January 19, 2023

Dear Mr. McBride:

Attached is Ohio's 2023 Appalachian Regional Commission Annual Strategy Statement, which is consistent with Section 5 of the ARC Code. An outline of Ohio's goals and priorities for the program year are included in this document, as well as Ohio's areas of focus in accordance with ARC's strategic plan.

As we start this new year, we're reflecting on the unique advantages and opportunities present in Appalachian Ohio. The following document highlights those opportunities and the goals the Ohio Governor's Office of Appalachia is striving to achieve. The strategies and previous years' results highlighted in this statement are integral to our vision for Appalachian Ohio and our state as a whole.

Questions on this document can be directed to my state alternate, Director John Carey, at (614) 653-0203; Julia Hinten, GOA Chief of Staff, at (614) 728-4878; or Austin Ward, Appalachian Program Administrator, at (614) 561-0173.

Very respectfully yours,

Mike DeWine
Governor

State of Ohio Appalachian Regional Commission
2023 Annual Strategy Statement

Ohio | **Department of Development**

Mike DeWine, Governor **Lydia L. Mihalik**, Director
Jon Husted, Lt. Governor

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Introduction

The State of Ohio submits this Annual Strategy Statement in compliance with Chapter 5 of the Appalachian Regional Development Commission (ARC) Code.

Ohio's 2023 Annual Strategy Statement describes the Governor's goals, objectives, and priorities for Ohio's 32 Appalachian counties and serves as a guidance document for the Governor's Office of Appalachia (GOA) and Ohio's four Local Development Districts (LDDs). The priorities presented are designed to address Appalachian Ohio's unique needs and to improve the region's community, educational, and economic prosperity by focusing ARC and State of Ohio funds.

Governor Mike DeWine serves as Ohio's Commission member. The Governor's Office of Appalachia administers project funds in Ohio. John Carey serves as the Director for GOA and the Governor's alternate, Julia Hinten is the Chief of Staff, Austin Ward is the Appalachia Program Administrator, Madison Knight is the Office Manager, and Diane Oyer-Meadows is the Business Analyst. This Annual Strategy Statement includes input from the GOA Director and staff, four LDDs, Governor's office, and Ohio Department of Development.

Specifically, the 2023 Strategy Statement:

- **Discusses the economic challenges and opportunities, as well as new developments and resources that impact Ohio's Appalachian counties.**

- **Provides an overview of targeted investment priorities for the program year.**

- **Identifies specific strategies for the state's distressed counties and areas.**

- **Outlines Ohio's ARC program operating policies.**

- **Describes the methods used to solicit, review, and select projects.**

Market Street Cafe in downtown Portsmouth

Boss Bison Ranch in Cadiz

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Overview and Assessment of Ohio's Appalachian Region

Ohio's Appalachian Region

Appalachian Ohio is a 32-county area positioned along the eastern and southern borders of the state. The region covers more than 39% of Ohio and features a diverse terrain. Ohio's 32 contiguous Appalachian counties are: Adams, Ashtabula, Athens, Belmont, Brown, Carroll, Clermont, Columbiana, Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, Holmes, Jackson, Jefferson, Lawrence, Mahoning, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pike, Ross, Scioto, Trumbull, Tuscarawas, Vinton, and Washington.

The region is sparsely populated, with slightly more than 124 persons per square mile compared to the statewide average of 285 persons per square mile. As of 2020, Ohio's Appalachian population was just under 2 million people. Most of the region faces a population decline.

From 2010 to 2020, the region lost more than 56,000 residents and is estimated to lose 45,000 more by 2030. This reflects the nationwide trend of population loss in rural areas.

The region faces low developed land use, nearly 9% compared to the statewide average of almost 14%. Over 58% of the region is forest. Appalachian Ohio is less racially diverse and less educated than the rest of the state. Ninety-two percent of the population identify as white – compared to 81% statewide – while more than 26% have a college degree or higher versus 37% statewide.

Appalachian Ohio has a unique past. Historically, coal has been a major economic driver for much of the region. Agriculture, steel, and manufacturing are other leading industries. The region has faced various economic booms and downturns but is home to a resilient population with a strong sense of community.

Ohio's Appalachian region covers more than

39%

of the state and features a diverse terrain

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◼ Distressed Counties

ARC designates county economic status each fiscal year, ranging from attainment to distressed. Distressed counties are the most economically depressed counties, ranking in the lowest 10% in the nation.

Ohio has five distressed counties in Fiscal Year 2023. These counties include Adams, Athens, Meigs, Noble, and Scioto. While each county has its own unique challenges, all five face similar issues and trends. GOA will work with other state agencies, the LDDs, local officials, and other organizations in the region to address the specific needs of each county. Several projects are underway in these counties focused on broadband deployment, workforce development, and critical infrastructure.

In Ohio's Four-Year Development Plan, one goal was to have a workforce center in all distressed counties.

As of Dec. 2022, all five counties now have workforce centers or have approved plans to construct one.
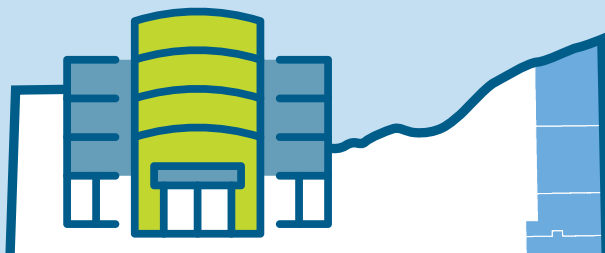
Challenges

Throughout its history, Appalachian Ohio has experienced significant economic hardship. A 2022 report by the Consumer Financial Protection Bureau stated that the median household income in Appalachian Ohio is $46,341 compared to $57,287 for the state. The report also noted Appalachian Ohioans have higher rates of medical debt collection and credit card utilization, and a lower percentage of people with mortgages, compared to state averages.
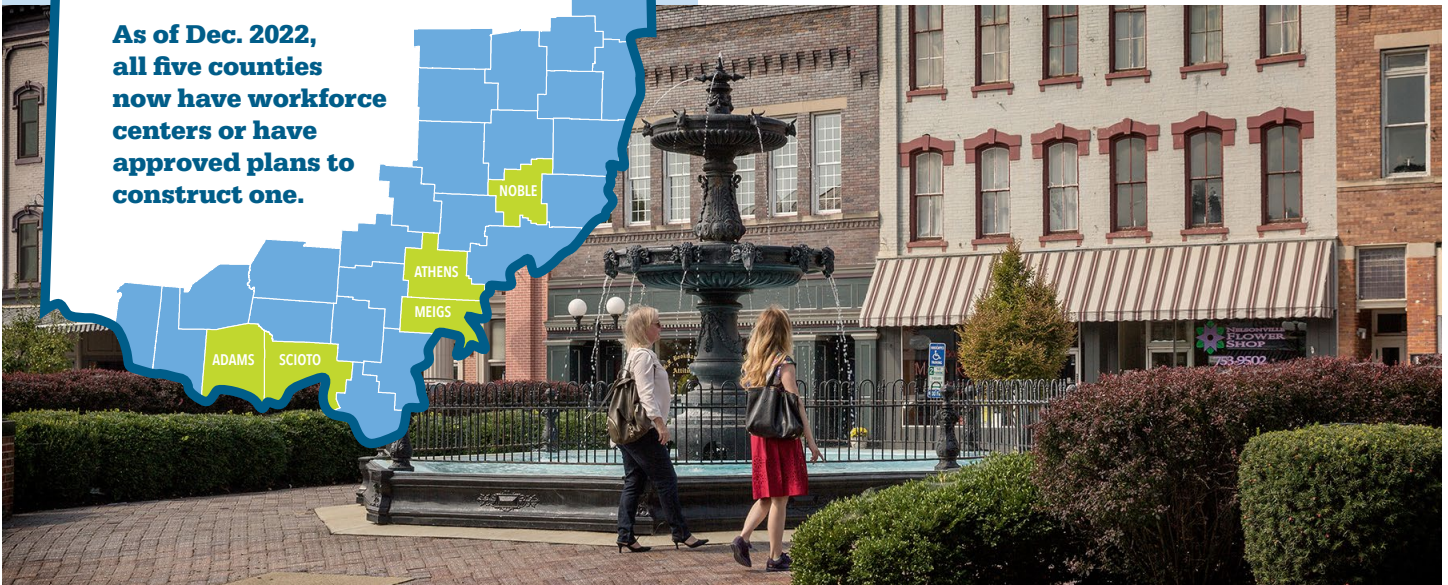
Additionally, an aging population and overall decline in population pose a challenge in Appalachia. Nine of Ohio's 88 counties experienced an increase in the percent of the population in poverty from 2010–2014 to 2015–2019. Eight of these counties are in Appalachia.

Ohio's Appalachian region faces numerous other challenges including:

- Access to clean drinking water.
- Access to health care and mental health resources.
- Aging population.
- Deteriorating infrastructure.
- Lack of broadband access.
- Substance use disorder and addiction related issues.
- Gaps in workforce, labor participation rate, and available jobs.
- COVID-19 pandemic health and economic impacts.

Downtown Nelsonville

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Opportunities

Despite these challenges, Ohio is also home to valuable resources and unique opportunities. Appalachian Ohio's natural and cultural assets are a major strength and help make the region ripe for tourism growth. Governor DeWine and Lt. Governor Husted maintain a strong focus on revitalizing downtowns and building and strengthening Ohio's workforce. Through connecting downtowns with existing natural resources like Ohio's growing trails system, waterways, and state and local parks, Ohio can grow businesses and provide opportunities for local economies.

The DeWine-Husted Administration is prioritizing the revitalization of downtowns and strengthening local economies in the 32-county territory through the new Appalachian Community Grant Program. Established in Ohio House Bill 377 and signed into law by Governor DeWine in June 2022, the program directs $500 million in Ohio's designation of American Rescue Plan Act funding to the Appalachian region with a focus on community development infrastructure, workforce, and healthcare. This program seeks to create transformational change through large-scale projects that will be impactful, collaborative, and sustainable for an overall improvement in quality of life for Appalachian Ohioans. The first round was open Nov. 2-Dec. 9, 2022, and included $8 million available for planning and $50 million for development projects. Awards will be announced in early 2023. The second round will open in fall 2023 with the remaining funds available for development projects.

Appalachian Community Grant Program

- Signed into law by Governor DeWine in June 2022.

- Seeks to create transformational change through large-scale projects that will be impactful, collaborative, and sustainable for an overall improvement in quality of life for Appalachian Ohioans.

$500M

Directs $500 million to the Ohio Appalachian region.

Harbor Perk Coffeehouse and Roasting Co. in Ashtabula

The second round of the Appalachian Community Grant Program will open in fall 2023.

Piatt Park in Woodsfield

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Successes

The Ohio Appalachian region has a long history of innovation and is prepared to meet the demands of the evolving American economy. Numerous small and large businesses are focused on advanced manufacturing and STEM-related industries. Washington County is home to a Thermo-Fisher Scientific facility with advanced laboratory technology services and trainings, and one of only six Orion Carbon Engineering locations in the country. Ultium Cells, a collaborative effort between General Motors and LG to rapidly increase lithium-ion battery cell production, selected Warren in Trumbull County as a site for a new facility. Additionally, Intel recently announced what is expected to be the largest semiconductor production facility in the world to be built in Ohio, just outside of Appalachia. Community colleges and universities in Appalachian counties are already preparing programs to meet the workforce demand created by Intel.

Ohio is also preparing its workforce for the implementation of billions of dollars in broadband infrastructure funding that is expected over the next few years. Tri-County Career Center in Nelsonville introduced a 40-hour course that will train and allow students to become Fiber Optic Association Certified Fiber Optic Technicians.

Governor DeWine has directed his cabinet to work in cooperation with GOA, resulting in several valuable partnerships aimed at solving important problems and capitalizing on emerging opportunities. These partnerships include other offices in the Department of Development, other state agencies, local officials, and economic development groups, just to name a few. Through these relationships, GOA will pool resources and knowledge to help improve opportunities in the region. Currently, GOA is working with over a dozen state agencies on various projects.

Director Carey and Austin Ward at Quanex in Cambridge for Manufacturing Day

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State Policies and Processes

The Governor's Office of Appalachia is responsible for preparing the area development projects through coordinated efforts with the LDDs and their members, nonprofit organizations, local communities, and JobsOhio and their regional partner organizations. GOA ensures the 32-county Appalachian region has access to all available state programs and administers ARC funds. Ohio is the only state in the 13-state federal Appalachian region to match ARC funding with state funding.
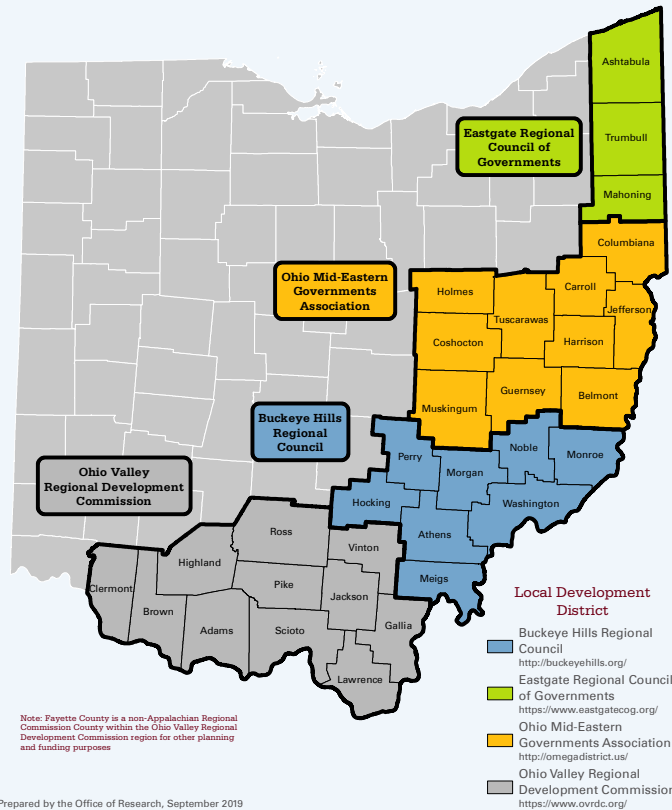
Local Development Districts (LDDs)

The role of LDDs is to coordinate project development at the local and county levels, then advance the projects to the state GOA office. Ohio's four LDDs are:

- **Buckeye Hills Regional Council (Buckeye Hills)**

- **Eastgate Regional Council of Governments (Eastgate)**

- **Ohio Mid-Eastern Governments Association (OMEGA)**

- **Ohio Valley Regional Development Commission (OVRDC)**

The LDDs prioritize their local communities' concerns and work with board members and other local citizens to develop economic development plans. They focus on their most pressing needs and build community and leadership. Using a "bottom-up" approach, local communities and the LDDs prioritize projects through a scoring process. The scoring criteria includes provisions to focus additional support, funding, and resources for counties designated as "distressed" by ARC.

The LDDs take the lead role in identifying the unique strengths, barriers, opportunities, and threats to their member-counties. The LDDs work with their governing boards, members, and citizen advisory groups to evaluate and prioritize the economic needs in their respective regions and identify solutions organized around ARC's five goals.

Note: Fayette County is a non-Appalachian Regional Commission County within the Ohio Valley Regional Development Commission region for other planning and funding purposes

Prepared by the Office of Research, September 2019

Local Development District

- Buckeye Hills Regional Council
  http://buckeyehills.org/
- Eastgate Regional Council of Governments
  https://www.eastgatecog.org/
- Ohio Mid-Eastern Governments Association
  http://omegadistrict.us/
- Ohio Valley Regional Development Commission
  https://www.ovrdc.org/

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Ohio's Investment Priorities for 2023

Broadband

In today's economy, and emphasized throughout the COVID-19 pandemic, broadband has become a necessity rather than a luxury. This is especially true in Appalachia, where even fewer people have access to a secure, reliable internet connection. This deficiency poses a serious concern as the country and world continue to shift to more virtual options. Workforce, education, and healthcare sectors, and much more in Appalachia face negative impacts as a result of slow or nonexistent broadband access.

The DeWine-Husted Administration is focused on bridging the digital gap for all Ohioans. In March 2020, Governor DeWine established the office of BroadbandOhio, dedicated to increasing broadband efforts across the state. GOA works closely with BroadbandOhio to organize broadband implementation in Appalachian Ohio.

Through funding made available by the legislature, BroadbandOhio launched the Ohio Residential Broadband Expansion Grant (ORBEG) program in 2021. In 2022, 33 projects across the state were awarded $232 million. Twenty-five of these projects were in an Appalachian county. A total of 35,000 unserved households will now be serviced with broadband as a result of this program. Additionally, GOA utilizes ARC funds to provide technical assistance for broadband

and state basic agency projects. This has led to a higher volume of broadband implementation projects.

BroadbandOhio and the DeWine-Husted Administration also announced the Community Accelerator Cohort which includes four participating teams: Team Defiance County, Team Shelby County, Team Tuscarawas County, and Team Ohio Valley Regional Development Commission (OVRDC). A total of 50 representatives from 11 Ohio counties, plus other institutions and agencies will prepare for various state and federal funding opportunities that they can leverage to help their communities. Participants will receive over 30 hours of no-cost expert counseling provided by the Benton Institute and Ohio State University Extension, focusing on structured engagement for communities to identify broadband goals, collect data, and understand and assess available funding options.

In January of 2022, the Muskingum Valley Educational Service Center (ESC) telehealth project went live in the first two schools. InnovateOhio, BroadbandOhio, the Muskingum Valley ESC, and the Appalachian Children's Coalition collaborated on this initiative to connect nearly 20,000 students to telehealth services through a $1.15 million project allocated through InnovateOhio. Once complete, the project will serve 15 school districts, across the following counties in Appalachian Ohio: Coshocton, Morgan, Muskingum, Perry, Noble, and Tuscarawas.
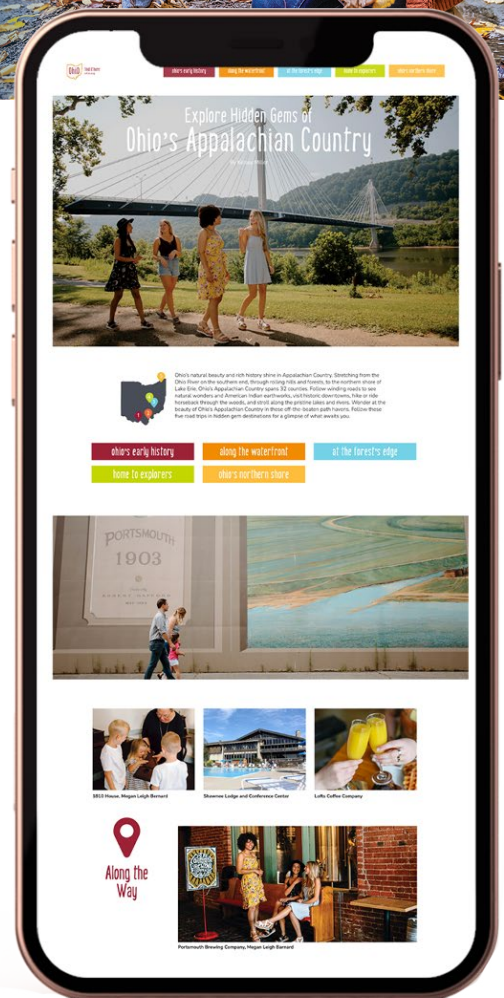

Nelsonville Music Festival

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◼ Tourism

Raven Rocks State Nature Preserve

Tourism can be a great economic driver. In Appalachia, it offers many opportunities for growth.

The Governor's Office of Appalachia has been working with the state's tourism division for several years to put together a coordinated strategy for tourism growth in the region. Through partnerships with other state agencies, such as the Ohio Department of Natural Resources, as well as local convention and visitors' bureaus, economic organizations, and business, GOA is working to help increase the number of visitors to local communities and build tourism strategies.

Additionally, GOA participates in TourismOhio's yearly co-op, which provides focused marketing, storytelling, and social media efforts surrounding the region. For local communities, the program provides a 50% marketing match, which helps areas with small tourism budgets promote their regions.

Merry Family Winery in Gallia County

In 2021, the co-op partnership led to more than 4.6 million overall impressions. The storytelling focus, **Explore Hidden Gems of Ohio's Appalachian Country**, is prominently featured in Ohio's 2022 Inviting Regions Campaign. The gems highlighted span the Ohio River on the southern end to the northern shore of Lake Erie. Storytelling influencers gained 232,888 impressions and connected TV leveraged 2.8 million impressions. Assets for the 2022 campaign were completed in fall 2022 and will run throughout 2023.

2023 will mark the fourth year GOA has collaborated with TourismOhio through the co-op partnership. The storytelling package connected TV ads, social media influencers, and paid searches will all be included in efforts to encourage positive experiences and awareness of the Ohio Appalachian region.

McKenna's Market in Cambridge

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Other ongoing tourism strategies include:

- Promoting the region's best assets by establishing a positive regional image featuring the people living within Appalachia and encouraging potential visitors to see the region's generous hospitality and appeal.

- Utilizing LDDs to help identify places of interest to highlight.

- Providing the Economic Impact Report generated by Ohio's Appalachian Country with funding assistance. This organization uses data to drive policy discussion and investments in Appalachian tourism. The report assists counties in marketing tourism as an economic development focus.
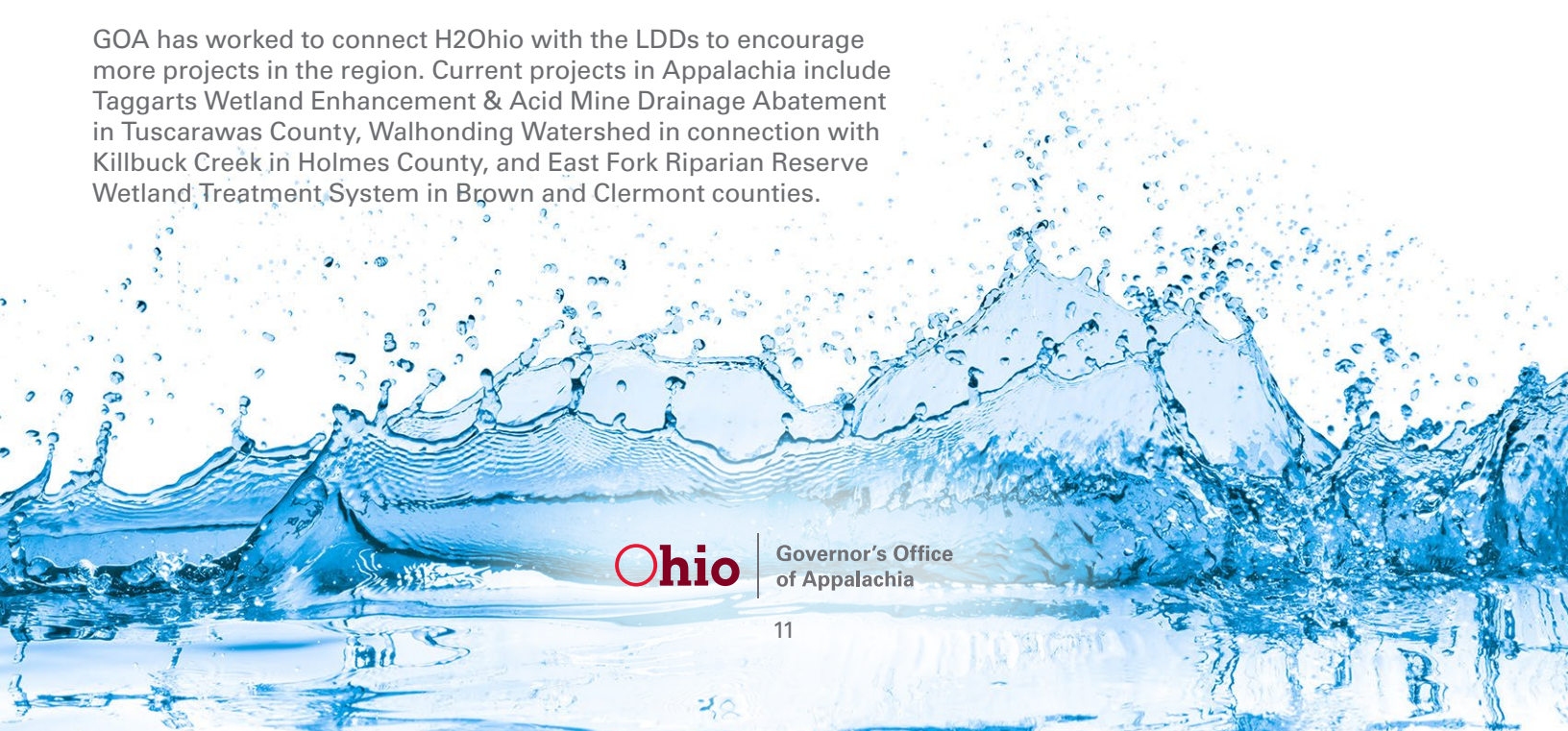
Water

Lack of access to clean tap water is still an issue for many in Ohio's Appalachian counties. Governor DeWine created the H2Ohio Council and Fund to invest in targeted solutions to ensure safe and clean water.

In 2020 and 2021, GOA worked with the Voinovich School at Ohio University to estimate how many people are without access to a water system. GOA and Ohio University met with all 32 counties to map existing water lines in the Appalachian region. As of November 2022, nearly all the water lines had been mapped. This data is critical to help allocate resources to those without access and will prove to be a valuable tool going forward.

Ashtabula Harbor

GOA has worked to connect H2Ohio with the LDDs to encourage more projects in the region. Current projects in Appalachia include Taggarts Wetland Enhancement & Acid Mine Drainage Abatement in Tuscarawas County, Walhonding Watershed in connection with Killbuck Creek in Holmes County, and East Fork Riparian Reserve Wetland Treatment System in Brown and Clermont counties.

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Economic Development and Entrepreneurship

Historically, the region has been a major contributor to the nation's need for timber, charcoal, and coal. The decline in coal and coal-related industry has been a hard-felt loss to Ohio's Appalachia region. GOA and OhioSE are working together to focus on cluster development to offset this loss.

Fostering economic development and entrepreneurship will continue to be a focus for 2023. GOA and the LDDs are promoting the Governor's TechCred program to companies throughout the region. The TechCred program will help Ohioans learn new skills and help employers build a stronger workforce with the skills needed in a technology-infused economy. The office also sponsors a STEM camp in partnership with Buckeye Hills Regional Council and Building Bridges to Careers with the goal of inspiring an entrepreneurial mindset in Appalachian youth.

Daily Grind Cafe in New Philadelphia

Briquettes Smokehouse in Ashtabula

Dennison Depot

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State Policy Overview of Ohio's Appalachian Development Program

Program Overview

The Governor's Office of Appalachia coordinates with Ohio's four Local Development Districts (LDDs) to administer the following programs: Appalachian Local Access Road, Area Development, and Distressed Counties. The office also reviews and helps solicit applications for ARC's competitive POWER and INSPIRE initiatives. Funds for these programs come from either the Appalachian Regional Commission or the State of Ohio's General Revenue Fund (GRF).

Interested applicants work directly with their LDD to design and refine proposed projects. For most of the grant programs, applicants submit completed pre-application or application forms to their LDD and apply for funding. LDD staff and board members review, score, and rank applications to create a board-approved district funding package. The Local Development Districts submit the funding packages to the ARC Program Manager and the Governor's Office of Appalachia Director for review. Projects included in Ohio's investment packages support the goals and objectives of the ARC and the State of Ohio Four-Year Appalachian Development Plan and Annual Strategy Statements. GOA will review all projects for ARC eligibility, feasibility, match commitments, and to ensure the outcomes and outputs align with ARC code and program guidelines.

All projects funded with federal ARC or state Appalachian development funds require a match based on the ARC-determined economic status of the county where the project will be located. Based on the county economic designation and total project cost, match is determined by the following requirements:

Director Mihalik meeting with Appalachian mayors at the Ohio Statehouse

County Designation & Match

- Distressed: 80/20 percent.
- At-Risk: 70/30 percent.
- Transitional: 50/50 percent.
- Competitive: 30/70 percent.
- Attainment: ARC and state Appalachian development funding is usually not available for projects located in ARC designated attainment counties

Ineligible Projects

Projects and activities that are ineligible for federal ARC funds or State Appalachian funds are:

- Projects related to local governments' general operations, including constructing city halls, courthouses, jails, and fire departments as well as salaries and operating costs related to these governmental functions.
- Political activities of any kind, whether at the local, state, or national level.

Project Timeline

- Project activity in attainment counties.
- Constructing schools.
- Indirect costs.

Construction projects should be designed to be completed within a 24-month timeline and non- construction within a 12-month timeline. Projects requiring a longer timeline will be considered on a case-by-case basis. The ARC Program Manager may withdraw the balance of funds if a project cannot be completed within the agreed upon project period. ARC reserves the right to withdraw grants for projects not under contract within 18 months of approval.

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Consolidated Technical Assistance and Registered State Basic Agency

The Governor's Office of Appalachia also utilizes ARC's Consolidated Technical Assistance program. This grant allows Ohio to receive federal funds with the goal of expanding capacity. The grant helps support two full-time positions in the office and provides supplemental funding for Ohio's LDDs. The Consolidated Technical Assistance program has been a valuable resource for Appalachian Ohio.
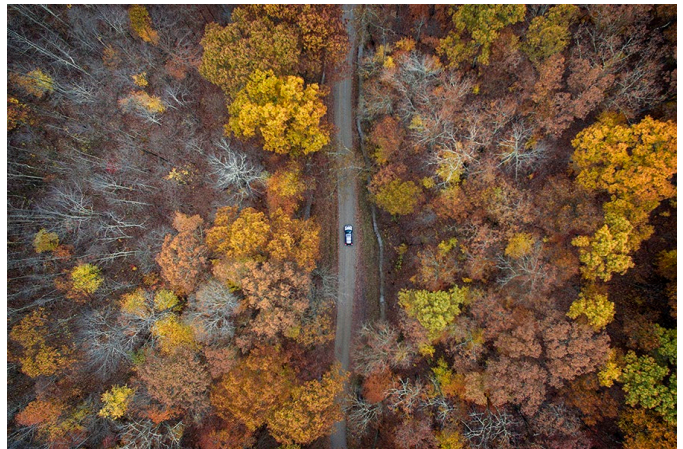
Additionally, the Governor's Office of Appalachia also serves as a Registered State Basic Agency (RSBA) for federal ARC construction projects. This allows for more flexibility and support for projects within Ohio. The Department of Development utilizes Appalachian Management Systems, LLC to help perform the necessary duties of a RSBA. An ARC grant also helps fund the office to serve in this role. Ohio would have significantly less flexibility and fewer construction projects without the RSBA program.

ARC Competitive Programs: POWER, INSPIRE, and ARISE

ARC's Investments Supporting Partnerships in Recovery Ecosystems (INSPIRE) Initiative and Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative have had a major impact in Ohio. In 2022, ARC launched Appalachian Regional Initiative for Stronger Economies (ARISE). This multi-state initiative "aims to drive large-scale, regional economic transformation through multi-state collaborative projects across Appalachia." ARISE is funded by the Infrastructure Investment and Jobs Act (IIJA). GOA has already met with interested applicants to encourage this new investment initiative which will be awarded on a rolling basis.

The INSPIRE program was developed by ARC following a series of listening sessions across the region focused on Substance Use Disorder (SUD). Recovery-to-work has been a major focus for Governor DeWine throughout his administration and during his role as ARC States' Co-Chair in 2020. In the 2022 funding round, Ohio was awarded $1.3 million for the following projects: "Guernsey County Recovery to Workforce Development Project," "Partners For Success: Supporting Growth From Recovery To Careers" in Lawrence County, and "Recovery, Wellness, and Employment Program" in Highland County. This brings the total number of INSPIRE investment projects in Ohio to 10 since the program started in 2021.

The POWER program is a unique opportunity for coal-impacted communities to receive funding for transformational projects that can effectively boost the regional economy. Many coal communities have faced severe economic downturns as a result of continuous decreases in coal mining.

POWER projects give coal-impacted communities opportunities for economic replacements. Since the establishment of the POWER program in 2015, 48 Ohio-based projects have been awarded, totaling project investments thus far over $36.9 million. Eight of these were funded in 2022, including grants for Connecting Underserved Carroll County, Youngstown State University Broadband and 5G Readiness Training Program, and Appalachian Ohio Manufacturers Coalition (AOMC) Thornton Ohio Institute of Technology. These projects help prepare Appalachian Ohio for the future economy, connect more Ohioans to the internet, and promote economic development in the areas most negatively impacted by the decline in the coal industry.

ARC's POWER Technical Assistance grant program allows the Governor's Office of Appalachia to contract with two individuals who have the capacity and expertise to assist in the project development and grant writing processes.

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■ ARC Youth Programs

ARC's annual Oak Ridge Summer STEM Program continues to generate interest in Ohio. In 2021, two middle school and two high school students participated in the program virtually. In 2020-2021, Ohio had a high level of participation in ARC's Appalachian Entrepreneurship Academy as well. Of the 12 Appalachian students who participated virtually, four were from Ohio.

In 2019, Ohio developed its own STEM camp, in partnership with Building Bridges to Careers. The program originated as a way for students who were not chosen or able to attend ARC's Oak Ridge Summer STEM program to participate in a local version of the program. The program returned to an in-person format in 2022 and continues to improve year after year.

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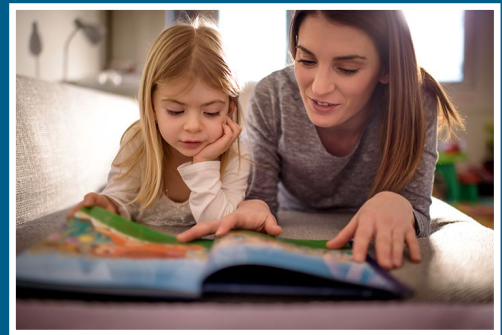## Dolly Parton's Imagination Library of Ohio

Encouraging Ohio's children to read is an important endeavor statewide, but especially so in Ohio's Appalachian counties. With lower education rates and childcare deserts existing throughout the region, the Imagination Library is an opportunity to help children easily access books and increase literacy rates.

The Ohio Department of Natural Resources and Dolly Parton's Imagination Library of Ohio began a partnership to open Storybook Trails to not only encourage reading, but spark adventure and show Ohio's children and families new ways to explore the state's natural resources. Four of the Storybook Trails have opened in the Appalachian region at Burr Oak State Park, Shawnee State Park, Mosquito Lake State Park, and the newest at Lake Milton State Park.

46%

of Appalachian children aged 0-5 are enrolled in the program and receive their free books in the mail.

Storybook Trail at Lake Milton

Storybook Trail at Mosquito Lake State Park

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