

2014 Appalachian Regional Commission Strategy Statement

State of South Carolina
Governor Nikki R. Haley

Prepared by

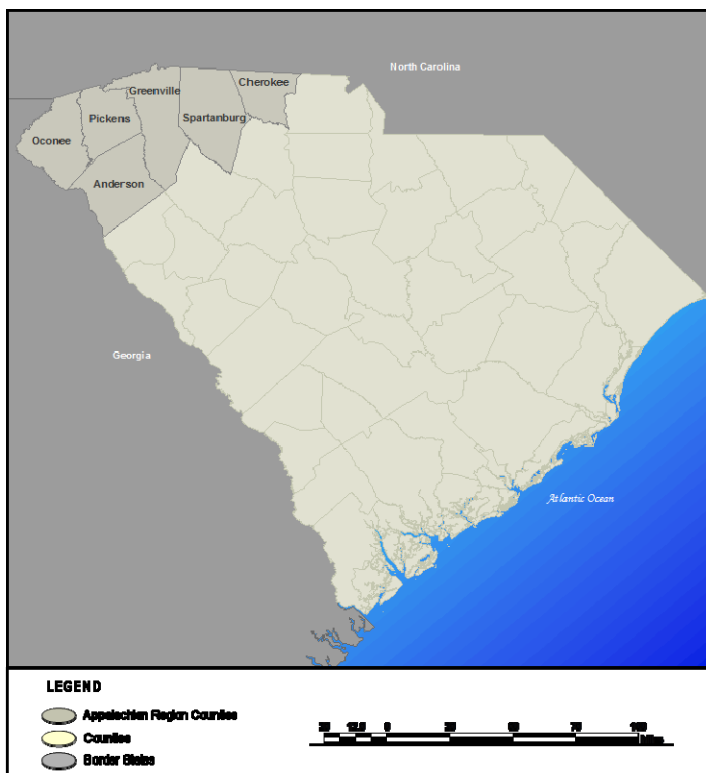
SC Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201
(803) 734-0400
George B. Patrick III, State Alternate

2014 Strategy Statement Contents

Summary	1
Annual Assessment of Appalachian South Carolina	3
Appalachian County Status and Assessment	11
Appalachian SC Objectives and Strategies	14
ARC Regional Priorities	22
Planning Process and Public Participation	25
State Operating Policies	27

Summary

South Carolina has benefited from having a portion of the State designated as part of the Appalachian Region. The six counties that comprise the northwestern most portion of South Carolina are part of Appalachia. These counties, Anderson, Cherokee, Greenville, Oconee, Pickens, and Spartanburg, have had an added advantage over the other 40 counties within the State. Without the resources and funding available through the Appalachian Regional Commission, the State would not have seen as much progress in these six counties over the past 40 years. Overall, economic progress has resulted in increased employment opportunities, increased development and a more diversified economy. There has also been an increase in per capita income, although income continues to lag behind that of the nation as a whole.



In spite of economic gains, problems continue and positive outcomes have not been uniform throughout the counties. There are divergent trends in urban and rural areas of the region. Rural counties rely more heavily on manufacturing jobs but this sector continues to downsize. The decline of the textile industry and the difficulty in attracting new jobs continues to hurt rural areas most. There continues to be pockets of poverty within the region that still have problems with education, employment, job training, health care and transportation. Some areas remain substantially below the national average for various socio-economic indicators.

As a result of this planning effort, the State has undertaken an assessment of its strengths and weaknesses, needs, and opportunities relative to sustainability and economic competitiveness. The resulting plan provides a framework to increase prosperity and economic opportunities for its citizens. In order to achieve this, South Carolina has developed priorities to ensure that our State provides a more competitive economy and a sustainable quality of life for the citizens within Appalachian South Carolina and throughout the entire State.

Many areas of Appalachian South Carolina still need infrastructure, specifically water and sewer systems, highways and access roads. Though the needed infrastructure is costly, it is essential to support long-term sustainability and economic development of the region, which in turn will lead to the creation of jobs and an improved quality of life for Appalachian residents. In particular, having infrastructure in place will allow companies in the area to capitalize on recent economic development trends, including the most significant economic development announcements in

South Carolina history. In 2010, Boeing announced it would invest \$750 million to build a second assembly line for its 787 Dreamliner aircraft in Charleston. Also in January 2012, BMW announced that the company would expand its plant in Spartanburg County with a \$900 million investment. Additionally in early 2012 Michelin North America announced a \$750 million investment in its manufacturing facilities between two South Carolina plants, one of which is located in Anderson County. The new facilities will directly create new jobs and will also spur economic opportunity for residents throughout the state, including Appalachian South Carolina with its emerging automotive, aviation, and advanced materials clusters.

In 2011, Clemson University announced that it would partner with three state technical colleges to drive a statewide initiative to create a skilled workforce for South Carolina's leading aviation and automotive industries. The partnership, along with a National Science Foundation grant, will create the Clemson University Center for Workforce Development. This center will allow for virtual and distance learning in order to serve resource centers at three locations in South Carolina, one of which is in Greenville. The goal is to support demand-driven education, research, dissemination, and outreach that will advance economic development opportunities for South Carolinians, thereby providing industry with a highly qualified talent pool of next generation technicians, engineers, and scientists. The Center engages all levels of educational attainment to deliver workforce development tools in STEM fields.

The greatest priority for Appalachian South Carolina is economic development. ARC funds will be used to support projects that have the greatest opportunity for economic development and job creation. This includes investments to address broad infrastructure needs that result in long-term job creation and economic development.

To promote economic development among small businesses, throughout 2013 the SC Department of Commerce hosted a series of workshops to assist small business owners with strategies on financing their businesses and connected them to area lenders. In 2014, Commerce will host a statewide Lender Matchmaker event along with partners which include the SC Chamber of Commerce, SC Bankers Association, and the Federal Reserve Bank of Richmond. In 2012, the SC Department of Commerce also launched its first-ever SCBizNetwork.com, an online resource for small businesses.

Additionally, priority consideration will be given to infrastructure that poses health and safety risks to communities, as consistent with ARC policy, or where water or wastewater systems are not in compliance with State or Federal regulations. South Carolina will also use funds from the ARC program to promote skills training and education, leadership development, access to health care and sustainable community development including the efficient use of energy and other resources. These initiatives will help to build strong local economies that create jobs and enhance the region's overall quality of life. The state will coordinate its efforts among the Department of Commerce, the Appalachian Council of Governments (the region's Local Development District), and local organizations including educational institutions.

Annual Assessment of Appalachian South Carolina

Appalachian South Carolina covers about 3,800 square miles, 123 square miles of which are National Forest, partially within the sparsely settled Blue Ridge Mountain Range, but mainly in the more prosperous Piedmont Crescent stretching from Greensboro, North Carolina southward to Atlanta, Georgia. Appalachian South Carolina displays highs and lows in economic and quality of life indicators. The more urban areas rank higher, but the rural areas still face significant challenges to increased prosperity.

The People

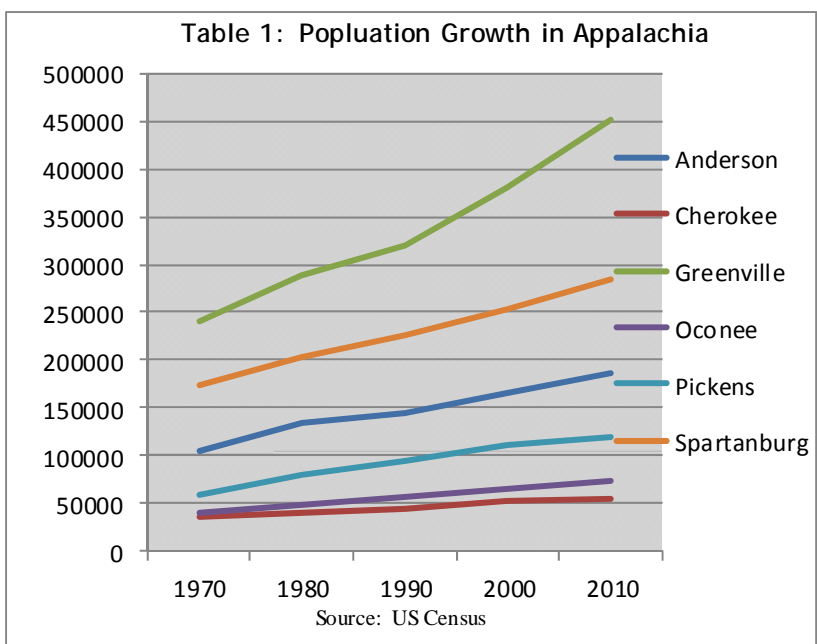
There are an estimated 1,160,395 persons currently residing in the six counties, representing one quarter of the entire state's population. The region's population increased 13.9 percent from 2000 to 2010, and is expected to increase about 20 percent by 2030. Appalachian South Carolina compares similarly with the United States' expected increase of 18.5 percent by 2025. Table 1 shows the population growth in each county of Appalachian SC.

Since the 1970s, parts of the region have become more urban, while some areas have remained distinctly rural. In 2000, Appalachian South Carolina was 63 percent urban, while the nation was 79 percent urban. Only Greenville County, which is 83 percent urban, compares similarly to the country. The urban population of the Greenville-Mauldin-Easley and Spartanburg MSAs, with their combined population of 940,000, is roughly half the Appalachian Region population. Greenville alone accounts for nearly half of the

Greenville-Mauldin-Easley and Spartanburg MSAs. The other Appalachian South Carolina counties either closely resemble or are more rural than the ARC region.

As in much of the south, population growth in Appalachian South Carolina during the 1950s and 1960s lagged behind that of the nation. The area's slow growth in population was due to the net migration of persons who sought employment opportunities outside of the region. However, in the 1970s, 1980s and 1990s this trend of out-migration from the region was reversed due to the expansion of economic opportunities and more attractive living conditions. The recent migration of both domestic and foreign populations reflects the attractiveness of the quality of life, geographic advantages, and nearby amenities within the growing southeast. It also reflects the success of efforts to attract foreign and out of state investment and jobs.

Education



Educational attainment is directly related to economic opportunity, both for individuals and families as well as for entire communities. For an individual, a higher level of educational attainment reduces the risk of poverty, improves ability to compete for higher paying jobs, and thereby increases lifetime earnings capacity, correlating directly with many indicators of well-being. At the community level, workplace needs are changing as technology development and change are occurring at faster levels. Educational attainment levels within the community indicate capacity for workforce productivity, as well as adaptability and soft skills increasingly required by employers. Higher educational attainment is also directly related to financial literacy.

Like other ARC counties, Appalachian South Carolina has fewer adults with four-year college degrees compared to the nation, as shown in Table 2. Additionally, compared to South Carolina as a whole, all Appalachian Counties, with the exception of Greenville, have lower educational attainment levels. The number of four year degree graduates has increased 3 percent since 2000 for Appalachian Counties, matching the percentage increase at the State and National levels. South Carolinians with a four year degree has increased 4 percent in the past decade and the Nation, as a whole, has seen an increase of 3 percent. While the percentage of the population of people in Appalachian South Carolina with four year college degrees continues to rise, the disparity between the Appalachian population in South Carolina as well as the rest of South Carolina and the Nation reflects how significantly the Appalachian region could benefit from more higher education opportunities and partnerships. Two public universities, two public technical colleges, and sixteen additional for profit or independent colleges all have campuses in the six county Appalachian Region of South Carolina.

Table 2: Percent of Population with At Least a 4-Year College Degree

Area	2000	2010
Appalachian SC	20.6	23.4
South Carolina	20.4	24.0
Nation	24.4	27.5

Source: Appalachian Council of Governments InfoMentum

The rate of high school completion also significantly impacts the ability of workers to find jobs with good wages. In 2010, 83 percent of the population statewide had at least a high school degree, compared to 76 percent in 2000. Unfortunately, five out of the six counties in Appalachian South Carolina have a lower percentage compared to the state. Table 3 shows the percentages of high school graduates in Appalachian South Carolina. Efforts to close the gap between Appalachian SC and the nation have been successful but several counties, including Cherokee, continue to lag behind.

Table 3: Percent of Population with At Least a High School Degree

Area	2000	2010
Anderson	73.4	80.6
Cherokee	66.7	74.2
Greenville	79.5	84
Oconee	73.9	81.2
Pickens	73.7	81.4
Spartanburg	73.1	79.9
State of SC	76.3	83.0
Nation	80.0	85.0

Source: Appalachian Council of Governments InfoMentum

Another area of concern is the lack of basic literacy skills. At 17.5 percent, Cherokee

County's rate of illiteracy is higher than the rest of the region's as well as the state's 15 percent rate. Adult education programs are needed to provide remedial training.

Health Care

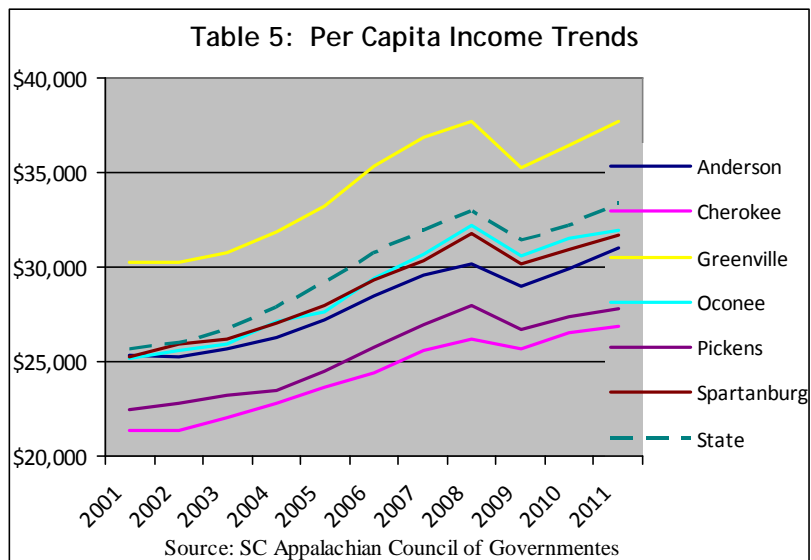
Access to quality, affordable health care sustains a productive workforce and is a primary quality of life resource. According to the federal Department of Health and Human Services, communities in every county of Appalachian South Carolina qualify as Medically Underserved Areas (MUA) or Medically Underserved Populations (MUP). Designation as a MUA/MUP is based on the availability of health professional resources within a thirty-minute travel time, the availability of primary care resources in contiguous areas, and the presence of unusually high need, such as high infant mortality rate or high poverty rate. Oconee and Cherokee Counties are designated as Medically Underserved Areas (MUA) in their entirety. The other 4 counties are partially designated.

Health Professional Shortage Areas may have shortages of primary medical care, dental or mental health providers. Dental Professional Shortage Areas either meet specific ratios of professional to population, or are over-utilized, excessively distant, or inaccessible to the population of the area. All of the counties, with the exception of Greenville, are designated as primary care Health Professional Shortage Areas. . Anderson, Oconee, Pickens, and Spartanburg are classified as Dental Professional Shortage Areas based on income and Cherokee County is classified based on geography. The same designations exist for access to mental health care. The lack of adequate health care places citizens in Appalachian South Carolina at a disadvantage when it comes to being prepared for work.

Poverty and Income

Appalachian South Carolina has continued to experience the high levels of poverty and low levels of per capita income that have plagued the Appalachian Region. While significant progress has been made over the past 40 years, the recent economic downturn has threatened the advancements made by the region. In 1960, Appalachian South Carolina showed 34 percent of its residents as having poverty level incomes. In 1970, the figure had dropped to 16 percent, and by 1980, 13 percent of the region's population was below poverty level. In 1990, the level of poverty in the S.C. Appalachian region was 11.6 percent, just slightly below the national rate of 13 percent. By 2000, the region's poverty rose slightly to 12 percent; however, the national rate dropped to 12 percent. In 2009, the poverty rate of the South Carolina Appalachia region saw a drastic increase to 17 percent, the highest percentage of below poverty households in roughly 40 years. As of 2010, the rate had dropped to 15 percent, still above the national average of 14 percent, but below the state average of 16 percent. Access to adequate job training and health care are problems for many of those living in poverty, which are problems that can be compounded by lack of educational opportunities.

Despite rising poverty rates and rapidly rising unemployment rates (discussed in the section below), per capita income in Appalachian South Carolina had, until recently, continued to show a generally upward trend although overall it still lagged behind the remainder of the state. The exceptions are Greenville, which has consistently had a higher per capita income than the state, and Oconee which has most closely mirrored the state trend.

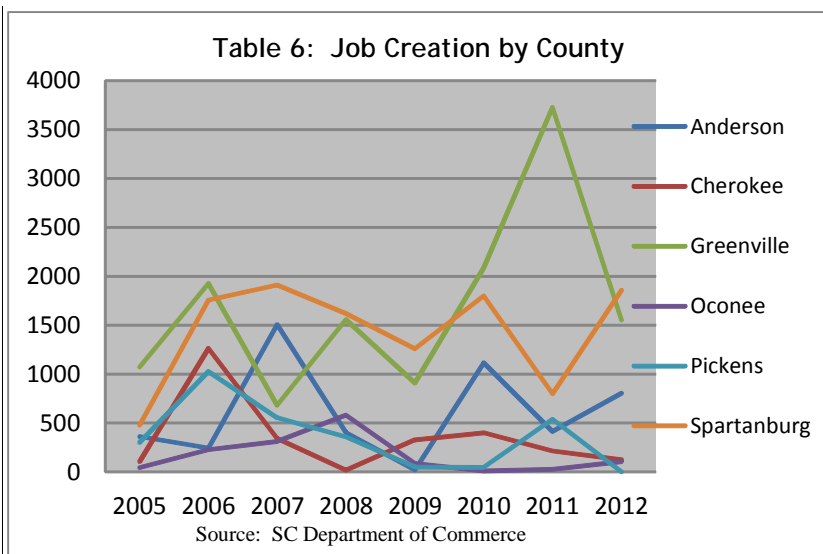


Per capita income for the state in 2011 was \$33,388, which compares most closely with Oconee at \$31,964 and Spartanburg at \$31,670. Greenville is above the state average at \$37,869, and the remaining counties fall between \$26,000 and \$31,000 with Cherokee County having the lowest per capita income at \$26,856.

From 1990-2010, the number of persons qualifying as having low and moderate incomes in Appalachian South Carolina increased, showing that some areas are not sharing in the growth in income levels. Persons are considered to be low and moderate income if their incomes are less than 80 percent of the county or area median income. Of the 39 municipalities in Appalachian South Carolina, 27 have higher levels of low and moderate income persons in 2000 than in 1990. Since 2010, four local governments saw their low to moderate income populations slightly decrease and the rest remained the same.

The Economy

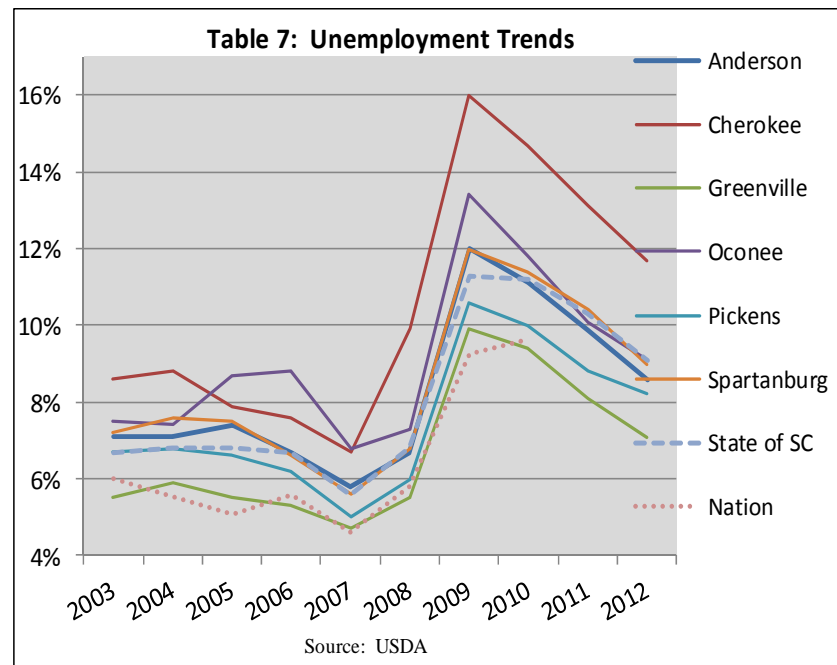
From 2005 to September 2013, Appalachian South Carolina accumulated more than \$8.7 billion in total announced capital investments along with the creation of 36,788 jobs. These totals account for 28 percent of the total announced capital investment in the state and roughly 28 percent of the jobs created in the state during that time. Table 6 shows job creation by year, with great variance from year to year as most of the region's counties experienced periodic spikes and dips.



In 2007 and 2008, the unemployment trends more closely mirrored the unemployment rates of South Carolina as a whole than that of the Nation. However in 2009, the unemployment rate in Appalachian SC nearly doubled from 7 percent in 2008 to 13 percent in 2009. Comparatively, the national unemployment rate in 2009 was 9 percent and statewide the unemployment rate was roughly 12 percent. The State has been affected by the recession, with unemployment surging upward in 2009 and peaking in early 2010. Statewide unemployment reached 12.5 percent in January 2010, at which point it was the fourth highest in the nation, and has since gradually declined, dropping to an average of 9.0 for 2012.

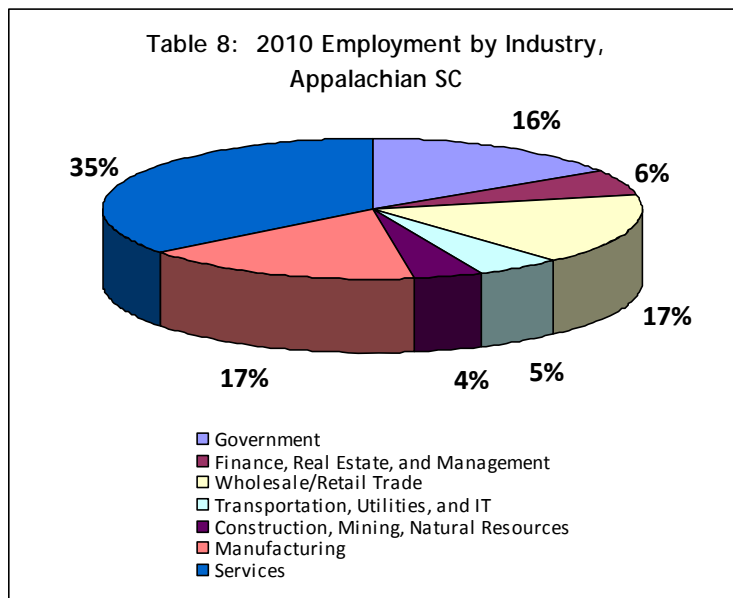
The smaller and more rural areas have even higher unemployment rates. In 2011, the unemployment rate of the Appalachian region was similar to the state's average, except for Cherokee County, which was slightly higher. The local spikes could be related to dependence on specific segments, such as textiles and on manufacturing jobs in general. When the domestic textile industry began to cut production in favor of cheaper foreign

labor, local economies saw drastic job losses. Recovery from such significant job losses is still in progress and will take time.



Less diversified economies are also more at risk during economic downturns, and for this reason, the Department of Commerce has actively been pursuing various strategies to increase industrial diversification and stimulate economic growth in the region. From 2005 through September 2013 the Department of Commerce announced the creation of over 142,000 new jobs and over \$29 billion in new capital investment in the state. Notably in 2009 the state won one of the most significant economic development projects of the year when Boeing announced that it had selected North Charleston for its second 787 Dreamliner aircraft assembly plant. As the only commercial aircraft manufacturer headquartered in the US, Boeing's selection of South Carolina will impact the entire state by creating new opportunities for existing businesses, focusing national attention on the state and helping to attract new businesses, investment, and jobs. Production at the new \$750 million facility began in 2011 and an estimated 3,800 new jobs will be created by Boeing alone. Additional jobs and investment are expected throughout South Carolina as other new companies seeking a location closer to Boeing and as existing companies expand. Michelin and GE, both located in Appalachian South Carolina, make aircraft tires and turbine blades for the 787, respectively.

Table 8 illustrates the breakdown of the region's 2010 employment by industry sector. Manufacturing – with concentrations in textiles, engineering, machinery, electronics, tires, automobiles and advanced materials – continues to represent a significant percentage of the region's economy at 17 percent, but service industries now represent a larger percentage of the region's workforce at 35 percent. The transition from manufacturing to services signals a maturing economy for the region. Since an increase in service industries is mainly an urban phenomenon, the rapid economic growth and positive gains experienced by Appalachian South Carolina have not been shared equally by each of the counties or uniformly within the individual counties. Much of the growth has occurred in the Cities of Anderson, Greenville and Spartanburg. Many of the more rural areas of the region continue to be plagued with problems of economic stagnation.



Infrastructure

Infrastructure concerns relate to both developing sustainable economic opportunity and to suitable living environments offering a high quality of life for residents. Existing systems in many of the smaller, more rural communities in particular are in need of replacement or upgrade. Without adequate infrastructure, businesses will not come to the region or expand existing operations.

According to the State Infrastructure Plan completed in 2001, seven of the 25 largest water providers in the state are located in Appalachian South Carolina. There are 24 water providers in Appalachian South Carolina with a total production capacity of 338 million gallons per day (MGD). The second largest water system in the state is the Greenville Water System and the Spartanburg Water System is the state's fourth largest system. The 20 major water providers who have production capacities available for future needs currently have lines that branch out from the I-85 corridor in the urban areas of Greenville, Spartanburg, Anderson, and the Clemson/Seneca area. The Clemson University System is unique in that the current production capacity is limited, while the capacity available for future use is almost 10 times that volume. The 78 smaller water systems in Appalachian South Carolina serve more than 170,000 residents, which is only a fraction of the total population of the six counties. Water use is expected to increase by 20 percent from 2000 to 2015.

The State Infrastructure Plan also describes the wastewater systems in Appalachian South Carolina. Compared to the rest of the state, Appalachian South Carolina utilizes a high percentage of septic tank systems, 26 percent of the state's total. Appalachian South Carolina has 477 wastewater treatment facilities, including 16 major facilities. Of the 16 major facilities, 11 have some capacity to meet future needs. Most of the major capacity for future use is concentrated in the urbanized areas of Greenville, Spartanburg, and Oconee Counties, with lines radiating from the Cities of Greenville, Spartanburg, Anderson, Seneca, Westminster, and Walhalla. Appalachian South Carolina is projected to need additional capacity to meet future demands in 2015.

Access to information technology infrastructure and needed infrastructure to support economic development is important to rural areas of the State. According to the 2001 School Technology Report, 96 percent of the schools and 64 percent of the library sites have a T-1 or greater connectivity. Based on a Department of Education survey, schools in South Carolina average a "student to computer" ratio of 5:1 which makes South Carolina a "high-tech" state. The state has also made efforts to increase the use of distance learning to combat teacher shortages. Appalachian South Carolina has six Distance Education Learning Centers covering all of the school districts in the area.

In 2010, Oconee County was awarded \$9.6 million from the NTIA Broadband Technologies Opportunity Program to install a fiber optic communications network. The project, known as Oconee FOCUS (Fiber Optics Creating Unified Solutions), is a public-private partnership with plans to build a fiber-optic middle-mile network to service the rural parts of the county and connect with high-speed networks across the state. The construction of a 245-mile fiber network, providing broadband speeds of 10 Mbps and 10 Gbps, will improve Oconee County's attractiveness to new and existing employers. This upgrade in technology will allow for more efficient and effective business practices. Distance learning, video conferencing, and remote research will also enhance educational opportunities for students of all ages. By subscribing to a local Internet service provider, approximately 27,800 households and 2,400 businesses could have access to the network. This project will also enable middle-mile connectivity to as many as 150 anchor institutions, including as many as 26 public safety entities, 24 K-12 schools, Tri-County Technical College, Oconee Medical Center, and four libraries. Access to the "middle mile" lowers the cost of internet access, making it more affordable to citizens and private industry.

Currently, the state continues to promote accessibility and affordability of broadband and wireless communication to serve residents, small business and industry locating in rural areas of the state.

The inadequacy of public infrastructure is a major impediment to community and economic development. Without basic services, such as water and sewer or good roads, there can be no significant job creation and the quality of life for residents of an area is poor. Small municipalities in South Carolina are increasingly finding themselves in dire straits as many must rely upon aging or inadequate systems. Unable or unwilling to increase rates or taxes, the systems continue to deteriorate and problems compound. Communities must maintain adequate facilities and services in order to provide a good quality of life.

Transportation

Appalachian South Carolina is served by two federal interstate highways. I-85 passes through all but one (Pickens County) of the six counties. This interstate route connects Appalachian South Carolina to markets to the north such as Charlotte and Greensboro, North Carolina, and the larger northeastern cities. To the southwest, I-85 provides access to Atlanta, Georgia and Birmingham, Alabama. This highway also connects the primary road growth centers of the district. Federal interstate highway I-26 passes through only one of the district's counties, but provides access between the mountains of the northwestern portion of the state with the Atlantic coast. This route connects the urban areas of Spartanburg, Columbia, and Charleston in South Carolina as it passes diagonally across the state. Until recently, I-26 terminated at federal interstate highway I-40 near Asheville, NC, a primary connecting route between the southeastern and Midwestern states. The extension of I-26 to I-81 south of Kingsport, TN has provided additional opportunities and access as major trucking route from New Orleans to Syracuse, NY.

Appalachian South Carolina is also served by a network of U.S. highways. U.S. Route 25, 29, 76, 123, 176, 178, 221, and 276 serve much of the newly expanded urban development within the district. Consequently, many of these routes are used as urban arteries as well as connectors between urban centers.

The Corridor W development highway of the Appalachian Development Highway System generally follows the federal highway U.S. 25 corridor from I-85 near Greenville to I-26 near Hendersonville, NC. In 2013, South Carolina was the first state to complete its portion of the ADHS when it finished the final 4.3 miles of the 22.9 mile project. Commuters and commercial traffic benefit from a more efficient route that leads to decreased transportation costs and increased trade opportunities for existing and new businesses located along the corridor.

Local access roads include relatively short roads needed to provide access to industrial parks, commercial and service areas, or education and health centers. The need for these roads is ongoing. South Carolina will use remaining ADHS funding for access roads starting in 2014 with emphasis on access roads that serve industrial and commercial sites and parks that have the potential to provide significant employment opportunities and/or stimulate economic development. Projects that provide access roads to recreation areas and educational areas will also be considered.

Appalachian County Status & Assessment

The ARC developed a county economic classification system to target counties in need of special economic assistance. Five economic levels were created based on the comparison of three county economic indicators (three-year average unemployment, per-capita market income, and poverty) to their respective national averages. As shown in Table 9, thresholds define the five economic levels used to classify ARC counties: distressed, at-risk, transitional, competitive, and attainment.

Table 9: County Economic Indicators			
County Levels	3-Year Average Unemployment Rate	Per Capita Market Income	Poverty Rate
Distressed	150% or more of U.S. average	67% or less of U.S. average	150% or more of U.S. average
At-Risk	Counties at risk of becoming economically distressed		
Transitional	All counties not in other classes. Individual indicators vary.		
Competitive	100% or less of U.S. average	80% or more of U.S. average	100% or less of U.S. average
Attainment	100% or less of U.S. average	100% or more of U.S. average	100% or less of U.S. average

Attainment Counties

The Appalachian Regional Commission recognizes that some of the Region's counties have closed or are closing the gap with the rest of the United States. Attainment counties are the economically strongest counties and rank in the best 10 percent of the nation. For fiscal year 2014, three counties in the 13-state Appalachian Region have been designated as attainment counties and can no longer benefit from ARC funds except under certain exceptions. South Carolina currently has no counties in the region designated as an attainment county.

Competitive Counties

Competitive counties are defined as those counties who are able to compete in the national economy but are not in the highest 10 percent of the nation's counties. There are currently 10 counties in the 13-state Appalachian Region that meet competitive county status. South Carolina has no competitive counties. For projects located in ARC-designated competitive counties funding is usually limited to 30 percent of project costs.

Transitional Counties

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 region's counties. The counties meeting the criteria as "Transitional" are Anderson, Greenville, Oconee, Pickens and Spartanburg. Transitional counties can qualify for up to 50 percent of eligible project costs from ARC.

Anderson County has a 2012 estimated population of 189,355. Of all the municipalities within the county only the City of Anderson (population 26,686) has a population over 5,000. Anderson County is also rural, with many of the smaller municipalities being old mill villages that have lost their textile companies. The county's per capita income of \$31,059 is fourth among the Appalachian South Carolina counties and lags behind the state as a whole. The southern portion of the County is especially poor and rural. Many

of the mill villages suffer from old and failing infrastructure. Anderson County has 11 areas that are classified as “Distressed Areas” by ARC standards.

Greenville County is Appalachian South Carolina’s most economically diversified and most populous county with an estimated 2012 population of 467,305. There has been a steady decline in nonagricultural employment in manufacturing and an increase in the services industry as the City of Greenville and its suburbs have become a more densely populated urban area. Currently, services account for 48 percent of Greenville County’s work force employment. Only 12 percent of the work force is dedicated to the manufacturing industry. While Greenville County in general has shown much progress in providing economic opportunities during the last two decades, there remain portions of the county where little economic growth has taken place and a largely rural economy remains. This has been evident by the cycles of economic downturn and the change in designation status over the last ten years from an Attainment County, to a Competitive County and now a Transitional County. There are currently 25 ARC Distressed Areas in the County, which account for 42 percent of all the distressed areas in Appalachian SC.

Oconee County has an estimated 2012 population of 74, 627. The county is 70 percent rural and approximately half of the county is part of a national forest. The western portion of Oconee County is most like the rest of Appalachia, with mountains, winding roads and few job opportunities. However, an influx of affluent retirees to areas around Lakes Keowee and Hartwell have resulted in a growth rate of 6 percent in median family income, almost twice that of the state’s Appalachian region. Oconee County has the least amount of Distressed Areas with 2.

Pickens County ranks fourth in population in the South Carolina Appalachian region with an estimated 2012 population of 119,670. The demographics of the county have changed over the past decade, with the small cities seeing more growth. While much of the county remains rural, the City of Easley (population 19, 993) the City of Clemson (population 13,905), and the Town of Central (population 5,159) each contain more than 5,000 persons. The City of Easley is essentially a bedroom community to the City of Greenville, with many of Easley's residents working in Greenville. The City of Clemson houses Clemson University and a disproportionate percentage of its residents receive the relatively higher University salaries. The two affect both per capita income and poverty figures for Pickens County, as the rest of the county, especially the northern portion, is sparsely populated and poor. The fourth largest municipality, the Town of Pickens (population 2, 838), is 55 percent low and moderate income. Pickens County is the only county in the region that does not contain an interstate highway, which creates a serious economic disadvantage. There are currently 4 ARC Distressed Areas in the County.

Spartanburg County has become economically diversified over the past decade and is the second most populous county with an estimated 2012 population of 288,745. Although positive changes have occurred, including population growth and increased economic diversity, continued investment will keep the County from falling further behind and allow for permanent instead of temporary changes. Non-agricultural employment continues to shift and although 20 percent is still in manufacturing, there has been a steady decline over the past several years. While the areas around the City of

Spartanburg have shown great economic progress during the last decade, large portions of the county remain mostly rural with little economic growth. Spartanburg County contains 13 municipalities, of which 5 have populations that are greater than 51 percent low and moderate income, according to HUD census data. Spartanburg County has the second highest amount of Distressed Areas in Appalachian SC with 17.

At-Risk Counties

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 projects in ARC-designated at-risk counties, grants can be up to 70 percent of total project costs. South Carolina currently has no at-risk counties.

Distressed Counties

Distressed counties are the most economically depressed counties. They rank in the worst 10 percent of the nation's counties. Appalachian South Carolina has one county designated as distressed, ARC grants in designated distressed counties can account for up to 80 percent of total project costs.

Cherokee County is the least populous county with a growth rate of 5 percent since 2000 and an estimated 2012 population of 55,662. In 2009, the unemployment rate skyrocketed to 16 percent, and although per capita income had increased 36 percent between 1996-2005, the economic downturn has caused Cherokee County to see a 10 percent decrease in their 2010 per capita income, resulting in the lowest ranking among the six Appalachian counties. Cherokee County has only two incorporated areas, the City of Gaffney and the Town of Blacksburg. The only industrial-grade utilities in the county lie within or near these incorporated areas, leaving few viable industry-ready sites. However, the county's location between Greenville and Charlotte improves the potential for development along the I-85 corridor. With the assistance of ARC and other federal programs, the municipalities and the county can continue to develop infrastructure along I-85.

The Commission understands that there are some areas in non-distressed counties that have substantially higher poverty or lower income levels than national averages. These areas are a focus of ARC assistance and have been designated as "Distressed Areas". To qualify as a "Distressed Area" a census tract must be in an at-risk or transitional county that has a median family income no greater than 67 percent of the U.S. average and a poverty rate of at least 150 percent of the national average. South Carolina currently has 59 areas designated as Distressed Areas.

Objectives and Strategies

The 2014 Annual Strategy Statement for Appalachian South Carolina focuses on implementation of priorities to enhance the State's economic competitiveness as follows:

1. Economic development that increases income levels
2. Education and workforce development
3. Infrastructure and other public facilities to improve quality of life

The State of South Carolina has established four ARC goals with related objectives and strategies to target limited resources within the state's Appalachian counties to improve economic conditions and quality of life. All goals, objectives, and strategies are consistent with ARC's Strategic Plan, "Moving Appalachia Forward."

The State of South Carolina will seek ARC support for strategies that achieve the objectives outlined in this plan. The State will use ARC funds to fill gaps in un-funded or under-funded programs, and not supplant existing funds that fall within these objectives. The State will also maximize the return on investment of ARC dollars by also using other funds and resources to support and implement program goals and objectives. The State will give priority funding consideration to projects in any county or area that has been designated as "distressed" by ARC.

ARC General Goal #1:

Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation

State Objective 1.1: To strengthen leadership and capacity in communities and regional organizations to include citizen participation, strategic planning, economic development and community revitalization.

- **Strategy:** Support programs that foster leadership development and civic involvement for youth and community leaders.
- **Strategy:** Support planning to develop strategies for long-term economic improvement.
- **Strategy:** Help communities to develop partnerships (public, private, business, non-profit, or civic) that promote regional solutions and help to achieve long-term economic strategies.
- **Strategy:** Provide training and technical assistance to local government and other non-profit organizations engaged in economic development.

State Objective 1.2: To strengthen communities by building local economies that capitalize on local assets or utilize innovative economic development approaches to diversify the economic base and create sustainable development.

- **Strategy:** Support efforts to maximize asset-based and heritage tourism development.
- **Strategy:** Promote the use and development of local foodways.
- **Strategy:** Develop programs to encourage revitalization of declining downtowns.
- **Strategy:** Support creative economic development approaches that have the potential to spur economic activity in areas that are struggling.

State Objective 1.3: To diversify the economic base and foster development of new technologies and sustainable practices.

- **Strategy:** Support sustainable development of natural and environmental resources including energy technologies.
- **Strategy:** Enhance the use and development of telecommunications and technology to enhance workforce and economic development.

State Objective 1.4: To increase the number of business start-ups and expansions, particularly focusing on small businesses.

- **Strategy:** Provide entrepreneurial education, technical assistance, business services and information to new and expanding businesses.
- **Strategy:** Analyze gaps in existing services, research the needs of entrepreneurial enterprises, promote awareness of programs and organizations and coordinate and sponsor activities and services for entrepreneurs in the South Carolina Appalachian region.
- **Strategy:** Support the development of industry networks, trade organizations and services for small businesses and entrepreneurs that promote collaboration, resource sharing, and the coordination of business-assisted services.
- **Strategy:** Provide access or referrals to capital for new and expanding small businesses through revolving loan funds (RLF) or other capital access programs.

State Objective 1.5: To increase the competitiveness of the existing economic base.

- **Strategy:** Encourage the development and delivery of workforce training programs that meet the needs of existing businesses.
- **Strategy:** Support efforts to strengthen, modernize and promote energy efficiencies for existing businesses.
- **Strategy:** Encourage the transfer of advanced manufacturing processes and product technologies that increase productivity and competitiveness.
- **Strategy:** Assist small and medium size businesses to locate and access markets for their products that will enable them to participate in the global market.

ARC General Goal #2:

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

State Objective 2.1: To strengthen the capacity of the region to work collaboratively to identify workforce training and education needs, health care deficiencies, and other quality of life issues, and to implement solutions.

- **Strategy:** Develop plans, programs and community capacity to prepare the workforce for future employment needs.
- **Strategy:** Develop plans, programs and community capacity to address education, health care and other quality of life issues that will make the region more sustainable and economically competitive.

State Objective 2.2: To enhance workforce skills through education and training.

- **Strategy:** Establish or enhance relationships between training institutions and businesses to improve workforce readiness.
- **Strategy:** Support workforce training and apprenticeship programs conducted by vocational/technical institutions in direct response to critical business/industry needs.
- **Strategy:** Build the capacity of training institutions to upgrade work-force skills and increase productivity.
- **Strategy:** Target the workforce of declining industries and develop plans and programs for re-training affected workers.
- **Strategy:** Promote technology education and training through the state's higher education system.

State Objective 2.3: To increase basic education attainment by encouraging school readiness, after-school care, drop-out prevention, mentoring, teacher retention and school-to-work transition.

- **Strategy:** Support initiatives for teacher retention, training, and performance.
- **Strategy:** Provide the region's early childhood, kindergarten and elementary children with the skills they need to be successful in the first years of school.
- **Strategy:** Develop after-school programs that reinforce basic skills and provide mentoring opportunities.
- **Strategy:** Support initiatives for high school completion and drop-out prevention.
- **Strategy:** Support basic skills programs for secondary students specifically to improve employability and improve their ability to pursue further training and education opportunities.

- **Strategy:** Promote the development of skills in math and sciences and provide opportunities for future employment and training in the fields of engineering, technology and entrepreneurial development.
- **Strategy:** Increase access to educational opportunities for adults such as advanced technology applications and adult literacy.

State Objective 2.4: To improve access and affordability of health care, prevention and wellness for residents in the region.

- **Strategy:** Increase access to health care professionals, facilities and telemedicine in medically underserved or health professional shortage areas.
- **Strategy:** Identify gaps in health care service delivery and provide reasonable cost effective solutions to address the health care needs, particularly for the most vulnerable populations.
- **Strategy:** Support projects for healthcare prevention and wellness.

ARC General Goal #3:

Develop and Improve Appalachia's Infrastructure to Make the Region Economically Competitive

State Objective 3.1: To support local strategic planning initiatives and partnerships for improving infrastructure and creating sustainable communities.

- **Strategy:** Encourage a regional exchange of “best practices,” new technologies, and common experiences in support of economic development planning and implementation.
- **Strategy:** Support local-level planning that encourages regional solutions to infrastructure problems and sustainable policies for development that prioritize and target limited resources.

State Objective 3.2: To develop the basic infrastructure and facilities needed to support community and economic development.

- **Strategy:** Support projects that result in private sector investment and substantially enhance the community and economic development potential of an area.
- **Strategy:** Leverage financial resources for strategic investments to construct or improve public infrastructure that address public health concerns or to meet environmental standards.
- **Strategy:** Provide financial and technical assistance to communities for the development of industrial sites, parks and shell buildings that will have a significant impact on an area's development potential.
- **Strategy:** Provide assistance for the construction of local access roads that enhance economic development

State Objective 3.3: To promote sustainable development practices in infrastructure including system regionalization and energy efficiencies.

- **Strategy:** Promote multi-county and regionalized approaches to infrastructure management and development.
- **Strategy:** Provide education and training regarding energy efficiency techniques and encourage energy conservation and efficiency strategies in the design and operation of infrastructure and public facilities.

State Objective 3.4: To develop telecommunications infrastructure and improve access to broadband.

- **Strategy:** Support installation of telecommunication conduit in the construction of public infrastructure.

- **Strategy:** Invest in telecommunications initiatives and plans for accessibility in rural and non-rural areas.
- **Strategy:** Encourage the use of telecommunications for business, education, health, government and other uses.

State Objective 3.5: To make long term investments that will preserve and enhance natural resources, promote sustainability and improve the quality of life.

- **Strategy:** Facilitate clean-up and reuse of brownfields and abandoned sites.
- **Strategy:** Preserve and enhance natural assets.
- **Strategy:** Implement projects that address public safety, neighborhood stabilization, access to transportation and other public services.

ARC General Goal #4:

Enhance the use of the Appalachian Development Highway System to Reduce Appalachia's Isolation and Encourage Economic Development

State Objective 4.1: To promote the use of Appalachian South Carolina's Appalachian Development Highway System.

- **Strategy:** Capitalize on the ADHS and its development to provide regional access to employment and education opportunities.
- **Strategy:** Support collaboration and coordination between transportation, economic development and trade interests to strengthen access to markets and maximize economic and employment benefits.
- **Strategy:** Work with federal and state departments of transportation to identify local access road opportunities and promote the use of the ADHS highway.
- **Strategy:** Support development and application of advanced transportation technologies that reduce energy consumption and help ensure continued competitiveness of the region's businesses.

State Objective 4.2: Support efforts to develop an intermodal transportation network.

- **Strategy:** Encourage intermodal coordination of the ADHS and the local access roads program as a link to global supply chains.
- **Strategy:** Encourage the development of key transportation corridors (highway, rail, water, aviation) that enhance the competitiveness of businesses.
- **Strategy:** Identify and develop intermodal transportation facilities or expand the use of existing facilities.
- **Strategy:** Provide assistance for the construction of local access roads that enhance economic development.

ARC Regional Priorities

ARC identifies strategic objectives that are designed to address areas of critical importance to the Region as a whole. These strategic objectives are also known as “Regional Initiatives” and are designed to help the Commission achieve its ten year performance goals. By focusing on regional priorities, the Commission seeks to support and promote innovation, or to target the use of resources on areas of unique opportunity or underperformance.

The key Regional Priorities identified by South Carolina in its 2010-2014 Development Plan are:

- Telecommunications
- Asset Based Development
- Energy Efficiency

Telecommunications

The State will seek to better equip the Appalachian region of the State with telecommunications and related technologies as part of the objectives and strategies of the Telecommunications Initiative. The State will support and promote telecommunications access in a global economy for residents and businesses within the region by establishing appropriate partnerships and working closely with the LDD to implement solutions. The State will also provide technical assistance, in the development of telecommunication efforts for the region to successfully compete in the 21st century.

Asset Based Development

South Carolina will promote the Asset Based Development in Appalachian South Carolina to build on existing resources and to create valued products and services that can be sustained for local benefit. These resources include:

- **Cultural Assets** can be developed by building creative economies that capitalize on traditional arts, culture, and heritage in support of local entrepreneurs, and attracting visitors by creating heritage trails, among other things.
- **Natural Assets** include leveraging unique ecological, energy and environmental assets and the gateway communities leading there.
- **Structural Assets** can include brownfield redevelopment, adaptive reuse, and downtown redevelopment.
- **Leadership and Community Assets** provide opportunities to build communities through tools and resources that enhance civic entrepreneurship and leverage local assets.

The State will partner with other organizations to build sustainable communities that preserve the quality and build on existing assets and resources.

Energy Efficiency

One way to protect our natural assets is through energy conservation and efficient use of energy resources. The SC Energy Office was created by the South Carolina Energy Conservation and Efficiency Act of 1992 to develop and implement a well-balanced energy strategy and to increase the efficiency of use of all energy sources throughout South Carolina as well as promote energy

efficiency, diversity, and sustainability. These activities are designed to address the critical needs of the state as they relate to saving energy, enhancing energy efficiency, reducing reliance on foreign suppliers, and improving environmental quality.

South Carolina has a comprehensive state energy plan that maximizes environmental quality, energy conservation and efficiency, and minimizes the cost of energy throughout the State including the Appalachian region. The focus of the plan is to:

- Ensure access to energy supplies at the lowest practical environmental and economic cost.
- Ensure long-term access to adequate, reliable energy supplies.
- Ensure that demand-side options are pursued wherever economically and environmentally practical.
- Encourage the development and use of indigenous, renewable energy resources.
- Ensure that basic energy needs of all citizens, including low income citizens, are met.
- Ensure that energy vulnerability to international events is minimized.
- Ensure that energy-related decisions promote the economic and environmental well-being of the State and maximize the ability of South Carolina to attract retirees, tourists, and industrial and service-related jobs.
- Ensure that short-term energy decisions do not conflict with long-range energy needs.
- Ensure that internal governmental energy use patterns are consistent with the State's long-range interests.
- Ensure that state government is organized appropriately to handle energy matters in the best public interest.
- Ensure that governmental energy-related tax, expenditure, and regulatory policies are appropriate, and, wherever possible, maximize the long-range benefits of competition.

There are various grant, loan and incentive programs for individuals, businesses, and non-profits as well as public entities to implement energy efficiency and encourage the use of renewable energy sources. South Carolina also has a Building Energy Code and has adopted energy standards for public buildings. Additionally, the State Energy Office conducts public education and outreach programs to encourage energy efficiency and sustainability.

To support sustainability, the State has established a “Green Roadways” Program. This initiative identifies materials for companies that are looking to green their supply chain or for specific projects, including streets, highways/highway corridors, and sidewalks.

The State will also support these efforts to prepare for the future energy needs in the Appalachian region by promoting development of new or renewable energy resources and increasing the efficiency of existing resources. These efforts will support more sustainable development and enhance the economic competitiveness of the region. ARC Regional Initiatives funding may be used to support the energy efficiency components of any ARC assisted construction project.

Federal Priorities

In addition to the Regional Priorities identified by the state, there are federally identified initiatives that would contribute to improvement in the 13 state region. Projects that are consistent with State Strategies may also be developed to address the following Federal ARC Priorities:

- Leadership and Civic Development
- Export Development
- Telecommunications
- Entrepreneurship
- Asset-Based Development

Planning Process and Public Participation

With policy direction from the Governor's Office and the South Carolina Department of Commerce, the South Carolina Appalachian Council of Governments is involved in the planning and project development activities required for implementation of the state's Appalachian program. The Council obtains local level public participation in assessing needs, preparing plans and recommending projects for Appalachian South Carolina. These public participation activities serve the dual function of fulfilling requirements for local input at the district level and the state level.

Economic Development

The Appalachian Council of Governments conducts economic development planning that targets infrastructure and resource development necessary to attract and retain high quality industries. Economic development projects are developed by the region's local units of government, or service providers, working with the County Economic Development Board, the Chamber of Commerce, and in consultation with the South Carolina Department of Commerce and the Appalachian Council of Governments. The COG staff normally assists in the development of the ARC application, as well as applications submitted to the basic federal agency.

Generally, the Board of Directors of the Appalachian Council of Governments is made aware of projects prior to submission to the Governor and the South Carolina Department of Commerce for recommendation to the ARC. Because economic development projects occur throughout the year and are unpredictable, the Appalachian Council of Governments Board is informed as necessary and at regularly scheduled board meetings. Local newspapers are informed of the date, time and location of the meetings and are provided with an agenda. All board meetings are open to the public.

Close coordination exists between the Council of Governments and the SC Department of Commerce in working on program review for the Small Cities Community Development Block Grant Program and this program also requires a process for citizen input and participation. These entities work jointly on enhancing the economic development of the region, particularly in efforts to improve the economy of rural areas in the region.

Human Resource Development/Workforce Development

Education and workforce training is one of the cornerstones on which economic development is built. One of South Carolina's strengths in attracting and growing business and industry in the SC Appalachian counties is the ability to train workers to meet business demands. Much of this training is through the State Technical Education System's Technical Colleges, three of which are located in the Appalachian region. Greenville Technical College serves Greenville County; Tri-County Technical College serves Anderson, Oconee, and Pickens Counties; and Spartanburg Community College serves Spartanburg and Cherokee Counties. In addition, each county has at least one high-school level vocational/career center that trains students for careers in a wide range of fields.

Capacity Building

Through the Appalachian Council of Governments and the State Department of Commerce, South Carolina has undertaken several important projects to strengthen and broaden the leadership base of the region. The Appalachian Regional Development Partnership was a direct result of these efforts. The initial efforts of the Partnership involved hundreds of citizens from Appalachian South Carolina and forged a broad-based strategic plan containing economic development priorities for each of the counties. This plan became the driving force behind significant improvements to infrastructure and quality of life in the region. In addition the Appalachian COG has assisted small, economically distressed local governments with strategic planning, budgeting, office computerization, training of council members and employees, utility rate scheduling, etc. These efforts have resulted in increased efficiency and cost effectiveness, increased public confidence, reduced insurance exposure, more knowledgeable and competent local government officials, and increased citizen involvement.

State Operating Policies

The State has developed operating policies to govern the implementation of the state's ARC Annual Strategy Statement. These policies address the process for development and selection of state and community projects that are consistent with the Annual Strategy Statement and Development Plan.

Project Eligibility

All ARC assisted projects are required to comply with the following federal eligibility criteria:

- Relate to one or more goals and objectives set forth in the approved State Appalachian Development Plan.
- Be included in the state's annual Strategy Statement.
- Provide reasonable assurance that the project makes maximum use of all available federal and non-federal funds.
- Address a documented need set forth in the state plan.
- Provide reasonable assurance that the project is not inconsistent with applicable state and/or federal plans, policies and regulations.
- Provide reasonable assurance of the availability of non federal shares of project costs, where matching funds are required.
- Provide reasonable assurance that there is management capability to carry out the project or program effectively and in a timely manner.
- Contain detailed outcome measurements by which grant expenditures may be evaluated.

All projects submitted to ARC for consideration must address one or more of the State's Goals, Objectives and Strategies as outlined in this Annual Strategy Statement. The application must specify which of the Goals, Objectives and Strategies the project will address and document how it will be carried out and how the performance goals will be accomplished.

In determining whether to approve and recommend a project for funding, the State of South Carolina will evaluate projects using the following criteria:

1. Establishment or significant enhancement of collaborative relationships, including local governments, non-profits, the private sector, and educational institutions.
2. The nature of the problems and extent of needs in the community and the impact on low and moderate income persons served.
3. Feasibility and cost reasonableness of the project proposal.
4. Level of general fiscal effort of an applicant as compared to similar local units of government.
5. The relationship of funds available or which may become available to the funds needed or which may be needed for a capital improvement project.

6. The relationship to one or more goals and objectives set forth in the approved SC Development Plan and Strategy Statement.
7. Substantial evidence that intended program benefits will result within a reasonable time period after project completion and that the proposed project's outcomes and outputs are measurable.
 - For **economic development projects**, level of private sector involvement. Private sector involvement includes, but is not limited to, the creation of new jobs, retention of existing jobs, capital investment in the project by private developers, new investment in the community without specific job creation or retention (i.e., private construction of speculative buildings for industrial/commercial use) and expansion of existing commercial or industrial development. Other private sector involvement may be considered but must be fully documented.
 - For **entrepreneurship opportunity projects**, evidence that project gives entrepreneurs greater access to capital; educates and trains entrepreneurs; encourages strategies to maximize the economic strengths of local communities; or provides strategic support for entrepreneurship.
 - For **basic skills education projects**, evidence that project will prepare students for further education, training or employment, or that the project promotes teacher retention or technology training.
 - For **workforce education projects**, evidence that clearly relates private sector needs to the objectives of the proposed project. The evidence should present workforce needs for the current period and should also be projected for the next three years; sources and/or methods for deriving these projections must be cited and explained when necessary. The evidence should include recommendations of an advisory committee that includes representation of key business/industry to be affected by the proposed project and/or a recent industry survey of employer needs.
 - For **infrastructure projects**, elimination of a documented health and safety threat and/or compliance with DHEC regulatory requirements. Projects may also support a commitment to create new jobs, or to retain existing jobs, capital investment in the project by private developers, new investment in the community without specific job creation or retention (i.e., private construction of speculative buildings for industrial/commercial use) or expansion of existing commercial or industrial development.

Project Review

The State's ARC Program Manager will review project applications. Proposals will be reviewed for completeness in accordance with ARC application requirements and a site visit may be conducted to determine the eligibility and feasibility of a project. If clarifications are needed, the ARC Program Manager will notify the applicant and provide a timeline for a response. The projects will be reviewed using the criteria and priorities established in this Annual Strategy Statement.

The ARC Program Manager, in consultation with the appropriate state and federal agencies, and the Secretary of Commerce will develop a funding recommendation for the Governor. The Governor or her designee will have final approval for submission of a project for funding. When projects are submitted to the Appalachian Regional Commission, they will be accompanied by a letter of recommendation from the Governor or her alternate.

Priorities

Priority will be given to projects that address economic development, workforce development, education, or infrastructure. Consideration for projects that address other goals and objectives will be based on the relative level of impact the project will have on the program's goals and objectives. Additionally, South Carolina will adhere to the Appalachian Regional Commission Policy in providing grants for basic residential infrastructure projects that address health and environmental concerns within Transitional Counties. Priority consideration will be given to construction projects that include energy efficient features or that meet energy efficient construction standards such as Energy Star, USGBC LEED or ASHRAE. For skills training projects, priority consideration will be based on past institutional performance at delivering educational skills training with emphasis on coordination with local industry.

The State will also give funding priority to projects that benefit Cherokee County, as the only designated Distressed County, as well as to those ARC designated Distressed Areas. This will ensure that those areas most in need are targeted for assistance. The State will give consideration to an equitable distribution of funds in the event there are multiple projects that benefit the same local government or organization or the same project area. Further, the State will take into consideration whether the request is for continued or recurring funding for additional project phases.

Match Thresholds

One of the ARC goals is to target the most distressed areas of the region for assistance. ARC authorizes matching funds based on the level of distress in each Appalachian county. The more distressed the county, the least able it is to provide a matching contribution.

In Appalachian South Carolina, the six counties fall into two distressed designations based on ARC criteria. The counties of Anderson, Greenville, Oconee, Pickens, and Spartanburg are "Transitional" counties. Cherokee County is designated as a "Distressed" County.

ARC funding will be limited to 50 percent for all projects, to include LDD administrative grants, except projects in Cherokee County which are eligible for up to 80% ARC funding. Access road projects funded under Section 214 are available at 100% federal funding.

Loans from an ARC Revolving Loan Fund are restricted by the limit applicable to the county in which the project for which the loan is requested is located. This rule does not apply to loans made with ARC RLF funds approved prior to November 13, 1998. Loans using such funds are restricted in accordance with the terms of the grant agreements under which they were made available.

A limited amount of discretionary authority for matching requirements is made available to the Commission under Section 302 of the ARDA for non-construction projects. Annually, the Commission allocates this authority to the Federal Co-Chair's Committee and among the Appalachian States. The authority can be used to raise the statutory limits on ARC funding in projects implementing special regional initiatives administered by and approved by the Commission. The authority can also be used in instances of emergency economic distress, with the approval of the Co-Chair's Committee. South Carolina will use this authority, when warranted, to raise the funding level on projects in the transitional counties, and for multi-county projects as applicable to ARC policy.

In addition to the above federal policies, the State expects a recipient of ARC project funds to contribute its own resources to a project to the extent it is able to do so and to seek additional non-ARC funding assistance in a diligent manner. The State will give preference to those projects in which the jurisdiction commits more than the minimum amount, provided the project adequately addresses a Goal, Objective, and Strategy as set forth in this plan.

Maximum Grant Amounts

The funding maximums* are as follows:

- Construction Projects: \$500,000
- Non-Construction Projects: \$250,000
- Planning Projects: \$50,000

**The funding maximums can be waived by the Governor's Alternate for significant projects*

Project Proposal and Application Deadlines

Projects will be considered in a two step process that first involves submission of a funding proposal summary. Those projects that most appropriately meet the eligibility criteria and priorities will be invited to submit a detailed application in the second step of the process.

Proposals must provide the following minimum information on a one to two page summary form to be provided by the ARC Program Manager:

- Name, address and contact for the applicant
- Project title
- Goals, objectives and strategies to be addressed by the proposal
- Basic Agency and confirmation of eligibility
- Amount of ARC funds being requested
- Source and amount of other funds being contributed to the project
 - Evidence that other funds are committed and available

- Description of the project activities to be undertaken
- Rationale for project
- Proposed performance and accomplishment measures
- Attachments:
 - A detailed cost estimate
 - Maps, if appropriate

Proposals should be as complete as possible in order to ensure a timely selection of projects to be invited to submit an application. Selected proposals will be invited to submit a full application and projects not selected will be notified. The full application must be submitted to the ARC Program Manager within thirty days of the invitation. Application forms to be used in the submission will be provided by the ARC Program Manager. The application will expand on information from the proposal and provide detail on the how the project will work and how performance goals will be met. In addition, the application must discuss the energy efficient features of the project; and/or describe efforts made to improve the energy efficiency of the project, including a discussion of features that were considered but not included. A section of the application should be labeled “Energy Efficient Efforts” and should include a description of the specific project design features, energy technology used, or construction methods and materials.

The State may invite more projects to submit applications than funding available. Projects invited to submit full applications are not guaranteed funding. Recipients will be notified if the project application will be submitted to the Commission for approval.

Proposals Due

Proposals may be submitted for consideration at any time but must be submitted no later than **January 15, 2014**. Generally, full applications must be submitted to Grants Administration within 30 days of the invitation to submit an application or other deadline designated in the invitation.

Economic development projects that involve job creation and that arise as a result of a company’s plans for expansion or relocation or other projects of an urgent and compelling nature may be submitted on an as needed basis. Proposals for other urgent needs may be submitted at any time but may be considered subject to funding availability.

The Governor reserves the right to maintain up to 10% of the funds available to respond to economic development or other critical needs that meet ARC goals, objectives and strategies. Projects not selected may be considered in the next year’s allocation but will be subject to any changes in the Annual Strategy Statement’s priorities or requirements.