

EAST KENTUCKY INITIATIVE

To: Governor Steve Beshear

From: Bill Weinberg, Chairman, East Kentucky Leadership Foundation

Date: June 20, 2008

Re: EAST KENTUCKY INITIATIVE
(Revision after workshops and Intensive Session at 21st EKLf Conference)

Governor, enclosed is the latest draft of what we are now calling the East Kentucky Initiative, a statement of priorities for Appalachian Kentucky. It is our hope that this document will prove helpful to you and your Administration in meeting the needs of Appalachian Kentucky.

This latest version is the result of three two hour workshops and a two hour intensive session at the 21st EKLf Conference with some of the most knowledgeable people about Appalachian issues, in and outside the region. To name just a few of those who participated: Lt. Gov. Daniel Mongiardo, House Majority Leader Rocky Adkins, State Rep. Robin Webb, Appalshop Director Art Menius; Dr. Ron Eller, former Director of UK's Appalachian Center, the author of "Communities of Hope: Preparing for the Future in Appalachian Kentucky" and author of an upcoming book on Appalachian economic development; Ewell Balltrip, Director of the Kentucky Appalachian Commission during the Patton Administration; Dr. Wayne Andrews, President of Morehead State University; Peter Hille, Director, Brushy Fork Institute; Stephanie Stumbo, Executive Director, Kentucky Public Service Commission; Al Cross, Director, Institute for Rural Journalism and Community Issues; Jerry Johnson, Special Assistant to Governor Patton for Appalachian Development and Coal County severance tax issues; Ron Daley, Director, University Center of the Mountains, and myself.

The Initiative is presented in five categories: 1) Economic Development/New Age Technology; 2) Education; 3) Health; 4) Eastern Kentucky presence and voice within every State Administration; and 5) Environment. It is recognized that there is much overlap between these issues and that it is difficult, if not impossible to discuss one without discussing others. For this reason, the group decided to list the **six most important infrastructure needs in Appalachian Kentucky at the present time, and they are listed, with a brief summary, under Attachment A.**

The East Kentucky Initiative is a dynamic document that will be constantly revised and updated over time. Priorities that have been accomplished in whole or in part will be highlighted.

I. Economic Development/New Age Technology

PRIORITY ONE - Establish an Appalachian Institute for Research and Development.

Background: *Program 60*, the strategic plan for eastern Kentucky endorsed by Governor Bert Combs in 1960, and the report of the *President's Appalachian Regional Commission* (PARC) in 1964 called for the creation of an Appalachian Development Institute. President Kennedy endorsed such an effort in his meeting with the Council of Appalachian Governors in 1963. For a variety of reasons, the institute was not established, either at state or federal levels.

In 1994, the report of the Governor's Kentucky Appalachian Task Force, *Communities of Hope* recommended once again the creation of a Kentucky Appalachian Development Institute. The Institute was once again recommended by the Kentucky Appalachian Commission during the latter stages of the Patton Administration, but was never implemented. The Beshear Administration has an opportunity to implement an idea that has been repeatedly recommended over a period of forty-seven years.

Need: The Appalachian Institute for Research and Development (AIRD) would provide research and technical support to assist citizens, local governments, state officials and non-profit development organizations to build healthy, sustainable communities in Appalachian Kentucky. The institute could be modeled after the "think tank" organizations located in North Carolina and would be a public/private agency that would represent a center of research and development and policy formulation in Eastern Kentucky. It should be linked to a network of collaborating institutions, including the ADD agencies and higher education institutions, so as to maximize its resources and network of contacts. It might find a model in the ongoing work being done by Ewell Balltrip in the area of homeland security.

The goals of the Appalachian Institute for Research and Development should include, but are not limited to, the following:

1. Sponsor, coordinate, collect and disseminate research within Kentucky colleges and universities, KCTCS, Prichard Committee and other pertinent organizations for applied use by state, regional and local community leaders.
2. Support the strengthening of local institutions and foster equitable, real and sustainable community development by increasing citizen involvement and the flow of information from residents to their leaders.
3. Assist local organizations and citizens in community-based research in order to inform research activities and policy at regional and state levels and to enable more effective participation by the public in decision-making processes at all levels.
4. Formulate policy initiatives in the areas of economic development, energy, health and education for Eastern Kentucky, including but not limited to, research and

development to enhance new technologies for the use of coal and other natural resources, renewable resources and other research and development anticipated under House Bill 1.

5. Reverse the brain drain by drawing the best and brightest from the region back to the region. Establish a center of intellectual activity and a true Eastern Kentucky “think tank”.

Cost: We recommend beginning with a commitment of \$2 million for the biennium, with the expectation that an additional \$1 million would be raised from the private sector. Seek significant Federal funding over a five year period, with state, local and private funding gradually supplanting Federal funding. Have active collaboration and participation from the University of Kentucky, Morehead State University and other state institutions of higher education in the research component of the Institute. It should fully utilize the resources of higher education in the state but it should be an independent public-private entity.

Conclusion: Eastern Kentuckians have long clamored for an institute of higher learning in the core counties of Central Appalachia. The establishment of the Appalachian Institute for Research and Development located in one of those counties would satisfy those desires and would provide an essential infrastructure for Appalachian Kentucky and for the Commonwealth. It would represent a significant investment in the intellectual capital of Eastern Kentucky and would be a major achievement for the Beshear Administration. This is believed to be the most important infrastructure need for Appalachian Kentucky at this time. See Attachment A.

PRIORITY TWO - Revitalize a Regional Job Stimulation Entity in Appalachia

Background: In 1990 at the request of a number of legislators, county judges and private citizens, Governor Wallace Wilkinson supported the creation of the “East Kentucky Economic Development Jobs Creation Corporation”, whose purpose was to create new job opportunities within Eastern Kentucky. From 1990 through 2004, the East Kentucky Corporation created over 5,100 jobs in 28 Eastern Kentucky counties through the recruitment of industries from outside the region and through its loan program to assist small businesses in Eastern Kentucky. The jobs created included such major companies as Trust Joist MacMillan, Chef America and American Woodmark. Despite this record of success in fulfilling its mission, the East Kentucky Corporation did not adequately build its political capital with the region’s legislators and county judges, some of whom felt that the EKC was not benefiting their particular counties. Accordingly, when Governor Ernie Fletcher discontinued state support for the EKC in his budget, there was not enough political reaction to cause the legislature to put the money in the budget and the corporation was forced to terminate its personnel and close its doors. The Board of the EKC has continued to meet throughout the four years of the Fletcher Administration. It retained the Kentucky River Area Development District to manage its development fund formed as a result of the corporation’s having raised

over \$1.3 million dollars in private funds. The EKC still has around \$1 million in development funds that are being used to assist Eastern Kentucky businesses.

Need: Job stimulation in Eastern Kentucky must occur both through assisting local businesses and entrepreneurs and through recruiting companies from outside the region in carefully selected niches that relate to our natural resources and the strengths of our labor supply. It's not either/or but both. The reason we usually start with recruitment in talking about the regional job stimulation agency is that there are organizations like Kentucky Highlands, Maced, and SKEDD that do a good job of assisting local businesses but there is no one recruiting companies from outside the region, now that the EKC is dormant. Nonetheless, we do need a much greater emphasis on building our regional base of small businesses and entrepreneurs and that represents more bang for the state or private buck. The development of regional entrepreneurs is an essential ingredient to regional economic development that must be stressed by the new regional job stimulation agency.

After the demise of the EKC, the in-migration of jobs from outside the region came to a screeching halt. There is a crying need for an organization with the staff, skill and capability to recruit new-age technology, entrepreneurs and niche businesses that utilize Eastern Kentucky's natural resources. It is critical that the organization be structured so that it can recruit new entrepreneurs and support indigenous entrepreneurs, in addition to the recruitment of companies and capital from outside the region. The East Kentucky Corporation proved that regional recruitment of jobs from outside the region can be successfully done and there is a huge opportunity for the Beshear Administration to build on the work of the East Kentucky Corporation and reestablish a more successful and comprehensive regional job stimulation agency. Necessary elements of any new entity are:

- 1) Support from the leadership within the region, especially the Coal Coalition, the East Kentucky County Judges' Association, the ADD's and the Mountain Caucus in the legislature;
- 2) Coordination with, and support from, the Kentucky Cabinet for Economic Development. Coordination could be mandated legislatively, with a special division in the Cabinet working with the new entity. The success of the new entity depends upon the full support of the Secretary of the Economic Development Cabinet.
- 3) The new entity should be an independent public-private body statutorily created; and
- 4) Its charge should include the development and implementation of curriculums and programs fostering entrepreneurship during early childhood development and addressing the problem of affordable health care for small business owners and entrepreneurs.

Cost: The East Kentucky Corporation was supported through \$250,000 of state funding per annum from 1991-1996 and \$450,000-\$472,000 of state funding per annum from 1997-2003. The state put a total of \$4.7 million into the program during the 13 years of its support. In addition, local governments provided \$2.15 million in support during those

13 years. The Development Fund for loan assistance for entrepreneurs was funded entirely by private businesses operating in Eastern Kentucky.

State funding of \$350,000 per year over the first biennium would be sufficient to revitalize a regional job stimulation agency in Eastern Kentucky. Properly done, there should be substantial private support to phase out the need for state funding over an eight year period and establish the agency on a self-sustaining basis. Further, the East Kentucky Corporation Board would probably be willing to make its development fund available through a merger of whatever model the Beshear Administration proposes for the revitalization of a new regional job stimulation agency. It is imperative that the new agency have complete and total support from the Cabinet for Economic Development, but it should be autonomous from that cabinet. There continues to be legislation on the books for the East Kentucky Corporation so whatever model is selected could utilize that legislation and amend it as needed. The model should assure ongoing legislative support from the Mountain Caucus and the Eastern Kentucky County Judges' Association. The East Kentucky Corporation name should be changed to assure a new beginning for the agency. Also, the model for funding from local governments should be changed since that was part of the EKC's problem.

Conclusion: This is among the six most important infrastructure needs for Eastern Kentucky over the next four years. See Attachment A.

PRIORITY THREE - Continue the emphasis on utilizing ARC funds for Kentucky to bring Eastern Kentucky's infrastructure up to the level of the rest of the state by investing in water and sewer lines and better roads. Supplement with severance tax funds.

Background: Governor Patton put a high priority on water and sewer lines during his Administration. This was continued under the Fletcher Administration. The Beshear Administration needs an active, persuasive ARC representative who can maximize the ARC funds coming to Kentucky (see IV, PRIORITY THREE below).

Need: Great progress has been made on upgrading Eastern Kentucky's infrastructure but more needs to be done to bring it up to the level of other areas in the state.

Cost: This will be governed in part by availability of ARC funds, but some emphasis should be placed on supplementing ARC funds with severance tax funds.

Conclusion: No Kentuckian should be without potable water in the 21st century. Continued upgrading of roads, water lines and sewer lines is critical to economic development in Eastern Kentucky.

PRIORITY FOUR - Promote energy independence and reduce our dependence on foreign oil by supporting research and providing economic development incentives to advance new technologies for the use of coal, greater efficiency in the use of energy and increased use of sources of renewable energy.

Background: With the enactment of House Bill 1 in the 2007 Special Session of the General Assembly and its companion bill House Bill 2 in the 2008 Regular Session, Kentucky has adopted a visionary energy policy to help our nation achieve energy self sufficiency. Kentucky's Energy Independence legislation provides incentives for the conversion of coal to transportation fuels and synthetic natural gas, the use of agricultural products for energy such as biomass, ethanol and cellulose and greater utilization of renewable energy sources such as wind, solar and hydro. It also promotes the more efficient use of energy by creating incentives for energy efficient home and building construction, incentives for home owners to install energy efficient windows, doors and heating and cooling systems as well as upgrading insulation and lighting, directs state government to improve state building energy performance standards and replace state vehicles with more energy efficient models and provides additional resources to encourage public schools to become more energy efficient to free up more of their funding for instructional purposes.

Need: Kentucky's Energy Independence legislation recognizes that the likely development of a national carbon emissions policy will require the demonstration of large scale, economically feasible technologies for the control and management of carbon dioxide to assure coal's continued use for electrical generation and its conversion to other fuels, as well as recognizing the increasing importance of renewable resources. House Bills 1 and 2 have special importance to Eastern Kentucky, since they offer an opportunity to bring capital intensive technologies and facilities into Eastern Kentucky with the accompanying economic development benefits.

Cost: House Bills 1 and 2 contain specific appropriations for the majority of the initiatives they establish. Additional funding will be required for continued support and expansion. Research and development could be accomplished through the Appalachian Institute for Research and Development recommended in PRIORITY ONE above and through specific general fund appropriations. If through the Appalachian Institute, costs would be covered under PRIORITY ONE above.

Conclusion: The Beshear Administration should make the implementation of House Bills 1 and 2 one of its primary goals. These bills are supported by both environmentalists and coal industry leaders, providing a rare alliance between these groups. The Kentucky Resources Council, a leading state environmental group had this to say about HB 2:

In total, the policies and incentives contained in House Bill 2 are a comprehensive, forward-looking investment in our economy, our energy future, our communities and our children. In combination with SB 83, HB 2 marks this as among the more significant in the area of energy policy in this Commonwealth's recent history.

One of the missions of the new Appalachian Institute for Research and Development would be to provide research and development supportive of House Bills 1 and 2.

PRIORITY FIVE - Develop adventure tourism.

Background: In the last few years, community based initiatives in adventure tourism have developed in Eastern Kentucky and Southern West Virginia. These include white water rafting, horse trails, elk view areas, ATV trails and some mountain climbing. These activities have proven tremendously popular and have drawn large numbers of people with - until Spring 2008 - little support from the Commonwealth of Kentucky. The momentum behind this initiative can be seen in the overwhelming energy for outdoor recreation attractions in the region, exemplified by the 2007 Fall Knott County Trail Ride that drew more than 6,000 people.

This is a major initiative of the Beshear Administration, being headed up by Lt. Gov. Daniel Mongiardo. New legislation was passed in the 2008 General Assembly making it easier to work with landowners in developing adventure tourism. Senate Bill 196, introduced by Sen. Brandon Smith, ensures that the Commonwealth will play a more active and supportive role in adventure tourism endeavors across the state. Key components include the development of a Cross Kentucky Trails system by 2010, support for existing outdoor recreational resources, and the promotion of safety in adventure tourism activities, especially with regard to ATV's.

Need: Adventure tourism offers an extremely low-cost way to build tourism in Eastern Kentucky. It has the added advantage of building on a strong public sentiment in favor of such activities. Coal and gas mining roads offer an existing infrastructure that could well be utilized. Adventure tourism is a way of bringing large numbers of tourists to Appalachian Kentucky, thereby enhancing the utility of the many existing arts venues in the region. The food, lodging and service industry businesses that will emerge around these adventure tourism sites will stimulate economic growth and development. (See PRIORITY SIX and Attachment B.)

Cost: There is very little upfront cost for adventure tourism since activities center around natural resources that are already in place and in use. There is an ongoing application for a one-time infusion of federal funds to support the emerging adventure tourism effort and a licensing program modeled after hunting and fishing licenses will be adopted to provide ongoing support.

Conclusion: By combining and emphasizing PRIORITIES FIVE and SIX, the Beshear Administration can maximize the development of tourism in Appalachian Kentucky.

PRIORITY SIX - Support and enhance the growing arts communities in Eastern Kentucky as an essential ingredient of creating an economically viable tourism industry.

Background: During the 1960's, as a part of the programs of the Office of Economic Development (Poverty Program), Appalshop was formed in Letcher County. It, along with Head Start, Legal Services and Community Action agencies, represents part of the legacy from OEO and a success story for community based multi-disciplinary arts and

education organizations. It joined Jenny Wiley Theatre in Prestonsburg as the two major art related organizations in Eastern Kentucky. During the last ten years, a number of other arts organizations have sprung up in Eastern Kentucky. This includes, but is not limited to, the Paramount Arts Center in Ashland, the Kentucky Opry and Mountain Arts Center (MAC) in Prestonsburg, the East Kentucky Exposition Center in Pikeville, the Appalachian Artisans Center and the Kentucky School of Craft in Hindman and the Adkins-Caudill Performing Arts Center in Elliott County. In addition, the Center for Rural Development in Somerset has ongoing arts programs. See Attachment B.

Need: The Administration should continue and enhance the growing arts presence in Eastern Kentucky by supporting existing arts programs that are receiving state monies and by developing new initiatives as money becomes available. As indicated above in PRIORITY FIVE, the new emphasis on Adventure Tourism is a perfect fit with the arts emphasis. Adventure tourism has the capacity to bring large numbers of tourists to Appalachian Kentucky. The arts presence gives those tourists something else to do when they are not doing adventure tourism activities.

Cost: See Attachment B.

Conclusion: The arts emphasis can combine with adventure tourism discussed in PRIORITY FIVE above to create a more balanced and full choice of activities for tourists coming into Appalachian Kentucky.

II. Education

PRIORITY ONE - Build a shared vision among all regional stakeholders from preschool level through college

Background: Many good things are happening in education in Appalachian Kentucky but there exists as well duplication of programs, large pockets of inefficient delivery of services, lack of coordination across service lines and, most importantly, lack of coordination between service providers in preschool, primary and secondary and those in higher education.

Need: In order to truly move education in Appalachian Kentucky forward, regional stakeholders must get on the same page, holding a shared vision. This can best be done by developing a stakeholder driven strategic educational plan for the region involving educators from preschool through college. President Wayne Andrews of Morehead State University agreed to convene a small group of educators to put together a proposal for ARC funding for the development of a regional strategic educational plan. Among the goals of the plan would be to identify “pockets of best practice” at all levels, key areas where critical collaboration can and should occur, ways to break down the delivery of educational services to make it more effective, how to better develop a culture of teaching and learning and identification of important educational resources and assets in Appalachian Kentucky.

Cost: \$90,000 (Estimate) This will be finally determined by Dr. Andrews’ Committee.

Conclusion: The proposal will be submitted to Peggy Satterly in GOLD within the next 90 days. The development of a stakeholder driven strategic educational plan will go a long ways toward creating a shared vision for education in Appalachian Kentucky.

PRIORITY TWO - Develop a “crash” program to jumpstart adult education and life-long learning in Eastern Kentucky

Background: A huge effort in adult education must occur over the next eight years if East Kentucky’s labor force is going to possess the education and skills needed to fill the jobs that will be required in the region by 2015. Coal companies are currently having a hard time finding workers with the computer skills needed for 21st century work in the coal industry. The emphasis on new technologies utilizing coal and other natural resources will create a further demand for educated and skilled workers. It will not be possible to lure new age technologies to Eastern Kentucky unless there is sufficient labor force available to fill the jobs required by those businesses.

Need: While Adult Education programs in Eastern Kentucky have made progress, there is a crying need for a “crash” program aimed at providing workers in the 20-50 year age range additional education and workforce skills. Approximately one-third of the adult population in the region is eligible for Adult Education programs. Special monies should

be placed in the budget to encourage and assist adults who dropped out of high school or college to recommit to a college degree and to assist working adults who are part-time student at public and private institutions. Many of these students have unremediated learning disabilities that will require specialized, evidenced-based intensive instruction. Adult education teachers should be certified in order to improve and provide a standard for the delivery of adult education.

Cost: Special adult education scholarships \$250,000 each year of the biennium (Appalachian Kentucky). The Council on Postsecondary Education has played a leadership role in addressing adult education throughout the state and their budget should be expanded to help them upgrade their services even further in adult education. Support must be made available in the areas of health care, transportation and day care if a major focus on adult education is to be successful.

Conclusion: An upgraded labor force is a necessity for creating the kind of new technology jobs the East Kentucky Initiative envisions.

PRIORITY THREE - Ensure that every Kentucky child has a preschool opportunity

Background: Currently only 21,500 of Kentucky's 55,000 four-year olds are receiving preschool training in a public school setting. Those receiving preschool training through the public schools are four-year olds who have displayed disabilities and four-year olds from families up to 150% of the poverty level.

Need: At the very least, preschool opportunities should be provided through the public schools for families up to 200% of the poverty level. Every four year old in Kentucky should have an opportunity to attend preschool and it is not fair for some children to be left out of the preschool experience because of their families' lack of income.

Cost: Including transportation and insurance cost, it is estimated that it will cost \$4,218 per child to provide preschool opportunities up to 200% of the poverty level, and that an additional 3,200 children would be served, for a total of \$13,500,000.

Conclusion: Assuring that every Kentucky four year old has an opportunity to attend preschool should be one of Kentucky's long-term goals. This would move the Commonwealth closer to seeing that goal accomplished. This would be especially beneficial for Appalachian Kentucky. Collaboration between public and private providers should be encouraged to enhance services and reduce costs.

PRIORITY FOUR - Increase the number of educational intervention programs in elementary, middle and high schools.

Background: According to the Kentucky Department of Education 94,000 students - or 15 percent of students in Kentucky's public schools - require some form of special education services.

Need: We must work harder to identify learning disabilities and special needs in students at the earliest age to help them succeed in school and life. “Early intervention allows ineffective remedial programs to be replaced with effective prevention, while providing older students who continue to need specialized services with highly informed an evidenced-based intensive instruction so they can return as quickly as possible to the educational mainstream. This should be the primary focus of special education for students with LD - the instruction of those children who continue to suffer failure in reading, mathematics and written language despite well-documented and systematic early intervention.” (Dr. G. Reid Lyon, former Chief, Child Development Branch of National Institute of Child Health and Human Development, National Institute of Health).

Cost: In order to be effective, costs statewide would approximate \$10 million over the biennium when it is fully implemented. We recommend that this be phased in over the first four years of the Beshear Administration, with a test intervention effort beginning in Eastern Kentucky during this biennium at a cost of \$800,000. The program could work with local Headstart centers with children identified as being at risk involving initially around 350 children in six school districts.

Conclusion: Developing statewide intervention strategies would save enormous state expenditures later resulting from social service, remedial education and new prison demands, as well as the human costs of dropouts and suicides. Early identification and intervention truly keeps a student from being left behind.

PRIORITY FIVE -- Establish an East Kentucky Teaching and Learning Center that will contribute to self directed improvement in: 1) educational leadership, 2) targeted curricular area improvement identified by need, and 3) effective instruction/learning for all students and enhanced educator professional growth.

Background: The Kentucky Valley Educational Cooperative (KVEC) has operated since 1969 as a public educational support agency representing twenty (20) school districts. These rural Appalachian public school districts lie within the southeastern portion of Kentucky and collaborate to provide programs and services for their schools that they could not if working independently. The Cooperative serves as a regional public education entity, focusing attention on teaching and learning, maximizing educational opportunities, and causing a more effective use of resources.

The districts that comprise KVEC are located in the coalfields of southeastern Kentucky and are part of the Fifth Congressional District. The Fifth District has long been recognized as one of the most impoverished, educationally low performing and economically challenged areas in the United States. Fifty-five percent (55%) of the region’s residents are without a high school diploma or its equivalent. Thirty-nine and two-tenths percent (39.2%) of the population falls within poverty level guidelines defined by the Census Bureau as \$7,995 for a single person household and \$16,036 for a family of four. Kentucky poverty data statistics reveal that over fifty percent (50%) of the region’s children live in poverty. The average free and reduced lunch rate for the region is seventy-nine percent (79%).

Need: East Kentucky school districts have traditionally been some of the lowest performing in the state and sometimes in the nation. Although in recent years our districts' academic performance increases have outpaced that of the state as a whole, we have still experienced difficulty closing the gap because we began so far behind the rest of the state. The Center should assist instructors and school leaders in all disciplines, but special emphasis should be placed on math and sciences.

Cost: \$100,000 for a planning grant during the biennium funding a comprehensive study as to the best way of establishing the Center and how to assure that it is most effective. Operation and staffing would not begin until the next biennium. Regional coal severance tax funds of \$500,000 per year, combined with ongoing local efforts, should make it possible to develop and staff an East Kentucky Teaching and Learning Center in 2010, but more accurate figures would be developed in the course of the planning grant.

Conclusion: The East Kentucky Teaching and Learning Center will provide educators, schools, and districts the opportunity to attain higher levels of student success in a professional, collegial, supported environment. With support and follow-through, systemic change will become a reality. The Center will help to create professional educators who will value quality education and who will implement new initiatives that work to generate student learning in meaningful ways. The Center will enable our schools and educators to discover within themselves the ability to improve student performance and to move our students' achievement to the forefront in the state.

PRIORITY SIX - Emphasize excellence in K-12 math, science and arts instruction.

Background: - If Appalachian Kentucky is to succeed in the New Age Technology era, it must encourage the development of students with special skills in math, science and the arts. The need for students adept in math and science skills is self explanatory. "Silicon Hollows" can be in the offing. The arts attack the issue from the opposite end, appealing to the creative right brained students that are most apt to become successful entrepreneurs. As Thomas Friedman's observes, the Curiosity Quotient plus the Passion Quotient is more important than the Intelligence Quotient.

The best way to stimulate student interest, collaboration and achievement is through stimulating and provocative teachers. Experience teaches us that quality leadership and professional development focused on children's learning needs is the key to improving the performance of students in math and science. Full time instructional coaches, leadership development, and local institutes directed at high quality teaching are among the successful methods that have been used.

Need: There continues to be a wide disparity in test results among east Kentucky school districts in math and the sciences. Even in the better performing districts, test results at the high school level are much lower than the results in middle school and the elementary grades. This points to a critical need for analysis and assistance at the middle school level to ensure that students receive a proper foundation for high school and beyond. In the districts where performance is poor in the lower grades, there is a need to provide interventions and assistance at all levels.

Professional development costs individual districts money which they currently do not have. A math/science/curriculum coach costs a minimum of \$40,000 for full-time release. This does not include money for needed program and intervention materials or money to provide ongoing training for the coach. A single District could easily be looking at an expenditure of \$60,000 to \$70,000. Leadership training is also essential. Principals, instructional supervisors, curriculum resource teachers, etc. need training in what high quality math and science instruction looks like, how to provide feedback for helping teachers improve, and how to best support and develop a high quality program. Experience from ARSI and AMSP have shown that for the training to be effective and to have an effect at the classroom level, the training needs to be as localized as possible (Appalachian teachers typically will not/do not travel far from home for training), and the teachers must have building level and district level support.

Summer Institutes, which have proved successful, also require additional funding. A presenter can cost from \$500 to \$2500 a day. Teachers are paid \$100 a day to attend. Technology and equipment to implement what the teachers have learned in the classroom must be purchased if the training is going to produce results. Additionally, important resource providers like the East Kentucky Science Center in Prestonsburg and the Challenger Center in Hazard need adequate funding to maintain their school programs; and school districts need additional funding to cover rising transportation costs so their students can take advantage of the programs these outstanding centers have to offer.

Similarly, support for quality teaching and professional development is needed to successfully stimulate interest in the arts and humanities. First, we need adequate funding for arts and music teachers, which many districts do not have. Secondly, top notch teachers in the arts and humanities should plan and implement professional development activities which will ensure that students will experience high quality instruction and performance. This would include bringing visiting artists to the schools. An entrepreneurship curriculum needs to be developed for every school district.

Finally, there needs to be some defined method of recruiting, identifying and rewarding instructors with special abilities in teaching math, science and the arts.

Cost: A major infusion of supplementary funding by district to address these needs. Perhaps a model program could be begun in a selected ADD district, monitoring the results quickly and carefully. Costs for a single ADD district could probably be kept below \$500,000.

Conclusion: Beefed up emphasis on math, science and arts instruction, tied to entrepreneurship, would reap real benefits for Appalachian Kentucky over the long run.

PRIORITY SEVEN - Increase Funding for University of the Mountains Partnership

Background: Responding to the public need and desire for a public four-year college/university in the coal fields of southeastern Kentucky, the presidents of four

public postsecondary institutions serving the region formed the University Center of the Mountains (UCM) partnership in 2003. The originating partners were Eastern Kentucky University, Hazard Community & Technical College (HCTC), the Kentucky Community and Technical College System, and Morehead State University. Since its inception, independent institutions Lindsey Wilson College and Midway College have joined. The UCM is an innovative, cost-effective, and collaborative model which uses the existing facilities of HCTC in four counties instead of constructing a new facility requiring millions of dollars. It has been touted as a model for rural Kentucky and America. Local citizens contributed over \$130,000 and the partners contributed approximately \$200,000 to get the UCM off the ground in 2003. The UCM received \$1 million in Perry County single county coal severance tax funds in the 2004 state budget. The Kentucky Council on Postsecondary Education recommended \$900,000 in state recurring funding (the UCM request in 2006 was for \$1.2 million) to the governor and General Assembly in 2006; however, the governor and legislature did not act on the recommendation. In just 4 ½ years, over 800 students have enrolled in UCM partner bachelor and master degree programs and 499 degrees have been awarded in the 18 bachelor and seven master degrees offered.

Need: The Kentucky River Area Development District, the primary service area for the UCM, has the lowest percentage of persons with a bachelor degree at 8.6 percent, as any region in the state. The state rate is 17.1 percent and the national rate is 24.4 percent. With limited seed funding, the UCM is already making a difference. Continued funding is necessary to maintain the partnership's momentum and to bring additional degree programs and student services to the region. Increasing the number of bachelor degrees is absolutely necessary if the region is to have a workforce which can compete in the new global economy. The presence of the UCM and the offering of advanced degrees will encourage good paying job creators to locate in the region where they will have a trained workforce and have learning opportunities for management's families. The UCM is the essential vehicle in Eastern Kentucky to achieve the CPE mandate to both "Double the Numbers" in bachelor degrees and increase transfer rates between KCTCS and the regional universities which will enhance New Economy opportunities in the region.

Cost: \$900,000 in each year of the biennium will allow the UCM to maintain its programming while bringing needed degree programs and students services to southeastern Kentucky. Severance tax is recommended source of funding.

Conclusion: For East Kentucky to meet bachelor degree percentages comparable to the rest of the state access must be improved. Raising educational levels will improve the quality of life and attract better paying jobs. The University Center of the Mountains needs to be supported and expanded.

PRIORITY EIGHT - Construct third phase of KY School of Craft -- Ceramics

Background: The purpose and goals of the Kentucky School of Craft and its programs are designed to be consistent with the award winning Community Development Initiative

(CDI) project that received State funding in 1998. The Knott County CDI proposal sought to enhance the growing arts communities in Eastern Kentucky making them more economically viable and preserve the rich heritage of the region. The development of the School of Craft and its programs has been underway since the project award, and the program began operation in fall 2004 with the first class of students in Jewelry/Metals and Wood/Furniture. Each studio program is designed to insure that students can make a living in their craft by giving the students the technical, design and business skills to market their products in today's world. The School of Craft is conceived to address a wide range of skills and products in five areas, including jewelry and metals, wood and furniture, ceramics, architectural iron, and textiles. The school serves as a training ground for professionals and teachers and as an incubator for the development of small businesses. The Kentucky School of Craft is building a national reputation, attracting students and teachers from throughout Kentucky, the region, and the world.

Need: In order to develop a critical mass of studio areas and to serve the needs of the region, a Ceramics program must be established at the School of Craft. With only two studio areas in operation, the School of Craft is unable to answer requests for additional programming and recruitment is hampered. The ceramics program has specific technical and space requirements for the number of students and the space and equipment used in each stage of the production process. The facility will include a clay storage/mixing room; a glazing room; a kiln room; two studio spaces designed for 15 students (one for wheel-throwing, one for hand-building); faculty office/studio; men's & women's restrooms; student workroom, and a space for wood storage. A new, substantial electric transformer is already on site and will provide ample power to the new building. There will also be an open-air, covered kiln area across the service drive behind the building for the larger gas and wood fired kilns.

Cost: The current proposal for the Ceramics studio suggests that a building with 7,000 square feet would accomplish the educational goals of the program. At a cost of \$141 per square foot this facility and the associated 1500 square foot kiln area could be constructed. Funds currently exist for demolition of an existing site structure that has been deemed unworthy of renovation by both state and private engineers. An additional \$250,000 in funding from Hazard Community & Technical College is already in place to purchase necessary equipment. \$987,000 expenditure for first year of biennium with recommended use of severance tax funding.

Conclusion: The Kentucky School of Craft is the center-piece of the CDI arts initiative and economic development plan. In order to continue the development of a growing and vibrant arts community which will grow the regional economy, the Kentucky School of Craft must be able to add the ceramics program.

III. Create a Healthy Workforce and Improved Quality of Life in Eastern Kentucky

PRIORITY ONE - Build a shared vision among all regional stakeholders delivering health services in Appalachian Kentucky

Background: Many good things are happening in health in Appalachian Kentucky but there exists as well duplication of programs, large pockets of inefficient delivery of services, lack of coordination across service lines and, most importantly, lack of coordination between service providers.

Need: In order to truly move health in Appalachian Kentucky forward, regional stakeholders must get on the same page, holding a shared vision. This can best be done by developing a stakeholder driven strategic health plan for the region modeled after the strategic educational plan that is to be developed. President Wayne Andrews of Morehead State University has agreed to put together a proposal for ARC funding for the development of a regional strategic educational plan. Among the goals of the plan would be to identify “pockets of best practice” at all levels, key areas where critical collaboration can and should occur, ways to break down the delivery of services to make them more effective, determine how to better develop a culture of teaching and learning and identification of important educational resources and assets in Appalachian Kentucky. These same goals, or ones quite similar, are applicable to the needed strategic health plan. It should address the above issues, coordination of services, community based approaches to health delivery, the role of hospice based programs in treating the terminally ill, bridging the gap between oral, physical and mental health care delivery. The plan should determine what group or entity would coordinate services and maintain the shared vision over time.

Cost: \$90,000 (Estimate) This will be quite similar to the cost of developing the strategic educational plan.

Conclusion: The proposal would be submitted to Peggy Satterly in GOLD after the strategic educational plan has been developed. The development of a stakeholder driven strategic health plan will go a long ways toward creating a shared vision for health in Appalachian Kentucky.

PRIORITY TWO - Establish a place-based Preventive Medicine Emphasis as a part of the new Appalachian Institute for Research and Development

Background: The health of the Commonwealth is dependent upon the health of the least healthy counties in the state. According to Kentucky’s Long-Term Policy and Research Center, economic development and educational achievement cannot occur without a healthy populace. Health is place-based and the solutions lie within family and community structures. A systems approach to improving the region’s health status is critical.

Need: According to *The Health of Kentucky*, recently published by the Kentucky Institute of Medicine (KIOM), many of the problems in the state are due to poor lifestyle choices, which then lead to preventable diseases. Most of Kentucky's poor health status is due to tobacco use, poor diet, and lack of physical activity. Thirty-five of the least healthy counties in the state are located in Eastern Kentucky. The region provides a unique laboratory to apply a systemic, value-based means of health evaluation and delivery.

The status of these counties is critical to the State, in terms of attracting employers and the overall health status of Kentucky. Forty percent of Kentucky's population between the ages of 40 and 70 are currently overweight or obese and are considered to be in a pre-diabetic stage. Death rates from diabetes are higher 30.37 per 100,000 population in the Appalachian region compared to 28.72 in the Central region and 27.72 in the Delta region of the state. In Clay, Estill, Harlan, Johnson, Knott, Lee, Leslie, Letcher, Magoffin, Menifee, Montgomery, Morgan, Perry, Pike, and Powell counties the percentage of adults with diabetes is 12 - 15% compared to 9% for the state and 7% for the nation. The rate of death from heart disease is higher in the Appalachian region (308.35 per 100,000 total population) than the Delta region (292.25) and the Central region (261.46) of Kentucky. Deaths from lung cancer are much higher in the Appalachian region of Kentucky with 103.69 deaths per 100,000 total population compared to the Central region (77.43) and the Delta region (74.65).

Healthcare delivery can only be substantially improved by the establishment of a true system of evaluating and delivering health services. Additionally, this system must be value-based with the following principles as guidelines:

- 1) Access to care for all;
- 2) High quality and safe care;
- 3) Affordable care;
- 4) Efficient, high value care;
- 5) Equitable treatment for all regardless of age, gender, race, ethnicity and socioeconomic status;
- 6) Respect for patients;
- 7) Patient rights, including choice of physician and participation in treatment decisions;
- 8) Advocacy for patients by health professionals;
- 9) Personal responsibility for individual health and for appropriate sharing of the cost of care;
- 10) Health professional rights to provide high quality health care without undue interference and to receive just compensation for their services;
- 11) Accountability in all aspects of the system.

These principles can serve as benchmarks for evaluating any health delivery program and provide a framework through which the institute could determine what health programs are working in Appalachia. This goal can best be accomplished as a part of the Appalachian Institute for Research and Development recommended as PRIORITY ONE in Economic Development/New Age Technology above.

Resources should be made available for skilled and professional staff with expertise in family studies, food security and diet, exercise, mental health, substance abuse prevention and counseling, chronic disease control, public health, as well as community based behavioral change. Such an institute would focus on major issues of concern within the community, identify community assets available to strengthen the health activities of the community, assure strong community participation and develop programs based on the values benchmarks set forth above.

Cost: See costs of Appalachian Institute for Research and Development above. Funding would provide a core staff that would apply a systemic, value-based approach to the evaluation and treatment of disease (e.g., diabetes) or to the delivery of a particular area of health service (e.g., neonatal health services). The Preventive Medicine Emphasis could be sustainable working with the research universities, public/private post-secondary colleges and universities, government agencies and corporate partnerships to attract additional grant funding.

Conclusion: This Priority represents a landmark effort to begin applying a systemic, value-based approach based on the principles set forth above to healthcare evaluation and delivery. It could provide a model for healthcare evaluation and delivery throughout Kentucky and would be a valuable and integral part of the Appalachian Institute for Research and Development. To the extent that the activities recommended are operational, rather than research and development, they should be coordinated into an existing entity, possibly the UK Center for Excellence in Rural Health, except that the community involvement activities would fit seamlessly into the Appalachian Institute for Research and Development. The allocation of activities needs to be addressed in the strategic health plan recommended above in PRIORITY ONE.

PRIORITY THREE - To develop in Appalachian Kentucky a prototypical model for the delivery of health care utilizing 21st century technology.

Background: Specialization and the demise of family doctors have led to increased fragmentation in the delivery of health services in the United States. Most often, one doctor does not know what has transpired in another doctor's office and frequently has few medical records from other health care providers. New Age technology offers a quick and relatively inexpensive means of alleviating this problem

Need: The problem is particularly serious in Appalachian Kentucky, where many of the specialists are two or more hours away from the region. Lt. Gov. Mongiardo, as a doctor in Hazard, deals with this problem on an everyday basis. Appalachian Kentucky provides a perfect locale to model a program utilizing 21st century technology to gather all of a patient's medical data into one place, store it digitally and make it available to all of that patient's health providers.

Cost: ???

Conclusion: This PRIORITY gives Appalachian Kentucky an opportunity to be a national leader in the delivery of health care services, blazing the trail for what will surely be standard procedure sometime in the 21st century. It represents a cutting edge approach to delivering health care services.

PRIORITY FOUR - Reverse the downward trend of declining oral health in Kentucky by investing in more oral health clinics and dental services in the region and providing funding for health departments to provide trained nurses to apply dental fluoride varnishes.

Background: The Kentucky Long-Term Policy Research Center (KLTPRC) reports Kentucky's oral health status is below the national average, with oral health improving from 1996-2004 but declining in 2006. The counties with the poorest dental health reside in the Appalachian region. In one Eastern Kentucky county, an estimated 51.6% of the adult population (BRFSS data) has six or more missing teeth. Healthy teeth are a positive indicator of overall health status and impact a person's quality of life as well as the ability to get a good job.

Need: The Bureau of Primary Health Care does not report Eastern Kentucky as having a shortage of dental health professionals, but the 2006 State Oral Health Strategic Plan indicates an actual shortage of oral health professionals throughout Kentucky. State funding for oral health programs in Kentucky was \$2 million dollars in 2005 with the need to expand funding to \$6 million dollars by 2010.

Cost: Allocate a greater percentage of available state funding to the counties with the greatest need and worst oral health, focusing on programs for children that will alter their future oral health. Fund training of primary care physician students and practitioners in oral health recognition and fluoride treatments. Kentucky has received a Federal grant to train pediatricians and is utilizing state funds to train family physicians. There is a need for additional funding to assure that dental varnishes are applied by health departments, physicians and school nurses/doctors.

Conclusion: Focusing limited state dollars on preventive oral health care for children will improve the oral health rankings of Appalachian Kentucky counties, and impact chronic disease morbidity rates more dramatically in the future.

PRIORITY FIVE - Provide incentives in Appalachian Kentucky for public and private collaborations that utilize existing resources to expand opportunities in the region by continuing the Pikeville College Osteopathic Scholarship Fund and other similar programs to address the need for physicians, physician assistants, mental health professionals, pharmacists and other health professional shortages.

Background: Kentucky's shortage of physicians is well-documented, most recently in a report published by the Kentucky Institute of Medicine (KIOM). The shortage of family care physicians is especially severe in rural Kentucky, including Eastern Kentucky. As a

result of this need, the Pikeville College School of Osteopathic Medicine (PCSOM) opened in the fall of 1997, accepting 60 students in its first class. The school has trained more than 400 physicians in the first seven graduating classes. And, with early success, enrollment has subsequently been raised to 75 per class, so 300 students are currently engaged in study to become osteopathic physicians. Osteopathic medicine (D.O.), like allopathic medicine (M.D.), provides fully-qualified and licensed physicians who serve in a variety of settings, from family practice in small towns to specialists at the largest hospitals and research institutions. Osteopathic medicine's overall philosophy, however, tends to attract students who are more interested in primary care, which is the greatest need in rural Kentucky and Central Appalachia.

In 1998, the Kentucky General Assembly created the Kentucky Osteopathic Medicine Scholarship Program. The program utilizes coal severance tax funds to provide a forgivable loan to Kentucky students who enroll at an accredited osteopathic school of medicine located in the Commonwealth (i.e. the Pikeville College School of Osteopathic Medicine) and become certified practitioners rendering medical service in the Commonwealth. The amount of the scholarship is the average difference between the cost of tuition at PCSOM and the state's two public medical schools (UK and U of L). One year of the loan is forgiven in exchange for each year the student remains in Kentucky and practices medicine after graduation and completion of their residence. This provides a significant financial incentive for Kentucky students to remain in state and practice medicine.

Utilizing public and private partnerships can expedite the delivery of critical health services in areas such as pharmacy, dentistry, mental health and the training of physicians.

Need: The mission of PCSOM is to recruit students primarily from rural Kentucky, train them in rural Kentucky, and encourage them to stay in the region to serve their neighbors. As planned, many of the physicians have in fact stayed in the region after completing their study. Approximately 150 of the 400 new physicians have finished their residence requirements and started practicing medicine. Since the first graduates of PCSOM entered practice in 2004, more than 60 new physicians have opened offices within a two-hour drive of Pikeville. Several more have located in rural communities in Western Kentucky. Approximately 90 percent of PCSOM graduates are working in primary care; and 80 percent have located in medically underserved areas.

A new physician's impact on the quality of life and economy of a small town in Kentucky is tremendous. Researchers say a new physician has a \$2 million annual economic impact, creating 16 to 25 new jobs and providing \$1.5 million in new income for their referring hospital. One need look no further than the significant growth and expanded quality services at the Pikeville Medical Center and other hospitals and medical centers in the region over the last few years to see the economic impact of the new physicians. By forging strong partnerships with healthcare professionals in Pikeville and across East Kentucky, PCSOM has helped create a new region where quality healthcare is readily available. As a result of these partnerships, the economy has been strengthened by the creation of hundreds of new high-paying jobs.

The Kentucky Institute of Medicine (KIOM) notes that 55 of Kentucky's rural counties have been designated as Health Professional Shortage Areas (HPSAs) for primary medical care. KIOM emphasizes the need to address the number of primary care physicians in those counties. It is well recognized that having a regular primary care physician is associated with positive health status. In 2000, the Bureau of Primary Health Care designated all of Eastern Kentucky as a shortage area for mental health professionals. In December, Kentucky River Community Care Centers listed 23 vacancies with 20 of those requiring Masters Degrees in Human Services, Nursing, or other highly skilled and professional fields. It is critical the Commonwealth focus on meeting these shortages of services and professional personnel.

Cost: The amount of funding varies annually based on the number of Kentucky students enrolled at PCSOM who elect to participate in the program and the difference in tuitions. Generally, the funding has varied from approximately \$1 million to \$1.5 million per year. Seeking \$1.25 million each year of biennium with regional coal severance tax funding.

Additionally, sufficient money should be placed in the general fund to promote other public/private collaborations in the region in the area of health services and mental health, especially where the collaboration addresses shortages of health personnel, including mental health, in the region.

Conclusion: Programs in Appalachian Kentucky that encourage the education and location of needed professionals in mental health care must be supported and developed. The Pikeville College osteopathic program provides a model that might be replicated in other health or mental health settings. There is a need for more collaboration of public and private partnerships to address regional health issues.

PRIORITY SIX - Improve access to mental health treatment and preventive services in the region by supporting "mental health parity" legislation to provide coverage under individual insurance policies and HMO policies, remove small employer exemptions, and provide broader coverage for emotional and substance abuse conditions.

Background: In 1986, Kentucky passed Ky. Rev. Stat. §§ 304.17-318 and §§304.38-193 providing mandated mental health insurance coverage offered under group and HMO health insurance policies to the same extent as coverage for physical illnesses. In 2000, HB 268 exempted small employers with 50 employees or less and was amended in 2002 to raise the small employer exemption to 51. Individual policies and HMO policies are not covered under existing Kentucky law. Uninsured mental health services represent a huge barrier to Eastern Kentuckians accessing mental health treatment.

Need: The age adjusted mortality rates from suicide in the Appalachia region of Kentucky from 2000-2004 was 14 per 100,000 population compared to 13.69 in the Delta region and 12.53 in the Central region. The burden of poor mental health is far-reaching in the region. The disproportionate number of drug arrests in Appalachia is an indication of the poor mental health burden. In Fayette County, there were 81 drug arrests per 100,000 population compared to Jefferson County with 841 per 100,000

population. In stark comparison, the drug arrests were the equivalent of 2,675 per 100,000 population in Clay County; 1,581 in Elliott; 1,750 in Johnson; 2,039 in Perry, and our least healthy county, Wolfe, had the equivalent of 2128 arrests.

Costs: According to the US Department of Health and Human Services' for Mental Health Services, state parity laws have had a small effect on premiums. Cost increases have been lowest in systems with tightly managed care and generous baseline benefits. Costs have not shifted from the public to the private sector. Most people who receive publicly funded services are not privately insured. Any potential burden on small businesses would better be addressed through tax credits or some other sort of tax relief, rather than a blanket exemption that merely acts to give cover to the insurance companies.

Conclusion: The small costs of insurance premiums for fair mental health coverage has a potential return on investment of millions of dollars in lost work day costs to the region because of untreated mental health issues and substance abuse. It is patently unfair to allow insurance coverages to discriminate against persons with mental health issues and works to the extreme disadvantage of those persons and to our society. Incentives need to be provided to promote collaboration between primary care and mental health providers. There is an insurance induced disconnect between the two that is exacerbating substance abuse problems in the region.

PRIORITY SEVEN - Establish and fund an Office for Trauma Care that would develop and implement a statewide trauma care system, trauma prevention, education guidelines, and protocols for care and treatment of patients.

Background: The injury death rate in rural Kentucky reported by the Kentucky Injury Prevention Research Center is more than 50% higher than in urban areas. Only three Level I trauma centers (University of Kentucky, for adult & pediatric; University of Louisville, for adult; and Kosair Children's Hospital, for pediatric) exist in the state. One Level 3 trauma center is located at the Taylor County Hospital in Campbellsville. Kentuckians in the eastern- & western-most counties do not have access to a trauma center or must go out of state to get trauma care. This makes it 2-4 times more likely that those Kentuckians will die from an unintentional injury.

Need: In 2006, nearly all (96%) trauma patients referred to the University of Kentucky took over 2 hours to get to a trauma center and nearly one quarter (23%) taking over 7 hours to arrive. The Golden Hour standard for timely trauma care is rarely achieved in rural areas. This is a huge indication for the need to reduce transport times. The deaths from motor vehicle accidents is higher in the Appalachian region of Kentucky (32.79 per 100,000 population) compared to the Delta region (25.18) and the Central region (16.98). The occupational fatality rate for the state is 8 per 100,000 workers compared to 5 per 100,000 workers nationwide. In East Kentucky, the rates for many counties were double-digit rates including 16 (per 100,000) for Perry, 20 for Pike, 27 for Lee, 35 for Morgan, and a startling 47 for McCreary County.

Cost: The estimated costs would be \$1.8 million to establish infrastructure, education, and start up funds for trauma care units in eight hospitals.

Conclusion: Creating a trauma center system will increase survival of the critically injured; decrease long-term care needs due to trauma and its secondary effects, improve pre-hospital care and quality assurance, decrease hospital length of stay, decrease the burden on local, state, and federal government; and assure current and ongoing trauma education for EMS, nurses, and physicians. The trauma system was created by the 2008 General Assembly. Now the need is to fund it. There is a shortage of trauma surgeons nationwide so attention must be given to attracting trauma surgeons to Kentucky and the region.

IV. Assuring a Presence and Voice for Eastern Kentucky within Every Administration

PRIORITY ONE - Create a top level staff position (Special Assistant to the Governor for Appalachian Affairs) within the Office of the Governor to focus exclusively on remediation of long term, systemic problems facing Appalachian counties within Kentucky.

Background: Appalachian counties suffer from long term problems including poverty, poor health, low educational attainment and lack of economic opportunity, with more distressed counties (37) being located in Kentucky than any other Appalachian state. While the effects of the problems are much more acute within the region itself, their impact is spread across the entire Commonwealth. In demanding greater per capita consumption of social services, increased health care expenditures, higher levels of remedial education and lower tax contributions, the region diminishes the ability of the state as a whole to focus on longer term strategic investments designed to improve Kentucky's competitiveness in a global economy. This impact requires special emphasis on solving the systemic economic problems in Eastern Kentucky.

Need: Creation of a top level position within the Office of the Governor to focus exclusively on the particular issues facing Appalachian Kentucky. This position should have full access to and the support of both the Governor and Lt. Governor and should be the Administration's designated point person responsible for coordinating all state government efforts related to remediation of the systemic problems of the region.

The position, in coordination with the Lt. Governor, would (a) provide a forum or point of contact for regional stakeholders; (b) initiate and facilitate the implementation of processes that contribute to regional advancement; (c) address strategic planning issues in coordination with the Appalachian Institute for Research and Development; (d) provide leadership in designing region-based responses to issues and development challenges; (e) work toward the implementation of the regional infrastructure priorities set forth in Attachment A (f) serve as ARC Representative, and (g) advise the Governor, his cabinet and legislators on policy matters affecting Eastern Kentucky.

In addition, the Special Assistant should be empowered by the Governor to work with the Cabinet Secretaries, or a designated individual from each Cabinet and certain other agencies to serve as a point of contact for coordination of activities. Given the nature of issues and challenges of the region, it is particularly important that following agencies be fully engaged in the process:

- Governors' Office of Local Development (GOLD)
- Kentucky Infrastructure Authority (KIA)
- Cabinet for Economic Development (specifically the division that will manage the multi-county LGEDF)
- Office of the New Economy
- Environmental and Public Protection Cabinet (Department of Natural Resources)

- Transportation Cabinet (Division of State and Municipal Aid)
- Health and Family Services Cabinet
- Governors Office of Agriculture Policy
- Commerce Cabinet (Department of Tourism)

Cost: Costs associated with each Cabinet/agency head or designee should be absorbed as part of normal government operations. The Special Assistant would be included in the budget for the governor's office and should have sufficient budget of his/her own to effectively to do his/her job.

Conclusion: The Special Assistant to the Governor for Appalachian Affairs would provide the focus for the Beshear Administration's efforts to ameliorate the systemic problems that have bedeviled the region.

PRIORITY TWO - Reestablish the Kentucky Appalachian Commission and the Kentucky Advisory Council

Background: Both Governors Jones and Patton had a Kentucky Appalachian Commission and it worked well, especially during Governor Patton's Administration. It provided a regular of communication about Appalachian issues between state agencies and between state government t and regional leaders. With the addition of the Kentucky Advisory Council, there was significant citizen input into the Commission. This provided a forum for ideas and discussion, leading to meaningful action.

Need: There is an ongoing need in every Administration for regional dialogue, communication and citizen input.

Cost: - Minimal transportation expenses. The Commission could be staffed by the Special Assistant to the Governor for Appalachian Affairs.

Conclusion: So long as the Governor participates actively in the Commission's meetings, this provides a simple, inexpensive means of assuring better communication about important Appalachian issues. The Commission and Advisory Council should be reestablished by Executive Order and codified statutorily in the next General Assembly.

PRIORITY THREE - Appoint as ARC representative an individual from Eastern Kentucky who has extensive working knowledge of the region and its people.

Background: Too often, individuals have been appointed ARC representative to satisfy political debts, rather than because of their extensive understanding of Eastern Kentucky needs and issues.

Need: Our recommendation would be that anyone who is appointed Kentucky's representative to the Federal Regional Appalachian Commission should have extensive working knowledge of the region and its people. This would assure visibility for our ARC representative and would have the effect of channeling more funds from ARC back to

Kentucky. In most Administrations, it would make sense to appoint the Special Assistant for Appalachian Affairs as the ARC Representative.

Cost: None.

Conclusion: This would underline the ARC Representative's role as a key voice for the Appalachian region of Kentucky.

PRIORITY FOUR - Assure fair representation of Eastern Kentuckians among the top levels of appointments to executive positions, Boards and Commissions.

Background: Eastern Kentuckians should be involved in the every Administration to an extent comparable to other areas of the state. There is a strong pool of qualified persons who could serve effectively and efficiently.

Need: Critical positions in state government tend to be filled by experienced personnel who have served at high levels of state government in the past. Some previous administrations have underrepresented Eastern Kentucky in these positions, so that the pool of Eastern Kentuckians with experience at high level positions may be less than in some other areas of the state. Every Administration needs to seek out well-qualified Eastern Kentuckians for top positions in the Cabinet, the Governor's Office, State Boards and Commissions.

Eastern Kentucky needs to be proactive in identifying qualified persons in the region who would be willing to go to Frankfort or serve in key positions. Special efforts need to be taken to encourage such individuals to serve in state government and to represent the region. They should be assisted in filling out the necessary papers to be considered for executive positions, Boards or Commissions.

Each Administration needs to be monitored to assure that Eastern Kentucky is fairly represented among Cabinet Secretaries and in the Governor's Office.

Cost: None.

Conclusion: It is imperative that every Administration bring capable Eastern Kentuckians into its Administration in significant numbers. The East Kentucky Leadership Foundation can play an important here by maintaining a list of persons in the region willing to serve in state government and helping them fill out the necessary papers to be considered. Further, the foundation should serve as a "watchdog" to monitor all Administrations to assure fair representation of Eastern Kentuckians in Cabinet positions, Boards and Commissions. In addition, the Administration should make sure that online access for identifying vacancies in key non-merit positions and in Boards and Commissions and for utilizing the application process is as user friendly as possible.

PRIORITY FIVE - Create a Project Committee to recommend funding of ARC projects to the Governor and his Local Government Office

Background: Experience shows that involving Appalachian leaders in the determination of ARC projects to be funded leads to a better selection of projects.

Need: A better selection of meaningful projects can be made by adding two or three non-government employees who know Eastern Kentucky well to the committee deciding on ARC funding for Kentucky. They bring a healthy diversity to the selection process.

Cost: None

Conclusion: Regional participation in the use of ARC funds is not only desirable but necessary to truly meet the region's needs. If PRIORITY TWO is implemented, the Chairman of the Kentucky Appalachian Commission and the Chairman of the Kentucky Advisory Council could be statutorily designated ex-officio members of the Selection Committee.

PRIORITY SIX - Use ARC funds to help implement the East Kentucky Initiative and the Kentucky Appalachian Plan and mesh the two together

Background: ARC requires that each participating state submit an Appalachian Development Plan, which is supposed to form the policy framework for the use of ARC funds. More often than not, the Plan is formulated with little real thought and has minimal policy impact.

Need: A real policy document to guide the use of ARC funds. This would assure that there are linkages in the projects funded that maximize their beneficial impact on the region.

Cost: None

Conclusion: ARC funds provide around nine million dollars a year for development and infrastructure in Eastern Kentucky. To the greatest extent possible, they need to be used to ameliorate or eliminate some of the systemic problems holding back Appalachian Kentucky.

V. Environment

PRIORITY ONE - Support research and development to enhance new technologies for the use of coal and other natural resources and implement the energy legislation passed by the 2007 Special Session (House Bill 1) to stimulate economic development through the creation of energy investments in the region. The research and development would include, but not be limited to, cutting edge research into the sequestration of carbon dioxide in the burning of coal and the development of renewable energy resources.

Background: *See Economic Development Section, PRIORITY FOUR*

Need: *See Economic Development Section, PRIORITY FOUR*

Cost: *See Economic Development Section, PRIORITY FOUR*

Conclusion: *See Economic Development Section, PRIORITY FOUR*

PRIORITY TWO - Enforce existing laws relating to surface mining and mountaintop removal.

Background: Mountaintop removal began as an exception carved out for the express surface of creating land that would be used for economic development activities. Over the years the requirement that there be a demonstrated beneficial economic development impact before mountaintop removal was allowed became diluted and the exception became the rule. The law has not changed and the exception needs to be strictly interpreted to allow mountaintop removal only in those cases where a beneficial economic development impact can be demonstrated. Laws pertaining to stream pollution, runoff and reclamation should be enforced equally and consistently in all cases.

Need: Mountaintop removal projects can, as in the case of Hazard and the Route 80 corridor, stimulate economic development and provide valuable land for commercial and industrial development or for adventure tourism. On the other hand, the law never anticipated that mountaintop removal be allowed in a remote location such as the connector between Route 15 and Route 550 in Knott County where there exists, on its face, little opportunity for economic development of any sort.

Cost: None, except for the cost to the physical environment from failure to enforce the law as originally passed.

Conclusion: There is no real need for additional legislation in this area. The problem can be essentially resolved by a reasonable and consistent application of the exemption, making true economic development potential a prerequisite, as the law requires.

PRIORITY THREE - Protect the Quality of the Region's Water Supply

Background: Reps. Adkins, Webb and others sponsored HB 717, the Stream Restoration and Mitigation Act, which passed both chambers of the 2008 General Assembly and became law, with only one dissenting vote. This law creates Stream Restoration and Mitigation Authorities to promote and implement stream restoration on a watershed basis.

Need: Few things are more important to an area's quality of life than the quality of its water supply. It is critical that Appalachian Kentucky protect its water supply. HB 717 provides the infrastructure to assure and promote the integrity of our State's streams.

Cost: The bill channels funds required under 404 permits through the Corps of Engineers to Stream Restoration Authorities established by watershed.

Conclusion: The Kentucky Resources Council, an environmental group, states: "HB 717 creates a framework for more active, broad-based local community involvement in restoring our water resources and mitigating the impacts of past and present activity on those water resources." Rep. Adkins is to be commended for this forward-thinking initiative which should go a long way toward protecting and improving the quality of our region's water supply.

ATTACHMENT A - PRIORITY INFRASTRUCTURE NEEDS

- 1) Establish an Appalachian Institute for Research and Development - This concept, around for more than forty years, is an idea whose time has come. Whether talking about providing research to support the energy initiatives of HB's 1 & 2 sponsored by Rep. Adkins, bringing cutting edge collaborative educational models to Eastern Kentucky, providing the research arm to support Lt. Gov. Daniel Mongiardo's work toward a 21st century prototypical health care delivery system or developing innovative efforts in entrepreneurship and economic development, this public-private think tank (modeled after Triangle Park in North Carolina) would provide the intellectual capital necessary to allow Appalachian Kentucky to take the next big step forward. It is discussed in detail as PRIORITY ONE under Economic Development/New Age Technology.
- 2) Develop stakeholder driven Strategic Plans for Appalachian Kentucky in Education and Health - This is a task that could be accomplished by the Appalachian Institute for Research and Development, once it is operational, but the need for this sort of regional collaboration and shared vision is so great that we need to move immediately. Dr. Wayne Andrews has agreed to lead an ad hoc committee that will prepare a proposal for ARC funding to develop a stakeholder driven strategic educational plan for the region involving educators from preschool through college. The proposal will be submitted within two to three months, and, if successful, would form the model for doing the same thing in regional health care. More detail is available as PRIORITY ONE under Education and as PRIORITY ONE under Health.
- 3) Reestablish the Kentucky Appalachian Commission and the Kentucky Advisory Council and make it statutory in the next session of the General Assembly - Both the Kentucky Appalachian Commission and the Kentucky Advisory Council were strong voices for progressive action during the Patton Administration. They provided a regular vehicle for communication, both between leaders in state government and in Appalachian Kentucky and between those leaders and citizens throughout Eastern Kentucky. It should be reestablished by executive order and then codified statutorily in the next regular session of the General Assembly. More detail is available as PRIORITY ONE under Presence and Voice.
- 4) Create a top level staff position, Special Assistant to the Governor for Appalachian Affairs, within the Governor's Office to focus exclusively on remediation of long-term, systemic problems facing Appalachian Kentucky - This position is critical, in order to implement the needed infrastructure discussed in this Attachment A, to provide the leadership for new initiatives that address endemic problems in the region and to give residents of Appalachian Kentucky a point person for citizen input. More detail is available as PRIORITY TWO under Presence and Voice.

- 5) Reinstitute a regional public-private job stimulation entity that supports and encourages indigenous entrepreneurs and small business owners and recruits outside capital and industry for niche enterprises utilizing the region's natural resources or its pool of relatively cheap labor. For historical reasons, this is probably the only priority infrastructure need that is politically controversial. The funding needs to be creative and needs to tap into the private sector. There exists statutory language for the East Kentucky Corporation that could be amended to accomplish the desired results. The name should be different to put the East Kentucky Corporation behind us. EKC has a million dollar small business loan fund that could be merged into the new organization. More detail is available as PRIORITY TWO under Economic Development/New Age Technology.

- 6) Develop a prototypical model for the delivery of health care utilizing 21st century technology in Appalachian Kentucky. This is a special interest of Lt. Gov. Daniel Mongiardo and represents an excellent opportunity for the region to be on the cutting edge of delivering innovative, improved health care to its residents through the utilization of technology. The model program, located in Appalachian Kentucky, would utilize 21st century technology to gather all of a patient's medical data into one place, store it digitally and make it available to all of that patient's health providers and at the same time gather the most current medical research available that is applicable to each individual patient. This PRIORITY gives Appalachian Kentucky an opportunity to be a national leader in the delivery of health care services, blazing the trail for what will surely be standard procedure sometime in the 21st century. It represents a cutting edge approach to delivering health care services. More detail is available under PRIORITY TWO under Health.

ATTACHMENT B

Note: This is a list of projects of interest, but is not intended to be exclusive.

Appalshop - (606) 633-0108, Contact: Art Menius

Fiscal 07-08 - \$85,000 (Kentucky Arts Council)

\$92,000 (KET Independent Production Fund)

Grant for \$200,000 - One-time TEA 21 grant administered by Kentucky Heritage Council and Kentucky Transportation Cabinet. This money was used to renovate the exterior of the Boone Motor Building to create meeting, performance and training space.

State support needed for the next biennium includes continuation of the support from the Kentucky Arts Council and KET, \$200,000 to renovate the interior of the Boone building (county severance tax funds or Kentucky Transportation Cabinet funds) and monies to renovate the primary Appalshop building at 91 Madison.

Jenny Wiley Theatre - (606) 886-9274, Contact: Marty Childers

Fiscal 06-07 - \$28,031 (Kentucky Arts Council)

\$39,500 (Summer Theatre Assistance - General Fund, Tourism)

\$6,721.24 (Matching Funds - General Fund, Tourism)

Fiscal 07-08 - \$12,979 (Kentucky Arts Council)

\$39,500 (Summer Theatre Assistance - General Fund, Tourism)

\$50,000 (GOLD through Floyd Fiscal Court - theatre renovations including sound)

\$2,076.76 (Matching Funds - General Fund, Tourism)

Jenny Wiley will be seeking support from the state during fiscal year 2008-2009 for \$28,000 from the Kentucky Arts Council, continued Summer Theatre Assistance in the amount of \$39,500, Matching Funds in the approximate amount of \$8,000, GOLD support through the Floyd Fiscal Court in the amount of \$25,000 for egress lighting and dance pad replacement and \$130,000 for renovations to the amphitheatre's facility (General Fund, Tourism/Parks).

Paramount Arts Center - (606) 324-3175, ext. 306, Contact: Kathy Timmons Setterman

Fiscal 06-07 - \$74,074 (Kentucky Arts Council)

Fiscal 07-08 - \$70,179 (Kentucky Arts Council)

The Paramount Arts Center will be seeking continued support from the Kentucky Arts Council.

Mountain Arts Center/Kentucky Opry - (606) 889-9125, Contact: Keith Caudill

Fiscal 06-07 - \$48,482 (Kentucky Arts Council)
\$95,400 (Commerce Cabinet-General Fund)
Total: \$148,312

Fiscal 07-08 - \$69,912 (Kentucky Arts Council)
\$78,400 (Commerce Cabinet-General Fund)
Total: \$148,312
County Severance Tax Funds - \$75,000

East Kentucky Expo Center - (606) 444-5500, Contact: Steve St. John

Appalachian Artisans Center - (606) 785-9855, Contact: Stuart Burrill
\$250,000 - Each biennium year - General Fund, continuation of funding received during last three General Assemblies
\$500,000 - Renovation of Cody Building, 2nd Artisans Studio, Knott County Severance Tax Funds

Kentucky School of Craft - (606) 487-3303, Contact: Neil Brashear
\$500,000 - Each biennium year-operational expenses (KCTCS)

Construct third phase of the KY School of Craft, the Ceramics Building, to continue the Knott-Hindman CDI strategic plan which is building a regional artisan initiative and economy - \$987,000 - First year of the biennium (regional severance tax funds). See Education PRIORITY EIGHT above.

Adkins-Caudill Performing Arts Center - (606) 738-8002 (Elliott County Board of Education) Contact: Frank Olson
Received a \$2 million dollar state grant for construction in May 2005

Center for Rural Development - (606) 677-6000, Contact: Lonnie Lawson
Fiscal 07-08 - \$2,700 (Kentucky Arts Council)
\$17,587 (Kentucky Arts Council) - This is a grant to the Lake Cumberland Performing Arts that supports art programming at the center.

Fiscal 08-09 - \$25,000 each year of the biennium is needed from the Kentucky Arts Council or from the General Fund to continue the Center's Arts Education Outreach Program. This program brings high quality arts education programs to at least one school in the Center's 42 county service area. It has been funded through a grant from the Hot Topics Foundation for the past two years, but funding expires in June 2008.

\$20,000 to be requested from the Kentucky Arts Council for professional development for artists and art related organizations.

East Kentucky Heritage Monument - www.appalachianheritagealliance.org
Contact: David Musser, Educational Director, Appalachian Heritage Alliance - Have raised \$244,468 in gifts and pledges toward purchase of land for project. Need \$360,000. Seeking \$13.2M special Federal appropriation for monument.

Pike County Artisan Center - Pikeville, KY Contact: Teddy Wayne Smith Director, or Stephanie Richards, Fine Arts Extension Agent
www.pikeartisancenter.org

Kentucky Artisan Heritage Trails - EKU - www.KAHT.com Contact: Kristel Smith (859) 622-8571 - Web-based heritage trails. Funded by EKU, EDA and ARC.