formal transmittal to the Appalachian Regional Commission of appropriate applications with a recommendation for funding.

NOTE: For FY 2007 the Department of State agreed to a project solicitation pilot with the Southern Tier West Regional Planning and Development Board where they would accept pre-applications. These pre-applications were then reviewed by LDD staff and DOS staff based upon the review criteria. Each project applicant was asked to present their project to the STW Board and DOS staff. Once this was completed a selection of the highest scoring projects were asked for final applications. This process permitted the submission of more ideas for implementation and a more flexible project solicitation process. It also permitted more direct assistance for application development.

### **C. Project Application, Performance And Reporting**

The State of New York through its Department of State has developed objectives, strategies and measures to guide the investment of ARC Area Development resources in Appalachian New York. They have been developed to address the economic and social development issues and needs of the region and were prepared in close consultation with the three LDDs and cooperating State agencies.

All projects from New York State receiving ARC resources under the Area Development Program must address one of the four Strategic Goals for the Appalachian Region identified in the ARC Strategic Plan or a Regional Initiative as determined by the ARC. **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.** Potential project sponsors must demonstrate clearly that the activities they propose for use of ARC resources will implement one of the strategies related to the appropriate Strategic Goal and objective.

The New York State application for funding is organized by ARC Strategic Goal. Under each Goal, at least one New York State objective has been established. One or more strategies, identified in **bold face** type, are established to address each objective (see Appendix B). **The strategies are the key statements of New York State policy for use of ARC resources.** Under each strategy, categories of projects

eligible for ARC funding are identified in *italics*. Activities which are encouraged because they reflect particular State-local policy emphases are distinguished.

As part of the application process, all project sponsors are required to identify the outputs and outcomes the project will achieve and the dates by which these measures will be achieved. These output and outcome measures are intended to satisfy the 1995 Government Performance and Results Act, which mandated that ARC collect and report information to the U.S. Office of Management and Budget on project performance to judge effectiveness in meeting ARC goals. Output measures quantify a project's immediate products and activities, which have been identified in the project application. Outcome measures assess longer-term results of project outputs by gauging project accomplishments in quantitative terms.

The output measures for each eligible project category identified in Appendix B must be reported to ARC. Sponsors must formally agree to provide the LDD with project performance information during and after the project for a period of three years. The LDDs collect performance data for each project for use on a Semi-Annual Status Report form developed by the Department of State. This form addresses project status, whether and when the project has been approved or extended and readily discernible implementation progress. The LDDs submit these forms to the Department of State. Annually, DOS compiles a performance report that lists aggregate outputs and outcomes for each ARC Goal and NYS Strategy. It includes measures used solely by New York State to supplement ARC's own performance measures and provides a more complete appraisal of project performance.

CHART IV-1 NEW YORK STATE APPALACHIAN REGIONAL INVESTMENT PACKAGE PROCESS (next page)

**CHART IV-1: New York State Appalachian Regional Investment Package Process**

	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar .	Apr
1. NYS Appalachian Coordinating Committee (State agencies, LDDs): establish review policies and schedule; review Application Guidance document and rating system; discuss Plan changes														
2. Secretary of State's invitation memorandum to potential project sponsors														
3. LDD technical assistance to project sponsors; project development efforts														
4. LDD Review of Initial Applications and submission of priority list and projects to State														
5. State review of submitted Applications and preparation of preliminary draft State Investment Package; ARC Program Manager and staff meet with LDDs to discuss draft Investment Package														
6. Governor formally transmits NYS Investment Package and Strategy Statement to ARC														
7. Possible meetings on Group I projects involving ARC, the NYS Department of State, LDDs, State and federal agencies														
8. State review and approval of projects; Secretary of State transmits approved applications to ARC for funding; Funding generally within 60 days of receipt by ARC	Prior FY projects	Prior FY projects	Prior FY projects	Prior FY projects										

[End of Part IV]

[End of Document]