



*Patrick Morrisey*  
*Office of the Governor*

January 15, 2025

Mr. Brandon McBride  
Executive Director  
Appalachian Regional Commission  
1666 Connecticut Avenue, NW  
Washington, DC 20009-1086

Dear Director McBride:

I am pleased to send for your review the State of West Virginia's 2026-2030 Appalachian Development Plan and Fiscal Year 2026 Annual Strategy Statement. The Development Plan and Strategy Statement set forth my goals, objectives, and priorities for the West Virginia ARC program and the needs upon which the goals, objectives, and priorities are based.

Please be advised that the Development Plan and Strategy Statement shall be my plan of record until otherwise notified and are consistent with the Appalachian Regional Commission's Code Section 5.3 and 5.4.

If you should have any questions regarding this matter, please feel free to contact Jennifer Ferrell, ARC State Alternate, at 304-558-2234.

Sincerely,

*Patrick Morrisey*

Patrick Morrisey  
Governor

Enclosure

**STATE OF WEST VIRGINIA**

**2026-2030**

**STATE APPALACHIAN DEVELOPMENT  
PLAN**

for the

**APPALACHIAN REGIONAL  
COMMISSION**

**Patrick Morrisey, Governor**

Prepared by the

**West Virginia Division of  
Economic Development**

**Jennifer Ferrell, ARC State Alternate**

## **Introduction**

The State of West Virginia submits this four-year state development plan in compliance with the requirements set forth in Section 5 of the Appalachian Regional Commission (ARC) Code. West Virginia's state development plan provides an overview of ARC, the Governor's goals, objectives, and priorities for the West Virginia ARC program, how those goals, objectives, and priorities align with the Commission's overall strategic plan, and documents the economic needs and opportunities in the state. Additionally, the development plan will outline how the state's ARC program is structured and implemented and the roles of partnering agencies and organizations.

The West Virginia ARC Program is administered through the Community Advancement and Development (CAD) Division within the West Virginia Division of Economic Development (WVDED), which is part of the West Virginia Department of Commerce. CAD staff, working with the Commission, provide technical assistance to the general public regarding ARC programs, funding, and requirements.

## **Overview of Appalachian Regional Commission (ARC)**

The ARC is a regional economic development entity that represents a unique partnership between 13 states and the federal government. The Commission is composed of the governors of the 13 Appalachian states and a federal co-chair who is appointed by the President. Each year Congress appropriates funds for Commission programs, part of which ARC allocates among its member states. The remaining funds are available for regional programs implemented directly by the Commission in cooperation with the ARC states. The Appalachian states include all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia.

The ARC was created in 1965 through the Appalachian Regional Development Act or ARDA with the strategic goal of assisting the region's 13 states achieve economic parity with the rest of the nation. The ARDA stated that "Congress finds and declares that the Appalachian Region of the United States, while abundant in natural resources and rich in potential, lags behind the rest of the nation in its economic growth and that its people have not shared properly in the nation's prosperity."

As part of the ARDA, Congress also declared that a purpose of the ARC is "to address the needs of severely and persistently distressed areas of the Appalachian region and focus special attention on the areas of greatest need so as to provide a fairer opportunity for the people of the region to share the quality of life generally enjoyed by citizens across the United States."

In fiscal year 2024, ARC approved a total of \$364,611 of its funds in 583 projects across the 13 ARC states. That investment leveraged an additional \$42,491,000 in other federal funding and \$550,578,000 in state and local funds.

## **Governor of West Virginia's Goals, Objectives, and Priorities**

Governor Morrisey is committed to advancing economic growth in West Virginia through a strategy that focuses on the state's assets and strengths. This strategy includes leveraging the energy sector (coal, natural gas, nuclear power) to spur economic development, lowering and eliminating taxes, fees, and regulations that inhibit economic start-ups and business attraction, and capitalizing on the state's natural beauty and outdoor recreation assets through the development of the tourism and outdoor recreation industry.

For the West Virginia ARC program, the Governor's priorities include the following:

- Infrastructure projects such as water, wastewater, and broadband that provide the foundation for economic growth and development
- Site development for commercial and industrial growth
- Workforce development and job training projects that will lead to a more skilled, competitive, and adaptable workforce
- Tourism and outdoor recreation development

Following the ARC Code (Section 7.5a), priority will be placed on projects located in or directly benefiting ARC-designated distressed counties in the state.

### **Alignment With ARC Strategic Plan**

West Virginia's 2026-2030 ARC state development plan is aligned with ARC's overall strategic plan for 2026-2030. The strategic investment goals and objectives of ARC's strategic plan are as follows:

- Strategic Goal 1: Business Development
  - Objective 1.1: Provide financing, technical assistance, and other support for entrepreneurship and small business development in Appalachia.
  - Objective 1.2: Pursue economic and enterprise development strategies that grow existing industries, support economic diversification, and advance economic prosperity at the regional level.
- Strategic Goal 2: Workforce Development
  - Objective 2.1: Develop and support educational institutions and employer-driven programs that provide the building blocks for skills development and long-term employment success.
  - Objective 2.2: Invest in workforce development programs and strategies informed by industry talent needs and designed to allow workers to simultaneously earn, learn, and advance along a career pathway
  - Objective 2.3: Develop a network of employment supports to help Appalachians, including those in recovery from substance use disorders (SUD), enter and remain in the workforce.

- Objective 2.4: Expand access to high quality healthcare as well as programs and services that support overall health for workers and their families.
- Strategic Goal 3: Infrastructure
  - Objective 3.1: Ensure the availability of quality, affordable basic infrastructure to meet the needs of the residents and businesses of Appalachia.
  - Objective 3.2: Ensure that all Appalachians have access to robust, reliable and affordable telecommunications and broadband services.
  - Objective 3.3: Support activities that enable America's energy dominance through strategies that emphasize affordable, reliable, and domestic energy solutions.
  - Objective 3.4: Complete the Appalachian Development Highway System (ADHS) and invest in innovative intermodal transportation systems to connect businesses and residents within the Region with global opportunities.
  - Objective 3.5: Support construction and renovation of business development sites and public facilities and the adaptive reuse of obsolete or unsafe properties to stimulate economic and community development.
- Strategic Goal 4: Tourism and Outdoor Recreation
  - Objective 4.1: Invest in the development of vibrant Appalachian downtowns to drive revenue for businesses and create job opportunities.
  - Objective 4.2: Invest in economic development initiatives that leverage Appalachian communities' unique arts and cultural heritage traditions to bolster regional tourism.
  - Objective 4.3: Develop, manage and expand outdoor recreation assets for visitors and residents to generate revenue and produce employment opportunities.
- Strategic Goal 5: Community Resources and Skill-building
  - Objective 5.1: Invest in economic development skill-building and resources to help local leaders and organizations identify and champion collaborative strategies to address Appalachia's most pressing economic needs.
  - Objective 5.2: Invest in training and resources that support communities, local governments, and municipalities with strategic planning, preparedness, action planning and implementation for long-term economic vitality.

Governor Morrissey's priorities are aligned with the ARC Strategic Plan goals and objectives outlined above: the infrastructure priority supports ARC Goal 3, Objective 3.1; site development supports ARC Goal 3, Objective 3.5; workforce development and job training support ARC Goal 2, Objectives 2.1 - 2.4; and economic development supports ARC Goal 1, Objectives 1.1 and 1.2.

The Governor reserves the right to recommend projects outside of the priorities listed above as needed to respond to special economic opportunities or unanticipated community and economic needs. Recommended projects outside of the priorities listed above must still be consistent with the goals and objectives outlined in ARC's Strategic Plan.

## **Federal-State-Local Partnership**

The ARC program is a partnership between the federal government and the 13 states that make up the Appalachian Region. This partnership includes local participation provided through multi-county local development districts (LDDs), which in West Virginia are referred to as Regional Planning and Development Councils.

West Virginia has 11 Regional Planning and Development Councils that cover all 55 counties in the state. The regional councils offer a wide range of services to support community and economic development, including regional planning, project development, intergovernmental cooperation, grant writing, and project administration. In implementing the West Virginia ARC program, CAD staff work closely with regional councils, particularly those councils that have ARC-designated distressed counties.

The regional councils are instrumental in developing the Comprehensive Economic Development Strategy (CEDs) for their regions and updating it annually, implementing a regional planning process that includes local citizen input and participation. The regional councils and the CEDs play a key role in the development of the priorities of the West Virginia ARC program and in its implementation.

In addition to partnering with the state's LDDs, the West Virginia ARC program also collaborates regularly with other federal, state, and nonprofit sector partners. These partnerships allow for greater leverage of limited ARC funds in the state and promote greater cooperation and alignment of agency funding. The West Virginia ARC program partners include:

- United States Department of Agriculture (USDA)
- Federal Economic Development Administration (EDA)
- Department of Housing and Urban Development (HUD)
- Army Corps of Engineers (ACE)
- West Virginia Department of Transportation
- West Virginia Department of Environmental Protection
- West Virginia Infrastructure and Jobs Development Council (IJDC)
- West Virginia Broadband Enhancement Council
- National Main Street Program

The West Virginia ARC program works closely with other federal and state agencies that fund infrastructure projects such as USDA, ACE, the Clean Water State Revolving Loan Fund and the Drinking Water Revolving Loan Fund. IJDC acts as a clearinghouse for infrastructure projects in the state, reviewing projects for technical soundness and making funding recommendations. All infrastructure projects requesting ARC funding in West Virginia must first apply to IJDC and go through the IJDC review process.

In addition, the CDBG program (funded through HUD) is administered by the CAD office, which is also where the state’s ARC program is housed. This administrative centralization allows for greater coordination between the HUD and ARC programs and greater efficiencies in obligating program funds and meeting federal requirements.

These partnerships affirm that the West Virginia ARC program strives to not only provide funding for community and economic improvement but also to actively foster and facilitate collaboration, coordination, and information-sharing across public, private, and nonprofit agencies.

## **Overview of West Virginia Economic and Demographic Data**

### **Overview of State Economy:**

Like many states, West Virginia’s economy has slowly but steadily recovered from the effects of COVID and is projected to grow moderately over the next five years. According to the West Virginia Economic Outlook 2024-2029 (West Virginia University John Chambers College of Business and Economics), the state still faces critical demographic challenges, particularly population loss and a low labor force participation rate. In addition, long-standing obstacles to economic expansion, including the lack of flat land readily available for development, lack of infrastructure such as water, wastewater and broadband, and chronic public health issues such as substance use disorders, remain.

### **General Economic and Demographic Characteristics:**

- West Virginia continues to rebound from the effects of the COVID pandemic. The unemployment rate has remained low, and the “state has continued to add jobs, and now has about 7,000, or 0.9 percent, more jobs than its January 2020 level” (West Virginia Economic Outlook 2024-2029).
- The state ranks 49<sup>th</sup> in per capita personal income (PCPI), surpassing only Mississippi. “Movement in PCPI has largely been on par with the nation since around 2016, implying that the state has neither gained nor lost ground compared to the nation” (West Virginia Economic Outlook 2024-2029).
- West Virginia’s median household income (MHI) is currently estimated at \$57,917, which is lower than all surrounding states and much lower than the national MHI of \$78,538. Of the surrounding states, the next lowest MHI is Kentucky with \$62,417 (U.S. Census Bureau).

- Despite past volatility, the energy sector remains as a vital factor in the state’s overall economy: the Economic Outlook notes that “the natural resources and mining sector accounts for just 3 percent of statewide employment, but their impacts are felt more broadly in the economy thanks to the high level of capital these industries deploy, their direct connection to other industries (i.e. transportation, manufacturing, engineering, etc.) and the high wages coal miners and gas industry workers receive. Indeed, these two industries still accounted for more nearly one-third of total gross state product in 2019.”

## Demographics

- West Virginia is a rural state, with a population per square mile of 74.6, as compared to 93.8 for the nation as a whole. West Virginia’s rate is smaller than any of its surrounding states, including Kentucky which has a population per square mile of 114.1 (U.S. Census Bureau).
- The state has seen a long-term and steady decline in population, which once peaked in the 1950s at around 2 million and is currently estimated at 1,769,979 residents. From 2010 to 2020, the state’s population dropped from 1,852,994 to 1,793,716 residents. This is in stark contrast to surrounding states, all of which increased in population from 2010 to 2020 (U.S. Census Bureau).
- According to the US Census Bureau, only 5 of the state’s 55 counties are estimated to have gained residents between 2018 and 2019. Those gains are concentrated in the north central and eastern panhandle parts of the state.
- West Virginia is projected to go through a sustained population loss at least through 2030, losing nearly 19,500 residents in that period (West Virginia University, Bureau of Business and Economic Research, Population Trends in West Virginia through 2030).
- The state’s poverty rate is 16.7%, which is higher than any surrounding state (of the surrounding states, Kentucky comes closest at 15.6%). It is also higher than the national rate of 12.1% (U.S. Census Bureau).
- In addition to population loss, the state’s residents are getting older: 21.9% of state residents are 65 or older. This is the third highest rate in the nation behind Maine and Vermont. This trend is projected to continue, and by 2030 22.9% of the state’s population will be 65 or older, as compared to 20.3% nationally (West Virginia University, Bureau of Business and Economic Research, Population Trends in West Virginia through 2030).

# Economic Development Challenges in West Virginia

## General:

The rural nature of West Virginia impacts community and economic development efforts in significant ways:

- Rural economies are often focused around one industry, usually an extractive industry based upon abundant natural resources. Such economies are very vulnerable to sudden or even gradual economic shocks or transitions that adversely impact a specific industry. The lack of economic diversification means a lack of resilience to economic change, which can lead communities on a path of severe and long-term economic collapse.
- In terms of funding, rural communities are frequently overlooked by federal, state, and foundation funders because their sparse populations lack the scale or numbers that funders like to see in projects that they fund. All too often this leads to rural communities being overlooked or simply outmatched by urban centers.
- Rural communities possess smaller tax bases and fewer local funders that can provide matching funds for projects. This produces a vicious cycle where larger populated areas with larger tax bases—and local funders that can contribute matching funds—continue to receive a larger share of dollars from funders, whether public or private.
- Another common characteristic of rural residents is that many live in unincorporated areas and therefore lack a central local government that can act as a vehicle to manage local public spaces, provide local services, and apply for and manage funds for further development.

## Specific needs and challenges in the state:

### Infrastructure:

- The 2025 Infrastructure Report Card for West Virginia, produced by the American Society of Civil Engineers, graded both the state's water and wastewater infrastructure as D+. The report noted that in 2023, an assessment of water systems in the state found 83% viable, 14% marginal, and 3% failing. Challenges with wastewater systems include aging systems for customers that are served and the widespread reliance upon septic systems that frequently fail, resulting in untreated discharges into nearby streams, a condition that inhibits the development of the outdoor recreation industry in the state as well as threatens public health.
- The West Virginia Infrastructure and Jobs Development Council's 2023 Needs Assessment estimates \$1 billion in current water needs and \$1.3 billion in wastewater needs for water and wastewater systems in the state.

- West Virginia’s terrain results in relatively higher costs for underground infrastructure, such as water and sewer projects. This impact exists not only for new construction, but for replacement and rehabilitation projects as well. Typically, existing systems will expand service to more accessible areas first. As time progresses, the remaining unserved areas will tend to be in more remote, rugged, and less densely populated areas. This tends to result in higher costs, both on a per-customer and per-mile basis.

### **Geography:**

- West Virginia’s mountainous terrain hinders the development of large-scale industry, which normally requires large tracts of flat land. Because of the steep and mountainous terrain, building an industrial or commercial facility requires substantial up-front investment in moving earth just to prepare the site for development. This added cost handicaps efforts to attract or develop industry and pushes local communities out of competition for development since firms are much more likely to locate where development costs are lower.

### **Labor Force Participation Rate:**

- West Virginia’s labor force participation rate at 54.4% is the lowest in the nation. The next lowest is Mississippi at 55.6%. Kentucky’s rate comes in at 58.1% (Joint Economic Committee, U.S. Congress). Underlying causes of the low participation rate include an older population, low education attainment rate, poor public health, and drug abuse. The low labor force participation rate inhibits business development and attraction and is a major obstacle in strengthening economic growth in the state.

### **Education:**

- The educational attainment rate (bachelor’s degree or higher) for West Virginia was 24.4% in 2024, compared with 27.9% in Kentucky, 32.4% in Ohio, 43.3% in Virginia, 44.7% in Maryland, and 36.4% in Pennsylvania (Federal Reserve Bank of St. Louis).

### **Health:**

- West Virginia has a higher mortality rate due to heart disease than any of its surrounding states and ranks 4<sup>th</sup> highest among the 13 ARC states. West Virginia has the highest obesity mortality rate in the nation, the second highest cancer mortality rate in the nation, and has the 7<sup>th</sup> highest heart disease mortality rate in the nation (Centers for Disease Control, Stats of the States, 2023 data).
- West Virginia has the highest drug overdose mortality rate in the nation at 81.9. For comparison, the second highest state, Tennessee, has a drug overdose mortality rate of 52.3 (Centers for Disease Control, Stats of the States, 2023 data).

- Poor health is an issue that affects many other issues, including workforce development, quality of life, education, and economic growth. A healthy community, with a physical and social environment that supports healthy and active lifestyles, is also one that tends to attract and support economic growth and social activity, all of which contribute to a better quality of life for residents.

### **Abandoned and Dilapidated Buildings:**

- The vacancy rate for housing units in West Virginia was 13.9% in 2023. In comparison, the vacancy rate for West Virginia’s surrounding states ranges from a low of 7.3% for Maryland to a high of 9% for Kentucky (U.S. Census Bureau, 2024 American Community Survey 1-Year Estimates).
- The range of abandoned structures includes everything from houses, retail and commercial buildings, and industrial facilities to decommissioned school buildings. The loss of population and decline in traditional economic sectors such as mining are major contributors to the problem, but other factors such as absentee ownership and properties left in limbo due to tax sales are also fueling the problem.
- Abandoned and dilapidated buildings have a negative impact on community attractiveness and image, deplete municipal resources (such as crime and fire prevention), and decrease local property values and the tax base. Particularly for small rural towns, maintaining a vibrant downtown core is vital as an anchor for any revitalization efforts. Such efforts are undermined by the presence and prevalence of vacant and dilapidated properties.

## **West Virginia ARC County Designations and Distressed Counties**

ARC uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system compares each county's averages for three economic indicators—three-year average unemployment rate, per capita market income, and poverty rate—with national averages. The resulting values are summed and averaged to create a composite index value for each county. Each county in the nation is then ranked, based on its composite index value. Counties are designated as distressed, at-risk, transitional, competitive, or attainment, based on their ranking in the index. Designations are revised annually using the most current data available.

For FY 2026, West Virginia has 11 distressed counties (most economically depressed counties); 20 at-risk counties (counties at-risk of becoming economically distressed); 23 transitional counties (those counties transitioning between strong and weak economies); and 1 competitive county (counties that are able to compete in the national economy). West Virginia has no attainment counties (counties that are economically the strongest).

## **Distressed County Trends/Persistent Distress**

The trend in the number of designated distressed counties in West Virginia since FY2021 is outlined below:

FY 2021: 18 distressed counties  
FY 2022: 17 distressed counties  
FY 2023: 18 distressed counties  
FY 2024: 18 distressed counties  
FY 2025: 15 distressed counties  
FY 2026: 11 distressed counties

Out of all 13 ARC states, West Virginia has the second highest number of designated distressed counties behind only Kentucky. Between FY 2021 and FY 2026, Kentucky averaged 37 distressed counties per year whereas West Virginia has averaged 16.

West Virginia has 49 counties (out of 55) that are above the national poverty rate of 12.4%, and 20 of those counties have poverty rates at least 1.5 times higher than the national poverty rate.

For FY 2026, the ARC-designated distressed counties in West Virginia are Braxton, Calhoun, Clay, Lincoln, Logan, McDowell, Mingo, Roane, Webster, Wirt, and Wyoming. Out of these 11 counties, 5 counties—Calhoun, Clay, Lincoln, McDowell, and Webster—have never risen above distressed status since 1983, when ARC began the county designations. These 5 counties (referred to as persistent distressed counties) will be prioritized by the West Virginia ARC program to ensure that they have the necessary infrastructure, physical and social, for long-term economic and community development.

## **Special Objectives and Strategies for Distressed Counties**

Section 7.5 of the ARC Code states that “[t]he Commission recognizes that there are counties within Appalachia with persistent, long-term problems that have resulted in extraordinary levels of economic and human distress. The Commission is committed to providing special assistance to these distressed counties, so that their residents are better able to address problems, realize opportunities, and effectively participate in setting the course of their future development.”

The West Virginia ARC Program is committed to prioritizing the ARC-designated distressed counties in its area development program and developing partnerships to target resources for projects and initiatives in distressed counties. The core economic and community development objectives and strategies in distressed counties include the following:

**Objective: Provide basic infrastructure (water, wastewater) necessary for economic development and community quality of life:**

- Work with the Regional Planning and Development Councils and other partners to support planning, prioritization, and development of infrastructure projects that promote community revitalization and economic diversification
- Develop county-wide capital improvement plans for distressed counties that identify and prioritize long-term infrastructure needs so that funding dollars are awarded in a more efficient and strategic manner
- Make strategic investments that leverage federal, state, and local support for the construction or improvement of basic public infrastructure
- Support the ability of distressed counties to participate in technical assistance programs such as circuit-rider programs that provide consulting services in system management to local water and wastewater systems
- Support capacity-building measures such as project management and troubleshooting assistance to ensure that infrastructure projects in distressed counties are managed and completed in a timely manner
- Promote alternative and small-scale wastewater systems for areas that are difficult to provide standard public wastewater systems.

**Objective: Support the development of industrial and commercial sites:**

- Identify and develop industrial and commercial sites in distressed counties, particularly along ARC highway corridors
- Identify brownfield sites and locations that can be remediated and developed for economic development
- Support efforts that address vacant and dilapidated buildings in distressed counties
- Partner with federal, state, and local agencies to promote the reuse of buildings for downtown redevelopment, particularly initiatives that are tied to tourism and outdoor recreation.

**Objective: Increase access and adoption of broadband:**

- Promote the deployment of high-speed broadband facilities in distressed counties
- Support e-commerce initiatives that educate businesses about the benefits of broadband
- Target identified business and industrial parks, commercial centers, and other growth areas for high quality broadband service and expansion
- Increase access of broadband for individuals by creating or enhancing existing community computer and digital learning centers.

**Objective: Promote downtown revitalization in distressed counties:**

- Work with the West Virginia Brownfields Assistance Centers to increase the ability of communities to assess and plan for the reuse of dilapidated and abandoned buildings
- Invest in downtown improvement projects such as streetscape improvements, historic preservation, and wayfinding that tie into and complement larger strategies such as tourism and outdoor recreation initiatives
- Promote trail town programs that increase the ability of local communities to draw tourists and visitors into their downtowns
- Connect local communities with state and national programs such as Main Street and the West Virginia ON TRAC program
- Support business retention and expansion programs and similar training and technical assistance to local businesses and entrepreneurs
- Assist communities to improve their downtowns through support of planning, assessment, and market analysis activities.

**Objective: Promote economic diversification and growth in distressed counties:**

- Support initiatives in sectors such as tourism, outdoor recreation, agriculture, energy, and workforce development that capitalize on economic opportunities and are based on identified assets and strengths in the state
- Strengthen key local community anchors such as schools, medical facilities, community parks, historic and cultural resources that can be used as catalysts for community and economic revitalization.

**Objective: Support community development and quality of life in distressed counties:**

- Assist communities to develop local leadership, organizations, and initiatives for community improvement
- Support strategic planning initiatives for local and regional organizations to capitalize on economic development opportunities and assist communities and regions to position themselves to take advantage of these opportunities
- Encourage youth and student opportunities for work and community service experiences, including internships, mentorships, leadership development, and job shadowing
- Encourage partnerships and promote regional efforts in economic development
- Link communities to outside resources for training and skill development

## **ARC POWER Initiative and Distressed Counties**

The ARC POWER Initiative (Partnerships for Opportunity and Workforce and Economic Revitalization) is a multi-agency, congressionally funded initiative that targets federal resources to help communities and regions that have been affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries due to the changing economics of America's energy production.

Many of the POWER projects funded in West Virginia directly impact ARC distressed counties. The West Virginia ARC program and the WV Community Advancement and Development Division (WV CAD) will work to ensure that local leaders in distressed counties are aware of the initiative and work with those leaders to plan, develop, and implement POWER projects that specifically benefit residents of distressed counties.

## **Governor's Goals and Priorities for the West Virginia ARC Program**

Governor Morrisey's administration is fully committed to advancing a more competitive business climate in the state, diversifying the economy, and creating job opportunities that lead to a more prosperous future for West Virginia. The following are Governor Morrisey's guiding principles and goals as they relate to the ARC program and to the ARC strategic plan for FY 2026-2030.

### **Guiding Principles:**

#### **Recognize regional approaches and strengths:**

The strengths of West Virginia lie not in communities competing with each other for limited resources but in communities working together in a regional manner to identify and develop common strengths and opportunities. Particularly in rural states like West Virginia, economic resources and assets must be fully maximized and developed, which can only happen when collaboration and regional thinking take the place of haphazard and isolated economic development efforts and initiatives.

#### **Asset-Based Development:**

Asset-based development is an economic development approach that looks to the strengths and opportunities of a community or region for economic development instead of focusing on the needs or problems of a community or region. It recognizes that long-term economic growth is based more upon what you have, not what you lack. The task is to strategically identify economic assets and strengths and develop them to their fullest potential and benefit.

## **Job Retention is as Important as Job Creation:**

While recruiting businesses and creating new jobs are essential, equally important is retaining the businesses and jobs that you do have, ensuring that they remain competitive in the national and global economy. Job retention is crucial as a foundation upon which economic diversification can take place.

## **Return on Investment:**

It is a guiding principle of Governor Morrisey and the West Virginia ARC program that limited grant funds must be invested strategically with a focus on long-term outcomes. This means that projects need to be sustainable beyond ARC funding and provide benefits on a continuing, rather than a temporary, basis.

**Infrastructure Projects:** WV believes that infrastructure projects such as water, wastewater, and broadband are among the best value for the grant dollar. Such projects provide long-term capital improvements that last anywhere from 20-40 years, provide temporary but high-paying construction jobs, result in clear and measurable outcomes and benefits to local communities, and are essential building blocks without which economic development cannot occur.

**Workforce development/Economic development:** WV is committed to ensuring that workforce development and economic development projects funded with ARC dollars contain realistic and measurable long-term outcomes and do not result in mere stopgap efforts or short-lived benefits.

These guiding principles are in alignment with the guiding principles of ARC as outlined in the Commission's strategic plan. These principles include investments that:

- Are strategic and encourage alignment of projects with the goals of community and regional plans
- Encourage and reward collaborative efforts to achieve common ends, with specific focus on connecting economically distressed counties and areas to region-wide economic opportunities
- Achieve the greatest impact possible, leveraging ARC's limited resources to bring more resources into the Region
- Hold ARC, its partners, and its grantees accountable for achieving performance targets and helping Appalachia prosper.

## **Governor's Goals:**

The following outlines the goals of Governor Morrisey for ARC funding and how his priorities relate to ARC's strategic investment goals.

**Goal: Provide basic water and wastewater infrastructure for communities (ARC Strategic Investment Goal 3)**

Provision of reliable water and wastewater systems is essential for furthering economic development and growth. Infrastructure systems influence the decisions of businesses to locate in a community or region, facilitate economic diversification by making it easier for a mix of businesses to develop or locate in an area, mitigate pollution in streams, thereby promoting the development of outdoor recreation and tourism.

**Goal: Improve industrial and commercial sites (ARC Strategic Investment Goal 3)**

Invest in planning, assessment, and construction activities that develop sites for industrial and commercial development.

**Goal: Increase economic diversification and community quality of life (ARC Strategic Investment Goal 4)**

Invest in efforts that capitalize on the natural, cultural, and structural assets of West Virginia and improve the appearance, attractiveness, and quality of life of communities in the state.

**Goal: Focus on workforce development and training (ARC Strategic Investment Goal 2)**

Invest in workforce training that prepares the workforce for the present and future needs of employers, removes barriers to employment, and increases the competitiveness of businesses in West Virginia.

**Goal: Transition individuals with substance use disorders (SUDs) back into the workforce (ARC Strategic Investment Goal 2)**

Invest in training and placement programs that focus on workforce re-entry for individuals completing SUDs treatment programs.

**Goal: Improve broadband (ARC Strategic Investment Goal 3)**

Invest in broadband projects that increase deployment of needed broadband infrastructure, deliver training to increase use of technology by businesses and residents, and support technology education to increase the adoption of broadband by businesses and residents.

**Goal: Support small business development (ARC Strategic Investment Goal 1)**

Invest in technical assistance activities for small businesses, promote downtown revitalization, expand access to entrepreneurial education for youth, and increase access to capital for small businesses and entrepreneurs.

The Governor reserves the right to recommend projects for ARC funding that are outside the above list of goals but still comply with the ARC Strategic Plan and the ARC Code. Following Section 7.5 of the ARC Code, highest consideration will be given to projects that are in or benefit ARC-designated distressed counties.

## **ADHS System Corridors**

All Appalachian Development Highway System (ADHS) corridors in West Virginia have been completed except for Corridor H, which will run from I-79 at Weston to the Virginia state line near Wardensville. The total length of the corridor is 133.6 miles, of which approximately 30 miles remain to be completed (Appalachian Development Highway System Cost-to-Complete Estimate Report, March 2021, ARC).

The advantages of completing Corridor H include:

- enable exported goods from West Virginia to be shipped around the world by providing a direct route to the Virginia Inland Port in Front Royal, Virginia
- increase tourism in the state by providing a direct route for people from eastern states such as Virginia, Maryland, and Delaware to travel to West Virginia
- provide a more accessible connection to Interstate Route 79, a major highway in the state that will open exports from the south-central part of West Virginia

The West Virginia ARC program is committed to supporting economic development along the ADHS corridors in the state, including through site development, provision of basic infrastructure for economic growth, and supporting initiatives that work with communities to draw traffic off the corridors and into towns and communities situated along corridors.

## **West Virginia ARC Program Structure**

### **Application Process:**

The Community Advancement and Development (CAD) Division of the West Virginia Development of Economic Development manages the ARC program. Technical assistance for the ARC program is available from staff during normal business hours and is available year-round, irrespective of whether our office is accepting applications or not.

Normally the CAD Division will begin accepting applications for ARC assistance one time per year, usually in the fall or winter. The deadline for applications is normally 3 months from the time the open grant round is announced. CAD does not accept unsolicited ARC applications on a rolling basis.

When the CAD Division does announce that it is accepting a new round of ARC applications, notice of the funding opportunity is sent directly to all the Local Development Districts in the state (in West Virginia they are called Regional Planning and Development Districts), which is then forwarded to the LDD's member units of government. In addition, previous applicants to the program and any interested parties that have contacted our office regarding the ARC program are also notified of the funding opportunity, and the notice is posted on the CAD Division's website at [www.wvcad.org](http://www.wvcad.org).

### **Review and Selection Process:**

West Virginia uses a two-tiered system for evaluating and recommending projects for ARC assistance. These are described below:

#### **Tier 1 Technical Review:**

All applications are initially screened to determine if they are eligible for funding consideration. The screening process determines the following:

- a) ARC Eligibility: All projects recommended to the Commission for final approval must demonstrate that they will contribute to the achievement of one of the Commission's strategic goals and that the project relates to one or more of the goals, objectives, and strategies set forth in the state's development plan and strategy statement.
- b) Project Readiness: All projects recommended to the Commission for final approval must provide reasonable assurance of the availability of matching funds for the project scope of work.
- c) Project Approach: All projects recommended to the Commission for final approval must demonstrate a scope of work that is realistic and viable.
- d) Project Effectiveness: All projects recommended to the Commission for final approval must demonstrate the ability of the applicant to manage the project effectively and contain detailed outcome measurements by which grant expenditures may be evaluated.

Applications determined to be eligible, complete, and feasible, and evidence a reasonable assurance that matching funds are or will be secured, proceed to Tier 2 evaluation.

#### **Tier 2 Competitive Review:**

Projects will be competitively reviewed, and all project recommendations will be packaged together and submitted to the Governor for approval. Projects will be evaluated based on the following key strategic criteria:

- a. Project Type: Infrastructure projects (water, wastewater, commercial/industrial site development, broadband, etc.) and workforce development projects will receive higher priority over other projects.
- b. Degree of Need: Projects in ARC-designated distressed counties will receive higher priority. Projects that include ARC-designated distressed counties or distressed areas within multi-county projects will also receive high priority.
- c. Investment Impact: Projects that demonstrate strong economic development impacts, provide long-term capital improvements for economic development, or enhance already existing economic and community development efforts will receive higher priority. Strategic characteristics of a project that increase investment impact include the following:

Infrastructure projects that:

- Facilitate economic development (such as by serving commercial customers, providing needed infrastructure for commercial and industrial sites, or leveraging private sector investment)
- Serve critical community facilities such as schools, community health facilities, community centers, 4-H Camps, etc.
- Target existing population centers and downtown areas (infill strategy)
- Are located along an ARC highway corridor
- Increase the capacity of a water or wastewater system to serve more customers in the future
- Incorporate energy-efficiency features
- Provide wastewater facilities that protect environmental resources tied to economic development (for example, tourism development, outdoor recreation facilities).

Non-infrastructure projects that:

- Create economic development that is sustainable at the local or regional level
  - Identify and mobilize community or regional assets for economic development
- d. Investment Linkage: Projects that demonstrate how they complement existing and ongoing community and economic development efforts and strategies in the project area will receive higher priority.

Projects that incorporate more of the key strategic criteria identified above will more likely be recommended for funding, based upon the amount of funds available. Recommendations are then sent to the Governor for approval. Projects that are recommended by the Governor are then sent on to ARC headquarters for final review and approval by the Commission.

In addition to meeting the requirements of the ARDA of 1965 as amended, all projects for which approval is requested under the Area Development Program must be supported by a demonstration that they will contribute to the achievement of one or more of the Commission's strategic goals, except that the state may request, in accordance with Section 303 of the ARDA, approval of a project or projects without such supporting demonstration to take advantage of special development opportunities or to respond to emergency economic distress.

West Virginia does not place a firm limitation on the amount of funds an applicant can request. However, the Governor reserves the right to approve or reject the requested amount of ARC funds in a project and does not have to award funds at the maximum level or at the requested amount.

#### **System for Monitoring and Evaluating Progress:**

All ARC projects are monitored by staff to assess progress in meeting scheduled milestones and identify and resolve any problems that may have arisen in project performance. On-site inspections may be done at the midpoint and at project completion to assure compliance with the approved project design/scope.

#### **Measuring the Financial Resources of Applicants:**

The West Virginia ARC program places a priority on projects located in ARC-designated distressed counties. The state will target higher amounts of its ARC funds for such projects while also meeting ARC's matching requirements and will fund projects in distressed counties that are 100% grant funded. The state will expect projects located outside designated distressed counties to include loan funds relative to the ability of applicants to service debt.

#### **Equitable Allocation of State Contributions:**

The West Virginia ARC program places a high priority on infrastructure projects such as water and wastewater. All infrastructure projects requesting ARC assistance must first go through the West Virginia Infrastructure and Jobs Development Council (IJDC) where the application is reviewed for technical soundness and funding recommendations for the project are made. In addition, IJDC has its own state grant and loan funds available for water and wastewater projects, much of which is leveraged for ARC projects as part of ARC's matching requirements. CAD works with IJDC in project development, design, and funding recommendations.