



State of Tennessee Four-Year Appalachian Development Plan

Governor Bill Lee

Brooxie Carlton, Governor's Alternate | Assistant Commissioner, Rural Development

Jill White | ARC Program Manager

Lindsay Gainous | ARC Program Coordinator

Tennessee ARC Region Local Development Districts

First Tennessee Development District

3211 North Roan St. | Johnson City, TN 37601

ftdd.org

Counties: Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, Washington

East Tennessee Development District

PO Box 249 | Alcoa, TN 37701

etdd.org

Counties: Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Monroe, Morgan, Roane, Sevier, Scott, Union

Southeast Tennessee Development District

1000 Riverfront Pkwy | Chattanooga, TN 37405

sedev.org

Counties: Bledsoe, Bradley, Grundy, Hamilton, Marion, McMinn, Meigs, Polk, Rhea, Sequatchie

Upper Cumberland Development District

1104 England Drive | Cookeville, TN 38501

ucdd.org

Counties: Cannon, Clay, Cumberland, DeKalb, Fentress, Jackson, Macon, Overton, Pickett, Putnam, Smith, Van Buren, Warren, White

South Central Tennessee Development District

101 Sam Watkins Blvd. | Mount Pleasant, TN 38474

sctdd.org

Counties: Coffee, Franklin, Lawrence, Lewis



BILL LEE
GOVERNOR
STATE OF TENNESSEE

February 16, 2024

Mr. Brandon McBride
Executive Director
Appalachian Regional Commission
1666 Connecticut Avenue, N.W.
Washington, D.C. 20009

Dear Mr. McBride:

It is my pleasure to submit Tennessee's State Appalachian Development Plan for the 2024 fiscal year and the remainder of my second term. This is a plan and corresponding strategy for the development of Appalachian Tennessee, not merely for the expenditure of ARC funds.

This document was prepared with my understanding and involvement. If you have any questions regarding its content, you may call my ARC Alternate Board Member, Brooxie Carlton, or the ARC Program Manager, Jill White, in the Department of Economic and Community Development at 615-981-7884.

Sincerely,

A handwritten signature in blue ink that reads "Bill Lee".

Bill Lee
Governor

Introduction

In 1960, governors from the Appalachian states, recognizing the economic challenges and persistent poverty of the Appalachian region, came together in an effort to develop a regional approach to address the problems facing the citizens of the Appalachian states. At that time

- *One of every three Appalachians lived in poverty,*
- *Per capita income was 23 percent lower than the U.S. average, and*
- *High unemployment and harsh living conditions had, in the 1950s, forced more than 2 million Appalachians to leave their homes and seek work in other regions.*

This determined and visionary group formed the Conference of Appalachian Governors to develop a regional approach to resolve these problems and developed a plan which they presented to newly elected President John F. Kennedy, who had seen the abject poverty in the region during campaign trips to West Virginia. President Kennedy formed a federal-state committee in 1963 that became known as the President's Appalachian Regional Commission and directed the group to design a comprehensive economic development plan for the region. The resulting plan was endorsed by the Conference of Appalachian Governors and Cabinet-level officials in 1964, and President Lyndon B. Johnson used this report as the groundwork for legislation which received bipartisan Congressional support. The Appalachian Regional Development ACT (ARDA) was submitted to Congress and passed by a broad bipartisan coalition and signed into law in March of 1965.

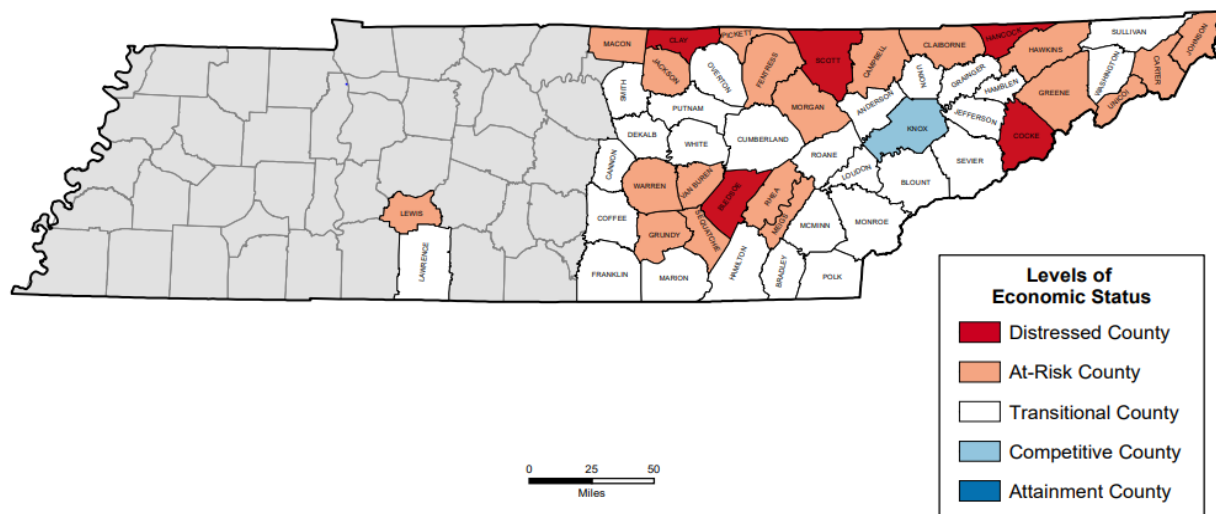
In accordance with Section 5.3 of the Appalachian Regional Commission Code, this document serves as the State of Tennessee's Appalachian Region Four-Year Development Plan and establishes the process to develop and advance goals, objectives, strategies, priorities, and policies for Tennessee's ARC Region. This plan additionally identifies broad issues and needs that Governor Lee plans to address with ARC investments. The execution of this Plan will provide a comprehensive framework to enhance economic and community development and improve the quality of life for the residents of Appalachian Tennessee.

As a regional economic development agency, the Appalachian Regional Commission represents a partnership of federal, state, and local governments designed to address local needs. The region is composed of thirteen states and includes 423 counties stretching from southern New York to northern Mississippi. The Commission is composed of governors from the Appalachian states and a Federal Co-Chairman, who is appointed by the President. Governor Bill Lee serves as Tennessee's ARC Commission Member. He has assigned the administration of Tennessee's

ARC program to the Tennessee Department of Economic and Community Development (TNECD). TNECD's Assistant Commissioner of Rural Development, Brooxie Carlton, serves as the Governor's Alternate Board Member and is the state-level contact for those seeking ARC funding. Jill White serves as the ARC Program Manager, and Lindsay Gainous serves as the ARC Program Coordinator. These TNECD staff together with the Local Development Districts listed on page 2 of this Plan perform the day-to-day operations of the TN ARC program.

Fifty-two (52) of Tennessee's counties are located within the Appalachian Region. These counties are Anderson, Bledsoe, Blount, Bradley, Campbell, Cannon, Carter, Claiborne, Clay, Cocke, Coffee, Cumberland, DeKalb, Fentress, Franklin, Grainger, Greene, Grundy, Hamblen, Hamilton, Hancock, Hawkins, Jackson, Jefferson, Johnson, Knox, Lawrence, Lewis, Loudon, McMinn, Macon, Marion, Meigs, Monroe, Morgan, Overton, Pickett, Polk, Putnam, Rhea, Roane, Scott, Sequatchie, Sevier, Smith, Sullivan, Unicoi, Union, Van Buren, Warren, Washington, and White.

County Economic Status in Appalachian Tennessee, Fiscal Year 2024



Challenges and Opportunities: The State of the Region

The Appalachian Region of Tennessee has historically been distressed. The economy has been based on agriculture and manufacturing, and the area is mostly rural. As shown in Figure 1, this area is generally growing more slowly than the rest of the state or even losing population. The per capita income in every county in the region other than the urban areas of Anderson, Hamilton, and Roane counties is lower than the state average. The average annual wage is also lower than the state average in every community except Anderson County (which contains the City of Oak Ridge), Roane County (which borders Anderson County), and Hamilton County (which contains the City of Chattanooga). As shown in Figure 2, the unemployment rate over last year and in the last month for which numbers are available (June 2023) is above the state average for 51 of the 52 counties.

However, it is not doom and gloom for Appalachian Tennessee. In 2023, Governor Lee announced more than 5,000 job commitments and more than \$2 billion in capital investment in the region. The number of distressed counties in Appalachian Tennessee has halved, from ten to five, since Governor Lee has been in office.

FIGURE 1: Appalachian Tennessee Population and Income Statistics

COUNTY	2022 POPULATION	POPULATION CHANGE (2014-2022)	POPULATION FORECAST (2028)	PER CAPITA PERSONAL INCOME 2021	2022 ANNUAL AVERAGE WAGE
ANDERSON	78,913	5.0%	79,863	\$50,901	\$71,484
BLED SOE	14,798	2.0%	16,038	\$33,675	\$43,797
BLOUNT	139,958	11.2%	144,983	\$52,596	\$58,809
BRADLEY	110,616	7.6%	116,171	\$46,409	\$49,873
CAMPBELL	39,584	-0.8%	39,128	\$42,471	\$41,132
CANNON	14,788	9.0%	15,490	\$44,419	\$44,991
CARTER	56,410	0.2%	55,079	\$40,739	\$42,291
CLAIBORNE	32,431	2.7%	32,705	\$42,542	\$43,053
CLAY	7,620	0.0%	7,654	\$40,338	\$36,426
COCKE	36,879	4.6%	36,943	\$40,384	\$41,107
COFFEE	59,728	11.6%	60,787	\$46,299	\$53,429
CUMBERLAND	63,522	9.7%	66,753	\$44,295	\$41,798
DEKALB	21,003	9.2%	21,988	\$47,634	\$45,586
FENTRESS	19,332	8.3%	19,155	\$40,402	\$37,523
FRANKLIN	43,942	6.4%	43,226	\$45,975	\$47,211
GRAINGER	24,277	6.2%	24,207	\$41,569	\$50,397
GREENE	71,405	4.3%	70,553	\$41,796	\$45,239

GRUNDY	13,783	3.3%	12,896	\$39,349	\$37,092
HAMBLEN	65,168	3.4%	67,498	\$45,234	\$46,569
HAMILTON	374,682	6.8%	393,234	\$60,089	\$62,782
HANCOCK	6,845	3.4%	6,193	\$34,135	\$30,830
HAWKINS	58,043	2.8%	56,797	\$41,436	\$49,241
JACKSON	11,989	4.0%	12,175	\$38,953	\$40,487
JEFFERSON	56,727	8.2%	58,374	\$44,330	\$50,288
JOHNSON	18,086	0.8%	17,593	\$37,936	\$48,083
KNOX	494,574	10.4%	510,323	\$59,934	\$59,943
LAWRENCE	45,415	7.4%	45,341	\$41,310	\$41,655
LEWIS	12,957	9.0%	12,382	\$41,476	\$41,711
LOUDON	58,181	15.0%	60,507	\$60,642	\$51,989
MCMINN	54,719	3.9%	56,034	\$43,715	\$47,549
MACON	26,229	14.4%	26,960	\$39,669	\$40,832
MARION	29,094	2.4%	28,750	\$46,559	\$44,899
MEIGS	13,272	13.4%	13,057	\$39,452	\$48,594
MONROE	47,740	5.2%	49,391	\$42,276	\$45,845
MORGAN	21,224	-2.2%	21,932	\$39,005	\$41,779
OVERTON	23,044	5.0%	23,508	\$40,959	\$42,004
PICKETT	5,107	0.6%	4,910	\$45,308	\$35,105
POLK	17,863	7.1%	17,410	\$39,180	\$38,319
PUTNAM	82,382	9.9%	88,381	\$47,536	\$46,713
RHEA	33,730	3.4%	34,929	\$42,174	\$55,041
ROANE	55,082	4.2%	53,893	\$49,972	\$75,182
SCOTT	22,035	0.2%	22,142	\$37,333	\$37,833
SEQUATCHIE	16,909	15.5%	16,256	\$43,709	\$40,298
SEVIER	98,789	4.4%	109,283	\$49,012	\$40,307
SMITH	20,489	7.3%	21,151	\$48,602	\$49,782
SULLIVAN	160,820	2.8%	160,624	\$50,418	\$58,175
UNICOI	17,674	-1.5%	17,908	\$43,044	\$51,874
UNION	20,452	7.7%	20,362	\$40,349	\$46,240
VAN BUREN	6,429	12.9%	5,836	\$36,669	\$38,634
WARREN	42,026	5.1%	42,251	\$41,296	\$46,107
WASHINGTON	136,172	8.3%	137,598	\$52,089	\$51,059
WHITE	28,064	6.9%	29,381	\$40,770	\$43,073
TENNESSEE	7,051,339	7.8%	7,331,859	\$56,560	\$62,097

Sources: U.S. Census Bureau, Population Estimates; Boyd Center for Business and Economic Research, University of Tennessee, Knoxville (2022); U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics QCEW

FIGURE 2: Appalachian Tennessee Employment Statistics

COUNTY	LABOR FORCE JUNE 2023	EMPLOYED WORKERS JUNE 2023	UNEMPLOYED WORKERS JUNE 2023	UNEMPLOYMENT RATE JUNE 2023	12 MONTH UNEMPLOYMENT RATE (JUNE 2022 - JUNE 2023)
ANDERSON	36,129	34,729	1,400	3.9%	-0.3%
BLEDSON	4,373	4,090	283	6.5%	0.0%
BLOUNT	66,962	64,619	2,343	3.5%	-0.3%
BRADLEY	50,740	48,665	2,075	4.1%	-0.2%
CAMPBELL	15,334	14,588	746	4.9%	-0.2%
CANNON	7,059	6,810	249	3.5%	-0.3%
CARTER	24,142	23,097	1,045	4.3%	-0.1%
CLAIBORNE	12,815	12,190	625	4.9%	0.0%
CLAY	2,796	2,658	138	4.9%	-0.8%
COCKE	14,886	14,162	724	4.9%	-0.7%
COFFEE	25,491	24,488	1,003	3.9%	-0.2%
CUMBERLAND	23,618	22,511	1,107	4.7%	-0.2%
DEKALB	8,285	7,900	385	4.6%	-0.1%
FENTRESS	7,817	7,464	353	4.5%	-0.1%
FRANKLIN	19,101	18,338	763	4.0%	-0.3%
GRAINGER	9,919	9,492	427	4.3%	-0.5%
GREENE	28,381	27,030	1,351	4.8%	-0.1%
GRUNDY	4,919	4,651	268	5.4%	-0.4%
HAMBLEN	28,554	27,371	1,183	4.1%	-0.4%
HAMILTON	186,467	179,021	7,446	4.0%	0.0%
HANCOCK	2,274	2,146	128	5.6%	0.2%
HAWKINS	23,546	22,465	1,081	4.6%	-0.3%
JACKSON	4,818	4,576	242	5.0%	0.1%
JEFFERSON	25,324	24,319	1,005	4.0%	-0.3%
JOHNSON	7,443	7,177	266	3.6%	-0.5%
KNOX	256,738	248,306	8,432	3.3%	-0.2%
LAWRENCE	19,251	18,469	782	4.1%	-0.1%
LEWIS	5,615	5,402	213	3.8%	-0.5%
LOUDON	24,957	23,999	958	3.8%	-0.2%
MCMINN	21,147	20,159	988	4.7%	-0.1%
MACON	11,966	11,526	440	3.7%	0.0%
MARION	12,575	11,931	644	5.1%	0.4%
MEIGS	5,172	4,906	266	5.1%	0.2%
MONROE	21,061	20,215	846	4.0%	-0.1%
MORGAN	8,074	7,696	378	4.7%	0.1%
OVERTON	10,044	9,621	423	4.2%	0.1%
PICKETT	2,167	2,063	104	4.8%	0.1%
POLK	7,136	6,809	327	4.6%	0.3%
PUTNAM	35,116	33,678	1,438	4.1%	0.0%
RHEA	13,745	13,038	707	5.1%	0.1%
ROANE	24,354	23,322	1,032	4.2%	-0.4%

SCOTT	8,192	7,706	486	5.9%	-0.1%
SEQUATCHIE	6,263	5,961	302	4.8%	0.0%
SEVIER	57,269	55,587	1,682	2.9%	-0.4%
SMITH	10,020	9,670	350	3.5%	-0.2%
SULLIVAN	69,806	66,936	2,870	4.1%	-0.3%
UNICOI	7,091	6,740	351	4.9%	-0.2%
UNION	8,049	7,667	382	4.7%	-0.1%
VAN BUREN	2,095	1,972	123	5.9%	0.1%
WARREN	16,387	15,586	801	4.9%	-0.3%
WASHINGTON	61,601	59,277	2,324	3.8%	-0.2%
WHITE	11,855	11,360	495	4.2%	-0.3%
TENNESSEE	3,403,324	3,274,126	129,198	3.8%	-0.2%

Sources: U.S. Bureau of Labor Statistics, data is not seasonally adjusted

Governor's Goals, Priorities and Programs

Governor Lee was re-elected in November 2022. During his fifth [State of the State address](#), he prioritized several key policy objectives: good jobs and opportunities; great schools and high-quality education; safe neighborhoods; strong families; and a brighter future. Governor Lee's full legislative agenda was [passed](#).

Good Jobs and Opportunities

This objective takes on a three-pronged approach: tax relief for businesses and families, updating infrastructure, and creating pathways for citizens.

Governor Lee introduced the Tennessee Works Act to deliver more than \$150 million in annual tax relief to small businesses to expand Tennessee's competitive edge. After seeing major success with giving Tennessee families a one-month break from grocery taxes, Governor Lee offered three months of grocery tax relief in 2023. Both actions have worked together to help small businesses and families thrive and were signed into law in May 2023 as the single largest tax cut in Tennessee history.

Transportation has been evaluated in the State of Tennessee. With a \$26 billion backlog of projects across the state, Governor Lee introduced the Transportation Modernization Act (signed into law in April 2023) to engage public-private partnerships to build additional lanes on

urban highways. To expedite these endeavors, an additional \$3 billion was passed to build roads in all three Grand Divisions. In addition, \$300 million was allocated into the local highway program. All three items work together to create public infrastructure that can meet the economic demand of the state.

The citizens of Tennessee have different pathways to success. One of these pathways is through Tennessee's Colleges of Applied Technology (TCAT). Governor Lee proposed the completion of Tennessee's TCAT Master Plan to invest in training for in-demand job skills. This included expanding and improving 16 existing TCATs, replacing seven outdated facilities, and building six brand-new TCATs. By focusing on building pathways, the state of Tennessee is creating easier access to higher paying jobs.

Great Schools and High-Quality Education

It has been proven that access to quality education can have a great impact on a person's life. Governor Lee believes that this can be achieved by giving parents options for their children's education, offering higher salaries for teachers, and creating safer schools.

Governor Lee proposed legislation increasing the minimum teacher salary substantially. The Teacher Paycheck Protection Act was signed into law in May 2023 giving teachers their largest pay raise in state history. A safe school creates an area in which students can excel. To that end, Tennessee is working through the SafeTN app to allow any citizen to report suspicious activities, and school safety measures including funding for School Resource Officers for every school were signed into law in May 2023. These combined components allow all students and teachers to have great success.

Safe Neighborhoods

Governor Lee looked closely at not only keeping kids safe at school, but also by keeping neighborhoods safe. Legislation adding 100 Highway Patrol Troopers and related support staff and 25 Tennessee Bureau of Investigation Forensic Services staff was approved. Also, there was a \$50 million expansion of the already successful Violent Crime Intervention Fund. Safe neighborhoods are one of the main cornerstones of each citizen being able to succeed.

Strong Families

Strong families are the foundation for people to succeed in life. For this reason, Governor Lee proposed additional funding for TennCare Services to increase the income threshold for

pregnant women and caregivers. He has also allocated funding to permanently extend postpartum health coverage under TennCare. To allow prenatal care to prosper, \$20 million in funds will go to Crisis Pregnancy Provider Support Grants. Also, \$29 million in funds will be used to expand programming for children with complex or special needs who face challenges being placed in a traditional foster or adoptive home by further developing the provider network and long-term care.

Brighter Future

Campgrounds and outdoor recreation have always been a main component of Tennessee's tourism. The governor's plan allocated funding for state parks and natural areas. Those in Appalachia include Scott's Gulf State Park (\$28.3 million to create this park), the Cumberland Trail (\$15 million for infrastructure and trail development), the Tweetsie Trail (\$6.3 million). All these improvements will promote the outdoors to Tennesseans. Creating clean and useful outdoor spaces has been proven to promote physical activity.

It is important in Tennessee to not only focus on outdoor recreation, but also make sure that clean air and water are available. Governor Lee has allocated \$5.3 million in funds to be used for the Rural Brownfields Investment Act. This act looks to revitalize 175 known brownfield sites and creates a new state-administered grant and technical support program for remediation and economic development of existing brownfields. Overall, taking these steps to protect the environment create sustainability and a healthy environment.

Governor Lee's focus on rural development is primarily carried out through programs described below in TNECD's [Rural Development](#) division that also manages the TN ARC program.

Through the ThreeStar program, Governor Lee has set the focus on asset-based strategic planning with a focus on workforce development. Every two years the communities develop asset-based plans and goals and receive a "report card" showing their status and how they progressed over the previous year on various indicators to be able to evaluate the success of their community development initiatives and how they relate to the rest of the state.

The Broadband Program has increased substantially recently with the influx of federal funding. This program now includes funding for infrastructure deployment and digital opportunity projects. Between funding from the American Rescue Plan and the Broadband Equity Access

and Deployment (BEAD) program, TNECD expects to invest more than \$1.4 billion during Governor Lee's second term.

The Select Tennessee program provides opportunities for communities to develop sites for industrial use. Through the certification program, site selection consultants certify qualified sites that are then marketed by TNECD. The Site Development Grant program offers assistance to certified sites and those working toward certification to make improvements. The Property Evaluation Program helps communities evaluate potential sites and prioritize their investment into sites.

The Tennessee Main Street program helps communities develop their downtown business districts, and the Tennessee Downtowns program provides a structure that is based on Main Street principles for communities who may just be getting started on downtown revitalization.

The Historic Development Grant Program focuses on renovating and preserving the State's historic buildings. By preserving historic buildings, the state can expand their economy, create new employment opportunities, revitalize and renew communities, create an environment of investment, and promote tourism and rural economic development.

The Tennessee Placemakers Entrepreneurship Fund is a pool of monetary resources dedicated to assisting communities across the state to develop and train entrepreneurs and small business owners in three categories: assess and plan, build and sustain, and support and train.

Federal funding is also important, and the Rural Development division manages the Community Development Block Grant program that assists communities primarily with infrastructure improvements and health and safety projects.

Through these programs and the economic development incentives offered by [TNECD](#) through the FastTrack Program and Job Skills Training programs, communities have a toolkit for economic and community development that prepares them for success.

Additionally in Appalachia, there is a great need for development of the highway system. Many of the Tennessee ARC counties do not have high-quality roads. In order for the communities to experience economic development and job creation in the 21st century, the highway system must be safe, reliable and easy to travel. Tennessee continues to support the completion of the

Appalachian Development Highway System (ADHS) and will continue to use ADHS funds for local access roads that help create jobs.

Alignment of State Priorities with Appalachian Regional Commission Goals

In 2022, the Commission looked at their successes over the years as well as their goals for the coming years. The outcome was a new strategic plan: Appalachia Envisioned: A New Era of Opportunity– The Appalachian Regional Commission’s Five-Year Strategic Plan for Capitalizing on Appalachia’s Opportunities, 2022-2026. With input from community members across the region, the Board, the staff, local and state partners and others, the ARC developed five goals. Each of the goals will be implemented by Tennessee through the strategies and objectives listed below.

ARC Investment Goal 1

Economic Opportunities – Invest in entrepreneurial and business development strategies that strengthen Appalachia’s economy

State Objective 1.1: Develop entrepreneurs and local businesses through the State’s entrepreneur center system and other initiatives.

State Objective 1.2: Develop the infrastructure needed to create new jobs.

State Objective 1.3: Create jobs in areas that align with the state’s job clusters.

State Objective 1.4: Increase international exports from the ARC region.

State Objective 1.5: Develop the broadband infrastructure needed to create jobs, educate students and assist with workforce development across the region.

State Objective 1.6: Increase the number of marketable industrial sites.

ARC Investment Goal 2

Ready Workforce – Increase the education, knowledge, skills, and health of residents to work and succeed in Appalachian

State Objective 2.1: Align programs with Governor Lee’s workforce development program.

State Objective 2.2: Provide training opportunities for the current and future workforce.

State Objective 2.3: Provide infrastructure and equipment needed for workforce development.

State Objective 2.4: Increase educational attainment in the Appalachian region through Tennessee Promise and Reconnect.

State Objective 2.5: Increase access to STEAM training throughout the education system.

State Objective 2.6: Improve the health of the workforce and access to high-quality, affordable healthcare.

ARC Investment Goal 3

Critical Infrastructure – Invest in critical infrastructure – especially broadband; transportation, including the Appalachian Development Highway System; and water/wastewater systems

State Objective 3.1: Provide quality basic infrastructure including water and sewer infrastructure in distressed counties and distressed areas.

State Objective 3.2: Increase the availability of broadband through investment in broadband infrastructure.

State Objective 3.3: Promote the completion of the Appalachian Development Highway System and local access roads.

State Objective 3.4: Invest in infrastructure that supports the creation of new jobs in the industrial and tourism sectors.

State Objective 3.5: Increase the availability of adequate industrial sites for job creation.

ARC Investment Goal 4

Natural and Cultural Assets – Strengthen Appalachia’s community and economic development potential by leveraging the Region’s natural and cultural heritage assets

State Objective 4.1: Develop and preserve natural and cultural assets.

State Objective 4.2: Develop local food assets.

State Objective 4.3: Develop tourism opportunities based on assets.

State Objective 4.4: Promote the Region’s natural and cultural assets.

ARC Investment Goal 5

Leadership and Community Capacity – Build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate, and advance community and economic development

State Objective 5.1: Develop leaders who understand asset-based economic and community development.

State Objective 5.2: Improve public safety and public health.

State Objective 5.3: Plan for strong, sustainable economic development.

Tennessee ARC Operating Policies

Eligible Activities

The best ARC projects are strategic, impactful, collaborative, and sustainable. A broad range of projects are appropriate for ARC federal funding. Overall, most of these grants are funded through the Area Development Program to invest in projects that align with ARC's strategic investment priorities. These grants generally fall into two broad categories: construction and non-construction. ARC awards program grants to state and local agencies and governmental entities, local governing boards, and nonprofit organizations. Indian tribes and higher education institutions are also eligible for ARC program grants.

ARC also offers dedicated funding to support coal-impacted communities recovering from the difficulties of economic transition via the POWER Initiative; to communities supporting substance abuse disorder recovery-to-work efforts through the INSPIRE Initiative; and to collaborative, multi-state projects that drive large-scale, regional economic transformation through the ARISE funding opportunity.

In addition to traditional grants, READY Appalachia, ARC's new community-capacity building initiative, offers flexible funding to organizations in four key economic development pillars: nonprofits, community foundations, local governments, and Local Development Districts, and free training to the Appalachians that work for them.

Ineligible Activities

Certain types of projects are inappropriate for federal funding. Except for very unusual circumstances, which will be documented, the following types of activities will not be eligible for ARC funding in Tennessee:

1. Projects that would result in the relocation of business enterprises from another state to Tennessee.
2. Funding commitments that will influence the location of new industry or the expansion of existing business enterprises within the state. This restriction, however, will not extend to

assisting a community in meeting the infrastructure or social demands that may be placed on it by a business that has already decided to locate or expand.

3. Projects that are related to the general operation of local governments. This would include the construction of city halls, courthouses, jails, fire halls, etc., as well as salaries and operating costs related to these governmental functions. This restriction will not, however, extend to programs operated by local governments that provide direct service to the residents of Appalachian Tennessee such as education or health services.

4. Political activities of any kind, at the local, state or national level.

Grant Rates

Distressed counties may be funded to the maximum 80 percent ARC funding; At-Risk counties will be eligible for 70 percent. Transitional counties may be funded to the maximum 50 percent ARC funding, and total federal funding for all projects will be limited to 80 percent. These percentages apply to construction projects. Non-construction projects may have different requirements.

For multi-county projects, if half or more of the counties participating are distressed, the project may be funded at 80 percent. If less than half but at least one of the participating counties are distressed counties, ARC assistance may be limited to the higher of 50 percent or the average percentage applicable to the various counties in the project. If a multi-county project includes at least one competitive county but no distressed counties, funding will be limited to the average percentage applicable to the various counties in the project.

Development district funding is at 75 percent with the remaining 25 percent as non-federal if a district has at least one distressed county. Four of Tennessee's five Appalachian developments have at least one distressed county.

Maximum Grants

Grant amounts for Area Development programs will not exceed \$1,000,000 in most cases. However, for very large and complex projects with high total costs, a \$3,000,000 maximum grant may place an inordinate burden of funding on the local government. Therefore, projects that reach the \$3,000,000 ceiling will be individually evaluated against the financial ability of the potential grantee, and grants in excess of \$3,000,000 will be recommended if warranted.

Exceptions Authorized

Applications may be submitted at any time if job creation is an outcome. Potential grantees should discuss the project and a potential application with the Program Manager.

The state fully intends to implement the above policies as stated. The state also recognizes that there may be instances where one size does not fit all, and unusual conditions will warrant exceptions. It is not possible at this time, however, to identify conditions which will warrant exceptions because this will be different in each situation. Therefore, each situation which warrants an exemption to the state's base policies will be fully explained when the application is submitted.

Notices

The state sends emails to eligible grantees when pre-applications are due. The information is also given to the development districts and consultants.

Development Districts

Local Development Districts (<https://www.tndistricts.org/>) are enabled by state statute and organized by local governments to provide planning and technical assistance to the governmental entities in their areas.

Tennessee relies on the development districts for regional and local planning, project development, application preparation and grant administration. These are useful services, especially in the rural areas and distressed counties. This will continue, and the state will look for additional opportunities to strengthen the development districts. The development districts that serve the ARC region are FTDD, ETDD, SETDD, UCDD and SCTDD.

Timeline

Additional project information including the pre-application, when available, is at <https://www.tn.gov/ecd/rural-development/appalachian-regional-commission1.html>.

Pre-applications are available in the fall and are emailed to local governments, local development districts and non-profit and community agencies that have indicated interest in the program. Pre-applications will generally be due in early December. Notifications that full applications will be accepted and submitted to ARC occur in the Spring. Full applications are due to ARC approximately six weeks after they are requested.

Applications are reviewed by TNECD for eligibility and alignment with the ARC and State goals and priorities. Applications are ranked based on impact to community, alignment with goals of ARC and the State, feasibility of the project approach, ability of the community or organization to fund the project on their own, timeline, and on outputs, outcomes and performance measures. All projects must also be approved by the Governor's office.

Construction projects must have a preliminary engineering report included with the pre-application. Additional funding required must be fully committed before the project can receive final approval.