

Commonwealth of Pennsylvania

Appalachian Development Plan

Tom Wolf, Governor

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II. Executive Summary

Governor Tom Wolf believes that Pennsylvania's best days are ahead – where a dynamic and growing economy will offer opportunities and help strengthen our citizens and communities. The basic priorities that drive our efforts throughout Appalachian Pennsylvania, as well as the rest of the commonwealth, are the keystone to our vision and plan. Governor Wolf is committed to a thriving Pennsylvania that has:

- *Schools That Teach*
- *Jobs That Pay*
- *Government That Works*

This plan embodies these principles and sets in motion the goals, objectives, and strategies to help us reach them.

Pennsylvania has one of the largest rural populations in the nation; however, Appalachian Pennsylvania is still vulnerable. As the commonwealth works to meet the demands of this century, our Appalachian communities and residents must position themselves to be full partners in the changing world economy.

A vibrant rural community is a place of opportunity. It works cooperatively with its neighbors to address the many issues that span political boundaries, in order to enhance the quality of life.

A vital rural community offers its young and mature workers alike the education needed to meet the challenges of changing economies, and works to help provide its citizens with economic opportunities that offer incomes adequate to support their families. A healthy rural economy should sustain rather than strain the natural environment.

Above all else, a strong rural community is made up of individuals and businesses who are committed to their community and who are active and willing participants in community efforts to undertake positive change.

Pennsylvania's plan for our 52 Appalachian counties has been created to target resources and assistance to the communities and citizens empowered to make a difference where they live, work, and play. This state plan, as mandated by the Appalachian Regional Commission (ARC) Code, has been developed to complement Governor Wolf's plan to revitalize Pennsylvania's *Jobs That Pay* economy through innovation, improved job creation, and an educated workforce.

Despite the success of the partnership established by Pennsylvania and the ARC – there is still work to accomplish. Manufacturing has long been the heart of many communities in Pennsylvania and the growth of our middle class, but today Pennsylvania stands at a crossroads. We have a \$2.3 billion deficit, a sluggish economy, and have been near the bottom of the country in job creation since 2011.

A sagging economy has offset many of the gains realized in our Appalachian communities. Our small businesses, which create the majority of our jobs in Pennsylvania still require technical assistance and access to capital in order weather these economic storms. Citizens and employers need improved infrastructure, including access to broadband. And our local leaders need the tools to help us continue the revitalization of this great commonwealth.

With this plan, Pennsylvania reaffirms its commitment to a successful partnership that will raise the level of community and economic revitalization across our Appalachian region.

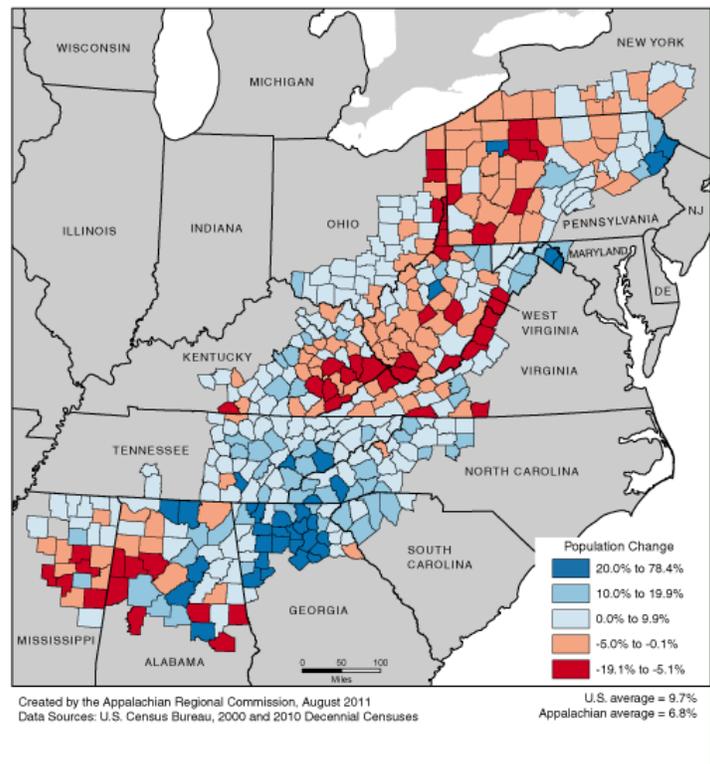
III. Overview and Assessment of Appalachian Pennsylvania

Fifty-two of our sixty-seven counties are located within the Appalachian Region. It is a region dominated in many respects by one large central city of national prominence, Pittsburgh, but also contains much smaller communities and rural areas in varying degrees of distress. Many of these communities are still struggling to identify and develop an economic structure that will hopefully provide the vibrancy needed to provide good jobs, physical infrastructure, and social structure in order to sustain growth and entrepreneurial development.

POPULATION

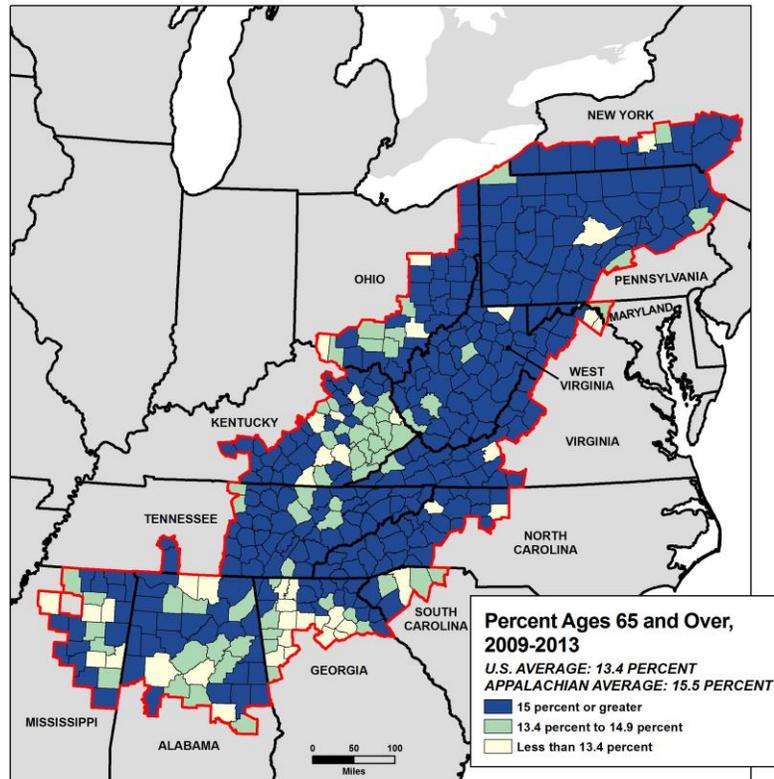
According to the U.S. Census Bureau, Pennsylvania has a population of 12,731,381. Of that number, nearly 5.8 million people call Appalachia their home, the highest by far, of any ARC state. They live, work and play in a land area of 36,444 square miles, also the highest of any of the 13 member states.

However, the negative population change across Appalachian Pennsylvania reflects the outmigration that impacts us in many ways – workforce, health care, civic capacity, education, etc.



AGE

Pennsylvania has a higher percentage of Appalachian citizens over the age of 65 (17.3%) than all other member states except North Carolina (17.4%). An aging workforce, coupled with increased concerns about access to affordable health care, continues to reinforce the need for efforts to reach parity with the rest of the nation.



Map Title: Percent of Population in the Appalachian Region Ages 65 and Over, 2009-2013
Data Source: U.S. Census Bureau, 2009-2013 American Community Survey.

EDUCATION

In Appalachian PA, 10.3% of the Appalachian population over the age 25 has a high school diploma – the lowest percentage of the ARC member states. Of persons between the ages of 25-64, 27% have a bachelor’s degree or more.

LABOR FORCE

According to the U.S. Census Bureau, 2009-2013 American Community Survey, Appalachian Pennsylvania had 2.3 million persons ages 25-64 in the civilian labor force. The employment rate of those individual was 93.1% and the unemployment rate 6.9%.

HEALTH

Combined with other factors, individual health is a prime indicator of quality of life and impacts economic vitality. In the early 1960s, living standards in Appalachia, as measured by the health and well-being of the population, were well below those of the rest of the nation and they remain so today. One of the most basic measures of a region's health is the mortality rate of its population. The region's mortality rate declined rapidly during the 1960s and 1970s, as did the US's, due to improved medical care and preventative care. Infant mortality rates, in particular, dropped by more than two-thirds in Appalachia, moving much closer toward parity with the rest of the nation. Today, however, overall mortality rates are up in the region, even as they continue to fall in the rest of the country. One reason for Appalachia's increased mortality rates could be rising rates of obesity; other possible explanations include lack of access to care and the region's aging population.

Of Pennsylvania's 67 counties, 48 are considered rural. Of the 48 rural counties, 11 counties (23%) exceeded the average state incidence rate for all cancers during the 5-year period of 2002-2006. Warren and Carbon are the rural Appalachian counties that had the highest incidence rates for all cancers. In terms of mortality rates, 17 rural counties (35%) exceeded the average state mortality rate for all cancers. The Appalachian counties of Wayne, Carbon, and Potter are the rural counties that had the highest mortality rates.

REGIONAL PROFILES

SOUTHWEST REGION

The southwest region spans nine counties—Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Washington, and Westmoreland—and 529 municipal governments. Geographically, the region covers 6,745 square miles. It is served by Southwestern Pennsylvania Commission (SPC) Local Development District (LDD).

With a regional population of 2,574,959 (U.S. Census 2010) residents, this is the largest metropolitan area in the 13-state ARC footprint. In terms of population, the region would be the 36th largest state in the country.

Regional population has declined; however, regional employment levels continue to improve. The unemployment rate is 5.4 % in the Pittsburgh MSA (June, 2015, BLS).

The income per capita in Pittsburgh is 1.7% less than the Pennsylvania average and 3.8% less than the national average. The median household income in Pittsburgh is 27.4% less than the Pennsylvania average and 31.2% less than the national average.

Manufacturing employs 7.3% of the regional labor force. The services sector, including education and healthcare services employs the bulk of the region's workforce. Financial services, education, government enterprise, retail trade, and transportation /warehousing are also important industries.

The region's economy benefits from its wealth of colleges and universities, which also support employment growth in high-skilled and high technology occupations. The region has nearly three dozen colleges and universities, enrolling 121,968 students (2014).

Today, there are approximately 113,000 individual business establishments of all sizes in all industries in southwest Pennsylvania, including large national companies such as Alcoa, Inc., H.J. Heinz Co., BNYMellon Financial Corporation, PPG Industries, Inc., U.S. Steel, PNC Bank, Consol Energy, WESCO International, Inc., Mylan and Dick's Sporting Goods. In 2014, total non-farm employment was 1.18 million workers. Sectors cited by workforce and economic development agencies as key growth opportunities include advanced manufacturing, financial and back office services, information technology, and life sciences. Energy and transportation remain important parts of the regional economy as well due to continued, but shrinking, demand for coal as a regional export commodity and the emerging Marcellus and Utica Shale industries.

Along with its urban base, southwest Pennsylvania has significant agricultural resources. The agricultural industry remains a vital aspect of the region's economy, way of life, and cultural heritage. The region has approximately 9,700 working farms and employs 1.5% of the workforce. Local foods have become a focal point for many communities and there are 175 farmers markets across the region.

An estimated 200 miles of commercially navigable water along the Ohio, Monongahela, and Allegheny Rivers provide a valuable inland navigation system for raw materials, as well as bulk and manufactured goods into and through the region. With more than 200 river terminal operators in the region, the Port of Pittsburgh is one of the busiest inland ports and one of the 20 busiest ports of any kind in the nation.

Overall regional population growth is estimated at approximately 337,000 by 2040, which is well under 1% per year. Each county's population is projected to grow somewhat over this 25-year period. The rate of growth in households is determined by both the change in population and the change in household size. With a projected decline in household size and growth in population, the number of households in the region is projected to grow faster than population. Approximately 183,000 new households are projected by 2040. Regional employment is projected to grow by approximately 300,000 jobs through growth in retail trade, services, and other sectors.

CENTRAL REGION

The 11-county region served by the SEDA-COG LDD (Centre, Clinton, Columbia, Juniata, Lycoming, Mifflin, Montour, Northumberland, Perry, Snyder, and Union counties) is predominantly rural, and is situated in Pennsylvania's heartland. Scattered across the region are a number of mostly small urban centers. Its topography, chiefly the Susquehanna River system and the ridges of the Appalachian Mountains, have markedly influenced the region's economic development. The urban centers are overwhelmingly found along the Susquehanna and its tributaries where most of the region's economic activity, development, and growth have also occurred in the form of industry, commerce, and services. These same centers are subject to significant periodic flooding, which has

served as a barrier to long-term economic growth. The most recent severe flooding event occurred in 2011 from Tropical Storm Lee when over 12 inches of rainfall over 5 days was recorded.

The region has a favorable geographical location and is in close proximity to 50% of the U.S. population. Much of this consumer market is within four to eight hours driving distance from the heart of the Region. It also has an abundance of land potentially available for development; seven institutions and numerous satellite sites of higher education; and significant deposits of mineral resources. The north and east sections of the SEDA-COG region are home to a portion of Marcellus and Utica Shale, geological formations that contain high concentrations of natural gas deposits. These shale plays continue to receive a considerable amount of attention as new technologies were developed to less expensively extract the natural gas. Forest resources are extensive, providing timber for the wood industry. The region also has a natural setting that favors the increasingly important tourism and recreation sectors of the economy, particularly along the river corridors.

The SEDA-COG LDD covers a land area of 6,296 square miles, which represents 14.1% of Pennsylvania's total land area of 44,742 square miles. In contrast, the region's 2010 Census population of 691,365 represents only 5.4% of the total population of Pennsylvania. The 2010 Census population density in the region is 109.4 persons per square mile, compared to a statewide density of 283.4 persons per square mile. When comparing the 2000 Census population to the 2010 Census population, Lycoming County experienced a decline while Northumberland, Montour, and Mifflin remained relatively unchanged. Lycoming lost 3,933 people, a 3.3% decline. Northumberland lost 28 people, a 0.0% decline while Montour and Mifflin experienced only a slight increase of 31 (0.2%) and 196 people (0.4%) respectively.

According to the 2013 U.S. Census Bureau's County Business Patterns (the most recent version of County Business Patterns available), manufacturing jobs accounted for about 13% of all jobs in the region. It should be noted that the SEDA-COG region is more dependent on the manufacturing sector than is the state as a whole at 10.4%.

SEDA-COG's 12-month non-seasonally adjusted annual average unemployment rate in July 2015 was 5.1%. This figure is lower than both the state (5.4%) and national average (5.6) for the same timeframe. Clinton County has the highest annual average unemployment rate in the region at 6.5%. Northumberland County has the second highest annual average unemployment rate in the region at 5.8%. Centre and Montour counties have the lowest and second lowest annual average unemployment rates in the region with 3.9 and 4.3 respectively. The presence of Penn State University in State College, Centre County and Geisinger Health Systems in Danville, Montour County significantly impact the low unemployment rates in those counties.

NORTH CENTRAL REGION

North central Pennsylvania is rural, non-farm, and small-town in character. Manufacturing (especially powdered metals and metal fabrication), forest products, limited oil and gas extraction, tourism, and transportation/distribution services (especially in the Interstate 80 corridor of Clearfield and Jefferson counties) are major employment sectors of the region. Employment is concentrated in

five major clusters: telecommunications, manufacturing, forest products, oil and natural gas exploration/production, and transportation/ distribution. These clusters occur in different counties.

Economic transformation/consolidation continues to affect Potter County in a significant way. Telecommunication-related jobs continue to be important in this county. Zito Media is providing cable television, telephone, and internet service to many small communities in north central Pennsylvania and continues to expand a major broadband service build-out that will enable most of western and central Pennsylvania to connect to high speed internet service, when completed. Potter County is continuing to notice stable activity with Marcellus Shale natural gas drilling and well site construction work. Drilling permit applications and well site development work have remained stable-to-slow in 2014 and in early 2015. Hiring and business activity (supplies, fuel, hotel rooms, etc.) continue to be weaker than the 2010-2011 period. The forest products industry remains stable but slow.

McKean, Cameron, Elk, Jefferson, and Clearfield counties are seeing an increase of activity in the extractive industries as energy prices have contributed to employment gains in the oil and natural gas (Marcellus Shale deposit) extraction and exploration business. Cameron, McKean, and Clearfield counties are the most active with new natural gas drilling activity in the region. Elk, Jefferson, and McKean Counties have seen an increase in drilling for oil in 2014 and early 2015. Coal mining activity has slowed in Clearfield and Jefferson counties where most of the region's coal deposits exist. Clearfield, Jefferson, and Elk Counties have benefitted from the formation of Penn Highlands Healthcare. Penn Highlands Healthcare continues to consolidate healthcare and hospital/medical services in a system with nearly 3,800 employees, 363 physicians, and 556 inpatient beds.

Growth in the transportation/distribution cluster along the Interstate 80 Corridor in Clearfield and Jefferson counties has remained stable in 2014-2015 due to an increase in the shipping business for goods hauled by the trucking industry and lower fuel prices. The slow but steady nationwide increase in economic activity has benefitted both shippers of products and the manufacturers that make them. It is estimated that trucking firms in Clearfield County employ around 2,000 people and close to 1,500 in Jefferson County. This cluster remains a steady employer in 2015, yet is below the economic activity peak experienced in 2006-2007 when a shortage of truck drivers was a major worry in this industry cluster. Truck traffic from the natural gas exploration and production companies on regional highways continues to be very visible yet below the activity seen in 2013. Trucks hauling drill pipe, pumping equipment, sand, water, etc. are less visible than in 2013 as lower natural gas prices slow development and production activity in 2015.

The region is currently experiencing a construction boom of approximately \$1 billion in three projects. The U.S. Army Corps of Engineers will be spending roughly \$248 million on the rehabilitation of the dam at the East Branch Reservoir in Elk County between 2015 and 2019. The National Fuel Gas Northern Access Pipeline Project will cost approximately \$410 million between 2015 and 2017 on a 97 mile natural gas pipeline between the Clermont area of McKean County and western New York to provide natural gas to Canadian customers. Seneca Resources will be spending around \$350 million in the Clermont area of McKean County between 2014 and 2020 to drill and develop natural gas wells that will connect to the National Fuel Gas Northern Access Pipeline

scheduled to be built in 2016-2017. Hundreds of workers will be employed in these three projects.

Elk and McKean counties have seen an increase in tourism at popular locations at Kinzua State Park in McKean County where a new \$7 million visitor center is being built in 2015. The Elk Country Visitors Center near the village of Benezette in Elk County continues to put up impressive numbers as over 200,000 people visited the center in 2014.

Regional employment has been stable from July 2014 to July 2015. In July 2014 the regional civilian labor force was 110,300 with 6,900 unemployed for a regional unemployment rate of 6.3%. In July 2015 the regional civilian labor force was 104,900 (a loss of 5,400 workers from July 2014) with 6,700 unemployed for a regional unemployment rate of 6.4%. Manufacturing, especially powdered metals and metal fabrication, has steadily improved over the past twelve month period. An uptick in the extractive industries, most notably in oil and natural gas production, has also seen a modest increase in activity, but not so in coal mining or forest products. WhiteWave, a food products processing company recently announced that it would locate in the DuBois area and planned to hire 100 people.

Improving demand for automobiles, trucks, and lawn/garden equipment nationally has helped the powdered metal industry in 2014-2015. This has increased the demand for powdered metal parts for companies making those products. Elk County has benefitted from this increase in demand as it has roughly 70 companies involved in powdered metal parts manufacturing and had the lowest unemployment rate in the six-county region at 5.7 % in July 2015, just below the state rate of 5.9% and at the same as the national rate of 5.6% (non-seasonally adjusted rates).

The forest products cluster continues to be stagnant due to the nation's continued slow housing recovery and reduced foreign demand. Foreign demand for dimension cut lumber used in furniture has shifted from black cherry and red oak to lighter toned woods such as ash, maple, and poplar. This has caused weak pricing in black cherry and red oak timber and kept this part of the forest products cluster weak in north central Pennsylvania. Demand for fine white paper has remained firm and the region's sole paper mill remains a steady employer and user of lesser grade raw timber species.

The region is participating in the slow but steady improving national economic recovery. Unemployment in July 2015 ranged from a low of 5.7% in Elk County to a high of 7.7% in Cameron County. Most county unemployment rates were about two to three tenths of a point higher in July 2015 than in July 2014. Stability was the key economic word to describe the region from mid-2014 through mid-2015.

NORTHEASTERN REGION

The seven-county Northeastern Pennsylvania region is a 4,476 square mile area that includes Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill and Wayne counties. Its major urban centers are primarily concentrated in the 87 miles stretching from Carbondale in Lackawanna County through

the Wyoming Valley to Nanticoke and then following Interstate 81 south to Hazleton and Pottsville. The major cities within this belt are Scranton and Wilkes-Barre.

According to the U.S. Census Bureau, the population of northeastern Pennsylvania in April 2010 was 1,028,926 and in July 2014 the estimated population was 1,015,692. This population decline was concentrated in Wayne County (-2.7%), Monroe County (-2.1%), Pike County (-2.1%), Schuylkill County (-1.7%) and Carbon County (-1.2%). Lackawanna and Luzerne counties also experienced a percent decrease with -0.8% and -0.7%, respectively.

Overall, the region continues to experience a relatively high median age. According to July 1, 2014 population estimates from the U.S. Census Bureau, the median age in the United States was 37.7 years, in Pennsylvania, it was 40.7 years, and the average in the region was 44.5 years.

Housing costs within the region are lower than the state and nation. According to 2011 - 2013 American Community Survey 3-year estimates from the U.S. Census Bureau, the region has a lower median housing value and median rent than the state and nation.

According to the U.S. Department of Commerce, Bureau of Economic Analysis, the 2013 per capita personal income in the region (\$38,166) was below that of the state (\$46,202) and the nation (\$44,765).

Northeastern Pennsylvania enjoys a diversified economic base. The region continues to be extremely competitive and successful as a location for warehousing and distribution centers, back office call centers, medical and health-related office facilities and processing centers, and food processing and distribution. Employment reflects diversification efforts and is not concentrated in any business sector.

Northeastern Pennsylvania's business base is overwhelmingly dominated by small businesses. According to 2013 "County Business Patterns" from the U.S. Census Bureau, there were 22,074 businesses in the region and 73.6 percent of them employed between 1 and 9 people. The single largest industry sectors by employment are: 1) Health Care and Social Assistance 2) Retail Trade and 3) Manufacturing. Employment in the Manufacturing sector is dominated by Electronics, Fabricated Metal Products, Plastics and Rubber Products, Food, and Chemical industries. In 2013, the nation had 73.3 percent of its businesses employed between 1 and 9 people and the state had 71.2 percent.

According to 2013 "County Business Patterns" from the U.S. Census Bureau, the region, at 12.1 percent, has a higher percentage of workers employed in the Manufacturing industry as compared to the state and nation with 10.4 percent and 9.5 percent, respectively. From 2000 to 2013, regional employment in the manufacturing sector decreased by -19,200 or -31.6 percent. This percentage decline is identical to that of the nation and is lower than the state percentage decrease of -32.4 percent. From 2008 to 2013, regional employment in the manufacturing sector decreased by -8,944 jobs or -17.7 percent. This percentage decrease is higher than that of the state (-15.5 percent) and the nation (-13.9 percent). Historically, most of the decreases in employment were attributed to the decline in the region's needle trades, tobacco products, and textile mill products manufacturing

sectors. In recent years, other industries in the manufacturing sector have declined including furniture, pressed and blown glass, and glassware. This has been influenced by outsourcing, as well as technology. Despite this downturn, manufacturing is anticipated to continue as a prime contributor to the region's economic well-being. Technology advancements will affect employment; however, manufacturing is anticipated to have a strong presence. Despite these statistics, manufacturing is anticipated to continue to be a prime contributor to the northeastern Pennsylvania regional economy.

In 2010, the not seasonally adjusted unemployment rate in the seven-county Northeastern Pennsylvania region was 9.7 %, as compared to the nation, which was 9.6%, and the state, which was 8.5%. From 2010 to 2014, the regional not seasonally adjusted unemployment rate decreased to 7.0% as compared to the nation and state, which decreased to 6.2 % and 5.8%, respectively. In 2013, the not seasonally adjusted unemployment rate in the seven-county Northeastern Pennsylvania region was 9.1%, as compared to the nation and state, which were both 7.4%. In July 2015, the not seasonally adjusted unemployment rate in the region was 6.7% as compared to the nation with 5.6% and the state with 5.9%.

According to the Pennsylvania Department of Labor & Industry, Center for Workforce Information & Analysis, the East Stroudsburg Metropolitan Statistical Area (MSA), which includes Monroe County, has experienced the highest not seasonally adjusted unemployment rate among all of the MSAs in the state from September 2011, if not before, to May 2014. During the same period, the Scranton – Wilkes-Barre – Hazleton MSA, which includes Lackawanna and Luzerne counties, along with Wyoming County, has experienced either the second or third highest not seasonally adjusted unemployment rate among all of the MSAs in the state.

There were positive developments recently in the region including the on-going enhancements at The Commonwealth Medical College. Redevelopment of the Hawley Silk Mill as a multi-use facility continues with a focus on education, technology and business development. The region's higher education facilities continue to expand their curricula and physical resources. Expansions to several incubators progressed. The potential implications arising from the presence of the Marcellus Shale in contiguous counties presents complementary business opportunities and new jobs. Entrepreneurial enhancements expanded throughout the region. In particular, Lackawanna, Luzerne, and Monroe counties experienced growth in new business start-ups at their incubator facilities. Wayne County Business Technology Center has opened their facility in Honesdale.

Northeastern Pennsylvania is positioned for growth and prosperity due to numerous economic development opportunities and drivers. A medical school, The Commonwealth Medical College, and two gaming venues have provided new jobs. Logistics facilities, as a result of the region's proximity to the metropolitan areas of Philadelphia and New York City, continue to expand. Natural gas drilling activity in the Marcellus Shale formation has had a positive effect within the region. Recreational activities, in primarily the Pocono Mountains region, have attracted visitors from all over the Northeastern United States. These new jobs, along with relatively low housing costs, have contributed to an increase in diversity within the region.

Major activities within the region include continued major investments at Schuylkill Highridge Park.

New employment opportunities will come from development of the Sterling Business & Technology Park in Wayne County, the Humboldt Industrial Parks in the Hazleton Area of Luzerne County, the Pocono Mountains Corporate Center in Monroe County and the Mt. Pleasant Corporate Center and Jessup Business Center in Lackawanna County. Also, additional business locations in Luzerne and Lackawanna counties were created as a result of major land development and construction work by privately-owned developers. During August 2015, Kahr Firearms Group opened its facility in Blooming Grove Township, Pike County. The 40,000 square foot facility will have 50 to 60 employees, once it is in full operation. Also in Pike County, All Fresh Farms, LLC, an indoor hydroponic production and packaging operation that specializes in growing lettuce mixes, kales, and basil is establishing a new facility in Greene Township that will create at least 200 new jobs. On June 30, 2015, in Penn Forest Township in Carbon County, a new 'E-ZPass Only' interchange opened at mile marker 87 on the Pennsylvania Turnpike's Northeast Extension. This interchange, which provides access to SR 903, could lead to residential, retail, and industrial development.

The Pocono Mountains provide many recreational activities that attract visitors to the region. According to a 2014 Visitor Report about the Pocono Mountains from Longwoods Travel USA, there were an estimated 25.6 million total person-trips that consisted of 9.3 million in overnight trips and 16.3 million day trips during 2014. Total spending that resulted from overnight visits was \$1.4 billion and total spending that resulted from day visits was \$964 million.

Significant development is occurring in several downtown districts in the region's largest cities. Major revitalization continues in the cities of Scranton, Pittston, and Wilkes-Barre where millions of dollars in private/public capital have been invested.

Over the past several years, significant attention and priority has been given to entrepreneurial-related projects to help new to market businesses. Strong attention has also been placed on establishing knowledge based, technology-led economic development. This is extremely important from an economic development, youth retention, and image-related perspective.

NORTHERN TIER REGION

Pennsylvania's Northern Tier is a geographic region consisting of five rural counties: Bradford, Sullivan, Susquehanna, Tioga, and Wyoming. The Northern Tier encompasses about 4,000 square miles and is home to approximately 182,600 residents. The region has natural affinities to the Southern Tier of New York State, as it borders four adjacent New York counties and is influenced by the employment centers of Binghamton, Elmira, and Corning. Similarly, strong relationships exist with the economic centers of Williamsport, Pennsylvania to the southwest and the Scranton/Wilkes-Barre region of Pennsylvania to the southeast. The Northern Tier region is cascaded with gorgeous rural countryside and thriving small towns and communities. Each of the five counties that constitute the Northern Tier is known for the flourishing business and industries that drive their economy. In addition to the counties, the region includes 166 separate municipalities and 19 public school districts, resulting in one local government for approximately every thousand residents.

According to the Pennsylvania Department of Labor and Industry, Center for Workforce Information

and Analysis, as of July 2015, the Northern Tier region's unemployment rate was 6.2 %, which is higher than the statewide 5.4% unemployment rate.

In contrast, one year ago in July 2014, the unemployment throughout the Northern Tier region was 6.0%, higher than the state's 5.5% employment rate. The Northern Tier region's civilian employment for July 2015 was 92,100, noting an increase in 700 jobs from the previous month as well as increase in 1,300 jobs from civilian employment one year ago (July 2014).

The Northern Tier region had a smaller increase in population than both the state and the nation in the 1990s as well as the 2000s. According to the 2010 US Census, the region had a total population of 182,663, which was a 0.9% increase from 2000. The region was 96.3% white, non-Hispanic, and 49.6% male.

Some of the largest industries in the Northern Tier region include agriculture, manufacturing, oil and gas, and health care. Dairy farming and veal production are the predominant types of agriculture in the region. The cattle ranching and farming sector comprises establishments primarily engaged in raising cattle, milking dairy cattle, or feeding cattle for fattening. These types of agriculture make up 88.4% of sales and 91% of the animal production sector of the region. In the entire agriculture, forestry, fishing and hunting industry in the region, the cattle ranching and dairy farming sectors make up 18.6% of the sales volume and 15.1% of the employment.

As of the 4th quarter, 2014, in the Northern Tier region, health care and social assistance accounted for the highest employment base at 9,680 employees across the region. Retail trade accounted for 7,626 employees, education services accounted for 5,159 employees, and accommodation and food services accounted for 4,204 employees. The Pennsylvania Department of Labor estimates that from 2012-2022, infrastructure repair and construction is expected to see the most employment growth in the region, with a 4.1% increase. Additionally, health related industry growth is expected to grow by up to 4.0%.

Manufacturing employs a significant portion of workers in the Northern Tier region. Paper manufacturing is by far the largest sector of the manufacturing industry, bringing in 52.5% of the sales volume and 31.7% of manufacturing employees. The paper manufacturing sector includes paper mill activities and manufacturing of converted paper products such as boxes, bags, and stationery. The transportation equipment manufacturing sector is the second-largest sector in the manufacturing industry and is responsible for 12.2% of the sales volume and 13.8% of manufacturing employees. This sector includes manufacturing of motor vehicles and motor vehicle parts, manufacturing of aerospace parts and railroad rolling stock, and shipbuilding.

In recent years, the region has experienced many economic changes with the emerging oil and gas industry cluster. Over the past 10 years, the Marcellus Shale natural gas exploration has grown exponentially. The region is located at the very center of the natural gas drilling that is taking place in the Commonwealth of Pennsylvania. It has already had and will continue to have a significant impact on population, economic development, and the overall identity of the region.

The Marcellus Shale development is affecting not only local businesses and individuals, but also businesses statewide, nationwide, and internationally. The local impact has been, however, one of major proportions. According to the Marcellus Shale Education and Training Center, supplies and services are often purchased locally, such as items and equipment used for road and well paid construction, local construction and trucking services, motel rooms, and other services which are not specialized to the natural gas industry. Many businesses throughout the region have increased their sales as a result of the Marcellus Shale development and the business it has spurred in the community. In addition, local infrastructure has seen more investment to make it viable for responsible development, but is also still an important need.

Throughout the past several years, the conversation about natural gas has stretched far beyond just production of the vast resource. Residents and businesses see the value in the low-cost energy and would like to utilize it to run their businesses and homes more efficiently and to utilize the gas where it is produced, rather than shipping it out of the region. Some areas of the region already have access to natural gas through various carriers, but a significant portion of the region still does not have a way to utilize their natural gas. Several projects are underway to enhance and bring natural gas infrastructure to the region. Electricity generation from local natural gas is a current project throughout the region. Additionally, projects to promote utilization and transportation of liquefied and compressed natural gas are also underway.

NORTHWEST REGION

Bordered on the north by New York and on the west by Ohio, the Northwest Region is comprised of Clarion, Crawford, Erie, Forest, Lawrence, Mercer, Venango and Warren counties. The 2014 census population estimates indicate that the region has a population of 709,844 which is a .93% decrease from 2010 (716,501). This trend of population loss has been persistent since the 1970's.

The region is highly diversified in terms of urban and rural. For example, 2014 census estimates indicate that Erie is Pennsylvania's fourth largest city, while Forest County is the third smallest county in terms of population. Approximately 80% of the population is located in the western portion of the region, with heavy concentrations in and around the City of Erie, the Shenango Valley in Mercer County and the City of New Castle in Lawrence County. The eastern portion of the region is predominately rural and forested.

The Northwest Region's population has a higher percentage of persons over 65 years of age than the national average. According to 2014 Census estimates, 17.8% of the region's population is 65 years of age and over. The Region's 65 and over population is projected to increase by 10% by the year 2019.

According to the US Census Bureau, 87.6% of the region's residents over 25 years of age are high school graduates. An estimated (average) 17.9% of all residents in the region hold a bachelor's degree. The commonwealth's overall dropout rate is 1.7%. Within the eight counties of the northwest Pennsylvania region, the rate is 1.33%.

According to 2013 averages, the region's per capita income is \$21,682 which is 24% lower than Pennsylvania State (\$28,502) and 22% lower than per capita income for the U.S. (\$28,155) as a whole. The median household income in the region between 2008 and 2012 varied from about \$36,500 to just under \$45,250. The U.S. median household income is \$53,046. Forest County has the lowest median household income (\$36,686) in the region, while Erie County has the highest (\$45,249). At 14.8%, the region's average percentage of persons below poverty level is 1.7% higher than the state's rate and .1% lower than the U.S. rate. Clarion County has the highest poverty rate in the region at 18.3%, and Warren County has the lowest rate at 12.6%.

The annual 2014 unemployment rate for the Region was 4.9%, which is lower than the rate for Pennsylvania (5.8%), and the U.S. (5.9%). The most recent unemployment rate (July 2015) for the region was 5.6%, which was higher than the state's rate of 5.4% and higher than the U.S. rate of 5.3% for the same period. Forest County has the highest rate at 7.6%. (Comparatively, Forest County's poverty rate of 12.8% is the second lowest in the region)

The area's top occupations include office and administrative support occupations, sales and related occupations, production occupations, food preparation and serving related occupations, and healthcare practitioners and technical occupations. Among these top occupations, office and administrative support occupations, food preparation and serving related occupations, and healthcare practitioners and technical occupations are most often required to staff companies within key industries in this region. Regarding manufacturing specifically, top occupations include machine tool cutting setters, operators, tenders, metal and plastic, miscellaneous assemblers and fabricators, and machinists. Within the manufacturing industry sector, the industries that are expected to experience the highest growth include railroad rolling stock manufacturing, machine shops; turned product; and screw, nut, and bolt manufacturing; and other fabricated metal product manufacturing.

In 2014, health care and social assistance employment accounted for 17.6% (an increase from 2009); manufacturing employment accounted for 16.05% (a 1.95% decrease since 2013); government accounted for 12.93% (a decrease from 2009); and retail trade accounted for 11.84% (a slight increase from 2009).

Among these top four industries, manufacturing has experienced the most change, losing over 9,000 jobs between 2004 and 2009 but also gaining 3,000 back in five years since. The health care and social assistance sector, on the other hand, has grown steadily since 2004, adding more than 7,000 jobs in 10 years.

Among the occupations with the highest projected job growth from 2014-2019 in the region, about 40% require a credential, 6% an associate's degree, and 18% a bachelor's degree or higher. Over 70% of these jobs require some type of training, which is mostly on-the-job-training.

SOUTHERN ALLEGHENIES REGION

The Southern Alleghenies region is comprised of six counties (Bedford, Blair, Cambria, Fulton, Huntingdon, and Somerset) in south-central Pennsylvania. The majority of the region remains rural and forested with a land area of 3,400 square miles and a population of 456,872 (American Community

Survey, 2009-2013 5-Year Estimates). All six counties continue to be dominated by the same general industry mix of: health care & social services (19%), government (15%), retail trade (13%), and manufacturing (11%). The cities of Altoona and Johnstown are well known for offering comprehensive health care services through UPMC Altoona, the Tyrone Regional Health Network (TRHN), and Conemaugh Health Systems. Bedford, Huntingdon, and Somerset counties all possess more prominent accommodation and recreation industries, due to popular tourist destinations such as the Omni Bedford Springs Resort, Raystown Lake, Seven Springs Mountain Resort, and Hidden Valley Four Seasons Resort. Cambria County has developed a small alternative energy cluster through wind farm construction and wind turbine component manufacturing.

Due to the limited shale drilling activity that has occurred within the region, the majority of shale-related economic impacts have stemmed from support activities by existing companies, or the establishment of shale-related businesses within the region due to the proximity to areas with heavy drilling activity.

The current state of the national economy, combined with the workforce and population demographics of the Southern Alleghenies Region, continues to produce challenging circumstances for local businesses, particularly those within the prominent manufacturing industry. The past decade has seen slow population decline in most counties and the region as a whole, which can in the majority of cases, be attributed to the lack of higher-paying employment opportunities. With the exception of Fulton and Huntingdon counties, the Southern Alleghenies population has decreased slightly between 2000 and 2013, with the biggest losses experienced by Cambria (6.7%) and Somerset (3.4%) counties.

Compared to the state as a whole, the region is older. The median age for the region is 42.7, compared to 40.7 for the state as a whole. Persons over 55 years of age represent 33% of the residents in the region, compared to 29% for the state. Moreover, the region has experienced a significant net loss among its working aged adults. Between 2000 and 2013, the region lost roughly 25,000 (or 13%) of its population aged 20 to 54 years. On the other hand, the region experienced growth among its senior population (aged 55 and over). Between 2000 and 2013, the region added 22,400 seniors representing a growth rate of 33%.

The region is well positioned in terms of higher learning institutions present within the six counties. Educational attainment is a key indicator for a region's workforce talent and educational assets that can lead to technological innovation. As technology and knowledge-based industries become more central to the national and global economies, the high skill level of the regional labor force is one of the key drivers of job growth. At the individual level, one's educational levels are closely linked to higher wages and employment rates. However, despite the presence of the region's colleges and universities, college enrollment for the Southern Alleghenies region's 18 to 24 year olds still lags behind the state as a whole. Slightly less than half of the region's residents over 25 years of age hold high school diplomas, compared to 37% for the state as a whole. These figures are significantly higher than the national average of 28.1%. Furthermore, the percentage of the region's residents aged 25 and older with college degrees is 24.4%, compared to 35.2% for the state and 36.6% for the nation. The region's ability to advance the educational attainment for its young people beyond high

school will be a key component to prepare its future workforce, and a complementary policy direction that is equally important is to retain those young people graduating from area colleges and universities to stay and work within the region.

One clear hurdle for stimulating local economic activity is below-average wages. Below-average household wages significantly limits the disposable income and overall spending power of a household. Wages in the region are relatively low. In 2013, the average wage in the state as a whole was \$944 per week compared to just \$684 in the region (72.4% of the state average). The disparity between the state and the region is getting worse. In 2003, the region's average wage was 73.8% of the state's. The lower average wage is due to both the structure of employment, with the region having fewer high salary professional and managerial jobs, and the fact that comparable positions pay lower wages in the region than in the more urban areas of the state. Variations in the cost of living (especially housing costs) partially offset the wage differential.

All six counties continue to be dominated by the same general industry mix of health care and social services (19%), government (15%), retail trade (13%), and manufacturing (11%). Together, these four sectors represent 58% of all employment within the Southern Alleghenies region. This is significant because it indicates an unbalanced economy which is dependent on external trade to supply the goods and services that are not being adequately provided by the underrepresented sectors. However, location and transportation infrastructure are two existing strengths of the region, and the growth of transportation and warehousing is logical. The locational advantage also strengthens retail trade, health care, and other local market area dependent sectors.

Unemployment and underemployment continue to be significant issues within the region. As of 2013, the Southern Alleghenies region had an average unemployment rate of 8.2%. With the exception of Blair County, the Southern Alleghenies region maintains rates of unemployment slightly above both the state (7.4%) and national (7.4%) averages. Relatively higher unemployment rates within the Southern Alleghenies region indicate that the local economies may be struggling to adequately provide jobs for those currently residing and relocating to the region. As a result, retaining the current population and attracting future residents will likely remain a challenge for several of the region's counties.

Distressed Designation and County Economic Status

The Appalachian Regional Commission (ARC) uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system involves the creation of a national index of county economic status through a comparison of each county's averages for three economic indicators—three-year average unemployment rate, per capita market income, and poverty rate—with national averages. The resulting values are summed and averaged to create a composite index value for each county. Each county in the nation is then ranked, based on its composite index value, with higher values indicating higher levels of distress.

Distressed and At-Risk Counties

Distressed counties are the most economically depressed counties. They rank in the worst 10% of the nation's counties.

Currently, Pennsylvania has no distressed counties as defined by ARC. However, Pennsylvania does have a significant number of citizens living in distress. According to recent ARC data, Pennsylvania has the third highest number of distressed areas (113) of any Appalachian state and the eight highest number of citizens (324,998) living in economic distress.

Pennsylvania has one county designated at At-Risk in FY 2016 – Forest. With a 2014 estimated census population of 7,518, Forest County had the third smallest population of any county in the state. It is also one of the state's most rural counties. The county's population has a per capita of \$13,646, which is only slightly over 48% of the U.S. per capita income. Almost 50% of the county's land mass is part of the Allegheny National Forest. In 2013, the county had six manufacturing firms, which employed 210 persons. Forest County's unemployment rate in July, 2015 was 7.9%, the highest county rate in northwest Pennsylvania, and above the 5.5% rate for the state.

Attainment County Designation

Attainment counties are the economically strongest counties. Counties ranking in the best 10% of the nation's counties are classified attainment. Pennsylvania has no counties classified as Attainment.

Competitive and Transitional County Designations

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% and the best 25% of the nation's counties.

As of the date of this plan, the majority of Pennsylvania's ARC counties (46) are designated as transitional counties: Armstrong, Beaver, Bedford, Blair, Bradford, Cambria, Cameron, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Crawford, Elk, Erie, Fulton, Huntingdon, Indiana, Jefferson, Juniata, Lackawanna, Lawrence, Luzerne, Lycoming, McKean, Mercer, Mifflin, Monroe, Northumberland, Perry, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Wayne, Westmoreland, and Wyoming.

Competitive counties are those that are able to compete in the national economy but are not in the highest 10% of the nation's counties. Counties ranking between the best 10% and 25% of the nation's counties are classified competitive. Allegheny, Butler, Montour, Washington, and Westmoreland counties are Pennsylvania's competitive counties.

Pennsylvania's Appalachian Development Highway System (ADHS)

The purpose of the ADHS is to provide a highway system which, in conjunction with the Interstate System and other Federal-aid highways in the Appalachian region, will open up an area or areas with a developmental potential where commerce and communication have been inhibited by lack of adequate access. In Pennsylvania, the 551.5-mile Appalachia Development Highway System consists of seven routes, identified as Corridors M (US 22), N (US 219), O (US 220/I-99), O-1 (US 322), P (US 220/I-180), P-1 (Central Susquehanna Valley Thruway), T (I-86), U and U-1 (US 15).

All Appalachian corridor project needs in Pennsylvania are developed in the identical manner as regular federal projects through an integrated and consensus reaching programming process involving input from metropolitan planning organizations, rural planning organizations, the State Transportation Commission, elected officials, the Governor's Office, and the general public. Project need is based largely on levels of traffic, safety concerns, and economic development initiatives. Once consensus is reached within Pennsylvania on the need for a project, available ADHS funds are programmed based on project readiness, schedule, and financial constraints. Since the passage of MAP-21, the most recent federal transportation funding legislation, federal funds designated for the ADHS are not solely specific to the ADHS system and can be utilized for other transportation needs.

If project needs require an alignment change to the ADHS, approval must come from the Appalachian Regional Commission. After receiving proposed alignment changes, the Commission will review and approve proposed changes to the ADHS that open up an area or areas for development inhibited by lack of access while maintaining connectivity to the Interstate System and/or other ADHS designated corridors. Alignment changes must be made within the ADHS mileage constraints set by Congress.

Every Appalachian Development Highway System project must be detailed in the Cost to Complete Estimate and approved by ARC and FHWA. The Cost to Complete Estimate is required by ARC and the Federal Highway Administration every five years. The most recent estimate was completed in 2012.

Construction is underway on Corridor N (Somerset County) and is just beginning on the Susquehanna River Crossing for Corridor P-1. Significant portions of Corridor M, Corridor O, Corridor U, and Corridor U1 have been constructed. Furthermore, one entire corridor of the ADHS System in the commonwealth is complete: Corridor T in Erie County.

The commonwealth's portion of the Appalachian Development Highway System is estimated to cost more than \$3.1 billion to complete, based on the 2012 Cost to Complete Estimate. Federal authorizing legislation, Moving Ahead for Progress in the 21st Century (MAP-21), did not continue the dedicated funding for the ADHS System. As such, Pennsylvania will utilize available ADHS funds to meet the challenge of completing the ADHS System which coincides with the state's efforts to ensure economic stability in the Appalachian Region of Pennsylvania.

The inter-relationship between the ADHS and economic development in Pennsylvania cannot be understated. The movement of goods is vital to successfully meeting the domestic and demands of customers – both domestically and internationally. Accessibility is especially important in more remote areas that typically do not have high-traffic volumes or congestion, but where improvements in accessibility to other transportation facilities or destinations can create a more competitive business environment.

The ease of moving people – both workers and tourists – is also critical to the economic health of rural communities. As an example, the growing Pennsylvania Wilds depends on the ability to allow visitors from inside and outside of the state to safely and efficiently travel to our most remote areas to enjoy the natural assets of the region.

IV. Pennsylvania's Opportunities

Governor Wolf is committed to an aggressive agenda of stimulating business growth and attraction to create ***Jobs That Pay*** and develop a high quality workforce by training Pennsylvania residents in order to grow the commonwealth's economy through partnering with the public and private sectors – including the Appalachian Regional Commission.

Pennsylvania's Appalachian communities are working to attract and retain new businesses, create new job opportunities, and improve their overall quality of life. The commonwealth's plan for continued development of our Appalachian region integrates tools for both community and economic development. Our goals and objectives remain closely aligned with the newly-refined ARC goals.

Pennsylvania is blessed with unrivalled resources. We are home to the second largest energy resource field in the world with our abundant natural gas, oil, and timber. Our agricultural industry, established manufacturing base, and work ethic sets Pennsylvania apart. Every region of Pennsylvania boasts a dynamic mix of major corporations, small businesses, and emerging opportunities such as biotech and life sciences, innovative healthcare industries, value-added energy, local food products, advanced manufacturing and places people want to visit. Combine all of this with our world class higher education institutions and our proximity to close to one-half of our nation's population and the possibilities for Pennsylvania are limitless.

To foster these opportunities, the Wolf Administration and the Pennsylvania Department of Community and Economic Development will focus on these themes as part of our ***Jobs That Pay*** priority.

- Stimulate business growth and attraction
 - Foster an economic climate that encourages the creation, expansion, and retention of successful businesses.
 - Utilize state community and economic development programs in a cohesive and cost-effective manner to assist in the creation and retention of jobs that pay in areas of greatest need within the commonwealth.
 - Maximize performance of Pennsylvania's economic development service provider network.
 - Promote business-driven workforce training to bridge the skills gap.
 - Integrate and streamline delivery of financial and technical business assistance.
 - Focus statewide, comprehensive infrastructure development efforts on roadways, water and sewer ways, pipelines, power grids, fiber optics, cellular phone service, etc.
 - Formulate policies and strategies to assist small and high-growth businesses.
 - Leverage Pennsylvania's economic development programs to grow industry.
 - Capture up-stream, mid-stream, and down-stream shale gas development opportunities.

- Develop PA’s Innovation Economy
 - Grow venture capital investments to support early stage and emerging technology firms.
 - Accelerate technology transfer to commercialize new products and services.
 - Ensure that the variety of technology-based economic development organizations throughout the commonwealth work collaboratively to fully leverage the wealth of research, capital, and support services available to build a comprehensive infrastructure that supports company formation and growth.
 - Serve pre-revenue, emerging and mature technology companies; universities engaged in research and development with commercial potential; community organizations that focus on technology infrastructure, training and facilities; and investment partners.
 - Revitalize Pennsylvania's manufacturing economy.

- Expand Pennsylvania Worldwide
 - Highlight opportunities for international investors to invest and expand within the commonwealth.
 - Provide transaction-based technical assistance and marketing services to Pennsylvania companies to develop their exports and expand their presence in foreign markets.
 - Utilize exporter mapping tool to provide statewide visibility of the entire Pennsylvania exporter business community.
 - Expand the authorized trade representative network in new and emerging markets.
 - Increase Office of International Business Development (OIBD)-facilitated export sales for Pennsylvania companies.
 - Increase Office of International Business Development (OIBD)-facilitated Foreign Direct Capital Investments (FDI) to the commonwealth.

- Embrace PA’s Assets
 - Increase domestic and international leisure travel to the commonwealth to grow the tourism industry’s economic impact.
 - Utilize effective marketing campaigns that incorporate the use of social media tools to drive traffic to visitPA.com, the official tourism web site for Pennsylvania and its mobile version.
 - Collaborate with industry stakeholders and partners to develop and implement cooperative marketing initiatives.
 - Provide informative materials visitors need to plan and enjoy Pennsylvania’s unique destinations, activities, and attractions.
 - Create a conversation with our target audiences, to engage them and tell them the positive story of Pennsylvania as a place to live and do business through promotion, advertising and event-management.
 - Support the smart development of Pennsylvania’s energy resources, including coal, natural gas, water, oil, and timber.

- Strengthen PA's Core Communities
 - Assist in the improvement of the physical and economic assets of communities through programs that support housing and residential development, downtown improvement, business development, and construction of community facilities and infrastructure.
 - Serve as the principal advocate for the commonwealth's local governments and work to eliminate red tape by solving problems at the local level.
 - Attain more effective delivery of housing and community development services.
 - Provide resources and technical assistance that enhance the performance and capacity of local governments.
 - Adopt a targeted and specific economic development strategy in coordination with local governments, school districts, non-profits, land banks, and development authorities to improve unoccupied, vacant buildings, and open empty lots that constitute the growing problem of blight.

IV. Goals, Objectives and Strategies

The following ARC goals, plus Pennsylvania’s state objectives and strategies reflect the partnerships and initiatives that will continue to advance Pennsylvania’s Appalachian region.

Goal 1 – Economic Opportunities

Invest in entrepreneurial and business development strategies that strengthen Appalachia’s economy.

State Objective 1.1: Pennsylvania will foster an economic climate that encourages the creation, expansion, and retention of successful businesses, especially in areas of greatest need.

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| PA Strategy (1.1.1) | Target increased technical and financial assistance to Pennsylvania’s manufacturing, information technology, biotechnology, and related business sectors by providing technology and innovation assistance. |
| PA Strategy (1.1.2) | Support the transfer of new processes and product technologies that increase productivity and create new entrepreneurial opportunities. |
| PA Strategy (1.1.3) | Support strategic alliances with institutions of higher education, local economic development organizations, and private sector representatives to encourage joint entrepreneurship and business development activities. |
| PA Strategy (1.1.4) | Grow venture capital investments to support early stage and emerging technology firms. |
| PA Strategy (1.1.5) | Provide targeted incentives, technical assistance, tax credits and other risk-reduction activities designed to encourage business formation, development and job growth. |
| PA Strategy (1.1.6) | Accelerate technology transfer to commercialize new products and services. |

State Objective 1.2: Businesses in Appalachian Pennsylvania will have access to a broad range of regionally-based and need-driven economic development assistance for the purpose of market expansion and diversification resulting in increased sales and job growth.

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| PA Strategy (1.2.1) | Promote one-on-one consulting in the field of international business development, government marketing, business financing, and other activities offered in conjunction with PA’s Partnerships for Regional Economic Performance (PREP). This may include efforts to strengthen the coordination of PA’s economic development delivery system in a cohesive and cost-efficient manner. |
| PA Strategy (1.2.2) | Utilize internet-based technologies to deliver training and instruction for business creation and expansion. |
| PA Strategy (1.2.3) | Pennsylvania’s economic development strategy will include regional initiatives developed through the strategic planning process of the Local Development Districts. This may include workforce development, planning, e-commerce, telecommunications, broadband, energy independence, local foods, etc. |

PA Strategy (1.2.4)	Pennsylvania will expand its commercial presence worldwide, develop strategic international alliances and attract international companies. This includes opportunities for international investment and expansion within the commonwealth.
PA Strategy (1.2.5)	Expand the Pennsylvania authorized trade representative network in new and emerging markets.
PA Strategy (1.2.6)	Support efforts to facilitate increased Foreign Direct Capital Investments to the commonwealth
PA Strategy (1.2.7)	Provide technical, financial, and infrastructure assistance to those communities facing the loss, or employment downturn, of a region's major employer.
PA Strategy (1.2.8)	Support initiatives to promote business development in the advanced manufacturing, biotech research, life sciences, alternative energy, agro-food processing, digital media, and pre-fabricated housing segments.
PA Strategy (1.2.9)	Support business development activities that promote the expansion of supply chain activities among businesses capable of serving the energy sectors.
PA Strategy (1.2.10)	Pennsylvania will support activities designed to grow our ports and intermodal assets.
PA Strategy (1.2.11)	Promote regional partnerships and joint activities among government, business, and nonprofit organizations to reach common goals.
PA Strategy (1.2.12)	Pennsylvania will promote market diversification efforts for coal-impacted industries and individuals affected by market changes.

State Objective 1.3: **Appalachian residents will have access to enhanced entrepreneurial opportunities.**

PA Strategy (1.3.1)	Support regional entrepreneurial ecosystems designed to promote collaboration among public/private service providers.
PA Strategy (1.3.2)	Support web-based initiatives designed to provide prompt and practical entrepreneurial information to citizen and business owners.
PA Strategy (1.3.3)	Encourage business ownership as a career vocation to students by supporting youth entrepreneurship activities.
PA Strategy (1.3.4)	Support activities such as business plan competitions and incubation programs to fuel the expansion and growth of entrepreneurial activity.

State Objective 1.4 **Pennsylvania will expand the market for clean, indigenous energy resources, and enhance energy diversity and energy security, while stimulating economic development and job creation in an environmentally responsible manner.**

PA Strategy (1.4.1)	Promote energy security and job creation through the support of advanced energy technologies.
PA Strategy (1.4.2)	Foster economic development by encouraging the transfer and commercialization of innovative energy technologies and the use of fuels indigenous to PA.
PA Strategy (1.4.3)	Support energy independence and economic development by fostering the smart

development of the natural gas extraction industry and supporting businesses.

PA Strategy (1.4.4) Support initiatives to capture up-stream, mid-stream, and down-stream shale gas development opportunities.

Goal 2 – Ready Workforce
Improve the education, knowledge, skills, and health of residents to work and succeed in Appalachia.

State Objective 2.1: Pennsylvania will align job training and education with economic development and labor demand in sectors the promise growth and advancement.

PA Strategy (2.1.1) Promote workforce development in a manner that is coordinated with high schools, community colleges, apprenticeships, post-secondary institutions, and Workforce Development Boards.

PA Strategy (2.1.2) Support the work of Career Technology Centers as an important option for training citizens for real world placements.

PA Strategy (2.1.3) Support efforts to recruit college graduates back to Pennsylvania to help grow our workforce, especially in the high-tech sectors.

PA Strategy (2.1.4) Support initiatives to ensure that our educational institutions have access to the latest and most advanced equipment, curriculum and training aids to support *Schools That Teach*.

PA Strategy (2.1.5) Support educational activities that provide students and workers with necessary basic and soft skills needed to meet the requirements of employers in all sectors.

PA Strategy (2.1.6) Promote educational and workforce initiatives that help Appalachian citizens acquire a strong foundation of science, technology, engineering, arts and math (STEAM) skills.

State Objective 2.2: Appalachian residents will receive advanced skills training to acquire and maintain family-sustaining jobs.

PA Strategy (2.2.1) Utilize Pennsylvania’s community college system and other educational institutions to improve the workforce training delivery network along with other public/private providers.

PA Strategy (2.2.2) Promote employer-led consortia and industry partnerships to identify critical job vacancies and needed skills.

PA Strategy (2.2.3) Promote the use of high-technology tools and resources for the education of students as a means to deliver workforce training.

PA Strategy (2.2.4) Train Appalachian residents in the methods needed to develop and expand our natural, cultural, historical, agricultural, and energy-related resources.

State Objective 2.3: Appalachian residents and business owners will have access to institutions of higher learning as well as alternative educational institutions that promote entrepreneurship and innovation as well as continuing education.

- PA Strategy (2.3.1) Promote the development of critical job skill training programs to address workforce shortage issues.
- PA Strategy (2.3.2) Expand or establish technical training centers designed to improve workforce skills in rural Appalachia.
- PA Strategy (2.3.3) Support initiatives that adequately prepare students to successfully perform in postsecondary education environments.

State Objective 2.4: Pennsylvania will foster an integrated health-care system designed to provide Appalachian children, adults, and elderly citizens with access to quality care at a reasonable cost.

- PA Strategy (2.4.1) Continue to support the J-1 Visa program as a tool to recruit physicians to our neediest areas.
- PA Strategy (2.4.2) Employ the use of the latest technological resources such as remote monitoring devices to lower health care costs while maintaining a high degree of quality care.
- PA Strategy (2.4.3) Analyze specific health care needs of Appalachian residents for the purpose of directing resources to combat illness, disease, and spiraling costs.
- PA Strategy (2.4.4) Support organizations specializing in addressing the health care needs of rural areas to identify and develop wellness programs and other activities to combat areas of health-distress.
- PA Strategy (2.4.5) Identify chronic illnesses and conditions affecting a growing segment of Appalachian residents and target resources to address these needs.

State Objective 2.5: Pennsylvania will reduce and/or eliminate barriers that hinder successful participation in the workforce by willing individuals seeking employment opportunities throughout Appalachia,

- PA Strategy (2.5.1) Support community initiatives that provide transportation, child and adult daycare, disability assistance, health and wellness efforts, and related services that help more individuals succeed in the workplace.

Goal 3 – Critical Infrastructure

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

State Objective 3.1: All Appalachian communities will have access to safe drinking water; sanitary sewer and waste disposal systems; housing; diversified energy and other basic infrastructure.

- PA Strategy (3.1.1) Support efforts to provide a safe and secure water/sewer system for residents of Appalachia through collaborative projects with state and federal agencies such as EDA, USDA, PennVest, etc.

- PA Strategy (3.1.2) Promote multi-county approaches and partnerships with public and private sector entities to manage solid waste disposal, water and wastewater treatment. Support waste recycling and new disposal technologies.
- PA Strategy (3.1.3) Provide housing and redevelopment assistance to ensure a basic standard of living and improved economic potential for our communities.
- PA Strategy (3.1.4) Encourage investment and innovation in low-carbon infrastructure, such as smart grid, natural gas, renewables, and biomass to allow new and existing business to operate with a lower carbon footprint and make them more competitive in the global economy.
- PA Strategy (3.1.5) Promote investments in pipelines, power grids, fiber optics, cellular phone service and other ancillary infrastructure.

State Objective 3.2: There will be a new or renewed active industrial site, business park or business incubator within a reasonable commute of all Appalachians for enhanced job creation and business development opportunities.

- PA Strategy (3.2.1) Support programs which create site-ready properties focused on generating economic growth in needy areas and tailored to local and regional current and emerging opportunities.
- PA Strategy (3.2.2) Stimulate business infrastructure development along Pennsylvania’s Appalachian Development Highway System (ADHS) corridors.
- PA Strategy (3.2.3) Coordinate regional planning efforts to serve commercial and industrial purposes.
- PA Strategy (3.2.4) Engage in infrastructure and construction activities that will generate value-added job creation and business expansion. This may include but is not limited to business incubators, multi-tenant facilities, industrial parks and ancillary infrastructure needs such as parking and access roads.

State Objective 3.3: Pennsylvania will rebuild our communities by focusing on housing, site acquisition, preparation, and redevelopment.

- PA Strategy (3.3.1) Support Main Street projects that will lead to physical improvements in downtown business districts.
- PA Strategy (3.3.2) Provide resources to encourage improvements in Appalachian residential communities.
- PA Strategy (3.3.3) Support activities that promote the availability of affordable housing. This includes concerted efforts in areas affected by shale gas development.

State Objective 3.4: Pennsylvania will bridge the digital divide in the Appalachian region by delivering broadband and other telecommunications resources to residents and businesses.

- PA Strategy (3.4.1) Support the deployment of affordable access to advanced communications through the use of multiple technologies.

- PA Strategy (3.4.2) Develop initiatives such as training programs, consulting, and demonstration projects to increase the readiness of industry groups and businesses to engage in e-commerce.
- PA Strategy (3.4.3) Sponsor demand aggregation programs to encourage private sector investment of broadband technology.

State Objective 3.5: Pennsylvania will provide communities with the resources needed to spur locally driven community and economic development.

- PA Strategy (3.5.1) Support revitalization efforts that re-use brownfields and existing infrastructure to create new businesses, homes, and community resources.
- PA Strategy (3.5.2) Promote infrastructure investment that compliments and utilizes the region’s natural beauty, landscape, and historical/cultural heritage.
- PA Strategy (3.5.3) Improve and expand our intermodal methods of transportation via planning and infrastructure to move people and goods more effectively and maximize the region’s access to domestic and international markets.
- PA Strategy (3.5.4) Support community infrastructure improvements designed to retain major employers or newly formed companies.

State Objective 3.6: Pennsylvania will invest in the future by turning existing infrastructure into vibrant new business, cleaning up the environment, and creating lively towns and neighborhoods.

- PA Strategy (3.6.1) Clean up Pennsylvania's polluted streams and improve the health of our rivers and streams affected by runoff from mines and other pollution, restoring these waters to full use for our communities and outdoor enthusiasts.
- PA Strategy (3.6.2) Reclaim abandoned mines and toxic waste sites for productive uses.
- PA Strategy (3.6.3) Invest in alternative energy production including wind farms, solar cells, and alternative fuels.
- PA Strategy (3.6.4) Pennsylvania will support programs that preserve working farms, open space and natural areas, and improve state parks and infrastructure that support fish and wildlife habitat so tourists and Pennsylvanians can fully enjoy these treasures again.
- PA Strategy (3.6.5) Restore communities and expand affordable housing by improving community parks, and investing in housing and community redevelopment.

State Objective 3.7 Pennsylvania’s businesses, citizens, and visitors will have a safe and efficient highway system to promote global commerce and provide safe travel throughout the region.

- PA Strategy (3.7.1) Identify for completion, critical Appalachian Development Highway System (ADHS) interchanges and priority miles.
- PA Strategy (3.7.2) Effectively and efficiently continue to develop the ADHS by soliciting input from local private and public officials.

- PA Strategy (3.7.3) Pennsylvania’s Department of Transportation will adhere to all federal statutes to ensure accountability of funds and cooperate with contiguous member states.
- PA Strategy (3.7.4) Continue to allocate resources for development and improvement of local access roads for economic and community activities.

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: Pennsylvania will increase community and economic activity by preserving, developing, and marketing local strategic assets.

- PA Strategy (4.1.1) Develop initiatives to support tourism expansion, including heritage and eco-tourism development, through assessments, technical assistance, and marketing campaigns.
- PA Strategy (4.1.2) Promote asset-based development opportunities by encouraging economic and community development organizations to utilize their historical, environmental, and cultural resources.
- PA Strategy (4.1.3) Promote regional development, preservation and entrepreneurship along PA’s vast river network, greenways, forests, trails, and other natural assets.
- PA Strategy (4.1.4) Promote asset-based entrepreneurial development based upon historical, cultural, structural, and geographic resources.
- PA Strategy (4.1.5) Increase domestic and international leisure travel to the commonwealth to grow the tourism industry’s economic impact
- PA Strategy (4.1.6) Collaborate with industry stakeholders and partners to develop and implement cooperative marketing initiatives.
- PA Strategy (4.1.7) Preserve the natural, cultural, and heritage assets that abound throughout Pennsylvania and educate citizens on the value of our Appalachian region.

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: Pennsylvania will provide planning, technical assistance, management services and complimentary resources to local governments and community and economic development organizations to promote efficient and effective local leadership and improved civic capacity.

- PA Strategy (5.1.1) Utilize the Governor’s Center for Local Government Services and other organizations to provide training and program coordination to local officials in areas such as administration, finance, management, land use planning, transportation, zoning, energy conservation, security, broadband, and community and economic development. This may also include activities that promote regional consolidation of services.
- PA Strategy (5.1.2) Provide technical assistance and research support for communities affected by the expanding shale gas industry as well as a declining coal industry.
- PA Strategy (5.1.3) Community and economic development service providers will be encouraged to provide staff with professional development training.
- PA Strategy (5.1.4) Provide consolidated technical assistance to community and economic groups for the purpose of developing and administering projects in the region.
- PA Strategy (5.1.5) Provide adequate resources, tools and equipment for local governments, nonprofit organizations and other eligible entities to effectively serve the citizens of Appalachia.

State Objective 5.2: Pennsylvania will empower community leaders throughout the region to serve as sparkplugs and forward thinkers to mobilize their communities and champion constructive community and economic development projects and activities.

- PA Strategy (5.2.1) Support local and regionally-based leadership development programs to encourage cooperation and collaboration as well as strategic planning and information sharing.
- PA Strategy (5.2.2) Partner with state and federal organizations to disseminate information on the types of resources available to small and rural communities.
- PA Strategy (5.2.3) Utilize models such as the Appalachian Community Learning Program (ACLP) and the Pennsylvania Downtown Center to increase civic capacity.
- PA Strategy (5.2.4) Promote the principles of asset-based development to encourage local leaders to integrate the natural, cultural, historical and energy resources in community and economic development activities/projects.
- PA Strategy (5.2.5) Support initiatives designed to educate Appalachian residents on the benefits and methods of effective energy conservation.
- PA Strategy (5.2.6) Support regional and community based efforts to retain wealth generated by businesses and individuals associated with the growing shale gas industry.
- PA Strategy (5.2.7) Promote the creation and growth of community foundations and seek partnerships to direct resources to our neediest projects and areas.
- PA Strategy (5.2.8) Assist in the improvement of the physical and economic assets of communities through leadership and capacity initiatives that support housing and residential development, downtown improvement, business development and community facilities.

- PA Strategy (5.2.9) Assist community leaders and officials in eliminating barriers to local governance and growth and provide resources and technical assistance that enhance the performance and capacity of local governments.
- PA Strategy (5.2.10) Support targeted and specific strategies in coordination with local governments, school districts, non-profits, land banks and development authorities to improve unoccupied, vacant buildings and open empty lots that constitute the growing problem of blight.
- PA Strategy (5.2.11) Support efforts to address blight planning and code enforcement in coordination with PA's Act 47 community recovery plans.

State Objective 5.3: Pennsylvania will have citizens, local leaders, and community organizations capable of working with local, state, and federal resources to effect positive economic change and advance local, civic capacity.

- PA Strategy (5.3.1) Initiate training activities to increase the skills of individuals and organizations to effectively identify community needs and develop plans to improve economic viability.
- PA Strategy (5.3.2) Promote youth leadership activities to introduce our young people to the concepts associated with active community involvement.

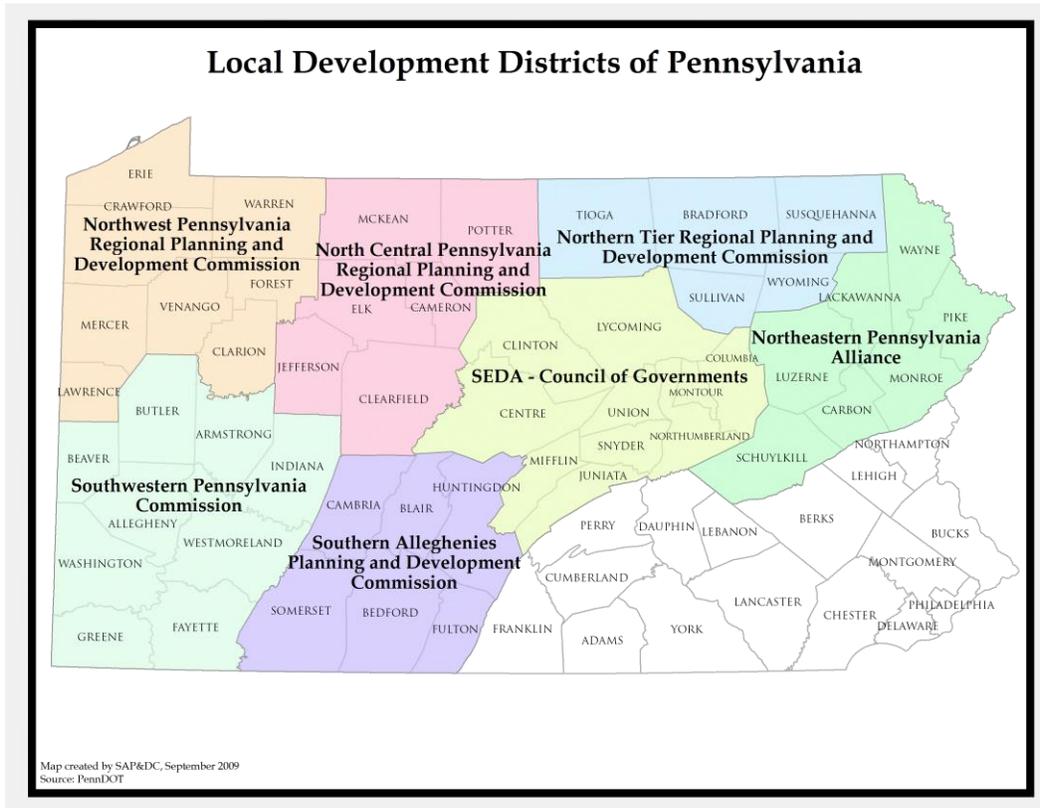
Pennsylvania's Appalachian Organization

Governor Wolf's vision of a *Government That Works* includes effective partnership with federal agencies and organizations that help us improve the economic revitalization of our communities. Pennsylvania's Department of Community and Economic Development administers the ARC program and is the lead agency for economic growth and advancement. The Appalachian Development Center (ADC) is based within the Department's Office of Technology and Innovation. The Office's Deputy Secretary serves as the Governor's alternate to the ARC and oversees the operation of the ARC program. The Center is also responsible for activities and services provided by Pennsylvania's seven Local Development Districts (LDDs).

The ADC is responsible for coordinating ARC-related projects with other state and federal offices such as the Pennsylvania Department of Transportation, Pennsylvania Department of Environmental Protection, Pennsylvania Department of Labor and Industry, U.S. Department of Agriculture – Rural Development, Economic Development Administration, Small Business Administration, the Department of Housing and Urban Development, and others.

Generally, ARC projects are generated from Pennsylvania's seven LDDs. The districts provide a local venue for communities and citizens to submit applications for community and economic development projects. The LDD board members prioritize these projects and submit their recommendations to the Department of Community and Economic Development. Projects submitted to ARC for funding are selected on the basis of local endorsement and adherence to the goals and objectives established by Governor Wolf.

Pennsylvania's Local Development Districts:



- Northwest Pennsylvania Regional Planning and Development Commission**
Oil City, Pennsylvania
Counties: Clarion, Crawford, Erie, Forest, Lawrence, Mercer, Venango, Warren
- North Central Pennsylvania Regional Planning and Development Commission**
Ridgway, Pennsylvania
Counties: Cameron, Clearfield, Elk, Jefferson, McKean, Potter
- Northern Tier Regional Planning and Development Commission**
Towanda, Pennsylvania
Counties: Bradford, Sullivan, Susquehanna, Tioga, Wyoming
- Northeastern Pennsylvania Alliance**
Pittston, Pennsylvania
Counties: Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, Wayne

Southwestern Pennsylvania Commission

Pittsburgh, Pennsylvania

Counties: Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Washington, Westmoreland

Southern Alleghenies Planning and Development Commission

Altoona, Pennsylvania 16601

Counties: Bedford, Blair, Cambria, Fulton, Huntingdon, Somerset

SEDA–Council of Governments

Lewisburg, Pennsylvania

Counties: Centre, Clinton, Columbia, Juniata, Lycoming, Mifflin, Montour, Northumberland, Perry, Snyder, Union

When evaluating and selecting projects for ARC assistance, Pennsylvania seeks projects that:

- Enhance new business start-ups and job creation;
- Improve the entrepreneurial vitality of the state;
- Support targeted community investment,
- Demonstrate readiness to proceed;
- Articulate significant financial need, and
- Reflect a geographical distribution of ARC funds.

In addition, the ADC staff analyzes the relative need of each project applicant to determine the available financial resources. This is accomplished via site visits and interviews with appropriate members of the project team. The ADC also seeks input from central and regional commonwealth staff, along with other public and private funding partners before making final recommendations.

Pennsylvania believes that a successful ARC project demonstrates partnerships with other public and private investors and can show a strong case for ongoing sustainability.

Conclusion

Pennsylvania remains committed to providing Appalachian citizens and communities with the resources needed to promote self-sustaining economic development. As a partner with the ARC, the commonwealth will invest its own staff time, energy, and dollars to leverage the federal resources of the Commission. Together, Pennsylvania and ARC can make a difference in the quality of life of our neediest citizens and the communities in which they live, work, and play.